Zendesk, Inc.
Form 4
December 22, 2015

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Price Matthew Adrian

(Last) (First) (Middle)

1019 MARKET STREET

(Street)

SAN FRANCISCO, CA 94103

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Zendesk, Inc. [ZEN]

3. Date of Earliest Transaction (Month/Day/Year)
12/21/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
SVP Emerging Bus./Corp Mktg

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/21/2015		M (1)		1,667	A	$ 2.3	3,600	D	
Common Stock	12/21/2015		M (1)		1,916	A	$ 9.52	5,516	D	
Common Stock	12/21/2015		S (1)		3,583	D	$ 25.52	1,933	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. I De Sec (In
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option (Right to Buy)	$ 2.3	12/21/2015		M(1)			1,667	(2)	07/18/2022	Common Stock	1,667	
Stock Option (Right to Buy)	$ 9.52	12/21/2015		M(1)			1,916	(3)	02/13/2024	Common Stock	1,916	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Price Matthew Adrian 1019 MARKET STREET SAN FRANCISCO, CA 94103			SVP Emerging Bus./Corp Mktg	

Signatures

/s/ John Geschke, Attorney-in-Fact for Matthew Adrian Price	12/22/2015
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This transaction was effected pursuant to Rule 10b5-1 trading plans adopted by the Reporting Person.

(2) 1/5th of the shares subject to the option vested on July 18, 2013 and 1/60th of the shares subject to the option shall vest monthly thereafter, subject to the Reporting Person's continuous service to the Issuer on each such date. 100% of the then unvested shares are subject to acceleration upon the occurrence of certain events.

(3) The option is immediately exercisable as of the grant date. 1/60th of the shares vest monthly after the vesting commencement date of February 13, 2014, subject to the Reporting Person's continuous service to the Issuer on each such date. 100% of the then unvested shares are subject to acceleration upon the occurrence of certain events. Unvested shares exercised are subject to a right of repurchase in favor of the Issuer should the Reporting Person cease to provide continuous service.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. "text-align:center;font-size:9pt;">—
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Thad Trent
Executive Vice President, Finance and Administration, Chief Financial Officer
14,334
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13,067
2,934
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Explanation of Responses:

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Explanation of Responses:

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777,920
Dana C. Nazarian
Executive Vice President,
Operations & Technology
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Explanation of Responses:

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1,166,880

AMENDMENT AND RESTATEMENT OF THE 2013 STOCK PLAN

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

Outstanding Equity Awards
Fiscal Year Ended
January 1, 2017

	Option Awards					Stock Awards			
Name and Principal Position[1]	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised/ Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares of Units of Stock Unvested[2] (#)	Market Value of Shares or Units of Stock that Have Not Vested ($)[3]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)[4]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested[3] ($)
Joseph Rauschmayer Executive Vice President, Manufacturing	18,017	—	—	4.69	1/31/2020	—	—	—	—
	37,965	—	—	4.09	1/31/2019	—	—	—	—
	7	—	—	8.1	1/31/2018	—	—	—	—
	—	—	—	—	—	33,000	377,520	—	—
	—	—	—	—	—	60,000	686,400	—	—
	—	—	—	—	—	9,613	109,973	—	—
	—	—	—	—	—	—	—	44,000	503,360
	—	—	—	—	—	—	—	102,000	1,166,880
	—	—	—	—	—	—	—	9,100	104,104
Ray Bingham Executive Chairman	14,361	—	—	5.05	4/2/2019	—	—	—	—
	184,275	—	—	7.42	4/1/2018	—	—	—	—
	—	—	—	—	—	11,080	126,755	—	—
	—	—	—	—	—	121,466	1,389,571	—	—
	—	—	—	—	—	21,459	245,491	—	—
	—	—	—	—	—	7,440	85,114	—	—
T.J. Rodgers Former President, Chief Executive Officer and Director	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—

1. Mr. Rodgers resigned as President and CEO on April 28, 2016, but remained with the Company as a technical advisor and a director until August 10, 2016. In connection with Mr. Rodgers departure as President and CEO, the Board formed the Office of the President and Chief Executive Officer (OCEO), which consisted of Mr. El-Khoury,

Mr. Trent, Mr. Nazarian and Mr. Rauschmayer. The OCEO reported directly to the Board and performed the duties of the President and Chief Executive Officer from April 29, 2016 to August 10, 2016. Effective August 10, 2016, Mr. El-Khoury was promoted to the position of President and Chief Executive Officer of the Company. In addition, effective August 10, 2016, the Board appointed Mr. Bingham as Executive Chairman, a newly created position pursuant to which Mr. Bingham functions as both an executive officer of the Company and as Chairman of the Board.

2. 43% of the 2016 PARS grants and 32% of the 2015 PARS grants were service-based grants. Please refer to the “Compensation Discussion and Analysis ("CD&A)” section of this Proxy Statement for additional details on our 2016 and 2015 PARS grants.
3. The amounts are based on the outstanding grants as of the end of fiscal year 2016 and a fiscal year ending value of $11.44 per share.
4. Represents the PSUs granted under our PARS program for meeting 100% of the applicable milestones.
5. Mr. El-Khoury's option grants expiring on July 8, 2018 and August 8, 2017 were awarded under our 2013 Stock Plan and reflect adjustments made, pursuant to the tax free spin-off of SunPower Corporation in which existing awards were multiplied by the SunPower spin-off ratio of 4.12022 to reflect the change in market value of the Company’s common stock following

AMENDMENT AND RESTATEMENT OF THE 2013 STOCK PLAN

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

the distribution to the Company's stockholders of SunPower Corporation class B common stock.

Shareholder Value Transfer (SVT)

Institutional Shareholder Services ("ISS") is an influential advisor to many investors, including many of our stockholders. Among other things, ISS evaluates the cost of proposals, such as this one, to increase the number of shares issued under the equity plan. Based upon its analysis, ISS then advises stockholders to vote either for or against such proposals. One of the most significant tests in ISS's analysis of equity plan proposals is shareholder value transfer ("SVT"), which measures stockholder dilution both in terms of a dollar amount and as a percentage of a company's market value.

If a company's SVT is too great, ISS will view the equity plan proposal as too costly and may recommend voting against the equity plan proposal.

	Share Allocation	Avg. Award Value ($)	SVT ($)	SVT as % of Market Value
New Shares	[ ]	[ ]	[ ]	[ ]
Available Shares	[ ]	[ ]	[ ]	[ ]
Outstanding Shares	[ ]	[ ]	[ ]	[ ]
Total Shares	[ ]	[ ]	[ ]	[ ]

Plan Benefits

The number of awards that an employee or consultant may receive under the Plan is in the discretion of the Committee and therefore cannot be determined in advance.

The following table sets forth (a) the maximum number of shares subject to restricted stock units or performance stock units that could have been earned in fiscal year 2016, (b) the maximum number of shares subject to options granted during fiscal year 2016, and (c) the fair market value on the grant date:

Name and Position	Maximum Number of Shares Subject to Restricted Stock Units or Performance Stock Units	Maximum Number of Shares Subject to Stock Option Awards	Grant Date Fair Value ($)
Hassane El-Khoury President, Chief Executive Officer and Director	277,678	—	3,553,545
Thad Trent Executive Vice President, Finance & Administration, and Chief Financial Officer	262,134	—	3,250,104
Dana C. Nazarian Executive Vice President, Operations & Technology	258,000	—	3,321,580
Joseph Rauschmayer Executive Vice President, Manufacturing	314,494	—	3,761,387
Ray Bingham Executive Chairman	30,064	—	383,322
T.J. Rodgers Former President, Chief Executive Officer and Director	450,500	—	5,813,445
All executive officers, including the Named Executive Officers above, as a group	1,592,870	—	20,083,384

All directors who are not executive officers, as a group	102,972	—	1,374,972
All employees who are not executive officers, as a group	5,949,150	—	73,279,532

Background and Purpose of the Amended Plan

AMENDMENT AND RESTATEMENT OF THE 2013 STOCK PLAN

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

The following is a summary of the principal features of the Amended Plan and its operation. However, the summary is qualified in its entirety by reference to the Plan, which is attached as Appendix B to this Proxy Statement.

The Plan is intended to (i) promote the long-term success of the Company's business, (ii) attract and retain the best available personnel for positions of substantial responsibility, and (iii) provide long-term incentives to employees, consultants, and non-employee directors that are aligned with the long-term interests of all stockholders.

Types of Awards Granted Under the Amended Plan

The Amended Plan will permit the grant of the following types of awards:

- incentive stock options;
- nonstatutory stock options;
- restricted stock and restricted stock units (which we refer to as full value awards); and
- stock appreciation rights.

Administration of the Amended Plan

The Committee administers the Plan and will continue to administer the Amended Plan. To make grants to certain of Cypress's officers and key employees, the members of the Committee must qualify as "non-employee" directors under Rule 16b-3 of the Securities Exchange Act of 1934 (the "Exchange Act"), and/or as "outside directors" under Section 162(m) of the Internal Revenue Code of 1986, as amended (so that Cypress can receive a federal tax deduction for certain compensation paid under the Amended Plan).

Subject to the terms of the Amended Plan, the Committee has the sole discretion to select the employees, consultants, and non-employee directors who will receive discretionary awards, determine the terms and conditions of such awards (for example, the exercise price and vesting schedule), and interpret the provisions of the Amended Plan and outstanding awards. The Committee also has the authority to amend outstanding awards, including the authority to accelerate vesting or to extend an option's post-termination exercise period (but not beyond the original option term). The Board of Directors (the "Board") or the Committee may delegate any part of its authority and powers under the Amended Plan to one or more committees, subject to the requirements of applicable law.

No Re-pricing Without Stockholder Approval

The Committee may not permit the re-pricing, including by way of exchange, of any award, without receiving prior approval from Cypress stockholders.

Shares Under the Amended Plan

As of January 1, 2017, the maximum aggregate number of shares of Cypress's common stock authorized for issuance under the Plan was 174,495,220. This number includes all the shares that have been allocated to the Plan since it was first created in 1994, of which approximately 19.3 million shares remained available for issuance as of the same date. If the proposal to approve the Amended Plan is approved, the number of shares authorized under the Amended Plan will be increased by [ ] million, and the maximum aggregate number of shares authorized under the Amended Plan will be [ ]. However, because of prior issuances that have occurred under the current Plan, only a total of approximately [ ] million shares actually would be available for immediate issuance (excluding any shares that return to the Plan in the future from awards that expire or are forfeited). The shares may be authorized, but unissued, or reacquired common stock of Cypress. Any shares of restricted stock or restricted stock units with a per share or unit purchase price lower than 100% of fair market value on the date of grant will be counted against the numerical limits of the Amended Plan's share reserve pool as 1.88 shares for every one share subject thereto.

Awards that Expire or Are Forfeited

Subject to the terms of the Amended Plan, if a award (or any option or stock appreciation right granted under a terminated plan) terminates or is forfeited without having been fully exercised or vested, the unvested or forfeited shares generally will be returned to the available pool of shares reserved for issuance under the Amended Plan. To the extent that a share that was subject to an award that counted as 1.88 shares against the Plan's share reserve pool is returned to the Amended Plan, the Amended Plan's share reserve pool will be credited with 1.88 shares.

Eligibility to Receive Awards

The Committee will select the employees and consultants of Cypress or its parent or subsidiaries, and non-employee directors of the Board who will be granted awards; provided that only employees of Cypress or its parent or subsidiaries may receive incentive stock options. The actual number of individuals who will be granted awards cannot be determined in advance because the Committee has the discretion to select the participants. As of January 1, 2017, approximately 6,500 service providers (including executive officers, consultants and non-employee directors of Cypress and its subsidiaries) were eligible to participate in the Plan.

Stock Options and Stock Appreciation Rights

A stock option is the right to acquire shares at a fixed exercise price for a fixed period of time. Under the Amended Plan, the Committee may grant nonstatutory stock options and/or incentive stock options. Stock appreciation rights (which we refer to as SARs) are awards that grant the participant the right to receive an amount (in the form of cash, shares of equal value, or a combination thereof, as determined by the Committee) equal to the excess of (x) the fair market value of the common stock covered by the exercised portion of the SAR, as of the date of such exercise, over (y) the fair market value of the common stock covered by the exercised portion of the SAR, as of the date on which the SAR was granted; provided, however, that the Committee may place limits on the amount that may be paid upon exercise of a SAR. As of January 1, 2017, approximately 5.8 million stock options were outstanding under the Plan and the outstanding stock options had a weighted average exercise price of $12.23, with individual exercise prices ranging from $2.72 to $23.23.

Share Limits

The Committee will determine the number of shares covered by each option or SAR award, but during any fiscal year of Cypress, no participant may be granted options and SARs covering more than 3 million shares in the aggregate.

Exercise Price

The exercise price of the shares subject to each option or SAR award is set by the Committee, but cannot be less than 100% of the fair market value (on the date of grant) of the shares covered by the award.

Incentive Stock Options

The exercise price of an incentive stock option must be at least 110% of fair market value if (on the grant date) the participant owns stock possessing more than 10% of the total combined voting power of all classes of stock of Cypress or any parent or subsidiary. The aggregate fair market value of the shares (determined on the grant date) covered by incentive stock options which first become exercisable by any participant during any calendar year also may not exceed $100,000. Any shares in excess of this limit will be treated as a nonstatutory stock option. If the employee holds more than one incentive stock option, the incentive stock options are considered in the order in which they were granted.

Term and Vesting

The Committee will establish the vesting schedule of each option or SAR award at the time of grant. Options and SARs granted under the Amended Plan will expire at the times established by the Committee, but not later than eight years after the grant date (such term is limited to five years in the case of an incentive stock option granted to a participant who owns stock possessing more than 10% of the total combined voting power of all classes of stock of Cypress).

Exercise of the Option or SAR Award

An option or SAR award granted under the Amended Plan will be exercised by giving written or electronic notice to Cypress, specifying the number of shares to be purchased and, for options, tendering full payment of the exercise price to Cypress. The Committee may permit payment for options through the tender of shares that are already owned by the participant, or by any other means that the Committee determines to be consistent with the purpose of the Amended Plan. The participant must pay any taxes that Cypress is required to withhold at the time of exercise.

Termination of Participant

In the event a participant’s continuous status as an employee, director, or consultant terminates for any reason other than upon the participant’s death or disability, the options and SARs held by the participant under the Amended Plan will be exercisable (to the extent the award was exercisable on the date of service termination) within such period of time as is specified in the applicable award agreement. In the absence of a specified period of time in the award agreement, the vested portion of the option or SAR award will remain exercisable for a period of 30 days following the date of such termination. In the event a participant's continuous status as an employee, director, or consultant terminates as a result of the participant's disability, the options and SARs held by the participant under the Amended Plan will be exercisable (to the extent the award was exercisable on the date of service termination) for a period of six months following the date of such disability or such longer period of time not exceeding 12 months, as specified in the applicable award agreement. In the event a participant's continuous status as an employee, director, or consultant terminates as a result of the participant's death, the options and SARs held by the participant under the Amended Plan will be exercisable for a period of six months after death (to the extent the award would have become exercisable had the participant continued living and remained in continuous status as an employee, director, or

AMENDMENT AND RESTATEMENT OF THE 2013 STOCK PLAN

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

consultant for an additional 12 months). If the participant dies within 30 days after his or her termination of continuous status as an employee, director, or consultant, the options and SARs held by the participant under the Amended Plan may be exercised within six months following the date of such death (to the extent the award was exercisable on the date of service termination). However, in no event may the period of exercisability extend beyond the expiration date of the option or SAR award, as applicable.

Restricted Stock and Restricted Stock Units

Awards of restricted stock are shares that will vest in accordance with the terms and conditions established by the Committee. Awards of RSUs are rights to acquire shares that will vest in accordance with the terms and conditions established by the Committee. The Committee will determine the terms and conditions of restricted stock and RSUs granted under the Amended Plan, including the number of shares of restricted stock or RSUs granted to any employee, consultant, or non-employee director and whether the award will be in the form of restricted stock or RSUs; provided, however, that during any fiscal year of Cypress, no participant may be granted awards of restricted stock or RSUs that cover more than 1.5 million shares in the aggregate.

In determining whether an award of restricted stock or RSUs should be made, and/or the vesting schedule for any such award, the Committee may impose whatever conditions to vesting as it determines to be appropriate. For example, the Committee may determine to grant an award of RSUs that will vest only if the participant satisfies performance goals established by the Committee.

Until the stock certificate evidencing the shares is issued (which certificate generally will be issued only after the restricted stock or RSUs vest), no rights to vote or receive dividends or any other rights as a stockholder will exist with respect to the restricted stock or RSU award.

Grants to Non-Employee Directors

Under the Amended Plan, Cypress's non-employee directors will be eligible to receive grants of awards on the date of his or her initial election and annually thereafter on the date of the annual stockholder meeting (so long as the non-employee director has been serving as such for at least three months), in an amount determined by the Committee in its sole discretion (which we refer to as recurring awards). Such recurring awards will be subject to vesting, payment, and other terms and conditions as may be determined by the Committee. Non-employee directors also will be eligible to receive other discretionary awards under the Amended Plan.

Non-Employee Director Award Limitations

No non-employee director may be granted, in any fiscal year of Cypress, awards with a grant date fair value (determined in accordance with either GAAP or IASB principles) of more than $500,000, increased to $750,000 in connection with a non-employee director's initial service.

Exercise of Options

The exercise price of an option granted under the Amended Plan to a non-employee director may be paid in the form of cash, check, other shares of Cypress common stock previously owned by him or her with a fair market value on the date of surrender equal to the aggregate exercise price of the exercised shares, or any combination of such methods. For any options granted after Cypress's 2004 annual stockholder meeting, the option additionally may be exercised and the consideration paid by the delivery of an exercise notice together with other documentation as the Committee and broker, if applicable, requires to effect the exercise of the option and the delivery to Cypress of the sale or loan proceeds required to pay the exercise price (or any combination of the above payment methods).

Termination of Non-employee Director's Service

In the event a non-employee director ceases to serve as a Board member other than due to his or her death or disability, the options held by him or her under the Amended Plan that are recurring awards will be exercisable (to the extent the option was exercisable on the date of termination) within 90 days, or for options that are recurring awards granted on or after Cypress's 2004 annual stockholder meeting, within one year, after the date of termination of board service. In the event the non-employee director ceases to serve as a Board member due to disability, the options held by the non-employee director under the Amended Plan will be exercisable (to the extent exercisable on the date of service termination) for a period of six months, or for options granted on or after Cypress's 2004 annual stockholder meeting, within one year after the date of service termination. In the event of the non-employee director's death while a Board member, the options held by him or her under the Amended Plan will be exercisable for a period of six months, or for options granted on or after Cypress' 2004 annual stockholder meeting, for a period of one year, after the date of such death (to the extent that the option would have become exercisable had the director continued living and remained in continuous service as a director for an additional 12 months). If the non-employee director dies within 30 days after the termination of his or her continuous service as a Board member, his or her options under the Amended Plan may be exercised within six months following the date of such death (to the extent the option was exercisable on the date of service termination).

Certain Performance-based Awards

The Amended Plan is designed to permit (but not require) Cypress to issue awards intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (which we refer to as Section 162(m). Thus, the Committee may require achievement of specified levels of performance with respect to performance goals, in order for an award to vest. In granting restricted stock or RSUs that are intended to qualify under Section 162(m), the Committee will follow any procedures determined necessary or appropriate to ensure qualification of the award under Section 162(m).

With respect to any awards intended to qualify as performance-based compensation under Section 162(m), at the Committee's discretion, one or more of the following performance goals may apply: cash flow (including operating cash flow or free cash flow), revenue (on an absolute basis or adjusted for currency effects), gross margin, operating expenses or operating expenses as a percentage of revenue, earnings (which may include earnings before interest and taxes, earnings before taxes and net earnings), earnings per share, stock price, return on equity, total stockholder return, growth in stockholder value relative to the moving average of the S&P 500 Index, the Philadelphia Semiconductor Sector Index or another index, return on capital, return on assets or net assets, return on investment, economic value added, operating profit or net operating profit, operating margin, market share, contract awards or backlog, overhead or other expense reduction, credit rating, objective customer indicators, new product invention or innovation, attainment of research and development milestones, improvements in productivity, attainment of objective operating goals, and objective employee metrics. The performance goals may be applied to Cypress as a whole or, except with respect to stockholder return metrics, to a region, business unit, affiliate or business segment, and measured either on an absolute basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, and, with respect to financial metrics, which may be determined in accordance with U.S. GAAP or IASB, or which may be adjusted when established to exclude any items otherwise includable under GAAP or IASB, or include any items otherwise excludable under GAAP or IASB.

Transfers or Leave of Absence

Unless otherwise determined by the Committee, and subject to applicable laws, the vesting of awards granted under the Amended Plan will cease during any unpaid leave of absence. Moreover, unless otherwise determined by the Committee, any employee who transfers his or her employment to a subsidiary and receives an equity incentive covering such subsidiary's equity securities in connection with such transfer, will cease vesting in his or her awards granted under the Amended Plan, until such time (if at all) the employee transfers from the employment of the subsidiary or another subsidiary back to the employ of Cypress.

