

**CYPRESS SEMICONDUCTOR CORPORATION  
CHARTER OF THE  
AUDIT COMMITTEE OF THE  
BOARD OF DIRECTORS**

**1. PURPOSE**

The purpose of the Audit Committee (the "Committee") of the Board ("Board") of Cypress Semiconductor Corporation (the "Company") shall be to:

- A. Provide oversight of the Company's accounting and financial reporting processes and the audit of the Company's financial statements;
- B. Assist the Board in the oversight of: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent auditor's appointment, compensation, performance, qualifications and independence; (iv) the performance of the Company's internal audit function; and (v) the Company's internal controls and the audit of management's assessment of the effectiveness of internal control over financial reporting;
- C. Prepare a Committee report as required by the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement;
- D. Provide oversight of the Company's whistleblower reporting function; and
- E. Provide to the Board such information and materials as it may deem necessary to make the Board aware of financial matters requiring the attention of the Board.

In addition, the Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

**2. MEMBERSHIP AND ORGANIZATION**

Composition

The Committee will consist of at least three (3) members of the Board. Members of the Committee must meet the following criteria:

- A. Each member must satisfy the requirements for independence and experience set out in: (i) the Nasdaq Stock Market Listing Standards (the "Nasdaq Rules"); and (ii) the criteria provided in Rule 10A-3(b)(1) of the Securities Exchange Act of 1934 or under any other applicable SEC rules and regulations;
- B. Each member of the Committee shall have the ability to read and understand fundamental financial statements;
- C. At least one member shall be an "audit committee financial expert" as defined by the rules of the SEC; and

D. No member of the Committee shall have participated in the preparation of the Company's or any subsidiary's financial statements within the prior three years.

#### Appointment and Removal, Chairman

The members of the Committee and the Chairman shall be recommended by the Board's Nominating and Corporate Governance Committee and appointed by the Board, and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by the Board. If the Board fails to appoint a Chairman, the Committee may designate a Chairman by a majority vote of the members. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

#### Delegation to Subcommittees

In fulfilling its responsibilities, the Committee may, to the extent permitted under applicable laws and regulations, the rules of Nasdaq and the SEC, and the Company's Certificate of Incorporation and Bylaws, delegate any or all of its responsibilities to a subcommittee of the Committee.

#### Meetings

The Committee will meet at least four (4) times annually. The Committee may establish its own meeting schedule. The Committee will meet separately and periodically with the Chief Financial Officer of the Company, at such times as are appropriate to review the financial affairs of the Company. The Committee will meet separately and periodically with the internal auditors and the independent auditors of the Company, at such times as it deems appropriate, but not less than quarterly. Additionally, the Committee may invite to its meetings any director, member of the management of the Company and such other persons as it deems appropriate to carry out its responsibilities.

At all meetings of the Committee, a majority of the authorized number of Committee members shall constitute a quorum for the transaction of business and the act of a majority of the Committee members present at any Committee meeting at which there is a quorum shall be the act of the Committee, except as may be otherwise specifically provided by statute (such as in the case of a recusal due to a conflict of interest) or by the Company's Certificate of Incorporation.

Meetings of the Committee may be held telephonically. The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of meetings of the Board. The Committee may also act by written consent, which shall constitute a valid action of the Committee if it has been executed by each Committee member and shows the date of execution. The written consent will be effective on the date of the last signature and will be filed with the minutes of Board meetings.

#### Compensation

Members of the Committee shall receive such fees for their service as Committee members as may be recommended by the Compensation Committee and determined by the Board. Members of the Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof.

### **3. RESPONSIBILITIES AND DUTIES**

Consistent with the purposes of the Committee set forth above, the responsibilities and duties of the Committee shall include:

1. Obtaining and reviewing, at least annually, a report by the independent auditor describing: (i) the independent auditor's internal quality-control procedures; and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits by the independent auditor, and any steps taken to deal with such issues;

2. Reviewing: (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; (ii) major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (iii) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (iv) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements;

3. Reviewing and discussing with management and the independent auditor the Company's annual audited financial statements and quarterly unaudited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" prior to filing the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, respectively, with the SEC;

4. Reviewing and discussing, generally, with management and the independent auditor, the Company's earnings press releases (paying particular attention to the use of any "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies;

5. Discussing policies and providing oversight with respect to risk assessment and risk management, including: (i) the guidelines and policies governing the process used by the Company's CEO and senior management to assess and manage the Company's exposure to risk; and (ii) the major financial risk exposures and the steps management has taken to monitor and control such exposures;

6. Reporting regularly to the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor and the performance of the Company's internal audit function;

