

**CYPRESS SEMICONDUCTOR CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands)  
(Unaudited)

	<u>April 2, 2017</u>	<u>January 1, 2017</u>
<b>ASSETS</b>		
Cash, cash equivalents and short-term investments	\$ 122,472	\$ 121,144
Accounts receivable, net	317,276	333,037
Inventories	324,978	287,776
Property, plant and equipment, net	293,055	297,266
Goodwill and other intangible assets, net	2,295,074	2,344,033
Other assets	454,052	488,615
<b>Total assets</b>	<b>\$ 3,806,907</b>	<b>\$ 3,871,871</b>
<b>LIABILITIES AND EQUITY</b>		
Accounts payable	\$ 265,524	\$ 241,424
Income tax liabilities	51,571	49,552
Revenue reserves, deferred margin and other liabilities	458,816	493,164
Revolving credit facility and long-term debt	1,171,706	1,194,979
Total liabilities	1,947,617	1,979,119
Total Cypress stockholders' equity	1,858,302	1,891,828
Non-controlling interest	988	924
Total equity	1,859,290	1,892,752
<b>Total liabilities and equity</b>	<b>\$ 3,806,907</b>	<b>\$ 3,871,871</b>

**CYPRESS SEMICONDUCTOR CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**ON A GAAP BASIS**  
(In thousands, except per-share data)  
(Unaudited)

	Three Months Ended	
	April 2, 2017	January 1, 2017
Revenues	\$ 531,874	\$ 530,172
Costs and expenses:		
Cost of revenues	332,814	328,220
Research and development	88,481	92,188
Selling, general and administrative	76,114	76,839
Amortization of intangible assets	48,249	52,104
Restructuring costs	2,572	17,237
Impairment related to assets held for sale	—	1,960
Total costs and expenses	548,230	568,548
Operating loss	(16,356)	(38,376)
Interest and other expense, net	(19,359)	(24,389)
Loss before income taxes and non-controlling interest	(35,715)	(62,765)
Income tax provision	(4,927)	(790)
Equity in net loss of equity method investees	(5,076)	(8,766)
Net loss	(45,718)	(72,321)
Net gain attributable to non-controlling interests	(64)	(46)
Net loss attributable to Cypress	\$ (45,782)	\$ (72,367)
Net loss per share attributable to Cypress:		
Basic	\$ (0.14)	\$ (0.22)
Diluted	\$ (0.14)	\$ (0.22)
Cash dividend declared per share	\$ 0.11	\$ 0.11
Shares used in net loss per share calculation:		
Basic	326,964	322,800
Diluted	326,964	322,800

**CYPRESS SEMICONDUCTOR CORPORATION**  
**RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES**  
(In thousands, except per-share data)  
(Unaudited)

**Table A: GAAP to Non-GAAP reconciling items (Three Months Ended Q1 2017)**

	<i>Cost of revenues</i>	<i>Research and development</i>	<i>SG&amp;A and Restructuring costs</i>	<i>Amortization of Intangible assets</i>	<i>Interest and other expense, net</i>	<i>Income tax (provision) benefit</i>
<b>GAAP [i]</b>	\$ 332,814	\$ 88,481	\$ 78,686	\$ 48,249	\$ (24,435)	\$ (4,927)
[1] Stock based compensation	5,331	11,771	8,835	—	—	—
[2] Changes in value of deferred compensation plan	166	597	1,008	—	(1,558)	—
[3] Merger, integration, related costs and adjustments related to assets held for sale	1,350	—	(1,479)	—	—	—
[4] Inventory Step-up related to acquisition accounting	2,864	—	—	—	—	—
[5] Losses from equity method investments	—	—	—	—	5,076	—
[6] Imputed interest on convertible debt, equity component amortization on convertible debt and others	—	—	—	—	3,489	—
[7] Amortization of debt issuance costs	—	—	—	—	858	—
[8] Amortization of Intangible assets	—	—	—	48,249	—	—
[9] Restructuring costs	—	—	2,572	—	—	—
[10] Tax impact	—	—	—	—	415	2,125
<b>Non - GAAP [ii]</b>	<b>\$ 323,103</b>	<b>\$ 76,113</b>	<b>\$ 67,750</b>	<b>\$ —</b>	<b>\$ (16,155)</b>	<b>\$ (2,802)</b>
<b>Impact of reconciling items [ii - i]</b>	<b>\$ (9,711)</b>	<b>\$ (12,368)</b>	<b>\$ (10,936)</b>	<b>\$ (48,249)</b>	<b>\$ 8,280</b>	<b>\$ 2,125</b>

