

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

(Unaudited)

	<u>Jan 1, 2006</u>	<u>Jan 2, 2005</u>
ASSETS		
Cash, cash equivalents, and investments *	\$ 393,788	\$ 307,640
Accounts receivable, net	151,213	107,288
Inventories	73,573	99,709
Property and equipment, net	464,656	444,651
Goodwill and other intangible assets	459,496	447,003
Other assets	<u>152,795</u>	<u>166,703</u>
 Total assets	 <u><u>\$ 1,695,521</u></u>	 <u><u>\$ 1,572,994</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued liabilities	\$ 161,713	\$ 179,282
Deferred income	29,404	33,426
Convertible subordinated notes	599,997	599,998
Income tax liabilities	59,590	71,992
Other liabilities	<u>49,378</u>	<u>27,938</u>
 Total liabilities	 900,082	 912,636
Minority interest	38,304	-
Stockholders' equity **	<u>757,135</u>	<u>660,358</u>
 Total liabilities and stockholders' equity	 <u><u>\$ 1,695,521</u></u>	 <u><u>\$ 1,572,994</u></u>

* Cash, cash equivalents, and investments includes restricted amounts totaling \$63.5 million and \$62.7 million as of January 1, 2006 and January 2, 2005, respectively.

** Common stock, \$.01 par value, 650,000 and 650,000 shares authorized; 137,036 and 128,493 shares outstanding as of January 1, 2006 and January 2, 2005, respectively.

CYPRESS SEMICONDUCTOR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATION:
(On a GAAP basis)
(In thousands, except per share data)

(Unaudited)

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	Jan 1, 2006	Jan 2, 2005	Oct 2, 2005	Jan 1, 2006	Jan 2, 2005
Revenues	\$ 238,473	\$ 210,181	\$ 227,112	\$ 886,396	\$ 948,438
Costs of revenues	140,779	131,442	131,673	528,657	492,058
Gross margin	97,694	78,739	95,439	357,739	456,380
Operating expenses:					
Research and development	55,609	66,910	56,068	226,760	261,629
Selling, general and administrative	40,796	37,041	40,045	156,041	141,799
Amortization of intangibles	5,692	9,361	6,504	27,709	38,898
In-process research and development charge	-	-	-	12,300	15,600
Restructuring costs (credits)	(982)	243	713	27,426	(164)
Total operating costs	101,115	113,555	103,330	450,236	457,762
Operating loss	(3,421)	(34,816)	(7,891)	(92,497)	(1,382)
Net interest income (expense) and other	501	3,402	1,853	(720)	(495)
Loss before income tax and minority interest	(2,920)	(31,414)	(6,038)	(93,217)	(1,877)
Income tax benefit	1,037	3,316	92	1,339	26,575
Minority interest, net of tax	(275)	-	-	(275)	-
Net income (loss)	<u>\$ (2,158)</u>	<u>\$ (28,098)</u>	<u>\$ (5,946)</u>	<u>\$ (92,153)</u>	<u>\$ 24,698</u>
Basic net income (loss) per share	\$ (0.02)	\$ (0.22)	\$ (0.04)	\$ (0.69)	\$ 0.20
Diluted net income (loss) per share	\$ (0.02)	\$ (0.22)	\$ (0.04)	\$ (0.69)	\$ 0.17
Shares used in calculation:					
Basic	135,990	127,362	134,175	133,188	124,580
Diluted	136,200	127,362	134,175	133,188	134,130

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

GAAP net income (loss)	\$ (2,158)	\$ (28,098)	\$ (5,946)	\$ (92,153)	\$ 24,698
Reconciling items:					
Cost of revenues (acquisition and stock compensation expenses)	301	68	101	659	148
Restructuring costs (credits)	(982)	243	713	27,426	(164)
Amortization of intangibles	5,692	9,361	6,504	27,709	38,898
In-process research and development charge	-	-	-	12,300	15,600
Acquisition and stock compensation expenses	2,403	1,253	2,612	5,941	9,084
Synthetic lease - guarantee accrual	305	1,825	304	1,217	1,825
Employee loan reserve	-	-	-	-	(7,752)
Damages claim settlement	-	-	-	-	2,000
Impairments and other	830	(920)	-	1,527	(237)
Tax effects on adjusted-GAAP adjustments	(480)	(1,758)	(440)	(1,820)	(768)
Minority interest effects on adjusted-GAAP adjustments	(142)	-	-	(142)	-
Adjusted-GAAP net income (loss)	<u>\$ 5,769</u>	<u>\$ (18,026)</u>	<u>\$ 3,848</u>	<u>\$ (17,336)</u>	<u>\$ 83,332</u>
Adjusted-GAAP basic net income (loss) per share	\$ 0.04	\$ (0.14)	\$ 0.03	\$ (0.13)	\$ 0.67
Adjusted-GAAP diluted net income (loss) per share	\$ 0.04	\$ (0.14)	\$ 0.03	\$ (0.13)	\$ 0.55
Shares used in calculation:					
Basic	135,990	127,362	134,175	133,188	124,580
Diluted	143,155	127,362	142,403	133,188	167,234

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)

(Unaudited)

