



Corporate Governance Guidelines

CYPRESS SEMICONDUCTOR CORPORATION CORPORATE GOVERNANCE GUIDELINES

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1. The primary responsibilities of the Board of Directors (the “Board”) of Cypress Semiconductor Corporation (the “Company”) are oversight, counseling and direction to the management of the Company in the interest and for the benefit of the Company’s stockholders, and overseeing the Company’s adherence to corporate standards and applicable laws. The Board’s detailed responsibilities include, but are not limited to, the following items, which may be delegated to an independent committee (a “Committee”) of the Board, as appropriate:

- a. Selecting, regularly evaluating the performance of, and approving the compensation of the Chief Executive Officer and other executive officers of the Company, including Section 16 officers, and key employees;
- b. Planning for succession with respect to the position of Chief Executive Officer and monitoring and providing input into management’s succession planning for executive officers;
- c. Reviewing and, where appropriate, approving the Company’s major financial objectives, strategic and operating plans and actions;
- d. Overseeing the conduct of the Company’s business to ensure the business is being properly managed; and
- e. Overseeing the processes for maintaining the integrity of the Company with regards to its financial statements and other public disclosures, and compliance with law and ethics.

The Board has delegated to the Chief Executive Officer, working with the other executive officers of the Company, the authority and responsibility for managing the day-to-day business of the Company in a manner consistent with the standards and practices of the Company, and in accordance with any specific plans, instructions or directions of the Board. The Chief Executive Officer and the other executive officers are responsible for seeking the advice and, in appropriate situations or as required by law or Company policy, the approval of the Board with respect to significant or material actions to be undertaken by the Company.

2. Corporate Business Principles

Members of the Board shall act at all times in accordance with the requirements of the Company’s Code of Business Conduct and Ethics and laws which shall be applicable to each director in connection with his or her activities relating to the Company. This obligation shall at all times include, without limitation, adherence to the Company’s policies with respect to conflicts of interest, confidentiality, protection of the Company’s assets, ethical conduct in business dealings and respect for and compliance with applicable laws. Any waiver of the requirements of the Code of Business Conduct and Ethics with respect to any individual director shall be reported to, and be subject to the approval of, the Board, after review and recommendation by the Nominating and Corporate Governance Committee.

B. BOARD COMPOSITION

1. Chairman of the Board

The Board’s general policy is that separate persons should hold the positions of Chairman of the Board and Chief Executive Officer to enhance the Board’s oversight of management.

2. Size of the Board

The Board currently has eight members and the size of the Board shall be set in accordance with the Company's Amended and Restated Bylaws (the "Bylaws"). Subject to the Bylaws, the Board may change the number of authorized directors on the Board if the Nominating and Corporate Governance Committee so recommends and if the Board deems it appropriate and advisable.

3. Independent Directors

The policy of the Board is that a majority of the Board members shall be independent. A director will qualify as "independent" only if he or she satisfies the requirements for independence set out in the Nasdaq Stock Market ("NASDAQ") Listing Standards and the rules of the Securities and Exchange Commission (the "SEC").

The Board and the Nominating and Corporate Governance Committee will make an annual determination of the independence of each member of the Board, in accordance with the requirement mentioned above.

4. Board Membership Criteria

The Nominating and Corporate Governance Committee is responsible for assessing and then reviewing with the Board from time to time the appropriate skills and characteristics required of Board members. This assessment includes evaluation of the appropriate qualifications, skills, the individual's character and integrity, general business and industry experience, leadership profile, strategic planning abilities and experience, aptitude in accounting or finance, expertise in domestic and international markets, industry knowledge, understanding of relevant technologies, communications and interpersonal skills, and ability and willingness to devote time as needed for Board services. These factors, and others considered useful by the Board (including the value and importance of having a diverse Board), will be reviewed in the context of an assessment of the perceived needs of the Board periodically. The Nominating and Corporate Governance Committee will nominate for membership to the Board individuals having the most desirable qualifications as determined by the above factors, and will not discriminate based on their race, gender, age, religion, national origin, sexual orientation or physical limitations.

Board members are expected to rigorously prepare for, attend, and participate in all Board and applicable Committee meetings. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as a director.

