

CYPRESS SEMI. NDQ-CY

RECENT PRICE **15.83** P/E RATIO **19.3** (Trailing: 12.7; Median: NMF) RELATIVE P/E RATIO **1.22** DIV'D YLD **2.8%**

VALUE LINE

TIMELINESS 4 Lowered 3/16/12	High: 29.3	25.5	23.7	24.1	17.0	20.4	42.8	36.5	11.7	18.6	24.0	19.3							Target Price Range
SAFETY 3 Raised 10/10/08	Low: 13.7	3.6	4.9	8.5	9.5	13.0	16.5	2.5	4.3	9.7	13.7	15.2							2015 2016 2017
TECHNICAL 3 Raised 4/6/12	<p>LEGENDS — 12.5 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded areas indicate recessions</p>																		
BETA 1.20 (1.00 = Market)																			

2015-17 PROJECTIONS

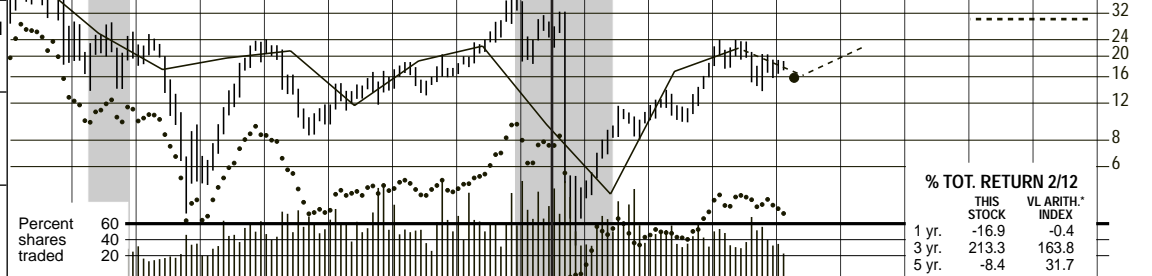
Price	Gain	Ann'l Total Return
High 45	(+185%)	31%
Low 30	(+90%)	19%

Insider Decisions

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	0	0	0	0
Options	2	1	1	1	1	0	0	0	0
to Sell	2	0	1	1	1	0	0	0	0

Institutional Decisions

	2Q2011	3Q2011	4Q2011
to Buy	104	101	102
to Sell	133	128	121
Hlds(000)	138878	133104	121416



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
6.52	5.96	5.74	6.38	10.25	6.74	6.26	6.95	7.38	6.47	7.54	9.88	5.61	4.19	5.14	6.45	5.50	6.25	Sales per sh ^A	8.50
1.93	1.42	1.04	1.77	3.70	2.06	1.39	1.57	1.70	.94	1.52	1.79	.76	.36	1.36	1.85	1.30	1.80	"Cash Flow" per sh	2.40
.69	.19	d.29	.79	2.39	.01	d.30	.17	.32	d.13	.51	.82	.20	.01	.94	1.25	.80	1.20	Earnings per sh ^B	1.85
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2.41	1.56	.97	1.03	2.70	1.46	1.28	.65	1.03	1.07	1.53	1.42	.31	.16	.30	.50	.50	.55	Cap'l Spending per sh	.60
6.30	7.04	5.76	6.32	10.57	7.15	5.44	4.72	5.14	5.95	7.22	10.64	4.72	3.96	4.12	2.60	2.85	3.25	Book Value per sh	4.75
81.10	91.36	84.86	110.52	125.66	121.50	123.74	120.48	128.49	137.04	144.84	161.65	136.50	159.38	170.75	154.20	155.00	157.00	Common Shs Outst'g ^C	165.00
18.2	NMF	--	22.5	16.8	NMF	--	NMF	45.1	--	32.0	30.5	NMF	NMF	13.2	15.4	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.0
1.14	NMF	--	1.28	1.09	NMF	--	NMF	2.38	--	1.73	1.62	NMF	NMF	.84	.97			Relative P/E Ratio	1.35
--	--	--	--	--	--	--	--	--	--	--	--	--	--	1.4%				Avg Ann'l Div'd Yield	1.6%

CAPITAL STRUCTURE as of 1/1/12

Total Debt None

Leases, Uncapitalized Annual rentals \$7.0 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 154,847,904 shs. as of 2/15/12

MARKET CAP: \$2.5 billion (Mid Cap)

CURRENT POSITION (\$MILL.)

	2009	2010	1/1/12
Cash Assets	299.6	434.3	166.3
Receivables	87.0	117.7	103.5
Inventory (FIFO)	91.2	101.8	92.3
Other	40.9	41.9	43.6
Current Assets	518.7	695.7	405.7
Accts Payable	61.7	59.8	52.9
Debt Due	--	--	--
Other	177.4	252.5	273.6
Current Liab.	239.1	312.3	326.5

