



Press Release

Source: Crystal IS, Inc.

Crystal IS Announces Intellectual Property Licensing Agreement with Cree

Watervliet, NY — November 17th, 2004 — Crystal IS, Inc., the leading supplier of ultra-low defect density native aluminum nitride (AlN) single crystal substrates, announced today that it completed a patent license agreement with Cree, Inc. (NASDAQ: CREE) in September. The license is non-exclusive with most favored status and covers a portfolio of patents involving crystalline aluminum nitride (AlN) manufacturing technology.

"Among other things, this extensive licensing arrangement will give us greater flexibility in expanding our AlN substrate manufacturing capability and represents an important milestone in securing our business strategy," said Leo Schowalter, Crystal IS co-founder, president and CEO. "Growth of our intellectual property portfolio is critically important for our future and significantly benefits from this agreement with Cree. Our past achievements, the recent closing of our first venture financing round, plus this key licensing agreement together position Crystal IS to better serve the advanced III-nitride device community over the long term.

Keith Evans, Crystal IS Senior VP of Business Development and CMO, added, "We are hopeful that our customers and potential new customers will see this agreement with Cree as an important step in our company's growth – one which enhances our long term viability in the marketplace."

About Crystal IS

Crystal IS, Inc., is the market leader in the commercialization of native single-crystal AlN substrates for the cost-effective production of high performance III-nitride electronics and optoelectronics. The III-nitride device market is expected to grow to over \$25B within the next decade. For more information on Crystal IS, contact Keith Evans at (518) 276 3325 or visit the company's website at www.Crystal-IS.com.