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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

SPANSION INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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TO THE STOCKHOLDERS OF CYPRESS SEMICONDUCTOR CORPORATION AND SPANSION INC.
MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

February 6, 2015

Dear stockholders,

The boards of each of Cypress Semiconductor Corporation (Cypress) and Spansion Inc. (Spansion) have unanimously approved the merger of a wholly owned subsidiary of Cypress with and into Spansion, with Spansion surviving as a wholly owned subsidiary of Cypress. If the proposed merger is completed, Spansion stockholders will receive 2.457 shares of Cypress common stock for each share of Spansion common stock they own immediately prior to the effective time of the merger, and Cypress stockholders will continue to own their existing shares, which will not be adjusted by the merger.

Cypress stockholders, on the one hand, and former Spansion stockholders, on the other hand, are each expected to hold approximately 50% of the fully diluted shares of Cypress common stock following the completion of the merger based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of Spansion s exchangeable 2.00% senior notes. Following the merger, T.J. Rodgers, the current President and Chief Executive Officer of Cypress, will be the President and Chief Executive Officer of the combined company. The Cypress board will consist of four directors from the current Cypress board, including Mr. Rodgers and Eric Benhamou, and four directors from the current Spansion board, including John H. Kispert and Raymond Bingham, the Spansion chairman, who will serve as the non-executive chairman of the Cypress board. The combined company will continue to be called Cypress Semiconductor Corporation.

Cypress common stock trades on the Nasdaq Global Select Market under the ticker symbol CY. As of February 5, 2015, the last trading day before the date of this joint proxy statement/prospectus, the last reported sales price of Cypress common stock at the end of regular trading hours, as reported on the Nasdaq Global Select Market, was $14.22.

Spansion common stock trades on the New York Stock Exchange under the ticker symbol CODE. As of February 5, 2015, the last trading day before the date of this joint proxy statement/prospectus, the last reported sales price of Spansion common stock at the end of regular trading hours, as reported on the New York Stock Exchange, was $34.35.

Cypress and Spansion cannot complete the merger unless Cypress stockholders approve the issuance of shares of Cypress common stock in connection with the merger and Spansion stockholders adopt the merger agreement and approve the transactions contemplated by the merger agreement. The obligations of Cypress and Spansion to complete the merger are also subject to the satisfaction or waiver of several other conditions to the merger. More information about Cypress, Spansion and the merger is contained in this joint proxy statement/prospectus. **We encourage you to read carefully this joint proxy statement/prospectus before voting, including the section entitled *Risk Factors* beginning on page 21 of this joint proxy statement/prospectus.**

After careful consideration, the boards of each of Cypress and Spansion have unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of the Cypress and Spansion stockholders, respectively, and the board of each of Cypress and Spansion has approved the merger agreement.

The Cypress board unanimously recommends that Cypress stockholders vote FOR the proposal to approve the issuance of shares of Cypress common stock in the merger and FOR the proposal to approve the amendment and restatement of Cypress 2013 Stock Plan. The Spansion board unanimously recommends that Spansion stockholders vote FOR the proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement.

The proposals are being presented to the respective stockholders of each company at their special meetings. The dates, times and places of the meetings are as follows:

For Cypress stockholders:	For Spansion stockholders:
Special Meeting of Stockholders	Special Meeting of Stockholders
March 12, 2015 at 8:00 a.m., local time	March 12, 2015 at 8:00 a.m., local time
Cypress principal executive offices located at:	Spansion s principal executive offices located at:
198 Champion Court	915 DeGuigne Drive
San Jose, California 95134	Sunnyvale, California 94085

Your vote is very important. Whether or not you plan to attend your respective company s meeting, please take the time to vote by completing and returning the enclosed proxy card to your respective company or, if the option is available to you, by granting your proxy electronically over the Internet or by telephone. If your shares are held in street name, you must instruct your broker in order to vote.

Sincerely,

T.J. Rodgers	John H. Kispert
President and Chief Executive Officer	President and Chief Executive Officer
Cypress Semiconductor Corporation	Spansion Inc.

None of the Securities and Exchange Commission, any state securities regulator or any regulatory authority has approved or disapproved of these transactions or the securities to be issued under this joint proxy statement/prospectus or determined if the disclosure in this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated February 6, 2015, and is first being mailed to stockholders of Cypress and Spansion on or about February 10, 2015.

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Cypress Semiconductor Corporation

198 Champion Court

San Jose, California 95134

(408) 943-2600

NOTICE OF SPECIAL MEETING OF CYPRESS STOCKHOLDERS

To the Stockholders of Cypress Semiconductor Corporation:

Cypress Semiconductor Corporation will hold its special meeting of stockholders at Cypress principal executive offices located at 198 Champion Court, San Jose, California, on March 12, 2015 at 8:00 a.m., local time. Cypress is holding the meeting to consider the proposal to approve the issuance of shares of Cypress common stock in connection with the merger of Mustang Acquisition Corporation, a wholly owned subsidiary of Cypress, with and into Spansion, with Spansion surviving as a wholly owned subsidiary of Cypress, as contemplated by the Agreement and Plan of Merger and Reorganization, dated as of December 1, 2014 (which we refer to as the merger agreement), by and among Cypress, Spansion and Mustang Acquisition Corporation.

The Cypress board has approved the merger agreement and the transactions contemplated by the merger agreement by unanimous vote, and unanimously recommends that you vote FOR the proposal to issue shares of Cypress common stock in connection with the merger and FOR the proposal to approve the amendment and restatement of Cypress 2013 Stock Plan, which are described in detail in the joint proxy statement/prospectus.

Holders of record of Cypress common stock at the close of business on February 5, 2015, are entitled to vote at the meeting. A list of stockholders eligible to vote at the Cypress special meeting will be available for inspection at the special meeting and at the offices of Cypress in San Jose, California, during regular business hours for a period of no less than 10 days prior to the special meeting.

You can vote your shares by completing and returning a proxy card. Most stockholders can also vote over the Internet or by telephone. If Internet and telephone voting are available to you, you can find voting instructions in the materials accompanying the joint proxy statement/prospectus. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the enclosed joint proxy statement/prospectus. Even if you plan to attend the Cypress special meeting in person, Cypress requests that you sign and return the enclosed proxy, or vote over the internet or by telephone, to ensure that your shares will be represented at the Cypress special meeting if you are unable to attend.

FOR THE BOARD,

/s/ Thad Trent
Thad Trent
Executive Vice President,

Finance and Administration

and Chief Financial Officer

February 6, 2015

San Jose, California

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Spansion Inc.

915 DeGuigne Drive

P.O. Box 3453

Sunnyvale, California 94088

NOTICE OF SPECIAL MEETING OF SPANSION STOCKHOLDERS

To the Stockholders of Spansion Inc.:

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders of Spansion Inc., a Delaware corporation, will be held on March 12, 2015, at 8:00 a.m., local time, at 915 DeGuigne Drive, Sunnyvale, California 94085 to consider the following matters:

1. to adopt the Agreement and Plan of Merger and Reorganization, dated as of December 1, 2014 (which we refer to as the merger agreement), by and among Spansion, Cypress Semiconductor Corporation and Mustang Acquisition Corporation, and approve the transactions contemplated by the merger agreement;

2. to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Spansion named executive officers that is based on or otherwise relates to the merger agreement and merger; and

3. to approve the adjournment of the Spansion special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and approve the transactions contemplated by the merger agreement.

Any action on the items of business described above may be considered at the special meeting at the time and on the date specified above or at any time and date to which the special meeting may be properly adjourned or postponed.

After careful consideration, the Spansion board unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of the Spansion stockholders and has unanimously approved the merger agreement. The Spansion board unanimously recommends that the Spansion stockholders vote FOR the merger proposal, FOR the compensation proposal and FOR the adjournment proposal.

You are entitled to vote at and attend the special meeting only if you were a Spansion stockholder as of the close of business on February 5, 2015 or hold a valid proxy for the special meeting.

The special meeting will begin promptly at 8:00 a.m., local time. Check-in will begin at 7:30 a.m., local time, and you should allow ample time for the check-in procedures.

Your vote is very important. Whether or not you plan to attend the special meeting, you are encouraged to read the joint proxy statement/prospectus and submit your proxy or voting instructions for the special meeting as soon as possible. You may submit your proxy or voting instructions for the special meeting by completing, signing, dating and returning the proxy card or voting instruction card in the pre-addressed envelope provided. Even if you plan to attend the Spansion special meeting in person, Spansion requests that you sign and return the enclosed proxy, or vote over the Internet or by telephone, to ensure that your shares will be represented at the Spansion special meeting if you are unable to attend. For specific instructions on how to vote your shares, please refer to the section entitled *The Spansion Special Meeting* beginning on page 52 of the joint proxy statement/prospectus.

By Order of the Board,

/s/ Katy Motiey
Katy Motiey, Corporate Senior Vice President,

General Counsel and Secretary

February 6, 2015

Sunnyvale, California

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ADDITIONAL INFORMATION

This accompanying joint proxy statement/prospectus incorporates by reference important business and financial information about Cypress and Spansion from documents that are not included in or delivered with this joint proxy statement/prospectus. You can obtain the documents incorporated by reference in the joint proxy statement/prospectus free of charge by requesting them in writing or by telephone from the appropriate company at the addresses and telephone numbers listed below. To obtain timely delivery, you must request the information no later than five business days before you must make your investment decision.

Cypress Semiconductor Corporation	**Spansion Inc.**
198 Champion Court	915 DeGuigne Drive P.O. Box 3453
San Jose, California 95134	Sunnyvale, California 94088
Attention: Investor Relations	Attention: Investor Relations
(408) 943-2656	(408) 962-2500
http://investors.cypress.com/contactus.cfm	investor.relations@spansion.com

In addition, if you have questions about the merger or the special meetings, or if you need to obtain copies of the accompanying joint proxy statement/prospectus, proxy cards, election forms or other documents incorporated by reference in the joint proxy statement/prospectus, you may contact the appropriate contact listed above. You will not be charged for any of the documents you request.

In order for you to receive timely delivery of the documents in advance of the Cypress special meeting, Cypress should receive your request no later than March 5, 2015.

In order for you to receive timely delivery of the documents in advance of the Spansion special meeting, Spansion should receive your request no later than March 5, 2015.

For a listing of documents incorporated by reference into this joint proxy statement/prospectus, please see the section entitled *Where You Can Find More Information* beginning on page 210 of this joint proxy statement/prospectus.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

General Questions and Answers

The following questions and answers briefly address some commonly asked questions about the Cypress special meeting, the Spansion special meeting and the merger. These questions and answers may not include all the information that is important to stockholders of Cypress and Spansion. Cypress and Spansion urge stockholders to read carefully this entire joint proxy statement/prospectus, including the annexes and the other documents referred to herein. Page references are included in this summary to direct you to more detailed discussions elsewhere in this joint proxy statement/prospectus.

Q: Why am I receiving this joint proxy statement/prospectus?

A: Cypress and Spansion have agreed to combine their businesses in accordance with terms of a merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

In order to complete the merger, Cypress stockholders must approve the issuance of shares of Cypress common stock in connection with the merger and Spansion stockholders must adopt the merger agreement and approve the transactions contemplated by the merger agreement. Cypress will hold a special meeting of its stockholders and Spansion will hold a special meeting of its stockholders to obtain these approvals. Each of Cypress and Spansion is also asking its stockholders to approve other matters in connection with its special meeting that are described in this joint proxy statement/prospectus. This joint proxy statement/prospectus contains important information about the merger and the stockholder meetings of each of Cypress and Spansion, and you should read it carefully. For Cypress stockholders, the enclosed voting materials for the Cypress special meeting allow Cypress stockholders to vote shares of Cypress common stock without attending the Cypress special meeting. For Spansion stockholders, the enclosed voting materials for the Spansion special meeting allow Spansion stockholders to vote shares of Spansion common stock without attending the Spansion special meeting.

Stockholder votes are important. Cypress and Spansion encourage stockholders of each company to vote as soon as possible. For more specific information on how to vote, please see the questions and answers for each of the Cypress and Spansion stockholders below.

Q Why are Cypress and Spansion proposing the merger? (see page 69)

A: After reviewing strategic alternatives to address the opportunities and challenges facing our companies, the boards of both Cypress and Spansion reached the same conclusion *this merger represents the best strategic alternative for our respective companies.*

Specifically, Cypress and Spansion believe the merger will provide certain strategic and financial benefits, including the following:

a reduction in costs and other synergies;

an increase in product development capabilities;

greater depth of relationships with customers and a broader portfolio of complementary products;

enhanced opportunities for growth and innovation; and

creating a company that would be a leading provider of microcontrollers and specialized memory chips for embedded systems.

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Q: *When do Cypress and Spansion expect to complete the merger?*

A: Cypress and Spansion currently expect to complete the merger in the first half of 2015. However, neither Cypress nor Spansion can predict the exact timing of the completion of the merger because the merger is subject to governmental and regulatory review processes and other conditions.

Q: *What effects will the proposed merger have on Cypress and Spansion?*

A: Upon completion of the proposed merger, Spansion will cease to be a publicly traded company and will be wholly owned by Cypress, which means that Cypress will be the only stockholder of Spansion. As a result, Spansion stockholders will own shares in Cypress only and will not directly own any shares in Spansion and Cypress stockholders will continue to own their Cypress shares. Following completion of the merger, the registration of Spansion s common stock and its reporting obligations with respect to its common stock under the Securities Exchange Act of 1934 will be terminated. In addition, upon completion of the proposed merger, shares of Spansion common stock will no longer be quoted on the New York Stock Exchange or any other stock exchange or quotation system.

Q: *What happens if the merger is not completed?*

A: If the merger is not completed for any reason, Spansion stockholders will not receive any shares of Cypress common stock for their shares of Spansion common stock pursuant to the merger agreement or otherwise. Instead, Cypress and Spansion will remain separate public companies, and each company expects that its common stock will continue to be registered under the Securities Exchange Act of 1934 and traded on their applicable exchanges. In specified circumstances, either Cypress or Spansion may be required to pay to the other party a termination fee, as described in *The Merger Agreement Termination; Fees and Expenses* beginning on page 125 of this joint proxy statement/prospectus.

Q: *How do the Cypress and Spansion boards recommend that I vote? (see pages 35, 36, 57 and 58)*

A: The Cypress board unanimously recommends that Cypress stockholders vote FOR the proposal to issue shares of Cypress common stock in connection with the merger and FOR the proposal to approve the amendment and restatement of Cypress 2013 Stock Plan.

The Spansion board unanimously recommends that Spansion stockholders vote FOR the proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement, FOR the proposal to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Spansion named executive officers that is based on or otherwise relates to the merger agreement and merger and FOR the proposal to approve the adjournment of the Spansion special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and approve the transactions contemplated by the merger agreement.

Q: Are the Cypress stockholders or Spansion stockholders entitled to appraisal rights?

A: No neither Cypress stockholders nor Spansion stockholders are entitled to appraisal rights for their shares under Delaware law in connection with the merger.

Q: What should I do now?

A: Please review this joint proxy statement/prospectus carefully and vote as soon as possible. Most Cypress and Spansion stockholders may vote over the Internet or by telephone. Stockholders may also vote by signing, dating and returning each proxy card and voting instruction card received.

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Q: What should I do if I receive more than one set of voting materials?

A: Please vote each proxy card and voting instruction card that you receive. You may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, stockholders who hold shares in more than one brokerage account will receive a separate voting instruction card for each brokerage account in which shares are held. If shares are held in more than one name, stockholders will receive more than one proxy or voting instruction card. In addition, if you are a stockholder of both Cypress and Spansion, you may receive one or more proxy cards or voting instruction cards for Cypress and one or more proxy cards or voting instruction cards for Spansion. If you are a stockholder of both Cypress and Spansion, please note that a vote for the issuance of shares in connection with the merger for the Cypress special meeting will not constitute a vote for the proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement for the Spansion special meeting, and vice versa. Therefore, please vote each proxy and voting instruction card you receive, whether from Cypress or Spansion.

Questions and Answers for Cypress Stockholders

Q: When and where is the Cypress special meeting?

A: The special meeting of Cypress stockholders will be held at 8:00 a.m., local time, on March 12, 2015, at Cypress principal executive offices located at 198 Champion Court, San Jose, California 95134. Check-in will begin at 7:30 a.m., local time. Please allow ample time for the check-in procedures.

Q: How can I attend the Cypress special meeting?

A: Cypress stockholders as of the close of business on February 5, 2015, and those who hold valid proxies for the special meeting are entitled to attend the Cypress special meeting. Cypress stockholders should be prepared to present photo identification for admittance. In addition, names of record holders will be verified against the list of record holders on the record date prior to being admitted to the meeting. Cypress stockholders who are not record holders but who hold shares through a broker or nominee (i.e., in street name), should provide proof of beneficial ownership on the record date, such as a letter from their broker reflecting their stock ownership as of the record date, which is February 5, 2015. If Cypress stockholders do not provide photo identification or do not comply with the other procedures outlined above upon request, they will not be admitted to the Cypress special meeting.

Q: What matters will Cypress stockholders vote on at the special meeting?

A: Cypress stockholders will vote on the proposal to approve the issuance of shares of Cypress common stock in connection with the merger and on the proposal to approve the amendment and restatement of Cypress 2013 Stock Plan.

Q: How many votes are needed for the proposal considered by Cypress stockholders at the Cypress special meeting?

A: Assuming a quorum of Cypress stockholders are present at the Cypress special meeting, an affirmative vote of the majority of shares present in person or represented by proxy at the Cypress special meeting is required to approve the issuance of shares of Cypress common stock in connection with the merger and the amendment and restatement of Cypress 2013 Stock Plan. Thus, the failure to submit a proxy card or attend the meeting in person will have no effect on these proposals. Any abstentions or broker non-votes, i.e. the failure to instruct your bank or broker how to vote if you hold your shares in street name, will have the effect of a vote against these proposals.

Q: What is the quorum requirement for the Cypress special meeting?

A: A quorum of Cypress stockholders will be present at the Cypress special meeting if holders of a majority of Cypress stock issued and outstanding and entitled to vote are present in person or represented by proxy.

Your shares will be counted towards such quorum only if you submit a valid proxy (or one is submitted on your behalf by your bank or broker) or if you attend the Cypress special meeting in person. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the chairman of the Cypress special meeting or holders of a majority of the votes present at the Cypress special meeting may adjourn the Cypress special meeting to another time or date. If you do not attend the meeting or submit a proxy, it will be more difficult for Cypress to obtain the necessary quorum to approve the proposal to be considered by Cypress stockholders at the Cypress special meeting.

Q: As a Cypress stockholder, how can I vote?

A: Stockholders of record as of the record date may vote in person by attending the Cypress special meeting or by mail by completing, signing and dating a proxy card or, if you hold your shares in street name, a voting instruction form. Proxies and voting instruction forms submitted by mail must be received no later than March 11, 2015, at 11:59 p.m. Eastern Time to be voted at the Cypress special meeting. Most stockholders can also vote over the Internet or by telephone. Cypress stockholders can find voting instructions in the materials accompanying this joint proxy statement/prospectus. The Internet and telephone voting facilities will close at 11:59 p.m., Eastern Time, on March 11, 2015. Please be aware that Cypress stockholders who vote over the Internet may incur costs such as telephone and Internet access charges for which they will be responsible.

The method by which Cypress stockholders vote will in no way limit the right to vote at the meeting if you later decide to attend in person. If shares are held in street name, Cypress stockholders must obtain a proxy, executed in their favor, from their broker or other holder of record, to be able to vote at the meeting.

All shares entitled to vote and represented by properly completed proxies received prior to the Cypress special meeting and not revoked will be voted at the meeting in accordance with your instructions. If a signed proxy card is returned without indicating how shares should be voted on a matter and the proxy is not revoked, the shares represented by such proxy will be voted as the Cypress board unanimously recommends and therefore FOR the issuance of shares in connection with the merger and FOR the amendment and restatement of Cypress 2013 Stock Plan.

For a more detailed explanation of the voting procedures, please see the section entitled *The Cypress Special Meeting Voting Procedures* beginning on page 33 of this joint proxy statement/prospectus.

Q: As a Cypress stockholder, may I change my vote after I have submitted a proxy card or voting instruction card?

A: Yes. Cypress stockholders may revoke a previously granted proxy or voting instruction at any time prior to the closing of the polls at the special meeting by:

- signing and returning a later dated proxy or voting instruction card for the Cypress special meeting;
- voting again online or by telephone, as more fully described on your notice or proxy card; or

attending the Cypress special meeting and voting in person, as described in the section entitled *The Cypress Special Meeting* beginning on page 32 of this joint proxy statement/prospectus.

If your shares are held by a bank or broker, you may change your vote by submitting new voting instructions to your bank, broker, trustee or agent, or, if you have obtained a legal proxy from your bank or broker giving you the right to vote your shares, by attending the Cypress special meeting and voting in person.

Only the last submitted proxy or voting instruction card will be considered. Please submit a proxy or voting instruction card for the Cypress special meeting as soon as possible.

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Q: What do Cypress stockholders need to do now?

A: Carefully read and consider the information contained in and incorporated by reference into this joint proxy statement/prospectus, including its annexes. In order for Cypress shares to be represented at the special meeting, Cypress stockholders can (1) vote through the Internet or by telephone by following the instructions included on their proxy card, (2) indicate on the enclosed proxy card how they would like to vote and return the proxy card in the accompanying pre-addressed postage paid envelope, or (3) attend the Cypress special meeting in person.

Q: Who can answer questions?

A: Cypress stockholders with questions about the merger or the proposal to be voted on at the Cypress special meeting or who desire additional copies of this joint proxy statement/prospectus or additional proxy cards should contact:

Okapi Partners LLC

437 Madison Avenue, 28th Floor

New York, New York

Banks and brokerage firms: (212) 297-0720

Stockholders and all others, toll-free: (877) 566-1922

Email: info@okapipartners.com

If you need additional copies of this joint proxy statement/prospectus or voting materials, contact Okapi Partners LLC as described above or Cypress Investor Relations at http://investors.cypress.com/contactus.cfm or by telephone at (408) 943-2656.

Questions and Answers for Spansion Stockholders

Q: Why are Spansion stockholders receiving this joint proxy statement/prospectus?

A: In order to complete the merger, Spansion stockholders must adopt the merger agreement and approve the transactions contemplated by the merger agreement. This joint proxy statement/prospectus contains important information about the proposed merger, the merger agreement and the Spansion special meeting, which should be read carefully. The enclosed voting materials allow Spansion stockholders to vote shares without attending the Spansion special meeting. The vote of Spansion stockholders is very important. Spansion stockholders are encouraged to vote as soon as possible.

Q: What will Spansion stockholders receive in the merger?

A: If the proposed merger is completed, at the effective time of the merger, Spansion stockholders will be entitled to receive 2.457 shares of Cypress common stock for each share of Spansion common stock that they own. Cypress will not issue any fractional shares of common stock in connection with the merger. Instead, each Spansion stockholder who would otherwise be entitled to receive a fraction of a share of Cypress common stock will receive (after aggregating all fractional shares of Cypress common stock that otherwise would be received by such Spansion stockholder) an amount of cash (rounded down to the nearest whole cent), without interest, equal to the amount obtained by multiplying such fraction of a share by the average of the closing sale prices for one share of Cypress common stock as quoted on the Nasdaq Global Select Market for the 10 consecutive trading days ending on the second trading day immediately preceding the completion of the merger. Cypress stockholders, on the one hand, and former Spansion stockholders, on the other hand, are each expected to own approximately 50% of the fully diluted shares of Cypress common stock following the completion of the merger based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of the Spansion exchangeable 2.00% senior notes.

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Q: What if I have Spansion stock options?

A: Each outstanding option to purchase shares of Spansion common stock, whether or not exercisable, will be converted into an option to acquire Cypress common stock, on the same terms and conditions as were applicable to such Spansion stock option prior to the effective time of the merger, except that the number of shares for which such option is or may become exercisable (rounded down to the nearest whole shares of Cypress common stock) and the exercise price of the option will be adjusted to reflect the exchange ratio (which price per share will be rounded up to the nearest whole cent).

