



NASDAQ: **CY**

ISIN: **US2328061096**

MEETING DATE: 20 JUNE 2017

RECORD DATE: 18 APRIL 2017

PUBLISH DATE: 26 MAY 2017

INDEX MEMBERSHIP: S&P 1000; S&P MIDCAP 400; RUSSELL 3000; NASDAQ COMPOSITE; RUSSELL 1000

SECTOR: INFORMATION TECHNOLOGY

INDUSTRY: SEMICONDUCTORS AND SEMICONDUCTOR EQUIPMENT

COUNTRY OF TRADE: UNITED STATES

COUNTRY OF INCORPORATION: UNITED STATES

HEADQUARTERS: CALIFORNIA

VOTING IMPEDIMENT: NONE

DISCLOSURES: REFER TO APPENDIX REGARDING ENGAGEMENT AND EXPLANATION FOR REPUBLICATION

COMPANY DESCRIPTION

Cypress Semiconductor Corporation designs, develops, manufactures, markets, and sells embedded system solutions worldwide. It operates in two segments, Microcontroller and Connectivity Division and Memory Products Division.

OWNERSHIP	COMPANY PROFILE	ESG PROFILE	COMPENSATION	PEER COMPARISON	VOTE RESULTS
APPENDIX					

2017 CONTESTED PROXY MANAGEMENT (WHITE) CARD

PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Election of Directors	FOR	DO NOT VOTE	• Recommendation on Dissident card
1.01	Elect W. Steve Albrecht	FOR	DO NOT VOTE	• Recommendation on Dissident card
1.02	Elect Eric A. Benhamou	FOR	DO NOT VOTE	• Recommendation on Dissident card
1.04	Elect Hassane El-Khoury	FOR	DO NOT VOTE	• Recommendation on Dissident card
1.05	Elect Oh Chul Kwon	FOR	DO NOT VOTE	• Recommendation on Dissident card
1.06	Elect Wilbert van den Hoek	FOR	DO NOT VOTE	• Recommendation on Dissident card
1.07	Elect Michael S. Wishart	FOR	DO NOT VOTE	• Recommendation on Dissident card
2.00	Ratification of Auditor	FOR	DO NOT VOTE	• Recommendation on Dissident card
3.00	Advisory Vote on Executive Compensation	FOR	DO NOT VOTE	• Recommendation on Dissident card
4.00	Frequency of Advisory Vote on Executive Compensation	1 YEAR	DO NOT VOTE	• Recommendation on Dissident card
5.00	Amendment to the 2013 Stock Plan	FOR	DO NOT VOTE	• Recommendation on Dissident card

2017 CONTESTED PROXY DISSIDENT (GOLD) CARD

PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Election of Directors	DO NOT VOTE	FOR	• Significant conflict of interest and corporate governance concerns
1.01	Elect J. Daniel McCranie	DO NOT VOTE	FOR	• Independent, experienced candidate
1.02	Elect Camillo Martino	DO NOT VOTE	FOR	• Independent, experienced candidate

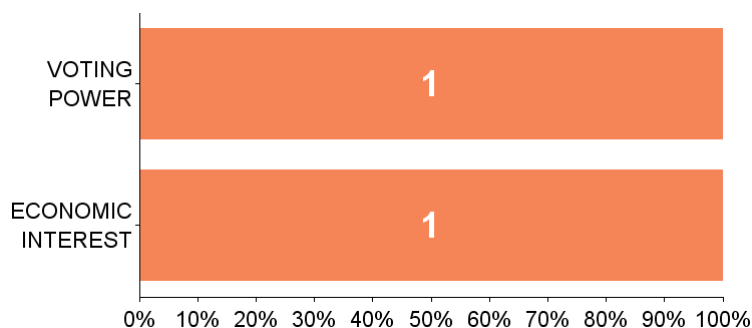
1.03	Elect W. Steve Albrecht	DO NOT VOTE	FOR	• Recommendation on Dissident card
1.04	Elect Hassane El-Khoury	DO NOT VOTE	FOR	• Recommendation on Dissident card
1.05	Elect Oh Chul Kwon	DO NOT VOTE	FOR	• Recommendation on Dissident card
1.06	Elect Wilbert van den Hoek	DO NOT VOTE	FOR	• Recommendation on Dissident card
1.07	Elect Michael S. Wishart	DO NOT VOTE	FOR	• Recommendation on Dissident card
2.00	Ratification of Auditor	DO NOT VOTE	FOR	• Recommendation on Dissident card
3.00	Advisory Vote on Executive Compensation	DO NOT VOTE	FOR	• Recommendation on Dissident card
4.00	Frequency of Advisory Vote on Executive Compensation	DO NOT VOTE	1 YEAR	• Recommendation on Dissident card
5.00	Amendment to the 2013 Stock Plan	DO NOT VOTE	FOR	• Recommendation on Dissident card

SHARE OWNERSHIP PROFILE

SHARE BREAKDOWN

	1
SHARE CLASS	Common Stock
SHARES OUTSTANDING	329.4 M
VOTES PER SHARE	1
INSIDE OWNERSHIP	3.80%
STRATEGIC OWNERS**	3.80%
FREE FLOAT	96.20%

SOURCE CAPITAL IQ AND GLASS LEWIS. AS OF 26-MAY-2017



TOP 20 SHAREHOLDERS

	HOLDER	OWNED*	COUNTRY	INVESTOR TYPE
1.	The Vanguard Group, Inc.	8.78%	United States	Traditional Investment Manager
2.	BlackRock, Inc.	8.38%	United States	Traditional Investment Manager
3.	Waddell & Reed Investment Management Co	5.26%	United States	Traditional Investment Manager
4.	The TCW Group, Inc.	3.60%	United States	Traditional Investment Manager
5.	Citadel LLC	3.47%	United States	Hedge Fund Manager/CTA
6.	Rodgers, Thurman John	3.23%	N/A	Individuals/Insiders
7.	Columbia Management Investment Advisers, LLC	2.77%	United States	Traditional Investment Manager
8.	State Street Global Advisors, Inc.	2.69%	United States	Traditional Investment Manager
9.	AllianceBernstein L.P.	2.60%	United States	Traditional Investment Manager
10.	Lazard Asset Management LLC	2.07%	United States	Traditional Investment Manager
11.	Discovery Capital Management, LLC	1.98%	United States	Hedge Fund Manager/CTA
12.	Toronto-Dominion Bank, Banking Investments	1.96%	Canada	Bank/Investment Bank
13.	Morgan Stanley, Investment Banking and Brokerage Investments	1.63%	United States	Bank/Investment Bank
14.	Deutsche Bank, Private Banking and Investment Banking Investments	1.63%	Germany	Traditional Investment Manager
15.	BNY Mellon Asset Management	1.49%	United States	Traditional Investment Manager
16.	Goldman Sachs Asset Management, L.P.	1.47%	United States	Traditional Investment Manager
17.	Victory Capital Management Inc.	1.44%	United States	Traditional Investment Manager
18.	Allianz Asset Management AG	1.44%	Germany	Traditional Investment Manager
19.	Dimensional Fund Advisors LP	1.32%	United States	Traditional Investment Manager
20.	Goldman Sachs Group, Investment Banking and Securities Investments	1.25%	United States	Traditional Investment Manager

*COMMON STOCK EQUIVALENTS (AGGREGATE ECONOMIC INTEREST) SOURCE: CAPITAL IQ. AS OF 26-MAY-2017

**CAPITAL IQ DEFINES STRATEGIC SHAREHOLDER AS A PUBLIC OR PRIVATE CORPORATION, INDIVIDUAL/INSIDER, COMPANY CONTROLLED FOUNDATION, ESOP OR STATE OWNED SHARES OR ANY HEDGE FUND MANAGERS, VC/PE FIRMS OR SOVEREIGN WEALTH FUNDS WITH A STAKE GREATER THAN 5%.

SHAREHOLDER RIGHTS

	MARKET THRESHOLD	COMPANY THRESHOLD ¹
VOTING POWER REQUIRED TO CALL A SPECIAL MEETING	N/A	10.0%
VOTING POWER REQUIRED TO ADD AGENDA ITEM	1.0% ²	1.0% ²
VOTING POWER REQUIRED FOR WRITTEN CONSENT	N/A	50.0%

¹N/A INDICATES THAT THE COMPANY DOES NOT PROVIDE THE CORRESPONDING SHAREHOLDER RIGHT.

²SHAREHOLDERS MUST OWN THE CORRESPONDING PERCENTAGE OR SHARES WITH MARKET VALUE OF AT LEAST \$2,000 FOR AT LEAST ONE YEAR.

COMPANY PROFILE

FINANCIALS		1 YR TSR	3 YR TSR AVG.	5 YR TSR AVG.
	CY	21.8%	7.2%	-3.7%
	S&P 500	12.0%	8.9%	14.7%
	PEERS*	30.8%	20.7%	18.9%
MARKET CAPITALIZATION (MM USD)		0		
ENTERPRISE VALUE (MM USD)		0		
REVENUES (MM USD)		1,923		

ANNUALIZED SHAREHOLDER RETURNS. *PEERS ARE BASED ON THE INDUSTRY SEGMENTATION OF THE GLOBAL INDUSTRIAL CLASSIFICATION SYSTEM (GICS). FIGURES AS OF 1-JAN-2017. SOURCE: CAPITAL IQ

EXECUTIVE COMPENSATION	CHANGE IN CEO PAY*		1 YR	3 YR	5 YR
			319%	63%	-3%
	*SOURCE: EQUILAR.				
	SAY ON PAY FREQUENCY	1 Year	P4P	N/A	
GLASS LEWIS STRUCTURE RATING	Fair	GLASS LEWIS DISCLOSURE RATING	Fair		
SINGLE TRIGGER CIC VESTING	No	EXCISE TAX GROSS-UPS	No		
CLAWBACK PROVISION	Yes	OVERHANG OF INCENTIVE PLANS	12.34%		

BOARD & MANAGEMENT	ELECTION METHOD	Plurality	CEO START DATE	August 2016
	STAGGERED BOARD	No	AVERAGE NED TENURE	10 years
	COMBINED CHAIR/CEO	No		

ANTI-TAKEOVER MEASURES	POISON PILL	No
	APPROVED BY SHAREHOLDERS/EXPIRATION DATE	N/A; N/A

AUDITORS	AUDITOR: PRICEWATERHOUSECOOPERS	TENURE: 35 YEARS
	MATERIAL WEAKNESS(ES) IDENTIFIED IN PAST 12 MONTHS	No
	RESTATEMENT(S) IN PAST 12 MONTHS	No

CURRENT AS OF MAY 26, 2017

ENVIRONMENTAL, SOCIAL & GOVERNANCE PROFILE

OVERALL ESG SCORE

Average Performer



Comparative Industry: **Semiconductors**

Board oversight for ESG Issues: **N/A**

All data and ratings provided by:



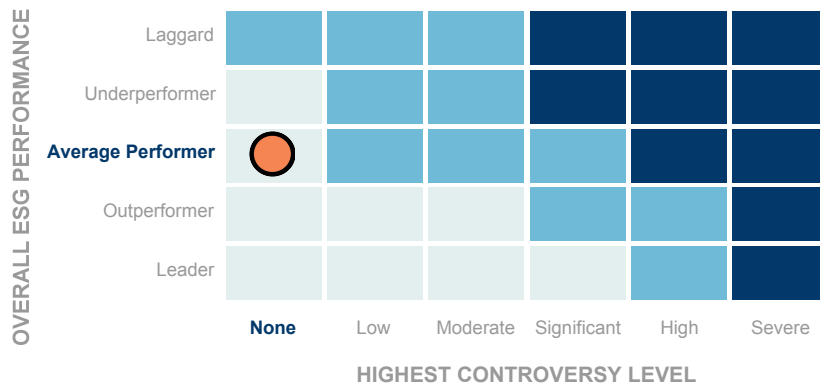
Last Update: **May 01, 2017**

ANALYST COMMENTARY

Cypress Semiconductor Corporation designs, develops, manufactures, markets, and sells mixed-signal programmable solutions worldwide. Companies in this subindustry face the highest risk exposure from Human Capital, Emissions, Effluents and Waste and Water Use. Cypress Semiconductor's overall ESG-related disclosure is weak or not aligned with GRI reporting standards, signaling inadequate accountability to investors and the public. The company has not been implicated in any significant ESG-related controversies. Cypress Semiconductor's overall management of its most material ESG issues is weak, and therefore we have a negative view.