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	Jan 1, 2006	Jan 2, 2005	Oct 2, 2005	Jan 1, 2006	Jan 2, 2005
Basic:					
GAAP net income (loss) per share	\$ (0.02)	\$ (0.22)	\$ (0.04)	\$ (0.69)	\$ 0.20
Reconciling items:					
Cost of revenues (acquisition and stock compensation expenses)	-	-	-	-	-
Restructuring costs (credits)	(0.01)	-	0.01	0.21	-
Amortization of intangibles	0.04	0.07	0.05	0.21	0.31
In-process research and development charge	-	-	-	0.09	0.13
Acquisition and stock compensation expenses	0.02	0.01	0.02	0.04	0.07
Synthetic lease - guarantee accrual	-	0.01	-	0.01	0.01
Employee loan reserve	-	-	-	-	(0.06)
Damages claim settlement	-	-	-	-	0.02
Impairments and other	0.01	-	-	0.01	-
Tax effects on adjusted-GAAP adjustments	-	(0.01)	(0.01)	(0.01)	(0.01)
Minority interest effects on adjusted-GAAP adjustments	-	-	-	-	-
Adjusted-GAAP net income (loss) per share	<u>\$ 0.04</u>	<u>\$ (0.14)</u>	<u>\$ 0.03</u>	<u>\$ (0.13)</u>	<u>\$ 0.67</u>
Diluted:					
GAAP net income (loss) per share	\$ (0.02)	\$ (0.22)	\$ (0.04)	\$ (0.69)	\$ 0.17
Reconciling items:					
Cost of revenues (acquisition and stock compensation expenses)	-	-	-	-	-
Restructuring costs (credits)	(0.01)	-	0.01	0.21	-
Amortization of intangibles	0.04	0.07	0.05	0.21	0.29
In-process research and development charge	-	-	-	0.09	0.12
Acquisition and stock compensation expenses	0.02	0.01	0.02	0.04	0.07
Synthetic lease - guarantee accrual	-	0.01	-	0.01	0.01
Employee loan reserve	-	-	-	-	(0.06)
Damages claim settlement	-	-	-	-	0.01
Impairments and other	0.01	-	-	0.01	-
Tax effects on adjusted-GAAP adjustments	-	(0.01)	(0.01)	(0.01)	(0.01)
Minority interest effects on adjusted-GAAP adjustments	-	-	-	-	-
Difference in share count between diluted GAAP and diluted adjusted-GAAP	-	-	-	-	(0.05)
Adjusted-GAAP net income (loss) per share	<u>\$ 0.04</u>	<u>\$ (0.14)</u>	<u>\$ 0.03</u>	<u>\$ (0.13)</u>	<u>\$ 0.55</u>

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

(Unaudited)

	THREE MONTHS ENDED					
	January 1, 2006					
	CCD	DCD	MID	SunPower	Other	Total
Revenues	\$ 89,990	\$ 33,805	\$ 75,559	\$ 29,341	\$ 9,778	\$ 238,473
Gross margin %	45.4%	63.7%	30.2%	19.8%	70.2%	41.1%
Adjusted-GAAP net income (loss) - BASIC	\$ 9,810	\$ 2,345	\$ (6,631)	\$ 1,045	\$ (800)	\$ 5,769
Adjusted-GAAP net income (loss) - DILUTED	\$ 9,810	\$ 2,345	\$ (6,631)	\$ 835	\$ (800)	\$ 5,559
Adjusted-GAAP basic EPS Contribution (1)	\$ 0.07	\$ 0.02	\$ (0.05)	\$ 0.01	\$ (0.01)	\$ 0.04
Adjusted-GAAP diluted EPS Contribution (1)	\$ 0.07	\$ 0.02	\$ (0.05)	\$ 0.01	\$ (0.01)	\$ 0.04

Reconciliation of adjusted-GAAP EPS to GAAP EPS:

Basic:

Adjusted-GAAP net income per share	\$ 0.04
Reconciling items: (2)	
Restructuring credits	0.01
Amortization of intangibles	(0.04)
Acquisition and stock compensation expenses	(0.03)
Tax effects on adjusted-GAAP adjustments	-
GAAP net loss per share	<u>\$ (0.02)</u>

Diluted:

Adjusted-GAAP net income per share	\$ 0.04
Reconciling items: (2)	
Restructuring credits	0.01
Amortization of intangibles	(0.04)
Acquisition and stock compensation expenses	(0.03)
Tax effects on adjusted-GAAP adjustments	-
GAAP net loss per share	<u>\$ (0.02)</u>

(1) Adjusted-GAAP EPS by segment is calculated using the diluted weighted average share count utilized for the consolidated reported results. Management evaluates the company utilizing the same weighted average share count as utilized for consolidated reporting purposes.

(2) The Company does not allocate GAAP reconciling items to the segments. Management uses the adjusted-GAAP measures internally for strategic decision making, forecasting future results and evaluating the Company's current performance. These adjusted-GAAP measures exclude the GAAP items listed within the reconciling section and are not allocated to the segments as management does not evaluate the company including these GAAP measures. In addition, the adjusted-GAAP EPS by segment is calculated utilizing the consolidated weighted average share count used for consolidated adjusted-GAAP EPS - see (1) above. As such there is not a directly comparable GAAP measure for the segment adjusted-GAAP EPS and one is not presented. The most directly comparable GAAP measure is at the consolidated results level which is presented above.