Q: What if I have Spansion restricted stock units?

A: Each Spansion restricted stock unit award and performance stock unit award will be converted into an award to receive shares of Cypress common stock on the same terms and conditions that were applicable to such Spansion restricted stock unit award or performance stock unit award prior to the effective time of the merger, except that the number of shares subject to the award will be adjusted to reflect the exchange ratio (rounded down to the nearest whole share of Cypress common stock).

Q: What are the material United States federal income tax consequences of the merger to Spansion stockholders?

A: The transaction is intended to be a tax-free reorganization for United States federal income tax purposes. If the merger qualifies as a reorganization, Spansion stockholders will not recognize any gain or loss, for federal income tax purposes, with respect to the shares of Cypress common stock they receive in the merger. However, Spansion stockholders will recognize gain or loss on any fractional shares of Cypress common stock for which cash is received in lieu of a fractional share.

Q: When and where is the Spansion special meeting?

A: The special meeting of Spansion stockholders will be held at 8:00 a.m., local time, on March 12, 2015, at 915 DeGuigne Drive, Sunnyvale, California 94085. Check-in will begin at 7:30 a.m., local time. Please allow ample time for the check-in procedures.

Q: How can I attend the Spansion special meeting?

A: Spansion stockholders as of the close of business on February 5, 2015 and those who hold a valid proxy for the special meeting are entitled to attend the Spansion special meeting. Spansion stockholders should be prepared to present photo identification for admittance. In addition, names of record holders will be verified against the list of record holders on the record date prior to being admitted to the meeting. Spansion stockholders who are not record holders but who hold shares through a broker or nominee (i.e., in street name) should provide proof of beneficial ownership on the record date, such as a letter from their broker reflecting their stock ownership as of the record date, which is February 5, 2015. If Spansion stockholders do not provide photo identification or comply with the other procedures outlined above upon request, they will not be admitted to the Spansion special meeting.

Q: What matters will Spansion stockholders vote on at the special meeting?

A: Spansion stockholders will vote on the following proposals:

- to adopt the merger agreement and approve the transactions contemplated by the merger agreement;

- to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Spansion named executive officers that is based on or otherwise relates to the merger agreement and merger; and

- to approve the adjournment of the Spansion special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and approve the transactions contemplated by the merger agreement.

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Q: How many votes are needed for the proposals considered by Spansion stockholders at the Spansion special meeting?

A: The proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the shares of Spansion common stock outstanding on the record date. Approval of the compensation proposal and the adjournment proposal each requires the affirmative vote of a majority of the votes cast by the holders of shares of Spansion common stock present in person or represented by proxy at the Spansion special meeting and entitled to vote on the proposal.

Q: What is the quorum requirement for the Spansion special meeting?

A: A quorum of Spansion stockholders will be present at the Spansion special meeting if holders of a majority of Spansion common stock issued and outstanding and entitled to vote thereat are present in person or represented by proxy. Your shares will be counted towards such quorum only if you submit a valid proxy (or one is submitted on your behalf by your bank or broker) or if you vote in person at the Spansion special meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the chairman of the Spansion board or holders of a majority of the votes present at the Spansion special meeting may adjourn the Spansion special meeting to another time or date. If you do not vote, it will be more difficult for Spansion to obtain the necessary quorum to approve the proposals to be considered by Spansion stockholders at the Spansion special meeting.

Q: As a Spansion stockholder, how can I vote?

A: Stockholders of record as of the record date may vote in person by attending the Spansion special meeting or by mail by completing, signing and dating a proxy card or, if you hold your shares in street name, a voting instruction form. Proxies and voting instruction forms submitted by mail must be received no later than March 11, 2015, at 11:59 p.m. Eastern Time to be voted at the Spansion special meeting.

Most stockholders can also vote over the Internet or by telephone. The availability of Internet and telephone voting for shares held in street name will depend on the voting processes of your broker or other nominee. If Internet and telephone voting are available, Spansion stockholders can find voting instructions in the materials accompanying this joint proxy statement/prospectus. The Internet and telephone voting facilities will close at 11:59 p.m., Eastern Time, on March 11, 2015. Please be aware that Spansion stockholders who vote over the Internet may incur costs such as telephone and Internet access charges for which they will be responsible.

The method by which Spansion stockholders vote will in no way limit the right to vote at the meeting if you later decide to attend in person. If shares are held in street name, Spansion stockholders must obtain a proxy, executed in their favor, from their broker or other holder of record, to be able to vote at the meeting.

Failure by a Spansion stockholder to submit a proxy, or instruct a broker or nominee to vote, as the case may be, will have the effect of a vote against the merger proposal, but it will have no effect on the compensation proposal or the adjournment proposal, assuming a quorum is present.

All shares entitled to vote and represented by properly completed proxies received prior to the Spansion special meeting and not revoked will be voted at the meeting in accordance with your instructions. If a signed proxy card is returned without indicating how shares should be voted on a matter and the proxy is not revoked, the shares represented by such proxy will be voted as the Spansion board unanimously recommends and therefore FOR the merger proposal, the compensation proposal and the adjournment proposal.

For a more detailed explanation of the voting procedures, please see the section entitled *The Spansion Special Meeting Voting Procedures* beginning on page 54 of this joint proxy statement/prospectus.

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Q: As a Spansion stockholder, what happens if I do not vote?

A: Failure to vote or give voting instructions to your broker or nominee for the Spansion special meeting could make it more difficult to meet the voting requirement that the total votes cast on the merger proposal represent over 50% of the outstanding shares of Spansion common stock entitled to vote thereon. Therefore, Spansion urges Spansion stockholders to vote.

Q: As a Spansion stockholder, may I change my vote after I have submitted a proxy card or voting instruction card?

A: Yes. Spansion stockholders may revoke a previously granted proxy or voting instruction at any time prior to the special meeting by:

- signing and returning a later dated proxy or voting instruction card for the Spansion special meeting; or

- attending the Spansion special meeting and voting in person, as described in the section entitled *The Spansion Special Meeting* beginning on page 52 of this joint proxy statement/prospectus.

Only the last submitted proxy or voting instruction card will be considered. Please submit a proxy or voting instruction card for the Spansion special meeting as soon as possible.

Q: Should Spansion stock certificates be sent in now?

A: No. If the merger is completed, Spansion stockholders will receive written instructions for sending in any stock certificates they may have.

Q: What do Spansion stockholders need to do now?

A: Carefully read and consider the information contained in and incorporated by reference into this joint proxy statement/prospectus, including its annexes. In order for Spansion shares to be represented at the special meeting, Spansion stockholders can (1) vote through the Internet or by telephone by following the instructions included on their proxy card, (2) indicate on the enclosed proxy card how they would like to vote and return the proxy card in the accompanying pre-addressed postage paid envelope, or (3) attend the Spansion special meeting in person.

Q: Who can answer questions?

A:

Spansion stockholders with questions about the merger or the other matters to be voted on at the Spansion special meeting or who desire additional copies of this joint proxy statement/prospectus or additional proxy cards should contact:

Alliance Advisors, LLC

200 Broadacres Drive, 3rd Floor

Bloomfield, New Jersey 07003

Telephone: (973) 873-7700

Facsimile: (973) 338-1430

www.allianceadvisorsllc.com

If you need additional copies of this joint proxy statement/prospectus or voting materials, contact Alliance Advisors, LLC as described above or Spansion Investor Relations at investor.relations@spansion.com or by telephone at (408) 962-2500.

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SUMMARY

The following is a summary of the information contained in this joint proxy statement/prospectus relating to the merger. This summary may not contain all of the information about the merger that is important to you. For a more complete description of the merger, Cypress and Spansion encourage you to read carefully this entire joint proxy statement/prospectus, including the attached annexes. In addition, Cypress and Spansion encourage you to read the information incorporated by reference into this joint proxy statement/prospectus, which includes important business and financial information about Cypress and Spansion. Stockholders of Cypress and Spansion may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions in the section entitled *Where You Can Find More Information* beginning on page 210 of this joint proxy statement/prospectus.

Cypress and Spansion have agreed to combine their businesses pursuant to the terms of a merger agreement between the companies as described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A. Under the terms of the merger agreement, Mustang Acquisition Corporation, a wholly owned subsidiary of Cypress, will merge with and into Spansion and Spansion will survive and become a wholly owned subsidiary of Cypress. As a result of the transactions contemplated by the merger agreement, former holders of Spansion common stock will own shares of Cypress common stock. Cypress stockholders will continue to own their existing shares of Cypress common stock after the merger.

Treatment of Spansion Securities

Upon completion of the merger, each share of Spansion common stock outstanding immediately prior to the effective time of the merger will be canceled and extinguished and automatically converted into the right to receive 2.457 shares of Cypress common stock, and the cash payable in lieu of any fractional shares as described in the section entitled *The Merger Agreement Treatment of Securities Fractional Shares* beginning on page 108 of this joint proxy statement/prospectus. Upon completion of the merger, unless prohibited by local laws of a particular foreign country, Cypress also will assume outstanding options to purchase Spansion common stock, Spansion restricted stock units and Spansion performance stock units. Cypress is seeking stockholder approval for an increase in the number of shares issuable under the current Cypress stock plan due to, among other things, the substantially increased employee base that will result from the merger.

Information about the Companies

Cypress Semiconductor Corporation (see page 30)

Cypress Semiconductor Corporation, a Delaware corporation and referred to in this joint proxy statement/prospectus as Cypress, delivers high-performance, mixed-signal programmable solutions that provide customers with rapid time-to-market and exceptional system value. Cypress offerings include the flagship PSoC® 1, PSoC 3, PSoC 4, and PSoC 5LP programmable system-on-chip families. Cypress is the world leader in capacitive user interface solutions including CapSense® touch sensing, TrueTouch® touchscreens, and trackpad solutions for notebook PCs and peripherals. Cypress is a world leader in USB controllers, which enhance connectivity and performance in a wide range of consumer and industrial products. Cypress is also the world leader in SRAM and nonvolatile RAM memories. Cypress serves numerous major markets, including consumer, mobile handsets, computation, data communications, automotive, industrial and military. Cypress principal executive offices are located at 198 Champion Court, San Jose, California 95134. Cypress telephone number is (408) 943-2600.

Spansion Inc. (see page 30)

Spansion Inc., a Delaware corporation and referred to in this joint proxy statement/prospectus as Spansion, is a global leader in embedded systems solutions. Spansion s flash memory, microcontrollers, analog

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and mixed-signal products drive the development of faster, intelligent, secure and energy efficient electronics. Spansion is at the heart of electronic systems, connecting, controlling, storing and powering everything from automotive electronics and industrial systems to the highly interactive and immersive consumer devices that are enriching people s daily lives. Spansion is headquartered in Silicon Valley in California, with research and development, manufacturing, assembly and sales operations in the United States, Asia, Europe and the Middle East. Spansion s principal executive offices are located at 915 DeGuigne Drive, Sunnyvale, California 94085. Spansion s telephone number is (408) 962-2500.

Mustang Acquisition Corporation (see page 31)

Mustang Acquisition Corporation, a newly-formed, wholly owned subsidiary of Cypress, is a Delaware corporation formed on November 20, 2014 for the sole purpose of effecting the merger.

Market Price of Cypress and Spansion Common Stock

Cypress common stock trades on the Nasdaq Global Select Market under the symbol CY. Spansion common stock trades on the New York Stock Exchange under the symbol CODE.

The high and low prices per share of Cypress common stock on November 28, 2014, the last full trading day preceding public announcement that Cypress and Spansion had entered into the merger agreement, were $10.72 and $10.55. The high and low prices per share of Spansion common stock on November 28, 2014, the last full trading day preceding public announcement that Cypress and Spansion had entered into the merger agreement, were $23.48 and $22.69.

The high and low prices per share of Cypress common stock on February 5, 2015, the last full trading day for which high and low sales prices were available as of the date of this joint proxy statement/prospectus were $14.69 and $14.18. The high and low prices per share of Spansion common stock on February 5, 2015, the last full trading day for which high and low sales prices were available as of the date of this joint proxy statement/prospectus, were $35.50 and $34.30.

The Special Meeting of Cypress Stockholders

Date, Time and Place of the Cypress Special Meeting

The Cypress special meeting is scheduled to be held at Cypress principal executive offices located at 198 Champion Court, San Jose, California 95134, on March 12, 2015, at 8:00 a.m., local time.

Issuance of Shares in Connection with the Merger (see page 35)

Cypress stockholders are considering and voting on a proposal to approve the issuance of shares of Cypress common stock in connection with the merger of Mustang Acquisition Corporation with and into Spansion as contemplated by the merger agreement.

The Cypress board unanimously recommends a vote FOR the proposal to issue shares of Cypress common stock in connection with the merger.

Approval of Amendment and Restatement of Cypress 2013 Stock Plan (see page 36)

Cypress stockholders are considering and voting on a proposal to approve the amendment and restatement of Cypress 2013 Stock Plan, which would increase the number of shares issuable under the current Cypress stock plan by 29.3 million shares that could be issued as stock options and/or stock appreciation rights (but if

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awards are granted only in the form of restricted stock units or other full value awards, this increase in shares would allow for the issuance of only up to approximately 15.6 million shares), to a total of approximately 31 million shares in order to allow for the granting of future equity compensation awards to Cypress and Spansion service providers following the completion of the merger.

The Cypress board unanimously recommends a vote FOR the proposal to approve the amendment and restatement of Cypress 2013 Stock Plan.

Who Can Vote at the Cypress Special Meeting

Only Cypress stockholders of record at the close of business on February 5, 2015, the record date for the Cypress special meeting, will be entitled to notice of, and to vote at, the Cypress special meeting. On the record date, there were 165,314,233 shares of Cypress common stock outstanding, par value $0.01 per share. Each share of common stock is entitled to one vote on each matter properly brought before the meeting. Shares that are held in Cypress treasury are not considered outstanding or entitled to vote at the Cypress special meeting.

As of the close of business on the record date, approximately 6.12% of the outstanding shares of Cypress common stock were held by Cypress directors and executive officers and their affiliates. In accordance with the support agreements described below, it is expected that Cypress directors and executive officers will vote their shares in favor of the proposal described above.

Voting Procedures

Cypress stockholders can vote shares by mail by completing, signing and dating each proxy card received and returning it in the prepaid envelope, by telephone or online by following the instructions provided in the proxy card or in person at the special meeting. If you vote by mail, your proxy card must be received no later than March 11, 2015 at 11:59 p.m. Eastern Time to be voted at the Cypress special meeting. Online and telephone voting are available 24 hours a day, and votes submitted by telephone or online must be received by 11:59 p.m. Eastern Time on March 11, 2015. If you are the beneficial owner of shares held in street name, you should have received the notice and voting instructions from the bank or broker holding your shares.

The Special Meeting of Spansion Stockholders

Date, Time and Place of Spansion Special Meeting

The Spansion special meeting is scheduled to be held at Spansion s principal executive offices located at 915 DeGuigne Drive, Sunnyvale, California 94085, on March 12, 2015, at 8:00 a.m., local time.

The Merger Agreement and the Merger (see page 57)

Spansion stockholders are considering and voting on a proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement.

The Spansion board unanimously recommends a vote FOR the proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement.

Advisory Vote to Approve Merger Related Compensation for Spansion Named Executive Officers (see page 57)

Spansion stockholders are considering and voting on a proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Spansion named executive officers that is based on or otherwise relates to the merger agreement and merger. This compensation is summarized in the section entitled *The Merger Reasons for the Merger Spansion Golden Parachute Compensation* beginning on page 103 of this joint proxy statement/prospectus, including the footnotes to the table.

The Spansion board unanimously recommends a vote FOR the approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Spansion named executive officers that is based on or otherwise relates to the merger agreement and merger.

Possible Adjournment to Solicit Additional Proxies, if Necessary or Appropriate (see page 58)

Spansion stockholders are considering and voting on a proposal to approve the adjournment of the Spansion special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger proposal.

The Spansion board unanimously recommends a vote FOR the proposal to approve the adjournment of the Spansion special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and approve the transactions contemplated by the merger agreement.

Who Can Vote at the Spansion Special Meeting

Only Spansion stockholders of record at the close of business on February 5, 2015, the record date for the Spansion special meeting, and other persons holding valid proxies for the special meeting will be entitled to attend the Spansion special meeting. On the record date, there were 63,176,537 shares of Spansion common stock outstanding, par value $0.001 per share. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

As of the close of business on the record date, approximately 0.84% of the outstanding shares of Spansion common stock were held by Spansion s directors and executive officers and their affiliates. In accordance with the support agreements described below, we expect that Spansion s directors and executive officers will vote their shares in favor of the proposals described above.

Voting Procedures

Record holders of shares of Spansion common stock may submit proxies by completing, signing and dating their proxy cards for the Spansion special meeting and mailing them in the accompanying preaddressed envelopes. Spansion stockholders who hold shares in street name may vote by mail by completing, signing and dating the voting instruction cards for the Spansion special meeting provided by their brokers or nominees and mailing them in the accompanying pre-addressed envelopes. Proxies and voting instruction forms submitted by mail must be received no later than March 11, 2015, at 11:59 p.m. Eastern Time to be voted at the Spansion special meeting. Spansion stockholders may also submit proxies over the Internet at the web address shown on the proxy card. Spansion stockholders who live in the United States or Canada may submit proxies by calling the telephone number shown on the proxy card. The Internet and telephone voting facilities will close at 11:59 p.m., Eastern Time, on March 11, 2015. The availability of Internet and telephone voting for shares held in street name will depend on the voting processes of your broker or other nominee.

The Merger

Recommendation of the Cypress Board (see page 69)

Proposal 1. After careful consideration, at a meeting of the Cypress board held on December 1, 2014, the Cypress board unanimously determined that the merger agreement and the consummation of the transactions contemplated by the merger agreement are advisable and in the best interests of the Cypress stockholders, and has unanimously approved the merger agreement.

The Cypress board unanimously recommends that Cypress stockholders vote FOR the proposal of the issuance of Cypress common stock in the merger pursuant to the terms of the merger agreement.

Proposal 2. After careful consideration, on January 22, 2015, the Cypress board unanimously approved the amendment and restatement of Cypress 2013 Stock Plan (which we refer to as the amended Cypress stock plan), subject to approval by Cypress stockholders at the Cypress special meeting. The amended Cypress stock plan would increase the number of shares issuable under Cypress 2013 Stock Plan (which we refer to as the current Cypress stock plan) by 29.3 million shares that could be issued as stock options and/or stock appreciation rights (but if awards are granted only in the form of restricted stock units or other full value awards, this increase in shares would allow for the issuance of only up to approximately 15.6 million shares), to a total of approximately 31 million shares and is attached as Annex D to this joint proxy statement/prospectus. Any summary of the amended Cypress stock plan is qualified in its entirety by reference to the amended Cypress stock plan. Cypress is not asking its stockholders to approve any other amendment to the current Cypress stock plan. Other than the share increase, the amended Cypress stock plan has not been amended in any material way since Cypress stockholders last approved the current Cypress stock plan in 2013.

The Cypress board unanimously recommends that Cypress stockholders vote FOR the proposal to approve the amendment and restatement of Cypress 2013 Stock Plan.

Opinion of Cypress Financial Advisor (see page 72)

Cypress retained Qatalyst Partners LP, which we refer to as Qatalyst Partners, to act as its financial advisor in connection with the merger. Cypress selected Qatalyst Partners to act as its financial advisor based on Qatalyst Partners qualifications, expertise, reputation and knowledge of its business and affairs and the industry in which it operates. At the meeting of the Cypress board on December 1, 2014, Qatalyst Partners rendered its oral opinion, subsequently confirmed in writing, that as of December 1, 2014 and based upon and subject to the considerations, limitations and other matters set forth therein, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to Cypress.

The full text of the written opinion of Qatalyst Partners, dated December 1, 2014, is attached to this joint proxy statement/prospectus as Annex B and is incorporated into this joint proxy statement/prospectus by reference. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by Qatalyst Partners in rendering its opinion. You should read the opinion carefully in its entirety. Qatalyst Partners opinion was provided to the Cypress board and addressed only, as of the date of the opinion, the fairness from a financial point of view, of the exchange ratio pursuant to the merger agreement, to Cypress. It does not address any other aspect of the merger and does not constitute a recommendation as to how any holder of Spansion common stock or Cypress common stock should vote with respect to the merger or any other matter. For a further discussion of Qatalyst Partners opinion, see *The Merger Reasons for the Merger Opinion of Cypress Financial Advisor* beginning on page 72 of this joint proxy statement/prospectus.

Recommendations of the Spansion Board (see page 82)

After careful consideration, the Spansion board unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of the Spansion stockholders and has unanimously approved the merger agreement. **The Spansion board unanimously recommends that the Spansion stockholders vote FOR the proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement, FOR the proposal to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Spansion named executive officers that is based on or otherwise relates to the merger agreement and merger and FOR the proposal to approve the adjournment of the Spansion special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and approve the transactions**

contemplated by the merger agreement.

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Opinion of Spansion s Financial Advisor (see page 86 and Annex C)

Spansion retained Morgan Stanley & Co. LLC, which we refer to as Morgan Stanley, to act as its financial advisor in connection with the proposed merger of Spansion and Cypress. On December 1, 2014, Morgan Stanley rendered to Spansion s board its oral opinion, subsequently confirmed in writing, that as of such date and based upon and subject to the various assumptions, procedures, matters, qualifications and limitations on the scope of the review undertaken by Morgan Stanley as set forth in the written opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders of shares of Spansion common stock (other than the holders of shares held in the treasury of Spansion, or by Cypress, Mustang Acquisition Corporation or any direct or indirect wholly owned subsidiary of Cypress, Mustang Acquisition Corporation or Spansion, which shares we refer to as the excluded shares). References to Spansion s common stock in the description of Morgan Stanley s opinion refer to Spansion s Class A common stock. The full text of the written opinion of Morgan Stanley, dated as of December 1, 2014, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached as Annex C to this joint proxy statement/prospectus and is incorporated by reference in this joint proxy statement/prospectus in its entirety. The summary of the opinion of Morgan Stanley in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. **We encourage you to read Morgan Stanley s opinion, this section and the summary of Morgan Stanley s opinion below carefully and in their entirety.**

Morgan Stanley s opinion was rendered for the benefit of Spansion s board, in its capacity as such, and addressed only the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement to the holders of shares of Spansion common stock (other than the holders of the excluded shares) as of the date of the opinion. Morgan Stanley s opinion did not address any other aspect of the merger or related transactions, including the prices at which shares of Spansion common stock or Cypress common stock would trade at any time in the future, or any compensation or compensation agreements arising from (or relating to) the merger which benefit any officer, director or employee of Spansion, or any class of such persons. The opinion was addressed to, and rendered for the benefit of, Spansion s board and was not intended to, and does not, constitute advice or a recommendation to any holder of shares of Spansion common stock as to how to vote or act on any matter with respect to the merger or related transactions or any other action with respect to the transactions contemplated by the merger agreement.

Interests of the Directors and Executive Officers of Spansion (see page 97)

In considering the recommendation of the Spansion board to adopt the merger agreement and approve the transactions contemplated by the merger agreement, Spansion stockholders should be aware that some of the Spansion directors and executive officers have interests in the merger and have arrangements that are different from, or in addition to, those of Spansion stockholders generally, including, but not limited to, the following:

- in connection with the merger, Cypress will assume outstanding options to purchase shares of Spansion common stock and restricted stock units and performance stock units of Spansion held by such directors and executive officers;

- Spansion has entered into Change of Control Severance Agreements with certain employees, including its executive officers, entitling them to certain payments in connection with a termination of employment following a change of control of Spansion;

directors and executive officers of Spansion are entitled to vesting acceleration upon a change of control under various equity awards and agreements;

directors and officers will be indemnified by the combined company with respect to acts or omissions by them in their capacities as such prior to the effective time of the merger; and

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- under the terms of the merger agreement, four Spansion directors will be designated to serve on the board of the combined company after the effective time of the merger and Raymond Bingham will serve as Chairman of the combined company.

