

CYPRESS SEMICONDUCTOR CORPORATION

CORPORATE GOVERNANCE GUIDELINES

A. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

1. The primary responsibilities of the Board of Directors (the “Board”) are oversight, counseling and direction to the management of the Corporation in the interest and for the benefit of the Corporation's stockholders, and overseeing the Corporation's adherence to corporate standards. The Board's detailed responsibilities include:
 - a. Selecting, regularly evaluating the performance of, and approving the compensation of the Chief Executive Officer and, executive officers of the Corporation, including Section 16 senior executives;
 - b. Planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for Section 16 senior executives;
 - c. Reviewing and, where appropriate, approving the Corporation's major financial objectives, strategic and operating plans and actions;
 - d. Overseeing the conduct of the Corporation's business to evaluate whether the business is being properly managed; and
 - e. Overseeing the processes for maintaining the integrity of the Corporation 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 Corporation, the authority and responsibility for managing the business of the Corporation in a manner consistent with the standards and practices of the Corporation, and in accordance with any specific plans, instructions or directions of the Board. The Chief Executive Officer and management are responsible to seek the advice and, in appropriate situations, the approval of the Board with respect to extraordinary actions to be undertaken by the Corporation.

2. Corporate Business Principles

Members of the Board shall act at all times in accordance with the requirements of the Corporation's Code of Business Conduct and Ethics, which shall be applicable to each director in connection with his or her activities relating to the Corporation. This obligation shall at all times include, without limitation, adherence to the Corporation's policies with respect to conflicts of interest, confidentiality, protection of the Corporation's assets, ethical conduct in business dealings and respect for and compliance with applicable law. Any waiver of the requirements of the Corporate 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.

B. BOARD COMPOSITION

1. Separation of the positions of Chairman of the Board and Chief Executive Officer

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 has seven members in accordance with the Corporation's bylaws. The Board may increase 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 necessary.

3. Majority of Independent Directors

The policy of the Board is that majority of the Board members should be "independent."

4. Definition of Independence

A director will qualify as "independent" only if he or she meets the independence test set out in the New York Stock Exchange Listing Standards.

The Board will make an annual determination of the independence of each member of the Board, in accordance with applicable laws, regulations and stock exchange listing agreements.

5. 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 skills, the individual's character and integrity, general business and semiconductor industry experience, direct experience in the management of a Corporation that buys from the semiconductor industry, 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 of to devote time as needed for board services. The assessment is made in the context of the perceived needs of the Board from time to time. The Nominating and Governance Committee will nominate for membership to the Board men and women having the most desirable qualifications as determined by the above factors, without regard to their race, gender, age, religion, national origin, sexual orientation or physical limitations.

The Board will seek to nominate for election, the best qualified candidates for membership to the Board, and such candidates shall consist of those men and women demonstrating excellent judgment and commitment to the Corporation and its stockholders combined with extensive business or financial experience and expertise, preferably where such experience or expertise is relevant to the semiconductor industry.

These factors, and others as considered useful by the Board, will be reviewed in the context of an assessment of the perceived needs of the Board periodically.

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 an outstanding director.

6. Selection of New Director Candidates

Directors are elected annually at the Corporation's annual meeting of stock holders. In the event of a vacancy on the Board, due to the resignation of a director, or an increase in the authorized board membership, the members of the Board shall appoint directors to fill such positions, by a simple majority vote of the directors then in office.

7. Limitation on Non Cypress Board Representation

The Board does not believe that there should be a restriction on the number of other Boards that directors may serve on, but reviews each situation on a case-by-case basis. However, no director may serve on the boards of more than ten other entities.

8. Change of Principal Occupation, Other Board Appointments

The Board does not believe that directors who retire 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. Accordingly, in the event a director has a principal job change, such director shall promptly inform the Board so that the review process is commenced. 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 Committee may evaluate any potential conflict of interest.

9. Term Limits

The Board has not established any term limits. However, while term 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 Corporation and its operations and therefore provide an increasing contribution to the Board as a whole. To ensure that each director still effectively fulfills his role on the Board, the Nominating and Corporate Governance Committee will annually evaluate and determine the effectiveness of each director and the full Board, and thereafter, recommend to the Chairman of the Board, the full Board, and the Chief Executive Officer whether or not to nominate a director for re-election by stockholders.

10. Director and Chief Executive Officer Retirement Policy

The Board has adopted a retirement policy for the Chief Executive Officers and directors. Under the policy, directors may not stand for reelection after age 75. The

Chief Executive Officer may continue as CEO no later than age 75, but may continue to be employed by the Corporation in another capacity beyond that time. In any event, a “yes” vote of two thirds of the remaining Board members will constitute a waiver of this provision as it may apply to an individual Board member.