Changes in Capitalization

If Cypress experiences a stock split, reverse stock split, stock dividend, combination or reclassification of Cypress shares, or any other increase or decrease in the number of issued shares of Cypress common stock effected without its receipt of consideration (except for certain conversions of convertible securities), proportionate adjustments will be made by the Board subject to any required action by Cypress's stockholders, to the number of shares available for issuance under the Amended Plan but as to which no awards have yet been granted or which have been returned to the Amended Plan, the number of shares covered by each outstanding award, the price per share, if any, of each outstanding award, and the per-person limits on awards, as appropriate to reflect the stock dividend or other change. Similarly, if Cypress experiences a spin-off, split-off, or similar transaction involving equity of a subsidiary or former subsidiary, then subject to any required action by Cypress stockholders, the number and/or type of shares covered by each outstanding award, the number and/or type of shares which have been authorized for issuance under the Amended Plan but as to which no awards have yet been granted or which have been returned to the Amended Plan, the price per share of each such outstanding award, and the per-person limits on awards will be appropriately and proportionately adjusted to account for any increase or decrease in value resulting from such transaction.

Corporate Transactions

In the event of Cypress's merger with or into another corporation or the sale of substantially all of its assets, the successor corporation (or its parent or subsidiary) will assume or substitute for equal value each outstanding award. With respect to awards other than recurring awards granted to non-employee directors, including awards providing for performance-based vesting criteria, the Committee may, in its sole discretion, fully accelerate such awards in lieu of assumption or substitution. In such event, the Committee will notify all holders of options and SARs that their options and SARs under the Amended Plan will be fully exercisable for a period of 30 days from the date of such notice and the award will terminate upon the expiration of such period.

With respect to recurring awards granted to non-employee directors, in the event the successor corporation does not agree to assume or substitute for such awards, each outstanding recurring award granted to a non-employee director will become fully vested and exercisable (if applicable), unless the Board, in its discretion, determines otherwise.

In the event of a proposed dissolution or liquidation of Cypress, the Board may provide that awards (other than awards granted to non-employee directors) will terminate as of a date determined by the Board, allow participants to exercise any such options and SAR awards including shares that otherwise would not be exercisable, and accelerate the vesting of any such restricted stock and RSU awards.

Amendment and Termination of the Amended Plan

The Board generally may amend, alter, suspend, or terminate the Amended Plan at any time, except that certain amendments may require stockholder approval or the consent of participants in the Amended Plan. Adding shares to the Amended Plan requires stockholder approval, except in the case of adjustments due to a stock split or similar change in capitalization effected without the receipt of consideration by us. The Plan is currently scheduled to expire on January 15, 2024.

Limited Transferability of Awards

Awards granted under the Amended Plan generally may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the applicable laws of descent and distribution. During the participant's lifetime, only the participant may exercise the award. If the Committee makes an award under the Amended Plan transferable, such award will contain such additional terms and conditions as the Committee deems appropriate.

Federal Tax Aspects

The following paragraphs are a summary of the general federal income tax consequences to U.S. taxpayers and Cypress of awards granted under the Amended Plan, based upon the provisions of the Internal Revenue Code of 1986, as amended, as in effect on the date of this Proxy Statement, current regulations and existing administrative rulings of the Internal Revenue Service. However, it does not purport to be complete and does not discuss the provisions of the income tax laws of any municipality, state or foreign country in which the participant may reside. Tax consequences for any particular individual may be different.

Nonstatutory Stock Options

No taxable income is reportable when a nonstatutory stock option is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the excess of the fair market value (on the exercise date) of the shares purchased over the exercise price of the option. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Incentive Stock Options

No taxable income is reportable when an incentive stock option is granted or exercised (except for purposes of the alternative minimum tax). If the participant exercises the option and then later sells or otherwise disposes of the shares more than two years after the grant date and more than one year after the exercise date, the difference between the sale price and the exercise price will be taxed as capital gain or loss. If the participant exercises the option and then later sells or otherwise disposes of the shares before the end of the two- or one-year holding periods described above, he or she generally will have ordinary income at the time of the sale equal to the fair market value of the shares on the exercise date (or the sale price, if less) minus the exercise price of the option.

Stock Appreciation Rights

No income will be recognized by a recipient in connection with the grant of a stock appreciation right. When the stock appreciation right is exercised, the award holder generally will be required to include as taxable ordinary income in the year of exercise an amount equal to the sum of the amount of any cash received and the fair market value of any common stock or other property received upon the exercise. Any additional gain or loss recognized upon any later disposition of the shares of common stock or other property would be treated as long-term or short-term capital gain or loss, depending on the holding period.

Restricted Stock/Restricted Stock Units

A participant will not have taxable income upon grant unless he or she elects to be taxed at that time pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (except no such election is available for restricted stock units). Instead, he or she will recognize ordinary income at the time of vesting equal to the fair market value (on the vesting date) of the shares received minus any amount paid for the shares.

Tax Effect for Cypress

Cypress generally will be entitled to a tax deduction in connection with an award made to U.S. employees, consultants and directors under the Amended Plan in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income (for example, the exercise of a nonstatutory stock option). Special rules limit the deductibility of compensation paid to certain of Cypress's executive officers. Under Section 162(m) of the Internal Revenue Code of 1986, as amended, the annual compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed $1 million. However, Cypress can preserve the deductibility of certain compensation in excess of $1 million if the conditions of Section 162(m) are met. These conditions include stockholder approval of the Amended Plan, setting limits on the number of awards that any individual may receive, and for awards other than certain stock options, establishing performance criteria that must be met before the Award actually will vest or be paid. The Amended Plan has been designed to permit the Committee to grant awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m), thereby permitting Cypress to continue to receive a federal income tax deduction in connection with such awards.

Section 409A

Section 409A of the Internal Revenue Code of 1986, as amended (which we refer to as Section 409A) provides certain requirements for non-qualified deferred compensation arrangements with respect to an individual's deferral and distribution elections and permissible distribution events. Awards granted under the Amended Plan with a deferral feature will be subject to the requirements of Section 409A. If an award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that award may recognize ordinary income on the amounts deferred under the award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an award that is subject to Section 409A fails to comply with Section 409A's provisions, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation.

Proposal Summary

Equity awards are a key component of our overall compensation strategy, contributing a meaningful portion of our employees' total compensation. We are asking our stockholders to allow us to continue to hire and retain skilled, motivated employees through our competitive employee performance-based equity program. We have continued to deliver strong returns to our stockholders and approval of this proposal is important so that we may continue to do so in the future. If the amendments to the Plan are not approved, the amendment will not take effect and the Plan (most recently amended in 2015) will continue to be in effect according to its terms, as in effect prior to this proposal. In this case, Cypress may continue to make awards under the Plan (subject to the existing limitations, including authorized share limits, set forth in the Plan).

Required Vote

The affirmative vote of the holders of a majority of the common stock present or represented at the meeting is required to approve the adoption of the Amended Plan.

þ THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS VOTING "FOR" THE APPROVAL OF THE ADOPTION OF THE AMENDED PLAN.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes certain information with respect to our common stock that may be issued under our existing equity compensation plans as of March 17, 2017:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance
Equity Compensation Plans Approved by Security Holders	12.4[1]	12.52[3]	18.3[6]
Equity Compensation Plans Not Approved by Security Holders	8.8[2]	6.73[4]	3.2[7]
Total	21.2	10.97[5]	21.4

1. Includes 7.4 million shares of full value awards (restricted stock units, restricted stock awards and performance stock units) granted.
2. Includes 6.9 million shares of full value awards (restricted stock units, restricted stock awards and performance stock units) granted.
3. Excludes the impact of 7.4 million shares of full value awards (restricted stock units, restricted stock awards and performance stock units)which have no exercise price.
4. Excludes the impact of 6.9 million shares of full value awards (restricted stock units, restricted stock awards and performance stock units) which have no exercise price.
5. Excludes the impact of 14.3 million shares of full value awards (restricted stock units, restricted stock awards and performance stock units) which have no exercise price.
6. Includes 14.8 million shares available for future issuance under Cypress’s 2013 Stock Plan and 3.5 million shares available for future issuance under Cypress’s Employee Stock Purchase Plan.
7. Includes 95,000 shares available for future issuance under the assumed Ramtron Plan and 3.1 million shares available for future issuance under the assumed Spansion Plan.

See Note 8 of Notes to Consolidated Financial Statements under Item 8 of Cypress's Form 10-K filed with the Securities and Exchange Commission on March 1, 2017 for further discussion of Cypress’s stock plans.

CORPORATE GOVERNANCE

Our business, assets and operations are managed under the direction of our Board of Directors (the "Board"). Members of our Board are kept informed of our business through discussions with our chief executive officer, our chief financial officer, our named executive officers ("NEOs"), our chief legal officer, members of management and other Company employees as well as our independent auditors, and by reviewing materials provided to them and participating in meetings of the Board and its committees.
In addition to its management function, our Board remains committed to strong and effective corporate governance, and, accordingly, it regularly monitors our corporate governance policies and practices to ensure we meet or exceed the requirements of applicable laws, regulations and rules, the Nasdaq Listing Rules, as well as the best practices of other public companies.
The Company's long-standing corporate governance program features the following:

- a Board that is up for election annually and has been for over 30 years;
- we have no stockholder rights plan in place;
- regularly updated charters for each of the Board's committees, which clearly establish the roles and responsibilities of each such committee;
- Board committees that are comprised of and chaired solely by independent directors, and that operate under our charters that are publicly available on our website;
- a Board that has unrestricted access to the Company's management, employees and professional advisers;
- regular executive sessions among our non-employee and independent directors;
- proxy access provisions in our bylaws;
- a majority vote standard in uncontested director elections;
- a risk management program with specific responsibilities assigned to management, the Board, and the Board's committees;
- a clear Code of Business Conduct and Ethics that is reviewed annually for best practices;
- a clear set of Corporate Governance Guidelines that is reviewed annually for best practices;
- a Clawback Policy that requires the return of performance-based compensation payments to the Company by any executive engaged in (i) fraud, theft, misappropriation, embezzlement or dishonesty, (ii) intentional misconduct related to the Company's financial reporting, or (iii) in the event of a material negative revision of any financial or operating measure on which performance-based compensation was paid out to such executive;
- a long history of no perquisites for our directors and executive officers;
- the Compensation Committee's engagement of an independent compensation consultant; and
- a director and committee self-evaluation process allowing the directors to provide additional feedback on the Board's performance and other matters related to the Company.

In addition to the features above, we have a long-standing stock ownership requirement to ensure that our directors and executives remain aligned with the interests of the Company and its stockholders.

Stock Ownership Requirements

Our directors and executives have historically maintained strong stock ownership and our stock ownership requirements are consistent with industry best practices. The table below summarizes the stock ownership policy and status among our directors and NEOs as of March 17, 2017.

	Stock Ownership Requirement	Shares Actually Held
Chief Executive Officer	6X base compensation	7.35X base compensation
All Other Named Executive Officers	4X base compensation	5.3X - 27.5X base compensation
All Non-Employee Directors	30,000 shares	47,665 - 168,538 shares

As a result of such requirements, our directors and NEOs will continue to hold a substantial amount of their net worth in shares of Cypress common stock, and maintain an even stronger alignment with the Company and our stockholders.

Named Executive Officers. Our CEO is required to own Company common stock having a value of at least six times his annual base salary. Common stock only includes shares directly owned and does not include any granted stock option awards, even if vested and in the money. Our NEOs, excluding our CEO, are required to own Company common stock having a value of at least four times their annual base salary. Individuals have three years from becoming a NEO to meet the stock ownership requirement. If the stock ownership requirement is not met after three years, then the NEO must hold all future shares that vest (net of taxes) until the stock ownership requirement is met. All of our NEOs, excluding Mr. Rauschmayer, meet the stock ownership requirements. Mr. Rauschmayer is no longer a NEO and therefore is no longer required to meet the stock ownership requirements.

Directors. Our non-employee directors are required to own at least 30,000 shares of common stock of the Company, which is approximately eight times their annual retainer of $50,000 (assuming a stock price of $13.42 per share). Directors have three years from becoming a director to meet the stock ownership requirement. All of our non-employee directors meet the stock ownership requirements.

Policy on Derivative Trading

The Company has a long-standing insider trading policy which regulates trading by our insiders, including our NEOs and Board members, and prohibits all employees and Board members from trading on material, non-public information. Our policy explains when transactions in Cypress stock are permitted and provides that insiders may engage in transactions in Cypress stock only during pre-established quarterly trading windows. The policy also sets forth certain types of prohibited transactions. Specifically, no Company director, employee, agent or contractor may engage in short sales or hedging activity of any kind, which includes buying put options on the Company’s stock.

Policy on Pledging

Cypress adopted and formalized a written pledging policy in fiscal year 2014 and the Committee approved modifications to the policy on February 15, 2017. As of February 15, 2017, Directors and NEOs are no longer permitted to pledge Cypress stock.

Communications from Stockholders and Other Interested Parties

Stockholders and other interested parties who wish to send communications on any relevant business topic to the Board or an individual director may do so by addressing such communication to the Chairman of the Board of Directors, c/o Corporate Secretary, Cypress Semiconductor Corporation, 198 Champion Court, San Jose, California, 95134 or sending an e-mail to CYBOD@cypress.com.

The Board will give appropriate attention to written communication on valid business or corporate governance issues that are submitted by Company stockholders and other interested parties, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by committee charters, the chairman of our Board, with the assistance of the corporate secretary and internal legal counsel, is primarily responsible for monitoring communications from stockholders and other interested parties, and will provide copies or summaries of such communications to the other directors as the chairman considers appropriate. Communications will be forwarded to all directors if they relate to substantive matters and include suggestions or comments that the chairman of our Board considers to be important for the directors to know.

Corporate Governance Guidelines

Our Corporate Governance Guidelines provide the structure and other policies related to our Board. They guidelines cover, among other topics:

- director independence;
- Board structure and composition, including the designated Board committees;
- Board member nomination and eligibility requirements;
- Board leadership and executive sessions;
- limitations on other Board and committee service;
- director responsibilities;
- Board and committee resources, including access to management and employees;
- director compensation;
- director orientation and ongoing education;
- succession planning; and
- Board and committee self-evaluations.

Our current Corporate Governance Guidelines and our Code of Business Conduct and Ethics are posted on our website at http://investors.cypress.com/corporate-governance.cfm.

Board Structure

Our Board of Directors is comprised of seven directors, all of whom are independent except for our new chief executive officer, Hassane El-Khoury, and our Executive Chairman, H. Raymond Bingham. Mr. Bingham serves as Chairman of the Board. T.J Rodgers, who served on our Board until his resignation in August 2016, was determined not to be independent. Our Board's general policy, as stated in our Corporate Governance Guidelines, is that separate persons should hold positions of chairman of the Board and chief executive officer to enhance the Board's oversight of management. This leadership structure enhances accountability of our chief executive officer to the Board, provides a balance of power on our Board and encourages thoughtful decision-making. We also historically separated the roles in recognition of the differences in roles. While the chief executive officer is responsible for the day-to-day leadership of the Company and the setting of strategic direction, the chairman provides guidance to the Board and sets the agenda for and presides over Board meetings as well as meetings of the Board's independent directors. The chairman also provides performance feedback on behalf of the Board to our chief executive officer.

In light of the transition to a new chief executive officer in August 2016, the Board felt it was desirable to appoint Mr. Bingham to the newly created position of Executive Chairman, pursuant to which Mr. Bingham functions as both an executive officer of the Company and as Chairman of the Board. As Executive Chairman, Mr. Bingham reports directly to the Board. After Mr. Bingham's appointment as Executive Chairman on August 10, 2016, Mr. Benhamou was appointed as Lead Independent Director of the Board and now presides over meetings of the Board's independent directors.

The Executive Chairman role is anticipated to be a short-term position, providing support to the CEO and focused externally on customers and investment opportunities. The Board evaluates, on a periodic basis, the continued need for the Executive Chairman position.

Board Meetings and Executive Sessions. Executive sessions of independent directors are held after each regularly scheduled meeting of our Board and at other times as deemed necessary by our directors. In fiscal year 2016, our Board held four regularly scheduled meetings, and every director attended all such Board meetings, including in each case, the executive sessions. The Board also held 19 special meetings during fiscal year 2016. All of our directors attended at least 75% of all Board meetings. Mr. Bingham presided over all executive sessions of our directors until he became Executive Chairman on August 10, 2016. Mr. Benhamou has presided over all executive sessions of our directors since Mr. Bingham's appointment as Executive Chairman. The Board's policy is to hold executive sessions without the presence of management, including the chief executive officer and the executive chairman. The committees of the Board also meet in executive session at the end of each committee meeting.

Our directors are expected to attend each of the regularly scheduled board meetings. For that reason, the Board's calendar is set in advance to ensure that all directors can attend all such meetings.

Determination of Independence. The Board has adopted the definition of “independence” as described under Nasdaq Listing Rule 5605 and the standards applicable to audit committees under the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”) Section 301 and Rule 10A-3 under the Securities Exchange Act of 1934 (the "Exchange Act"). In order to make a determination of independence of a director as required by our Corporate Governance Guidelines and the rules of Nasdaq and the Securities and Exchange Commission (the "SEC"), the Board determines whether a director or a director nominee has a material relationship with Cypress (either directly or indirectly as a partner, stockholder or officer of an organization that has a relationship with Cypress). Each director or director nominee completed a questionnaire, with questions tailored to the Nasdaq Listing Rules, as well as the securities law requirements for independence. On the basis of the questionnaires completed and returned by each director, the Board determined that each of Messrs. Albrecht, Benhamou, Kwon, van den Hoek and Wishart is independent as determined under our Corporate Governance Guidelines, the Nasdaq Listing Rules and the Exchange Act. The Board determined that Mr. El-Khoury, our president and chief executive officer, is not independent by virtue of his employment and position at Cypress. The Board also determined that Mr. Bingham was independent until his appointment as Executive Chairman on August 10, 2016. Apart from Messrs. El-Khoury and Bingham, no other director has a relationship with Cypress other than through his membership on the Board and its committees.

Board’s Role in Risk Management Oversight

Among the responsibilities of our Board is the oversight, review and management of the Company’s various sources of risk. The Board addresses this risk, in part, through its engagement with our chief executive officer and various members of management and the Company’s outside consultants. Directors also discuss risk as a part of their review of the ongoing business, financial, and other activities of the Company. The Board also has overall responsibility for executive officer succession planning and reviews succession plans regularly.

In the majority of cases, the Board implements its risk oversight responsibilities primarily through its various committees, which receive input from management on the potentially significant risks the Company faces and how the Company seeks to control, manage and mitigate risk where appropriate. If the report is deemed significant, the chairman of the relevant committee reports on the committee's discussion to the Board during the committee reports portion of the next Board meeting. This enables the Board and its committees to coordinate risk oversight, particularly with respect to risk interrelationships.

The Board’s three standing committees (Audit, Compensation and Nominating and Corporate Governance) oversee those risks that are most appropriate to their charters. For example, the Audit Committee oversees risks related to internal controls, financial reporting, fraud, insurance, treasury, compliance and litigation. The Audit Committee also oversees the activities of the Internal Audit Department, which independently assesses, audits and monitors risk throughout the Company. The Compensation Committee oversees risks related to our cash and equity compensation programs, perquisites and use of Company equity. The Nominating and Governance Committee oversees risks related to corporate governance, the composition of our Board and its committees, executive management and business ethics of the Company.

The foregoing committees, including the membership and function of each committee at the end of fiscal year 2016, are described in the table below with additional details following the table:

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
W. Steve Albrecht	Chairman		Member
Eric A. Benhamou	Member	Chairman	Member
Wilbert van den Hoek		Member	
Michael S. Wishart	Member	Member	Chairman

Board’s Committees

The Audit Committee. The Audit Committee consists of Messrs. Albrecht, Benhamou and Wishart, each of whom was determined to be independent as defined under the Nasdaq Listing Rules and the SEC rules applicable to audit committee members. The Audit Committee operates under a written charter adopted by our Board and reviewed annually by the Audit Committee. The Audit Committee's charter is available on our website at http://investors.cypress.com/corporate-governance.cfm.

The Board determined that each member of the Audit Committee is financially literate and has accounting and/or related financial management expertise as required under the Nasdaq Listing Rules. While our Board designated Mr. Albrecht as the "audit committee financial expert" in accordance with the requirements of the SEC and Nasdaq Listing Rules, all of the members of our Audit Committee meet the qualifications for an audit committee financial expert.

The responsibilities of our Audit Committee and its activities during fiscal year 2016 are described in its charter and the Report of the Audit Committee contained in this Proxy Statement.

The Audit Committee, through delegation by the Board, has overall responsibility for:

- reviewing and approving the scope of the annual audit and the adequacy of the Audit Committee charter;
- assisting the Board in the oversight of the Company's compliance with legal and regulatory requirements;
- meeting separately with our independent registered public accounting firm, internal auditors, and our senior management to identify, assess, manage and mitigate areas of risk for the Company;
- overseeing and reviewing our accounting and financial reporting processes, annual audit and matters relating to the Company's internal control systems, as well as the results of the annual audit;
- ensuring the integrity of the Company's financial statements;
- overseeing the outside auditor's performance, qualifications and independence issues;
- preparing a report of the Audit Committee to be included in the Company's annual proxy statement;
- pre-approving all proposed services and related fees to be paid to our independent registered public accounting firm;
- providing input on the risk assessment processes in the Company, which forms the basis of the annual audit plan;
- overseeing the Company's whistleblower policy and reporting function; and
- reviewing SEC filings, earnings releases and other forms of significant investor communications.