These interests and arrangements may create potential conflicts of interest. The Spansion board was aware of these potential conflicts of interest and considered them, among other matters, in reaching its decision to approve the merger agreement and the transactions contemplated by the merger agreement.

Recent Spansion Equity Awards (see page 99)

On November 14, 2014, the Spansion compensation committee approved the issuance of certain performance stock units to certain employees, which included certain executive officers, and on November 25, 2014, the Spansion board approved the issuance of certain restricted stock units to directors William Mitchell and Raymond Bingham. If such restricted stock units are outstanding as of the effective time of the merger, then they will be assumed by Cypress in accordance with the terms of the merger agreement.

The Merger Agreement

No Solicitation (see page 115)

Subject to limited exceptions, the merger agreement contains detailed provisions that prohibit Cypress and Spansion from soliciting, initiating, or knowingly encouraging or facilitating alternative acquisition proposals with any third party including but not limited to the following:

- any acquisition or purchase of a 15% or greater interest in the total outstanding equity interests or voting securities of Cypress or Spansion;

- any acquisition or purchase of 50% or more of any class of equity or other voting securities of one or more subsidiaries of Cypress or Spansion, the business(es) of which, individually or in the aggregate, generate 15% or more of the net revenues, net income or assets of Cypress or Spansion;

- any merger, consolidation, business combination or other similar transaction involving Cypress or Spansion or one or more of its subsidiaries the business(es) of which, individually or in the aggregate, generate or constitute 15% or more of the net revenues, net income or assets of Cypress or Spansion; and

- subject to certain exceptions, any sale, lease, exchange, transfer, license, acquisition or disposition of assets of Cypress or Spansion that generate or constitute 15% or more of the net revenues, net income or assets of Cypress or Spansion.

The merger agreement does not, however, prohibit either party from considering a bona fide, unsolicited acquisition proposal from a third party if specified conditions are met.

Cypress Governance Matters After the Merger

Immediately following the effective time of the merger:

the Cypress board will have eight members, comprised of T.J. Rodgers, Eric A. Benhamou and two others from the current Cypress board to be mutually agreed, and John H. Kispert, Mr. Bingham and two others from the current Spansion board to be mutually agreed;

the chairman of the Cypress board will be Mr. Bingham;

the chairman of the operations committee of the Cypress board will be Mr. Kispert;

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the chairman of the nominating and governance committee of the Cypress board will be a current Spansion director;

the chairman of the audit committee of the Cypress board will be a current Cypress director;

the chairman of the compensation committee of the Cypress board will be a current Spansion director;

the chief executive officer of Cypress will be Mr. Rodgers; and

the chief financial officer of Cypress will be the current Cypress chief financial officer.

Conditions to Completion of the Merger (see page 122)

Several conditions must be satisfied or waived before Cypress and Spansion complete the merger, including, but not limited to, the following:

approval by Cypress stockholders of the issuance of shares of Cypress common stock in the merger;

adoption of the merger agreement by Spansion stockholders;

no law that has the effect of making the merger illegal or prohibiting the effective time of the merger will be in effect;

no order of any court preventing the completion of the merger will be in effect;

Cypress registration statement on Form S-4, of which this joint proxy statement/prospectus is a part, will have been declared effective by the Securities and Exchange Commission;

receipt of all clearances, consents, approvals, authorizations and orders applicable to the merger which are required under any antitrust laws of the U.S., Germany and Japan and any other non-U.S. jurisdiction in which Cypress or Spansion have material business operations or in which Cypress and Spansion mutually agree;

receipt of opinions by Cypress and Spansion from their respective tax counsel that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

- shares of Cypress common stock issuable in the merger will be authorized for listing on the Nasdaq Global Select Market;
- accuracy of certain of each party s respective representations and warranties as set forth in the merger agreement;
- material compliance by each party with its agreements and covenants in the merger agreement; and
- absence of a material adverse effect on Cypress and Spansion, respectively, from December 1, 2014 to the completion of the merger.

Termination; Fees and Expenses (see page 125)

Under circumstances specified in the merger agreement, either Cypress or Spansion may terminate the merger agreement, including, but not limited to, if:

- both parties consent to termination;
- the merger is not completed by June 1, which may be extended to September 1, 2015 and subsequently to December 1, 2015 by Cypress or Spansion under certain circumstances;
- any governmental authority has issued or granted any order that is in effect and has the effect of making the merger illegal;

- the required approval of the stockholders of Cypress of the issuance of shares of Cypress common stock in the merger has not been obtained at Cypress duly held special meeting;

- the required approval of the stockholders of Spansion to adopt the merger agreement has not been obtained at Spansion s duly held special meeting;

- the other party or its board takes any of the actions in opposition to the merger described as a triggering event in the merger agreement; or

- the other party breaches its representations, warranties or covenants in the merger agreement such that one or more of its conditions to completion of the merger regarding representations, warranties or covenants would not be satisfied.

Support Agreements (see page 129)

Simultaneously with the execution and delivery of the merger agreement, each of the executive officers and directors of Cypress, in their respective capacities as stockholders of Cypress, entered into support agreements with Spansion, pursuant to which such individuals agreed, among other things, to vote their respective shares of common stock of Cypress in favor of the approval of the issuance of shares of Cypress common stock pursuant to the merger agreement and against any acquisition proposal. As of December 1, 2014, the persons signing the Cypress support agreements beneficially owned an aggregate of approximately 10.31% of the outstanding Cypress common stock.

Simultaneously with the execution and delivery of the merger agreement, each of the executive officers and directors of Spansion, in their respective capacities as stockholders of Spansion, entered into support agreements with Cypress, pursuant to which such individuals have agreed, among other things, to vote their respective shares of common stock of Spansion for the approval and adoption of the merger agreement and against any acquisition proposal. As of December 1, 2014, the persons signing the Spansion support agreements beneficially owned an aggregate of approximately 5.41% of the outstanding Spansion common stock.

Delisting and Deregistration of Spansion Common Stock After the Merger

Following the effective time of the merger, Spansion common stock will be delisted from the New York Stock Exchange and deregistered under the Securities Exchange Act of 1934.

Registration of Shares of Cypress Common Stock Received in the Merger

The shares of Cypress common stock to be issued in connection with the merger will be registered under the Securities Act of 1933 and will be freely transferable. The resale restrictions in Rule 145(d) that could be applicable to persons specified in Rule 145(c) are not applicable to persons receiving stock in the merger.

No Appraisal Rights

Neither Cypress stockholders nor Spansion stockholders are entitled to appraisal rights for their shares under the Delaware General Corporation Law in connection with the merger. For further discussion of appraisal rights, see *The Merger Agreement No Appraisal Rights* beginning on page 132 of this joint proxy statement/prospectus.

Material U.S. Federal Income Tax Consequences

The transaction is intended to be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. If the transaction so qualifies, then a U.S. holder of Spansion common stock generally will not recognize any gain or loss, for federal income

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tax purposes, with respect to the shares of Cypress common stock they receive in the merger. However, Spansion stockholders will recognize gain or loss on any fractional shares of Cypress common stock for which cash is received in lieu of a fractional share.

The tax consequences of the transaction to each Spansion stockholder may depend on such holder s particular facts and circumstances. Spansion stockholders are urged to consult their tax advisors to understand fully the consequences to them of the transaction in their specific circumstances. For further discussion of the material U.S. federal income tax consequences of the transaction, see *The Merger Agreement Material United States Federal Income Tax Consequences* beginning on page 129 of this joint proxy statement/prospectus.

Regulatory Filings and Approvals Required to Complete the Merger

Cypress and Spansion have each agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the merger. The merger is subject to review by the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Under this statute, Cypress and Spansion are required to make pre-merger notification filings and await the expiration or early termination of the statutory waiting period prior to completing the merger. Cypress and Spansion completed the initial Hart-Scott-Rodino filing on December 16, 2014 and the applicable waiting period was terminated early on January 14, 2015. The merger is also subject to review by foreign governmental authorities and requires pre-merger notification and the observance of an applicable waiting period in certain countries, including Germany and Japan. Cypress and Spansion have determined such approval is not required in China. Cypress and Spansion completed the initial pre-merger notification required in Germany on December 17, 2014, and have received notification from the German Federal Cartel Office that the acquisition has been cleared to proceed. Cypress and Spansion received notice of early termination of the waiting period and clearance of the transaction from the Japan Fair Trade Commission on February 3, 2015. For further discussion of the regulatory filings and approvals required to complete the merger, see *The Merger Agreement Regulatory Filings and Approvals Required to Complete the Merger* beginning on page 131 of this joint proxy statement/prospectus.

Additional Information Certain Litigation Relating to the Merger

In connection with the proposed merger, two purported class action lawsuits were filed on behalf of Spansion stockholders against members of the Spansion board, Spansion, Cypress, and Mustang Acquisition Corporation in the Superior Court of California for the County of Santa Clara. The two lawsuits were consolidated into a single action by the court on January 30, 2015. For additional information please see the section entitled *The Merger Litigation Relating to the Merger* beginning on page 106 of this joint proxy statement/prospectus.

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SELECTED HISTORICAL FINANCIAL DATA OF CYPRESS

The following table sets forth Cypress selected historical consolidated financial and other data for the periods ended and as of the dates indicated. The consolidated statements of operations for the fiscal years ended December 29, 2013, December 30, 2012 and January 1, 2012 and the consolidated balance sheet data as of December 29, 2013 and December 30, 2012 have been derived from Cypress audited consolidated financial statements incorporated by reference into this joint proxy statement/prospectus. The consolidated statements of operations for the fiscal years ended January 2, 2011 and January 3, 2010 and the consolidated balance sheet data as of January 1, 2012, January 2, 2011 and January 3, 2010 have been derived from Cypress audited consolidated financial statements that are not incorporated by reference into this joint proxy statement/prospectus. The consolidated statement of operations for the nine months ended September 28, 2014 and September 29, 2013 and the consolidated balance sheet data as of September 28, 2014 have been derived from Cypress unaudited condensed consolidated financial statements incorporated by reference into this joint proxy statement/prospectus. The consolidated balance sheet data as of September 29, 2013 has been derived from Cypress unaudited condensed consolidated financial statements that are not incorporated by reference into this joint proxy statement/prospectus. The data presented below should be read in conjunction with the section entitled *Management s Discussion and Analysis of Financial Condition and Results of Operations* and the consolidated financial statements and the related notes contained in Cypress most recent Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the nine months ended September 28, 2014, incorporated by reference into this joint proxy statement/prospectus. See the section entitled *Where You Can Find More Information* beginning on page 210 of this joint proxy statement/prospectus.

	Year Ended					Nine Months Ended	
	December 29, 2013	**December 30, 2012**	**January 1, 2012**	**January 2, 2011**	**January 3, 2010**	**September 28, 2014**	**September 29, 2013**
	(In thousands, except per-share amounts)						
Consolidated Statement of Operations Data:							
Revenues	$ 722,693	$ 769,687	$ 995,204	$ 877,532	$ 667,786	$ 541,400	$ 554,917
Cost of revenues	384,121	376,887	448,602	388,359	397,204	271,425	292,793
Operating income (loss)	(58,195)	(18,915)	153,719	87,864	(149,255)	15,223	(47,297)
Income (loss) attributable to Cypress	(46,364)	(22,370)	167,839	75,742	(150,424)	14,443	32,787
Noncontrolling interest, net of income taxes	(1,845)	(1,614)	(882)	(866)	(946)	(991)	(1,509)
Net income (loss)	(48,209)	(23,984)	166,957	74,876	(151,370)	13,452	(34,296)
Adjust for net loss (income) attributable to noncontrolling interest	1,845	1,614	882	866	946	991	1,509
Net income (loss) attributable to Cypress	$ (46,364)	$ (22,370)	$ 167,839	$ 75,742	$ (150,424)	$ 14,443	$ (32,787)
Net income (loss) per share basic: attributable	$ (0.31)	$ (0.15)	$ 1.02	$ 0.47	$ (1.03)	$ 0.09	$ (0.22)

to Cypress							
Net income (loss) per share basic	$ (0.31)	$ (0.15)	$ 1.02	$ 0.47	$ (1.03)	$ 0.09	$ (0.22)
Net income (loss) per share diluted:							
attributable to Cypress	$ (0.31)	$ (0.15)	$ 0.90	$ 0.40	$ (1.03)	$ 0.09	$ (0.22)
Net income (loss) per share diluted	$ (0.31)	$ (0.15)	$ 0.90	$ 0.40	$ (1.03)	$ 0.09	$ (0.22)
Dividends per share:							
Declared	$ 0.44	$ 0.44	$ 0.27	$	$	$ 0.33	$ 0.33
Paid	$ 0.44	$ 0.42	$ 0.18	$	$	$ 0.33	$ 0.33
Shares used in per-share calculation:							
Basic	148,558	149,266	164,495	161,114	145,611	157,594	147,551
Diluted	148,558	149,266	186,895	191,377	145,611	166,000	147,551

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	Year Ended					Nine Months Ended	
	December 29, 2013	December 30, 2012	January 1, 2012	January 2, 2011	January 3, 2010	September 28, 2014	September 29, 2013
	(In thousands)						
Consolidated Balance Sheet Data:							
Cash, cash equivalents and short-term investments	$ 104,462	$ 117,210	$ 166,330	$ 434,261	$ 299,642	$ 120,377	$ 101,389
Working capital	$ 13,871	$ 20,060	$ 79,190	$ 383,369	$ 279,643	$ 39,491	$ 13,387
Total assets	$ 765,836	$ 831,629	$ 810,090	$ 1,072,801	$ 912,508	$ 777,109	$ 795,991
Debt (1)	$ 248,230	$ 264,942	$ 45,767	$	$	$ 244,133	$ 249,578
Stockholders equity	$ 178,635	$ 176,861	$ 397,842	$ 702,893	$ 630,384	$ 204,807	$ 177,542

(1) The debt in fiscal year 2013 primarily included $227.0 million related to Cypress revolving credit facility, $12.5 million of capital leases, and $8.7 million of equipment loans. The debt in fiscal year 2012 included $232.0 million related to Cypress revolving credit facility, $15.0 million of capital leases, $11.5 million of equipment loans, $3.3 million of a mortgage note related to Ramtron, and $3.1 million of advances received for the sale of certain of Cypress auction rate securities. The debt in fiscal year 2011 included $15.2 million of capital leases, $14.1 million of equipment loans and $16.4 million of advances received for the sale of certain of Cypress auction rate securities (all balances include both short-term and long-term portions). See Note 14 of the Notes to Consolidated Financial Statements included in Cypress Form 10-K for the period ending December 29, 2013 incorporated by reference in this joint proxy/prospectus for more information on revolving credit facility, equipment loans and mortgage note, see Note 18 for more information on capital leases and see Note 5 for more information on advances received for the sale of auction rate securities.

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SELECTED HISTORICAL FINANCIAL DATA OF SPANSION

The following table sets forth Spansion s summary selected historical consolidated financial and other data for the periods ended and as of the dates indicated. References to the Predecessor refer to Spansion and its consolidated subsidiaries up to May 10, 2010. References to Successor refer to Spansion and its consolidated subsidiaries after giving effect to: (i) cancellation of Spansion common stock issued prior to May 10, 2010; (ii) the issuance of Spansion common stock on or after May 10, 2010 and settlement of existing debt and other adjustments in accordance with the Plan of Reorganization confirmed by the U.S. Bankruptcy Court on April 16, 2010; and (iii) the application of fresh start accounting. The consolidated statements of operations for the Successor s fiscal years ended December 29, 2013, December 30, 2012, and December 25, 2011 and the consolidated balance sheet data for the Successor as of December 29, 2013 and December 30, 2012 have been derived from Spansion s audited consolidated financial statements incorporated by reference into this proxy statement/prospectus. The consolidated statements of operations for the Successor s period from May 11, 2010 to December 26, 2010, Predecessor s period from December 28, 2009 to May 10, 2010 and Predecessor s fiscal year ended December 27, 2009, and the consolidated balance sheet data for the Successor as of December 25, 2011, December 26, 2010 and the Predecessor as of December 27, 2009 have been derived from Spansion s audited consolidated financial statements that are not incorporated by reference into this joint proxy statement/prospectus. The consolidated statement of operations for the nine months ended September 28, 2014 and September 29, 2013 and the consolidated balance sheet data as of September 28, 2014 have been derived from Spansion s unaudited condensed consolidated financial statements incorporated by reference into this joint proxy statement/prospectus. The consolidated balance sheet data as of September 29, 2013 has been derived from Spansion s unaudited condensed consolidated financial statements that are not incorporated by reference into this joint proxy statement/prospectus. The data presented below should be read in conjunction with the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes contained in Spansion s most recent Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the nine months ended September 28, 2014, incorporated by reference into this proxy statement/prospectus. See the sections entitled *Where You Can Find More Information* beginning on page 210 of this joint proxy statement/prospectus.

	Year Ended						Nine Months Ended	
	Successor (1)	Successor (1)	Successor (1)	Successor (1)	Predecessor(1)	Predecessor(1)	Successor (1)	Successor (1)
	December 29, 2013	December 30, 2012	December 25, 2011	December 26, 2010		December 27, 2009	September 28, 2014	September 29, 2013
				Period from May 11, 2010 to December 26, 2010	Period from December 28, 2009 to May 10, 2010			
	(In thousands, except per-share amounts)							
Consolidated Statement of Operations Data:								
Revenues	$ 971,690	$ 915,932	$ 1,069,883	$ 764,687	$ 403,619	$ 1,410,653	$ 942,346	$ 658,020
Cost of revenues	719,062	632,417	847,797	647,381	274,817	1,103,757	658,864	498,640
Operating income (loss) before reorganization items	(58,422)	62,842	(5,314)	(70,586)	28,401	(105,241)	(20,192)	(48,991)
Gain on sale of Kuala Lumpur land and building (2)		(28,434)						
Restructuring charges (credits)(3)	6,017	5,650	12,295		(2,772)	46,852		6,264
Asset impairment charges(4)						12,538		
Interest expense(5)	(29,792)	(30,147)	(33,151)	(24,180)	(30,573)	(50,976)	(18,214)	(22,333)
Gain on acquisition of Microcontroller and Analog business	7,950							
Gain on deconsolidation of subsidiary								30,100
	(75,858)	37,383	(34,511)	(94,591)	(5,076)	(122,079)	(36,612)	(55,461)

Income (loss) before reorganization items and income taxes								
Reorganization items					370,340	(391,383)		
Income (loss) before income taxes	(75,858)	37,383	(34,511)	(94,591)	365,264	(513,462)	(36,612)	(55,461)
Benefit / (Provision) for income taxes (6)	(2,410)	(12,999)	(21,037)	(2,101)	(1,640)	(597)	(8,703)	891
Income (loss) attributable to Spansion	(78,268)	24,887	(55,886)	(96,692)	363,624	(514,059)	(45,315)	(54,570)
Noncontrolling interest, net of income taxes		(503)	338					
Net income (loss)	(78,268)	24,384	(55,548)	(96,692)	363,624	(514,059)	(45,315)	(54,570)
Adjust for net loss (income) attributable to noncontrolling interest		503	(338)					
Net income (loss) attributable to Spansion Inc.	$ (78,268)	$ 24,887	$ (55,886)	$ (96,692)	$ 363,624	$ (514,059)	$ (45,315)	$ (54,570)
Net income (loss) per share basic:								
attributable to Spansion	$ 1.34	$ 0.41	$ (0.91)	$ (1.60)	$ 2.24	$ (3.18)	$ (0.75)	$ (0.93)
Net income (loss) per share basic	$ 1.34	$ 0.41	$ (0.91)	$ (1.60)	$ 2.24	$ (3.18)	$ (0.75)	$ (0.93)
Net income (loss) per share diluted:								
attributable to Spansion	$ 1.34	$ 0.41	$ (0.91)	$ (1.60)	$ 2.24	$ (3.18)	$ (0.75)	$ (0.93)
Net income (loss) per share diluted	$ 1.34	$ 0.41	$ (0.91)	$ (1.60)	$ 2.24	$ (3.18)	$ (0.75)	$ (0.93)
Shares used in per-share calculation:								

Basic	58,599	59,984	61,338	60,479	162,439	161,847	60,705	58,506
Diluted	58,599	61,021	61,338	60,479	162,610	161,847	60,705	58,506

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	Year Ended					Nine Months Ended	
	December 29, 2013	December 30, 2012	December 25, 2011	December 26, 2010	December 27, 2009	September 28, 2014	September 29, 2013
				(In thousands)			
Consolidated Balance Sheet Data:							
Cash, cash equivalents and short-term investments	$ 311,497	$ 313,897	$ 262,705	$ 354,273	$ 425,238	$ 326,769	$ 228,392
Working capital	$ 397,711	$ 481,512	$ 395,565	$ 439,972	$ 553,023	$ 418,615	$ 412,815
Total assets	$ 1,380,921	$ 1,172,166	$ 1,191,145	$ 1,399,305	$ 1,437,977	$ 1,384,296	$ 1,306,886
Long-term debt and capital lease obligations, including current portion, short term note, and notes payable to banks under revolving loans	$ 501,932	$ 416,295	$ 449,399	$ 454,909	$ 64,150	$ 409,569	$ 419,169
Liabilities subject to compromise	$	$	$	$	$ 987,127	$	$
Stockholders deficit	$ 537,460	$ 561,774	$ 522,541	$ 624,285	$ (857,693)	$ 533,920	$ 556,893

(1) References to the Predecessor refer to Spansion and its consolidated subsidiaries up to May 10, 2010. References to Successor refer to Spansion and its consolidated subsidiaries after May 10, 2010 after giving effect to: (i) the cancellation of Spansion common stock issued prior to May 10, 2010; (ii) the issuance of Spansion common stock on or after May 10, 2010 and settlement of existing debt and other adjustments in accordance with the Plan of Reorganization confirmed by the U.S. Bankruptcy Court on April 16, 2010; and (iii) the application of fresh start accounting.

(2) The gain of $28.4 million, net of selling expenses was recognized on the sale of our Kuala Lumpur, Malaysia facility in the second quarter of fiscal 2012.

(3) The 2011 Restructuring Plan was initiated in the fourth quarter of fiscal 2011 to align the business with market conditions. The 2013 Restructuring Plan, beginning in the third quarter of 2013, was implemented to rationalize our global workforce.

(4) The asset impairment charge for fiscal 2009 includes pre-tax impairment on an equity investment and loan to an investee.

(5) Contractual interest expense for the year ended December 27, 2009 was approximately $89.4 million.

(6)

The provision for income taxes in fiscal 2009 includes a decrease of $457.9 million in valuation allowances against deferred tax assets in Spansion Japan resulting from the deconsolidation of Spansion Japan in March 2009. However, the decrease in the amount of deferred tax assets had no impact on the provision for income taxes since the deferred tax assets had a full valuation allowance.

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SELECTED UNAUDITED PRO FORMA

CONDENSED COMBINED FINANCIAL INFORMATION OF CYPRESS AND SPANSION

The following selected unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the merger. The unaudited pro forma condensed combined balance sheet information gives effect to the merger as if it occurred on September 28, 2014. The unaudited pro forma condensed combined income statement information for the nine months ended September 28, 2014 and the year ended December 29, 2013 gives effect to the merger as if it occurred on December 31, 2012. The unaudited pro forma condensed combined income statement for the year ended December 29, 2013 also gives effect to the acquisition by Spansion of the Microcontroller and Analog business, which we refer to as the AM Business, of Fujitsu Semiconductor Limited on August 1, 2013 as if it occurred on December 31, 2012.

This unaudited pro forma condensed combined financial information is for informational purposes only. It does not purport to indicate the results that would actually have been obtained had the merger been completed on the assumed date or for the periods presented, or which may be realized in the future. A final determination of the fair value of Spansion s assets and liabilities will be based on the actual net tangible and intangible assets and liabilities of Spansion that exist as of the date of closing of the merger and, therefore, cannot be made prior to that date. Additionally, the value of the portion of the merger consideration to be paid in shares of Cypress common stock will be determined based on the trading price of Cypress common stock at the time of the closing of the merger.