5. Selection of New Director Candidates

Directors are elected annually at the Company's annual meeting of stockholders. In the event of a vacancy on the Board, due to the resignation of a director, or an increase in the authorized number of directors, the members of the Board shall appoint director(s) to fill such position(s), by a simple majority vote of the directors then in office.

6. Limitation on Non-Cypress Board Representation

The following limitations have been established by the Board to minimize the potential for director "overboarding": (a) a non-employee director may serve on up to four (4) public company boards (including the Board); and (b) a director who is also an executive officer of the Company may serve on up to two (2) public company boards (including the Board).

7. Change of Principal Occupation, Other Board Appointments, and Potential Conflicts of Interest

The Board does not believe that directors who retire, are employed in a new position or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board, via the Nominating and Corporate Governance Committee, to review the circumstances to determine whether continued Board membership is appropriate, and recommend to the Board the appropriate course of action, as applicable. Accordingly, in the event a director has a significant change in employment or professional status, such director shall promptly inform the Nominating and Corporate Governance Committee, and deliver a resignation letter to the Board, so that the review process is commenced. After review by the Nominating and Corporate Governance Committee and recommendation by such Committee to the Board, the Board shall review the situation and accept or reject the resignation letter. Directors are also required to comply with any Company policies then in place regarding pursuit of outside for-profit affiliations.

In addition, prior to accepting an invitation to serve on the board of another public company, a director must advise the Nominating and Corporate Governance Committee, so that the Nominating and Corporate Governance Committee may evaluate any potential conflict of interest.

The Board has approved the following guidelines (the “Guidelines”), when evaluating potential conflict of interest situations involving directors:

- 1 If (1) there are specific and significant discussions between the Company and a specified company (the “Specified Company”) regarding a potential material transaction; (2) a confidentiality / non-disclosure agreement regarding a material transaction has been signed by the Company and the Specified Company; or (3) the relationship between the Company and the Specified Company is a topic for significant discussion by the Board (on a Board agenda or otherwise), then perform a conflict of interest check.
- 1 If a conflict exists, then the director should recuse himself/herself from both situations; i.e., with both the Company and the Specified Company (or with any third party that the director is affiliated with (e.g., in an advisory board role) that has an interest in or with the Specified Company).
- 1 If a conflict does not exist, then the director may continue with his/her involvement and with the discussions.

8. Term and Age Limits; Diversity

The Board has not established any term or age limits. The Board believes that it is director competence and Board contributions, rather than terms or age, that dictate when a Board member should be replaced. Although term and age limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who, over time, have developed increasing insight into the Company and its operations and therefore provide an increasing contribution to the Board as a whole. To ensure that each director still effectively fulfills his or her role on the Board, the Nominating and Corporate Governance Committee will annually evaluate and determine the effectiveness of the Board and its committees and recommend to the Board whether or not to nominate a director for re-election by stockholders.

The Board recognizes the value of Board refreshment and diversity, and believes that its membership should reflect a diversity of experience, gender, race, ethnicity, age, and tenure on the Board.

9. Process for Termination or Removal of Board Member

A director who has concerns regarding the performance or compliance of a Board member should bring such concerns to the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will review the concern and determine whether to recommend action to the Board. If action is recommended to the Board by the Nominating and Corporate Governance Committee, the director against whom the concern is brought will recuse himself/herself, and the other members of the Board will, subject to applicable law, by a majority vote determine whether the director will remain or be removed from the Board.

10. Board Compensation

It is the general policy of the Board that Board compensation should be a mix of cash and equity. The Company's officers who are members of the Board do not receive compensation for serving as directors of the Board. Non-employee directors receive compensation for serving on the Board, on Committees, and as Chairpersons of the Board or a Committee.

The Compensation Committee, with the assistance of independent compensation advisors, will, on an annual basis, review and update the Board on the status of Board compensation in relation to other representative U.S. companies.

C. BOARD MEETINGS AND MATERIALS

1. Scheduling and Selection of Agenda Items for Board Meetings

Board meetings are scheduled in advance. In addition to the four (4) regularly scheduled meetings, additional Board meetings may be called upon appropriate notice in accordance with the Company's Bylaws at any time to address specific needs of the Company. The Board may also take action from time to time by unanimous written consent.