The Audit Committee met nine times in fiscal year 2016 and each time met in executive session independently with each of management, our internal audit team and PricewaterhouseCoopers, our independent registered public accounting firm.

The members of the Audit Committee also comprised the members of the Company's Pricing Committee. For additional information on the Pricing Committee, please see the "Special Committees" section below.

The Compensation Committee. The Compensation Committee consists of Messrs. Benhamou, van den Hoek and Wishart, each of whom is determined to be independent under the Nasdaq Listing Rules. Mr. Bingham served on the Compensation Committee until his appointment as Executive Chairman on August 10, 2016. During his service on the Compensation Committee, Mr. Bingham was determined to be independent under the Nasdaq Listing Rules. Mr. Bingham resigned from the Compensation Committee, effective upon his appointment as Executive Chairman.

The Compensation Committee assists the Board with discharging its duties with respect to the formulation, implementation, review and modification of the compensation of our directors and executive officers, the preparation of the annual report on executive compensation for inclusion in our proxy statement and oversight of the Company's compensation and equity programs.

The Compensation Committee regularly considers the risks associated with our compensation policies and practices for employees, including those related to executive compensation programs. As part of the risk assessment, the Compensation Committee reviews our compensation programs to avoid certain design features that have been identified by experts as having the potential to encourage excessive risk-taking. Instead, our compensation programs are designed to encourage employees to take appropriate risks and encourage behaviors that enhance sustainable value creation in furtherance of the Company's business, but do not encourage excessive risk and accordingly are not reasonably likely to have a material adverse effect on the Company. The Compensation Committee believes that because we closely link our variable compensation with attaining performance objectives, we are encouraging our employees to make decisions that should result in positive short- and long-term returns for our business and our stockholders without providing an incentive to take unnecessary risks. In fulfilling its responsibilities, the Committee may, to the extent permitted under applicable law, the Nasdaq Listing Rules, the rules of the SEC and the Internal Revenue Code, and the Company's certificate of incorporation and bylaws, delegate any or all of its responsibilities to a subcommittee of the Committee. The Compensation Committee, with the assistance of Pearl Meyer & Partners ("Pearl Meyer"), an independent compensation consultant, intends to continue, on an on-going basis, a process of

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thoroughly reviewing our compensation policies and programs to ensure that our compensation programs and risk mitigation strategies continue to discourage imprudent risk-taking activities.

In conjunction with the recommendations of Pearl Meyer and our chief executive officer, the Compensation Commitee determines the compensation of our executive officers. No officer of the Company was present during discussions or deliberations regarding that officer's own compensation. Additionally, the Compensation Committee sometimes meets in executive session with its independent consultant to discuss various matters and formulate certain final decisions, including those regarding the performance and compensation of the chief executive officer.

The Compensation Committee, through delegation by the Board, has overall responsibility for:

- establishing the specific performance objectives for our senior management, including the chief executive officer, and subsequently evaluating their compensation based on achievement of those objectives;
- formulating, implementing, reviewing, approving, and modifying the compensation of the Company's directors and senior management;
- recommending to the Board for approval the Company's compensation plans, policies and programs, and administering such approved compensation plans, policies and programs;
- reviewing and approving the Company's compensation discussion and analysis for inclusion in the proxy statement;
- reviewing and approving the annual merit and stock budgets for focal salary increases and equity grant awards for all eligible employees;
- reviewing the annual benefit changes made by the Company with respect to its employees;
- overseeing the process of providing feedback to the chief executive officer on his performance;
- overseeing the stock plans of the Company and its subsidiary companies;
- overseeing and monitoring executive succession planning for the Company;
- conducting a periodic risk analysis of the Company's compensation policies and programs; and
- establishing the Company's derivative trading and pledging policies and overseeing compliance with such policies.

In discharging its duties, the Compensation Committee selects and retains the services of compensation consultants in order to have independent, expert perspectives on matters related to executive compensation, Company and executive performance, equity plans and other issues. The Compensation Committee has the sole authority to determine the scope of services for these consultants and may terminate the consultants' services at any time. The fees of these consultants are paid by the Company. In fiscal year 2016, the Compensation Committee retained the services of Pearl Meyer for various compensation-related services.

The Compensation Committee held twelve meetings during fiscal year 2016. The Report of the Compensation Committee is contained in this Proxy Statement. The charter for our Compensation Committee is posted on our website at http://investors.cypress.com/corporate-governance.cfm.

The Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee consists of Messrs. Albrecht, Benhamou and Wishart, each of whom is determined to be independent under the Nasdaq Listing Rules. Mr. Bingham served as chair of the Nominating and Corporate Governance Committee until his appointment as Executive Chairman on August 10, 2016. During his service on the Nominating and Corporate Governance Committee, Mr. Bingham was determined to be independent under the Nasdaq Listing Rules. Mr. Bingham resigned from the Nominating and Corporate Governance Committee effective upon his appointment as Executive Chairman. Mr. Benhamou served as chair of the Nominating and Corporate Governance Committee from August 10, 2016 to November 4, 2016, at which time Mr. Wishart was appointed as chair of the committee.

The Nominating and Corporate Governance Committee has recommended to the full Board each of the nominees named in this Proxy Statement for election to the Board.

The purpose of the Nominating and Corporate Governance Committee is to:

- determine the skills, education and experiences the Board needs to most effectively meet its responsibilities;

- as part of its risk management, ensure the Board has the requisite mix of skills and expertise to competently oversee the operations of the Company;
- identify and evaluate individuals qualified to become Board members;
- recommend to the Board the persons to be nominated by the Board for election as directors at the annual meeting of stockholders, including any nomination of qualified individuals properly submitted by stockholders of the Company;
- develop, maintain and recommend to the Board a set of corporate governance principles;
- oversee the annual self-evaluation process of the Board and the Board committees;
- ensure that stockholder proposals, when approved, are implemented as approved;
- make recommendations to the Board on Board committee membership; and
- oversee the director's continuing education program.

With respect to board size, membership and nomination, the Nominating and Corporate Governance Committee is responsible for regularly assessing the size and composition of the Board and identifying exceptional director candidates in the event a vacancy occurs. The Nominating and Corporate Governance Committee uses a variety of methods for identifying and evaluating nominees for directorships, including requests to Board members, professional outside consultants and other third-party trusted sources. Through the process of identification and evaluation of potential director candidates, the Nominating and Corporate Governance Committee seeks to achieve a balance of experience, a broad knowledge base, integrity and capability on the Board.

Stockholders may recommend, with timely notice, potential director candidates to the Nominating and Corporate Governance Committee by submitting their names and background to the Nominating and Corporate Governance Committee, c/o Corporate Secretary, Cypress Semiconductor Corporation, 198 Champion Court, San Jose, California 95134. The Nominating and Corporate Governance Committee will consider a recommendation only if appropriate biographical information and background materials are provided on a timely basis. See "How and when may I submit proposals or director nominations for consideration at next year's annual meeting of stockholders?" in the "Frequently Asked Questions About The Proxy Materials And Voting" section of this Proxy Statement for information regarding submitting nominations pursuant to the Company's bylaws.

The Company has received notice from T.J. Rodgers, our former Chief Executive Officer and Director, that he is nominating two individuals, J. Daniel McCranie and Camillo Martino (the "Rodgers Nominees") for election to the Board at the Annual Meeting and soliciting proxies from Cypress stockholders in support of the Rodgers Nominees.

The qualifications of recommended director candidates will be reviewed by the Nominating and Corporate Governance Committee in accordance with the criteria set forth in our Corporate Governance Guidelines, established by the Nominating and Corporate Governance Committee, and as set forth in applicable securities laws, regardless of whether or not a potential candidate was recommended by a stockholder, the Board, management or other third party. These criteria include, at a minimum, the candidate's skills, attributes, character and integrity, professional experience, general business and semiconductor industry expertise, leadership profile, domestic or international expertise, commitment, diligence, absence of conflicts of interest and the ability to act in the best interest of the Company and its stockholders.

The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. Cypress believes that the skill set, background and qualifications of our directors, considered as a group, should provide a critical composite mix of experience, knowledge and abilities that will allow our Board to fulfill its responsibilities and act in the best interest of the Company and its stockholders.

The process followed by the Nominating and Corporate Governance Committee to identify and evaluate nominees includes (i) meeting from time-to-time to assess the real or potential needs of the Board, as well as to evaluate biographical information and background material relating to potential candidates and, if appropriate, (ii) conducting interviews of selected candidates by members of the Nominating and Corporate Governance Committee and the Board. Assuming that appropriate biographical and background material is provided for candidates recommended by stockholders, the Nominating and Corporate Governance Committee will evaluate nominees by following substantially the same process and applying substantially the same criteria as for candidates submitted by the Board to our stockholders. The assessment is made in the context of the perceived needs of the Board at the time of the evaluation.

The Board makes the final determination whether or not a stockholder-recommended candidate will be included as a director nominee for election in accordance with the criteria set forth in our Corporate Governance Guidelines or guidelines previously identified by the Committee. If the Board decides to nominate a stockholder-recommended candidate and recommends his or her election as a director by the stockholders, the name of the nominee will be included in Cypress’s proxy statement and WHITE proxy card for the stockholders meeting at which his or her election is recommended.

The Nominating and Corporate Governance Committee is authorized to retain advisers and consultants and to compensate them for their services. The Nominating and Corporate Governance Committee did not retain any such advisers or consultants during fiscal year 2016.

The Nominating and Corporate Governance Committee held four meetings during fiscal year 2016. The charter for our Nominating and Corporate Governance Committee is posted on our website at http://investors.cypress.com/corporate-governance.cfm.

The Operations Committee. The operations committee was dissolved in November 2016. John H. Kispert served as chairman of the Operations Committee until his resignation from the Board on May 7, 2016. Mr. Kispert was determined to be independent under the Nasdaq Listing Rules during his service on the Operations Committee. Following Mr. Kispert’s resignation, Mr. van den Hoek was appointed as chairman of the Operations Committee. He served as the chairman of our Operations Committee until its dissolution and was determined to be independent under the Nasdaq Listing Rules.

The purpose of the Operations Committee was to:

- provide advice and counsel to management regarding the Company's daily business operations;
- review strategic proposals related to the Company's operations; and
- present to management of the Company and the Board an independent assessment of Cypress’s business operations and practices.

To discharge their responsibilities, members of the Operations Committee attended various quarterly operations reviews and met regularly with various members of the Company’s senior management. Although the Operations Committee has been dissolved, the Board has asked Mr. van den Hoek, in his capacity as a director, to attend up to two operational review meetings per quarter, as may be requested by the Company’s chief executive officer.

Special Committees. In fiscal year 2016, the Board established two special committees. The Pricing Committee was established to oversee the pricing and management of the Company's debt structure needed to complete the acquisition of Broadcom's Internet of Things business unit. The Pricing Committee consisted of Mr. Albrecht (Chairman), Mr. Benhamou and Mr. Wishart and met eleven times in fiscal year 2016. The CEO Search Committee was established to oversee and conduct the search for a new president and CEO following Mr. Rodgers’ resignation as president and CEO in April 2016.

Printed copies of the Corporate Governance Guidelines, the Code of Business Conduct and Ethics, and the charters of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Operations Committee are also available to any stockholder upon written request to: Corporate Secretary, Cypress Semiconductor Corporation, 198 Champion Court, San Jose, California 95134.

DIRECTOR COMPENSATION

Non-Employee Director Cash Compensation

Our non-employee directors are paid an annual fee for serving on the Board, plus additional fees based on their committee service. Cash fees have not changed since 2009. The table below shows the cash compensation for our non-employee Board members in fiscal year 2016.

Position	2016 Annual Fees[1]
Non-employee director retainer	$50,000
Board chairman	$30,000
Audit Committee chairman	$20,000
Audit Committee member	$15,000
Compensation Committee chairman	$15,000
Compensation Committee member	$10,000
Nominating and Corporate Governance Committee chairman	$5,000
Nominating and Corporate Governance Committee member	$5,000
Operations Committee	$2,500[2]

1. Excluding the Operations Committee fees, which were paid per meeting.
2. Fees paid for each of the Company's quarterly operations meetings attended.

In addition to the retainer and meeting fees described above, non-employee directors are also reimbursed for travel and other reasonable out-of-pocket expenses related to attendance at Board and committee meetings, business events on behalf of Cypress, and seminars and programs on subjects related to their responsibilities.

Members of the Pricing Committee did not receive compensation for their service on this committee. The chairman of the CEO Search Committee was paid $15,000 and each member was paid $10,000 upon appointment to the CEO Search Committee; the fee covered the first four meetings. The chairman and each member were paid $1,000 for their attendance at any meeting beyond the four meetings covered by the initial fee, subject to a cap of $3,500 per day.

Non-Employee Director Equity Compensation

Non-employee director equity compensation was increased in fiscal year 2015 from an equity award with a grant date value of approximately $175,000 to an equity award grant date value of approximately $200,000. Upon their initial appointment to the board, each non-management director is granted an equity award with a grant date value of approximately $200,000, which vests annually over three years. Non-employee directors who are elected at Cypress’s annual stockholders meeting receive an equity grant equal to approximately $200,000, which vests the day before the next annual stockholders meeting (which we refer to as the annual equity grant). Any new director appointed by the board in between annual stockholder meetings will receive the annual equity grant, but with a value that is pro-rated for the number of months the director serves until the next annual stockholders meeting. All such awards are subject to the limitations set forth in Cypress’s stock plan.

DIRECTOR COMPENSATION
PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

DIRECTOR COMPENSATION
Fiscal Year Ended January 1, 2017

Director	Fees Earned or Paid in Cash ($)	Stock Awards[1] ($)	Option Awards[2] ($)	All Other Compensation ($)	Total ($)
W. Steve Albrecht[3]	94,000	199,998	-	-	293,998
Eric A. Benhamou[4]	125,000	199,998	-	-	324,998
H. Raymond Bingham[5]	237,651	199,998	-	-	437,649
John H. Kispert[6]	42,170	199,998	-	-	242,168
Oh Chul Kwon[7]	62,000	199,998	-	-	261,998
Wilbert van den Hoek[8]	171,000	199,998	-	-	370,998
Michael S. Wishart[9]	102,000	199,998	-	-	301,998

1. The value reported in the "Stock Awards" column represents the aggregate grant date fair value of awards granted in fiscal year 2016, as determined pursuant to ASC 718. The amount shown for each director reflects the grant date fair value of the annual equity grant for 21,459 restricted stock units made on May 6, 2016, which will vest in full on the day before the 2017 annual stockholders meeting. The directors had the following number of unvested restricted stock units at the end of fiscal year 2016: Mr. Albrecht, 21,459 unvested restricted stock units; Mr. Benhamou, 21,459 unvested restricted stock units; Mr. Bingham, 161,445 unvested restricted stock units, 21,459 of which represent the annual equity grant in 2016, and 7,440 of which represent Spansion Inc. ("Spansion") grants awarded prior to the merger with the Company (all other unvested restricted stock units awarded on or after August 10, 2016 were made to Mr. Bingham in his capacity as Executive Chairman and are therefore reported in the Summary Compensation Table and other executive compensation tables); Mr. Kwon, 32,619 unvested restricted stock units, 21,459 of which are for the annual equity grant in 2016 and 11,160 of which are for Spansion grants awarded prior to the merger with the Company; Mr. van den Hoek, 21,459 restricted stock units; and Mr. Wishart, 32,619 unvested restricted stock units, 21,459 of which represent the annual equity grant in 2016, and 11,160 of which represent Spansion grants awarded prior to the merger with the Company.
2. No stock option awards were granted to our directors in fiscal year 2016. The following aggregate director option awards were outstanding at the end of fiscal year 2016: Mr. Bingham, 184,275 options, all of which are Spansion awards issued prior to the merger with the Company; and 34,398 options, all of which are Spansion awards issued prior to the merger with the Company.
3. Fees Earned includes a $50,000 Board of Directors (the "Board") retainer fee, $20,000 Audit Committee chairman fee, $5,000 Nominating and Corporate Governance Committee member fee, and a $19,000 CEO Search Committee fee.
4. Fees Earned includes a $50,000 Board retainer fee, $15,000 Audit Committee member fee, $15,000 Compensation Committee chairman fee, $1,978 Nominating and Corporate Governance Committee chairman fee and $3,022 Nominating and Corporate Governance Committee member fee (certain fees pro-rated to Mr. Benhamou's August 10, 2016 start date on certain committees), and $40,000 CEO Search Committee fee.
5. Fees Earned includes a $30,220 Board retainer fee, $18,132 for Board chairman fee, $6,044 Compensation Committee member fee, $3,022 Nominating and Corporate Governance Committee chairman fee (each of the Board and committee fees pro-rated to Mr. Bingham's August 10, 2016 appointment as Executive Chairman), $15,000 CEO Search Committee Chairman fee, and $165,233. All renumeration received on or after August 10, 2016 is reported in the Executive Compensation Tables.
6. Fees Earned includes a $42,170 Board retainer fee (pro-rated to Mr. Kispert's May 7, 2016 resignation date from the Board.
7. Fees Earned includes a $50,000 Board retainer fee and $12,000 CEO Search Committee fee.

8. Fees Earned includes a $50,000 Board retainer fee, $10,000 Compensation Committee member fee, $70,000 Operations Committee fee, and $41,000 CEO Search Committee fee.
9. Fees Earned includes a $50,000 Board retainer fee, $15,000 Audit Committee member fee, $10,000 Compensation Committee member fee, and $27,000 CEO Search Committee fee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding common stock of the Company beneficially owned as of March 17, 2017, which includes any equity shares which each individual has the right to acquire within 60 days thereof through the exercise of stock options and the vesting of restricted stock units (RSUs), as well as those shares that were actually owned as of March 17, 2017 for:

- each of our directors and director nominees;
- our chief executive officer, our chief financial officer and each of the other individuals who met the requirements of a named executive officer as of fiscal year-end (the "named executive officers");
- all individuals who serve as directors or executive officers as of March 17, 2017 as a group; and
- each person (including any "group" as that term is used in Rule 13(d)(3) of the Securities Exchange Act of 1934 who is known by us to own beneficially more than 5% of our common stock as of the date identified on their Schedule 13G or 13D filing.

As of March 17, 2017, 329,037,326 shares of the Company's common stock were issued and outstanding.

Directors, Officers and 5% Stockholders	Shares Beneficially Owned[1]	Percent*	Shares Owned Outright[2]
Directors			
W. Steve Albrecht[3]	163,280	*	163,280
Eric A. Benhamou[4]	168,538	*	168,538
Oh Chul Kwon[5]	47,665	*	47,665
Wilbert van den Hoek[6]	88,702	*	88,702
Michael S. Wishart[7]	108,195	*	73,797
Named Executive Officers			
H. Raymond Bingham[8]	343,114	*	147,796
Hassane El-Khoury[9]	373,966	*	342,074
Dana C. Nazarian[10]	550,303	*	550,303
Joseph Rauschmayer[11]	207,245	*	151,256
T.J. Rodgers[12]	8,727,619	2.7%	8,727,619
Thad Trent[13]	293,304	*	244,836
All directors and executive officers of the Company at fiscal year-end as a group[14]	2,137,067	*	1,826,991
5% Stockholders			
BlackRock, Inc.[15] 55 East 52nd Street New York, NY 10055	25,406,494	7.7%	—
The Vanguard Group[16] 100 Vanguard Blvd. Malvern, PA 19355	28,645,862	8.7%	—
Waddell & Reed Financial, Inc.[17] 6300 Lamar Avenue Overland Park, KS 66202	17,412,071	5.3%	—

* Less than 0.5%. See footnotes on the next page.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

1. For each person and group included in this column excluding those companies listed under the 5% Stockholders heading, beneficially owned shares includes the number of shares of common stock that such person or group had the right to acquire within 60 days after March 17, 2017.
2. For each person and group included in this column excluding those companies listed under the 5% Stockholders heading, shares owned by such person or group excludes the number of shares of common stock that such person or group had the right to acquire within 60 days after March 17, 2017.
3. Shares Beneficially Owned and Shares Owned Outright both include 163,280 shares of common stock held directly by Mr. Albrecht.
4. Shares Beneficially Owned and Shares Owned Outright both include 168,538 shares of common stock held directly by Mr. Benhamou.
5. Shares Beneficially Owned and Shares Owned Outright both include 47,665 shares of common stock held directly by Mr. Kwon.
6. Shares Beneficially Owned and Shares Owned Outright both include 88,669 shares of common stock held directly by Mr. van den Hoek and 33 shares of common stock held indirectly by Mr. van den Hoek.
7. Shares Beneficially Owned includes 73,797 shares of common stock held directly by Mr. Wishart and an option to purchase 34,398 shares of common stock, which is fully vested. Shares Owned Outright includes 73,797 shares of common stock held directly by Mr. Wishart, and excludes an option to purchase 34,398 shares of common stock, which is fully vested.
8. Shares Beneficially Owned includes 77,160 shares of common stock held directly by Mr. Bingham and the Raymond and Kristin Bingham Revocable Trust, 70,636 shares of common stock held indirectly by Bingham Investments L.P., an option to purchase 184,275 shares of common stock, which is fully vested, and 11,043 shares of common stock issuable upon vesting of RSUs within sixty days of March 17, 2017. Shares Owned Outright includes 77,160 shares of common stock held directly by Mr. Bingham and the Raymond and Kristin Bingham Revocable Trust, and 70,636 shares of common stock held indirectly by Bingham Investments L.P., and excludes an option to purchase 184,275 shares of common stock, which is fully vested, and 11,043 shares of common stock issuable upon vesting of RSUs within sixty days of March 17, 2017.
9. Shares Beneficially Owned includes 342,074 shares of common stock held directly by Mr. El-Khoury, options to purchase 13,488 shares of common stock and 18,404 shares of common stock issuable upon vesting of RSUs within sixty days of March 17, 2017. Shares Owned Outright includes 342,074 shares of common stock held directly by Mr. El-Khoury, and excludes options to purchase 13,488 shares of common stock and 18,404 shares of common stock issuable upon vesting of RSUs within sixty days of March 17, 2017.
10. Shares Beneficially Owned and Shares Owned Outright both include 550,303 shares of common stock held directly by Mr. Nazarian
11. Shares Beneficially Owned includes 151,256 shares of common stock held directly by Mr. Rauschmayer and options to purchase 55,989 shares of common stock, which are fully vested. Shares Owned Outright includes 151,256 shares of common stock held directly by Mr. Rauschmayer and excludes options to purchase 55,989 shares of common stock, which are fully vested.
12. Shares Beneficially Owned and Shares Owned Outright both include 8,727,619 shares of common stock beneficially owned by Mr. Rodgers, 100 shares of which are held of record by the Rodgers Massey Revocable Living Trust Dtd 04/04/11. Certain entities and individuals may be deemed to be associates of Mr. Rodgers under the Exchange Act. Information in this footnote 12 regarding the ownership of Shares Beneficially Owned and Shares Owned Outright by Mr. Rodgers, and of associates or related trusts, is based on information from Schedule 14A Information (preliminary proxy statement) filed by Mr. Rodgers with the SEC on March 14, 2017. Mr. Rodgers has pledged 7,620,519 shares of common stock in a single margin account. As of March 14, 2017, none of these shares is subject to a margin call. The pledged shares are not used to shift or hedge any economic risk in owning common stock. These shares collateralize loans used to primarily fund Mr. Rodgers' purchase of common stock upon the exercise of certain option grants

prior to their expiration over the past years. Information regarding the shares of common stock held in a margin account by Mr. Rodgers is based on information from Schedule 14A Information (preliminary proxy statement) filed by Mr. Rodgers with the SEC on March 14, 2017.