The selected unaudited pro forma condensed combined financial information (i) has been derived from and should be read in conjunction with the section entitled *The Merger Reasons for the Merger Certain Prospective Financial Information Reviewed by the Cypress Board and Cypress Financial Advisor* and the related notes beginning on page 77 of this joint proxy statement/prospectus and (ii) should be read in conjunction with the historical consolidated financial statements of Cypress Semiconductor and Spansion and the AM Business incorporated by reference into this joint proxy statement/prospectus.

	Nine Months Ended September 28, 2014	Year Ended December 29, 2013
Pro Forma Income Statement Information (in thousands, except per share amounts)		
Revenue	$ 1,483,746	$ 1,983,914
Operating loss	(97,778)	(404,957)
Net income (loss)	(124,682)	(428,577)
Net income (loss) attributable to common stockholders	(123,691)	(426,732)
Net income (loss) attributable to common stockholders per share basic	$ (0.38)	$ (1.34)
Net income (loss) attributable to common stockholders per share diluted	$ (0.38)	$ (1.34)

	September 28, 2014
Pro Forma Balance Sheet Information (in thousands)	
Total current assets	$ 1,247,440

Goodwill		1,244,226
Total assets		4,152,417
Long term revolving credit facility and debt including current		661,167
Total stockholders equity	$	2,662,935

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UNAUDITED COMPARATIVE PER SHARE DATA

Presented below are Cypress and Spansion s historical per share data for the nine months ended September 28, 2014 and the year ended December 29, 2013 and unaudited pro forma combined per share data for the nine months ended September 28, 2014 and the year ended December 29, 2013. This information should be read together with the consolidated financial statements and related notes of Cypress and Spansion that are incorporated by reference into this joint proxy statement/prospectus and with the unaudited pro forma condensed combined financial information included in the section entitled *Reasons for the Merger Certain Prospective Financial Information Reviewed by the Cypress Board and Cypress Financial Advisor* beginning on page 77 of this joint proxy statement/prospectus and in the section entitled *The Merger Reasons for the Merger Certain Prospective Financial Information Reviewed by the Spansion Board and Spansion s Financial Advisor* beginning on page 94 of this joint proxy statement/prospectus. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company.

The historical book value per share is computed by dividing total stockholders equity by the number of shares of common stock outstanding at the end of the period. The pro forma income per share of the combined company is computed by dividing the pro forma income by the pro forma weighted average number of shares outstanding. The pro forma book value per share of the combined company is computed by dividing total pro forma stockholders equity by the pro forma number of shares of common stock outstanding at the end of the period. The Spansion unaudited pro forma equivalent per share financial information is computed by multiplying the Cypress unaudited pro forma combined per share amounts by the exchange ratio (2.457 shares of Cypress common stock for each share of Spansion common stock). Book value per share amounts are not calculated for December 29, 2013 on a pro forma basis as purchase accounting adjustments in the unaudited proforma statements have been determined only as of September 28, 2014.

	Nine Months Ended September 28, 2014	Year Ended December 29, 2013
Cypress Semiconductor		
Net income (loss) attributable to common stockholders per common share-basic:		
Historical	$ 0.09	$ (0.31)
Pro forma	$ (0.38)	$ (1.34)
Net income (loss) attributable to common stockholders per common share-diluted:		
Historical	$ 0.09	$ (0.31)
Pro forma	$ (0.38)	$ (1.34)
Book value per common share		
Historical	$ 1.31	$ 1.20
Pro forma	$ 8.10	n/a
Spansion Inc.		

Net income (loss) attributable to common stockholders per common share-basic:				
Historical	$	(0.75)	$	(1.34)
Equivalent pro forma	$	(0.93)	$	(3.29)
Net income (loss) attributable to common stockholders per common share-diluted:				
Historical	$	(0.75)	$	(1.34)
Equivalent pro forma	$	(0.93)	$	(3.29)
Book value per common share				
Historical	$	8.64	$	9.13
Equivalent pro forma	$	19.91		n/a

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COMPARATIVE PER SHARE MARKET PRICE DATA

Cypress common stock trades on the Nasdaq Global Select Market under the symbol CY. Spansion common stock trades on the New York Stock Exchange under the symbol CODE.

The following table shows the high and low sales prices per share of Cypress common stock and Spansion common stock on (1) November 28, 2014, the last full trading day preceding public announcement that Cypress and Spansion had entered into the merger agreement, and (2) February 5, 2015, the last full trading day for which high and low sales prices were available as of the date of this joint proxy statement/prospectus.

The table also includes the equivalent high and low sales prices per share of Spansion common stock on those dates. These equivalent high and low sales prices per share reflect the fluctuating value of Cypress common stock that Spansion stockholders would receive in exchange for each share of Spansion common stock if the merger were completed on either of these dates, applying the exchange ratio of 2.457 shares of Cypress common stock for each share of Spansion common stock.

	Cypress Common Stock		Spansion Common Stock		Equivalent Price per Share	
	High	**Low**	**High**	**Low**	**High**	**Low**
November 28, 2014	$ 10.72	$ 10.55	$ 23.48	$ 22.685	$ 26.34	$ 25.92
February 5, 2015	$ 14.69	$ 14.18	$ 35.50	$ 34.30	$ 36.09	$ 34.84

The above table shows only historical comparisons. These comparisons may not provide meaningful information to (i) Cypress stockholders in determining whether to approve the issuance of shares of Cypress common stock in connection with the merger or (ii) Spansion stockholders in determining whether to adopt the merger agreement and approve the transactions contemplated by the merger agreement. Cypress and Spansion stockholders are urged to obtain current market quotations for Cypress and Spansion common stock and to review carefully the other information contained in this joint proxy statement/prospectus or incorporated by reference into this joint proxy statement/prospectus in considering whether to approve the issuance of shares of Cypress common stock in the merger in the case of Cypress stockholders, and whether to adopt the merger agreement and approve the transactions contemplated by the merger agreement in the case of Spansion stockholders. See the section entitled *Where You Can Find More Information* beginning on page 210 of this joint proxy statement/prospectus.

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RECENT DEVELOPMENTS

Cypress Recent Developments

On January 22, 2015, Cypress issued an earnings release reporting its unaudited financial results for the fourth quarter and fiscal year ended December 28, 2014, a copy of which was furnished to the SEC on Form 8-K on January 22, 2015. Cypress unaudited fourth quarter and fiscal 2014 results were as follows:

	GAAP		Non-GAAP	
	Q4 2014	FY 2014	Q4 2014	FY 2014
Revenue	$ 184,097	$ 725,497	$ 184,097	$ 725,497
Gross margin	50.9%	50.1%	52.4%	52.6%
Pretax margin	2.7%	2.1%	12.6%	12.6%
Net income	$ 3,503	$ 17,936	$ 22,056	$ 87,291
Diluted earnings per share	$ 0.02	$ 0.11	$ 0.13	$ 0.52

A reconciliation of the non-GAAP measures to the most directly comparable GAAP financial measures is provided below:

	Q4 2014	% of Revenue	FY2014	% of Revenue
GAAP gross margin	$ 93,702	50.9%	$ 363,677	50.1%
Stock-based compensation expense	2,759	1.5%	13,209	1.8%
Acquisition costs and related amortization	22	0.0%	(86)	0.0%
Changes in value of deferred compensation plan	(44)	0.0%	427	0.1%
Impairment of assets, restructuring and other		0.0%	4,489	0.6%
Non-GAAP gross margin	$ 96,439	52.4%	$ 381,716	52.6%
GAAP pretax margin	4,890	2.7%	15,345	2.1%
Stock-based compensation expense	6,748	3.7%	50,170	6.9%
Acquisition costs and related amortization	8,622	4.7%	14,244	2.0%
Changes in value of deferred compensation plan	(1,048)	-0.6%	61	0.0%
Legal and other	1,330	0.7%	1,330	0.2%
Impairment of assets, restructuring and other	327	0.2%	3,737	0.5%
Tax related and other items	(618)	-0.3%	(263)	0.0%
Investment related losses	1,495	0.8%	1,495	0.2%
Losses from equity method investment	1,403	0.7%	5,068	0.7%
Non-GAAP pretax margin	23,149	12.6%	91,187	12.6%
GAAP net income	$ 3,503		$ 17,936	
Stock-based compensation expense	6,748		50,170	

Acquisition costs and related amortization	8,622	14,244
Changes in value of deferred compensation plan	(1,048)	61
Investment related losses	1,495	1,495
Impairment of assets, restructuring and other	327	3,737
Legal and other	1,330	1,330
Tax related and other items	(324)	(6,750)
Losses from equity method investment	1,403	5,068
Non-GAAP net income	$ 22,056	$ 87,291
GAAP diluted earnings per share	$ 0.02	$ 0.11
Stock-based compensation expense	0.04	0.30

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	Q4 2014	FY2014
Acquisition costs and related amortization	0.05	0.08
Changes in value of deferred compensation plan	(0.01)	
Impairment of assets, restructuring and other		0.02
Legal and other	0.01	0.01
Tax related and other items		(0.04)
Investment related losses (gains)	0.01	0.01
Losses from equity method investment	0.01	0.03
Non-GAAP diluted earnings per share	$ 0.13	$ 0.52

Cypress management believes that these non-GAAP financial measures reflect an additional and useful way of viewing aspects of Cypress operations that, when viewed in conjunction with Cypress GAAP results, provide a more comprehensive understanding of the various factors and trends affecting Cypress business and operations. Cypress management uses these non-GAAP measures for strategic and business decision-making, internal budgeting, forecasting and resource allocation processes. In addition, these non-GAAP financial measures facilitate management s internal comparisons to Cypress historical operating results and comparisons to competitors operating results.

Spansion Recent Developments

Subsequent to the issuance of its fourth quarter earnings release on January 22, 2015, Spansion entered into an agreement with Macronix under which all outstanding patent disputes and actions between the companies were settled. Accordingly, Spansion recorded settlement related expense and a corresponding liability in its consolidated financial statements for the fourth quarter of fiscal 2014. The unaudited fourth quarter 2014 revenues and gross margin remain unchanged at $309.5 million and 31.9%, respectively. The fourth quarter 2014 unaudited net loss has been revised to $24.7 million or 40 cents per diluted share.

Cash, cash equivalents and short-term investments remain unchanged from the previously reported total of $300.7 million at the end of the fourth quarter of 2014.

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RISK FACTORS

In addition to the other information included or incorporated by reference in, and found in the annexes attached to, this joint proxy statement/prospectus, including the matters addressed under the section entitled Cautionary Statement Regarding Forward-Looking Information beginning on page 28 of this joint proxy statement/prospectus, Cypress stockholders should carefully consider the following risks before deciding whether to vote for approval of the issuance of the shares of Cypress common stock in connection with the merger and whether to vote to approve the amended Cypress stock plan, and Spansion stockholders should carefully consider the following risks before deciding whether to vote for adoption of the merger agreement and approval of the transactions contemplated by the merger agreement. In addition, stockholders of Cypress and Spansion should read and consider the risks associated with each of the businesses of Cypress and Spansion because these risks will relate to the combined company. Certain of these risks can be found in Cypress annual report on Form 10-K for the fiscal year ended December 29, 2013, and in Cypress quarterly report on Form 10-Q for the period ended September 28, 2014, each of which is incorporated by reference into this joint proxy statement/prospectus, and in Spansion s annual report on Form 10-K for the fiscal year ended December 29, 2013, and in Spansion s quarterly report on Form 10-Q for the period ended September 28, 2014, each of which is incorporated by reference into this joint proxy statement/prospectus. You should also consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See the section entitled Where You Can Find More Information beginning on page 210 of this joint proxy statement/prospectus.

Risk Factors Relating to the Merger

Spansion stockholders will receive a fixed ratio of 2.457 shares of Cypress common stock for each share of Spansion common stock regardless of any changes in market value of Spansion common stock or Cypress common stock before the completion of the merger.

At the effective time of the merger, each share of Spansion common stock will be converted into the right to receive 2.457 shares of Cypress common stock. There will be no adjustment to the exchange ratio (except for adjustments to reflect the effect of any stock split, reverse stock split, stock dividend, reorganization, recapitalization, reclassification or other like change with respect to Cypress common stock or Spansion common stock), and the parties do not have a right to terminate the merger agreement based upon changes in the market price of either Cypress common stock or Spansion common stock. Accordingly, the dollar value of Cypress common stock that Spansion stockholders will receive upon completion of the merger will depend upon the market value of Cypress common stock at the time of completion of the merger, which may be different from, and lower or higher than, the closing price of Cypress common stock on the last full trading day preceding the public announcement on December 1, 2014, that Cypress and Spansion entered into the merger agreement, the last full trading day prior to the date of this joint proxy statement/prospectus or the last full trading day prior to the date of the stockholder meetings. Moreover, completion of the merger may occur some time after the requisite stockholder approvals have been obtained. The market values of Cypress common stock and Spansion common stock have varied since Cypress and Spansion entered into the merger agreement and will continue to vary in the future due to changes in the business, operations or prospects of Cypress and Spansion, market assessments of the merger, regulatory considerations, market and economic considerations, and other factors both within and beyond the control of Cypress and Spansion.

The issuance of shares of Cypress common stock to Spansion stockholders in the merger will substantially reduce the percentage interests of Cypress stockholders.

If the merger is completed, Cypress and Spansion expect that (i) approximately 156.6 million shares of Cypress common stock would be issued to Spansion stockholders (including holders of shares subject to a repurchase option or obligation, risk of forfeiture or other condition under any applicable restricted stock purchase agreement or other agreement with Spansion) and (ii) upon exercise or settlement of assumed equity awards, up to approximately 18.7 million shares will be issued to holders of assumed options, restricted stock units and performance stock units.

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Cypress stockholders on the one hand, and former Spansion stockholders, on the other hand, are each expected to own approximately 50% of the fully diluted shares of Cypress common stock following the completion of the merger based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of the Spansion exchangeable 2.00% senior notes. The issuance of shares of Cypress common stock to Spansion stockholders in the merger and the assumption by Cypress of Spansion options, restricted stock units and performance stock units will cause a significant reduction in the relative percentage interest of current Cypress stockholders in earnings, voting, liquidation value and book and market value.

Failure to successfully integrate the businesses of Cypress and Spansion in the expected time-frame may adversely affect the combined company s future results.

Cypress and Spansion entered into the merger agreement with the expectation that the merger will result in various benefits, including certain cost savings and operational efficiencies or synergies. To realize these anticipated benefits, the businesses of Cypress and Spansion must be successfully integrated. Historically, Cypress and Spansion have been independent companies, and they will continue to be operated as such until the completion of the merger. The integration may be complex and time consuming and may require substantial resources and effort. The management of the combined company may face significant challenges in consolidating the operations of Cypress and Spansion, integrating the two companies technologies, procedures, and policies, as well as addressing the different corporate cultures of the two companies. If the companies are not successfully integrated, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected.

Customer uncertainties related to the merger could adversely affect the businesses, revenues and gross margins of Cypress, Spansion and the combined company.

In response to the announcement of the merger or due to ongoing uncertainty about the merger, customers of Cypress or Spansion may delay or defer purchasing decisions or elect to switch to other suppliers. In particular, prospective customers could be reluctant to purchase the products and services of Cypress, Spansion or the combined company due to uncertainty about the direction of the combined company s offerings and willingness to support existing products. To the extent that the merger creates uncertainty among those persons and organizations contemplating purchases such that customers delay, defer or change purchases in connection with the planned merger, the revenues of Cypress, Spansion or the combined company would be adversely affected. Customer assurances may be made by Cypress and Spansion to address their customers uncertainty about the direction of the combined company s product and related support offerings, which may result in additional obligations of Cypress, Spansion or the combined company. As a result of any of these actions, quarterly revenues and net earnings of Cypress, Spansion or the combined company could be substantially below expectations of market analysts and a decline in the companies respective stock prices could result.

Certain directors and executive officers of Cypress and Spansion have interests in the merger that may be different from, or in addition to, the interests of Cypress stockholders and Spansion stockholders.

Executive officers of Cypress and Spansion negotiated the terms of the merger agreement under the direction of the boards of Cypress and Spansion, respectively. The board of Cypress unanimously approved the merger agreement, unanimously approved the amendment and restatement of Cypress 2013 Stock Plan subject to the approval of the Cypress stockholders and unanimously recommends that Cypress stockholders vote in favor of the amendment and restatement of Cypress 2013 Stock Plan and in favor of the issuance of shares of Cypress common stock in connection with the merger, and the board of Spansion unanimously approved the merger agreement and the transactions contemplated thereby and unanimously recommended that Spansion stockholders vote in favor of the of the adoption of the merger agreement and the transactions contemplated thereby. These directors and executive officers may have interests in the merger that are different from, or in addition to, or may be deemed to conflict with, yours. These interests include the continued employment of certain executive officers of Cypress and Spansion by Cypress, the continued positions of certain directors of

Cypress and Spansion as directors of the combined company and the indemnification of former Cypress and Spansion directors and officers by the combined company. With respect to Spansion directors and executive officers, these interests also include the treatment in the merger of employment agreements, change of control and severance agreements, restricted stock units, stock options and other rights held by these directors and executive officers, including the right to vesting acceleration upon a change of control under various equity awards and agreements. Cypress stockholders should be aware of these interests when they consider the Cypress board s recommendation that Cypress stockholders vote in favor of the proposal to issue shares of Cypress common stock in the merger and in favor of the proposal to approve the amendment and restatement of Cypress 2013 Stock Plan, and Spansion stockholders should be aware of these interests when they consider the Spansion board s recommendation that they vote in favor of the proposal to adopt the merger agreement and approve the transactions contemplated thereby. For a discussion of the interests of directors and executive officers in the merger, see *The Merger Reason for the Merger Interests of the Directors and Executive Officers of Spansion in the Merger* beginning on page 97 of this joint proxy statement/prospectus.

Provisions of the merger agreement may deter alternative business combinations and could negatively impact the stock prices of Cypress and Spansion if the merger agreement is terminated in certain circumstances.

In connection with the execution and delivery of the merger agreement, each of Spansion and Cypress agreed to immediately cease all existing activities, discussions or negotiations with any persons previously conducted with respect to certain acquisition proposals and acquisition transactions relating to Spansion and Cypress. The merger agreement prohibits Cypress and Spansion from soliciting, initiating, or knowingly encouraging or facilitating certain acquisition proposals with any third party, subject to exceptions set forth in the merger agreement. The merger agreement also provides for the payment by Cypress or Spansion of a termination fee of $60 million if the merger agreement is terminated in certain circumstances in connection with a competing third party acquisition proposal for one of the companies. See the section entitled *The Merger Agreement Cypress and Spansion Are Required to Terminate any Existing Discussions with Third Parties and are Prohibited from Soliciting Other Offers* beginning on page 115 and *The Merger Agreement Termination; Fees and Expenses* beginning on page 125 of this joint proxy statement/prospectus. These provisions limit Cypress and Spansion s ability to pursue offers from third parties that could result in greater value to Cypress stockholders or Spansion stockholders, as the case may be. The obligation to pay the termination fee also may discourage a third party from pursuing an acquisition proposal. If the merger is terminated and Cypress or Spansion determine to seek another business combination, neither Cypress nor Spansion can assure its stockholders that they will be able to negotiate a transaction with another company on terms comparable to the terms of the merger, or that they will avoid incurrence of any fees associated with the termination of the merger agreement.

In the event the merger is terminated by Cypress or Spansion in circumstances that obligate either party to pay the termination fee to the other party, including where either party terminates the merger agreement because the other party s board withdraws its support of the merger, Cypress and/or Spansion s stock prices may decline.

Cypress, Spansion and, following the merger, the combined company, must continue to retain, recruit, and motivate executives and other key employees, and failure to do so could negatively affect the combined company.

For the merger to be successful, both Cypress and Spansion must continue to retain, recruit, and motivate executives and other key employees during the period before the merger is completed. Further, the combined company must be successful at retaining, recruiting, and motivating key employees following the completion of the merger in order for the benefits of the transaction to be fully realized. Employees of both Cypress and Spansion may experience uncertainty about their future roles with the combined company until, or even after, strategies with regard to the combined company are announced and executed. The potential distractions related to the merger may adversely affect the ability of Cypress, Spansion and, following completion of the merger, the combined company, to keep executives and other key employees focused on business strategies and goals, to address other important personnel matters and to retain them at all. A failure by Cypress, Spansion or, following the completion of the merger, the combined company, to attract, retain, and motivate executives and other key employees during the period prior to or after the completion of the merger could have a negative impact on their respective businesses.

The unaudited pro forma condensed combined financial information included in this joint proxy statement/prospectus may not be indicative of what the combined company s actual financial position or results of operations would have been.

The unaudited pro forma condensed combined financial information included in this joint proxy statement/prospectus is presented solely for illustrative purposes and is not necessarily indicative of what the combined company s actual financial position or results of operations would have been had the merger been completed on the dates indicated. This unaudited pro forma condensed combined financial information reflects adjustments that were developed using preliminary estimates based on available information and various assumptions, and may be revised as additional information becomes available. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this joint proxy statement/prospectus.

If the proposed merger is not completed, Cypress and Spansion will have incurred substantial costs that may adversely affect Cypress and Spansion s financial results and operations and the market price of Cypress and Spansion common stock.

If the merger is not completed, the prices of Cypress common stock and Spansion common stock may decline to the extent that the current market prices of Cypress common stock and Spansion common stock reflect a market assumption that the merger will be completed. In addition, Cypress and Spansion have incurred and will incur substantial costs in connection with the proposed merger. These costs are primarily associated with the fees of attorneys, accountants and Cypress and Spansion s financial advisors. In addition, Cypress and Spansion have each diverted significant management resources in an effort to complete the merger and are each subject to restrictions contained in the merger agreement on the conduct of their respective businesses during the pendency of the merger. If the merger is not completed, Cypress and Spansion will have received little or no benefit in respect of such costs incurred. Also, if the merger is not completed under certain circumstances specified in the merger agreement, Cypress or Spansion may be required to pay a termination fee to the other of $60 million. See the section entitled *The Merger Agreement Termination; Fees and Expenses* beginning on page 125 of this joint proxy statement/prospectus.

Further, if the merger is not completed, Cypress and Spansion may experience negative reactions from the financial markets and Cypress and Spansion s suppliers, customers and employees. Each of these factors may adversely affect the trading price of Cypress and/or Spansion common stock and Cypress and/or Spansion s financial results and operations.

The merger is subject to the receipt of consents and approvals from governmental entities that may impose conditions that could have an adverse effect on Cypress or Spansion or could cause a termination of the merger agreement prior to completion of the merger.

Completion of the merger is conditioned upon the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and also review by foreign governmental authorities and requires pre-merger notification and the observance of an applicable waiting period in certain countries, including Germany and Japan. Certain of these reviews will involve the relevant governmental entity s consideration of the effect of the merger on competition in various jurisdictions. Cypress and Spansion have determined that such approval is not required in China.

On January 14, 2015, Cypress and Spansion received notice of the early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended and Cypress and

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Spansion have also received notification from the German Federal Cartel Office that the acquisition has been cleared to proceed. Cypress and Spansion received notice of early termination of the waiting period and clearance of the transaction from the Japan Fair Trade Commission on February 3, 2015. Other reviewing governmental authorities may not permit the merger at all or may impose restrictions or conditions on the merger that may seriously harm the combined company if the merger is completed. These conditions could include a complete or partial license, divestiture, spin-off or the holding separate of assets or businesses. Any delay in the completion of the merger could diminish the anticipated benefits of the merger or result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the transaction.

Cypress and Spansion also may agree to restrictions or conditions imposed by governmental authorities in order to obtain regulatory approval, and these restrictions or conditions could harm the combined company s operations. No additional stockholder approvals are expected to be required for any decision by Cypress or Spansion, after the special meeting of Spansion stockholders and the special meeting of Cypress stockholders, to agree to any terms and conditions necessary to resolve any regulatory objections to the merger.