774.7	836.8	948.4	886.4	1091.5	1596.4	765.7	667.8	877.5	995.2	855	985	Sales (\$mill) ^A	1400
13.2%	24.0%	23.8%	18.4%	14.4%	13.2%	NMF	NMF	16.7%	25.0%	19.5%	24.0%	Operating Margin	24.0%
210.8	169.1	173.0	145.8	128.5	149.3	73.9	55.8	52.5	53.5	55.0	60.0	Depreciation (\$mill)	90.0
d39.1	20.2	44.9	d17.7	91.5	140.0	30.1	1.0	179.1	233.6	150	220	Net Profit (\$mill)	310
NMF	46.2%	--	NMF	6.6%	--	64.5%	--	NMF	15.0%	15.0%	15.0%	Income Tax Rate	15.0%
NMF	2.4%	4.7%	NMF	8.4%	8.8%	3.9%	.2%	20.4%	23.5%	17.5%	22.3%	Net Profit Margin	22.1%
314.2	307.7	330.3	435.1	676.8	572.9	247.4	279.6	383.4	79.2	100	135	Working Cap'l (\$mill)	325
468.9	668.7	600.0	600.0	599.0	--	--	--	--	--	Nil	Nil	Long-Term Debt (\$mill)	Nil
672.6	569.2	660.4	814.9	1045.6	1720.4	644.4	630.4	702.9	397.8	445	510	Retained to Com Eq	780
NMF	2.3%	4.0%	NMF	5.8%	8.1%	4.7%	.2%	25.5%	58.7%	33.5%	43.0%	Return on Total Cap'l	39.5%
NMF	3.5%	6.8%	NMF	8.7%	8.1%	4.7%	.2%	25.5%	58.7%	33.5%	43.0%	Return on Shr. Equity	39.5%
NMF	3.5%	6.8%	NMF	8.7%	8.1%	4.7%	.2%	25.5%	51.5%	24.5%	33.5%	Retained to Com Eq	29.0%
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ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '15-'17
of change (per sh)	-4.0%	-6.5%	16.5%
Sales	-9.0%	-10.0%	15.5%
"Cash Flow"	-9.0%	26.0%	NMF
Earnings	--	--	NMF
Dividends	--	--	NMF
Book Value	-5.5%	-4.0%	6.0%

QUARTERLY SALES (\$mill.)^A

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2009	139.3	155.8	178.7	194.0	667.8
2010	202.3	223.0	231.9	220.3	877.5
2011	233.1	255.0	264.7	242.4	995.2
2012	185	200	225	245	855
2013	230	240	255	260	985

EARNINGS PER SHARE^{A,B}

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2009	d.22	d.03	.10	.16	.01
2010	.17	.24	.28	.25	.94
2011	.24	.32	.37	.32	1.25
2012	.10	.15	.25	.30	.80
2013	.25	.30	.30	.35	1.20

QUARTERLY DIVIDENDS PAID^E

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	--	--	--	--	--
2009	--	--	--	--	--
2010	--	--	--	--	--
2011	--	.09	.09	.09	.27
2012	.11	--	--	--	--

BUSINESS: Cypress Semiconductor designs, manufactures, and markets a broad line of high performance digital integrated circuits used in telecom equipment, data-communications equipment, PCs, and military gear. Major products include high speed Static Random Access Memories (SRAMs), Programmable Logic Devices (PLDs), Programmable Read-Only Memories (PROMs), specialty memory,

The business outlook for Cypress Semiconductor has dimmed somewhat. During the fourth quarter, all four segments, and most major product lines, posted sequential sales declines. The company continues to face a challenging macro environment, and we don't see a significant improvement in the coming months.

We are decreasing our 2012 top- and bottom-line estimates by \$135 million and \$0.55 per share, respectively, to \$855 million and \$0.80. Management lowered first-quarter sales and earnings guidance in early March, as it was seeing orders decrease more than expected, particularly for wire line and handset customers. All divisions, and most product lines, will likely post a sequential decline in sales during the period. We look for particularly weak results from the Consumer and Computation and Memory Products divisions. The distribution channel remains soft, as well, mainly due to lower volumes in Europe and Asia. Margins ought to remain under pressure, owing to lower factory utilization. We think the first quarter will be the low point for the

and timing devices. Research and Development: 19% of 2011 sales. Depreciation rate: 5%. Officers/directors own approximately 13.5% of stock (3/11 proxy). President & Chief Executive Officer: T.J. Rodgers. Incorporated: Delaware. Address: 198 Champion Court, San Jose, California 95134. Telephone: 408-943-2600. Internet address: www.cypress.com.

year, with prospects slowly improving as the year progresses. However, visibility remains limited, as lead times are near historic lows. **The company should rebound in 2013.** Although the near-term outlook looks shaky, we think Cypress should benefit from secular trends in the touch-sensing solutions and SRAM markets. New business wins should help support solid sales and earnings gains during the year.

Cypress recently increased the quarterly dividend by 22%, to \$0.11 per share. It continues to have a strong balance sheet with no debt, so share repurchases are an option, as well, although we don't expect any significant buybacks in the coming quarters. **Shares of Cypress are ranked to trail the broader market averages in the coming six to 12 months.** Demand trends remain unfavorable, as the company is dealing with lower volume expectations for many of its core products in the coming months. However, over the 3- to 5-year period, these shares offer wide appreciation potential at the current quotation. *Jason Dalavagas*

(A) Fiscal year ends on the Monday closest to December 31st. (B) Fully diluted earnings. Excludes nonrecurring gains (losses): '96, (7c); '97, 2c; '98, (95c); '99, (2c); '00, (36c); 01, (\$3.33); '02, (\$1.72); '03, (21c); '04, (15c); '05, (56c); '06, (26c); '07, \$1.42; '11 (35c). Excl. 4c extraordinary gain in 2001. Next earnings report due late April. (C) In millions. (D) Spun off remaining stake in Sun-Power, 9/08. (E) Comp. began paying dividends in June 2011.	Company's Financial Strength B
	Stock's Price Stability 35
	Price Growth Persistence NMF
	Earnings Predictability 20