Typically, the meetings are held at the Company's headquarters in San Jose, California, but meetings may be held at another location or telephonically or by similar means of communications equipment.

The Chief Executive Officer and the Corporate Secretary, in consultation with the Chairman of the Board, draft the agenda for each meeting and distribute it to the Board in advance. Each director may propose to the Chairman of the Board the inclusion of items on the agenda, request the presence of or a report by any member of the Company's management, or at any Board meeting raise subjects that are not on the agenda for that meeting. The Chairman of the Board and the Board separately have authority to require the Board to meet in executive sessions outside the

presence of management to discuss matters with or without distribution of written materials.

The annual cycle of agenda items for Board meetings is expected to change on a periodic basis to reflect, e.g., Board requests, changing business and legal issues and the work done by the Board Committees. It is expected that the Board will have regularly scheduled presentations from Finance, Sales and Marketing, and the major business segments and operations of the Company. The Board's annual agenda will include the long-term strategic plan for the Company and the principal issues that the Company expects to face in the future.

2. Board Material Distributed in Advance

Information that is important to the Board's understanding of the business and its meeting agenda items should be distributed in writing to the Board several days before the Board meets. Supplemental written materials will be provided to the Board on a periodic basis and at any time upon request of Board members. Materials may be posted on a Board website, or delivered as paper copies, or emailed, or provided via other electronic means.

Materials must be sent in advance and received prior to the meeting, unless there is an exception made by the Chairman; provided, however, that in certain situations, the Company may elect to provide certain materials (e.g., sensitive third-party advisory materials) in person at the meeting.

As a general rule, materials on specific subjects should be sent to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions and input that the Board has about the material. However, matters may be discussed at the meeting without written materials being distributed in advance or at the meeting.

3. Access to Employees, Independent Advisors and Board Presentations

The Board has complete access to contact and meet with any Cypress employee and, as necessary, independent advisors of the Company. Board members are encouraged, when traveling, to make arrangements in advance to visit Cypress sites and meet with local management on a worldwide basis.

The Board encourages management to allow the Company's employees at managerial levels to make presentations at Board meetings (a) as necessary to provide additional insight to the Board, if such employees are knowledgeable on the specific subject matter being presented, or (b) if such employee has future potential that the Company's management believes should be given exposure to the Board.

4. Access to Independent Directors

The Board will ensure that the Company establishes a process whereby interested parties will be able to communicate directly with independent directors in order to make any concerns they may have known to the independent directors. Accordingly, anyone who wishes to communicate with our independent directors may do so by submitting an email to our Board at CYBOD@cypress.com. Communications intended for independent directors should be directed to the Chairman of the Nominating and Corporate Governance Committee, c/o Corporate Secretary, Cypress Semiconductor Corporation, 198 Champion Court, San Jose, California 95134.

5. Independent Directors' Discussions

The Board shall have separate regularly scheduled meetings for the independent directors scheduled at least once a quarter during the regularly scheduled Board meetings. However, the independent directors may meet as often as needed at their discretion. The Chairman of the Board will, as long as the Chairman is independent, assume the responsibility of chairing the meetings of independent directors and shall bear such further responsibilities, which the independent directors as a whole might designate from time to time.

6. Director Orientation and Continuing Education

The Board and the Chief Executive Officer, in conjunction with the Company's management, are responsible for new-director orientation programs and for director continuing education programs. The orientation programs are designed to familiarize new directors with the Company's businesses, strategies and challenges and to assist new directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. Continuing education programs for Board members may include a mix of in-house and third-party presentations and programs. In accordance with the Company's Director Education Policy, all directors are required to attend at least one director continuing education program every two years, which may include webinars/online courses and conferences, and report compliance to the Nominating and Corporate Governance Committee.

D. BOARD COMMITTEES

1. Number of Committees

There are currently three Board Committees: Audit, Compensation, and Nominating and Corporate Governance. There will, from time to time, be occasions on which the Board may want to form a new committee or disband a current committee depending upon the circumstances. The Audit and Compensation Committees shall be composed entirely of independent Directors, subject to any exceptions permitted by the SEC and Nasdaq.