In addition, during or after the statutory waiting periods, and even after completion of the merger, governmental authorities could seek to block or challenge the merger as they deem necessary or desirable in the public interest. In addition, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws of such jurisdiction challenging or seeking to enjoin the merger, before or after it is completed. Cypress, Spansion or the combined company may not prevail, or may incur significant costs, in defending or settling any action under antitrust laws. See *The Merger Agreement Conditions to Obligations to Complete the Merger* beginning on page 122 and *The Merger Agreement Regulatory Filings and Approvals Required to Complete the Merger* beginning on page 131 of this joint proxy statement/prospectus.

Risk Factors Relating to the Combined Company Following the Merger

The market price for shares of the combined company s common stock may be affected by factors different from those affecting the market price for shares of Cypress common stock and Spansion common stock prior to the merger.

Although in operating in the semiconductor industry the combined company will generally be subject to the same risks that each of Cypress and Spansion currently face, those risks may affect the results of operations of the combined company differently than they could affect the results of operations of each of Cypress and Spansion as separate companies. Additionally, the results of operations of the combined company may be affected by additional or different factors than those that currently affect the results of operations of Cypress and Spansion, including, but not limited to, complexities associated with managing the larger, more complex, combined business; integrating personnel from the two companies while maintaining focus on providing products and services; and potential performance shortfalls resulting from the diversion of management s attention caused by integrating the companies operations.

For a discussion of the businesses of Cypress and Spansion and of various factors to consider in connection with those businesses, see the documents incorporated by reference in this joint proxy statement/prospectus and referred to under the section entitled *Where You Can Find More Information* beginning on page 210 of this joint proxy statement/prospectus.

Volatility in supply and demand conditions for the combined company s products could materially and negatively impact the business of the combined company.

The semiconductor industry has historically been characterized by wide fluctuations in the demand for, and supply of, semiconductors. Demand for products of the combined company will depend in large part on the continued growth of various electronics industries that use their products, including, but not limited to:

consumer electronics, including mobile handsets, tablets, and notebook PC s;

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- automotive electronics and industrial controls;
- wireless telecommunications equipment;
- computers and computer-related peripherals;
- memory products; and
- networking equipment.

Any downturn, shift in product launch schedules or reduction in the growth of these industries could seriously harm the business, financial condition and results of operations of the combined company.

The combined company may not be able to adequately protect or enforce its intellectual property rights, which could harm its competitive position.

The combined company s success and future revenue growth will depend, in part, on its ability to protect its intellectual property. The combined company will primarily rely on patent, copyright, trademark and trade secret laws, as well as nondisclosure agreements and other methods, to protect its proprietary technologies and processes. It is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose proprietary technologies and processes, despite efforts by the combined company to protect its proprietary technologies and processes. While the combined company will hold a significant number of patents, there can be no assurances that any additional patents will be issued. Even if new patents are issued, the claims allowed may not be sufficiently broad to protect the combined company s technology. In addition, any of Cypress or Spansion s existing patents, and any future patents issued to the combined company, may be challenged, invalidated or circumvented. As such, any rights granted under these patents may not provide the combined company with meaningful protection. Cypress and Spansion may not have, and in the future the combined company may not have, foreign patents or pending applications corresponding to its U.S. patents and applications. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. If the combined company s patents do not adequately protect its technology, competitors may be able to offer products similar to the combined company s products. The combined company s competitors may also be able to develop similar technology independently or design around its patents.

Failure to develop, introduce and sell new products or failure to develop and implement new technologies, could adversely impact the financial results of the combined company.

The semiconductor industry is a highly competitive, quickly changing environment marked by rapid obsolescence of existing products. Success of the combined company will depend on its ability to develop and introduce new products and software platforms that customers choose to buy. The new products the market requires tend to be increasingly complex, incorporating more functions and operating at faster speeds than old products. Increasing complexity generally requires smaller features on a chip, making manufacturing new generation products substantially more difficult as compared to prior generations. If the combined company fails to introduce new product designs or technologies in a timely manner or if customers do not successfully introduce new systems or products incorporating products of the combined company, the business, financial condition and results of operations of the combined company could be materially harmed.

Dependency upon third parties to manufacture, distribute and generate a significant portion of product sales could seriously harm financial performance of the combined company.

Cypress and Spansion currently rely on independent contractors to manufacture and assemble many of their products. A shortage in foundry manufacturing capacity could hinder the combined company s ability to meet demand for its products or result in wafer price increases, both of which could adversely affect the combined company s operating results. Additionally, a significant portion Cypress and Spansion s sales are through independent distributors. The combined company may rely on many distributors to assist in creating customer

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demand, providing technical support, filling customer orders, stocking products and other value-added services to its customers. The combined company may face ongoing business risks due to reliance on such distributors to create and maintain customer relationships where the combined company has a limited or no direct relationship.

The semiconductor industry is prone to intellectual property litigation.

As is typical in the semiconductor industry, each of Cypress and Spansion is frequently involved in disputes regarding patent and other intellectual property rights. Each of Cypress and Spansion has in the past received, and the combined company may in the future receive, communications from third parties asserting that certain of its products, processes or technologies infringe upon their patent rights, copyrights, trademark rights or other intellectual property rights, and the combined company may also receive claims of potential infringement if it attempts to license intellectual property to others. Defending these claims may be costly and time consuming, and may divert the attention of management and key personnel from other business issues. Claims of intellectual property infringement also might require the combined company to enter into costly royalty or license agreements. The combined company may be unable to obtain royalty or license agreements on acceptable terms. Resolution of whether any of the products or intellectual property of the combined company has infringed on valid rights held by others could adversely affect the results of operations or financial position and may require material changes in production processes and products.

General economic weakness and geopolitical factors may harm the combined company s operating results and financial condition.

The results of operations of the combined company will be dependent to a large extent upon the global economy. Geopolitical factors such as terrorist activities, armed conflict or global health conditions that adversely affect the global economy may adversely affect the operating results and financial condition of the combined company.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This joint proxy statement prospectus contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including with respect to the anticipated timing, completion and effects of the proposed merger between Cypress and Spansion. These statements are based on management s current expectations and beliefs, and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These forward-looking statements include statements about future financial and operating results; benefits of the transaction to customers, stockholders and employees; potential synergies; the ability of the combined company to drive growth and expand customer and partner relationships; statements of the plans, strategies and objectives of management for future operations, including the execution of integration and restructuring plans and the anticipated timing of filings and approvals related to the merger or the closing of the merger; statements regarding future economic conditions or performance; and other statements regarding the proposed transaction. Forward-looking statements may contain words such as will be, will, expect, anticipate, continue, project, believe, plan, could, estimate, forecas may, plan, possible, potential, predict, pursue, should, target or similar expressions, and include the ass underlie such statements. The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements:

Operating Factors:

fluctuations in Cypress and Spansion s operating results, which may be influenced by, among other things, changes in semiconductor industry conditions;

Cypress and Spansion s inability to accurately predict market needs, failure to achieve design wins with customers, or the market s failure to accept Cypress and Spansion s new products and technologies and the products of our respective customers;

Cypress and Spansion s inability to achieve, maintain or improve manufacturing yields and margins or to increase utilization levels of our manufacturing capacities;

customer concentration risks, including the gain or loss of significant customers;

risks associated with Cypress and Spansion s reliance on certain suppliers;

downward pressure on average selling prices of Cypress and Spansion s products;

results in pending and future litigation or other proceedings that would subject us to significant monetary damages or penalties and/or require us to change our business practices, or the costs incurred in connection with those proceedings;

Cypress and Spansion s inability to effectively execute on strategic transactions, or to integrate or achieve anticipated benefits from any acquired businesses;

the ability to retain key employees, customers and suppliers; and

the impact of global economic conditions, fluctuations in exchange rates, labor relations, competitive actions taken by other semiconductor businesses or other competitors, terrorist attacks or natural disasters.

Transaction-Related Factors:

occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement or the failure to satisfy the closing conditions;

possibility that the consummation of the proposed transactions is delayed or does not occur, including the failure of the Cypress stockholders to approve the issuance of shares of Cypress common stock in connection with the merger or the failure of the Spansion stockholders to adopt the merger agreement and approve the transactions contemplated by the merger agreement;

uncertainty as to whether Cypress and Spansion will be able to complete the merger on the terms set forth in the merger agreement;

ability to obtain regulatory approvals required to complete the transactions contemplated by the merger agreement, and the timing and conditions for such approvals;

taking of governmental action (including the passage of legislation) to block the transactions contemplated by the merger agreement or otherwise adversely affecting Cypress and Spansion;

outcome of any legal proceedings that have been or may be instituted against Cypress, Spansion or others following announcement of the transactions contemplated by the merger agreement;

challenges, disruptions and costs of closing, integrating, restructuring and achieving anticipated synergies, or that such synergies will take longer to realize than expected; and

uncertainty as to the long-term value of Cypress common stock.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the risk factors set forth in this joint proxy statement/prospectus beginning on page 21 of this joint proxy statement/prospectus and the risk factors included in Cypress and Spansion s most recent reports on Form 10-K and Form 10-Q and other documents of Cypress and Spansion on file with the Securities and Exchange Commission and incorporated by reference herein. Any forward-looking statements made in this joint proxy statement/prospectus are qualified in their entirety by the cautionary statements contained or referred to in this section, and there is no assurance that the actual results or developments anticipated by us will be realized or that, even if substantially realized, they will have the expected consequences to, or effects on, us or our businesses or operations. All subsequent written and oral forward-looking statements concerning Cypress, Spansion, the transactions contemplated by the merger agreement or other matters attributable to Cypress or Spansion or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Except to the extent required by applicable law, Cypress and Spansion are under no obligation (and expressly disclaim any such obligation) to update or revise their forward-looking statements whether as a result of new information, future events, or otherwise.

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INFORMATION ABOUT THE COMPANIES

Cypress Semiconductor Corporation

198 Champion Court

San Jose, California 95134

(408) 943-2600

Cypress Semiconductor Corporation, a Delaware corporation and referred to in this joint proxy statement/prospectus as Cypress, delivers high-performance, mixed-signal programmable solutions that provide customers with rapid time-to-market and exceptional system value. Cypress offerings include the flagship PSoC® 1, PSoC 3, PSoC 4, and PSoC 5LP programmable system-on-chip families. Cypress is the world leader in capacitive user interface solutions including CapSense® touch sensing, TrueTouch® touchscreens, and trackpad solutions for notebook PCs and peripherals. Cypress is a world leader in USB controllers, which enhance connectivity and performance in a wide range of consumer and industrial products. Cypress is also the world leader in SRAM and nonvolatile RAM memories. Cypress serves numerous major markets, including consumer, mobile handsets, computation, data communications, automotive, industrial, and military. Cypress was founded in California in 1982.

Cypress was incorporated in California in December 1982. The initial public offering took place in May 1986, at which time Cypress common stock commenced trading on the Nasdaq National Market. On September 26, 1986, Cypress was reincorporated in Delaware. Cypress stock is listed on the Nasdaq Global Select Market under the ticker symbol CY.

Cypress corporate headquarters are located at 198 Champion Court, San Jose, California 95134, and Cypress main telephone number at that location is (408) 943-2600. Cypress home page on the Internet is www.cypress.com. The contents of Cypress website are not incorporated into, or otherwise to be regarded as part of, this joint proxy statement/prospectus.

Spansion Inc.

915 DeGuigne Drive

Sunnyvale, California 94085

(408) 962-2500

Spansion Inc., a Delaware corporation and referred to in this joint proxy statement/prospectus as Spansion, is a global leader in embedded systems solutions. Spansion s flash memory, microcontrollers, analog and mixed-signal products drive the development of faster, intelligent, secure and energy efficient electronics. Spansion is at the heart of electronic systems, connecting, controlling, storing and powering everything from automotive electronics and industrial systems to the highly interactive and immersive consumer devices that are enriching people s daily lives. Spansion is headquartered in Silicon Valley in California, with research and development, manufacturing, assembly and sales operations in the United States, Asia, Europe and the Middle East.

Shares of Spansion common stock are traded on the New York Stock Exchange under the symbol CODE.

Spansion was incorporated in Delaware on November 22, 2005. The principal executive offices of Spansion are located at 915 DeGuigne Drive, Sunnyvale, California 94085, and Spansion s main telephone number at that location is (408) 962-2500. Spansion maintains a website at www.spansion.com. The contents of Spansion s website are not incorporated into, or otherwise to be regarded as part of, this joint proxy statement/prospectus. Additional information about Spansion and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See the section entitled *Where You Can Find More Information* beginning on page 210 of this joint proxy statement/prospectus.

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Mustang Acquisition Corporation

198 Champion Court

San Jose, California 95134

(408) 943-2600

Mustang Acquisition Corporation, a newly formed, wholly owned subsidiary of Cypress, is a Delaware corporation formed on November 20, 2014 for the sole purpose of effecting the merger. In the merger, Mustang Acquisition Corporation will merge with and into Spansion, the separate corporate existence of Mustang Acquisition Corporation will cease and Spansion will survive the merger as a wholly owned subsidiary of Cypress. Mustang Acquisition Corporation has not conducted and will not conduct any business during any period of its existence, other than those that are incidental to its formation and the matters contemplated by the merger agreement, including the preparation of applicable regulatory filings in connection with the merger.

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THE CYPRESS SPECIAL MEETING

Date, Time and Place of Cypress Special Meeting

The Cypress special meeting is scheduled to be held at Cypress principal executive offices located at 198 Champion Court, San Jose, California 95134, on March 12, 2015, at 8:00 a.m., local time.

Purpose of Cypress Special Meeting

At the Cypress special meeting, Cypress stockholders will be asked to consider and vote on a proposal to approve the issuance of shares of Cypress common stock in connection with the merger of Mustang Acquisition Corporation with and into Spansion as contemplated by the merger agreement and to consider and vote on a proposal to approve the amended Cypress stock plan, which would increase the number of shares issuable under the current Cypress stock plan by 29.3 million shares to a total of 174,495,220 shares.

The Cypress board has unanimously approved the merger agreement and the transactions contemplated by the merger agreement and unanimously recommends that you vote FOR the proposal to issue shares of Cypress common stock in connection with the merger and FOR the proposal to approve the amendment and restatement of Cypress 2013 Stock Plan, which are described in detail in the joint proxy statement/prospectus.

Who Can Vote at the Cypress Special Meeting

Only Cypress stockholders of record at the close of business on February 5, 2015, the record date for the Cypress special meeting, will be entitled to notice of, and to vote at, the Cypress special meeting.

On the record date, there were 165,314,233 shares of Cypress common stock outstanding, par value $0.01 per share. Each share of common stock is entitled to one vote on each matter properly brought before the meeting. Shares that are held in Cypress treasury are not considered outstanding or entitled to vote at the Cypress special meeting.

In accordance with Delaware law, a list of stockholders entitled to vote at the meeting will be available at the meeting, and for 10 days prior to the meeting, at 198 Champion Court, San Jose, California 95134, between the hours of 9:00 a.m. and 4:00 p.m., local time.

Cypress stockholders will be admitted to the Cypress special meeting beginning at 7:00 a.m., local time, on March 12, 2015. If you are a stockholder of record the Inspector of Elections will have your name on a list, and you will be able to gain entry to the special meeting with any form of government-issued photo identification, such as a driver s license, state-issued identification card, or passport. If you hold stock in a brokerage account or in street name and wish to attend the special meeting in person, you will also need to bring a letter from your broker reflecting your stock ownership as of the record date, which is February 5, 2015.

Vote Required for Approval

Quorum

A quorum will be present if at least a majority of the outstanding shares are represented by proxy or by stockholders present and entitled to vote at the special meeting. Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your bank or broker) or if you attend the special meeting in person. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the chairman of the special meeting or holders of a majority of the votes present at the special meeting may adjourn the special meeting to another time or date.

Required Vote

Assuming a quorum of Cypress stockholders are present at the Cypress special meeting, an affirmative vote of the majority of shares present in person or represented by proxy at the Cypress special meeting are required to approve the issuance of shares of Cypress common stock and the amendment and restatement of the Cypress stock plan.

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Effect of Not Voting and Abstentions

The failure to submit a proxy card or vote in person, by telephone, or through the Internet, will have no effect on the proposal to approve the issuance of shares of Cypress common stock in connection with the merger or the proposal to approve the amendment and restatement of Cypress 2013 Stock Plan. Any abstentions or broker non-votes will have the effect of a vote against these proposals.

Adjournments

If there is no quorum, the chairman of the Cypress special meeting or holders of a majority of the votes present at the Cypress special meeting may adjourn the special meeting to another time or date.

Share Ownership of Directors and Executive Officers of Cypress

At the close of business on the record date for the Cypress special meeting, directors and executive officers of Cypress beneficially owned and were entitled to vote approximately 6.12% of the shares of Cypress common stock outstanding on that date. Simultaneously with the execution and delivery of the merger agreement, each of the directors and executive officers of Cypress, in their respective capacities as stockholders of Cypress, entered into support agreements with Spansion pursuant to which such individuals agreed, among other things, to vote their respective shares of Cypress common stock for the approval of the issuance of shares pursuant to the merger agreement.

Voting Procedures

You can vote your shares by mail by completing, signing and dating each proxy card received and returning it in the prepaid envelope, by telephone or online by following the instructions provided in the proxy card or in person at the special meeting. If you vote by mail, your proxy card must be received no later than March 11, 2015, at 11:59 p.m. Eastern Time to be voted at the Cypress special meeting. Online and telephone voting are available 24 hours a day, and votes submitted by telephone or online must be received by 11:59 p.m. Eastern Time on March 11, 2015. Even if you plan to attend the Cypress special meeting, Cypress recommends that you also submit your proxy card or voting instructions, or vote by telephone or online by the applicable deadline so that your vote will be counted if you later decide not to attend the Cypress special meeting. If you are the beneficial owner of shares held in street name, you should have received the notice and voting instructions from the bank or broker holding your shares. You should follow the instructions in the notice and voting instructions to instruct your bank or broker on how to vote your shares. The availability of telephone and online voting for shares held in street name will depend on the voting process of the bank or broker. Shares held beneficially in street name may be voted in person at the Cypress special meeting only if you obtain a legal proxy from the bank or broker in advance of the Cypress special meeting giving you the right to vote your shares.

The method by which you vote will in no way limit your right to vote at the meeting if you later decide to attend in person. If you are the beneficial owner of your shares, you must obtain a proxy, executed in your favor, from your broker or other holder of record, to be able to vote at the meeting.

You may vote all shares you own as of the close of business on the record date for the Cypress special meeting, which is February 5, 2015. You may cast one vote per share of common stock for the proposal.

Any Cypress stockholder who has a question about the proposals or how to vote or revoke a proxy, or who wishes to obtain additional copies of this joint proxy statement/prospectus, should contact:

Okapi Partners LLC

437 Madison Avenue, 28th Floor

New York, New York

Banks and brokerage firms: (212) 297-0720

Stockholders and all others, toll-free: (877) 566-1922

Email: info@okapipartners.com

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If you need additional copies of this joint proxy statement/prospectus or voting materials, you should contact Okapi Partners LLC as described above or Cypress Investor Relations at http://investors.cypress.com/contactus.cfm or by telephone at (408) 943-2656.

Revoking Proxies or Voting Instructions

If you are a stockholder of record, you have the right to revoke your proxy and change your vote at any time before the Cypress special meeting by (i) returning a later-dated proxy card or (ii) voting again online or by telephone, as more fully described on your notice or proxy card. You may also revoke your proxy and change your vote by voting in person at the Cypress special meeting. Attendance at the Cypress special meeting will not cause your previously granted proxy to be revoked unless you specifically so request or vote again at the Cypress special meeting.

If your shares are held by a bank or broker, you may change your vote by submitting new voting instructions to your bank, broker, trustee or agent, or, if you have obtained a legal proxy from your bank or broker giving you the right to vote your shares, by attending the Cypress special meeting and voting in person.

Shares Held in Street Name

If you own shares of Cypress common stock through a broker, bank or other nominee and attend and vote at the Cypress special meeting, you should bring a letter from your broker, bank or other nominee reflecting your stock ownership as of the record date for the Cypress special meeting.

Tabulation of Votes

Representatives of Broadridge Financial Solutions, Cypress mailing agent and tabulation service, will count the votes and act as the Inspector of Elections. The procedures to be used by the Inspector of Elections are consistent with Delaware law concerning the voting of shares, determination of a quorum and the vote required to take stockholder action.

How You Can Reduce the Number of Copies of Cypress Proxy Materials You Receive

The Securities and Exchange Commission has rules that permit Cypress to deliver a single copy of its proxy statement to stockholders sharing the same address. To reduce the expenses of delivering duplicate proxy materials, Cypress is taking advantage of the Securities and Exchange Commission s householding rules that permit Cypress to deliver only one set of proxy materials to stockholders who share an address, unless otherwise requested by the stockholders.

Cost of Proxy Distribution and Solicitation

The cost of soliciting your vote in connection with this joint proxy statement/prospectus has been, or will be, borne by the party incurring those expenses and is expected to cost approximately $350,000. Cypress has retained Okapi Partners LLC to assist it in the solicitation of proxies for approximately $14,000, plus reasonable out-of-pocket expenses. Cypress has also requested that banks, brokers and other custodians, agents and fiduciaries send these proxy materials to the beneficial owners of Cypress common stock they represent and secure their instructions as to the voting of such shares. Cypress may reimburse such banks, brokers and other custodians, agents and fiduciaries representing beneficial owners of Cypress common stock for their expenses in forwarding solicitation materials to such beneficial owners. Certain of Cypress directors, officers or employees may also solicit proxies in person, by telephone, or by electronic communications, but they will not receive any additional compensation for doing so.

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PROPOSAL 1.

THE MERGER AGREEMENT AND THE MERGER

As discussed elsewhere in this joint proxy statement/prospectus, Cypress stockholders are considering and voting to approve the issuance of shares of Cypress common stock in connection with the merger of Mustang Acquisition Corporation with and into Spansion as contemplated by the merger agreement. Cypress stockholders should read carefully this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the merger. In particular, Cypress stockholders are directed to the merger agreement which is attached as Annex A to this joint proxy statement/prospectus.

The Cypress board unanimously recommends a vote FOR the proposal to issue shares of Cypress common stock in connection with the merger.

PROPOSAL 2

AMENDMENT AND RESTATEMENT OF CYPRESS 2013 STOCK PLAN

As discussed elsewhere in this joint proxy statement/prospectus, Cypress stockholders are considering and voting to approve the amendment and restatement of Cypress 2013 Stock Plan (which we refer to as the amended Cypress stock plan), which would increase the number of shares issuable under Cypress 2013 Stock Plan (which we refer to as the current Cypress stock plan) by 29.3 million shares that could be issued as stock options and/or stock appreciation rights (but if awards are granted only in the form of restricted stock units or other full value awards, this increase in shares would allow for the issuance of only up to approximately 15.6 million shares), to a total of approximately 31 million reserved but unissued shares (excluding any additional shares that may become available for issuance due to the expiration or forfeiture of previously-granted awards). We consider the addition of these shares to the Cypress stock plan to be very important to the future of Cypress. As described in more detail below, the number of employees and other service providers eligible for the Cypress stock plan immediately following the merger is expected to approximately double. We believe that the current share reserves in the plan will not be sufficient to provide meaningful equity incentives to this expanded population so that we may continue to compete successfully and achieve our goals.

Cypress is not asking its stockholders to approve any other amendment to the current Cypress stock plan. Other than the share increase, the amended Cypress stock plan has not been amended in any material way since Cypress stockholders last approved the current Cypress stock plan in 2013. Cypress stockholders should read carefully this joint proxy statement/prospectus in its entirety for more detailed information concerning the proposal to approve the amended Cypress stock plan. Additionally, Cypress stockholders are directed to the full amended Cypress stock plan, which is attached as Annex D to this joint proxy statement/prospectus. Any summary of the amended Cypress stock plan is qualified in its entirety by reference to the amended Cypress stock plan.