13. Shares Beneficially Owned includes 244,836 shares of common stock held directly by Mr. Trent, options to purchase 47,135 shares of common stock and 1,333 shares of common stock issuable upon vesting of RSUs within sixty days of March 17, 2017. Shares Owned Outright includes 244,836 shares of common stock held directly by Mr. Trent, and excludes options to purchase 47,135 shares of common stock and and 1,333 shares of common stock issuable upon vesting of RSUs within sixty days of March 17, 2017.

14. Shares Beneficially Owned includes 1,826,991 shares of common stock held directly or indirectly by our directors, executive officers, and their family members, options to purchase 244,898 shares of common stock and 65,178 shares of common stock issuable upon vesting of RSUs within sixty days of March 17, 2017. Shares Owned Outright includes 1,826,991 shares of common stock held directly or indirectly by our directors, executive officers, and their family members and excludes options to purchase 244,898 shares of common stock and 65,178 shares of common stock issuable upon vesting of RSUs within sixty days of March 17, 2017.

15. The ownership information set forth in the table and this footnote is based on information contained in a statement on Schedule 13G/A filed with the Securities and Exchange Commission (the "SEC") on January 23, 2017. BlackRock, Inc. has sole voting power with respect to 24,272,994 shares and sole dispositive power with respect to 25,406,494 shares of common stock.

16. The ownership information set forth in the table and this footnote is based on information contained in a statement on Schedule 13G/A filed with the SEC on February 9, 2017. The Vanguard Group has sole voting power with respect to 190,189 shares, shared voting power with respect to 36,289 shares, sole dispositive power with respect to 28,436,360 shares and shared dispositive power with respect to 209,502 shares of common stock.

17. The ownership information set forth in the table and this footnote is based on information contained in a statement on Schedule 13G/A filed with the SEC on February 14, 2017. Waddell & Reed Financial, Inc. has indirect sole voting power and indirect sole dispositive power with respect to 17,412,071 shares of common stock. Waddell & Reed Financial Services, Inc. and Waddell & Reed, Inc. each have indirect sole voting power and indirect sole dispositive power with respect to 6,594,931 shares of common stock. Waddell & Reed Investment Management Company has direct sole voting power and direct sole dispositive power with respect to 6,594,931 shares of common stock. Ivy Investment Management Company has direct sole voting power and direct sole dispositive power with respect to 10,817,140 shares of common stock.

COMPENSATION COMMITTEE REPORT

The information in this report shall not be deemed to be “soliciting material” or “filed” with the Securities and Exchange Commission or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), except to the extent that Cypress specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

We have reviewed and discussed the following Compensation Discussion and Analysis (which is incorporated by reference in this report) with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement on Schedule 14A.

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Eric A. Benhamou, Chairman

Wilbert van den Hoek

Michael S. Wishart

COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

This Compensation Discussion and Analysis (CD&A) describes Cypress's executive compensation philosophies, objectives and programs, as well as the compensation-related actions taken in fiscal year 2016 for the following named executive officers (NEOs):

Name	Title
Hassane El-Khoury	Current President and Chief Executive Officer (from August 10, 2016); Former Office of the CEO (from April 29, 2016 to August 10, 2016); Former Executive Vice President, Programmable Systems Division (until August 10, 2016)
Thad Trent	Chief Financial Officer and Executive Vice President, Finance and Administration; Former Office of the CEO (from April 29, 2016 to August 10, 2016)
Dana C. Nazarian	Executive Vice President, Operations and Technology (from August 10, 2016); Former Office of the CEO (from April 29, 2016 to August 10, 2016); Former Executive Vice President, Memory Products Division (until August 10, 2016)
Joseph Rauschmayer	Executive Vice President, Manufacturing; Former Office of the CEO (from April 29, 2016 to August 10, 2016)
H. Raymond Bingham	Executive Chairman (from August 10, 2016)
T.J. Rodgers	Former President and Chief Executive Officer (until April 28, 2016); Technical Advisor (from April 29, 2016 to August 10, 2016)

This CD&A also summarizes our planned compensation changes for fiscal year 2017.

In this CD&A section, the terms "we," "our," and "us" refer to management, the Company and sometimes as applicable, the Compensation Committee ("Committee") of the Company's Board. When referring to the CEO in any narrative disclosure, such reference is to Cypress's CEO at the end of fiscal year 2016, Hassane El-Khoury.

Executive Summary

2016 was a year of change and transformation for Cypress. Our founder and long-term President and Chief Executive Officer, T.J. Rodgers, stepped down in April 2016. In connection with Mr. Rodgers departure, the Board formed the Office of the President and Chief Executive Officer (OCEO), which consisted of Hassane El-Khoury, Thad Trent, Dana Nazarian and Joseph Rauschmayer. The OCEO reported directly to the Board and performed the duties of the President and Chief Executive Officer from April 29, 2016 to August 10, 2016. Effective August 10, 2016, Mr. El-Khoury was promoted to the position of President and Chief Executive Officer of the Company. In addition, effective August 10, 2016, the Board appointed Ray Bingham as Executive Chairman, a newly created position pursuant to which Mr. Bingham functions as both an executive officer of the Company and as Chairman of the Board. The Executive Chairman role is anticipated to be a short-term position, providing support to the CEO and focused externally on customers and investment opportunities. The Board evaluates, on a periodic basis, the continued need for the Executive Chairman position.

In addition, due to the nature of these executive officer changes, the Company's 2016 executive compensation program included a number of compensation events that would not be experienced in a typical year. These include:

- the departure of a long-term CEO and entry into an accompanying severance agreement;
- the creation of the OCEO and the award of equity grants in connection with service on the OCEO;
- the promotion of an internal executive to be the new CEO, including the grant of a significant equity award in connection with such service; and
- the creation of the Executive Chairman position, including the grant of a significant equity award in connection with such promotion.

As discussed in greater detail below, the compensation program established by the Company in 2017 reflects a more typical annual compensation cycle, without distortion from a series of atypical events at the executive officer level.

COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

Business Highlights

With the appointment of Mr. El-Khoury as the new CEO, Cypress began a global restructuring plan and launched various long-term strategic corporate initiatives, collectively being referred to as Cypress 3.0 initiatives. The Cypress 3.0 initiatives intend to: increase our focus on becoming a solutions driven company, increase ease of doing business, redeploy personnel and resources to target market segments that are expected to grow faster than the industry (including automotive, industrial and the Internet of Things (IoT)), and streamline our internal processes.

Cypress accomplished the following in fiscal year 2016:

- continued to execute on our gross margin improvement plan while reducing inventory by as we completed our lean inventory initiative, and we burned through over $80 million of excess inventory in 2016 as planned;
- acquired Broadcom’s IoT business to expand our connectivity products focused on automotive, industrial and consumer IoT markets;
- increased our automotive business by 37% over fiscal year 2015;
- returned $170.9 million to Cypress stockholders, through $141.4 million in cash dividends and $29.5 million in stock repurchases;
- completed the integration of Spansion, Inc. ("Spansion"), recognizing a total of $188.5 million in annualized cost synergies from the merger of Cypress with Spansion in fiscal year 2015; and
- closed a $111.4 million dollar investment in Deca Technologies Inc., an entity partially owned by Cypress, from two strategic investors.

Responding to our Stockholders

When determining executive compensation, the Committee considers the results of the annual advisory “say-on-pay” vote cast by stockholders. Cypress received a 90% passing vote at its 2016 annual meeting, at which stockholders approved Cypress’s executive compensation programs. Cypress believes it is critical to continue to expand the dialogue with stockholders to receive additional feedback and further explain its compensation philosophy and practices. As such, Cypress conducted an investor outreach program in fiscal year 2016 with the Company’s top stockholders. As a result of such discussions, Cypress is retaining certain changes first made in fiscal year 2014, including providing more disclosure on multi-year equity grants and modifying performance milestones to ensure greater alignment with stockholders’ interests. Cypress also instituted a “no pledging” policy based on our discussions with our investors.

Compensation Processes and Philosophy

Cypress’s Philosophy

Cypress's executive compensation programs are designed to attract, motivate, and retain NEOs, who are critical to Cypress’s success. Under these programs, NEOs are rewarded for achieving specific short- and long-term strategic, corporate goals, and realizing increased stockholder value.

Cypress’s philosophy is to target NEO total direct compensation at approximately the 50th percentile among the named peer group companies, for median levels of performance, with higher compensation for above plan performance and lower compensation for below plan performance. We accomplish this through:

- base salary levels that are targeted to the median for our peer group;
- target cash incentive awards that are close to the median target awards of our peers;
- stock-based compensation, which results in target total direct compensation at the median of the peer group;
- equity grants generally weighted more towards performance-based shares, with single and multi-year measurement periods, and weighted less towards service-based shares; and
- a standard employee benefits package.

In addition, Cypress is approximately near the median of its peer group in terms of annual revenue and market capitalization.

In a typical year, the Cypress Incentive Plan (CIP) provides a good example of how pay is materially impacted by performance. Each year we establish corporate and individual scorecards comprised of critical success factors (CSFs) on a quarterly and annual basis. These scorecards are derived from the Company's annual plan. The annual plan is management's best estimate of the Company's performance in that year. Cypress NEOs receive compensation (i) above target levels to the extent performance exceeds targeted annual plan levels, and (ii) below target if the Company does not achieve annual plan goals.

However, in fiscal year 2016, due to the departure of Mr. Rodgers, the creation of the Office of the CEO and the appointment of a new CEO in August 2016, the Committee granted RSUs in lieu of a cash payment under the CIP. The grants were equivalent to approximately 43% of the annualized target cash incentive to each of Mr. Trent, Mr. Nazarian and Mr. Rauschmayer. In addition, the Committee granted RSUs equivalent to approximately 29% and 25% of the annualized target cash incentive to Messrs. El-Khoury and Bingham for their roles as CEO and Executive Chairman, respectively. The grants to Messrs. El-Khoury and Bingham were calculated in light of the fact that they were appointed to their new positions in August 2016. These RSU grants were in lieu of potential payouts under the CIP and were granted partially as a retention vehicle and partially as a reward for assisting Cypress during this transition, with the value dependent on the Company's stock price. These RSU grants reflect the unique circumstances of the new CEO transition year, are meant to be a one-time deviation from the CIP program, and fully vested on January 31, 2017.

The performance-based stock awards granted by the Company are intended to provide similar leveraged opportunities. The performance-based stock awards are based on Committee approved annual and multi-year goals as well as Cypress's TSR relative to peers, and are intended to significantly reward for over-performance and penalize for under-performance.

The Company's compensation plans provide significant pay-for-performance variability, with the opportunity to earn pay higher than peers at exceptional levels of performance, while paying less than peers for lagging levels of performance, as illustrated in the chart below.

Cypress's compensation programs are designed to achieve the following objectives:

Attract and Retain Top Talent

Cypress aims to attract and retain top talent to compete effectively and retain the highest quality of executives who will determine its long-term success. Cypress has structured its executive compensation program to be competitive with compensation paid by companies in the same market for executive talent, which may include public and private companies. This is very important, especially in the Silicon Valley area where Cypress is headquartered. To ensure Cypress remains competitive, Cypress generally administers an annual compensation review process to evaluate whether the current level of cash and equity compensation for each executive is adequate and then makes adjustments based on merit.

Pay-for-Performance

Cypress uses pay-for-performance compensation programs to align executive compensation with its achievements on both a short- and long-term basis. NEOs' target total direct compensation is generally heavily weighted towards at-risk, performance-based cash and equity compensation, which includes quarterly and annual incentive cash bonuses and performance stock units. The performance targets under these programs are challenging and pre-determined both at the corporate level, through corporate goals, and at a personal level - for cash bonuses - through individual goals set for each applicable period. This aligns NEO compensation with stockholder interests by tying a significant portion of total direct compensation to achieving performance goals designed to ensure Cypress's financial and operational success over both the short- and long-term. Both are set in advance and pre-approved by the Committee. Compensation is designed to be very rewarding when the goals are achieved above target and to result in limited or no payout when the goals are not achieved, with the Committee providing oversight to ensure payouts are consistent with financial results. As shown in the following charts, the performance-based incentives constitute by far the largest portion of potential compensation for our CEO and other NEOs:

Process

The Committee reviews and approves all compensation for NEOs, including salary, bonus, equity compensation, and other employee benefits. The Committee consists entirely of independent directors and has a two-fold philosophy regarding the total compensation of senior executives. First, the Committee seeks to encourage and reward executives for achievements that are critical to Cypress's performance and profitability over both the short- and long-term by tying a significant portion of NEOs' total compensation directly to Cypress's financial, operational and stock price performance. Second, the Committee seeks to ensure that executive compensation is competitive by targeting the total direct compensation of each executive at approximately the 50th percentile of executive compensation of Cypress's peer group of companies. The actual percentile may vary depending on Cypress's financial performance, each executive's individual performance and importance to Cypress, or internal equity considerations among all senior management. As Cypress's performance improves, so does the compensation of its NEOs. However, the Committee may also use its judgment to apply negative discretion to reduce payouts of compensation programs.

The Role of the Independent Compensation Consultant

The Committee retained Pearl Meyer & Partners ("Pearl Meyer") as its compensation consultant for fiscal year 2016. Pearl Meyer is independent from Cypress, has not provided any services to Cypress other than to the Committee, and receives compensation from Cypress only for services provided to the Committee. The Committee typically asks Pearl Meyer to attend its regular meetings, including executive sessions at which management is not present. The Committee worked directly with Pearl Meyer to develop compensation recommendations for Cypress's NEOs.

COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

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The Role of Management

The CEO also makes recommendations to the Committee about the compensation of the other NEOs based on their achievement of quarterly, annual and multi-year objectives. While the Committee is solely responsible for approving executive compensation, the human resources executive and the CEO support the work of the Committee and Pearl Meyer. The Committee meets frequently in executive session without management present. In making its compensation determinations, the Committee also annually reviews the total compensation that each NEO and other key executives are eligible to receive against the compensation levels of comparable positions of a peer group of companies using survey data and the peer group companies' proxy statements. The Committee periodically completes a review considering multi-year wealth accumulation and uses both internal and peer data.

Peer Group Companies

The Committee modified Cypress’s peer group companies in early 2016 to better align the group with Cypress’s revenue and market capitalization, and to account for mergers and acquisitions within the industry. The Committee selected peer companies that were publicly traded, headquartered in the United States, competed in the semiconductor industry, and were broadly similar to Cypress in their product and services offerings, revenue size and market capitalization and which Cypress competed with for talent. Cypress’s compensation consultant provided additional analysis and recommendations regarding Cypress’s peer group. The Committee removed Altera Corporation, Atmel Corporation, Freescale Semiconductor, Inc. and Omnivision Technologies, Inc. from Cypress's 2016 peer group due to them having been acquired. The Committee added Cirrus Logic, Inc., Cree, Inc., Linear Technology Corp. and Vishay Intertechnology Inc. to Cypress's 2016 peer group based on the factors described above. The Committee believes that the 2016 peer group is an improvement in terms of size as compared to Cypress's 2015 peer group, given that Cypress is approximately near the median of this group’s annual revenue and market capitalization, thereby making comparisons more relevant. Cypress’s 2016 peer group companies are listed in the table below:

2016 Peer Group Companies	
Advanced Micro Devices, Inc.	Microsemi Corporation
Analog Devices, Inc.	NVIDIA Corporation
Cirrus Logic, Inc.	ON Semiconductor Corp.
Cree, Inc.	Qorvo, Inc.
Fairchild Semiconductor International, Inc.	Skyworks Solutions, Inc.
Linear Technology Corporation	Synaptics Incorporated
Maxim Integrated Products Inc.	Vishay Intertechnology Inc.
Microchip Technology Inc.	Xilinx Inc.

Elements of Compensation

The components of Cypress’s executive compensation program are: (i) base salary; (ii) service-based equity; (iii) performance-based compensation, consisting of variable and at-risk incentive cash compensation and equity awards; and (iv) limited benefit programs, such as Cypress’s deferred compensation plans. Cypress offers standard health benefits and an employee stock purchase program to all employees. Cypress does not offer any perquisites to its NEOs and does not allow them to pledge Cypress stock.

Compensation	Objectives	Key Features
Base Salary	Provides a fixed level of compensation to reward demonstrated experience, skills and competencies relative to the market value of the job.	Targeted at the 50th percentile of Cypress’s peer group on average, but varies based on skills, experience and other factors. Adjustments are considered annually based on individual performance, level of pay relative to the market, and internal pay equity.

Compensation	Objectives	Key Features
Cypress Incentive Plan (CIP)[1]	Rewards achievement of strategic corporate objectives and individual milestones using a balanced scorecard. Aligns NEOs interests with those of stockholders by providing awards tied to performance based on revenue, earnings-per-share and meeting certain strategic corporate objectives.	Targeted at the 50th percentile of Cypress's peer group; 100% at-risk based on individual and company performance. Cypress's CEO and executive chairman are each eligible to earn 125% of their base salary at target, and all other NEOs are eligible to earn 70% of their respective base salaries. The CIP bonus is partially based on Cypress meeting revenue, EPS, and strategic corporate objectives.[2] The Company granted service-based restricted stock units in lieu of the CIP in fiscal year 2016 due to the CEO transitions within the year.
Restricted Stock Units (RSUs)	Provides an opportunity for wealth creation and ownership, promoting retention and enabling us to attract and motivate Cypress's NEOs.	Service-based equity operating under the PARS program. The grants comprised approximately 43% of the total PARS grant in fiscal year 2016, vesting over a period of two years from the date of grant. Annual grants are based on individual performance, level of pay relative to the market, and internal pay equity.
Performance Stock Units (PSUs)[1]	Aligns NEOs interests with stockholder interests by linking part of each NEOs compensation to long-term corporate performance.	Designed to provide total direct compensation (base + annual incentive + equity awards) at approximately the 50th percentile of Cypress's peer group's total direct compensation in years when performance meets stated objectives, but can be higher or lower depending on the performance in that year. For fiscal year 2016, performance-based equity awards granted were contingent on the following performance milestones and equaled approximately 57% of the total PARS grant: · Gross Margin · New Product The Committee may apply negative discretion to these grants. For a detailed explanation of the PARS calculation, please see the section entitled "Performance-Based Equity Compensation - 2016 Multi-Year Performance Accelerated Restricted Stock Program (PARS)."

Compensation	Objectives	Key Features
Non-Qualified Deferred Compensation	Provides retirement savings in a tax-efficient manner.	NEOs can elect to defer up to 75% of their base salaries or 100% of their annual incentive cash payments, if any cash incentives are paid. Balances in the deferred compensation plan are unfunded obligations and at risk. Investment returns on balances are linked to the returns on mutual funds and other publicly-traded securities and do not generate any above market or preferential returns. Cypress does not guarantee any return or provide any matching contributions. Cypress does not provide perquisites and limits all other compensation to its NEOs.
Other Compensation/Benefits[3]		Cypress does not provide any material perquisites to the NEOs and limits all other compensation to its NEOs.