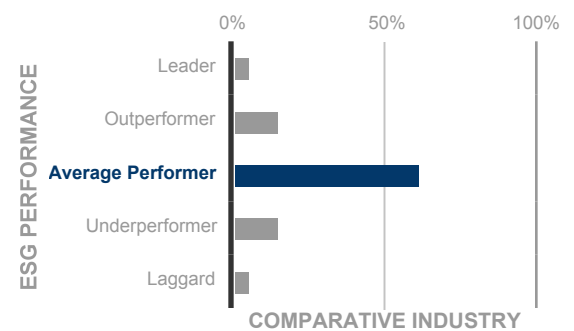
ESG RISK PROFILE

The graph below compares the Company's ESG performance to its involvement in controversies in order to provide an assessment of the Company's ESG risk profile.



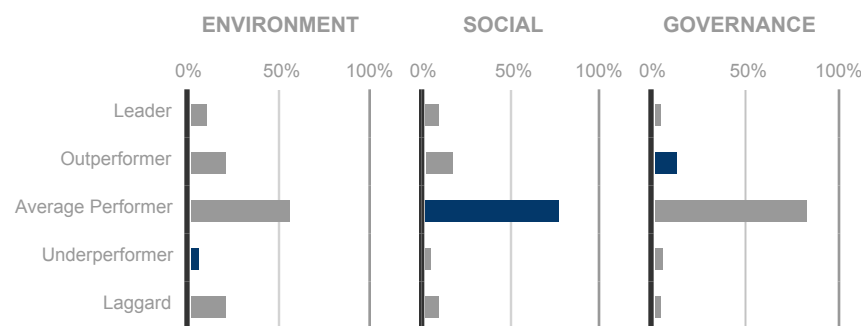
OVERALL ESG PERFORMANCE

The graph below indicates the percentage of companies in the comparative industry that fall within each ESG performance category.



ESG PILLAR PERFORMANCE

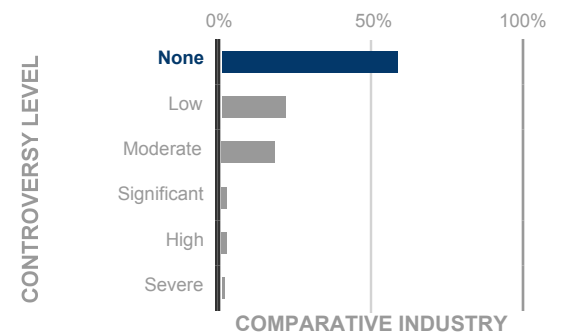
For each pillar, the graph below indicates the percentage of companies in the comparative industry that fall within each ESG performance category. The governance pillar shown below is measured by Sustainalytics based on the Company's governance of sustainability issues.



Rows and categories shown in dark blue or bold represent the Company's category for the relevant assessment.

HIGHEST CONTROVERSY LEVEL

The graph below indicates the percentage of companies in the comparative industry that fall within each controversy level.



NOTEWORTHY CONTROVERSIES

SEVERE

Severe controversies are the most serious controversy level. They have the greatest negative impact on stakeholders and generate the greatest risk to a company's financial performance. Such controversies are highly exceptional. They indicate egregious practices and generally reflect a pattern of gross negligence, with the Company refusing to address the issue and/or concealing its involvement.

No severe controversies

HIGH

High-impact controversies are those that have major negative sustainability impacts and typically generate significant business risk to the Company. Such controversies are generally exceptions within an industry. They typically involve a pattern of negative events or impacts and indicate a lack of company preparedness to properly manage key sustainability issues.

No high controversies

SIGNIFICANT

Significant controversies have notable negative sustainability impacts and may generate business risk to the Company. Such controversies may be isolated or they may suggest a pattern, but they are generally not exceptional within an industry. However, they raise questions about whether a company's management systems are being implemented effectively and are able to address the issue in a satisfactory manner.

No significant controversies

NO PRODUCT INVOLVEMENT



Adult Entertainment



Alcoholic Beverages



Arctic Drilling



Controversial Weapons



Gambling



Genetically Modified Plants & Seeds



Oil Sands



Pesticides



Thermal Coal



Tobacco

DISCLAIMER

Copyright ©2017 Sustainalytics. All rights reserved.

The intellectual property rights to the environmental, social and governance ("ESG") profile and the information contained in the ESG profile are vested exclusively in Sustainalytics and/or its suppliers. Sustainalytics' role is limited to providing research and analysis in order to facilitate well-informed decision-making. Sustainalytics makes no representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. The information on which the ESG profile is based has - fully or partially - been derived from third parties and is therefore subject to continuous modification.

Sustainalytics observes the greatest possible care in using information but cannot guarantee that information contained herein is accurate and/or complete and no rights can be derived from it. The information is provided "as is" and, therefore Sustainalytics assumes no responsibility for errors or omissions. Sustainalytics and/or its suppliers accept no liability for damage arising from the use of the ESG profile or this Proxy Advisory Paper or information contained herein in any manner whatsoever.

Please refer to the [FAQ](#) for further details about this page.

All data and ratings provided by:



PROPOSAL REQUEST: Elect seven directors
PRIOR YEAR VOTE RESULT (FOR): N/A
BINDING/ADVISORY: Binding
REQUIRED TO APPROVE: Plurality

RECOMMENDATIONS & CONCERNS:
FOR- Significant conflict of interest and corporate governance concerns

■ UPDATE: JUNE 15, 2017

On June 11, 2017, Cypress Semiconductor Corporation ("Cypress" or the "Company") issued an additional proxy supplement disclosing certain modifications related to the incumbent board and the agenda included on the Company's WHITE proxy card. Those modifications principally include the following:

- H. Raymond Bingham submitted his resignation as executive chairman of Cypress and as a member of the board, in each case with immediate effectiveness;
- Mr. Bingham further indicated he would decline to stand for re-election at the Company's rescheduled annual meeting;
- Eric Benhamou stepped down as lead independent director, but will remain on the Cypress board; and
- W. Steve Albrecht was appointed the new independent chairman of Cypress.

Cypress has determined to eliminate the executive chairman role and will not fill the vacancy created by Mr. Bingham's resignation. As a result, it is certain that at least one of the candidates submitted by T.J. Rodgers, J. Daniel McCranie and Camillo Martino (together, "CypressFirst" or the "Dissident") will be elected to the Cypress board at the Company's 2017 annual meeting.

CypressFirst is continuing to solicit support for its existing agenda using the GOLD proxy card.

■ BOARD ARGUMENT

The board states that it took the aforementioned actions to put to rest the issues shareholders brought to their attention and put its members in a position to focus on the future. The board's goals are restoring investor confidence in the governance practices of the board and accelerating the business momentum at Cypress driven by the Cypress 3.0 Strategy. The board has provided shareholders with a new path forward that achieves both of these objectives and appeals to investors to prevent a return to the past. In providing support for its revised agenda, the board notes, among other factors, the following:

- Investors are pleased with the job that CEO Hassane El-Khoury is doing and with the significant change in Cypress' corporate culture, including a focus on sales, marketing, customers and growth;
- T.J. Rodgers contradicts the foregoing narrative, as he is deeply offended that the board questions the magnitude of his contribution to the Company's current success and even claims he is the actual architect of Cypress 3.0, which could not be further from the truth;
- Mr. Rodgers' internally-focused view resulted in underperformance in the market, as he rarely left the office to visit customers and inhibited even senior sales executives from effectively engaging customers;
- Mr. Albrecht's world-renowned corporate governance expertise, in combination with his reputation as a respected, highly regarded and inclusive leader, makes him the right choice to lead the board in setting the strategic direction of the Company together with management; and
- Cypress is focused on solutions, not just silicon, and, as a result, the Company is looking to strengthen the board with executive experience in solutions for Cypress' targeted end-markets and the internet-of-things, rather than the semiconductor executives promoted by Mr. Rodgers.

Very fundamentally, a vote on management's card is a big step toward preventing the return of Mr. Rodgers to a disruptive position of influence -- a position that, to the benefit of everyone, the board worked so hard to remove and the board believes he will relentlessly seek to reacquire. While the board recognizes Mr. Rodgers is not literally on the ballot, the board has no doubt that this proxy contest is his first step in his planned ultimate return to Cypress. Unchecked and over time, his relentless pursuit at all costs of a highly personal agenda will be destructive to shareholder value.

■ DISSIDENT RESPONSE

CypressFirst is glad that its efforts have finally caused the elimination of Mr. Bingham's conflicts of interest due to his role as founding partner of Chinese government-funded private equity firm Canyon Bridge. The Dissident is also pleased that the Cypress board has recognized that Mr. Benhamou should no longer serve as lead director. However, CypressFirst still believes that further change is needed on the Cypress board, by electing both CypressFirst candidates instead of re-electing Mr. Benhamou.

CypressFirst believes Mr. Benhamou should not be re-elected to the board for a number of reasons. It took five months for Mr. Benhamou to admit that back in November 2016, he sent an email stating that Mr. Bingham's situation was, "ripe for conflicts [of] interest." Despite this email, Mr. Benhamou failed to take effective action, failed to properly investigate the situation and oversaw an expensive effort to whitewash the problem and mislead shareholders. It took two lawsuits to even begin to unveil the pertinent facts, which the board has done only grudgingly because of the lawsuits that resulted in a series of three separate corrective supplements to their proxy statement.

Shareholders should not be distracted by the board's continued attacks on Mr. Rodgers. Unlike Mr. Bingham, Mr. Rodgers removed himself early on as a potential distraction in this proxy contest by not running for election to the board. He has retired from Cypress and moved on to new things in his career, focusing on one of the things he likes to do: build startups into successful companies. It is regrettable the board continues to mischaracterize CypressFirst's fundamental purpose for desiring to join the Cypress board. Mr. Rodgers remains the Company's largest individual shareholder, but the Dissident nominees are here to represent the interests of all Cypress shareholders and intend to help Cypress move forward.

GLASS LEWIS RECOMMENDATION

From the outset, it merits recognizing the changes contemplated by Cypress' most recent materials represent a decidedly material shift in the contest dynamic. Indeed, it could be argued the modifications speak quite directly to a substantial portion of the Dissident's existing platform -- i.e. accelerated termination of the executive chair role, elimination of certain key conflicts of interest and appointment of a new, CypressFirst candidate. Taken from this broader perspective, there is arguably some capacity to suggest the two cards now provide distinct, but increasingly similar vehicles for incremental change at Cypress. Nevertheless, upon closer inspection, we continue to believe the CypressFirst agenda continues to merit investor support at this time.

BINGHAM RESIGNATION AND ELIMINATION OF THE EXECUTIVE CHAIR ROLE

The headline item in Cypress' amended agenda is indisputably the announced resignation of Ray Bingham and the concurrent elimination of the executive chair role. Given our lengthy concerns with respect to Mr. Bingham -- both in terms of his stark conflicts and his subsequently meager effort to offer fulsome disclosure to the board and investors -- we consider this move is decidedly favorable for both Cypress and independent shareholders. Nevertheless, we remain concerned with the promulgated narrative surrounding these changes.