Overview

The current Cypress stock plan allows Cypress to grant equity compensation awards to employees (including officers), consultants and non-employee directors of Cypress and the employees and consultants of its parent or subsidiaries. The current Cypress stock plan permits Cypress to grant service-based awards and performance-based awards, including under the performance accelerated restricted stock program (which we refer to as PARS) that Cypress adopted in 2007 to retain and incentivize key employees. As of December 28, 2014, the current Cypress stock plans had approximately 1.7 million shares remaining available for grant. Cypress is asking its stockholders to approve adding 15.6 million full-value awards (29.3 million shares) to the current Cypress stock plan in order to allow for the granting of future equity compensation awards to Cypress and Spansion service providers following the completion of the merger.

Subject to approval by Cypress stockholders, on January 22, 2015, the Cypress board unanimously approved the amended Cypress stock plan and is asking Cypress stockholders to approve the amended Cypress stock plan to allow for the granting of future equity compensation awards to Cypress and Spansion service providers following the completion of the merger.

If Cypress stockholders do not approve this proposal, Cypress may not be able to continue to offer competitive equity packages to retain current Cypress employees, the employees of Spansion who will be joining Cypress, and employees hired in 2015 and later. We would also lose a major tool in aligning the interests of executives and employees with those of Cypress stockholders. Immediately following the completion of the merger, the total number of individuals eligible for the Cypress stock plan is expected to more than double, to approximately 7,400 individuals (officers, employees, directors and other service providers). As of December 28, 2014, approximately 3,500 individuals (current service providers of Cypress) were eligible under the Cypress stock plan.

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As of December 17, 2014, Spansion had approximately 3,900 service providers. Following the completion of the merger, Spansion will become a wholly owned subsidiary of Cypress and as a result, all of the Spansion service providers at that time will become eligible under the Cypress stock plan. Thus, the number of individuals eligible for the Cypress stock plan likely will be more than double. We are concerned that the current share reserves in the Cypress stock plan will be insufficient to fund Cypress equity incentive program and to continue to provide equity incentives to Cypress and Spansion employees at a competitive level. Therefore, the Cypress board unanimously recommends that Cypress stockholders approve the amended Cypress stock plan, which would reserve an additional 29.3 million shares that could be issued as stock options and/or stock appreciation rights (but if awards are granted only in the form of restricted stock units or other full value awards, this increase in shares would allow for the issuance of only up to approximately 15.6 million shares), under the current Cypress stock plan, to bring the total number of shares available for issuance under the current Cypress stock plan to approximately 31 million that would be available for new grants (plus any additional shares that return to the plan due to the expiration or forfeiture of currently outstanding awards). The current Cypress stock plan contains a share fungibility provision whereby each share subject to a full-value award, such as restricted stock units (which we refer to as RSUs), issued from the current Cypress stock plan results in decreasing the current Cypress stock plan share reserve by 1.88 shares. Thus, if this proposal is approved, the approximately 29.3 million total shares that would be available for immediate issuance would translate to a maximum of approximately 15.6 million shares that could be issued as RSUs or other full-value awards.

In the event Cypress stockholders do not approve the amended Cypress stock plan to increase the share reserve, the proposed amendment will not take effect and the current Cypress stock plan will continue to be administered in its current form without any increase in the current Cypress stock plan s share reserve.

Vote Required and the Cypress Board Recommendation

Assuming a quorum of Cypress stockholders are present at the Cypress special meeting, an affirmative vote of the majority of shares present in person or represented by proxy at the Cypress special meeting is required to approve the amendment and restatement of Cypress 2013 Stock Plan and approve its material terms. Thus, the failure to submit a proxy card or attend the meeting in person will have no effect on this proposal, assuming a quorum is present at the meeting. Any abstentions or broker non-votes, i.e. the failure to instruct your bank or broker how to vote if you hold your shares in street name, will have the effect of a vote against this proposal. The Cypress board believes that the approval of the amended Cypress stock plan is in Cypress and Cypress stockholders best interests and unanimously recommends that Cypress stockholders for FOR the proposal to approve the amendment and restatement of the plan.

Why Cypress Stockholders Should Vote for the Amended Cypress Stock Plan

The following summarizes why Cypress stockholders should approve this proposal. It also describes the major features of the amended Cypress stock plan, but this description is qualified in its entirety by reference to the actual text of the amended Cypress stock plan, attached as Annex D to this joint proxy statement/prospectus.

Equity Compensation Awards Allow Cypress to Implement its Philosophy of Pay for Performance

Cypress employee equity granting practices are significantly directed at using pay-for-performance. Cypress equity awards were granted to approximately 95% of Cypress total employees and approximately 96% of the Cypress equity awards granted since 2007 (the first year that Cypress granted performance based equity) to its executive officers were eligible to vest only if performance milestones are achieved. If Cypress stockholders approve the amended Cypress stock plan, Cypress will be able to continue to use equity awards to emphasize the achievement of important business objectives of Cypress and, consistent with its pay-for-performance compensation philosophy, directly link employee pay with performance.

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The Cypress Stock Plan is a Critical Element of Cypress   Compensation Policy

Employees are Cypress   most valuable asset. Accordingly, the approval of the amended Cypress stock plan is in the best interest of Cypress stockholders, as equity awards granted under the current Cypress stock plan help Cypress to:

- attract, motivate, and retain talented employees, consultants and non-employee directors;
- align employee and stockholder interests;
- link employee compensation with company performance; and
- maintain a culture based on employee stock ownership.

If Cypress stockholders do not approve the amended Cypress stock plan, Cypress   plans for the merged company   s growth could be significantly hampered and its ability to operate its business could be adversely affected. As described above, the number of service providers eligible under the Cypress stock plan likely will increase by more than 100% immediately following the completion of the merger. If we do not have sufficient shares in the plan to provide meaningful equity incentives, Cypress may be compelled to instead offer material cash-based incentives to compete for talent, which could have a significant effect upon its quarterly results of operations, its cash flow which is used to fund Cypress   dividend, and its balance sheet. Moreover, this would not be competitive with most other technology companies.

Cypress   success over the next few years will be largely due to its highly talented employee base which will increase significantly upon the completion of the merger with Spansion. It will depend heavily on its ability to attract and retain high caliber employees, consultants and board members. The ability to grant equity awards is a necessary and powerful recruiting and retention tool for Cypress to hire and motivate the quality personnel it needs to move its business forward.

Broadening markets for Cypress products and services, the broadening customer base, the geographic diversity and increasing product complexity all drive requirements for a different skill set of employees and consultants that are in high demand, including: design engineers, software engineers, analog engineers, system engineers, and technical sales personnel. Cypress faces intense competition in attracting these professionals from traditional semiconductor to start-up companies as well as internet and media companies. Equity compensation is an integral part of the compensation offered by these firms. The competition for talent is particularly intense in Silicon Valley. In 2014, 46% of Cypress   new hires were in technical positions, where it competes with a wide range of companies who offer equity awards as an integral part of their hiring programs. This influx of new talent is essential to expand the skills required to accelerate the design, manufacture and marketing of Cypress   higher value added products, software and solutions.

The Current and Amended Cypress Stock Plans Conform to Best Practices

The current and amended Cypress plans are designed to conform to best practices in equity incentive plans. For example, the current and amended Cypress stock plans:

prohibit equity award re-pricing without stockholder approval;

permit a maximum term for options and stock appreciation rights of only eight years;

permit the granting of full-value awards such as restricted stock and restricted stock units, which can be granted in lieu of stock options to reduce the total number of shares necessary to grant competitive equity awards; and

apply a fungible share design whereby each full-value award issued results in reducing the share pool by 1.88 shares.

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A High Proportion of Our Chief Executive Officer s Equity Awards are Performance-Based

A high proportion of the equity awards granted to T.J. Rodgers, our president and chief executive officer, have been conditioned on achievement of performance goals. These performance goals are more fully described at in the section entitled *Cypress Executive Officer and Director Compensation Cypress Compensation Discussion and Analysis* beginning on page 157 of this joint proxy statement/prospectus. For example, in 2014, 80% of Mr. Rodgers equity awards were conditioned on achievement of performance goals and in 2013 and 2012, 100% of Mr. Rodgers equity awards were conditioned on achievement of performance goals.

Clawback Policy

Cypress has adopted a clawback policy that requires the return of incentive compensation payments to Cypress, including equity award distributions, by any executive engaged in (i) fraud, theft or dishonesty, (ii) intentional misconduct related to Cypress financial statements, or (iii) in the event of a material negative revision of any financial or operating measure on which incentive compensation was paid out to such executive. In all circumstances, the compensation committee of the Cypress board will have the ability to exercise discretion with respect to all reimbursements by executives under the clawback policy.

Stock Compensation Metrics

Dilution

Dilution is a concept that may be used to measure the long-term effect of a company s equity compensation programs. There are various methods to calculate and determine dilution. This discussion is based on the methodology employed by Institutional Shareholder Services, or ISS, an independent proxy advisory firm. Dilution has been calculated by dividing the total shares underlying all outstanding equity-based compensation (including 1.7 million shares, as of December 28, 2014, which are available for grant but not outstanding) by Cypress total number of shares outstanding. This calculation includes all outstanding options (whether or not in the money) and full value awards that may or may not vest because they are not yet earned or because performance criteria may not be achieved. As of December 28, 2014, Cypress had approximately 14.5 million stock options outstanding and approximately 7.8 million unvested awards outstanding, of which approximately 3.3 million are unvested performance-based awards. Using the foregoing calculation, Cypress dilution as of December 28, 2014 was approximately 14.7%, a 55% improvement over the three-year period. The dilution for each of the three-years ended with fiscal year 2014 is set forth below.

Burn Rate

Burn rate measures the effect of equity compensation on a company over a specified time. To monitor Cypress burn rate, the Cypress board uses various independent burn rate calculation methodologies including those developed and employed by ISS. The ISS annual burn rate is determined by dividing the sum of the number of stock options granted and full value shares awarded (restricted stock units and delivered performance-based restricted stock units) during a given year by Cypress weighted average common shares outstanding. This methodology ignores the impact of cancellations, which is usually significant. Under this methodology, the ISS applies a 2x multiplier to make an adjustment to account for full value awards. The ISS has set industry standard burn rates for our global industry classification standard at 6.9% for shareholder meetings occurring after February 1, 2015. Using this methodology, Cypress one year ISS burn rate for 2014 was 7% (an 18% improvement in the one-year burn rate over the three-year period) and its average burn rate for the three-year period 2012 through 2014 was 7.7%. Cypress burn rates for the three-year period ended with fiscal year 2014 are set forth below.

The Cypress board also considers Cypress   net burn rate. Net burn rate adds an additional perspective in that it allows direct insight into the real impact Cypress   stock compensation programs have on dilution by considering the rate at which cancellations impact the true burn rate. Cancellations usually occur when an employee terminates or a performance target is not met. At termination, any unvested or underwater awards are returned to the share reserve pool and are eligible for re-granting. Cypress one year net burn rate for 2014 was 2.7% (a 43% improvement in the one-year burn rate over the three-year period) and its average burn rate for the three-year period 2012 through 2014 was 3.4%, both of which are below the ISS industry standard burn rate discussed above. The Cypress board is committed to manage Cypress net burn rate to less than 3% of outstanding shares. Cypress net burn rates for the three-year period ended with fiscal year 2014 are set forth below.

The SunPower Spin-Off Greatly Increased Cypress Outstanding Equity Awards

On September 29, 2008, Cypress distributed 100% of its ownership in the shares of its publicly held subsidiary SunPower, to Cypress stockholders. The SunPower shares had a distribution day value of approximately $2.6 billion which was approximately 76% of the fully diluted market capitalization of Cypress at the time of the distribution. The value of each SunPower class B common share distributed on September 29, 2008, was $59.86. Each Cypress common stockholder as of the record date for the spin-off received 0.27 shares of SunPower class B shares of common stock for each Cypress share they owned.

The holders of awards under Cypress s equity plans did not receive any SunPower shares as part of the distribution. Instead these equity awards were equitably adjusted. As is common in most of these types of transactions, outstanding Cypress equity awards were adjusted by a factor to compensate each equity award holder for the value lost as a consequence of the distribution. The outstanding Cypress equity awards were multiplied by a distribution ratio of 4.12 to preserve the pre-distribution intrinsic value of the equity awards.

The distribution adjustment caused an immediate, substantial increase in the number of shares subject to outstanding Cypress equity awards. As a result of the distribution adjustment, these equity awards immediately increased by more than 87.2 million shares.

Over the years Cypress has initiated board-approved share repurchase programs to help mitigate the dilutive effect of the SunPower spin-off in 2008 which added over 87 million shares to its outstanding equity based plans and ongoing equity programs. Since 2008, Cypress has repurchased approximately 81 million shares. During 2012 through 2014, Cypress repurchased approximately 18.5 million shares of its common stock. The impact of share repurchases serves to exaggerate the dilutive and burn rate impact of Cypress equity programs.

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	2012	2013	2014
Dilution (1)	**32.4%**	**23.1%**	**14.7%**
1YR Burn Rate (1)	**8.7%**	**7.4%**	**7.0%**
3YR Burn Rate (1)	**7.8%**	**8.1%**	**7.7%**
ISS Industry Standard Burn Rate	**6.6%**	**6.7%**	**6.9%**
1YR Net Burn Rate	**4.5%**	**3.0%**	**2.7%**
3YR Net Burn Rate	**3.5%**	**3.5%**	**3.4%**

(1) Using ISS burn rate calculation methodology described above

Performance Grant Activity (2)

	2010	2011	2012	2013	2014
Granted	**0.6**	**0.5**	**4.0**	**4.7**	**3.5**
Released	**-2.0**	**-4.5**	**-3.2**	**-1.1**	**-2.4**
Net	**-1.4**	**-4.0**	**0.8**	**3.6**	**1.1**

(2) In millions, included in burn rate calculations above

Consistent with the methodologies employed by ISS, burn rate includes total grants made in a year with full value awards adjusted by a 2x multiplier, but does not include cancellations in that year. Net burn rate includes total grants made in a year net of cancellations in that year.

Increase in Employee Base

As of December 28, 2014, the number of employees, consultants and non-employee directors of Cypress and its subsidiaries (whom we collectively refer to as service providers) who were eligible to participate in the current Cypress stock plan was approximately 3,500 service providers. As of the same date, Spansion had approximately 3,900 service providers. Upon the completion of the merger, Spansion will become a wholly owned subsidiary of Cypress and consequently, its service providers will become eligible to participate in the current Cypress stock plan. As a result of the merger, the number of service providers eligible to participate in the current Cypress stock plan will increase significantly. Prior to the merger, Spansion s practice was to grant employee equity to approximately 30% of their service providers.

For the merger to be successful and the benefits of the merger to be fully realized, Cypress and Spansion must continue to retain, recruit and motivate its employees. Equity awards are an important component of compensation for Cypress and Spansion s key employees. If the amended Cypress plan is not approved by Cypress stockholders, Cypress may not be able to continue to offer competitive equity packages to retain current Cypress employees and the employees of Spansion, who will be joining Cypress, and to recruit and retain Cypress and Spansion employees hired in 2015 and later. The failure to attract, retain, and motivate employees of Cypress and Spansion following the merger could have a negative impact on our businesses.

Retentive Power of Existing Awards Held by Spansion Employees

In connection with the merger, unless prohibited by local laws of a particular foreign country, Cypress will assume outstanding Spansion options, restricted stock units and performance stock units. However, in connection with the merger, a substantial portion of these Spansion awards will accelerate vesting. Prior to May 2014 and in limited circumstances thereafter, Spansion historically had granted all Spansion options, restricted stock units and performance stock units with full acceleration rights in the event of a change in control (as defined in Spansion s 2010 Equity Incentive Award Plan). The merger will constitute a change in control for purposes of the Spansion equity awards. As a result, outstanding and unvested Spansion awards granted prior to May 2014 and certain other Spansion awards granted thereafter will accelerate vesting upon the completion of the merger.

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Many of the key employees of Spansion who hold Spansion equity awards that provide for this accelerated vesting will hold significantly less unvested equity awards following the merger. The reduced retentive power of the outstanding equity awards due to this accelerated vesting could affect Cypress and Spansion s ability to retain these employees following the merger. If Cypress stockholders do not approve the amended Cypress plan, Cypress and Spansion may not be able to continue to offer competitive equity packages to retain the Spansion employees who join Cypress upon completion of the merger. In such event, Cypress plans for the newly merged company s growth could be significantly hampered and its ability to operate its business could be adversely affected.

Forecasted Grants

The Cypress board anticipates that the proposed share increase to the current Cypress plan, based on currently projected share use, will be sufficient for the granting of equity awards through approximately 2017. The forecast is based on the expectations that, on an annual basis for the next three years, (i) Cypress will grant options and restricted stock units covering approximately 34.1 million shares; and (ii) approximately 5.5 million shares will be cancelled or forfeited under outstanding options and restricted stock units. The net grants (that is, grants less cancellations and forfeitures) during the next three years will be approximately 28.6 million shares. As a result, the Cypress board anticipates that Cypress will be requesting additional shares under the current Cypress plan for 2018. Despite the projected share use described above, future circumstances and business needs may dictate a different result.

The proposed share increase was determined by the Cypress board after evaluating Cypress future needs considering the following factors:

- implementation of expected merger synergies totaling $135 million will take three years;
- Cypress employee population will more than double as a result of the merger;
- Spansion s stock compensation practices do not align with Cypress ;
- Spansion s equity program contained significant acceleration clauses upon a change in control while Cypress equity program does not contain automatic acceleration clauses;
- short term retention requirements will require one time grants exacerbating year one burn rates; and
- burn rate objectives.

The results of the Cypress board s evaluation of the above factors determined that the proposed share increase should be 15.6 million full-value awards (29.3 million shares) which are expected to last for three years. This share increase is expected to result in the following three year average burn rates:

- net burn rate of 2.8%;

burn rate as calculated using ISS methodology of 6.8%; and

ISS Standard Industry Burn Rate (as published by the ISS for shareholder meetings occurring after February 1, 2015) of 6.9%.

After considering the above factors, including the fact that Cypress expected three-year average burn rate (as we believe would be calculated by ISS at the end of the next three years), is expected to meet the ISS standard Industry Burn Rate, the Cypress board unanimously approved the share increase.

Cypress Awards to be Granted to Certain Individuals and Groups

The actual number of awards (if any) that an employee or consultant of Cypress or its parent or subsidiaries or a non-employee director of Cypress may receive under the amended Cypress stock plan is at the discretion of the compensation committee of the Cypress board and therefore cannot be determined in advance. The following table sets forth certain information relating to awards granted in fiscal year 2014 under the current Cypress stock plan to the listed persons and groups. As of February 5, 2015, the closing price of a share of Cypress common stock on the Nasdaq Global Select Market was $14.22 per share.

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Cypress Semiconductor Corporation 2013 Stock Plan

Name and Position	Number of Shares Granted Under Cypress Options	Weighted Average Per Share Exercise Price ($)	Number Of Full Value Cypress Awards Granted	Grant Date Value Of Full Value Cypress Awards ($)
T.J. Rodgers President, Chief Executive Officer and Director	0		370,000	$ 3,718,500
Brad W. Buss (1) Former Executive Vice President, Finance and Administration, Chief Financial Officer	0		50,000	$ 468,250
Paul D. Keswick Executive Vice President, Marketing & IT	0		200,000	$ 2,010,000
J. Daniel McCranie Executive Vice President, Sales & Applications	0		300,000	$ 3,039,000
Dana C. Nazarian Executive Vice President, Memory Products Division	0		200,000	$ 2,010,000
Thad Trent Executive Vice President, Finance and Administration, Chief Financial Officer	0		60,000	$ 589,300
All current executive officers as a group	0		2,095,000	$ 21,065,050

All current directors who are not executive officers as a group	0		128,947	$ 1,224,997
All employees who are not current executive officers as a group	522,111	$ 10.24	4,119,445	$ 42,160,789

(1) Mr. Buss employment with Cypress terminated in June 2014. He currently provides transition services as a non-employee advisor to Cypress board and the chief executive officer of Cypress. Due to his current status as a service provider to Cypress, he remains eligible to participate in the current Cypress stock plan.

Summary Description of the Amended Cypress Stock Plan

The following is a summary of the principal features of the amended Cypress stock plan and its operation. However, the summary is qualified in its entirety by reference to the amended Cypress stock plan, which is attached as Annex D.

Background and Purpose of the Amended Cypress Stock Plan

The amended Cypress stock plan is intended to (i) promote the long-term success of the Company s business, (ii) attract and retain the best available personnel for positions of substantial responsibility, and (iii) provide long-term incentive to employees, consultants, and non-employee directors that are aligned with the long-term interest of all stockholders.

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Types of Awards Granted Under the Amended Cypress Stock Plan

The amended Cypress stock plan will permit the grant of the following types of awards (which we refer to collectively as the Cypress awards):

- incentive stock options;
- nonstatutory stock options;
- restricted stock and restricted stock units (which we refer to as full value awards); and
- stock appreciation rights.

Administration of the Amended Cypress Stock Plan

The compensation committee of the Cypress board (which we refer to as the Cypress compensation committee) administers the current Cypress stock plan and will continue to administer the amended Cypress stock plan. To make grants to certain of Cypress officers and key employees, the members of the Cypress compensation committee must qualify as non-employee directors under Rule 16b-3 of the Securities Exchange Act of 1934, and/or as outside directors under Section 162(m) of the Internal Revenue Code of 1986, as amended (so that Cypress can receive a federal tax deduction for certain compensation paid under the amended Cypress stock plan).

Subject to the terms of the amended Cypress stock plan, the Cypress compensation committee has the sole discretion to select the employees, consultants, and non-employee directors who will receive discretionary Cypress awards, determine the terms and conditions of such Cypress awards (for example, the exercise price and vesting schedule), and interpret the provisions of the amended Cypress stock plan and outstanding Cypress awards. The Cypress compensation committee also has the authority to amend outstanding Cypress awards, including the authority to accelerate vesting or to extend an option s post-termination exercise period (but not beyond the original option term). The Cypress board or the Cypress compensation committee may delegate any part of its authority and powers under the amended Cypress stock plan to one or more committees, subject to the requirements of applicable law.

No Re-pricing Without Stockholder Approval

The Cypress compensation committee may not permit the re-pricing, including by way of exchange, of any Cypress award, without receiving prior approval from Cypress stockholders.

Shares Under the Amended Cypress Stock Plan

As of December 28, 2014, the maximum aggregate number of shares of Cypress common stock authorized for issuance under the current Cypress stock plan was 145,195,220. This number includes all the shares that have been allocated to the current Cypress stock plan since it was first created in 1994, of which approximately 1.7 million shares remained available for issuance as of the same date. If the proposal to approve the amended Cypress stock plan is approved, the number of shares authorized under the amended Cypress stock plan will be increased by 29.3 million, and the maximum aggregate number of shares authorized under the amended Cypress stock plan will be 174,495,220.

However, because of prior issuances that have occurred under the current Cypress stock plan, only a total of approximately 31 million shares actually would be available for immediate issuance (excluding any shares that return to the Cypress stock plan in the future from Cypress awards that expire or are forfeited). The shares may be authorized, but unissued, or reacquired common stock of Cypress. Any shares of restricted stock or restricted stock units with a per share or unit purchase price lower than 100% of fair market value on the date of grant will be counted against the numerical limits of the amended Cypress stock plan s share reserve pool as 1.88 shares for every one share subject thereto.

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Cypress Awards that Expire or Are Forfeited

Subject to the terms of the amended Cypress stock plan, if a Cypress award (or any option or stock appreciation right granted under a terminated plan) terminates or is forfeited without having been fully exercised or vested, the unvested or forfeited shares generally will be returned to the available pool of shares reserved for issuance under the amended Cypress stock plan. To the extent that a share that was subject to a Cypress award that counted as 1.88 shares against the current Cypress stock plan s share reserve pool is returned to the amended Cypress stock plan, the amended Cypress stock plan s share reserve pool will be credited with 1.88 shares.