1. The compensation received under the CIP and the PSUs granted under the PARS program are designed to qualify as “performance-based compensation” within the meaning of Section 162(m) (Performance-Based Compensation) of the Internal Revenue Code. Notwithstanding Cypress’s efforts, no assurance can be given that compensation designed to satisfy such tax requirements does in fact do so.

2. Calculation of CIP - Payments under the CIP are calculated as follows:

Base Salary x Incentive Target x Funding % x Individual Goal Achievement %

Incentive Target - the Incentive Target is based on each employee's position within the Company. The Incentive Target for our CEO and Executive Chairman is 125% and is 70% for all of our other NEOs.

Funding % - the Funding % for fiscal year 2016 was comprised of a two dimensional matrix of revenue and EPS (70%) and strategic corporate goals (30%).

Individual Goal Achievement % - The final element of the CIP in fiscal year 2016 was the achievement of individual milestones, which were measurable quarterly, and annual performance goals that were identified by NEOs and reviewed, modified as appropriate, and approved in advance by the chief executive officer. The milestones varied by person and were a mix of short- and long-term goals that were focused on factors critical to the success of Cypress, including financial, market share, new customer, new product and operational initiatives. The milestones for each period were scored on a scale of 0% to 100%, with each milestone weighted by a specific point value based on its importance to Cypress and/or its level of difficulty. Specific scoring parameters that were used to determine whether the milestone had been achieved were also identified in advance in writing. At the end of each fiscal quarter, or fiscal year, as applicable, the NEOs “scored” their milestones based on the scoring parameters previously established. Their scores were reviewed, adjusted if necessary, and approved by the CEO.

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2016 CIP Calculation - In fiscal year 2016, due to the departure of Mr. Rodgers, the creation of the Office of the CEO and the appointment (in August 2016) of a new CEO, the Committee granted RSUs in lieu of any cash incentive payment under the CIP. The Committee granted RSUs equivalent to approximately 43% of the annualized target cash incentive to each of Mr. Trent, Mr. Nazarian and Mr. Rauschmayer. In addition, the Committee granted RSUs equivalent to approximately 29% and 25% of the annualized target cash incentive to Messrs. El-Khoury and Bingham for their roles as CEO and Executive Chairman, respectively. The grants to Messrs. El-Khoury and Bingham were calculated in light of the fact that they were appointed to their new positions in August 2016. These RSUs were in lieu of potential payouts under the CIP and were granted partially as a retention vehicle and partially as a reward for assisting Cypress during this transition. These RSU grants reflect the unique circumstances of the new CEO transition year, are meant to be a one-time deviation from the CIP program, and fully vested on January 31, 2017.

3. Other Compensation/Benefits

Non-Qualified Deferred Compensation - Cypress also maintains an unfunded, non-qualified deferred compensation plan. The plan allows eligible participants, including NEOs, to voluntarily defer receipt of a percentage of up to 75% of their base salary or 100% of their cash bonus payment, as the case may be, until the date or dates elected by the participants, thereby allowing the participating employees to defer taxation on such amounts. There are two non-qualified deferred compensation plans available, one of which pays a death benefit equal to two times participant contributions; the two plans are otherwise identical. All eligible employees have the option to choose one plan in which they participate. Please refer to the table entitled “Non-Qualified Deferred Compensation” in the section entitled “Executive Compensation Tables” for employee contributions and performance under this benefit plan in fiscal year 2016.

Other Compensation Limited - Cypress limits all other compensation to its NEOs. For example, Cypress does not provide a defined benefit pension plan, a match of employee contributions to its 401(k) plan or any other material perquisites. In addition, directors and NEOs are not permitted to pledge Cypress stock.

Cypress 2016 Executive Compensation

Summary of 2016 Executive Officer Changes

2016 was a year of change and transformation for Cypress. Our founder and long-term President and Chief Executive Officer, T.J. Rodgers, stepped down in April 2016. In connection with Mr. Rodgers departure, the Board formed the OCEO, which consisted of Messrs. El-Khoury, Trent, Nazarian and Rauschmayer. The OCEO reported directly to the Board and performed the duties of the President and Chief Executive Officer from April 29, 2016 to August 10, 2016. Effective August 10, 2016, Mr. El-Khoury was promoted to the position of President and Chief Executive Officer of the Company. In addition, effective August 10, 2016, the Board appointed Mr. Bingham as Executive Chairman, a newly created position pursuant to which Mr. Bingham functions as both an executive officer of the Company and as Chairman of the Board. The Executive Chairman role is anticipated to be a short-term position, providing support to the CEO and focused externally on customers and investment opportunities. The Board evaluates, on a periodic basis, the continued need for the Executive Chairman position.

In addition, due to the nature of these executive officer changes, the Company’s 2016 executive compensation program included a number of compensation events that would not be experienced in a typical year. These include:

- the departure of a long-term CEO and entry into an accompanying severance agreement;
- the creation of the OCEO and the award of equity grants in connection with service on the OCEO;
- the promotion of an internal executive to be the new CEO, including the grant of a significant equity award in connection with such service; and
- the creation of the Executive Chairman position, including the grant of a significant equity award in connection with such service.

As discussed in greater detail below, the compensation program established by the Company in 2017 reflects a more typical annual compensation cycle, without distortion from a series of atypical events at the executive officer level.

New CEO

As we stated earlier, fiscal year 2016 was a year of change for Cypress, including the appointment (in August 2016) of Hassane El-Khoury as our new President and Chief Executive Officer. Pearl Meyer, the Committee's independent executive compensation consultant, reviewed external market data of our peer group for the CEO role, to assist the Committee in its determination of Mr. El-Khoury's compensation for serving as CEO. The Committee, in consultation with Pearl Meyer, developed a potential compensation package for Mr. El-Khoury which was then deliberated and approved. Mr. El-Khoury's base salary was set at $650,000 per year, which is less than the 50th percentile of the peer group's base salary for similar roles. His bonus target was set at 125% of his base salary, which is approximately the median of bonus targets for CEO's in Cypress's peer group.

In connection with his promotion to the CEO position, Mr. El-Khoury was awarded $2.5 million worth of service-based RSUs, scheduled to vest quarterly in equal installments over three years. The Committee further approved granting him $4.5 million during the first quarter of fiscal year 2017, during Cypress's normal executive equity grant cycle. Mr. El-Khoury's offer letter containing the foregoing terms was unanimously approved by the Board. On March 16, 2017, the Committee approved an equity grant for Mr. El-Khoury in the form of 190,260 performance-based PSUs and 158,577 service-based RSUs as part of the overall fiscal year 2017 PARS program. The details of the 2017 PARS program are set forth under "Cypress 2017 Compensation Actions." Resulting fiscal year 2017 target total direct compensation for Mr. El-Khoury is below the market median of CEO pay among Cypress's peer group companies.

Executive Chairman

In August 2016, the Board appointed Mr. Bingham to the position of Executive Chairman, a newly created position pursuant to which Mr. Bingham functions as both an executive officer of the Company and as Chairman of the Board. Cypress's peer group did not have equivalent compensation data for the role of Executive Chairman. The Executive Chairman position is generally less prevalent in public companies, which typically have a combined Chairman and CEO position or a non-executive Chairman position. Accordingly, Pearl Meyer reviewed a survey with a broader peer group of 69 companies in order to assist the Committee in its determination of Mr. Bingham's compensation for serving as the Executive Chairman. Generally, the Executive Chairman's compensation in this survey ranged from 40% to 90% of the CEO's target compensation. Typically the compensation mix (base salary, cash bonus target and equity) was consistent with CEO compensation arrangements.

Mr. Bingham's role as Executive Chairman is considered a part-time, transitional role, with varying time commitments based on existing engagements and the needs of the Company. As Executive Chairman, Mr. Bingham is engaged in a multitude of activities on behalf of the Company, including (i) the facilitation of the transition from Mr. Rodgers to Mr. El-Khoury, (ii) serving as a mentor to the new CEO, (iii) conducting site visits in key locations, such as Japan, China, India and Germany, (iv) meeting with customers, and (v) participating in the development of the Company's strategic initiatives, including driving key commercial and financial negotiations, partnering on investor relations outreach, providing advice on mergers and acquisitions, and representing the Company at industry events. In light of these responsibilities, the Committee, after some deliberation, agreed to set Mr. Bingham's total compensation equivalent to approximately 60% of Mr. El-Khoury's. Consequently, Mr Bingham's base salary was set at $390,000 per year and his bonus target was set at 125% of his annual base salary. In addition, Mr. Bingham was awarded $1.5 million worth of service-based RSUs, scheduled to vest quarterly in equal installments over three years. The Committee also approved granting him $3.0 million of equity in the first quarter of fiscal year 2017. Mr. Bingham's offer letter containing the foregoing terms was unanimously approved by the Board. On March 16, 2017, the Committee approved an equity grant for Mr. Bingham in the form of 232,558 service-based RSUs, which are scheduled to vest quarterly in equal installments over three years from the date of grant.

Fixed Compensation - Base Salary

Cypress targets the NEOs' base salaries at approximately the 50th percentile of base salaries for similar positions and experience level in its peer group of companies. In fiscal year 2016, as part of its annual review of executive compensation, the Committee reviewed the base salaries of our NEOs, focusing on the competitiveness of salaries. Below is a summary of the salary of our NEOs for fiscal year 2016:

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Named Executive Officer	2016 Base Salary	% Increase from 2015
Hassane El-Khoury[1]	$650,000	140%
Thad Trent	$350,000	0%
Dana C. Nazarian	$279,965	0%
Joseph Rauschmayer	$345,213	0%
Ray Bingham[2]	$390,000	N/A
T.J. Rodgers[3]	$600,000	0%

1. Mr. El-Khoury's base salary was increased to $650,000 upon his appointment as President and Chief Executive Officer.
2. Mr. Bingham was not an employee of the Company prior to being appointed as Executive Chairman.
3. Mr. Rodgers base salary was reduced to $300,000 when he stepped down as President and Chief Executive Officer.

Promotion and New Hire Equity Grants

Mr. El-Khoury received an RSU grant with an aggregate value of $2.5 million in connection with his August 2016 appointment as President and CEO, which vests in equal quarterly installments over a three-year period. Mr. El-Khoury also received an additional equity award in the form of 190,260 performance-based PSUs and 158,577 service-based RSUs in the first quarter of fiscal year 2017, as part of the overall fiscal year 2017 PARS program. The details of the 2017 PARS program are set forth under "Cypress 2017 Compensation Actions."

Mr. Bingham received an RSU grant with an aggregate value of $1.5 million in connection with his August 2016 appointment as Executive Chairman, which vests in equal quarterly installments over a three-year period. Mr. Bingham also received an additional equity award in the form of 232,558 service-based RSUs in the first quarter of fiscal year 2017, which are scheduled to vest quarterly in equal installments over three years from the date of grant.

Performance-Based Incentive Cash Compensation

In fiscal year 2016, due to the departure of Mr. Rodgers, the creation of the Office of the CEO and the appointment (in August 2016) of a new CEO, the Committee granted RSUs in lieu of any cash incentive payment under the CIP. The RSU grants were equivalent to approximately 43% of the annualized target cash incentive to each of Mr. Trent, Mr. Nazarian and Mr. Rauschmayer. In addition, the Committee granted RSUs equivalent to approximately 29% and 25% of the annualized target cash incentive, to Mr. El-Khoury and Mr. Bingham for their roles as CEO and Executive Chairman, respectively. The grants to Messrs. El-Khoury and Bingham were calculated in light of the fact that they were appointed to their new positions in August 2016. These RSU grants were in lieu of potential payouts under the CIP and were granted partially as a retention vehicle and partially as a reward for assisting Cypress during this transition, with the value dependent on the Company’s stock price. These RSU grants reflect the unique circumstances of the new CEO transition year, are meant to be a one-time deviation from the CIP program, and fully vested on January 31, 2017. The number of RSUs received in lieu of the CIP payout are set forth below:

Named Executive Officer	RSU Grant
Hassane El-Khoury	21,494
Thad Trent	9,484
Dana C. Nazarian	7,586
Joseph Rauschmayer	9,613
Ray Bingham	11,080

T.J. Rodgers —

Performance-Based Equity Compensation

2016 Multi-Year Performance Accelerated Restricted Stock Program (PARS)

In early 2016, the Committee set the performance goals under which participants were eligible to earn their PARS shares. There are three components to the grants under the 2016 multi-year PARS program: (i) Service-Based Milestone, (ii) Gross

Margin Milestone, and (iii) New Product Milestone. Awards contingent on performance comprised approximately 57% of the fiscal year 2016 award. The table below shows the number of shares underlying the awards pertaining to each component.

PARS Participant	Service Based	Gross Margin Milestone	New Product Milestone	Total Grant
Hassane El-Khoury	33,000	22,000	22,000	77,000
Thad Trent	27,000	18,000	18,000	63,000
Dana C. Nazarian	33,000	22,000	22,000	77,000
Joseph Rauschmayer	33,000	22,000	22,000	77,000
Ray Bingham	—	—	—	—
T.J. Rodgers	72,000	48,000	48,000	168,000

The grants made for each of the three components of the multi-year PARS program granted in fiscal year 2016 vest over a one or two year period, as illustrated by the table below (totals are rounded):

Milestone	% of Total Grant Scheduled to Vest in Fiscal Year 2016	% of Total Grant Scheduled to Vest in Fiscal Year 2017	Total
Gross Margin	21.5%	7%	28.5%
New Product	21.5%	7%	28.5%
Service-Based	—%	43%	43%
Total	43%	57%	100%

The milestones for each grant component and the actual percent achieved in fiscal year 2016 were as follows:

(1) Service-Based Milestone

Service-based RSUs vest over a two year period if the NEO remains an employee in good standing of Cypress and is in a similar role, same or higher pay grade and same or increased scope of responsibilities as the NEO’s role on the grant date. No service-based RSUs were earned in fiscal year 2016.

(2) Gross Margin Milestone

Cypress must achieve a threshold level of Gross Margin performance before any NEO will earn any PSUs. If Gross Margin goals are achieved at target levels, NEOs will have the potential to earn the target number of PSUs for meeting this milestone. The number of PSUs earned will be linearly interpolated for Gross Margin performance achieved between threshold and target, and target to maximum. The maximum number of PSUs which may be earned for the Gross Margin performance goals is 200% of target.

2016 Performance Results: 21.5% of the PARS granted in fiscal year 2016 and earnable in fiscal year 2016 were contingent on the Company's achievement of the Gross Margin Milestone. The Company's threshold gross margin for fiscal year 2016 was 38.4% and target was 40%. Cypress's gross margin for fiscal year 2016 was 39% and, as a result, 8.5% of the Gross Margin Milestone shares were earned.

(3) New Product Milestone

Aggressive development and production milestones have been established for fiscal years 2016 and 2017 for the next generation programmable system on chip (PSoC) and are interlocked with customer schedules. Cypress must reach a threshold level of PSoC development or production milestones before any NEO will earn any PSUs. If development or production milestones are achieved at target levels, executives will have the potential to earn the targeted number of PSUs. The number of PSUs earned will be linearly interpolated for development or production milestones achieved between threshold and target, and target to maximum. The maximum number of PSUs which may be earned for the PSoC development or production milestones is 200% of target.

2016 Performance Results: 21.5% of the PARS granted in fiscal year 2016 and earnable in fiscal year 2016 were contingent on the Company's achievement of the New Product Milestone. The Company met the development and production milestones at target levels and, as a result, 100% of the New Product Milestone shares were earned.

Explanation of Responses:

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2015 Multi-Year Performance Accelerated Restricted Stock Program (PARS)

The NEOs also were also eligible to earn the following shares under the 2015 multi-year PARS program after fiscal year 2015:

PARS Participant	Service Based	TSR Milestone	Synergy Milestone	EPS Milestone	Total Grant
Hassane El-Khoury	60,000	36,000	42,000	24,000	162,000
Thad Trent	60,000	36,000	42,000	24,000	162,000
Dana C. Nazarian	60,000	36,000	42,000	24,000	162,000
Joseph Rauschmayer	60,000	36,000	42,000	24,000	162,000
Ray Bingham	—	—	—	—	—
T.J. Rodgers	120,000	72,000	84,000	48,000	324,000

Each of the four components of the grants under the multi-year PARS program granted in fiscal year 2015 vests over a one, two or three year period. The table below illustrates the percentage of the grant remaining after fiscal year 2015 (totals are rounded):

Milestone	% of Total Grant for Fiscal Year 2016	% of Total Grant for Fiscal Year 2017	Total
Service-Based	10.6%	10.6%	21.2%
TSR	6.4%	6.4%	12.8%
Synergy	10.6%	4.3%	14.9%
EPS	6.4%	2.1%	8.5%
Total	34.0%	23.4%	57.4%

The milestones for each grant component and the actual percent achieved in fiscal year 2016 were as follows:

(1) Service-Based Milestones

Service-based RSUs vest over a one-, two- and three-year period if the NEO remains an employee in good standing of Cypress and is in a similar role, same or higher pay grade and same or increased scope of responsibilities as the NEO's role on the grant date.

(2) TSR Milestones

TSR will be measured relative to Cypress's peer group for each of fiscal years 2015, 2016 and 2017. A series of one, two and three year periods was used to phase-in the awards.

In each performance period, Cypress's TSR must be above the 25th percentile of the peer group before any NEO will earn any PSUs. If Cypress's TSR is at the 65th percentile of the peer group, our NEOs will have the potential to earn the target number of PSUs. If Cypress's TSR is at the 90th percentile or higher, our NEOs will have the potential to earn the maximum number of PSUs, which is 200% of target. The number of PSUs earned will be linearly interpolated between the indicated performance levels. Importantly, if Cypress's TSR is negative, the number of PSUs earned based on achievement of the other milestones (if any) will be reduced by 50%.

2016 Performance Results: 6.4% of the PARS granted in fiscal year 2015 and earnable in fiscal year 2016 were contingent on the Company's one-year TSR performance period (from January 4, 2016 through January 1, 2017). Cypress's TSR was below the 15th percentile of the peer group and, as a result, none of the TSR Milestone shares were earned.

(3) Synergy Milestones

Company-specific synergy (cost savings related to the Spansion merger) performance goals have been defined for each of fiscal years 2015, 2016 and 2017. Synergy achievement will be reported with Cypress's financial results for the respective periods. Similar to the TSR milestones, Cypress must achieve a threshold level of synergy performance before any NEO will earn any PSUs. If synergy goals are achieved at target levels, our NEOs will have the potential to earn the targeted number of PSUs. The number of PSUs earned will be linearly interpolated for synergy performance achieved between threshold and target, and target to maximum. The maximum number of PSUs which may be earned for the synergy performance goals is 200% of target. For fiscal years 2015, 2016 and 2017, the performance goals were based on the annualized cost savings as of the end of the fourth quarter of each year given the incremental quarterly improvement anticipated to achieve our overall synergy goals. As announced at the time of the merger, the company's objective was to achieve $135 million in cost savings within three years.

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2016 Performance Results: 10.6% of the PARS granted in fiscal year 2015 and earnable in fiscal year 2016 were contingent on the Company's achievement of the Synergy Milestone. The Company generated annualized synergy savings of $188.5 million for fiscal year 2016, earning a payout at 200% of target and the maximum number of shares were earned for this portion of the award.

(4) EPS Milestones

Company-specific EPS performance goals have been defined for each of fiscal years 2015, 2016 and 2017. Similar to the TSR and Synergy Milestones, Cypress must achieve a threshold level of non-GAAP EPS performance before any NEO will earn any PSUs. If non-GAAP EPS goals are achieved at target levels, executives will have the potential to earn the targeted number of PSUs. The number of PSUs earned will be linearly interpolated for non-GAAP EPS performance achieved between threshold and target, and target to maximum. The maximum number of PSUs which may be earned for the non-GAAP EPS performance goals is 200% of target. Due to the expected impact of the Synergy Milestones on our non-GAAP EPS and the uncertainty with the speed with which those savings could be achieved, the performance goals for fiscal years 2015 and 2016 are based on annualized fourth quarter non-GAAP EPS. Fiscal year 2017 non-GAAP EPS goals are based on the full twelve month period.

2016 GAAP Adjustments: To derive the Non-GAAP results for fiscal year 2016, the Company's GAAP results were adjusted for certain items including, but not limited to, share based compensation, amortization of intangibles and other acquisition related charges and restructuring charges. Consequently, the Company's Non-GAAP EPS is impacted by such adjustments. The Company provides a reconciliation of GAAP and Non-GAAP earnings per share, as well as a list of certain limitations in using Non-GAAP measures, in the Company's quarterly earnings release.

2016 Performance Results: 6.4% of the PARS granted in fiscal year 2015 and earnable in fiscal year 2016 were contingent on the Company's achievement of non-GAAP EPS metrics during fiscal year 2016. For fiscal year 2016, the Company achieved 33% of the minimum required non-GAAP EPS and, as a result, none of the EPS Milestone shares were earned.

