

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

SEE ATTACHED FORM 8937 APPENDIX A

18 Can any resulting loss be recognized? ▶ SEE ATTACHED FORM 8937 APPENDIX A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ _____

SEE ATTACHED FORM 8937 APPENDIX A

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ /s/ Neil H. Weiss Date ▶ 4/6/2017

Print your name ▶ Neil H. Weiss Title ▶ SVP & Treasurer

| | | | | | |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| Paid Preparer Use Only | Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| | Firm's name ▶ | | | | Firm's EIN ▶ |
| | Firm's address ▶ | | | | Phone no. |

Form 8937 Appendix A

Issuer's Name: Cypress Semiconductor Corporation

FEIN: 94-2885898

CUSIP Number: 84649PAL9

Line 14. On November 7, 2016, Cypress Semiconductor Corporation's (referred to as "CY" hereafter) board of directors declared a cash dividend payment of \$0.11 per share of CY's common stock with a record date of December 29, 2016 to be paid on January 19, 2017. Section 10.04(d) of the Indenture for the Spansion LLC 2% Exchangeable Senior Notes Due 2020 (referred to as "Notes" hereafter) provides for an increase in the Exchange Rate in connection with this dividend.

Line 15. Section 10.04(d) of the Indenture for the Notes provides for an increase in the exchange rate in connection with the dividend mentioned above on the Ex-Dividend Date, December 27, 2016.

Exchange Rate Adjustment Calculation Illustration:

$$ER_1 = ER_0 \times (SP_0 / (SP_0 - C))$$

ER_0 = the Exchange Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such dividend or distribution

ER_1 = the Exchange Rate in effect immediately after the open of business on the Ex-Dividend Date for such dividend or distribution

SP_0 = the average Closing Sale Price of the Company Common Stock for the ten consecutive Trading Days immediately preceding, but excluding, the Ex-Dividend Date for such dividend or distribution

C = the amount in cash per share CY distributes to holders of its Common Stock

Pursuant to IRC Section 305(c), the Exchange Rate Adjustment results in a deemed distribution to the holders of the Spansion LLC 2% Exchangeable Senior Notes Due 2020. The amount included in income increases the tax basis of the respective Notes.

Deemed Distribution Calculation Illustration:

$$\text{Deemed Distribution} = (ER_1 - ER_0) \times SP_0$$

Line 16. The Exchange Rate relating to the Notes, previously equal to 190.2604 shares of Common Stock per \$1,000 principal amount of Notes, was increased to 192.1167 shares of Common Stock per \$1,000 principal amount of Notes as a result of the cash dividend paid on January 19, 2017 by CY to its common shareholders.

The above Exchange Rate increase resulted in a deemed distribution of \$21.13 per \$1,000 principal amount of Notes to the holders of the Notes and a corresponding increase in the holders' tax basis in the Notes.

Detailed Calculation:

$$ER_1 = ER_0 \times (SP_0 / (SP_0 - C)) = 190.2604 \times (\$11.3845 / (\$11.3845 - \$0.11)) = 192.1167$$

$$\text{Deemed Distribution} = (192.1167 - 190.2604) \times \$11.3845 = \$21.13$$

$$ER_0 = 190.2604$$

$$ER_1 = 192.1167$$

$$SP_0 = \$11.3845$$

$$C = \$0.11$$