**Table B: GAAP to Non-GAAP reconciling items (Three Months Ended Q4 2016)**

	<i>Cost of revenues</i>	<i>Research and development</i>	<i>SG&amp;A</i>	<i>Amortization of Intangible assets</i>	<i>Impairment related to assets held for sale</i>	<i>Interest and other expense, net</i>	<i>Income tax provision</i>
<b>GAAP [i]</b>	\$ 328,220	\$ 92,188	\$ 94,076	\$ 52,104	\$ 1,960	\$ (33,155)	\$ (790)
[1] Stock based compensation, including costs related to modification of equity awards	6,589	16,687	12,292	—	—	—	—
[2] Changes in value of deferred compensation plan	42	147	292	—	—	(641)	—
[3] Merger, integration and related costs	2,614	476	5,136	—	—	—	—
[4] Inventory Step-up related to acquisition accounting	1,381	—	—	—	—	—	—
[5] Losses from equity method investments	—	—	—	—	—	8,766	—
[6] Imputed interest on convertible debt, equity component amortization on convertible debt and other	—	—	—	—	—	3,482	—
[7] Amortization of debt issuance costs	—	—	—	—	—	976	—
[8] Amortization of Intangible assets	—	—	—	52,104	—	—	—
[9] Impairment related to assets held for sale	—	—	—	—	1,960	—	—
[10] Restructuring costs, including executive severance	—	—	17,237	—	—	—	—
[11] Tax impact of Non-GAAP adjustments	—	—	—	—	—	(908)	(2,442)
<b>Non - GAAP [ii]</b>	<u>\$ 317,594</u>	<u>\$ 74,878</u>	<u>\$ 59,119</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (21,480)</u>	<u>\$ (3,232)</u>
<b>Impact of reconciling items [ii - i]</b>	<u>\$ (10,626)</u>	<u>\$ (17,310)</u>	<u>\$ (34,957)</u>	<u>\$ (52,104)</u>	<u>\$ (1,960)</u>	<u>\$ 11,675</u>	<u>\$ (2,442)</u>

**Table C: Margin %**

	Q1'17		Q4'16	
	GAAP	Non-GAAP	GAAP	Non-GAAP
<b>Revenue [i]</b>	\$ 531,874	\$ 531,874	\$ 530,172	\$ 530,172
Cost of revenues (See Table A, B) [ii]	332,814	323,103	328,220	317,594
<b>Margin [iii] [ii - i]</b>	<u>\$ 199,061</u>	<u>\$ 208,771</u>	<u>\$ 201,952</u>	<u>\$ 212,578</u>
Margin % [iii / i]	37.4%	39.3%	38.1%	40.1%

**Table D: Operating income (loss)**

	Q1'17	Q4'16
<b>GAAP operating loss [i]</b>	<b>\$ (16,356)</b>	<b>\$ (38,376)</b>
Impact of reconciling items on Cost of revenues (see Table A, B)	9,711	10,626
Impact of reconciling items on R&D (see Table A, B)	12,368	17,310
Impact of reconciling items on SG&A (see Table A, B)	10,936	34,957
Impact of Amortization of Intangible Assets (see Table A, B)	48,249	52,104
Impact of Impairment related to assets held for sale (see Table B)	—	1,960
<b>Non-GAAP operating income [iii]</b>	<b>\$ 64,908</b>	<b>\$ 78,581</b>
<b>Impact of reconciling items [ii - i]</b>	<b>\$ 81,264</b>	<b>\$ 116,957</b>