7. Reviewing and reassessing its own charter annually and submitting any recommended changes to the Board for its approval;

8. Performing an annual self-evaluation and reporting thereon to the Board;

9. Reviewing the independent audit by: (i) reviewing the independent auditor's proposed audit scope and approach; (ii) discussing with the Company's independent auditor the financial statements and audit findings, including any significant adjustments, management judgments and accounting estimates, significant new accounting policies and disagreements with management and any other matters described in AS No. 16 (or any successor provision); and (iii) reviewing reports submitted to the Committee by the independent auditor in accordance with applicable SEC Rules;

10. Reviewing information regarding: (i) any significant deficiencies or material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;

11. Appointing, compensating, retaining and overseeing the work of the independent auditor (including resolving disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; and the independent auditor shall report directly to the Committee;

12. Reviewing and evaluating the qualifications, performance and independence of the lead partner of the independent auditor, including taking into account the opinions of management and the Company's internal auditors;

13. Setting clear hiring policies for employees or former employees of the independent auditor;

14. Considering whether, in addition to assuring the regular rotation of the lead audit partner as required by law, there should be regular rotation of the audit firm itself and presenting its conclusions with respect to the independent auditor to the Board;

15. Reviewing with the independent auditor any audit problems or difficulties and management's response, including a regular review of any difficulties the independent auditor encountered in the course of the audit work, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management as well as the responsibilities, budget and staffing of the Company's internal audit function;

16. Pre-approving, explicitly, audit and permissible non-audit services (and associated fees) provided to the Company by the independent auditor, except where pre-approval of audit and permissible non-audit services is not required under applicable SEC Rules. The Committee may delegate to one or more designated members of the Committee the authority to grant pre-approvals, provided such approvals are presented to the Committee at a subsequent meeting;

17. Reviewing the qualifications and independence of the independent auditor, including: (i) obtaining on a periodic basis a formal written statement from the independent auditor

regarding relationships and services with the Company that may impact independence, as defined by applicable standards and SEC Rules; (ii) presenting this statement to the Board; and (iii) to the extent there are relationships, actively engaging in dialogue with the independent auditor and working with the Board to take any appropriate action;

18. Recommending to the Board the independent auditors to be nominated for appointment by the shareholders for the current fiscal year;

19. Reviewing and approving the Company's internal controls process;

20. Reviewing and providing input to the risk assessment processes in the Company, which will form the basis of the annual internal audit plan, reviewing and approving the annual internal audit plan (including any changes recommended by management), and reviewing a summary of significant audit results (internal and external), follow-up and status of any corrective action, areas of concern, and progress against the annual internal audit plan;

21. Meeting directly and confidentially with the independent auditors and the Company's head of internal audit, who functionally reports to the Committee;

22. Reviewing, evaluating and overseeing the adequacy of resources and performance of the internal audit function, including reviewing with management any hiring and/or termination decision related to the Company's head of internal audit;

23. Providing the Audit Committee Report for inclusion in the Company's annual proxy statement in accordance with SEC Rules;

24. Establishing whistleblower hotline procedures for the confidential and anonymous receipt, retention and treatment of complaints received by the Company regarding questionable accounting, internal accounting controls or auditing matters;

25. Determining payment (i) to the independent auditor engaged to prepare or issue an audit report or perform other audit, review or attest services for the Company; (ii) to any independent legal, accounting or other advisors retained by the Committee; and (iii) of ordinary administrative expenses of the Committee necessary and appropriate for the performance of its duties;

26. Overseeing compliance with SEC Rules for disclosure of the independent auditor's services and Committee members, member qualifications and activities;

27. Assisting the Board in fulfilling its responsibilities to oversee management's conduct as it relates to the Company's capital structure, financing transactions, acquisitions and divestitures, share repurchase and dividend programs, cash management, income taxes, and legal matters, and policies relating to interest rates and currency hedging;

28. Reviewing and approving all transactions between the Company and any related person. "Related-person transaction" shall have the meaning ascribed to such term under the SEC rules and the Nasdaq Rules; and

29. Reviewing matters related to the security of, and risks related to, information technology systems and procedures, including cybersecurity and third-party assessments of the Company's cybersecurity processes, and assisting the Board in its oversight of cybersecurity matters.

In exercising the duties and responsibilities in this charter, the Committee may retain, as it determines necessary or appropriate, independent legal, accounting or other advisors to advise or assist the Committee in the performance of any of the responsibilities and duties set forth above. The Committee may also utilize the services of the Company's in-house legal counsel or other advisors to the Company.