

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

(Unaudited)

	<u>Jul 03, 2005</u>	<u>Jan 02, 2005</u>
ASSETS		
Cash, cash equivalents, and investments *	\$ 239,601	\$ 307,640
Accounts receivable, net	128,152	107,288
Inventories	83,136	99,709
Property and equipment, net	427,337	444,651
Goodwill and other intangible assets	460,913	447,003
Other assets	<u>171,146</u>	<u>166,703</u>
 Total assets	 <u><u>\$ 1,510,285</u></u>	 <u><u>\$ 1,572,994</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 149,318	\$ 179,282
Deferred income	29,513	33,426
Convertible subordinated notes	599,997	599,998
Income tax liabilities	75,277	71,992
Other liabilities	<u>34,882</u>	<u>27,938</u>
 Total liabilities	 888,987	 912,636
Stockholders' equity **	<u>621,298</u>	<u>660,358</u>
 Total liabilities and stockholders' equity	 <u><u>\$ 1,510,285</u></u>	 <u><u>\$ 1,572,994</u></u>

* Cash, cash equivalents, and investments includes restricted amounts totaling \$63.2 million and \$62.7 million as of July 03, 2005 and January 02, 2005, respectively.

** Common stock, \$.01 par value, 650,000 and 650,000 shares authorized; 133,189 and 128,493 shares outstanding as of July 03, 2005 and January 02, 2005, respectively.

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

	THREE MONTHS ENDED (Unaudited)			SIX MONTHS ENDED (Unaudited)	
	Jul 03 2005	Jun 27 2004	Apr 03 2005	Jul 03 2005	Jun 27 2004
Revenues	\$ 220,506	\$ 264,269	\$ 200,304	\$ 420,810	\$ 518,662
Costs of revenues	129,556	124,855	126,649	256,205	248,215
Gross margin	90,950	139,414	73,655	164,605	270,447
Operating expenses:					
Research and development	57,043	66,797	58,040	115,083	129,955
Selling, general and administrative	36,791	38,823	38,409	75,200	67,519
Amortization of intangibles	7,113	9,607	8,400	15,513	19,798
In-process research and development charge	-	-	12,300	12,300	-
Restructuring costs (credits)	4,986	-	22,709	27,695	(81)
Total operating costs	105,933	115,227	139,858	245,791	217,191
Operating income (loss)	(14,983)	24,187	(66,203)	(81,186)	53,256
Net interest expense and other	(792)	(679)	(2,282)	(3,074)	(1,427)
Income (loss) before income tax	(15,775)	23,508	(68,485)	(84,260)	51,829
Income tax (provision) benefit	521	(1,528)	(311)	210	(3,369)
Net income (loss)	<u>\$ (15,254)</u>	<u>\$ 21,980</u>	<u>\$ (68,796)</u>	<u>\$ (84,050)</u>	<u>\$ 48,460</u>
Basic net income (loss) per share	\$ (0.12)	\$ 0.18	\$ (0.53)	\$ (0.64)	\$ 0.39
Diluted net income (loss) per share	\$ (0.12)	\$ 0.13	\$ (0.53)	\$ (0.64)	\$ 0.30
Shares used in calculation:					
Basic	132,081	123,366	130,506	131,293	122,892
Diluted	132,081	167,467	130,506	131,293	169,649
Reconciliation of GAAP net income (loss) to adjusted-GAAP net income (loss)					
GAAP net income (loss)	\$ (15,254)	\$ 21,980	\$ (68,796)	\$ (84,050)	\$ 48,460
Reconciling items:					
Cost of revenues (acquisition and stock compensation expenses)	139	51	119	258	51
Restructuring costs (credits)	4,986	-	22,709	27,695	(81)
Amortization of intangibles	7,113	9,607	8,400	15,513	19,798
In-process research and development charge	-	-	12,300	12,300	-
Acquisition and stock compensation expenses (credits)	1,838	2,884	(912)	925	5,651
Synthetic lease - guarantee accrual	304	-	304	609	-
Employee loan reserve	-	-	-	-	(7,752)
Damages claim settlement	-	2,000	-	-	2,000
Impairments and other	276	(239)	421	697	(661)
Tax effects on adjusted-GAAP adjustments	(1,211)	(363)	311	(900)	(173)
Adjusted-GAAP net income (loss)	<u>\$ (1,809)</u>	<u>\$ 35,920</u>	<u>\$ (25,144)</u>	<u>\$ (26,953)</u>	<u>\$ 67,293</u>
Adjusted-GAAP basic net income (loss) per share	\$ (0.01)	\$ 0.29	\$ (0.19)	\$ (0.21)	\$ 0.55
Adjusted-GAAP diluted net income (loss) per share	\$ (0.01)	\$ 0.23	\$ (0.19)	\$ (0.21)	\$ 0.42

CYPRESS SEMICONDUCTOR CORPORATION
RECONCILIATION OF GAAP NET INCOME (LOSS) PER SHARE TO ADJUSTED-GAAP NET INCOME (LOSS) PER SHARE
(In thousands, except per share data)