Among other things, we note Mr. Bingham's brief resignation letter is devoted primarily to offering a favorable review of his own contributions to Cypress and a parting shot at the Company's former CEO, in each case without any meaningfully circumspect acknowledgement of his direct culpability for the current circumstances. We consider this approach marries quite poorly with his now obvious lack of candor in relation to Canyon Bridge. That tactic, it should be noted, has resulted in a marked waste of shareholder resources owing to largely failed legal efforts and a deluge of contest-related filings heavily devoted to his defense. We consider these resources might have been more readily saved in the presence of a sufficiently thorough screening of Mr. Bingham's role with Canyon Bridge, or, inversely, more forthright disclosure by Mr. Bingham himself. We thus take a fairly dim view of Mr. Bingham's short communique.

With respect to the termination of the executive chair role, we are concerned the Company's public materials seem to suggest the contemporaneous discontinuation of the role is essentially unrelated to the contest. In particular, we note the following excerpt from a June 11, 2017 email sent from Mr. El-Khoury to Cypress' staff detailing changes to the board:

"In addition, the board has decided there is no longer a need for the Executive Chairman role due to the strong, focused performance of our Cypress team and leadership."

While we would stop well short of arguing against Cypress' operational performance under Mr. El-Khoury, we are concerned the foregoing language suggests the board's sudden conclusion has little or nothing to do with the CypressFirst campaign.

We believe this architecture attempts to wholly sidestep the board's seemingly rapid acceleration of the current discontinuation, from one of an undefined duration yet-paired with three-year, time-vested equity awards, to a date of "by the end of the year", to the newly announced date falling just nine days prior to the Company's annual meeting. We see

no publicly available cause to conclude the executive chair position was even modestly likely to have a similar trajectory in the absence of the current contest. In short, then, we believe the more realistic impetus for terminating the role is pressure arising from CypressFirst's effort to highlight significantly problematic aspects of Mr. Bingham's service and his failure to unambiguously serve the interests of Cypress shareholders.

RETENTION OF BENHAMOU

Here, we note the board has elected to reasonably capitalize on opportunities arising from Mr. Bingham's departure in order to appoint a new, independent chairman -- Mr. Albrecht -- and concurrently relieve the embattled Mr. Benhamou of his lead director responsibilities, in the latter case without also relieving him of his board seat. The board's commentary relating to Mr. Benhamou's retention, though brief, focuses primarily on his operational experience and industry knowledge versus the purportedly less attractive backgrounds brought by the CypressFirst nominees.

Strategic credentials notwithstanding, we believe investors continue to have strong cause to question the utility likely to be derived -- and the problematic governance message that might be delivered -- through retention of a director that has, in our view, failed to satisfy critical and fundamental responsibilities associated with his role on the Cypress board. As discussed at length as part of our original analyses, we believe Mr. Benhamou -- who is on record expressing immediate and unambiguous concern with Mr. Bingham's role with Canyon Bridge -- failed to follow up his doubts with sufficiently difficult questions or otherwise challenge the status quo in a manner intended to protect the interests of unaffiliated shareholders. We do not see that any degree of industry experience sufficiently off-sets such a foundational breakdown, particularly in the presence of alternative candidates that we continue to believe appear both independent and credible.

CONTROL NARRATIVE

Consistent with prior solicitation materials, Cypress' June 11, 2017 filings also devote considerable energy toward emphasizing the current solicitation is functionally a referendum on the Company's rocky past under Mr. Rodgers and its brighter future under Mr. El-Khoury. In attempting to put a rather fine, if alarmist, point on it, the board expressly highlights the need to "prevent the return of T.J. to a disruptive position of influence", emphasizing that the contest is "his first step in his planned ultimate return to Cypress" and that "even the specter of T.J.'s return is, and will remain, a significant disruptive force".

We continue to believe this position is spurious and distracting. While Mr. Rodgers' determination not to nominate himself is already self-evident, we would also re-emphasize that CypressFirst has submitted just two candidates to a continuing board of seven, despite being presented every opportunity to leverage the current conflict to promote full or majority board change. Moreover, we would highlight that neither of CypressFirst's nominees are bound to serve the interests of Mr. Rodgers', and, indeed, each would be expected to undertake their fiduciary duties on behalf of the interests of all Cypress investors upon election. These nominees have been supportive of the Company's existing strategic tack and management team, including Mr. El-Khoury, who was originally tapped for the CEO role by Mr. Rodgers, not Mr. Bingham. We thus do not view the current nomination framework as being meaningfully consistent with an effort to obtain influence for Mr. Rodgers.

Even in setting aside each of the foregoing considerations, the current meeting structure would obligate Mr. Rodgers to run a fresh contest in order to obtain majority control of the board room. We believe the board's attempt to frame the outcome of such a highly speculative event as not only likely, but nigh-on inevitable, is unsupported by information released through the current campaign and -- with respect to Mr. Rodgers' purported ability to run roughshod over investors if the current solicitation is successful -- a debasement of the shareholder franchise. In short, to the extent CypressFirst returns with a new campaign to nominate more directors to the board, even possibly himself, it will be well-informed, independent investors that determine any such outcome, not Mr. Rodgers.

CONCLUSION

Despite steeping recent disclosures in what we consider to be dubious narratives, we do believe the changes announced by the board on June 11, 2017 represent a favorable outcome for shareholders. At this point, then, the only practical consideration remaining for investors is assessing whether Mr. Benhamou's prospective insights and contributions to Cypress' successful 3.0 strategy sufficiently counterbalance material failures in the execution of his oversight responsibilities. In our view, they do not.

More important, in our opinion, is the need for fresh, independent perspectives aimed at shoring up Cypress' corporate governance architecture and re-establishing credibility with investors compelled to wade through increasingly problematic disclosures about Cypress' faulty conflict mitigation protocols and the subsequent effort to reframe the board's disconcertingly inert response. We continue to believe CypressFirst's nominees represent a clearer, conflict-free outcome in this respect, and would further note the reconstituted board would be well positioned to further augment its membership through the addition of new, strategically focused candidates unfettered by the issues arising as an extension of Mr.

Benhamou's service.

Accordingly, we continue to recommend shareholders vote **FOR** all candidates using the Dissident's GOLD proxy card.

Our prior analyses follow:

■ UPDATE: JUNE 5, 2017

We have updated our report to reflect an adjournment of the annual meeting of Cypress Semiconductor Corporation ("Cypress" or the "Company") from June 8, 2017 to June 20, 2017. A related press release from Cypress notes that the Company, in an effort to promote good governance and transparency, determined to reschedule the annual meeting in order to provide investors sufficient time to review additional information provided by Cypress on June 2, 2017.

In a contemporaneous filing, T.J. Rodgers, J. Daniel McCranie and Camillo Martino (together, "CypressFirst" or the "Dissident") state that the Delaware court required Cypress to, among other things, issue an additional proxy supplement to make certain corrective disclosures and delay its annual meeting.

■ GLASS LEWIS RECOMMENDATION

Upon review of Cypress' third proxy supplement -- as well as related press releases -- we are decidedly inclined to maintain our original position. More pointedly, we believe the additional materials should, at this point, afford unaffiliated investors decisive cause to greet the board's stated commitment to good governance and transparency with some considerable degree of skepticism. Indeed, we find the board's most recent undertaking in relation to progressive governance and transparency marries rather poorly with the fact that Cypress has been repeatedly compelled to make a number of corrective disclosures covering critical components of the current contest. These corrective disclosures have, by and large, reinforced our concerns in relation to Mr. Bingham's conflicts of interest, the board's muted response to seemingly unambiguous violations of Cypress' code of ethics and the increasingly substantive strategic proximity of Cypress and Canyon Bridge. Based on these considerations, we maintain our view that investors would benefit considerably from fresh, independent oversight at the board level.

Accordingly, we continue to recommend shareholders vote **FOR** all candidates using the Dissident's GOLD proxy card.

Our original analysis follows:

■ BOARD OF DIRECTORS

UP	NAME	AGE	GENDER	GLASS LEWIS CLASSIFICATION	COMPANY CLASSIFICATION	OWNERSHIP**	COMMITTEES				TERM START	TERM END	YEARS ON BOARD
							AUDIT	COMP	GOV	NOM			
✓	Hassane El-Khoury* ·CEO	37	M	Insider 1	Not Independent	Yes					2016	2017	1
✓	W. Steve Albrecht ·Chair	70	M	Independent 2	Independent	Yes	C		✓	✓	2003	2017	14
✓	Eric A. Benhamou	61	M	Independent	Independent	Yes	✓	C	✓	✓	1993	2017	24
✓	Oh Chul Kwon	58	M	Independent	Independent	Yes					2015	2017	2
✓	Wilbert van den Hoek	60	M	Independent	Independent	Yes			✓		2011	2017	6
✓	Michael S. Wishart	62	M	Independent	Independent	Yes	✓	✓	C	C	2015	2017	2

C = Chair, * = Public Company Executive, ■ = Withhold or Against Recommendation

1. President and CEO.
2. Chairman.

**Percentages displayed for ownership above 5%, when available

NAME	ATTENDED AT LEAST 75% OF MEETINGS	PUBLIC COMPANY EXECUTIVE	ADDITIONAL PUBLIC COMPANY DIRECTORSHIPS
------	-----------------------------------	--------------------------	---

Hassane El-Khoury	N/A	Yes	None
W. Steve Albrecht	Yes	No	(2) Red Hat, Inc. ; SkyWest, Inc.
Eric A. Benhamou	Yes	No	(2) SVB Financial Group ; Finjan Holdings Inc
Oh Chul Kwon	Yes	No	None
Wilbert van den Hoek	Yes	No	None
Michael S. Wishart	Yes	No	None

MARKET PRACTICE

INDEPENDENCE AND COMPOSITION	CY*	REQUIREMENT	BEST PRACTICE
Independent Chair	Yes	No ¹	Yes ⁷
Board Independence	83%	Majority ²	66.7% ⁷
Audit Committee Independence	100% ; Independent Chair	100% ³	100% ⁷
Compensation Committee Independence	100% ; Independent Chair	100% ⁴	100% ⁷
Nominating Committee Independence	100% ; Independent Chair	100% ⁵	100% ⁷
Percentage of women on board	0%	N/A ⁶	N/A
Directors' biographies	DEFC14A; Page 15		

* Based on Glass Lewis Classification

1. Nasdaq Corporate Governance Requirements
2. Independence as defined by Nasdaq listing rules
3. Securities Exchange Act Rule 10A-3 and Nasdaq listing rules

4. Non-independent member allowed under certain circumstances in Nasdaq listing rules
5. Non-independent member allowed under certain circumstances in Nasdaq listing rules
6. No current marketplace listing requirement
7. CII

Glass Lewis believes that boards should: (i) be at least two-thirds independent; (ii) have standing audit, compensation and nomination committees comprised solely of independent directors; and (iii) designate an independent chair, or failing that, a lead independent director.

SUMMARY

The annual meeting of Cypress Semiconductor Corporation ("Cypress" or the "Company") involves a contested election of directors. Cypress has nominated seven candidates -- Messrs. Albrecht, Benhamou, Bingham, El-Khoury, Kwon, van den Hoek and Wishart -- to serve a one-year term each, expiring at the Company's 2018 annual meeting. Cypress is soliciting support for its candidates using the WHITE proxy card.

T.J. Rodgers, J. Daniel McCranie and Camillo Martino (together, "CypressFirst" or the "Dissident") have nominated two candidates -- Messrs. Martino and McCranie -- in contest to management nominees Benhamou and Bingham; CypressFirst intends to support the election of all other Cypress nominees. If elected, Messrs. Martino and McCranie will also serve a one-year term each, expiring at the Company's 2018 annual meeting. The Dissident is soliciting support for its candidates using the GOLD proxy card.

As of February 23, 2017, T.J. Rodgers, the former CEO of Cypress, held approximately 3.2% of Cypress' issued and outstanding share capital.