Other Compensation

In April 2016, the Board formed the Office of the CEO, which consisted of Messrs. El-Khoury, Trent, Nazarian and Rauschmayer. Each member of the Office of the CEO (which was in place from April 29, 2016 until August 10, 2016) received a service-based RSU grant in the amount of 20,000 shares for serving as a member of the OCEO. The grant vested on December 31, 2016.

Risk Considerations

The Committee regularly considers the risks associated with Cypress’s compensation policies and practices for employees, including those related to executive compensation programs. As part of the risk assessment, the Committee reviews Cypress’s compensation programs to avoid certain design features that have been identified by experts as having the potential to encourage excessive risk-taking.

Material risk in our compensation program design is mitigated in several ways, including:

- we have an appropriate mix of pay elements, with compensation well-balanced between fixed and variable elements, and short- and long-term incentives;
- base salaries are intended to constitute a sufficient component of total compensation to discourage undue risk taking in order to meet incentive goals;
- incentive plans are designed with goals that are intended to result in long-term value to our stockholders;
- financial and earnings goals and opportunities in our incentive programs are at levels intended to be attainable without the need to take inappropriate risks;
- bonus and incentive opportunities are capped so that the upside potential is not so large as to encourage undue risk taking;
- the majority of our equity incentives vest or are earned over a multi-year period, which requires the executive to bear the economic risk of the award over the vesting or performance period;
-

our incentive plans define a range of performance over which payouts may be earned, including at levels below target achievement, rather than an “all-or-nothing” approach;

- we generally use different performance measures in different incentive programs, which provides balance and reduces the potential for taking undue risks to meet a single goal;

COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

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- the stock components of our long-term incentive program, combined with our stock ownership guidelines, align the interests of our executives with long-term preservation and appreciation of stockholder value;
- incentive payments and awards are subject to clawback in the event of a material restatement of our financial results; and
- the Committee considers information from peer companies in evaluating compensation levels and incentive plan designs, thereby avoiding unusually high pay opportunities relative to the Company's peers.

The Committee has reviewed compensation related risks and does not believe Cypress's compensation programs encourage excessive or inappropriate risk taking or create risks that are reasonably likely to have a material adverse effect on Cypress. In fulfilling its responsibilities, the Committee may, to the extent permitted under applicable law, the Nasdaq Listing Rules, the rules of the Securities and Exchange Commission (the "SEC") and the Internal Revenue Code, and Cypress's certificate of incorporation and bylaws, delegate any or all of its responsibilities to a subcommittee. The Committee, with the assistance of Pearl Meyer, intends to continue, on an on-going basis, a process of thoroughly reviewing Cypress's compensation policies and programs to ensure that its compensation programs and risk mitigation strategies continue to discourage imprudent risk-taking activities.

In discharging its duties, the Committee selects and retains the services of compensation consultants in order to have independent, expert perspectives on matters related to executive compensation, company and executive performance, equity plans, peer group and other issues. The Committee has the sole authority to determine the scope of services for these consultants and may terminate the consultants' services at any time. The fees of these consultants are paid by Cypress. In fiscal year 2016, the Committee retained the services of Pearl Meyer for various compensation-related services.

Stock Ownership Requirements

The table below summarizes the stock ownership policy and status among our directors and NEOs as of March 17, 2017.

	Stock Ownership Requirement	Shares Actually Held
Chief Executive Officer	6X base compensation	7.35X base compensation
All Other Named Executive Officers	4X base compensation	5.3X - 27.5X base compensation
Non-Employee Directors	30,000 shares	47,665 - 168,538 shares

As a result of the above requirements, our directors and NEOs will continue to hold a substantial amount of their net worth in shares of Cypress common stock, and maintain an even stronger alignment with the Company and our stockholders.

Named Executive Officers

Our CEO is required to own Company common stock having a value of at least six times his annual base salary. Common stock only includes shares directly owned and does not include any granted stock option awards, even if vested and in the money. Our NEOs, excluding our CEO, are required to own Company common stock having a value of at least four times their annual base salary. Individuals have three years to meet the stock ownership requirement. If the stock ownership requirement is not met after three years, then the NEO must hold all future shares that vest (net of taxes) until the stock ownership requirement is met. All of our NEOs, excluding Messrs. Bingham and Rauschmayer, meet the stock ownership requirements. Mr. Bingham did not become a NEO until August 10, 2016 and has three years to meet the stock ownership requirements. Mr. Rauschmayer is no longer a NEO and therefore is no longer required to meet the stock ownership requirements.

Directors

Cypress's non-employee directors are required to own at least 30,000 shares of common stock, which is approximately eight times a director's annual retainer of $50,000 (assuming a stock price of $13.42 per share). All of our non-employee directors meet the stock ownership requirements.

Pledging Policy

Cypress adopted and formalized a written pledging policy in fiscal year 2014 and the Committee approved modifications to the policy on February 15, 2017. As of February 15, 2017, directors and NEOs are no longer permitted to pledge Cypress stock.

No NEO currently employed by the Company holds Cypress securities that are pledged pursuant to a margin account or loan or otherwise.

Employment Agreements and Severance Arrangements

Severance Policy

The Committee approved a severance policy (the "Policy") applicable to certain of its officers (each, a "Participating Officer") on May 26, 2016. The Policy applies to all of our NEOs, excluding Mr. Rodgers who was no longer a NEO at the time the policy was approved. The Policy expires on August 10, 2017, which is twelve months after the date Hassane El-Khoury was appointed as President and Chief Executive Officer. Under the terms of the Policy, if a Participating Officer is terminated by the Company other than for cause, he or she will be entitled to receive the following severance benefits, subject to signing and not revoking the Company's Separation Agreement and General Release of all Claims:

- Lump sum payment equal to 14 months of annual base salary.
- Lump sum payment equal to 14 months of COBRA premiums for medical, dental and vision coverage.
- Accelerated vesting with respect to 100% of the unvested portion of any outstanding equity-based awards that would have vested during the 14 months following such termination.
- Fourteen months of annual target bonus at one hundred percent (100%) for the fiscal year in which the termination occurs.

Change of Control Severance Agreements

Cypress entered into Change of Control Severance Agreements (each an "Agreement") with certain of its officers (each, a "Covered Officer") in fiscal year 2016. All of our NEOs, excluding Mr. Rodgers, are Covered Officers and have entered into an Agreement with Cypress. Pursuant to the Agreement, if the Company or any successor terminates the employment of a Covered Officer other than for "Cause" (as defined in the Agreement), death or Disability (as defined in the Agreement), or a NEO terminates his or her employment for "Good Reason" (as defined in the Agreement) during the period beginning three months prior to, and ending twelve months after, the occurrence of a Change of Control (as defined in the Agreement), the Covered Officer will be entitled to receive the following compensation and benefits, subject to the Covered Officer signing and not revoking a standard release of claims in a form reasonably acceptable to the Company (the "Release") no later than 60 days following the Covered Officer's termination of employment:

- Lump sum severance payment equal to 14 months of annual base salary plus 14 months of the Covered Officer's annual target bonus.
- Accelerated vesting of all outstanding unvested equity-based compensation awards held by the Covered Officer.
- Lump sum payment equal to 14 months of COBRA premiums for the Covered Officer and any eligible spouse and/or dependents.

Severance payments under the Agreement are to be paid the first business day after the Release becomes effective, subject to a delay of up to six months as necessary in order to comply with Section 409A of the Internal Revenue Code. The initial term of the Agreement is two years from the date the Agreement became effective, which for our NEOs was May 26, 2016 (the "Initial Term") and on each one year anniversary thereafter it will renew automatically for additional one year terms (each, an "Additional Term") unless either party provides written notice of non-renewal to the other party. If a Change of Control occurs when there are fewer than twelve months remaining in the Initial Term, or during an Additional Term, the term of the Agreement will automatically extend through the date that is twelve months following the date of the Change of Control. Executives may not receive benefits under both the Severance Policy and the Change of Control Severance Agreements.

Chief Executive Officer Employment Agreement

Cypress entered into an at-will employment agreement with Mr. El-Khoury on November 30, 2016. Mr. El-Khoury's employment agreement provides for a minimum base salary of $650,000 and $2.5 million worth of service-based RSUs (which grant was made upon Mr. El-Khoury's promotion in August 2016), scheduled to vest quarterly in equal installments over three years. His employment agreement also provides for an additional equity grant valued at $4.5

million, scheduled to be granted in the first quarter of fiscal year 2017. In the event Mr. El-Khoury is terminated without cause or voluntarily resigns with good reason, he is entitled to the following severance benefits:

- Lump sum severance payment equal to 24 months of annual base salary plus 24 months of his annual target bonus.

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- Accelerated vesting of all outstanding unvested equity-based compensation awards and a period of 12 months to exercise such awards.
- Payment of benefits (health, dental, vision, EAP) premiums for a period of 24 months, covering Mr. El-Khoury and his dependents.

Executive Chairman Employment Agreement

Cypress entered into an at-will employment agreement with Mr. Bingham on November 7, 2016. Mr. Bingham's employment agreement provides for a minimum base salary of $390,000 per year and $1.5 million worth of service-based RSUs (which grant was made upon Mr. Bingham's promotion in August 2016), scheduled to vest quarterly in equal installments over three years. His employment agreement also provides for an additional equity grant valued at $3.0 million equity, scheduled to be granted in the first quarter of fiscal year 2017.

Clawback Policy

Cypress's clawback policy requires the return of performance-based compensation payments to Cypress (i) by any executive engaged in (a) fraud, theft, misappropriation, embezzlement or dishonesty, or (b) intentional misconduct related to Cypress's financial reporting, or (ii) in the event of a material negative revision of any financial or operating measure on which performance-based compensation was paid out to such executive.

Cypress 2017 Compensation Actions

Base Salary Increases

Effective January 2, 2017 Messrs. Nazarian and Trent's annual base salaries were increased to $350,000 and $400,000, respectively, based on a review of their jobs compared to the peer group of companies and their performance. No other NEOs base salaries were increased.

2017 Multi-Year Performance Accelerated Restricted Stock Program (PARS)

On March 16, 2017, the Committee approved the 2017 multi-year PARS program. In connection with the approval of the 2017 multi-year PARS program, the Committee set the milestones under which participants are eligible to earn their PARS shares with approximately 55% based on performance milestones and approximately 45% based on service milestones. There are six components to the grants under the 2017 multi-year PARS program: (i) Debt Leverage Milestones, (ii) Profit Before Tax Milestones, (iii) Strategic Initiatives Milestones, (iv) Gross Margin Milestones, (v) Revenue Growth Milestones, and (vi) Service-Based Milestones. For the performance-based components of the PARS grants (debt leverage, profit before tax, strategic initiatives, gross margin and revenue growth), a participant is eligible to receive performance-based shares if he satisfies the applicable vesting and performance criteria approved by the Committee and may receive up to 200% of the performance target depending on the level of performance achieved. For the service-based component of the PARS grants, a participant is eligible to earn 100% of his targeted service-based shares if he remains an employee in good standing of the Company through the applicable vesting date.

The table below shows the number of shares underlying the awards pertaining to each component. For the performance-based components of the PARS grant, the amounts shown below are the target amount.

PARS Participant	Debt Leverage	Profit Before Tax	Strategic Initiatives	Gross Margin	Revenue Growth	Service Based[1]	Total
Hassane El-Khoury	31,710	47,565	15,855	31,710	63,420	158,577	348,837
Thad Trent	11,499	17,248	5,749	11,499	22,998	57,507	126,500
Dana C. Nazarian	9,408	14,112	4,704	9,408	18,816	47,052	103,500

1. Two-thirds of the service-based awards are scheduled to vest on February 1, 2019 (nearly two years following the grant date) and the remaining one-third are scheduled to vest on February 3, 2020 (nearly three years following the grant date).

The 2017 multi-year PARS program complements the 2015 and 2016 multi-year PARS programs, which include grants with various performance-based milestones, including achievement of total stockholder return, earnings per

share, and gross margin milestones.
The grants made for each of the six components of the multi-year PARS program granted in fiscal year 2017 vest over a one, two or three year period, as illustrated by the table below:

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Milestone	% of Total Grant Scheduled to Vest in Fiscal Year 2017	% of Total Grant Scheduled to Vest in Fiscal Year 2018	% of Total Grant Scheduled to Vest in Fiscal Year 2019	Total
Service-Based	—%	30.3%	15.2%	45.5%
Debt Leverage	9.1%	—%	—%	9.1%
Profit Before Tax	4.5%	—%	9.1%	13.6%
Strategic Initiatives	4.5%	—%	—%	4.5%
Gross Margin	—%	9.1%	—%	9.1%
Revenue Growth	—%	9.1%	9.1%	18.2%
Total	18.1%	48.5%	33.4%	100%

Executive Chairman
On March 16, 2017, Mr. Bingham was awarded a service-based award of 232,558 restricted stock units. This grant vests quarterly in equal installments over a period of three years from the date of grant.

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PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

The following table shows compensation information for fiscal years 2016, 2015 and 2014 for our NEOs.

Name and Principal Position[1]	Year	Salary[2] ($)	Bonus[3] ($)	Stock Awards[4] ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation[5] ($)	All Other Compensation[6] ($)	Total Compensation ($)
Hassane El-Khoury[7]	2016	401,964	1,500	3,168,799	—	210,641	760	3,783,664
President, Chief	2015	270,650	1,500	4,141,380	—	7,919	10,327	4,431,776
Executive Officer and Director	2014	—	—	—	—	—	—	—
Thad Trent	2016	350,000	—	581,200	—	92,943	983	1,025,126
Executive Vice	2015	350,000	—	4,570,040	—	8,865	30,155	4,959,060
President, Finance & Administration, Chief Financial Officer	2014	268,593	—	330,844	—	33,500	24,495	657,432
Dana C. Nazarian	2016	279,968	—	668,800	—	78,343	786	1,027,897
Executive Vice	2015	279,965	—	4,141,830	—	7,499	27,478	4,456,322
President, Operations & Technology	2014	278,891	—	717,731	—	35,840	30,056	1,062,518
Joseph Rauschmayer	2016	345,213	—	668,800	—	94,207	997	1,109,217
Executive Vice	2015	—	—	—	—	—	—	—
President, Manufacturing	2014	—	—	—	—	—	—	—
Ray Bingham[8]	2016	138,000	—	1,499,991		108,584	456	1,747,031
Executive Chairman	2015	—	—	—	—	—	—	—
	2014	—	—	—	—	—	—	—
T.J. Rodgers[9]	2016	310,384	750	3,065,000	—	—	4,591,394	7,967,031
Former President,	2015	600,000	—	8,282,760	—	35,993	8,382	8,927,135
Chief Executive Officer and Director	2014	599,997	—	1,327,806	—	154,985	48,455	2,131,243

1. Mr. Rodgers resigned as President and CEO on April 28, 2016, but remained with the Company as a technical advisor and a director until August 10, 2016. In connection with Mr. Rodgers departure as President and CEO, the Board formed the Office of the President and Chief Executive Officer (OCEO), which consisted of Mr. El-Khoury, Mr. Trent, Mr. Nazarian and Mr. Rauschmayer. The OCEO reported directly to the Board and performed the duties of the President and Chief Executive Officer from April 29, 2016 to August 10, 2016. Effective August 10, 2016, Mr. El-Khoury was promoted to the position of President and Chief Executive Officer of the Company. In addition, effective August 10, 2016, the Board appointed Mr. Bingham as Executive Chairman, a newly created position pursuant to which Mr. Bingham functions as both an executive officer of the Company and as Chairman of the Board.
2. Represents salary earned in fiscal years 2016, 2015 and 2014.
3. Mr. El-Khoury received a $1,500 patent bonus in fiscal year 2016. Mr. Rodgers received a $750 patent bonus award in fiscal year 2016. No other NEO received any cash incentives in fiscal year 2016 given that it is generally against Cypress's pay-for-performance philosophy to award discretionary cash incentives to its NEOs.

4. Amounts shown for fiscal years 2016, 2015 and 2014 do not reflect compensation actually received by each NEO. The amounts shown for fiscal years 2016 and 2015 represent the performance stock units and restricted stock units granted in fiscal years 2016 and 2015, computed in accordance with FASB ASC Topic 718 (excludes the impact of estimated forfeitures related to service-based vesting conditions). For information on the assumptions used to calculate the value of the awards for fiscal year 2016, refer to Note 9 to our consolidated financial statements in our Annual Report of Form 10-K for the fiscal year ending January 1, 2017. 57% of the stock units granted in fiscal year 2016 could not be earned in fiscal year 2016. Following are additional details regarding the fiscal year 2016 PARS grants:

	Value of Shares Delivered in Fiscal Year 2017 on the Date of Delivery	Shares Earnable in Fiscal Year 2017	Shares Earnable in Fiscal Year 2018
Hassane El-Khoury	343,030	33,000	44,000
Thad Trent	280,661	27,000	36,000
Dana C. Nazarian	343,030	33,000	44,000
Joseph Rauschmayer	343,030	33,000	44,000
Ray Bingham	—	—	—

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	Value of Shares Delivered in Fiscal Year 2017 on the Date of Delivery	Shares Earnable in Fiscal Year 2017	Shares Earnable in Fiscal Year 2018
T.J. Rodgers[1]	1,742,160	—	—

1. Mr. Rodgers shares were delivered to him in fiscal year 2016, upon termination of his employment with the Company.

For information on the assumptions used to calculate the value of the awards for fiscal year 2015, refer to Note 8 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ending January 3, 2016. 66% of the shares granted in fiscal year 2015 could not be earned in fiscal year 2016. The vesting schedule for the fiscal year 2015 grant is 43% vesting in fiscal year 2016, 34% vesting in fiscal year 2017 and 23% vesting in fiscal year 2018 - all vesting subject to meeting a combination of performance-based and service-based milestones. Following are additional details regarding the fiscal year 2015 grants:

	Value of Shares Delivered in Fiscal Year 2017 on the Date of Delivery	Shares Earnable in Fiscal Year 2017	Shares Earnable in Fiscal Year 2018
Hassane El-Khoury	1,184,078	96,000	66,000
Thad Trent	1,184,078	96,000	66,000
Dana C. Nazarian	1,184,078	96,000	66,000
Joseph Rauschmayer	1,184,078	96,000	66,000
Ray Bingham	—	—	—
T.J. Rodgers	3,359,880	—	—

For fiscal year 2014, the amounts shown represent the number of shares delivered, valued at the price determined at the time of grant. Prior to the delivery of the shares for fiscal year 2014, we had assumed that 100% of the Tier 1 and Tier 2 PARS grants would be achieved, with a TSR factor of 1. Based on our initial assumptions for fiscal year 2014, the amounts reportable would have been as follows: Mr. Trent, $589,300; Mr. Nazarian, $2,010,000; and Mr. Rodgers, $3,718,500; Messrs. El-Khoury, Rauschmayer and Bingham were not NEOs in fiscal year 2014.

5. Includes bonus amounts earned under the CIP, or one of our previous bonus plans (the Key Employee Bonus Program and Performance Bonus Plan), for services rendered in the respective fiscal years. No cash was earned under the CIP in fiscal year 2016; NEOs were granted a one-time RSU grant in lieu of the quarterly and annual CIP payout for fiscal year 2016, which fully vested on January 31, 2017.

6. The amounts reported in this column include payments by the Company of term life insurance premiums for the NEOs. Cypress is not the beneficiary of the life insurance policies. NEOs participate in the same life insurance program as all other Cypress employees, which pays out at one times the employee's annual base pay. Amounts shown also reflect paid time off cashed out and pay in lieu of holidays by Mr. Rodgers for fiscal years 2016 and 2014 of $40,074 and $40,073, respectively and a $4,500,000 payment as part of his severance package; pay in lieu of holidays and paid time off cashed out by Mr. Trent for fiscal years 2015 and 2014 of $29,667 and $23,351, respectively; pay in lieu of holidays and paid time off cashed out by Mr. El-Khoury for fiscal year 2015 of $10,089; and paid time off cashed out by Mr. Nazarian for fiscal years 2015 and 2014 of $27,064 and $28,141, respectively. Amount shown for Mr. Rodgers also includes $6,288.88 in COBRA premiums paid by the Company and $45,000 for reimbursement of certain HSR filing fees incurred by Mr. Rodgers.

7. Mr. El-Khoury's annual salary was $270,650 until he was appointed as the Company's President and Chief Executive Officer, at which time his annual salary was adjusted to $650,000.

8. Mr. Bingham's annual salary is $390,000 and is pro-rated for the time he served as Executive Chairman in fiscal year 2016. Mr. Bingham's stock awards include awards made for the time he served as Executive Chairman and excludes the grants made for his service as a non-employee director. The non-employee director grant is set forth in

the Director Compensation table of this Proxy Statement.

9. Mr. Rodgers annual salary was $600,000 until he stepped down as President and Chief Executive Officer, at which time his annual salary was adjusted to $300,000 until he was no longer employed by the Company.

EXECUTIVE COMPENSATION TABLES

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

GRANTS OF PLAN-BASED AWARDS
Fiscal Year Ended January 1, 2017
The following table shows all plan-based awards granted to our named executive officers ("NEOs") during fiscal year 2016.