2. Responsibility and Authority

Each Committee will have a written charter, approved by the Board, which describes the Committee's general authority and responsibilities. Each Committee will undertake an annual review of its charter, and will work with the Board to make such revisions as considered appropriate.

Each Committee has the authority to engage outside experts, advisers and counsel to the extent it considers appropriate to assist the Committee in its work and subject to compliance with law and any applicable Committee charter provisions.

Each Committee will regularly report to the Board concerning the Committee's activities.

3. Assignment of Committee Members

The Board, after evaluation and recommendation by the Nominating and Corporate Governance Committee, is responsible for the appointment of Committee members and Committee chairpersons. Committee assignments are reviewed annually and it is expected that Committee assignments will rotate from time to time among the Board members. It is also expected that each Committee chairperson would have had previous service on the applicable Committee and may be reassigned to another Committee when his or her term as chairperson is completed.

4. Frequency and Length of Committee Meetings and Committee Agenda

The Committee chairperson, in consultation with the Chairman of the Board and appropriate members of management, will determine the frequency and length of the Committee meetings and develop the Committee's agenda. The agendas and meeting minutes of the Committees will be shared with the full Board, if requested, and other Board members are welcome to attend Committee meetings (so long as such attendance does not violate SEC, Nasdaq or Delaware laws and rules applicable to such Committee).

E. MANAGEMENT AND BOARD REVIEW AND RESPONSIBILITY

1. Formal Evaluation of Chief Executive Officer

The Chairman of the Board will be responsible for establishing the key parameters to be used in the formal annual evaluation of the Chief Executive Officer. The Chairman of the Board will also solicit scoring and comments on these key parameters from each of the directors, and then consolidate this information to provide the final formal consolidated evaluation of the Chief Executive Officer. This consolidated evaluation will be given to the Chief Executive Officer by the Chairman and the evaluation and feedback from the CEO will be provided to the full Board.

2. Succession Planning and Management Development

The Chief Executive Officer reviews succession planning and management development with the Board on an annual basis. The Board may from time to time ask the Compensation Committee to oversee and monitor succession planning.

3. Formal Evaluation of the Board and Individual Directors

The Chairman of the Nominating and Governance Committee manages the Board's process for annual evaluation of the Board and its committees, and the process for periodic evaluation of individual directors.

F. POLICY ON POISON PILL PLANS

The Board may adopt a shareholder rights plan (poison pill) if, in the exercise of its fiduciary responsibilities, it deems it to

be in the best interests of the Company and its stockholders.

G. STOCK OWNERSHIP & HOLDING REQUIREMENTS; PRE-CLEARANCE; HEDGING & PLEDGING

To ensure that our directors and executive officers remain aligned with the interests of the Company and its stockholders, the following stock ownership and holding periods will be required of our directors and executive officers:

1. **Executive Officers.** The Chief Executive Officer of the Company shall be 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 free and clear and does not include any granted option awards, even if vested and in the money. Our named executive officers, other than our Chief Executive Officer, shall be required to own Company stock having a value of at least four times their annual base salary. Such individuals shall have three years (from becoming a named executive officer) to meet the stock ownership requirement.
2. **Directors.** Our non-employee directors shall be required to own a number of shares of Company common stock equal to five (5) times the annual cash retainer for non-employee directors (currently \$50,000). New non-employee directors are required to meet the requirement within five years of their appointment or initial election to the Board. (For clarification, see the Non-Employee Director Stock Ownership Requirement governance document which provides, in part, that the term "ownership" includes (i) shares of Company common stock held directly by the non-employee director; (ii) shares of Company common stock held by a family member of a non-employee director living in the same household; and (iii) shares of Company common stock held in a trust in which the non-employee director is a grantor or beneficiary with voting and investment power. "Ownership" does not include options to purchase stock or unvested restricted stock units.)
3. **Stock Holding Requirement.** Each director and named executive officer subject to the stock ownership requirements above shall be required to hold 100% of his or her net shares until the earlier of: (i) the end of such individual's employment or directorship with the Company, and (ii) the time the individual meets the Company's stock ownership requirements.
4. **Pre-clearance, Anti-Hedging and Anti-Pledging.** All directors and executive officers are required to comply with the Company's policy on pre-clearing securities transactions with the Company's Legal Department. In addition, directors and executive officers are prohibited from engaging in transactions that have the effect of pledging or hedging Company securities. The requirements in this Section G.4. are effective on January 10, 2018.