BACKGROUND

Mr. Rodgers co-founded Cypress in 1982 and served as president, CEO and a board member until his resignation in August 2016. Hassane El-Khoury was subsequently appointed to the role of CEO, while Mr. Bingham was appointed to the role of executive chairman.

In February 2016, the Company evaluated a potential business combination with Lattice Semiconductor Corporation ("Lattice"). Cypress ultimately determined not to pursue a transaction with Lattice.

On April 24, 2016, Mr. Bingham, Wilbert van den Hoek and one of Cypress' outside council informed Mr. Rodgers that major investors were unhappy with the direction in which the Company was headed, the Company's operational performance was below expectations and that the board had unanimously expressed a desire for a change in management, including that Mr. Rodgers be replaced.

On April 28, 2016, Mr. Rodgers stepped down as president and CEO of the Company, but continued as a director of Cypress.

On August 10, 2016, the board, including Mr. Rodgers, but with Mr. Bingham abstaining, voted to approve Mr. Bingham's appointment as executive chairman, including his compensation package. Thereafter, Mr. Rodgers resigned as a member of the board and as technical advisor to the Company.

In September 2016, in response to an outreach by Lattice's financial advisor, Cypress' CFO declined to pursue a business combination transaction with Lattice.

On November 3, 2016, Canyon Bridge Capital Partners ("Canyon Bridge") announced a definitive agreement to acquire Lattice. In the press release, Mr. Bingham is listed as a co-founder and partner of Canyon Bridge. Cypress subsequently stated disclosure of Mr. Bingham's employment with Canyon Bridge was premature, and that his employment would not officially begin until December 2016.

On November 4, 2016, the board held a meeting during which the independent members evaluated Mr. Bingham's role and determined he should continue in such capacity until the board determined the executive chairman position was no longer needed.

On December 1, 2016, Mr. Rodgers sent a letter to the board indicating that the board should eliminate the executive chair role in view of Mr. Bingham's perceived contribution, Mr. El-Khoury's capability and the ability of the board to handle further mentoring. This perspective was reinforced in a subsequent letter, which also addressed Mr. Bingham's prospective conflicts of interest due to his association with Canyon Bridge. The Cypress board did not respond to either letter.

On December 19, 2016, the board held a meeting to consider Mr. Rodgers letter and determined there was no conflict of interest with respect to Lattice, since the Company already determined it was not interested in acquiring Lattice. The board also adopted formal guidelines for evaluating potential conflicts of interest involving directors.

On January 19, 2017, Mr. Rodgers submitted a sworn demand letter pursuant to Section 220 of the Delaware General Corporation Law to the Company for the Company's books and records.

On January 26, 2017, the Company formally rejected Mr. Rodger's demand relating to books and records, but agreed to produce certain materials, subject to the execution of a confidentiality agreement.

On January 30, 2017, Mr. Rodgers filed a complaint in the Delaware Court of Chancery to compel production of the Company's books and records. Such complaint explained that Canyon Bridge was a direct competitor with the Company in certain respects.

On February 3, 2017, Mr. Rodgers privately submitted a notice of intention to nominate Mr. McCranie and Mr. Martino for election to the board. The Company subsequently interviewed Messrs. Martino and McCranie.

On February 10, 2017, Cypress proposed a settlement that would have included: (i) Mr. McCranie's appointment to the board; (ii) Mr. Rodger's dismissal of the Section 220 complaint; and (iii) Mr. Rodgers entry into a standstill agreement through the 2018 annual meeting of shareholders.

On February 13, 2017, Mr. Rodgers rejected the settlement proposal in view of, among other things, continuing concerns relating to Mr. Bingham's service as executive chairman.

On February 16, 2017, the board approved an amendment to the charter to eliminate cumulative voting for the annual meeting. The board further approved an amendment to the bylaws to adopt a majority vote standard for uncontested elections and a plurality vote standard in contested elections, which would only be effective if shareholders approved the amendment to the charter to eliminate cumulative voting in time for the 2017 annual meeting. The board also implemented proxy access, to be effective at the 2018 annual meeting only if investors approved the charter amendment.

On February 17, 2017, Cypress filed preliminary consent solicitation materials in connection with the charter amendment -- which subsequently became definitive on February 28, 2017 -- and further announced and rejected the nominations made by Mr. Rodgers, as well as Mr. Rodgers' determination to reject the settlement agreement. Mr. Rodgers subsequently issued a press release also announcing the nominations of Messrs. Martino and McCranie.

On February 20, 2017, the Company filed a response and affirmative defenses to Mr. Rodgers Section 220 complaint.

On February 22, 2017, the Company served interrogatories and requests for production of documents on Mr. Rodgers, with which Mr. Rodgers complied. Mr. Rodgers was also subsequently deposed.

On February 23, 2017, CypressFirst issued a press release and letter to the board expressing concern with, among other things, Mr. Bingham's service, the inaction of the board and the fact that the consent solicitation sought to change the director election process after the nomination window had passed.

On March 6, 2017, Mr. Rodgers served requests for production of documents and a notice of deposition on the Company. Cypress subsequently refused to produce any documents or witnesses, indicating that Mr. Rodgers was not permitted to obtain discovery. Mr. Rodgers filed a motion to compel, after which the court informed the parties that it could not schedule a hearing on such motion in advance of a prospective April 12, 2017 trial date.

On March 7, 2017, Mr. Rodgers filed a preliminary consent information statement -- which subsequently became definitive on March 20, 2017 -- but took no position and made no recommendation in relation to the charter amendment.

On March 23, 2017, the board issued a press release announcing that the Company's shareholders had approved the amendment to the charter covered by the consent solicitation.

On March 24, 2017, Cypress and Mr. Rodgers agreed to an April 12, 2017 trial date in relation to Mr. Rodgers Section 220 complaint, subject to the approval of the Court of Chancery and the entry of a scheduling order for the litigation.

On April 4, 2017, Mr. Rodgers agreed to produce certain additional documents withheld on the purported grounds of "business strategy privilege" in order to resolve a pending motion to compel filed by Cypress on March 27, 2017.

On April 10, 2017, Mr. Rodgers filed definitive solicitation materials in connection with Cypress' 2017 annual meeting of shareholders.

On April 17, 2017, the Delaware Court of Chancery issued a decision permitting Mr. Rodgers to inspect certain of the Company's books and records and conditioning that inspection on compliance with the terms of a confidentiality order ordered by the court on March 15, 2017. The post-trial opinion held that Mr. Rodgers was entitled to all the categories of documents previously sought.

On April 19, 2017, the Company filed definitive solicitation materials in connection with Cypress' 2017 annual meeting of shareholders.

On April 24, 2017, Mr. Rodgers filed an additional lawsuit in the Delaware Court of Chancery seeking to compel the Cypress board to make supplemental and corrective disclosures to address certain purported omissions and misstatements in the Company's proxy materials.

On May 18, 2017, Cypress issued a supplement to its original proxy statement seeking to clarify the timing and nature of Mr. Bingham's involvement with Canyon Bridge, as well as certain board discussions around potential conflicts of interest. CypressFirst subsequently filed materials intended to highlight factual inconsistencies between Cypress' original and supplemental filings.

DISSIDENT ARGUMENT

As Cypress' co-founder and largest non-institutional shareholder, Mr. Rodgers continues to believe in Cypress and its ongoing potential. However, Mr. Rodgers and the CypressFirst nominees believe that new directors are required to address the significant governance deficiencies within the board and the irreconcilable conflicts of interest of Ray Bingham, the current executive chairman. If these problems remain unaddressed, CypressFirst believes these issues are very likely to impact both revenue growth and share price. CypressFirst also believes experienced directors are needed to counteract what it believes is a looming downturn in the Company's operations. In citing specific arguments in favor of its current solicitation, CypressFirst notes, among other factors, the following:

- Cypress' robust process for mergers and acquisitions has provided it with a competitive advantage in the semiconductor industry, and the Company's activity in that space -- with 32 acquisitions since inception accounting for well over half of Cypress' total revenue -- is now threatened;
- The government of the People's Republic of China has called for an increase in Chinese chip production from 10% to 70%, and has been backing private equity firms in attempts to acquire semiconductor companies;
- High debt and stalls in gross margin recovery also threaten Cypress' ability to remain an active player in M&A activities, ultimately reducing shareholder value;
- Mr. Bingham's employment with both the Company and Canyon Bridge, a self-described private equity buyout fund focusing in the M&A-intensive semiconductor industry and funded by the Chinese government, presents an irreconcilable conflict of interest that threatens Cypress' M&A presence;
- Canyon Bridge has drawn the attention of members of Congress for its link to China and Chinese military and industrial firms;

- In November 2016, Canyon Bridge announced that it had entered a definitive agreement to acquire Oregon-based Lattice, with which Mr. Rodgers, in his former capacity as CEO of Cypress, engaged in discussions as recently as early 2016;
- Though there was not a contest between Cypress and Canyon Bridge, the Lattice transaction demonstrates that Cypress and Canyon Bridge evaluate the same types of targets for acquisition, and that a conflict of interest will continue so long as Mr. Bingham is simultaneously employed by two companies that compete in semiconductor M&A;
- Mr. Bingham did not follow the Company's code of business conduct and ethics in joining Canyon Bridge, and he has continued to violate the code since then due to his simultaneous employment by a direct Cypress competitor;
- The board should have taken appropriate action to eliminate Mr. Bingham's conflict of interest, and expressed as much in several private and public communications to the board following announcement of Canyon Bridge's acquisition of Lattice;
- In his capacity as executive chairman -- a temporary position intended to assist Hassane El-Khoury, the new CEO of Cypress -- Mr. Bingham has received equity grants that vest over a period of several years, which Mr. Rodgers believes is hardly a "temporary" time frame;
- After blocking Mr. El-Khoury's promotion for four months, Mr. Bingham pushed a single, yes-or-no vote through the board to create a new executive chairman position at Cypress;
- If the board had more experienced members skilled in operations and new product development, Cypress would no longer have a reason to maintain the executive chairman position, which was not needed in Cypress' preceding 35 years;
- Mr. Bingham is also eligible to receive (a) annual cash compensation of \$877,500 per year in salary and target bonus, greater than 17 times the annual retainer fee of one of the Company's outside directors and (b) equity grants worth \$4.5 million, more than 22 times the annual equity award granted to one of the Company's outside directors;
- In addition, without informing the board, Mr. Bingham took a \$1.2 million signing bonus from Canyon Bridge, his share of more than \$36.0 million in management fees allocated to Canyon Bridge and his ongoing \$2.0 million salary;
- Although he was being paid by both sides, Mr. Bingham hid his actual relationship with Canyon Bridge from the Cypress board until he was outed by litigation filed in the Delaware Court of Chancery by Mr. Rodgers;
- Cypress was forced to update their original proxy materials with a May 18 proxy supplement which revealed that Mr. Bingham started working with Canyon Bridge two months earlier than he claimed in October 2016, Mr. Bingham has been and will be compensated at astronomical levels for his work at Canyon Bridge, Mr. Bingham violated the Cypress code of business conduct and ethics and, contrary to prior claims, the board immediately recognized Mr. Bingham had a serious conflict of interest;
- After being surprised by a press release disclosing Mr. Bingham's employment by Canyon Bridge and its proposed acquisition of Lattice, Mr. Benhamou admitted to a fellow director in a recently unsealed November 7, 2016 email that such relationship was "ripe for conflicts on [sic] interest" and that the board needed to "manage this relationship very carefully because there is [sic] bound to be some overlaps" in the acquisition targets over which Canyon Bridge and Cypress would compete;
- The new set of conflict of interest guidelines touted by the board fail to protect against Mr. Bingham's conflicted loyalties and do not even discuss which employer must serve as first priority; and
- Although the board has told investors the November 3 Lattice-Canyon Bridge press release accidentally named Mr. Bingham as a founding partner, Canyon Bridge has gone on the record standing behind its November 3 press release, including stating that Mr. Bingham reviewed and approved the press release in advance.