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	(Unaudited)			(Unaudited)	
	Jul 03 2005	Jun 27 2004	Apr 03 2005	Jul 03 2005	Jun 27 2004
Basic:					
GAAP net income (loss) per share	\$ (0.12)	\$ 0.18	\$ (0.53)	\$ (0.64)	\$ 0.39
Reconciling items:					
Cost of revenues (acquisition and stock compensation expenses)	-	-	-	-	-
Restructuring costs	0.04	-	0.18	0.21	-
Amortization of intangibles	0.06	0.08	0.07	0.12	0.16
In-process research and development charge	-	-	0.10	0.09	-
Acquisition and stock compensation expenses (credits)	0.02	0.02	(0.01)	0.01	0.05
Synthetic lease - guarantee accrual	-	-	-	-	-
Employee loan reserve	-	-	-	-	(0.06)
Damages claim settlement	-	0.02	-	-	0.02
Impairments and other	-	(0.01)	-	0.01	(0.01)
Tax effects on adjusted-GAAP adjustments	(0.01)	-	-	(0.01)	-
Adjusted-GAAP net income (loss) per share	<u>\$ (0.01)</u>	<u>\$ 0.29</u>	<u>\$ (0.19)</u>	<u>\$ (0.21)</u>	<u>\$ 0.55</u>
Diluted:					
GAAP net income (loss) per share	\$ (0.12)	\$ 0.13	\$ (0.53)	\$ (0.64)	\$ 0.30
Reconciling items:					
Cost of revenues (acquisition and stock compensation expenses)	-	-	-	-	-
Restructuring costs	0.04	-	0.18	0.21	-
Amortization of intangibles	0.06	0.06	0.07	0.12	0.12
In-process research and development charge	-	-	0.10	0.10	-
Acquisition and stock compensation expenses (credits)	0.02	0.02	(0.01)	0.01	0.04
Synthetic lease - guarantee accrual	-	-	-	-	-
Employee loan reserve	-	-	-	-	(0.05)
Damages claim settlement	-	0.02	-	-	0.01
Impairments and other	-	-	-	-	-
Tax effects on adjusted-GAAP adjustments	(0.01)	-	-	(0.01)	-
Adjusted-GAAP net income (loss) per share	<u>\$ (0.01)</u>	<u>\$ 0.23</u>	<u>\$ (0.19)</u>	<u>\$ (0.21)</u>	<u>\$ 0.42</u>

CYPRESS SEMICONDUCTOR CORPORATION
SUPPLEMENTAL SEGMENT INFORMATION
(In thousands, except per share and percentage data)

Three Months Ended
July 3, 2005

	CCD	DCD	MID	SunPower	Other	Total
	(Unaudited)					
Revenues	\$ 65,357	\$ 44,127	\$ 85,193	\$ 16,454	\$ 9,375	\$ 220,506
Gross margin %	50.9%	63.3%	26.5%	1.8%	74.7%	41.3%
Adjusted-GAAP basic net income (loss) per share	\$ 0.04	\$ 0.04	\$ (0.06)	\$ (0.03)	\$ -	\$ (0.01)
Adjusted-GAAP diluted net income (loss) per share	\$ 0.03	\$ 0.03	\$ (0.06)	\$ (0.03)	\$ -	\$ (0.01)

Reconciliation of adjusted-GAAP basic net income (loss) per share to GAAP basic net income (loss) per share:

Adjusted-GAAP basic net income (loss) per share	\$ 0.04	\$ 0.04	\$ (0.06)	(0.03)	\$ -	\$ (0.01)
Reconciling items: (1)						
Restructuring costs	(0.02)	(0.01)	(0.01)	-	-	(0.04)
Amortization of intangibles	(0.01)	(0.01)	(0.01)	(0.01)	-	(0.06)
Acquisition and stock compensation expenses (credits)	-	-	(0.02)	-	-	(0.02)
Tax effects on adjusted-GAAP adjustments	-	-	0.01	-	-	0.01
GAAP basic net income (loss) per share	\$ 0.01	\$ 0.02	\$ (0.09)	\$ (0.04)	\$ -	\$ (0.12)

Reconciliation of adjusted-GAAP diluted net income (loss) per share to GAAP diluted net income (loss) per share:

Adjusted-GAAP diluted net income (loss) per share	\$ 0.03	\$ 0.03	\$ (0.06)	\$ (0.03)	\$ -	\$ (0.01)
Reconciling items: (1)						
Restructuring costs	(0.01)	(0.01)	(0.01)	-	-	(0.04)
Amortization of intangibles	(0.01)	-	(0.01)	(0.01)	-	(0.06)
Acquisition and stock compensation expenses (credits)	-	-	(0.02)	-	-	(0.02)
Tax effects on adjusted-GAAP adjustments	-	-	0.01	-	-	0.01
GAAP diluted net income (loss) per share	\$ 0.01	\$ 0.02	\$ (0.09)	\$ (0.04)	\$ -	\$ (0.12)

(1) The Company allocates the amounts of the reconciling items to the segments based on certain criteria. For those items which are specifically identifiable to the segments, the Company allocates the amounts based on the specific-identification method. For those items which are not specifically identifiable to the segments, the Company allocates the amounts based on the segments' revenues as a percent of total revenues.