

CYPRESS SEMICONDUCTOR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

(Unaudited)

	<u>Mar 28,</u> <u>2004</u>	<u>Dec 28,</u> <u>2003</u>
ASSETS		
Cash, cash equivalents, and investments *	\$ 436,886	\$ 379,868
Accounts receivable, net	142,961	113,568
Inventories	67,720	72,085
Property and equipment, net	431,122	442,887
Goodwill and other intangible assets	371,747	375,483
Other assets	<u>162,555</u>	<u>183,606</u>
 Total assets	 <u><u>\$ 1,612,991</u></u>	 <u><u>\$ 1,567,497</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 165,283	\$ 155,693
Deferred income	19,641	20,104
Convertible subordinated notes	668,652	668,652
Income tax liabilities	99,469	103,930
Other liabilities	<u>39,022</u>	<u>49,930</u>
 Total liabilities	 992,067	 998,309
Stockholders' equity **	<u>620,924</u>	<u>569,188</u>
 Total liabilities and stockholders' equity	 <u><u>\$ 1,612,991</u></u>	 <u><u>\$ 1,567,497</u></u>

* Cash, cash equivalents, and investments includes restricted amounts totaling \$63.0 million and \$62.8 million as of March 28, 2004 and December 28, 2003, respectively.

** Common stock, \$.01 par value, 650,000 and 650,000 shares authorized; 123,042 and 120,483 outstanding as of March 28, 2004 and December 28, 2003, respectively.

##MORE##

CYPRESS SEMICONDUCTOR CORPORATION
PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

THREE MONTHS ENDED
(Unaudited)

	Mar 28 2004	Mar 30 2003	Dec 28 2003
Revenues	\$ 254,393	\$ 180,967	\$ 236,031
Costs of revenues	123,360	102,168	115,090
Gross margin	131,033	78,799	120,941
Operating expenses:			
Research and development	60,391	58,449	58,795
Selling, general and administrative	36,448	30,898	34,135
Total operating costs	96,839	89,347	92,930
Operating income (loss)	34,194	(10,548)	28,011
Net interest income (expense) and other	(1,170)	(1,842)	(585)
Income (loss) before income tax	33,024	(12,390)	27,426
Income tax (provision) benefit	(1,651)	-	(2,530)
Net income (loss)	<u>\$ 31,373</u>	<u>\$ (12,390)</u>	<u>\$ 24,896</u>
Basic net income (loss) per share	\$ 0.26	\$ (0.10)	\$ 0.21
Diluted net income (loss) per share	\$ 0.19	\$ (0.10)	\$ 0.16
Shares used in calculation:			
Basic	122,417	125,005	119,940
Diluted	171,832	125,005	168,988

Reconciliation of our GAAP Net Income (Loss) to our Pro Forma Net Income (Loss):

GAAP Net Income (Loss)	\$ 26,480	\$ (33,323)	\$ 23,163
Adjustments:			
Cost of revenues (acquisition related costs)	-	405	139
Restructuring costs	(81)	3,360	(4,337)
Amortization of intangibles	10,191	9,484	9,441
Operating expenses (acquisition related costs)	2,767	6,104	2,130
Employee loan reserve	(7,752)	84	-
Impairments, asset write-downs and other	(422)	-	(3,510)
Tax effects on pro forma adjustments	190	1,496	(2,130)
Pro Forma Net Income (Loss)	<u>\$ 31,373</u>	<u>\$ (12,390)</u>	<u>\$ 24,896</u>

To supplement the consolidated financial results prepared under generally accepted accounting principles ("GAAP"), Cypress uses a non-GAAP conforming, or pro forma, measure of net income that is GAAP net income adjusted to exclude certain costs, expenses and gains. Pro forma net income gives an indication of Cypress's baseline performance before gains, losses or other charges that are considered by management to be outside of the company's core operating results. In addition, pro forma net income (loss) is among the primary indicators management uses as a basis for planning and forecasting future periods. Cypress computes pro forma net income (loss) by adjusting GAAP net income (loss) with the impact of acquisition-related charges (intangible asset amortization, deferred stock compensation and charges related to milestone achievements), restructuring charges, and other non-recurring charges and gains. Cypress provides pro forma results as additional information for its operating results. These measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from pro forma measures used by other companies.

##MORE##

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

THREE MONTHS ENDED
(Unaudited)

	Mar 28 2004	Mar 30 2003	Dec 28 2003
Revenues	\$ 254,393	\$ 180,967	\$ 236,031
Costs of revenues	123,360	102,573	115,229
Cost of revenues	123,360	102,168	115,090
Acquisition related costs	-	405	139
Gross margin	<u>131,033</u>	<u>78,394</u>	<u>120,802</u>
Operating expenses:			
Research and development	60,391	58,449	58,795
Selling, general and administrative	36,448	30,898	34,135
Restructuring costs	(81)	3,360	(4,337)
Amortization of intangibles	10,191	9,484	9,441
Acquisition related costs	2,767	6,104	2,130
Employee loan reserve	(7,752)	84	-
Non-recurring charges	-		(3,500)
Total operating costs	<u>101,964</u>	<u>108,379</u>	<u>96,664</u>
Operating income (loss)	29,069	(29,985)	24,138
Net interest income (expense) and other	(748)	(1,842)	(575)
Impairments, asset write-downs and other	422	-	10
Net interest income (expense) and other	<u>(1,170)</u>	<u>(1,842)</u>	<u>(585)</u>
Income (loss) before income tax	28,321	(31,827)	23,563
Income tax (provision)	<u>(1,841)</u>	<u>(1,496)</u>	<u>(400)</u>
Net income (loss)	<u>\$ 26,480</u>	<u>\$ (33,323)</u>	<u>\$ 23,163</u>
Basic net income (loss) per share	\$ 0.22	\$ (0.27)	\$ 0.19
Diluted net income (loss) per share	\$ 0.16	\$ (0.27)	\$ 0.15
Shares used in calculation:			
Basic	122,417	125,005	119,940
Diluted	171,832	125,005	168,988

Prepared in accordance with GAAP