In response to these concerns, Mr. Rodgers has nominated two exceptionally qualified and respected individuals with backgrounds in board leadership and deep knowledge of the semiconductor manufacturing industry, whom are capable of

improving Cypress board oversight in operations and restarting Cypress' successful M&A engine, thus increasing shareholder value.

STATED PLAN

The CypressFirst nominees are former CEO's of semiconductor companies, with considerable experience in semiconductor operations and new product development. Each of the nominees would be positive mentors for Mr. El-Khoury and would receive only standard board member compensation, thus eliminating the need for the expensive and unnecessary executive chairman position. In particular, CypressFirst notes the following:

Mr. McCranie is qualified to serve because of his extensive experience as a semiconductor CEO and director of seven semiconductor companies, as well as his extensive experience in the proper governance of technology companies, having served on the boards of five technology companies, including as chairman of the board of three. In addition, during the course of potential settlement negotiations, Mr. McCranie was previously identified by the board as a qualified candidate for service.

Mr. Martino is qualified to serve because of his extensive experience in the semiconductor industry, including his experiences as a director, CEO and C-suite executive of a number of companies in the industry, as well as his experience in the proper corporate governance of such companies.

CypressFirst expects its nominees will be able to actively engage other board members in full discussion of the issues facing the Company and resolve them together. By utilizing their respective experiences and working constructively with other board members, CypressFirst believes its nominees can effect positive change at the Company.

■ BOARD RESPONSE

The board states that at the meeting, investors will be asked to make an important choice between supporting Cypress' current board, which is driving Cypress forward, or allowing T.J. Rodgers, a disgruntled former CEO who was forced to resign from Cypress last year, to regain influence by putting his two handpicked nominees on the board. In offering specific arguments in relation to the current contest, the board notes, among other factors, the following:

- The board determined Mr. Rodgers was no longer the right leader due to underperformance, shareholder value destruction and low employee morale and poor customer engagement;
- Forced out, Mr. Rodgers declared war against the Cypress board -- stating "in a matter of weeks I will be back and you will be out" -- and subsequently demanded his handpicked nominees be placed on the board;
- As a result of forcing the removal of Mr. Rodgers and as part of its commitment to good governance, the full board conducted both an internal and external search for a new CEO, in order to ensure the best candidate was appointed to the role;
- Since Mr. Rodgers' departure, Cypress has posted strong operating and financial results, begun to capture market share, generated positive investor and equity research analyst reactions, increased customer interactions and seen a significant improvement in employee morale;
- Wall Street analysts recognized change was necessary and are in support of Cypress 3.0;
- Cypress' share price has increased by almost 50% since Mr. Rodgers' departure, a clear sign of the market's validation of Cypress' shift in strategic focus;
- The current board is highly engaged, collectively represents the right mix of skills and experience to continue executing Cypress 3.0 and is deeply committed to a shareholder-friendly corporate governance framework;
- In the transitional position of executive chairman, Mr. Bingham brings a wealth of experience with which he supports Mr. El-Khoury and the management team's transition from a founder-led company and helps ensure the success of Cypress 3.0;
- Given the strong momentum of Cypress 3.0, the board expects Cypress will transition away from the executive chairman structure in the current calendar year;
- Mr. Rodgers nominees have put forth no substantive ideas on how to create shareholder value, and have instead criticized the Company over its progress and strategic initiatives to move Cypress forward and improve the

operations and margins problems created under Mr. Rodgers' tenure;

- Rodgers' claim that Cypress has "an operations problem" and a "low gross margin" are misleading;
- There is no evidence that Mr. Rodgers' nominees would offer any new or specific skills that would benefit the board, and their actions call into question their independence;
- Mr. Rodgers' claim that the executive chairman position is unnecessary and costly is hypocritical given that he voted to create the position and approve Bingham's compensation when he was still a member of the board;
- No past conflict existed because Cypress was not interested in acquiring Lattice, and Cypress' strong governance policies and well-defined conflict of interest policies at all levels help prevent any such conflict from arising; and
- Mr. Rodgers' claims about a conflict of interest represent a double standard, given that Mr. McCranie also served on the boards of Freescale Semiconductor and ON Semiconductor during his service on the Cypress board.

Given improved share price performance, strong results and a positive cultural shift backed by the right management team and highly qualified board, Cypress asserts now is not the time to go backwards.

STATED PLAN

Over the past year, the board has led the Company's transition from a stagnant, founder-led company into an energized, forward-thinking and cohesive organization successfully executing its Cypress 3.0 strategy to deliver long-term shareholder value. The Company's first quarter 2017 results demonstrate that the strategy the board has implemented since Rodgers' departure is taking hold and Cypress' business momentum is accelerating, including:

- Record revenue of \$531.9 million, exceeding guidance;
- GAAP and non-GAAP gross margin of 37.4% and 39.3%, respectively, above the midpoint of guidance, driven by the Company's margin-enhancing initiatives;
- Improving GAAP and non-GAAP earnings per share by 56% and 86% year-over-year, respectively; and
- Growing wireless connectivity solutions revenue by 30% quarter-over-quarter.

These solid results are evidence that Cypress is on the right track. The board has established an effective and sustainable strategy that will position Cypress for long-term success. The board believes investors cannot let this progress be derailed by a disgruntled former CEO who is advancing his personal vendetta and has put forth no plan or any substantive ideas to create shareholder value.

GLASS LEWIS RECOMMENDATION

In Glass Lewis' evaluation of proxy contests, we begin with the premise that a well-functioning, informed and independent board of directors should receive reasonable deference from shareholders on strategic matters. Such a board is often in the best position -- with more information and experts at its disposal -- to assess a company's strategic alternatives. Having said this, as a general rule, we are reticent to recommend the removal of incumbent directors, or the election of dissident nominees, unless certain critical issues are evident.

In general, our analyses of contested meetings focus on the issues and concerns raised by a dissident. However, in determining whether to support such a solicitation, we may also take into consideration, among other things, the shareholder's history at the company, from both an investment and activism standpoint, in order to better gauge its perspective. We are more apt to seriously consider actions undertaken by long-term shareholders of the company or by investors who have made a substantial economic commitment to the company.

Taken at face value, Cypress argues the current contest is little more than a campaign to return some measurable degree of influence to Mr. Rodgers, the Company's purportedly grudge-bearing founder and former CEO. Such an outcome, the board asserts, would represent a decidedly backward step that would derail ongoing implementation of "Cypress 3.0", potentially resulting in operational setbacks and material damage to shareholder value. In lieu thereof, the board ardently argues that investors should support the incumbent Cypress slate.

Afforded a full review, however, we believe the board's rebuke of CypressFirst largely fails to hold water, particularly with respect to the management of conflicts tied to Ray Bingham's dual service as executive chairman of Cypress and founding partner of Canyon Bridge. Moreover, we consider the board's operational arguments -- framed as though the contest would essentially facilitate Mr. Rodgers' return to the board with unilateral control -- largely miss the mark by failing to readily acknowledge that CypressFirst has actively expressed support for the existing management team and has only nominated two independent candidates to a continuing board of seven. Moreover, those nominees are intended to replace

two sitting directors -- Messrs. Benhamou and Bingham -- we believe are among the most culpable for increasingly damaging revelations relating to what appears to be Mr. Bingham's poor handling of a clear conflict of interest.

In view of the opportunity to effect incremental board level change, elect qualified, industry-focused directors, eliminate a major conflict of interest and simplify the costs and ambiguities associated with a temporary executive role, we believe Cypress investors have been afforded sufficient cause to support the CypressFirst solicitation at this time.

EXECUTIVE CHAIR ROLE AND CONFLICTS OF INTEREST

Briefly setting aside operational arguments we would suggest are not particularly central to the current solicitation, we note Cypress goes to relatively great lengths across its materials to frame a consistent narrative: Mr. Bingham's purported conflict of interest is a non-story, crafted by a "disgruntled" former CEO pursuing a personal "vendetta" against the Company's executive chairman. Indeed, in direct, unambiguous words included in a May 3, 2017 press release, the board unanimously states "Bingham's role at Canyon Bridge simply does not present a conflict of interest."

While the board presents the foregoing perspective with clear conviction -- and while we broadly acknowledge the historical existence of many other campaigns led by ousted founders and CEOs expressly dissatisfied with strategic and financial pivots undertaken in their absence -- we note the principle points on offer largely appear to be retreads of arguments which already failed to gain substantive traction in a court case tied to Mr. Rodgers' Section 220 books and records demand.

In particular, we would offer the following excerpts from the April 17, 2017 [decision](#) by the Delaware Court of Chancery, which expressly ruled for Mr. Rodgers and against Cypress:

Regarding Cypress repeated assertion that the current contest reflects a "vendetta" by Mr. Rodgers against Mr. Bingham

"Based on Rodgers' testimony, which I generally found to be highly credible, and the other evidence of record, I am not convinced that Rodgers' actual purpose is to pursue a personal vendetta against Bingham."

Regarding the structurally endemic competition arising from Cypress' business and the stated investment scope of Canyon Bridge

"It thus is certainly reasonable to infer from the record that Cypress and Canyon Bridge are competitors for semiconductor-related acquisition targets."

Regarding Mr. Bingham's employment by Canyon Bridge and his intimate knowledge of Cypress' M&A strategy

"The dual hats Bingham wears suggest that his interests with respect to Canyon Bridge may well conflict with the business interests of Cypress."

Regarding the November 3, 2016 press release identifying Mr. Bingham as a "founding partner" of Canyon Bridge

"... a credible basis exists to infer that Bingham may have violated the Code's requirement to 'disclose to the Company any interest that [he has] that may conflict with the business of the Company.'"

Regarding the use of a Cypress telephone number as a contact number for Mr. Bingham in the November 3, 2016 Lattice press release

"Cypress' Code prohibits its employees 'from engaging in any activity that ... is ... in conflict or perceived conflict with the Company,' and a credible basis exists to infer that Bingham has violated this prohibition of the Code."

In sum, then, we believe many of the board's central arguments on the matter have already been thoroughly vetted in a jurisdiction with a well-established approach to corporate law. It is thus telling, in our view, that Cypress' defense -- both in terms of Mr. Bingham's conflict and Mr. Rodgers' purported vendetta -- appears to have garnered little to no traction in the chancery court. That the board's ongoing tone and tenor on these matters remains largely unaltered despite the public availability of the foregoing ruling is, in our view, somewhat puzzling.

Moreover, while the outcome of Mr. Rodgers' books and demand lawsuit already introduces considerable cause to question core tenets of Cypress' position, we note subsequent disclosures have arguably delivered similar or greater damage to the board's case. In particular, we would highlight the following:

- Despite repeatedly indicating the board unanimously concluded no conflicts existed for Mr. Bingham, a May 25, 2017 letter from CypressFirst references an unsealed November 2016 email from Eric Benhamou which appears to clearly suggest he viewed the circumstances as "ripe" for conflict, and further advised that the full board needed to manage the "overlaps" stemming from his association with Canyon Bridge "very carefully";

- Despite repeatedly faulting Canyon Bridge for issuing a purportedly inaccurate November 3, 2016 press release containing premature disclosure of Mr. Bingham's "founding partner" position, Cypress' May 18, 2017 supplemental proxy filing clearly indicates Mr. Bingham reviewed, "the content of the press release in advance," suggesting there was ample opportunity -- and, we would argue, responsibility -- for him to correct any material misstatements, including his clearly stated role with Canyon Bridge and the use of a phone number connected to Cypress;
- Additional unsealed materials include the following February 16, 2017 statement from Canyon Bridge to Reuters: "The partners had reached an understanding in October 2016 about how they would work together; and have been working together on that basis since. All public announcements and regulatory filings made by Canyon Bridge regarding the Canyon Bridge and Lattice transactions were reviewed and approved at the relevant time by all named parties and individuals, and Canyon Bridge stands by all such statements."