11. 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 Board Chairman and the Chairman of the Nominating and Corporate Governance Committee. The Board Chairman or the Chairman of the Nominating and Corporate Governance Committee (or the Chairman of one of the other Board committees in the case where the Board Chairman or the Chairman of the Nominating and Corporate Governance Committee must recuse themselves) will review the concern and determine whether to bring them before the whole Board. If brought before the Board, the director against whom the concern is brought will recuse himself, and the other members of the Board will by a majority vote determine whether the director will remain or be removed from the Board.

12. Board Compensation

It is the general policy of the Board that Board compensation should be a mix of cash and equity. The Corporation’s officers, who are members of the Board, do not receive additional compensation for serving as directors on the Board. Non-employee directors receive compensation for serving on the Board, Audit Committee, or as Chairpersons on the Compensation Committee and the Nominating and Corporate Governance Committee. Members of the Operating Committee are also compensated for their attendance at the operations review conducted by various departments of the Corporation.

The Corporation’s management will report from time to time to the Compensation Committee 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 at any time to address specific needs of the Corporation. The Board may also take action from time to time by unanimous written consent.

Typically, the meetings are held at the Corporation's headquarters in San Jose, California, but occasionally a meeting may be held at another Cypress facility or other location.

The Chief Executive Officer and the Corporate Secretary, in consultation with the other members of the Board, draft the agenda for each meeting and distribute it to the Board in advance. Each Director may propose the inclusion of items on the agenda, request the presence of or a report by any member of the Corporation's management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

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 Corporation. The Board's annual agenda will include the long-term strategic plan for the Corporation and the principal issues that the Corporation 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 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 will be posted on the Board website and delivered as paper copies or emailed.

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 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 Corporation. 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 Corporation'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 Corporation's management believes should be given exposure to the Board.

4. Access to Independent Directors

The Board will ensure that the Corporation 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, any one 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's policy is to have a separate meeting time for the independent directors scheduled at least once a year during the regularly scheduled Board meetings. In addition, the independent directors may hold additional meetings at such times as it deems necessary or appropriate in 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 Chief Executive Officer in conjunction with the Corporation's management is responsible for new-director orientation programs and for director continuing education programs. The orientation programs are designed to familiarize new directors with the Corporation'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. All directors are encouraged to attend a certified director continuing education program once every two years and report back to the Nominating and Corporate Governance Committee.

D. BOARD COMMITTEES

1. Number of Committees

The current four Committees are: Audit, Compensation, Nominating and Corporate Governance, and Operations. 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, Compensation, Corporate Nominating and Corporate Governance Committees shall be composed entirely of independent Directors.

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 Nominating and Corporate Governance Committee and 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.

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

The Audit Committee is responsible for the hiring, oversight and compensation of the independent certified public accountants that audit the Corporation's financial statements, and for monitoring the effectiveness of the Corporation's internal financial and accounting organization and controls and financial reporting.

The Compensation Committee reviews and determines salaries and other matters relating to compensation of executive officers, including the Section 16 officers of the Corporation, and recommends for Board approval and evaluation the compensation plans, policies and programs of the Corporation;

The Nominating and Governance Committee reviews and reports to the Board on matters of corporate governance and reviews and addresses these Guidelines and recommends revisions as appropriate. The committee reviews all proposals submitted by stockholders for action at the annual stockholders' meeting, and recommends action by the Board with regards to each such proposal.

The Nominating and Governance Committee makes recommendations to the Board regarding the size and composition of the Board, establishes procedures for the nomination process, recommends candidates for election to the Board.

The Operations Committee reviews strategic proposals and provides advice and counsel to the Corporation's management regarding business operations, and also presents to the Board an independent assessment of Cypress's business operations and practices.

2. Assignment and Term of Service of Committee Members

The Board 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.

3. 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 necessary and other Board members are welcome to attend Committee meetings.

E. MANAGEMENT AND BOARD REVIEW AND RESPONSIBILITY

1. Formal Evaluation of Chief Executive Officer

The Compensation Committee performs a formal annual evaluation of the Chief Executive Officer which will be reviewed and sustained by 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.

Any waiver of the requirements of the Corporation's Code of Business Conduct and Ethics with respect to any executive officer shall be reported to, and be subject to the approval of the Board.

3. Formal Evaluation of the Board

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

F. POLICY ON POISON PILL PLANS

The Board may adopt a poison pill if, in its exercise of its fiduciary responsibilities, it deems it to be in the best interests of the Corporation and its Corporation's stockholders to adopt a poison pill.

G. ANNUAL REVIEW OF THE GUIDELINES

The Nominating and Corporate Governance Committee of the Board of Directors shall review this statement of policy, 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 Corporation's proxy statements as aforesaid.