

CONFIDENTIAL

July 12, 2018

[Customer]
[Address1]
[Address2]

Re: Important Information Concerning Section 301 Tariffs that went into Effect on July 6, 2018

[Purchaser]:

On June 15, 2018, the Office of the United States Trade Representative (USTR) announced that a 25% Section 301 tariff would be imposed on certain products imported into the United States from China and that it was considering whether to impose this tariff in the future on additional products. The USTR also announced that the 301 tariff would begin on July 6, 2018. While Cree is the largest U.S.-based manufacturer of LEDs and manufactures the majority of the LED content of its products in the United States, many of Cree's LED products will be subject to this 25% tariff because the last step in their manufacture occurs in Cree's wholly-owned China facility.

Companies that are faced with a situation like the one described above often as a matter of course pass the increased customs costs to their customers or distributors in the form of higher product prices. Cree will not take this approach. Rather, it is our intention that you will not experience any financial impact from the Section 301 tariffs that are imposed on products sold by Cree, Inc. that you are currently buying. We intend to protect you from the effects of the tariff on these products by absorbing additional costs resulting from these tariffs ourselves so that you can focus on designing and manufacturing great products with Cree LEDs in the United States.

We look forward to the continued mutual success resulting from our business relationship with you and our distributors from whom you buy Cree products, and we trust that this step by Cree is a strong sign of the value that we place on your business and our wish to be your most trusted LED supplier.

Best Regards,

CREE, INC.



David T. Emerson
Executive Vice President - LEDs