Eligibility to Receive Cypress Awards

The Cypress compensation committee will select the employees and consultants of Cypress or its parent or subsidiaries, and non-employee directors of the Cypress board who will be granted Cypress awards; provided that only employees of Cypress or its parent or subsidiaries may receive incentive stock options. The actual number of individuals who will be granted Cypress awards cannot be determined in advance because the Cypress compensation committee has the discretion to select the participants. As of December 28, 2014, approximately 3,500 service providers (including executive officers, consultants and non-employee directors of Cypress and its subsidiaries) were eligible to participate in the current Cypress stock plan. As of the same date, Spansion had approximately 3,900 service providers (including employees and executive officers). Upon the completion of the merger, Spansion will become a wholly owned subsidiary of Cypress and all of Spansion s employees and consultants will become eligible to participate in the amended Cypress stock plan.

Stock Options and Stock Appreciation Rights

A stock option is the right to acquire shares at a fixed exercise price for a fixed period of time. Under the amended Cypress stock plan, the Cypress compensation committee may grant nonstatutory stock options and/or incentive stock options. Stock appreciation rights (which we refer to as SARs) are Cypress awards that grant the participant the right to receive an amount (in the form of cash, shares of equal value, or a combination thereof, as determined by the Cypress compensation committee) equal to the excess of (x) the fair market value of the common stock covered by the exercised portion of the SAR, as of the date of such exercise, over (y) the fair market value of the common stock covered by the exercised portion of the SAR, as of the date on which the SAR was granted; provided, however, that the Cypress compensation committee may place limits on the amount that may be paid upon exercise of a SAR. As of December 28, 2014, approximately 14.5 million stock options were outstanding under the Cypress stock plans and the outstanding stock options had a weighted average exercise price of $9.24, with individual exercise prices ranging from $2.72 to $23.23.

Share Limits

The Cypress compensation committee will determine the number of shares covered by each option or SAR award, but during any fiscal year of Cypress, no participant may be granted options and SARs covering more than 3 million shares in the aggregate.

Exercise Price

The exercise price of the shares subject to each option or SAR award is set by the Cypress compensation committee, but cannot be less than 100% of the fair market value (on the date of grant) of the shares covered by the Cypress award.

Incentive Stock Options

The exercise price of an incentive stock option must be at least 110% of fair market value if (on the grant date) the participant owns stock possessing more than 10% of the total combined voting power of all classes of stock of Cypress or any parent or subsidiary. The aggregate fair market value of the shares (determined on the grant date) covered by incentive stock options which first become exercisable by any participant during any calendar year also may not exceed $100,000. Any shares in excess of this limit will be treated as a nonstatutory stock option. If the employee holds more than one incentive stock option, the incentive stock options are considered in the order in which they were granted.

Term and Vesting

The Cypress compensation committee will establish the vesting schedule of each option or SAR award at the time of grant. Options and SARs granted under the amended Cypress stock plan will expire at the times established by the Cypress compensation committee, but not later than eight years after the grant date (such term is limited to five years in the case of an incentive stock option granted to a participant who owns stock possessing more than 10% of the total combined voting power of all classes of stock of Cypress).

Exercise of the Option or SAR Award

An option or SAR award granted under the amended Cypress stock plan will be exercised by giving written or electronic notice to Cypress, specifying the number of shares to be purchased and, for options, tendering full payment of the exercise price to Cypress. The Cypress compensation committee may permit payment for options through the tender of shares that are already owned by the participant, or by any other means that the Cypress compensation committee determines to be consistent with the purpose of the amended Cypress stock plan. The participant must pay any taxes that Cypress is required to withhold at the time of exercise.

Termination of Participant

In the event a participant s continuous status as an employee, director, or consultant terminates for any reason other than upon the participant s death or disability, the options and SARs held by the participant under the amended Cypress stock plan will be exercisable (to the extent the Cypress award was exercisable on the date of service termination) within such period of time as is specified in the applicable Cypress award agreement. In the absence of a specified period of time in the Cypress award agreement, the vested portion of the option or SAR award will remain exercisable for a period of 30 days following the date of such termination. In the event a participant s continuous status as an employee, director, or consultant terminates as a result of the participant s disability, the options and SARs held by the participant under the amended Cypress stock plan will be exercisable (to the extent the award was exercisable on the date of service termination) for a period of six months following the date of such disability or such longer period of time not exceeding 12 months, as specified in the applicable Cypress award agreement. In the event a participant s continuous status as an employee, director, or consultant terminates as a result of the participant s death, the options and SARs held by the participant under the amended Cypress stock plan will be exercisable for a period of six months after death (to the extent the Cypress award would have become exercisable had the participant continued living and remained in continuous status as an employee, director, or consultant for an additional 12 months). If the participant dies within 30 days after his or her termination of continuous status as an employee, director, or consultant, the options and SARs held by the participant under the amended Cypress stock plan may be exercised within six months following the date of such death (to the extent the Cypress award was exercisable on the date of service termination). However, in no event may the period of exercisability extend beyond the expiration date of the option or SAR award, as applicable.

Restricted Stock and Restricted Stock Units

Cypress awards of restricted stock are shares that will vest in accordance with the terms and conditions established by the Cypress compensation committee. Cypress awards of RSUs are rights to acquire shares that will vest in accordance with the terms and conditions established by the Cypress compensation committee. The Cypress compensation committee will determine the terms and conditions of restricted stock and RSUs granted under the amended Cypress stock plan, including the number of shares of restricted stock or RSUs granted to any employee, consultant, or non-employee director and whether the Cypress award will be in the form of restricted stock or RSUs; provided that during any fiscal year of Cypress, no participant may be granted Cypress awards of restricted stock or RSUs that cover more than 1.5 million shares in the aggregate.

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In determining whether a Cypress award of restricted stock or RSUs should be made, and/or the vesting schedule for any such Cypress award, the Cypress compensation committee may impose whatever conditions to vesting as it determines to be appropriate. For example, the Cypress compensation committee may determine to grant a Cypress award of RSUs that will vest only if the participant satisfies performance goals established by the Cypress compensation committee.

Until the stock certificate evidencing the shares is issued (which certificate generally will be issued only after the restricted stock or RSUs vest), no rights to vote or receive dividends or any other rights as a stockholder will exist with respect to the restricted stock or RSU award.

Grants to Non-Employee Directors

Under the amended Cypress stock plan, Cypress non-employee directors will be eligible to receive grants of Cypress awards on the date of his or her initial election and annually thereafter on the date of the annual stockholder meeting (so long as the non-employee director has been serving as such for at least three months), in an amount determined by the Cypress compensation committee in its sole discretion (which we refer to as recurring Cypress awards). Such recurring Cypress awards will be subject to vesting, payment, and other terms and conditions as may be determined by the Cypress compensation committee. Non-employee directors also will be eligible to receive other discretionary Cypress awards under the amended Cypress stock plan.

Non-Employee Director Award Limitations

No non-employee director may be granted, in any fiscal year of Cypress, Cypress awards with a grant date fair value (determined in accordance with either GAAP or IASB principles) of more than $500,000, increased to $750,000 in connection with a non-employee director s initial service.

Exercise of Options

The exercise price of an option granted under the amended Cypress stock plan to a non-employee director may be paid in the form of cash, check, other shares of Cypress common stock previously owned by him or her with a fair market value on the date of surrender equal to the aggregate exercise price of the exercised shares, or any combination of such methods. For any options granted after Cypress 2004 annual stockholder meeting, the option additionally may be exercised and the consideration paid by the delivery of an exercise notice together with other documentation as the Cypress compensation committee and broker, if applicable, requires to effect the exercise of the option and the delivery to Cypress of the sale or loan proceeds required to pay the exercise price (or any combination of the above payment methods).

Termination of Non-employee Director s Service

In the event a non-employee director ceases to serve as a Cypress board member other than due to his or her death or disability, the options held by him or her under the amended Cypress stock plan that are recurring Cypress awards will be exercisable (to the extent the option was exercisable on the date of termination) within 90 days, or for options that are recurring Cypress awards granted on or after Cypress 2004 annual stockholder meeting, within one year, after the date of termination of board service. In the event the non-employee director ceases to serve as a Cypress board member due to disability, the options held by the non-employee director under the amended Cypress stock plan will be exercisable (to the extent exercisable on the date of service termination) for a period of six months, or for options granted on or after Cypress 2004 annual stockholder meeting, within one year after the date of service termination. In the event of the non-employee director s death while a Cypress board member, the options held by him or her under the amended Cypress stock plan will be exercisable for a period of six months, or for options granted on or after Cypress 2004 annual stockholder meeting, for a period of one year, after the date of such death (to the extent that the option would have become exercisable had the director continued living and remained in continuous service as a director for an additional 12 months). If the

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non-employee director dies within 30 days after the termination of his or her continuous service as a Cypress board member, his or her options under the amended Cypress stock plan may be exercised within six months following the date of such death (to the extent the option was exercisable on the date of service termination).

Certain Performance-based Awards

The amended Cypress stock plan is designed to permit (but not require) Cypress to issue Cypress awards intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (which we refer to as Section 162(m)). Thus, the Cypress compensation committee may require achievement of specified levels of performance with respect to performance goals, in order for a Cypress award to vest. In granting restricted stock or RSUs that are intended to qualify under Section 162(m), the Cypress compensation committee will follow any procedures determined necessary or appropriate to ensure qualification of the award under Section 162(m).

With respect to any Cypress awards intended to qualify as performance-based compensation under Section 162(m), at the Cypress compensation committee s discretion, one or more of the following performance goals may apply: cash flow (including operating cash flow or free cash flow), revenue (on an absolute basis or adjusted for currency effects), gross margin, operating expenses or operating expenses as a percentage of revenue, earnings (which may include earnings before interest and taxes, earnings before taxes and net earnings), earnings per share, stock price, return on equity, total stockholder return, growth in stockholder value relative to the moving average of the S&P 500 Index, the Philadelphia Semiconductor Sector Index or another index, return on capital, return on assets or net assets, return on investment, economic value added, operating profit or net operating profit, operating margin, market share, contract awards or backlog, overhead or other expense reduction, credit rating, objective customer indicators, new product invention or innovation, attainment of research and development milestones, improvements in productivity, attainment of objective operating goals, and objective employee metrics. The performance goals may be applied to Cypress as a whole or, except with respect to stockholder return metrics, to a region, business unit, affiliate or business segment, and measured either on an absolute basis or relative to a pre-established target, to a previous period s results or to a designated comparison group, and, with respect to financial metrics, which may be determined in accordance with U.S. GAAP or IASB, or which may be adjusted when established to exclude any items otherwise includable under GAAP or IASB, or include any items otherwise excludable under GAAP or IASB.

Transfers or Leave of Absence

Unless otherwise determined by the Cypress compensation committee, and subject to applicable laws, the vesting of awards granted under the amended Cypress stock plan will cease during any unpaid leave of absence. Moreover, unless otherwise determined by the Cypress compensation committee, any employee who transfers his or her employment to a subsidiary and receives an equity incentive covering such subsidiary s equity securities in connection with such transfer, will cease vesting in his or her awards granted under the amended Cypress stock plan, until such time (if at all) the employee transfers from the employment of the subsidiary or another subsidiary back to the employ of Cypress.

Changes in Capitalization

If Cypress experiences a stock split, reverse stock split, stock dividend, combination or reclassification of Cypress shares, or any other increase or decrease in the number of issued shares of Cypress common stock effected without its receipt of consideration (except for certain conversions of convertible securities), proportionate adjustments will be made by the Cypress board subject to any required action by Cypress stockholders, to the number of shares available for issuance under the amended Cypress stock plan but as to which no Cypress awards have yet been granted or which have been returned to the amended Cypress stock plan, the number of shares covered by each outstanding Cypress award, the price per share, if any, of each outstanding Cypress award, and the per-person limits on Cypress awards, as appropriate to reflect the stock dividend or other change.

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Similarly, if Cypress experiences a spin-off, split-off, or similar transaction involving equity of a subsidiary or former subsidiary, then subject to any required action by Cypress stockholders, the number and/or type of shares covered by each outstanding award, the number and/or type of shares which have been authorized for issuance under the amended Cypress stock plan but as to which no Cypress awards have yet been granted or which have been returned to the amended Cypress stock plan, the price per share of each such outstanding Cypress award, and the per-person limits on Cypress awards will be appropriately and proportionately adjusted to account for any increase or decrease in value resulting from such transaction.

Corporate Transactions

In the event of Cypress merger with or into another corporation or the sale of substantially all of its assets, the successor corporation (or its parent or subsidiary) will assume or substitute for equal value each outstanding Cypress award. With respect to Cypress awards other than recurring Cypress awards granted to non-employee directors, including Cypress awards providing for performance-based vesting criteria, the Cypress compensation committee may, in its sole discretion, fully accelerate such Cypress awards in lieu of assumption or substitution. In such event, the Cypress compensation committee will notify all holders of options and SARs that their options and SARs under the amended Cypress stock plan will be fully exercisable for a period of 30 days from the date of such notice and the Cypress award will terminate upon the expiration of such period.

With respect to recurring Cypress awards granted to non-employee directors, in the event the successor corporation does not agree to assume or substitute for such Cypress awards, each outstanding recurring Cypress award granted to a non-employee director will become fully vested and exercisable (if applicable), unless the Cypress board, in its discretion, determines otherwise.

In the event of a proposed dissolution or liquidation of Cypress, the Cypress board may provide that Cypress awards (other than Cypress awards granted to non-employee directors) will terminate as of a date determined by the Cypress board, allow participants to exercise any such options and SAR Cypress awards including shares that otherwise would not be exercisable, and accelerate the vesting of any such restricted stock and RSU Cypress awards.

Amendment and Termination of the Amended Cypress Stock Plan

The Cypress board generally may amend, alter, suspend, or terminate the amended Cypress stock plan at any time, except that certain amendments may require stockholder approval or the consent of participants in the amended Cypress stock plan. Adding shares to the amended Cypress stock plan requires stockholder approval, except in the case of adjustments due to a stock split or similar change in capitalization effected without the receipt of consideration by us. The current Cypress stock plan is scheduled to expire on January 15, 2024.

Limited Transferability of Awards

Cypress awards granted under the amended Cypress stock plan generally may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the applicable laws of descent and distribution. During the participant s lifetime, only the participant may exercise the Cypress award. If the Cypress compensation committee makes a Cypress award under the amended Cypress stock plan transferable, such Cypress award will contain such additional terms and conditions as the Cypress compensation committee deems appropriate.

Federal Tax Aspects

The following paragraphs are a summary of the general federal income tax consequences to U.S. taxpayers and Cypress of Cypress awards granted under the amended Cypress stock plan, based upon the provisions of the Internal Revenue Code of 1986, as amended, as in effect on the date of this joint proxy statement/prospectus, current regulations and existing administrative rulings of the Internal Revenue Service. However, it does not purport to be complete and does not discuss the provisions of the income tax laws of any municipality, state or foreign country in which the participant may reside. Tax consequences for any particular individual may be different.

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Nonstatutory Stock Options

No taxable income is reportable when a nonstatutory stock option is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the excess of the fair market value (on the exercise date) of the shares purchased over the exercise price of the option. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Incentive Stock Options

No taxable income is reportable when an incentive stock option is granted or exercised (except for purposes of the alternative minimum tax). If the participant exercises the option and then later sells or otherwise disposes of the shares more than two years after the grant date and more than one year after the exercise date, the difference between the sale price and the exercise price will be taxed as capital gain or loss. If the participant exercises the option and then later sells or otherwise disposes of the shares before the end of the two- or one-year holding periods described above, he or she generally will have ordinary income at the time of the sale equal to the fair market value of the shares on the exercise date (or the sale price, if less) minus the exercise price of the option.

Stock Appreciation Rights

No income will be recognized by a recipient in connection with the grant of a stock appreciation right. When the stock appreciation right is exercised, the award holder generally will be required to include as taxable ordinary income in the year of exercise an amount equal to the sum of the amount of any cash received and the fair market value of any common stock or other property received upon the exercise. Any additional gain or loss recognized upon any later disposition of the shares of common stock or other property would be treated as long-term or short-term capital gain or loss, depending on the holding period.

Restricted Stock/Restricted Stock Units

A participant will not have taxable income upon grant unless he or she elects to be taxed at that time pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (except no such election is available for restricted stock units). Instead, he or she will recognize ordinary income at the time of vesting equal to the fair market value (on the vesting date) of the shares received minus any amount paid for the shares.

Tax Effect for Cypress

Cypress generally will be entitled to a tax deduction in connection with a Cypress award made to U.S. employees, consultants and directors under the amended Cypress stock plan in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income (for example, the exercise of a nonstatutory stock option). Special rules limit the deductibility of compensation paid to certain of Cypress executive officers. Under Section 162(m) of the Internal Revenue Code of 1986, as amended, the annual compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed $1 million. However, Cypress can preserve the deductibility of certain compensation in excess of $1 million if the conditions of Section 162(m) are met. These conditions include stockholder approval of the amended Cypress stock plan, setting limits on the number of Cypress awards that any individual may receive, and for Cypress awards other than certain stock options, establishing performance criteria that must be met before the Award actually will vest or be paid. The amended Cypress stock plan has been designed to permit the Cypress compensation committee to grant Cypress awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m), thereby permitting Cypress to continue to receive a federal income tax deduction in connection with such Cypress awards.

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Section 409A

Section 409A of the Internal Revenue Code of 1986, as amended (which we refer to as Section 409A) provides certain requirements for non-qualified deferred compensation arrangements with respect to an individual s deferral and distribution elections and permissible distribution events. Cypress awards granted under the amended Cypress stock plan with a deferral feature will be subject to the requirements of Section 409A. If a Cypress award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that Cypress award may recognize ordinary income on the amounts deferred under the Cypress award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if a Cypress award that is subject to Section 409A fails to comply with Section 409A s provisions, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation.

The Cypress board unanimously recommends a vote FOR the proposal to approve the amendment and restatement of Cypress 2013 Stock Plan.

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THE SPANSION SPECIAL MEETING

Date, Time and Place of Spansion Special Meeting

The Spansion special meeting is scheduled to be held at 8:00 a.m., local time, on March 12, 2015, at 915 DeGuigne Drive, Sunnyvale, California 94085.

Check-in will begin at 7:30 a.m. and Spansion stockholders should allow ample time for the check-in procedures.

Purpose of Spansion Special Meeting

At the Spansion special meeting, Spansion stockholders will be asked to consider and vote on:

- a proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement;
- a proposal to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Spansion named executive officers that is based on or otherwise relates to the merger agreement and merger; and
- a proposal to approve the adjournment of the Spansion special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and approve the transactions contemplated by the merger agreement.

Spansion currently does not contemplate that any other matters will be presented at the Spansion special meeting.

After careful consideration, the Spansion board unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of the Spansion stockholders and has unanimously approved the merger agreement.

The Spansion board unanimously recommends that the Spansion stockholders vote: FOR the proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement. The Spansion board also unanimously recommends that Spansion stockholders vote FOR the proposal to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Spansion named executive officers that is based on or otherwise relates to the merger agreement and merger and FOR the proposal to approve the adjournment of the Spansion special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and approve the transactions contemplated by the merger agreement.

Who Can Vote at the Spansion Special Meeting

Only Spansion stockholders of record at the close of business on February 5, 2015, the record date for the Spansion special meeting, and other persons holding valid proxies for the special meeting will be entitled to attend the Spansion special meeting.

On the record date, there were 63,176,537 shares of Spansion common stock outstanding, par value $0.001 per share. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

In accordance with Delaware law, a list of stockholders entitled to vote at the meeting will be available at the meeting, and for 10 days prior to the meeting, at 915 DeGuigne Drive, Sunnyvale, California 94085, between the hours of 9:00 a.m. and 4:00 p.m., local time.

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Spansion stockholders and their proxies will be admitted to the Spansion special meeting beginning at 7:00 a.m., local time, on March 12, 2015. Spansion stockholders and their proxies should be prepared to present a form of government-issued photo identification, such as a driver s license, state-issued identification card, or passport. In addition, Spansion stockholders who are record holders will have their ownership verified against the list of record holders as of the record date prior to being admitted to the meeting. Spansion stockholders who are not record holders but hold shares through a broker or nominee (i.e., in street name) should provide proof of beneficial ownership on the record date, such as a letter from their broker or nominee reflecting their stock ownership as of the record date for the meeting. Anyone who does not provide photo identification or comply with the other procedures outlined above upon request will not be admitted to the special meeting.

Vote Required for Approval

Quorum

A quorum will be present if at least a majority of the outstanding shares are represented by proxy or by Spansion stockholders present and entitled to vote at the Spansion special meeting. Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your bank or broker) or if you vote in person at the Spansion special meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the chairman of the board or holders of a majority of the votes present at the Spansion special meeting may adjourn the special meeting to another time or date.

Required Vote

Approval of the merger proposal requires the affirmative vote of holders of a majority of the outstanding shares of Spansion common stock entitled to vote thereon. Approval of the compensation proposal and the adjournment proposal each requires the affirmative vote of a majority of the votes cast by holders of shares of Spansion common stock present in person or represented by proxy at the Spansion special meeting and entitled to vote on the proposal.

Effect of Not Voting and Abstentions

Abstentions and broker non-votes count as present for establishing the quorum described above. A broker non-vote may occur on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares, and such instructions have not been provided by the beneficial owner.

Under the applicable rules of the New York Stock Exchange, brokers and other nominees are prohibited from giving a proxy to vote their customers shares with respect to the proposals to be voted on at the Spansion special meeting in the absence of instructions from their customers. Failure by a Spansion stockholder to submit a proxy or instruct a broker or nominee to vote will have the effect of a vote against the merger proposal, but it will have no effect on the compensation proposal or the adjournment proposal, assuming a quorum is present. Abstentions will have the effect of a vote against the merger proposal, the compensation proposal and the adjournment proposal.

Adjournments

If there is no quorum, the chairman of the Spansion board or holders or a majority of the votes present at the Spansion special meeting may adjourn the special meeting to another time or date.

Even if a quorum is present, the Spansion special meeting could be adjourned in order to provide more time to solicit additional proxies in favor of adoption of the merger agreement and approval of the transactions contemplated by the merger agreement if sufficient votes are cast in favor of the adjournment proposal. If the adjournment is for more than 30 days or if after the adjournment a new record date is set for the adjourned meeting, a notice of the adjourned meeting must be given to each stockholder of record entitled to vote at the Spansion special meeting.

Share Ownership of Directors and Executive Officers of Spansion

At the close of business on the record date for the Spansion special meeting, directors and executive officers of Spansion beneficially owned and were entitled to vote approximately 0.84% of the shares of Spansion common stock outstanding on that date. Simultaneously with the execution and delivery of the merger agreement, each of the directors and executive officers of Spansion, in their respective capacities as stockholders of Spansion, entered into support agreements with Cypress pursuant to which such individuals agreed, among other things, to vote their respective shares of Spansion common stock for the approval and adoption of the merger agreement.

Voting Procedures

Method of Voting

Spansion stockholders are being asked to vote both shares held directly in their name as stockholders of record and any shares they hold in street name as beneficial owners. Shares held in street name are shares held in a stock brokerage account or shares held by a bank or other nominee. The method of voting differs for shares held as a record holder and shares held in street name. Record holders will receive proxy cards. Holders of shares in street name will receive voting instruction cards from their brokers or nominees seeking instruction as to how to vote.

Proxy cards and voting instruction cards are being solicited on behalf of the Spansion board from Spansion stockholders in favor of approval of the merger proposal, the compensation proposal and the adjournment proposal.

Submitting Proxies or Voting Instructions

Whether Spansion stockholders hold shares of Spansion common stock directly as stockholders of record or in street name, Spansion stockholders may direct the voting of their shares without attending the Spansion special meeting. Spansion stockholders may vote by granting proxies or, for shares held in street name, by submitting voting instructions to their brokers or nominees.