Importantly, the final item both reinforces the apparent accuracy of the original November 3, 2017 press release -- including Mr. Bingham's review of his "founding partner" position with Canyon Bridge -- and, disconcertingly, shifts what we regard as the effective start of Mr. Bingham's second role from December 2016 to October 2016.

Afforded knowledge of these issues and a chancery court ruling that repeatedly concludes a credible basis exists to suggest Mr. Bingham violated multiple provisions of Cypress' code of ethics, we currently see little reason for investors to accept the narrative promulgated by Cypress, which asks shareholders to, among other things: (i) accept that Mr. Bingham did not fail to properly inform the board of alternative, conflicting responsibilities, despite expansive evidence to the contrary; (ii) accept that Canyon Bridge, which was formed for the express purpose of undertaking control investments in technology companies, is not a competitor with Cypress during a consolidation phase in the semiconductor industry; and (iii) accept that any potential conflicts arising in the future will be suitably managed by the same directors principally responsible for the current circumstances. In short, we believe the board's rebuke is not convincing based on disclosure available at the time of publication.

We would also briefly acknowledge the board asserts a double standard is in play, given Mr. McCranie served on the boards of Freescale Semiconductor and ON Semiconductor while also serving as a prior Cypress board member during Mr. Rodgers' tenure as CEO. Here, we would argue there is an unconvincing attempt to conflate the simple existence of Mr. McCranie's multiple industry roles -- which Cypress does not indicate were insufficiently disclosed or otherwise unknown to the board at the time -- with Mr. Bingham's likely violation of Cypress code of ethics and seemingly surreptitious approach to disclosing what we view as a significant conflict of interest. We do not believe these issues are comparable.

Where we believe management and the board may exercise incremental leverage is the fact that Mr. Rodgers voted to support the creation of the executive chair role, purportedly including the compensation package Mr. Rodgers now argues is excessive. All other things equal, we would be inclined to suggest Mr. Rodgers' established support would work against his credibility as an effective steward on this issue. By the same stroke, however, we note Mr. Rodgers is not nominating himself for election and, further, doubt considerably the executive chairman role would have garnered unanimous support had information about Mr. Bingham's then-nascent relationship with Canyon Bridge been available to the board. We are thus inclined to conclude Mr. Rodgers' historical vote position should not impinge upon the credibility of CypressFirst nominees McCranie and Martino.

OPERATIONAL CONSIDERATIONS

In terms of operational critiques, we note CypressFirst puts forth a fairly limited series of comments generally tied to recent incremental shifts in gross margin and the impact of the Company's existing leverage on prospective strategic alternatives, including M&A opportunities. We would emphasize these arguments are not particularly extensive, nor are they couched against any benchmarks that might more fruitfully establish a problematic trend. We consider this framework primarily reflects two straightforward considerations: (i) as the CEO of Cypress until relatively recently, Mr. Rodgers' lookback period in terms of the Company's performance in his absence is effectively limited to just one year, which we would suggest is not sufficiently lengthy to yield a particularly compelling argument; and (ii) perhaps more importantly, CypressFirst is expressly not seeking to replace or otherwise modify the existing management team, including Mr. El-Khoury, who was originally selected by Mr. Rodgers.

The latter consideration is noteworthy here, as Cypress' materials are considerably more invested in establishing that the Company suffered increasingly poor performance under Mr. Rodgers' leadership, and that the former CEO's current campaign represents a clear threat to the still-early implementation of the "Cypress 3.0" turn-around agenda. Indeed, the board's recent investor deck plainly states that, "allowing Rodgers to regain influence would put Cypress' strong momentum at risk". This position is generally backed by an array of pre- and post-Rodgers analyses which seem to conflate the more practical implications of a successful Dissident contest with the less tangible threat of Mr. Rodgers somehow using loosely-framed "influence" to damage execution of the Company's current strategy.

Given the actual scope of the contest -- again, CypressFirst has nominated just two candidates, neither of which is Mr. Rodgers, to a continuing board of seven -- and the fact that the Dissident has repeatedly and unambiguously expressed support for retaining the executive staff responsible for leading "Cypress 3.0", we are ultimately inclined to suggest the bulk of the board's operational rebuke focuses too heavily on impugning the credibility of a non-candidate and not enough on establishing how the election of two experienced industry executives in place of Messrs. Benhamou and Bingham is likely to damage the Company's strategic trajectory.

Further deflating the board's "influence" rebuke in this regard is Mr. Rodgers stated offer to enlarge the board to nine, adding Messrs. Martino and McCranie without removing either Mr. Benhamou or Mr. Bingham, provided Mr. Bingham forfeits his executive chairman role. While we understand the board may reasonably view other terms and conditions of the settlement offer as unacceptable, we believe the overarching terms hardly support the notion that Mr. Rodgers' principal objective is the degree of decisive influence necessary to effect aggressive operational change.

OTHER CORPORATE GOVERNANCE CONSIDERATIONS

Elimination of Cumulative Voting

On February 28, 2017, the Company solicited shareholder approval by written consent to approve an amendment to the Company's second restated certificate of incorporation to eliminate cumulative voting in the election of directors. By the Company's own admission, the removal of cumulative voting immediately prior to the proxy contest is an attempt to impede Mr. Rodgers' ability to oust incumbent board members at the 2017 annual meeting. Contingent on the passing of proposal to eliminate cumulative voting, the board had approved bylaws to adopt majority voting for the Election of Directors and Proxy Access as detailed below.

Adoption of Majority Voting for the Election of Directors

At the special meeting held on March 24, 2017, shareholders approved a proposal seeking to adopt a majority vote standard for uncontested elections of directors. Following the vote, as disclosed in a Form 8-K filed on March 24, 2017, the board amended the Company's articles to implement majority voting.

Adoption of Proxy Access

On March 24, 2017, the Company disclosed in a Form 8-K that the board of directors had amended the Company's bylaws in order to implement a proxy access right for shareholders.

Under the new bylaw, shareholders will have the ability to include nominees in the Company's proxy materials, subject to the following parameters:

FEATURES OF PROXY ACCESS BYLAW	OWNERSHIP THRESHOLD	3%
	HOLDING PERIOD	3 years
	NUMBER OF NOMINEES	<i>The greater of two directors or 20% of the number of directors in office; this number shall be reduced by (i) any shareholder nominee submitted through proxy access who the board decides to nominate as a board nominee and (ii) any shareholder nominee submitted through proxy access who was successfully elected at either of the two preceding annual meetings</i>
	GROUP SIZE	20
	SHAREHOLDER DEFINITION	<i>Two or more funds under common ownership will count as "one" when calculating grouping</i>
	USE OF LOANED SHARES	<i>Shareholders are permitted to include loaned shares towards the 3% ownership requirement, provided that such shares can be recalled within five business days</i>
	GOLDEN LEASH PROHIBITION?	<i>No; however, shareholders using proxy access must disclose any outside compensation arrangements with their candidates</i>
	POST-MEETING HOLDING REQUIREMENT?	<i>No; however, nominating shareholders must state whether they intend to maintain ownership of the required shares for at least one year following the annual meeting</i>
	RESUBMISSION THRESHOLD?	<i>Yes; candidates who fail to receive support from at least 25% of shareholders are not eligible to be nominated for the next two annual meetings</i>

After review, it appears to us that the Company has adopted proxy access on reasonable terms for shareholders.

Shareholders will be able to use proxy access beginning with the Company's 2018 annual meeting. For detailed information on this topic, including a brief history of proxy access in the United States and empirical evidence on the impact of proxy access on shareholder value and corporate governance, please see [Glass Lewis' In-Depth: Proxy Access](#).

Director Commitments

Director Bingham serves as executive chair of the Company while serving on a total of three public company boards. In addition to our extensive concerns relating to Mr. Bingham's service, we believe that the time commitment required by this number of board memberships, in conjunction with his multiple executive duties, may preclude this nominee from dedicating the time necessary to fulfill the responsibilities required of directors.

Gender Diversity

There are currently no women serving on the Company's board. Further, none of the Company's listed executive officers are women. While Glass Lewis does not believe that setting gender quotas at a company will inherently result in a more effective board or enhanced corporate performance, we believe that companies do generally benefit from having boards and management teams that reflect a diverse mixture of backgrounds. At a minimum, we believe shareholders should be aware of the lack of gender diversity in the Company's leadership.

For more information regarding empirical evidence concerning gender diversity on corporate boards, please see Glass Lewis' [In-Depth: Board Gender Diversity](#).

DISSIDENT CANDIDATES

Separate from the arguments and rebuttals that generally dominate a contested solicitation, we believe it is important for shareholders to consider whether the candidates submitted by a dissident investor appear credible. In simple terms, we believe alternative nominees should generally have knowledge and experience intended to directly address any valid concerns raised by the dissident. With this perspective in mind, we believe the CypressFirst candidates appear highly credible.

In particular, we note Mr. McCranie has, among other things, extensive public company board experience at a number of technology firms -- including a prior nine-year run at Cypress -- and a range of executive experience, including two prior turns as the executive vice president of sales and marketing for Cypress. Moreover, the board already expressed a willingness to appoint Mr. McCranie as part of an early settlement proposal, which we believe indicates some clear comfort with his prospective service. While no such offer was extended in relation to Mr. Martino, we similarly find his background speaks clearly to both public board and senior executive experience in the industry. We are thus inclined to suggest the Dissident nominees are well positioned to both contribute to the continued implementation of "Cypress 3.0" and offer guidance, as needed, to Mr. El-Khoury. We also see no indication that the CypressFirst nominees would be unable to exercise independent judgement, and do not regard Cypress' limited suggestion that Messrs. Martino and McCranie will act as agents of Mr. Rodgers as particularly credible.

We would further note the Dissident nominees are intended to replace Messrs. Benhamou and Bingham, two current directors whose continued service we believe unaffiliated investors have been afforded adequate cause to view skeptically. As noted elsewhere, we believe a disconcertingly wide range of available information -- including court rulings, press releases and unsealed statements from Canyon Bridge -- strongly indicate Mr. Bingham likely ran afoul of of Cypress' code of ethics and failed to suitably inform the Company, and, by extension, investors, of a material conflict of interest, in each case while being compensated by two separate entities reasonably expected to compete for acquisition opportunities. As the lead independent director and a member of the corporate governance committee, we believe Mr. Benhamou -- who appears to have quickly and privately expressed unambiguous reservations with Mr. Bingham's position at Canyon Bridge -- has arguably failed to follow through on concerns relating to a major conflict of interest involving a senior executive of Cypress.

CONCLUSION

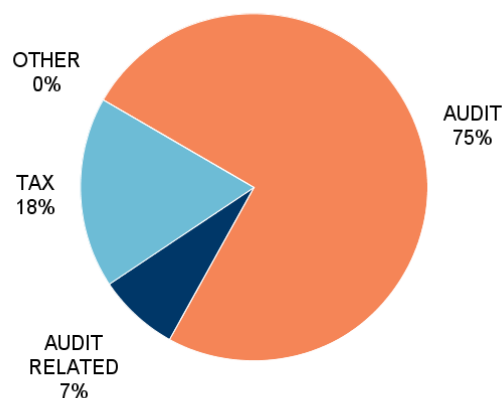
We believe it is important to emphasize, again, that this contest is not, in our view, about the speculative return of Mr. Rodgers -- who has neither promoted himself as a candidate or submitted a number of nominees capable of exercising unilateral influence -- nor does it appear to be a personal vendetta, a largely unsupported claim which has already been rejected by the Delaware Court of Chancery.