Name and Principal Position[1]	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[2]			Estimated Future Payouts Under Equity Incentive Plan Awards[3]			All Other Stock Awards: Number of Shares of Stock or Units (#)[7]	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/SH)	Grant Date Fair Value of Stock and Option Awards ($)[8]
		Threshold ($)	Target ($)[4]	Maximum ($)	Threshold (#)	Target (#)[5]	Maximum (#)[6]				
Hassane	4/1/2016	—	—	—	—	44,000	88,000	33,000	—	—	674,520
El-Khoury	5/5/2016	—	—	—	—	—	—	20,000	—	—	187,000
President, Chief	8/10/2016	—	—	—	—	—	—	220,848	—	—	2,499,999
Executive	11/3/2016	—	—	—	—	—	—	21,494	—	—	210,641
Officer and Director	—	—	523,581	1,047,163	—	—	—	—	—	—	—
Thad Trent	4/1/2016	—	—	—	—	36,000	72,000	27,000	—	—	551,880
Executive Vice	5/5/2016	—	—	—	—	—	—	20,000	—	—	187,000
President,	11/3/2016	—	—	—	—	—	—	9,484	—	—	92,943
Finance and	—	—	262,500	525,000	—	—	—	—	—	—	—
Administration,											
Chief Financial	—	—	—	—	—	—	—	—	—	—	—
Officer											
Dana C.	4/1/2016	—	—	—	—	44,000	88,000	33,000	—	—	674,520
Nazarian	5/5/2016	—	—	—	—	—	—	20,000	—	—	187,000
Executive Vice	11/3/2016	—	—	—	—	—	—	7,586	—	—	74,343
President,	—	—	209,974	419,947	—	—	—	—	—	—	—
Operations & Technology	—	—	—	—	—	—	—	—	—	—	
Joseph	4/1/2016	—	—	—	—	44,000	88,000	33,000	—	—	674,520
Rauschmayer	5/5/2016	—	—	—	—	—	—	20,000	—	—	187,000
Executive Vice	11/3/2016	—	—	—	—	—	—	9,613	—	—	94,207
President,	—	—	266,074	532,147	—	—	—	—	—	—	—
Manufacturing	—	—	—	—	—	—	—	—	—	—	—
	8/10/2016	—	—	—	—	—	—	132,508	—	—	1,499,991
Ray Bingham	11/3/2016	—	—	—	—	—	—	11,080	—	—	108,584
Executive	—	—	121,875	243,750	—	—	—	—	—	—	—
Chairman	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—
T.J. Rodgers	4/1/2016	—	—	—	—	96,000	192,000	72,000	—	—	1,471,860
Former	—	—	334,485	666,970	—	—	—	—	—	—	—
President, Chief	—	—	—	—	—	—	—	—	—	—	—

Executive Officer and Director	—	—	—	—	—	—	—	—	—	—	—

1. Mr. Rodgers resigned as President and CEO on April 28, 2016, but remained with the Company as a technical advisor and a director until August 10, 2016. In connection with Mr. Rodgers departure as President and CEO, the Board formed the Office of the President and Chief Executive Officer (OCEO), which consisted of Mr. El-Khoury, Mr. Trent, Mr. Nazarian and Mr. Rauschmayer. The OCEO reported directly to the Board and performed the duties of the President and Chief Executive Officer from April 29, 2016 to August 10, 2016. Effective August 10, 2016, Mr. El-Khoury was promoted to the position of President and Chief Executive Officer of the Company. In addition, effective August 10, 2016, the Board appointed Mr. Bingham as Executive Chairman, a newly created position pursuant to which Mr. Bingham functions as both an executive officer of the Company and as Chairman of the Board.
2. Represents potential performance compensation that could be earned under the CIP program in fiscal year 2016. The columns show the amounts that could be earned at the threshold, target and maximum levels of performance. The amounts for Mr. El-Khoury and Mr. Bingham have been pro-rated.
3. Represents the PSUs granted under our PARS program at 100% of the Gross Margin Milestone and New Product Milestone in fiscal year 2016. The columns show the stock that could be earned at the threshold, target and maximum levels of performance. Please see the “Option Exercises and Stock Vesting” table for the actual amounts earned by our NEOs in fiscal year 2016 under the PARS program.

EXECUTIVE COMPENSATION TABLES

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

4. Represents the CIP bonus at 100% of target. Messrs. Trent, Nazarian and Rauschmayer's possible payout figures have been pro-rated based on bonus target reductions from 80% to 70% which were implemented at the beginning of Q3. Mr. El-Khoury's possible payout figures take into account his 2016 mid-year base salary and bonus target change. Mr. Bingham's possible payout figure is pro-rated based on his August hire date. For fiscal year 2016, each NEO (other than Mr. Rodgers) was awarded an RSU grant in lieu of any cash bonus that would have otherwise been payable under the CIP; each such grant represents a contingent right to receive Company common stock on a one-for-one basis and the shares were fully vested on January 31, 2017. The number of RSUs granted were as follows: Mr. El-Khoury, 21,494; Mr. Trent, 9,484; Mr. Nazarian, 7,586; Mr. Rauschmayer, 9,613; Mr. Bingham, 11,080; and Mr. Rodgers, 0.
5. 57 percent of the shares granted could not be earned in fiscal year 2016.
6. The following number of shares were delivered in fiscal year 2017: Mr. El-Khoury, 25,850; Mr. Trent, 21,150; Mr. Nazarian, 25,850; Mr. Rauschmayer, 25,850; Mr. Bingham, 0; and Mr. Rodgers, 0.
7. When Mr. Rodgers resigned as the President and CEO, the board formed the Office of the CEO. Messrs. El-Khoury, Trent, Nazarian and Rauschmayer each received a grant of 20,000 RSUs on May 5, 2016, for the additional responsibilities they were asked to perform as members of the Office of the CEO.
8. Represents the target number of shares multiplied at the grant date fair value. See the "Summary Compensation Table" above for shares actually delivered.

EXECUTIVE COMPENSATION TABLES

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

OUTSTANDING EQUITY AWARDS
Fiscal Year Ended January 1, 2017

	Option Awards					Stock Awards			
Name and Principal Position[1]	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised/ Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares of Units of Stock Unvested[2] (#)	Market Value of Shares or Units of Stock that Have Not Vested ($)[3]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested[4] (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested[3] ($)
	4,450	—	—	10.47	8/10/2017	—	—	—	—
	4,300	—	—	6.17	3/19/2019	—	—	—	—
	1,339	—	—	2.72	11/20/2018	—	—	—	—
Hassane	2,472	—	—	5.55	7/8/2018	—	—	—	—
El-Khoury[5]	927	—	—	6.70	8/8/2017	—	—	—	—
President, Chief	—	—	—	—	—	33,000	377,520	—	—
Executive	—	—	—	—	—	60,000	686,400	—	—
Officer and	—	—	—	—	—	21,494	245,891	—	—
Director	—	—	—	—	—	202,444	2,315,959	—	—
	—	—	—	—	—	807	9,232	—	—
	—	—	—	—	—	—	—	44,000	503,360
	—	—	—	—	—	—	—	102,000	1,166,880
	14,334	5,668	—	11.55	5/30/2021	—	—	—	—
	13,067	2,934	—	11.27	12/18/2020	—	—	—	—
	17,000	—	—	6.17	3/19/2019	—	—	—	—
Thad Trent	—	—	—	—	—	27,000	308,880	—	—
Executive Vice	—	—	—	—	—	20,000	228,800	—	—
President,	—	—	—	—	—	40,000	457,600	—	—
Finance and	—	—	—	—	—	9,484	108,497	—	—
Administration,	—	—	—	—	—	2,667	30,510	—	—
Chief Financial	—	—	—	—	—	1,067	12,206	—	—
Officer	—	—	—	—	—	—	—	44,000	503,360
	—	—	—	—	—	—	—	102,000	1,166,880
	—	—	—	—	—	—	—	36,000	411,840
	—	—	—	—	—	—	—	34,000	388,960
	—	—	—	—	—	—	—	68,000	777,920
	—	—	—	—	—	33,000	377,520	—	—

Dana C.	—	—	—	—	—	60,000	686,400	—	—
Nazarian	—	—	—	—	—	7,586	86,784	—	—
Executive Vice	—	—	—	—	—	—	—	44,000	503,360
President, Operations & Technology	—	—	—	—	—	—	—	102,000	1,166,880

EXECUTIVE COMPENSATION TABLES

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

	Option Awards					Stock Awards			
Name and Principal Position[1]	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised/ Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares of Units of Stock Unvested[2] (#)	Market Value of Shares or Units of Stock that Have Not Vested ($)[3]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested[4] (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested[3] ($)
Joseph Rauschmayer Executive Vice President, Manufacturing	18,017	—	—	4.69	1/31/2020	—	—	—	—
	37,965	—	—	4.09	1/31/2019	—	—	—	—
	7	—	—	8.1	1/31/2018	—	—	—	—
	—	—	—	—	—	33,000	377,520	—	—
	—	—	—	—	—	60,000	686,400	—	—
	—	—	—	—	—	9,613	109,973	—	—
	—	—	—	—	—	—	—	44,000	503,360
	—	—	—	—	—	—	—	102,000	1,166,880
	—	—	—	—	—	—	—	9,100	104,104
Ray Bingham Executive Chairman	14,361	—	—	5.05	4/2/2019	—	—	—	—
	184,275	—	—	7.42	4/1/2018	—	—	—	—
	—	—	—	—	—	11,080	126,755	—	—
	—	—	—	—	—	121,466	1,389,571	—	—
	—	—	—	—	—	21,459	245,491	—	—
	—	—	—	—	—	7,440	85,114	—	—
T.J. Rodgers Former President, Chief Executive Officer and Director	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—

1. Mr. Rodgers resigned as President and CEO on April 28, 2016, but remained with the Company as a technical advisor and a director until August 10, 2016. In connection with Mr. Rodgers departure as President and CEO, the Board formed the Office of the President and Chief Executive Officer (OCEO), which consisted of Mr. El-Khoury, Mr. Trent, Mr. Nazarian and Mr. Rauschmayer. The OCEO reported directly to the Board and performed the duties of the President and Chief Executive Officer from April 29, 2016 to August 10, 2016. Effective August 10, 2016, Mr. El-Khoury was promoted to the position of President and Chief Executive Officer of the Company. In addition, effective August 10, 2016, the Board appointed Mr. Bingham as Executive Chairman, a newly created position

pursuant to which Mr. Bingham functions as both an executive officer of the Company and as Chairman of the Board.

2. The grants to the NEOs, other than Mr. Bingham, were made under our PARS program. 43% of the 2016 PARS grants and 32% of the 2015 PARS grants were service-based grants. The grants to Mr. Bingham are 100% service-based awards.
3. The amounts are based on the outstanding grants as of the end of fiscal year 2016 and a fiscal year ending value of $11.44 per share.
4. Represents the PSUs granted under our PARS program for meeting 100% of the applicable milestones.
5. Mr. El-Khoury's option grants expiring on July 8, 2018 and August 8, 2017 were awarded under our 2013 Stock Plan and reflect adjustments made, pursuant to the tax free spin-off of SunPower Corporation in which existing awards were multiplied by the SunPower spin-off ratio of 4.12022 to reflect the change in market value of the Company’s common stock following the distribution to the Company’s stockholders of SunPower Corporation class B common stock.

EXECUTIVE COMPENSATION TABLES

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

OPTION EXERCISES AND STOCK VESTING

Fiscal Year Ended January 1, 2017

	Option Awards		Stock Awards	
Named Executive Officer	Number of Shares Acquired on Exercise (#)	Value Realized Upon Exercise[1] ($)	Number of Shares Acquired Upon Vesting (#)	Value Realized Upon Vesting ($)
Hassane El-Khoury	—	—	187,678	1,546,827
Thad Trent	15,450	120,413	184,134	1,549,102
Dana C. Nazarian	31,177	193,897	168,000	1,346,840
Joseph Rauschmayer	—	—	116,494	1,050,778
Ray Bingham[2]	60,000	375,462	11,042	112,849
T.J. Rodgers[3]	1,251,093	8,708,983	786,500	7,327,095

1. The actual amount released to the NEOs represents the total shares multiplied by the market value on the date released. All shares and dollar values are before required tax payments.
2. Reflects options exercised and stock released after the date Mr. Bingham became an employee of the Company.
3. Stock awards for Mr. Rodgers include 492,000 shares ($5.1 million in value realized) that were accelerated in connection with his termination of employment.

NON-QUALIFIED DEFERRED COMPENSATION

Fiscal Year Ended January 1, 2017[1]

Named Executive Officer	Executive Contribution in the Last Fiscal Year[2] ($)	Registrant Contribution in the Last Fiscal Year ($)	Aggregate Earnings in the Last Fiscal Year[3] ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End[4] ($)
Hassane El-Khoury	—	—	—	—	—
Thad Trent	53,854	—	36,822	—	455,359
Dana C. Nazarian	—	—	33,860	—	385,152
Joseph Rauschmayer	—	—	—	—	—
Ray Bingham	—	—		—	
T.J. Rodgers	4,542,098	—	913,634	—	17,189,556

1. Cypress’s two deferred compensation plans provide certain key employees, including executive management, with the ability to defer the receipt of compensation in order to accumulate funds for retirement on a tax-deferred basis. Each participant in Cypress’s deferred compensation plans may elect to defer a percentage of their compensation (annual base salary, cash bonuses and any cash sales commissions) and invest such deferral in any investment that is available on the open market. Cypress does not make contributions to the employees' deferred compensation plan and does not guarantee returns on the investments. Participant deferrals and investment gains and losses remain as Cypress liabilities and the underlying assets are subject to claims of general creditors. Withdrawals and other distributions are subject to the requirements of U.S. Internal Revenue Code Section 409A.
2. 100% of executive contributions to the non-qualified deferred compensation plan are reported in the Summary Compensation Table.

3. None of the aggregate earnings in the non-qualified deferred compensation plan are reported in the Summary Compensation Table.
4. The aggregate balance amounts under the deferred compensation plans includes deferrals made for prior fiscal years. For individuals who were named executive officers in the fiscal years in which the deferrals were made, the amount of the deferred compensation was included in such individuals' compensation as reported in the Summary Compensation Table included in the proxy statement for each such fiscal year.

EXECUTIVE COMPENSATION TABLES

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Fiscal Year Ended January 1, 2017

As described in the "Compensation Discussion and Analysis (CD&A) - Employment Agreements and Severance Arrangements" Section of this Proxy Statement, the Company has entered into or adopted certain agreements and policies that provide the Company's NEOs severance payments and benefits in the event their employment is terminated under various circumstances.

Company Severance Policy

Each of the NEOs, other than Messrs El-Khoury, Bingham and Rodgers, is eligible for payments under the Company's Severance Policy. The table below sets forth amounts that would have been payable under the Severance Policy to each of the NEOs had his employment been terminated other than for cause on January 1, 2017, subject to the executive signing and not revoking the Company's form of separation agreement and general release of all claims. The Severance Policy expires on August 10, 2017, which is twelve months after the date that Mr. El-Khoury was appointed as President and CEO. The amounts in the table below are calculated based on the base salary and target bonus applicable to the executive in fiscal year 2016.

Named Executive Officer	Salary Payments ($)	Bonus Payments ($)	COBRA Benefits ($)	Equity Acceleration[1] ($)	Total ($)
Hassane El-Khoury	—	—	—	—	—
Thad Trent	408,333	285,833	21,259	2,802,263	3,517,688
Dana C. Nazarian	326,626	228,639	30,710	2,820,944	3,406,919
Joseph Rauschmayer	402,749	281,924	15,171	3,348,918	4,048,762
Ray Bingham	—	—	—	—	—
T.J. Rodgers	—	—	—	—	—

1.
The value of equity award acceleration is based on the closing price ($11.44) of the Company's common stock on December 30, 2016, which was the last trading day of the 2016 fiscal year. The 2016 fiscal year ended on January 1, 2017.

Change in Control Severance Agreements

In fiscal year 2016, the Company entered into a Change in Control Severance Agreement with each of the NEOs other than Messrs. El-Khoury, Bingham and Rodgers. The table below sets forth amounts that would have been payable under the Change in Control Severance Agreements if a change in control had occurred and the executives' employment had terminated either by the Company (other than for cause, death or disability) or by the executive for good reason on January 1, 2017, the last day of fiscal year 2016, subject to the executive signing and not revoking a standard release of claims in a form reasonably acceptable to the Company. The amounts in the table below are calculated based on the base salary and target bonus applicable to the executive in fiscal year 2016. Executives may not receive benefits under both the Severance Policy and the Change in Control Severance Agreement.

Named Executive Officer	Salary Payments ($)	Bonus Payments ($)	COBRA Benefits ($)	Equity Acceleration[1] ($)	Total ($)
Hassane El-Khoury	—	—	—	—	—
Thad Trent	408,333	285,833	21,259	2,817,524	3,532,949
Dana C. Nazarian	326,626	228,639	30,710	2,820,944	3,406,919
Joseph Rauschmayer	402,749	281,924	15,171	3,348,918	4,048,762
Ray Bingham	—	—	—	—	—
T.J. Rodgers[2]	—	—	—	—	—

1.
The value of equity award acceleration is based on the closing price ($11.44) of the Company's common stock on December 30, 2016, which was the last trading day of the 2016 fiscal year. The 2016 fiscal year ended on January 1,

2017.

Explanation of Responses:

Chief Executive Officer Employment Agreement

Under the terms of the Company's employment agreement with Mr. El-Khoury, described above, entered into on November 30, 2016, if Mr. El-Khoury's employment had been terminated by the Company without cause (and not due to his death or disability) or by Mr. El-Khoury for good reason on the last day of fiscal year 2016, January 1, 2017, he would have been entitled to the severance benefits set forth in the table below. Payment of the severance benefits is subject to Mr. El-Khoury signing and not revoking a general release of claims in a form satisfactory to the Company. The amounts in the table below are calculated based on the base salary and target bonus applicable to Mr. El-Khoury at the end of fiscal year 2016; Mr. El-Khoury was promoted to President and CEO in August 2016.

Named Executive Officer	Salary Payments ($)	Bonus Payments ($)	COBRA Benefits ($)	Equity Acceleration[1] ($)	Total ($)
Hassane El-Khoury	1,300,000	1,625,000	33,398	5,362,858	8,321,656

1.
The value of equity award acceleration is based on the closing price ($11.44) of the Company's common stock on December 30, 2016, which was the last trading day of the 2016 fiscal year. The 2016 fiscal year ended on January 1, 2017.

Separation Agreement with Mr. Rodgers

On June 3, 2016, the Company entered into an Employment Agreement and Release with Mr. Rodgers in connection with his departure from the Company. Under his Employment Agreement and Release, Mr. Rodgers received the following separation benefits: (i) a cash severance payment of $4,500,000, such amount is equal to three times his annual base salary and three times his annual bonus opportunity; (ii) acceleration of vesting of all of all his outstanding unvested RSUs (192,000) and PSUs (300,000); and (iii) reimbursement of COBRA premiums for a period of up to two years from the date on which Mr. Rodgers ceased to be an employee of the Company (as a Technical Advisor). The table below shows the actual amounts Mr. Rodgers received in connection with the termination of his employment.

Named Executive Officer	Severance Payments ($)	COBRA Benefits ($)	Equity Acceleration[1] ($)	Total ($)
T.J. Rodgers	4,500,000	6,289	5,268,480	10,134,769

1.
The value of equity award acceleration is based on the closing price ($11.44) of the Company's common stock on December 30, 2016, which was the last trading day of the 2016 fiscal year. The 2016 fiscal year ended on January 1, 2017.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee of Cypress's Board of Directors (the "Board") serves as the representative of the Board with respect to its oversight of:

- Cypress's accounting and financial reporting processes, including the integrity of the Company's financial statements as well as the annual and quarterly audits of such financial statements;
- Cypress's internal controls and the audit of management's assessment of the effectiveness of internal control over financial reporting;
- Cypress's compliance with legal and regulatory requirements;
- Cypress's independent registered public accounting firm's appointment, qualifications and independence, as well as such firm's fees and scope of services;
- risks related to internal controls, financial reporting, fraud, insurance, treasury, compliance and litigation; and
- the performance of Cypress's internal audit function.

The Audit Committee also provides the Board with such information and materials as it may deem necessary to make the Board aware of financial matters requiring the attention of the Board.

The charter of the Audit Committee is posted on our website at http://investors.cypress.com/corporate-governance.cfm.

Cypress's management has primary responsibility for preparing Cypress's financial statements, establishing the Company's financial reporting process and internal financial controls. Cypress's independent registered public accounting firm, currently PricewaterhouseCoopers LLP, is responsible for expressing an opinion on the conformity of Cypress's financial statements to generally accepted accounting principles and on the effectiveness of Cypress's internal controls over financial reporting. The Audit Committee reviews the Company's financial disclosures and holds regular executive sessions outside the presence of management with our independent registered public accounting firm. The Committee also meets privately, as needed, with our chief financial officer, our legal counsel and our internal auditors to discuss our internal accounting control policies and procedures as well as any other issues raised by the Committee. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in our Annual Report on Form 10-K for our fiscal year ended January 1, 2017, with management, including a discussion of the quality and substance of the accounting principles, the reasonableness of any significant judgment exercised, and the clarity of disclosures in the financial statements. In addition, the Audit Committee reviewed the results of management's assessment of the effectiveness of Cypress's internal control over financial reporting as of January 1, 2017. The Audit Committee reports on these meetings to our full Board of Directors.