H. RELATED-PERSON TRANSACTION POLICY

1. Definitions

"Related Person" shall have the meaning given to such term in Item 404(a) of SEC Regulation S-K, as shall be amended from time to time, ("Item 404(a)").

"Related-Person Transaction" means any transaction (within the meaning of Item 404(a)) involving the Company and any Related Person.

2. Excluded Transactions

The following transactions (the "Excluded Transactions") shall not be subject to review and approval or ratification under this Related-Person Transaction Policy, shall be deemed to not involve a material transaction, and shall not be subject to disclosure under Item 404(a):

Compensation. Compensation involving directors or executive officers and resulting solely from Board or employment positions with the Company or a subsidiary, provided that (a) any such compensation is or will be publicly disclosed (as required by SEC rules) or (b) where an executive officer is not a named executive officer ("NEO"), such executive officer is not an immediate family member of another Related Person and such executive officer's compensation has been approved by the Compensation Committee (and would have been disclosed (as required by SEC rules) if such executive officer were a NEO).

Certain Indirect Interests. Where a Related Person has an interest in a third party which has entered into or proposes to enter into a transaction with the Company and the Related Person's interest arises solely from one or more of (i) serving as a director of the other entity or (ii) owning, directly and indirectly, together with all other Related Persons, in the aggregate, less than a 10% beneficial ownership interest in the entity (other than a partnership).

Reimbursement of Business Expenses. The reimbursement of business expenses in accordance with the Company's policies.

3. Approval and Disclosure of Related-Person Transactions

The Audit Committee (or other designated committee of independent directors) will review and, if appropriate, approve or ratify all Related-Person Transactions (other than Excluded Transactions). No director shall participate in any review, approval or ratification of any Related-Person Transaction with respect to which such director or immediate family member is a Related Person. Any Related-Person Transaction which involves an amount in excess of \$120,000 and in which a Related Person had or will have a direct or indirect material interest will be disclosed in the Company's SEC filings.

4. Procedures for Identification of Related-Person Transactions

The Company maintains controls and procedures, including this Related-Person Transaction Policy, the completion of D&O questionnaires and the notice requirements in the Company's Code of Business Conduct and Ethics, to ensure that Related-Person Transactions are identified and submitted for review and, if appropriate, approval or ratification by the Audit Committee (or other designated committee of independent directors). In addition, all directors and executive officers shall promptly notify the General Counsel of any new transaction, arrangement or relationship that they propose to enter into, or of which they become aware, that might reasonably be expected to be a Related-Person Transaction and that is not an Excluded Transaction. This Related-Person Transaction Policy is intended to supplement, and not to supersede, the Company's other policies that may be applicable to or involve transactions with Related Persons, including the Company's Code of Business Conduct and Ethics.

5. Related-Person Transaction Implications on Director Independence

In connection with any approval or ratification of a Related-Person Transaction involving a non-employee director or nominee for director, the Audit Committee (or other designated committee of independent directors) shall consider whether such transaction would compromise such director's status as: (1) an independent director, independent Audit Committee member or independent Compensation Committee member under the NASDAQ Listing Standards; (2) an "outside director" under Section 162(m) of the Internal Revenue Code or a "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), if such non-employee director serves on the Compensation Committee; or (3) an independent director under Rule 10A-3 of the Exchange Act, if such non-employee director serves on the Audit Committee.

I. ANNUAL REVIEW OF THE GUIDELINES

The Nominating and Corporate Governance Committee of the Board of Directors shall review these Corporate Governance Guidelines on at least an annual basis and report to the Board with any recommendations it may have in connection therewith, and such review shall be referred to in the Company's proxy statements. In addition, each director shall review these Corporate Governance Guidelines on an annual basis.