**Table E: Pre-tax profit**

	Q1'17	Q4'16
<b>GAAP Pre-tax profit</b>	<b>\$ (40,791)</b>	<b>\$ (71,531)</b>
Impact of reconciling items on Operating income (see Table D)	81,264	116,957
Interest and other expense, net (see Table A,B)	8,280	11,675
<b>Non-GAAP Pre-tax income</b>	<b>\$ 48,753</b>	<b>\$ 57,101</b>

**Table F: Net income (loss)**

	Q1'17	Q4'16
<b>GAAP Net loss</b>	<b>\$ (45,782)</b>	<b>\$ (72,367)</b>
Impact of reconciling items on Operating income (see Table D)	81,264	116,957
Interest and other expense, net (see Table A, B)	8,280	11,675
Income tax benefit (provision) (see Table A,B)	2,125	(2,442)
<b>Non-GAAP Net income</b>	<b>\$ 45,887</b>	<b>\$ 53,823</b>

**Table G: Pretax profit margin %**

	Q1'17		Q4'16	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Revenue [i]	\$ 531,874	\$ 531,874	\$ 530,172	\$ 530,172
Pre-tax profit (see Table E) [ii]	\$ (40,791)	\$ 48,753	\$ (71,531)	\$ 57,101
Pre-tax profit margin % [ii / i]	(7.7)%	9.2%	(13.5)%	10.8%

**Table H: Weighted-average shares, diluted**

	Q1'17		Q4'16	
	GAAP	Non-GAAP	GAAP	Non-GAAP
<b>Weighted-average common shares outstanding, basic</b>	<b>326,964</b>	<b>326,964</b>	<b>322,800</b>	<b>322,800</b>
Effect of dilutive securities:				
Stock options, unvested restricted stock and other	—	14,852	—	17,199
Impact of convertible bond	—	17,304	—	15,138
<b>Weighted-average common shares outstanding, diluted</b>	<b>326,964</b>	<b>359,120</b>	<b>322,800</b>	<b>355,137</b>

**Table I: Net income (loss) Per Share**

	Q1'17		Q4'16	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net income (loss) (see Table F)	\$ (45,782)	\$ 45,887	\$ (72,367)	\$ 53,823
Weighted-average common shares outstanding (see Table D iiii)	326,964	359,120	322,800	355,137
Non-GAAP earnings per share - Diluted [i/ii]	\$ (0.14)	\$ 0.13	\$ (0.22)	\$ 0.15

**CYPRESS SEMICONDUCTOR CORPORATION****SUPPLEMENTAL FINANCIAL DATA****(In thousands)****(Unaudited)**

	<b>Three Months Ended</b>	
	<b>April 2, 2017</b>	<b>January 1, 2017</b>
<b><u>Selected Cash Flow Data (Preliminary):</u></b>		
Net cash provided by operating activities	\$ 25,721	\$ 89,787
Net cash provided by (used in) investing activities	\$ 21,650	\$ (19,008)
Net cash used in financing activities	\$ (46,043)	\$ (37,262)
<b><u>Other Supplemental Data (Preliminary):</u></b>		
Capital expenditures	\$ 13,772	\$ 11,889
Depreciation	\$ 16,157	\$ 16,057
Payment of dividend	\$ 35,537	\$ 35,350
Dividend paid per share	\$ 0.11	\$ 0.11

**CYPRESS SEMICONDUCTOR CORPORATION**  
**RECONCILIATION OF GAAP FORWARDING LOOKING ESTIMATES TO NON-GAAP FORWARD LOOKING**  
**ESTIMATES**

	Forward looking GAAP estimate (A)	Adjustments (B)				Forward looking Non-GAAP estimate (C)=(A)+(B)
		<i>Amortization of intangibles</i>	<i>Share-based compensation expense</i>	<i>Restructur ing</i>	<i>Other items</i>	
<b>Margin %</b>	38.5% - 39.5%	—%	1.0%	—%	0.5%	40.0% - 41.0%
<b>Diluted earnings per share</b>	\$(0.13) to \$(0.09) \$	0.15 \$	0.08 \$	0.01 \$	0.03	\$0.14 to \$0.18