The Audit Committee hereby reports as follows:

(1)The Audit Committee has reviewed and discussed with management and the independent auditors the audited financial statements in Cypress's Annual Report on Form 10-K for the fiscal year ended January 1, 2017.

(2)The Audit Committee has discussed with the independent auditors the matters required to be discussed by the Statement on Auditing Standards No. 1301, Communication with Audit Committees, including, among other items, matters related to the conduct by the independent auditors of the audit of Cypress's consolidated financial statements.

(3) The Audit Committee has received the written disclosures and the letter from the independent auditors for Cypress as required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the Audit Committee concerning independence, and has discussed with the auditors their independence.

Based on the review and discussion referred to in items (1) through (3) above, the Audit Committee recommended to Cypress's Board of Directors, and the Board approved, that the Company's audited financial statements be included in Cypress's Annual Report on Form 10-K for the fiscal year ended January 1, 2017 for filing with the Securities and Exchange Commission (the "SEC"). The Audit Committee also recommended the reappointment of PricewaterhouseCoopers LLP as Cypress's independent registered public accounting firm for fiscal year 2017.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

Each member of the Audit Committee that served during fiscal year 2016 was independent as defined under the Nasdaq Listing Rules and the SEC rules applicable to audit committee members during the period in which they served
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AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
W. Steve Albrecht, Chairman
Eric A. Benhamou
Michael S. Wishart

OTHER REQUIRED DISCLOSURES

PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

OTHER REQUIRED DISCLOSURES

Compensation Committee Interlocks and Insider Participation

During fiscal year 2016, the following directors were members of our Compensation Committee: Mr. Eric A. Benhamou, Mr. H. Raymond Bingham, Mr. Wilbert van den Hoek and Mr. Michael S. Wishart. Excluding Mr. Bingham, who is no longer a member of the Compensation Committee, none of the Compensation Committee members is or has at any time been an officer or employee of Cypress. Mr. Bingham resigned from the Compensation Committee effective upon his appointment as Executive Chairman.

None of Cypress's executive officers serves, or in the past fiscal year served, as a member of the board of directors or compensation committee of any entity that has one or more of its named executive officers serving on Cypress's Board of Directors (the "Board") or Compensation Committee.

Policies and Procedures with Respect to Related Person Transactions

Our written Code of Business Conduct and Ethics prohibits our executive officers, directors and employees, or any of such persons' immediate family members or affiliates, from entering into any transaction or relationship that might present a conflict of interest to the Company or such individual. Any potential conflict of interest must be reported to the Company's chief financial officer or the Legal Department for review and, if necessary, escalated to the Audit Committee for further review. Our Audit Committee considers the relevant facts and circumstances available and deemed relevant to the Audit Committee, including, but not limited to the risks, costs and benefits to us, the terms of the transaction, the availability of other sources for comparable services or products, and, if applicable, the impact on a director's independence.

Certain Relationships and Related Transactions

In fiscal year 2016, we sold approximately 2.6 million dollars in products to Flex Ltd. (formerly known as Flextronics International Ltd, "Flextronics") and its subsidiaries. Mr. Bingham, our Executive Chairman, sits on the Board of Directors of Flextronics. Mr. Bingham was in no way directly involved in the negotiation of any agreements with Flextronics and did not have any role in determining the price or terms to Flextronics.

In fiscal year 2016, we sold approximately $350,000 in products to Oracle Corporation ("Oracle"). Mr. Bingham, our Executive Chairman, was previously on the Board of Directors of Oracle. Mr. Bingham was in no way directly involved in the negotiation of any agreements with Oracle and did not have any role in determining the price or terms to Oracle.

Other than described above, there are no related person transactions between our directors or executive officers and our Company. For purposes of this section, "related person" and "transaction" have the meanings contained in Item 404 of Regulation S-K.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file an initial report of ownership on Form 3 and changes in ownership on Form 4 or Form 5 with the Securities and Exchange Commission ("SEC"). Such officers, directors and 10% stockholders are also required by the SEC rules to furnish us with copies of all of the forms they filed to comply with Section 16(a) requirements.

We believe that, during fiscal year 2016, our directors, executive officers, and 10% stockholders complied with all Section 16(a) filing requirements.

In making these statements, we have relied upon examination of the copies of Forms 3, 4, and 5, and amendments to these forms, provided to us and certain written representations of our directors, executive officers, and 10% stockholders.

OTHER MATTERS

We know of no other matters to be submitted at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed proxy to vote the shares they represent as the Board of Directors may recommend.

It is important that your stock be represented at the Annual Meeting, regardless of the number of shares you hold. You are, therefore, urged to execute and return your WHITE proxy card in the envelope provided or to vote by telephone or online at your earliest convenience.

FOR THE BOARD OF DIRECTORS

Pamela Tondreau
Corporate Secretary
Dated: [ ], 2017

APPENDIX A
PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

APPENDIX A
INFORMATION CONCERNING PARTICIPANTS
IN THE COMPANY'S SOLICITATION OF PROXIES

The following tables ("Directors and Nominees" and "Officers and Employees") set forth the name, principal business address and the present principal occupation or employment, and the name, principal business and address of any corporation or other organization in which their employment is carried on, of our directors, nominees, officers and employees who, under the rules of the Securities and Exchange Commission, are "participants" in our solicitation of proxies from our shareholders in connection with the 2017 Annual Meeting.

Directors and Nominees

The principal occupations of our directors and nominees who are "participants" in our solicitation are set forth under the section above titled "Proposal One - Election of Directors" of this Proxy Statement. The name, principal occupation and business addresses of the organization of employment of our directors and nominees are as follows:

Name	Occupation	Business Address
W. Steve Albrecht	Cardon Endowed Professor and Wheatley Fellow at Brigham Young University	c/o Cypress Semiconductor Corporation, 198 Champion Court, San Jose, CA 95134
Eric A. Benhamou	Managing Director of Benhamou Global Ventures	c/o Cypress Semiconductor Corporation, 198 Champion Court, San Jose, CA 95134
H. Raymond Bingham	Executive Chairman of Cypress Semiconductor Corporation	c/o Cypress Semiconductor Corporation, 198 Champion Court, San Jose, CA 95134
Hassane El-Khoury	President and Chief Executive Officer of Cypress Semiconductor Corporation	c/o Cypress Semiconductor Corporation, 198 Champion Court, San Jose, CA 95134
Oh Chul Kwon	Former Chief Executive Officer of SK Hynix Semiconductor	c/o Cypress Semiconductor Corporation, 198 Champion Court, San Jose, CA 95134
Wilbert van den Hoek	Former Chief Technology Officer of Novellus Systems, Inc.	c/o Cypress Semiconductor Corporation, 198 Champion Court, San Jose, CA 95134
Michael S. Wishart	Former Managing Director of Goldman Sachs & Co.	c/o Cypress Semiconductor Corporation, 198 Champion Court, San Jose, CA 95134

Officers and Employees

The principal occupations of our executive officers and employees who are "participants" in our solicitation of proxies are set forth below. The principal occupation refers to such person's position with our Company, and the business address for each person is Cypress Semiconductor Corporation, 198 Champion Court, San Jose, CA 95134.

Name	Position
Hassane El-Khoury	President, Chief Executive Officer and Director
H. Raymond Bingham	Executive Chairman
Dana C. Nazarian	Executive Vice President of Operations & Technology
Joseph Rauschmayer	Executive Vice President of Manufacturing
Thad Trent	Chief Financial Officer and Executive Vice President of Finance & Administration

APPENDIX A
PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

Information Regarding Ownership of the Company's Securities by Participants
The shares of our common stock beneficially owned or held as of March 17, 2017 by the persons listed above under "Directors and Nominees" and "Officers and Employees," are set forth in the section titled "Security Ownership of Certain Beneficial Owners and Management" of this proxy statement.
Except as described in this proxy statement, shares of the Company's common stock owned of record by each participant are also beneficially owned by such participant.
Information Regarding Transactions in the Company's Securities by Participants
The following table sets forth all transactions that may be deemed purchases and sales of shares of the Company's common stock by the individuals who are "participants" between January 1, 2015 and April 5, 2017. Unless otherwise indicated, all transactions were in the public market or pursuant to the Company's equity compensation plans and none of the purchase price or market value of those shares is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding such securities.

Name	Date	Amount	Transaction
Albrecht, W. Steve	5/14/2015	18,421	(7)
	5/15/2015	15,302	(1)
	11/4/2015	9,614	(2)
	11/4/2015	(50,000)	(8)
	11/4/2015	(9,614)	(8)
	5/5/2016	15,302	(7)
	5/6/2016	21,459	(1)
Benhamou, Eric A.	2/5/2015	82,404	(2)
	2/5/2015	(16,826)	(10)
	5/14/2015	18,421	(7)
	5/15/2015	15,302	(1)
	2/29/2016	82,404	(2)
	2/29/2016	(82,404)	(8)
	5/5/2016	15,302	(7)
	5/6/2016	21,459	(1)
	9/19/2016	(50,000)	(9)
	12/19/2016	(50,000)	(9)
	3/20/2017	(50,000)	(9)
Bingham, H. Raymond	3/12/2015	11,160	(1)
	3/12/2015	1,956	(1)
	3/12/2015	94,061	(4)
	3/12/2015	27,845	(4)
	3/12/2015	4,095	(4)
	3/12/2015	33,783	(4)
	3/12/2015	53,452	(4)
	3/12/2015	7,665	(4)
	3/12/2015	73,710	(4)
	3/12/2015	184,275	(4)
	3/12/2015	122,850	(4)
	3/12/2015	56,511	(4)
	3/18/2015	(49,497)	(10)
	3/18/2015	98,995	(5)
	5/1/2015	20,000	(2)

Explanation of Responses:

5/1/2015	(20,000)	(8)
5/4/2015	(25,000)	(8)
5/14/2015	1,956	(7)
5/15/2015	15,302	(1)
11/6/2015	(25,000)	(8)

APPENDIX A
PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

Name	Date	Amount	Transaction
	11/9/2015	53,710	(2)
	11/9/2015	(53,710)	(8)
	11/9/2015	(1,956)	(8)
	3/12/2016	3,720	(7)
	3/14/2016	(1,860)	(9)
	5/2/2016	45,000	(3)
	5/2/2016	(45,000)	(9)
	5/3/2016	11,511	(3)
	5/3/2016	(11,511)	(9)
	5/3/2016	3,489	(3)
	5/3/2016	(3,489)	(9)
	5/5/2016	15,302	(7)
	5/5/2016	(7,651)	(10)
	5/6/2016	21,459	(1)
	6/1/2016	15,000	(3)
	6/1/2016	(15,000)	(9)
	6/17/2016	(20,000)	(8)
	7/1/2016	15,000	(3)
	7/1/2016	(15,000)	(9)
	8/1/2016	15,000	(3)
	8/1/2016	(15,000)	(9)
	8/10/2016	132,508	(1)
	9/1/2016	15,000	(3)
	9/1/2016	(15,000)	(9)
	10/3/2016	15,000	(3)
	10/3/2016	(15,000)	(9)
	11/1/2016	15,000	(3)
	11/1/2016	(15,000)	(9)
	11/3/2016	11,080	(1)
	11/10/2016	11,042	(7)
	12/1/2016	15,000	(3)
	12/1/2016	(15,000)	(9)
	1/3/2017	14,361	(3)
	1/3/2017	(14,361)	(9)
	1/31/2017	11,080	(7)
	2/10/2017	11,042	(7)
	3/12/2017	3,720	(7)
	3/16/2017	232,558	(1)
El-Khoury, Hassane	1/9/2015	807	(7)
	1/9/2015	(358)	(10)
	1/21/2015	41,416	(6)
	1/21/2015	30,000	(6)
	1/22/2015	(15,795)	(10)
	1/22/2015	(11,259)	(10)
	3/3/2015	90,000	(1)
	6/15/2015	3,108	(7)

6/16/2015	(1,634)	(10)
10/31/2015	667	(7)
11/2/2015	(349)	(10)
11/14/2015	467	(7)
11/16/2015	(244)	(10)
1/9/2016	807	(7)
1/11/2016	(354)	(10)

APPENDIX A
PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

Name	Date	Amount	Transaction
	2/3/2016	10,000	(7)
	2/3/2016	(4,378)	(10)
	2/3/2016	30,000	(7)
	2/3/2016	(11,311)	(10)
	2/18/2016	108,000	(6)
	3/17/2016	(30,000)	(8)
	5/5/2016	20,000	(1)
	8/10/2016	220,848	(1)
	11/3/2016	21,494	(1)
	11/10/2016	18,404	(7)
	11/10/2016	(9,745)	(10)
	11/14/2016	467	(7)
	11/15/2016	(249)	(10)
	12/31/2016	20,000	(7)
	1/3/2017	(10,340)	(10)
	1/9/2017	807	(7)
	1/10/2017	(357)	(10)
	1/27/2017	30,000	(7)
	1/30/2017	(11,805)	(10)
	1/31/2017	21,494	(7)
	2/1/2017	(8,470)	(10)
	2/10/2017	18,404	(7)
	2/13/2017	(6,876)	(10)
	2/28/2017	61,920	(6)
	2/28/2017	25,850	(6)
	3/1/2017	(45,775)	(10)
	3/16/2017	158,577	(1)
Kwon, Oh-Chul	3/12/2015	11,160	(1)
	3/12/2015	1,956	(1)
	3/12/2015	24,877	(4)
	3/12/2015	4,972	(4)
	3/16/2015	24,877	(5)
	5/14/2015	1,956	(7)
	5/15/2015	15,302	(1)
	3/12/2016	3,720	(7)
	3/15/2016	(1,164)	(10)
	5/5/2016	15,302	(7)
	5/5/2016	(4,624)	(10)
	5/6/2016	21,459	(1)
	3/12/2017	3,720	(7)
	3/14/2017	(1,094)	(8)
Nazarian, Dana C.	1/21/2015	30,000	(6)
	1/21/2015	41,416	(6)
	1/21/2015	(15,769)	(10)
	1/21/2015	(11,258)	(10)
	3/3/2015	90,000	(1)

2/3/2016	10,000	(7	)
2/3/2016	30,000	(7	)
2/18/2016	108,000	(6	)
5/5/2016	20,000	(1	)
8/12/2016	3,794	(2	)
8/12/2016	27,383	(2	)
8/12/2016	(10,713)	(10	)

APPENDIX A
PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

Name	Date	Amount	Transaction
	11/3/2016	7,586	(1)
	12/31/2016	20,000	(7)
	1/3/2017	(10,340)	(10)
	1/27/2017	30,000	(7)
	1/30/2017	(12,117)	(10)
	1/31/2017	7,586	(7)
	2/1/2017	(3,274)	(10)
	2/28/2017	61,920	(6)
	2/28/2017	25,850	(6)
	3/1/2017	(45,838)	(10)
	3/16/2017	47,052	(1)
Rauschmayer, Joseph T.	3/12/2015	1,383	(4)
	3/12/2016	112,613	(5)
	3/12/2015	(62,000)	(10)
	3/12/2015	70,000	(4)
	5/1/2015	2,764	(7)
	5/4/2015	(1,463)	(10)
	5/7/2015	60,000	(1)
	8/3/2015	2,764	(7)
	8/4/2015	(1,480)	(10)
	11/2/2015	2,764	(7)
	11/3/2015	(1,459)	(10)
	2/1/2016	2,764	(7)
	2/2/2016	(1,197)	(10)
	2/18/2016	18,202	(6)
	2/19/2016	(7,491)	(10)
	3/12/2016	70,000	(7)
	3/13/2016	(27,993)	(10)
	4/1/2016	33,000	(1)
	4/30/2016	2,764	(7)
	5/2/2016	(994)	(10)
	5/5/2016	20,000	(1)
	8/1/2016	2,764	(7)
	8/2/2016	(1,484)	(10)
	11/3/2016	9,613	(1)
	12/31/2016	20,000	(7)
	1/3/2017	(10,589)	(10)
	1/27/2017	30,000	(6)
	1/30/2017	(12,068)	(10)
	1/30/2017	9,100	(6)
	1/31/2017	(4,043)	(10)
	1/31/2017	9,613	(7)
	2/1/2017	(4,223)	(10)
	2/28/2017	87,770	(6)
	3/1/2017	(46,451)	(10)
	3/16/2017	36,592	(1)

Trent, Thad	1/20/2015	8,000	(7)
	1/20/2015	(3,461)	(10)
	1/21/2015	8,283	(6)
	1/21/2015	6,000	(6)
	1/21/2015	(3,507)	(10)
	1/21/2015	(2,184)	(10)
	3/3/2015	60,000	(1)

Cypress Semiconductor Corporation - 2017 Proxy Statement A-5

APPENDIX A
PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

Name	Date	Amount	Transaction
	5/7/2015	30,000	(1)
	5/11/2015	1,333	(7)
	5/12/2015	(509)	(10)
	10/31/2015	2,267	(7)
	11/2/2015	(852)	(10)
	11/14/2015	1,733	(7)
	11/16/2015	(652)	(10)
	11/19/2015	1,066	(7)
	11/19/2015	(401)	(10)
	2/3/2016	2,000	(7)
	2/3/2016	(866)	(10)
	2/3/2016	20,000	(7)
	2/3/2016	(8,033)	(10)
	2/3/2016	10,000	(7)
	2/3/2016	(3,745)	(10)
	2/18/2016	108,000	(6)
	5/5/2016	20,000	(1)
	5/9/2016	1,333	(7)
	5/9/2016	(706)	(10)
	6/1/2016	20,000	(7)
	6/1/2016	(10,508)	(10)
	10/10/2016	15,450	(3)
	10/10/2016	(11,390)	(10)
	11/3/2016	9,484	(1)
	11/14/2016	1,734	(7)
	11/15/2016	(918)	(10)
	11/19/2016	1,067	(7)
	11/22/2016	(552)	(10)
	12/31/2016	20,000	(7)
	1/3/2017	(10,340)	(10)
	1/27/2017	20,000	(7)
	1/27/2017	10,000	(7)
	1/30/2017	(8,131)	(10)
	1/30/2017	(3,875)	(10)
	1/31/2017	9,484	(7)
	2/1/2017	(4,020)	(10)
	2/28/2017	41,280	(6)
	2/28/2017	20,640	(6)
	2/28/2017	21,150	(6)
	3/1/2017	(43,349)	(10)
	3/16/2017	57,507	(1)
van den Hoek, Wilbert G. M.	5/14/2015	18,421	(7)
	5/15/2015	15,302	(1)
	5/5/2016	15,302	(7)
	5/6/2016	21,459	(1)
Wishart, Michael S.	3/12/2015	18,901	(4)

3/12/2015	34,398	(4)
3/12/2015	28,665	(4)
3/12/2015	22,909	(4)
3/12/2015	11,160	(1)
3/12/2015	1,956	(1)
3/18/2015	51,574	(5)
3/18/2015	(9,495)	(10)

APPENDIX A
PRELIMINARY PROXY MATERIAL DATED APRIL 5, 2017 - SUBJECT TO COMPLETION

Name	Date	Amount	Transaction
	3/18/2015	(11,881)	(10)
	5/14/2015	1,956	(7)
	5/15/2015	15,302	(1)
	3/12/2016	3,720	(7)
	5/5/2016	15,302	(7)
	5/6/2016	21,459	(1)
	3/12/2017	3,720	(7)

(1) Acquisition - Grant of restricted stock units or similar awards
(2) Acquisition - Option exercise
(3) Acquisition - Option exercise pursuant to Rule 10b5-1 trading plan
(4) Acquisition - Securities exchanged in connection with Cypress/Spansion merger
(5) Acquisition - Settlement of securities exchanged in connection with Cypress/Spansion merger
(6) Acquisition - Shares acquired upon vesting related to achievement of performance milestones under performance based restricted stock
(7) Acquisition - Vesting of restricted stock units or similar awards
(8) Disposition - Open market sale
(9) Disposition - Sale pursuant to a Rule 10b5-1 trading plan
(10) Disposition - Shares sold to pay exercise price and/or tax applicable to vesting/settlement of equity awards

Miscellaneous Information Regarding Participants

Except as described in this Appendix A or the Proxy Statement, none of the participants (i) beneficially owns (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, any shares or other securities of the Company or any of our subsidiaries, (ii) has purchased or sold any of such securities within the past two years or (iii) is, or within the past year was, a party to any contract, arrangement or understanding with any person with respect to any such securities. Except as disclosed in this Appendix A or the Proxy Statement, none of the participants' associates beneficially owns, directly or indirectly, any of our securities. Other than as disclosed in this Appendix A or the Proxy Statement, neither we nor any of the participants has any substantial interests, direct or indirect, by security holding or otherwise, in any matter to be acted upon at the Annual Meeting or is or has been within the past year a party to any contract, arrangement or understanding with any person with respect to any of our securities, including, but not limited to, joint ventures, loan or option agreements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits or the giving or withholding of proxies. Other than as disclosed in this Proxy Statement, none of the participants or any of their associates has any direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Other than as set forth in this Appendix A or the Proxy Statement, none of us, any of the participants or any of their associates has any arrangements or understandings with any person with respect to any future employment by us or our affiliates or with respect to any future transactions to which we or any of our affiliates will or may be a party.

APPENDIX B