What we do believe the current campaign centers on is Mr. Bingham's dubious approach to informing the board of a clear conflict, as well as the board's subsequently dubious effort to manage and disclose that conflict to ordinary investors. Based on available disclosure, as well as the board's curiously ardent view that no actual conflict exists, despite a wealth

of information to the contrary, we believe the election of two independent, qualified candidates prepared to directly assist the advancement of "Cypress 3.0" -- in each case, without the costs and uncertainties associated with Mr. Bingham's continued access to critical information in his capacity as executive chairman -- represents a superior outcome for unaffiliated investors at this time.

Accordingly, we recommend shareholders vote **FOR** all candidates using the Dissident's GOLD proxy card.

PROPOSAL REQUEST:	Ratification of PricewaterhouseCoopers	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	98.4%	FOR- Recommendation on Dissident card
BINDING/ADVISORY:	Advisory	
REQUIRED TO APPROVE:	Majority of votes cast	
AUDITOR OPINION:	Unqualified	



AUDITOR FEES

	2016	2015	2014
Audit Fees:	\$6,347,211	\$5,740,000	\$2,773,300
Audit-Related Fees:	\$625,000	\$17,000	\$0
Tax Fees:	\$1,507,144	\$1,790,000	\$742,800
All Other Fees:	\$0	\$0	\$0
Total Fees:	\$8,479,355	\$7,547,000	\$3,516,100
Auditor:	Pricewaterhouse Coopers	Pricewaterhouse Coopers	Pricewaterhouse Coopers
Years Serving Company:			35
Restatement in Past 12 Months:			No
Alternate Dispute Resolution:			No
Auditor Liability Caps:			No

GLASS LEWIS ANALYSIS

The fees paid for non-audit-related services are reasonable and the Company discloses appropriate information about these services in its filings.

We recommend that shareholders vote **FOR** the ratification of the appointment of PricewaterhouseCoopers as the Company's auditor for fiscal year 2017.

PROPOSAL REQUEST:	Approval of Executive Pay Package	PAY FOR PERFORMANCE GRADES:	FY 2016 N/A FY 2015 N/A FY 2014 C
PRIOR YEAR VOTE RESULT (FOR):	89.7%	RECOMMENDATION:	FOR
STRUCTURE:	Fair		
DISCLOSURE:	Fair		

GLASS LEWIS RECOMMENDATION: FOR

While the short vesting and performance periods for the Company's LTIP awards along with several compensation decisions for the year in review merit careful scrutiny, we do not believe that these issues are sufficiently concerning as to warrant a vote against this proposal.

PROGRAM FEATURES ¹

POSITIVE

- LTIP performance-based
- STI-LTI payout balance
- No single-trigger CIC benefits
- Anti-hedging policy
- Clawback policy for NEOs
- Executive stock ownership guidelines for NEOs

NEGATIVE

- Short vesting period for LTIP awards
- Insufficient disclosure of LTIP performance goals
- Short performance period under LTIP

¹ Both positive and negative compensation features are ranked according to Glass Lewis' view of their importance or severity

SUMMARY COMPENSATION TABLE

NAMED EXECUTIVE OFFICERS	BASE SALARY	BONUS & NEIP	EQUITY AWARDS	TOTAL COMP
Hassane El-Khoury <i>President, CEO and Director</i>	\$401,964	\$210,641	\$3,168,799	\$3,783,664
Thad Trent <i>Executive Vice President, Finance and Administration, CFO</i>	\$350,000	\$92,943	\$581,200	\$1,025,126
Dana C Nazarian <i>Executive Vice President, Operations and Technology</i>	\$279,968	\$78,343	\$668,800	\$1,027,897
Joseph Rauschmayer <i>Executive Vice President, Manufacturing</i>	\$345,213	\$94,207	\$668,800	\$1,109,217
Ray Bingham <i>Executive Chairman</i>	\$138,000	\$108,584	\$1,499,991	\$1,747,031
TJ Rodgers <i>Former President, CEO and Director</i>	\$310,384	-	\$3,065,000	\$7,967,528

MARKET PRACTICE

	COMPANY	PREVALENCE: RUSSELL 1000 INDUSTRY SUBSET 1,2	PREVALENCE: ALL RUSSELL 1000 1	
GENERAL PRACTICES	Clawback Policy	Yes	65.0%	82.2%
	Stock Ownership Guidelines	Yes	90.0%	92.0%
	Single-Trigger CIC Benefits	No	30.0%	39.1%
	Excise Tax Gross-Ups	No	25.0%	19.1%
SHORT-TERM INCENTIVES	Performance-Based Awards	N/A	92.3%	81.7%
	Disclosed Individual Limits	Yes	90.0%	89.9%
LONG-TERM INCENTIVES	Performance-Based Awards	Yes	90.0%	86.2%
	Performance Goals Include Relative Metric(s)	Yes	83.3%	59.6%
	Any Performance Period(s) at Least Three Years	No	55.6%	77.0%

¹ Reflects adoption rates based on company data for meetings between 1/1/2016 and 12/31/2016; excludes foreign filers, recent IPOs and companies with irregular or ad-hoc granting schedules.

² Based on companies within the Semiconductors and Semiconductor Equipment industry.

EXECUTIVE COMPENSATION STRUCTURE - SYNOPSIS

FIXED

Mr. El-Khoury's base salary increased by more than 20% during the past fiscal year.

SHORT-TERM INCENTIVES

CASH INCENTIVE PLAN

AWARDS GRANTED (PAST FY) *None*

In light of the CEO transition, the Company suspended the STIP and instead granted NEOs an RSU award valued at 25% to 43% of target cash incentives. These awards vest on January 31, 2017, approximately 2 months after grant.

In addition, Messrs. El-Khoury and Rodgers respectively received paten bonuses of \$1,500 and \$750 during the past year.

LONG-TERM INCENTIVES

PERFORMANCE ACCELERATED RESTRICTED STOCK PROGRAM

AWARDS GRANTED (PAST FY) *RSUs and PSUs*

TARGET PAYOUTS *PSUs: 44,000 shares for the CEO and up to 96,000 shares for the other NEOs*

MAXIMUM PAYOUTS *PSUs: 88,000 shares for the CEO and up to 192,000 shares for the other NEOs*

TIME-VESTING PAYOUTS *RSUs: 33,000 shares for the CEO and up to 72,000 shares for the other NEOs*

PSU performance is measured over one year and up to two years for the new product milestone goal. A portion of earned awards vest in 2017

RSU awards vest over two years.

METRICS	GROSS MARGIN	NEW PRODUCT MILESTONES
	Absolute	Absolute
Weighting	50%	50%
Threshold Performance	38.4%	N/D
Target Performance	40%	N/D

Maximum Performance	N/D ("Linearly interpolated")	N/D
Actual Performance	39%	Achieved at target

ONE-TIME PAYMENTS

NEO	TYPE OF PAYMENT	AWARD	PERF. PERIOD	VESTING PERIOD	VALUE
Mr. El-Khoury	Promotion	RSUs	N/A	3 years	\$2,500,000
	Discretionary	RSUs	N/A	9 months	\$187,000
	Retention	RSUs	N/A	3 months	\$210,641
Mr. Bingham	Promotion	RSUs	N/A	3 years	\$1,500,000
	Retention	RSUs	N/A	3 months	\$108,584
Mr. Trent	Discretionary	RSUs	N/A	9 months	\$187,000
	Retention	RSUs	N/A	3 months	\$92,641
Mr. Rodgers	Severance	Cash	N/A	N/A	\$4,500,000
Ms. Nazarian	Discretionary	RSUs	N/A	9 months	\$187,000
	Retention	RSUs	N/A	3 months	\$74,343
Mr. Rauschmayer	Discretionary	RSUs	N/A	9 months	\$187,000
	Retention	RSUs	N/A	3 months	\$94,207

GLASS LEWIS ANALYSIS

This proposal seeks shareholder approval of a non-binding, advisory vote on the Company's executive compensation. Glass Lewis believes firms should fully disclose and explain all aspects of their executives' compensation in such a way that shareholders can comprehend and analyze the company's policies and procedures. In completing our assessment, we consider, among other factors, the appropriateness of performance targets and metrics, how such goals and metrics are used to improve Company performance, the peer group against which the Company believes it is competing, whether incentive schemes encourage prudent risk management and the board's adherence to market best practices. Furthermore, we also emphasize and evaluate the extent to which the Company links executive pay with performance.

Shareholders should be mindful of the following issues:

VARIABLE COMPENSATION

Vesting of Long-Term Awards

All of the time-vesting awards granted under the Company's long-term incentive plan vest over a period of less than three years. We believe such narrow vesting schedules reduce the risk of forfeiture associated with long-term incentive awards and shift what should be "at risk" compensation closer to guaranteed payments.

Performance Period of Long-Term Awards

All of the performance-based awards granted under the Company's long-term incentive plan have a performance period of less than three years. Given the short performance period, these awards may fail to fully reflect the long-term performance of the Company.

Absolute Metrics

Awards granted during the past fiscal year under the LTI plan are determined solely by absolute performance measures. In Glass Lewis' view, the predominant use of absolute metrics under long-term incentive plans may be inappropriate, as these measures may reflect economic factors or industry-wide trends beyond the control of the Company's executives, rather than executives' individual performances. However, we recognize that NEOs hold outstanding awards tied to relative performance, mitigating this concern.

DISCLOSURE

Performance Goals Not Disclosed for Long-Term Incentives

The Company has failed to provide a clear description of threshold, target and maximum goals under the LTI plan. We believe clearly defined performance targets are essential for shareholders to fully understand and evaluate the Company's procedures for quantifying performance into payouts for its executives.

ONE-TIME PAYMENTS

One-Off Awards

For the year in review, the Company granted certain NEOs supplemental awards outside of its normal incentive plans. We believe shareholders should generally be wary of awards granted outside of the standard incentive schemes, as such awards have the potential to undermine the integrity of a company's regular incentive plans, the link between pay and performance or both. This concern is underscored by the Company's temporary cessation of its STIP program. While we recognize the specific factors at play, we generally believe that if the existing incentive programs fail to provide adequate incentives to executives, companies should redesign their compensation programs rather than make additional grants. Our concerns in this respect are mitigated to an extent by the generally acceptable size of the grants and the Company's fair discussion of the surrounding factors.

CONCLUSION

We recommend that shareholders vote **FOR** this proposal.

4.00: FREQUENCY OF ADVISORY VOTE ON EXECUTIVE COMPENSATION

1 YEAR

PROPOSAL REQUEST:	To determine the frequency of future advisory votes on executive compensation	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	1 Recommendation on Dissident card
BINDING/ADVISORY:	Advisory	YEAR-
REQUIRED TO APPROVE:	Plurality	

■ PROPOSAL SUMMARY

Shareholders may indicate whether they want the advisory vote to occur every one, two or three years. Under Section 14A(a)(2) of the Exchange Act, companies are required to submit for shareholder consideration resolutions on the frequency of such votes at least once every six years.

This is a non-binding vote, meaning that the board may decide that it is in the best interest of shareholders to hold the vote more or less frequently.

■ BOARD'S PERSPECTIVE

The board asks shareholders to support a frequency of every one year for future advisory votes on executive compensation. The board believes that an annual vote will continue to provide valuable feedback on executive compensation. Further, that an annual vote makes the most sense for the Company because the compensation committee evaluates the compensation of the Company's named executive officers on an annual basis. Additionally, an annual vote will foster strong communication from shareholders to the board and the compensation committee. An annual "say-on-pay" vote offers a strong mechanism for shareholders to provide ongoing input on how the Company compensates its named executive officers and about how shareholders view the Company's compensation practices and policies.

■ GLASS LEWIS ANALYSIS

Glass Lewis believes that the advisory vote on executive compensation serves as an effective mechanism for promoting dialogue between investors and company management and directors, enhancing transparency in setting executive pay, improving accountability to shareholders, and providing for a more effective link between pay and performance. In cases where shareholders believe the Company's compensation packages may be excessive, we believe such a vote may compel the board to re-examine, and hopefully improve, its compensation practices.

In our view, shareholders should be allowed to vote on the compensation of executives annually. We believe that the time and financial burdens to a company with regard to an annual vote are outweighed by the benefits to shareholders and the increased accountability. Implementing biennial or triennial votes on executive compensation limits shareholders' ability to hold the board accountable for its compensation practices through means other than voting against the compensation committee. For this reason, unless a company provides compelling arguments otherwise, we will generally recommend that shareholders support the holding of advisory votes on executive compensation every year.

In this case, we agree with the board that an annual advisory vote on executive compensation is in the best interests of shareholders.

We recommend that shareholders vote for the advisory vote on executive compensation frequency of **ONE YEAR**.

PROPOSAL REQUEST:	Amendment to the 2013 Stock Plan	RECOMMENDATIONS & CONCERNS:	
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR-	Recommendation on Dissident card
BINDING/ADVISORY:	Binding		
REQUIRED TO APPROVE:	Majority of votes cast		

REQUESTED SHARES & POTENTIAL DILUTION

SHARES REQUESTED	29,100,000	Shares Requested as a % of Outstanding Shares	8.99%
Outstanding Shares (01/01/17)	323,583,000	Potential Dilution Based on Shares Requested	8.25%
Shares Available for Future Issuance (01/01/17)	24,100,000	Overhang	23.16%
Awards Outstanding (01/01/17)	21,727,000	Fully Diluted Overhang	18.80%
GICS Sector (#) Name	(4530) Semiconductors and Semiconductor Equipment	Market Capitalization (04/02/17)	\$4,512,201,310

ANALYSIS OF PROPOSED PLAN

PLAN FEATURES	Plan Title	2013 Stock Plan	
	Amendment or New Plan?	Amendment	
	Eligible Participants	Employees, officers, non-employee directors, consultants and advisors	
	Administrators	Compensation committee	
	Award Types Permitted	Stock options, SARs, restricted stock, RSUs and performance-based awards	
	Vesting Provisions	Determined by the compensation committee	
	QUALITATIVE FEATURES	• Repricing Provision?	No
	• Single-trigger change of control?	No	
	• Evergreen provisions?	No	
	• Fair Market Value minimum?	Yes	
	• Reload provisions?	No	
	• Full value award multiplier?	Yes	

EVALUATION SUMMARY*	PROGRAM SIZE ANALYSES	PROGRAM COST ANALYSES		
	Existing Size of Pool	PASS	Projected Cost as % of Operating Metrics	PASS
	Pro-Forma Available Pool	PASS	Projected Cost as % of Enterprise Value	PASS
	Grants to Executives	PASS	Expensed Cost as % of Operating Metrics	PASS
	Pace of Historical Grants	PASS	Expensed Cost as % of Enterprise Value	PASS
	Overhang	FAIL		
	QUALITATIVE FEATURES			
Repricing Authority	PASS	Other Features	PASS	

COST ANALYSIS	Projected Annual Cost	\$116,461,554	Likely Annual Grant (#)	9,803,900	
		COMPANY	PEER AVG.	1 STD DEV	
	Annual Cost as a % of Revenue	5.72%	5.68%	10.11%	
	Annual Cost as a % of OCF	50.77%	23.09%	37.71%	
	Annual Cost as a % of Enterprise Value	2.08%	1.67%	2.35%	
	Expensed Cost	\$105,268,000	COMPANY	PEER AVG.	1 STD DEV
	Expensed Cost as a % of Revenue	5.17%	4.35%	7.36%	
	Expensed Cost as a % of OCF	45.89%	25.45%	42.95%	
	Expensed Cost as a % of Enterprise Value	1.88%	2.72%	5.72%	

GRANT HISTORY & IMPACT TO SHAREHOLDER WEALTH		LAST FY	-2 FY	-3 FY
	Total Option Grants	0	0	522,000
	Options Cancelled	638,000	1,208,000	1,092,000
	Stock Awards (Net)	8,617,000	6,809,000	3,549,000
	Gross Annual Dilution	3.50%	3.06%	4.21%
	Net Annual Dilution	2.47%	1.69%	1.83%
	Average Gross Run Rate	3.59%		
	Average Net Run Rate	1.99%		
	% Granted to Executives	8.43%		

PEER COMPARISON*		OVERHANG	3-YR AVG. BURN RATE	GRANTS TO CEO (LAST FY)	GRANTS TO NEOS (LAST FY)
	COMPANY	23.16%	3.59%	3.00%	8.40%
	PEER MEDIAN	17.55%	2.59%	8.89%	25.61%
	PEER AVG.	18.06%	2.80%	10.13%	23.84%

*Peers are based on Industry Group segmentation of the Global Industrial Classification System (GICS)

GLASS LEWIS ANALYSIS

This proposal seeks shareholder approval of an amendment to the 2013 Stock Plan. If approved, the amendment would authorize an additional 29.1 million shares for issuance, which when issued would dilute current shareholders by 8.3%.

Some of our analyses involve comparisons of the Company to its peers. Unless noted, the peer group selected for this analysis includes 19 companies in the semiconductors and semiconductor equipment industry with an average market capitalization of \$14 billion.

RECOMMENDATION

We recommend that shareholders vote **FOR** this plan. This plan passed all of our tests and we did not find any reason for shareholders to object to this plan.

COMPETITORS / PEER COMPARISON

	CYPRESS SEMICONDUCTOR CORPORATION	SILICON LABORATORIES INC.	INTEGRATED DEVICE TECHNOLOGY, INC.	ATMEL CORPORATION
Company Data (MCD)				
Ticker	CY	SLAB	IDTI	ATML
Closing Price	\$14.06	\$73.80	\$25.86	\$8.14
Shares Outstanding (mm)	329.4	42.3	133.0	423.3
Market Capitalization (mm)	\$4,631.9	\$3,125.3	\$3,439.1	\$3,445.6
Enterprise Value (mm)	\$5,713.1	\$3,232.4	\$3,511.8	\$3,293.4
Latest Filing (Fiscal Period End Date)	04/02/17	04/01/17	04/02/17	12/31/15
Financial Strength (LTM)				
Current Ratio	1.3x	5.6x	6.2x	3.3x
Debt-Equity Ratio	0.65x	0.38x	0.37x	0.06x
Profitability & Margin Analysis (LTM)				
Revenue (mm)	\$2,036.0	\$714.6	\$728.2	\$1,172.5
Gross Profit Margin	37.2%	60.3%	58.7%	46.3%
Operating Income Margin	-4.0%	10.3%	16.1%	6.6%
Net Income Margin	-30.8%	10.0%	15.2%	2.3%
Return on Equity	-29.3%	8.7%	15.1%	3.1%
Return on Assets	-1.3%	3.8%	6.4%	3.7%
Valuation Multiples (LTM)				
Price/Earnings Ratio	-	44.2x	32.7x	135.7x
Total Enterprise Value/Revenue	2.8x	4.5x	4.8x	2.8x
Total Enterprise Value/EBIT	-	44.0x	30.0x	42.3x
Growth Rate* (LTM)				
5 Year Revenue Growth Rate	16.5%	7.5%	6.7%	-6.5%
5 Year EPS Growth Rate	-	7.6%	24.9%	-41.8%
Stock Performance (MCD)				
1 Year Stock Performance	38.4%	51.3%	13.7%	0.0%
3 Year Stock Performance	39.9%	65.2%	103.1%	25.8%
5 Year Stock Performance	6.1%	116.0%	368.5%	-38.1%

Source: Capital IQ

MCD (Market Close Date): Calculations are based on the period ending on the market close date, 05/25/17.

LTM (Last Twelve Months): Calculations are based on the twelve-month period ending with the Latest Filing.

*Growth rates are calculated based on a compound annual growth rate method.

A dash ("-") indicates a datapoint is either not available or not meaningful.

VOTE RESULTS FROM LAST ANNUAL MEETING MAY 6, 2016

Source: 8-K dated May 12, 2016

■ RESULTS

NO.	PROPOSAL	FOR	AGAINST/WITHHELD	ABSTAIN	GLC REC
1.1	Elect T.J. Rodgers	95.50%	4.50%	0.00%	For
1.2	Elect W. Steve Albrecht	95.06%	4.94%	0.00%	For
1.3	Elect Eric A. Benhamou	95.50%	4.50%	0.00%	For
1.4	Elect H. Raymond Bingham	95.57%	4.43%	0.00%	For
1.5	Elect John H. Kispert	96.20%	3.80%	0.00%	For
1.6	Elect O.C. Kwon	88.74%	11.26%	0.00%	For
1.7	Elect Wilbert van den Hoek	95.60%	4.40%	0.00%	For
1.8	Elect Michael S. Wishart	95.58%	4.42%	0.00%	For
2.0	Ratification of Auditor	98.44%	1.47%	0.09%	For
3.0	Advisory Vote on Executive Compensation	89.73%	10.05%	0.22%	For

APPENDIX

Questions or comments about this report, GL policies, methodologies or data? Contact your client service representative or go to www.glasslewis.com/issuer/ for information and contact directions.

NOTE

On May 19, 2017, Glass Lewis held an engagement call with representatives of CypressFirst in relation resolutions to be considered at the Company's 2017 annual meeting.

On May 22, 2017, Glass Lewis held an engagement call with representatives of Cypress Semiconductor in relation to resolutions to be considered at the Company's 2017 annual meeting.

Update: June 5, 2017. We have updated our report to reflect an adjournment of the Cypress Semiconductor annual meeting from June 8, 2017 to June 20, 2017. None of our recommendations have changed on this basis.

Update: June 15, 2017. We have updated our report to reflect a series of announcements made by Cypress Semiconductor on June 11, 2017. None of our recommendations have changed on this basis.

DISCLOSURES

© 2017 Glass, Lewis & Co., Glass Lewis Europe, Ltd., and CGI Glass Lewis Pty Ltd. (collectively, "Glass Lewis"). All Rights Reserved.

This report is intended to provide research, data and analysis of proxy voting issues and, therefore, should not be relied upon as investment advice. Glass Lewis analyzes the issues presented for shareholder vote and makes recommendations as to how Glass Lewis believes institutional shareholders should vote their proxies, without commenting on the investment merits of the securities issued by the subject companies. Therefore, none of Glass Lewis' proxy vote recommendations should be construed as a recommendation to invest in, purchase, or sell any securities or other property. Moreover, Glass Lewis' proxy vote recommendations must be construed solely as statements of opinion, and not as statements of fact, and may be revised based on additional information or any other reason at any time.

The information contained in this report is based on publicly available information. While Glass Lewis exercises reasonable care to ensure that all information included in this report is accurate and is obtained from sources believed to be reliable, no representations or warranties express or implied, are made as to the accuracy or completeness of any information included herein. In addition, Glass Lewis shall not be liable for any losses or damages arising from or in connection with the information contained herein or the use or inability to use any such information.

Glass Lewis expects its subscribers possess sufficient experience and knowledge to make their own decisions entirely independent of any information contained in this report. Subscribers are ultimately and solely responsible for making their own voting decisions. This Glass Lewis report is intended to serve as a complementary source of information and analysis for subscribers in making their own voting decisions and therefore should not be relied on by subscribers as the sole determinant in making voting decisions.

All information contained in this report is protected by law, including but not limited to, copyright law, and none of such information may be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person without Glass Lewis' express prior written consent.

Glass Lewis recommends all clients carefully and periodically evaluate, among other things, Glass Lewis' research philosophy, approach, methodologies and conflict management, avoidance and disclosure policies and procedures. For information on Glass Lewis' policies and procedures including treatment of conflicts of interest, please visit: <http://www.glasslewis.com/>.

LEAD ANALYSTS

Governance:	M&A and Contests:	Compensation:	Equity Plans:
Daichi Takahashi	Colin Ruegsegger	Julian Hamud	Kern McPherson