Record holders of shares of Spansion common stock may submit proxies by completing, signing and dating their proxy cards for the Spansion special meeting and mailing them in the accompanying preaddressed envelopes. Spansion stockholders who hold shares in street name may vote by mail by completing, signing and dating the voting instruction cards for the Spansion special meeting provided by their brokers or nominees and mailing them in the accompanying pre-addressed envelopes. Proxies and voting instruction forms submitted by mail must be received no later than March 11, 2015 at 11:59 p.m. Eastern Time to be voted at the Spansion special meeting. Spansion stockholders may also submit proxies over the Internet at the web address shown on the proxy card. Spansion stockholders who live in the United States or Canada may submit proxies by calling the telephone number shown on the proxy card. The Internet and telephone voting facilities will close at 11:59 p.m., Eastern Time, on March 11, 2015. The availability of Internet and telephone voting for shares held in street name will depend on the voting processes of your broker or other nominee.

If Spansion stockholders of record do not include instructions on how to vote their properly signed proxy cards for the Spansion special meeting, their shares will be voted FOR the merger proposal, the compensation proposal and the adjournment proposal, and in the discretion of the proxy holders on any other business that may properly come before the Spansion special meeting.

If Spansion stockholders holding shares of Spansion common stock in street name do not provide voting instructions, their shares will not be considered to be votes cast on the merger proposal, the compensation proposal or the adjournment proposal.

Stockholders of record of Spansion common stock may also vote in person at the Spansion special meeting by attending the meeting and submitting their proxy cards or by filling out a ballot at the special meeting.

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If shares of Spansion common stock are held by Spansion stockholders in street name, those Spansion stockholders may not vote their shares in person at the Spansion special meeting unless they bring a signed proxy from the record holder giving them the right to vote their shares and fill out a ballot at the special meeting.

Contact for Questions and Assistance in Voting

Any Spansion stockholder who has a question about the proposals or how to vote or revoke a proxy, or who wishes to obtain additional copies of this joint proxy statement/prospectus, should contact:

Alliance Advisors, LLC

200 Broadacres Drive, 3rd Floor

Bloomfield, New Jersey 07003

Telephone: (973) 873-7700

Facsimile: (973) 338-1430

www.allianceadvisorsllc.com

If you need additional copies of this joint proxy statement/prospectus or voting materials, you should contact Alliance Advisors, LLC as described above or Spansion Investor Relations at investor.relations@spansion.com or by telephone at (408) 962-2500.

Revoking Proxies or Voting Instructions

Spansion stockholders may change their votes at any time prior to the vote at the Spansion special meeting. Spansion stockholders of record may change their votes by granting new proxies bearing a later date (which automatically revoke any the earlier proxy) or by attending the Spansion special meeting and voting in person. Attendance at the Spansion special meeting will not cause previously granted proxies to be revoked, unless the Spansion stockholder specifically so requests.

For shares held in street name, Spansion stockholders may change their votes by submitting new voting instructions to their brokers or nominees or by attending the Spansion special meeting and voting in person, provided that they have obtained a signed proxy from the record holder giving them the right to vote their shares.

Shares Held in Street Name

Spansion stockholders who own shares of Spansion common stock through a broker, bank or other nominee and attend and vote at the Spansion special meeting, should bring proof of beneficial ownership on the record date, such as a letter from their broker, bank or other nominee reflecting their stock ownership as of the record date for the Spansion special meeting.

Tabulation of Votes

Representatives of Computershare Trust Company, N.A., Spansion s mailing agent and tabulation service, will count the votes and act as the Inspector of Elections. The procedures to be used by the Inspector of Elections are consistent with Delaware law concerning the voting of shares, determination of a quorum and the vote required to take stockholder action.

How You Can Reduce the Number of Copies of Spansion s Proxy Materials You Receive

The Securities and Exchange Commission has rules that permit Spansion to deliver a single copy of its proxy statement to stockholders sharing the same address. To reduce the expenses of delivering duplicate proxy materials, Spansion is taking advantage of the Securities and Exchange Commission s householding rules that permit Spansion to deliver only one set of proxy materials to stockholders who share an address, unless otherwise requested by the stockholders.

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Cost of Proxy Distribution and Solicitation

Spansion is soliciting proxies for the Spansion special meeting from Spansion stockholders and Cypress is soliciting proxies for the Cypress special meeting from its stockholders. Each company will bear its own fees and costs associated with printing and filing this joint proxy statement/prospectus and the registration statement on Form S-4, of which it forms a part. Other than the costs shared with Cypress, the cost of soliciting proxies from Spansion stockholders will be paid by Spansion. Spansion has retained Alliance Advisors, LLC to assist it in the solicitation of proxies for approximately $20,000, plus reasonable out-of-pocket expenses. Spansion has also requested that banks, brokers and other custodians, agents and fiduciaries send these proxy materials to the beneficial owners of Spansion s common stock they represent and secure their instructions as to the voting of such shares. Spansion may reimburse such banks, brokers and other custodians, agents and fiduciaries representing beneficial owners of Spansion s common stock for their expenses in forwarding solicitation materials to such beneficial owners. Certain of Spansion s directors, officers or employees may also solicit proxies in person, by telephone, or by electronic communications, but they will not receive any additional compensation for doing so.

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PROPOSAL 1.

THE MERGER AGREEMENT AND THE MERGER

As discussed elsewhere in this joint proxy statement/prospectus, Spansion stockholders are considering and voting to adopt the merger agreement and approve the transactions contemplated by the merger agreement. Spansion stockholders should read carefully this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the merger. In particular, Spansion stockholders are directed to the merger agreement which is attached as Annex A to this joint proxy statement/prospectus.

The Spansion board unanimously recommends a vote FOR the proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement.

PROPOSAL 2.

ADVISORY VOTE TO APPROVE MERGER-RELATED COMPENSATION FOR SPANSION NAMED EXECUTIVE OFFICERS

Under Section 14A of the Securities Exchange Act of 1934 and the applicable Securities and Exchange Commission rules issued thereunder, Spansion is required to submit a proposal to its stockholders for a non-binding, advisory vote to approve certain compensation that may become payable to Spansion named executive officers in connection with the completion of the merger. This proposal, which is referred to as the compensation proposal, gives Spansion stockholders the opportunity to vote, on an advisory (non-binding) basis, on the compensation that may be paid or become payable to Spansion named executive officers that is based on or otherwise relates to the merger agreement and merger. This compensation is summarized in the table captioned *Spansion Golden Parachute Compensation* in the section entitled *The Merger Spansion Executive Compensation Payable in Connection with the Merger* beginning on page 103 of this joint proxy statement/prospectus, including the footnotes to the table and narrative disclosures set forth in the section. The Spansion board encourages you to review carefully the named executive officer merger-related compensation information disclosed in this joint proxy statement/prospectus. The Spansion board unanimously recommends that Spansion stockholders approve, by advisory vote, the compensation that may become payable to Spansion named executive officers in connection with the completion of the merger. The vote on the compensation proposal is a vote separate and apart from the vote on the merger proposal. Accordingly, you may vote to approve the merger proposal and vote not to approve the compensation proposal and vice versa. Because the vote on the compensation proposal is advisory only, it will not be binding on either Spansion or Cypress. Accordingly, if the transaction agreement is adopted and the merger is completed, the compensation will be payable, subject only to the conditions applicable thereto, regardless of the outcome of the vote on the compensation proposal. Approval of the compensation proposal requires the affirmative vote of the holders of a majority of the shares of Spansion common stock present or represented by proxy at the special meeting and entitled to vote thereon. If you fail to submit a proxy or fail to instruct your broker or nominee to vote, it will have no effect on the compensation proposal, assuming a quorum is present. If you mark your proxy or voting instructions to abstain, it will have the effect of a vote against the compensation proposal.

The Spansion board unanimously recommends a vote FOR the approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Spansion named executive officers that is based on or otherwise relates to the merger agreement and merger.

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PROPOSAL 3.

POSSIBLE ADJOURNMENT TO SOLICIT ADDITIONAL PROXIES,

IF NECESSARY OR APPROPRIATE

The Spansion special meeting may be adjourned to another time and place to permit further solicitation of proxies, if necessary or appropriate, to obtain additional proxies if there are not sufficient votes to approve the merger proposal.

Spansion is asking you to authorize the holder of any proxy solicited by the Spansion board to vote in favor of any adjournment of the Spansion special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger proposal.

The Spansion board unanimously recommends a vote FOR the proposal to approve the adjournment of the Spansion special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and approve the transactions contemplated by the merger agreement.

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THE MERGER

The following is a description of the material aspects of the merger, including the merger agreement. While we believe that the following description covers the material terms of the merger, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire joint proxy statement/prospectus, including the merger agreement attached to this joint proxy statement/prospectus as Annex A, for a more complete understanding of the merger.

Background of the Merger

Spansion and Cypress are both participants in the semiconductor industry and are familiar with each other s business. Each of them routinely evaluates business alternatives and strategic opportunities as part of their ongoing evaluation of developments in the marketplace and participates in discussions with third parties regarding possible commercial arrangements, partnerships and transactions.

The Cypress board and management have a robust process in place for the periodic and ongoing review of strategic opportunities. This process is led by the chief technology officer (CTO) with the direct involvement of the chief executive officer (CEO), executive vice president business leads and the chief financial officer of Cypress (executive management). The process involves the analysis of potential acquisitions of companies or product lines of other companies, collaborations with other companies and other business combinations.

In 2013 Cypress analyzed 12 strategic opportunities. These opportunities began with extensive evaluation by executive management, including the CEO. The majority of these opportunities were analyzed, reviewed and discussed over the course of several months and helped Cypress develop and refine its strategic focus for 2014.

In 2014 Cypress evaluated an additional eight strategic opportunities, including an acquisition of Spansion. Executive management conducted various levels of discussions with 5 specific parties and Spansion. The discussions with each of the parties evolved over a period of months and included meetings with CEOs, executive management, bankers, the exchange of due diligence information necessary to analyze the opportunities, and in-person meetings (including outside the U.S.), and led Cypress to the view that a merger with Spansion was the best strategic opportunity for the shareholders of Cypress.

The Spansion board and management periodically review strategic opportunities for Spansion, including potential acquisitions of companies or their product lines, collaborations with other companies and other business combinations. Such periodic reviews led to Spansion s acquisition of the microcontroller and analog business of Fujitsu in August 2013 and, in early 2014, to the investigation of other potentially complementary acquisitions. In July 2014, Spansion engaged Jefferies LLC, referred to as Jefferies, as financial advisor to assist with the investigation of an opportunity for Spansion to acquire a strategic party, referred to as Party A.

In furtherance of Spansion s strategy to acquire complementary businesses and product lines from third parties, John H. Kispert, the chief executive officer of Spansion, met with the management of a strategic party, referred to as Party B, in January 2014, to discuss the potential acquisition of a portion of Party B s business.

In early 2014, Mr. Kispert also met with the management of a strategic party, referred to as Party C, to follow up on discussions that had taken place over the course of the previous several years regarding the potential acquisition by Spansion of a portion of Party C s business. During the course of such discussions, Party C expressed unsolicited interest in acquiring Spansion, but the pricing terms of a potential acquisition were not discussed at that time. Nonetheless, Spansion s management believed that discussions regarding such potential acquisition by Party C or regarding a potential acquisition of a business unit of Party C by Spansion could be worthwhile.

On April 2, 2014, Spansion entered into a mutual nondisclosure agreement with Party C for the purpose of evaluating a potential acquisition of Spansion or other strategic transaction.

Also in April 2014, representatives of a strategic party, referred to as Party D, met with Spansion s senior management to discuss a potential acquisition of a particular business unit of Spansion. In April 2014 and May 2014, Spansion engaged in discussions with Party D to explore signing a mutual nondisclosure agreement regarding such a potential acquisition of a particular business unit of Spansion, or other strategic transaction.

At a meeting of the Spansion board on April 27, 2014, Mr. Kispert updated the board on the inquiries from Party C and Party D. At this meeting, the Spansion board requested that Spansion s management update its three-year operating plan in order to provide a basis against which the board could evaluate any transaction proposal that might be received from Party C or any other party. The board also recommended that Spansion s management engage Morgan Stanley & Co. LLC, referred to as Morgan Stanley, as financial advisor to assist with the process of updating Spansion s three-year operating plan, potentially responding to Party C s interest in an acquisition of Spansion and evaluating any other potential strategic alternatives or proposals.

On May 7, 2014, Party D informed Spansion that it was not comfortable agreeing to a standstill provision in the mutual nondisclosure agreement that Party D and Spansion were negotiating.

On May 16, 2014, Spansion indicated to Party D that it would not be able to provide all of the information that Party D was requesting without a standstill provision, but offered to meet with Party D during the week of May 19, 2014 to provide limited due diligence information.

At a meeting on May 16, 2014, Spansion s board discussed the interest of Party C in an acquisition of Spansion.

On May 23, 2014, Party D informed Spansion that, due to other strategic priorities, it would not pursue a strategic transaction of the type previously discussed with Spansion at that time.

On June 9, 2014, Spansion entered into an amended mutual nondisclosure agreement with Party C to clarify the parties respective obligations concerning the disclosure of certain confidential information.

On June 12, 2014, representatives of Spansion and representatives of Party C met at the offices of Fenwick & West LLP, referred to as Fenwick, Spansion s outside legal counsel, to discuss a potential acquisition of Spansion or other strategic transaction.

From June 2014 through August 2014, Spansion and Party C continued to have conversations regarding a potential acquisition of Spansion by Party C, and Spansion continued to provide information to Party C.

On July 25, 2014, a strategic party, referred to as Party E, contacted Spansion s management to discuss strategic opportunities between the two companies, including an acquisition of Spansion. Although Spansion s board and management had concerns with respect to Party E s ability to fund an acquisition of Spansion independently or obtain access to sufficient financing resources as would be required to complete such a transaction, on July 28, 2014, Spansion entered into a mutual nondisclosure agreement with Party E for the purpose of further exploring strategic options with Party E.

On August 15, 2014, Morgan Stanley discussed several topics with Spansion s board, including a preliminary view of Spansion s valuation based on management s three-year operating plan and a range of strategic alternatives for Spansion, including strategic acquisitions, the sale of a business unit, a sale of the entire company and continuing to operate the company on a standalone basis. At the August 15, 2014 meeting, the Spansion board also discussed the potential acquisition by Spansion of Party A.

During the week of August 18, 2014, Mr. Kispert attended a meeting with representatives of Cypress, during which the Cypress representatives indicated that Cypress was potentially interested in a strategic transaction with Spansion in which Cypress and Spansion would combine, with T.J. Rodgers, the chief executive officer of Cypress, being the chief executive officer of the combined company.

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Over the course of August 2014 and September 2014, Spansion provided due diligence information to Party E.

In September 2014, Party B contacted Spansion s management and expressed interest in acquiring Spansion. The Spansion board and management considered the potential financial synergies of a business combination transaction and Party B s ability to finance an acquisition.

On September 8, 2014, a representative of Spansion indicated to a representative of Party E that Spansion could not provide certain information that Spansion considered to be commercially sensitive unless Party E made a proposal to acquire Spansion. Later in the week of September 8, 2014, Party E terminated discussions with Spansion.

On September 9, 2014, Spansion entered into a mutual nondisclosure agreement with Party B for the purpose of allowing Party B to evaluate a potential acquisition of Spansion.

On September 12, 2014, representatives of Spansion met with a representative of Cypress to discuss Cypress potential interest in a strategic transaction.

On September 15, 2014, Cypress discussed with Qatalyst Partners LP, referred to as Qatalyst Partners, whether Qatalyst Partners would act as its financial advisor with respect to a potential business combination with Spansion.

During the week of September 15, 2014, representatives of Morgan Stanley and Jefferies engaged in conversations with representatives of Qatalyst Partners, in which Qatalyst Partners indicated that Cypress was considering making a proposal for an all stock merger of equals. Representatives of Qatalyst Partners advised that Cypress was not yet prepared to offer further details as to the valuation of a potential transaction.

On September 18, 2014, Party B submitted a preliminary, non-binding proposal to acquire Spansion for $27.30 per share in an all-cash transaction.

In light of these events, the Spansion board convened later on September 18, 2014. Representatives of Fenwick attended the meeting. Mr. Kispert briefed the board on the recent proposal that Spansion had received from Party B and the inquiries that Spansion had received from Cypress with respect to a strategic transaction, as well as the status of the potential acquisition by Spansion of Party A. Representatives from Fenwick presented to the board regarding its fiduciary duties in evaluating acquisition proposals and strategic combinations. The Spansion board then resolved to create a special M&A committee of the board to appropriately and efficiently supervise and advise management in the process of exploring and evaluating a potential change of control of Spansion or strategic combination with a third party. The board appointed three of its directors, Raymond Bingham, Michael Wishart and William Mitchell, to serve as the members of the M&A committee. Members of the board also recommended that Spansion engage Morgan Stanley as well as Jefferies to serve as financial advisors to Spansion in connection with evaluating potential acquisitions of Spansion and other strategic alternatives.

On September 18, 2014, following the meeting of the Spansion board, the M&A committee convened. Representatives of Morgan Stanley and Fenwick attended the meeting. The M&A committee engaged in a lengthy discussion regarding the various unsolicited inquires received by Spansion s management, including the preliminary, all-cash, non-binding acquisition proposal received from Party B and the preliminary verbal indication of interest by Cypress. Representatives of Morgan Stanley discussed a range of strategic alternatives available to the Company, various preliminary valuation scenarios and preliminary examples of potential synergies that might be realized as a consequence of a strategic transaction. The M&A committee, management and representatives of Morgan Stanley and Fenwick discussed the parameters of an appropriate market check process. As part of a market check process the M&A committee directed management to follow up with Party C, Cypress and Party E and to engage with Party B to seek a higher valuation and test the level of Party B s board

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support for its proposal. The M&A committee also engaged in an extensive discussion of several other parties that might be approached in a market check process, including the M&A committee s and Morgan Stanley s perception of each such party s ability to effect a strategic transaction using either cash, stock or a combination thereof. Morgan Stanley commented on each such party and a discussion ensued. Among several factors that the committee considered with respect to each party were the strength of each such party s balance sheet and its financing capacity. Synergies (and potential negative synergies) with such parties were also discussed. Following the discussion, the M&A committee instructed management to initiate contact with several specific parties about their possible interest in a potential strategic transaction.

Shortly following the September 18, 2014 Spansion M&A committee meeting, Spansion management contacted Party C and three new strategic parties, referred to as Party F, Party G and Party H, to gauge each such party s interest in an acquisition of Spansion. Party F and Party G each stated that it was not interested in pursuing an acquisition of Spansion.

On September 25, 2014, Spansion and Cypress executed a mutual nondisclosure agreement in order to facilitate their consideration of a potential business combination.

On September 26, 2014, representatives of Spansion attended a meeting with members of Party H s management to have a preliminary discussion about Spansion s business and the possibility of an acquisition of Spansion by Party H, or other strategic transaction. At the conclusion of the meeting, Party H s management requested an additional meeting during the week of either September 29, 2014 or October 6, 2014.

On September 26, 2014, Party C indicated that it was not prepared at that time to make a proposal to acquire Spansion.

On September 27, 2014, Mr. Kispert and other representatives of Spansion participated in a day-long senior management presentation to the management of Party B.

The M&A committee of the Spansion board reconvened on September 29, 2014 to consider the status of discussions with various parties. Spansion management and representatives of Morgan Stanley, Jefferies and Fenwick attended the meeting. The M&A committee considered and discussed the responses received from Cypress, Party C, Party E, Party F, Party G and Party H since its September 18, 2014 meeting, as well as the management presentations to Party H on September 26, 2014 and to Party B on September 27, 2014. Representatives of Morgan Stanley and Jefferies reported to the M&A committee that Party C, Party D, Party E, Party F and Party G were not interested in submitting a proposal to acquire Spansion.

Morgan Stanley and Jefferies then outlined a potential timeline for a strategic transaction and recommended that all interested parties be asked to submit indications of interest by October 6, 2014, which the M&A committee approved. Morgan Stanley then discussed with the M&A committee various preliminary valuation scenarios, taking into consideration possible synergies. Following Morgan Stanley s and Jefferies presentation, the M&A committee discussed the status of the potential acquisition by Spansion of Party A. The M&A committee then authorized management to formally engage Morgan Stanley and Jefferies to serve as financial advisors to Spansion in connection with a possible acquisition or strategic transaction.

On October 1, 2014, Spansion entered into formal engagement agreements with each of Morgan Stanley and Jefferies as financial advisors in connection with a possible acquisition of Spansion or another strategic transaction.

On October 3, 2014, members of Spansion s management met with representatives of Cypress to discuss Spansion s business and a potential business combination transaction. The parties also discussed Cypress and its vision for the combined company.

On October 6, 2014, Party B verbally reaffirmed its proposal of $27.30 per share in cash and requested three to five weeks to continue business and financial due diligence and to prepare a definitive acquisition agreement.

Also on October 6, 2014, Spansion entered into a mutual nondisclosure agreement with Party H.

Also on October 6, 2014, representatives of Qatalyst Partners contacted Spansion s financial advisors by telephone and indicated that Cypress would need seven to ten additional days to refine its analysis of the potential synergies of a stock transaction.

On October 7, 2014, Mr. Rodgers called Mr. Kispert and stated that Cypress would provide a proposal for a business combination with Spansion no later than October 17, 2014, possibly as soon as October 15, 2014.

Later on October 7, 2014, Mr. Kispert and other representatives of Spansion provided a 90-minute presentation to Party H. Following this presentation, Party H indicated that it would not make a proposal to acquire Spansion at that time.

Later on October 7, 2014, the M&A committee of the Spansion board convened to discuss the status of discussions with Cypress, Party B and Party H. Spansion management and representatives of Morgan Stanley, Jefferies and Fenwick attended the meeting. The committee was informed of Party H s decision not to make a proposal to acquire Spansion.

At its October 7, 2014 meeting, the M&A committee of the Spansion board also discussed the potential acquisition by Spansion of Party A. The committee considered the potential near-term reaction of the stock market to Spansion s announcement of such an acquisition, the potential interest of Cypress and Party B in Party A s product portfolio, the increased size of Spansion if it consummated an acquisition of Party A, the requirement for Cypress and Party B to perform due diligence regarding Party A if such an acquisition were consummated and Cypress or Party B continued to be interested in acquiring Spansion and the potential benefits of the acquisition of Party A to Spansion s standalone strategy if a business combination involving Spansion was not consummated.

On October 9, 2014, October 10, 2014 and October 12, 2014, representatives of Cypress and Spansion participated in due diligence calls to discuss finance matters and Spansion s flash, microcontroller and analog product lines.

On October 13, 2014, members of Spansion s management attended a follow-up due diligence session with members of management of Party B.

On October 14, 2014, Spansion provided access to a virtual data room to Party B and began responding to Party B s due diligence requests.

On October 14, 2014, the Cypress board held a special meeting. Members of the Cypress management team, representatives of Qatalyst Partners and representatives of Wilson Sonsini Goodrich & Rosati, Professional Corporation, referred to as Wilson Sonsini, outside counsel to Cypress, attended the meeting. Mr. Rodgers and representatives of Qatalyst Partners updated the Cypress board with respect to the ongoing discussions with Spansion, Spansion s response to Cypress preliminary proposal and the results of the meetings between Cypress and Spansion on October 3, 2014. Cypress management reported to the board on its diligence findings from its October 9, 2014, October 10, 2014 and October 12, 2014 diligence calls regarding Spansion s flash, microcontroller and analog product lines. After discussion, the Cypress board authorized Mr. Rodgers to deliver to Spansion a written non-binding proposal for an all-stock business combination of Cypress and Spansion.

On October 15, 2014, Cypress delivered to Spansion a non-binding proposal for an all-stock business combination of Cypress and Spansion. The Cypress proposal provided for an exchange ratio reflecting a 12% premium to the ratio of the two companies stock trading prices to be determined based on the 15-day average of their trading prices up to five days prior to signing a definitive agreement. The proposal indicated that the exchange ratio would be subject to a lower limit of 1.718 and an upper limit of 2.4.

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On October 16, 2014, Spansion s financial advisors had a conversation with Party B s financial advisor, during which Party B s financial advisor indicated that Party B was not prepared to increase its offer of $27.30 per share. Party B s financial advisor noted that Spansion s stock price had declined to $16.27 per share (down from $23.58 per share on the date of Party B s October 6, 2014 non-binding proposal) and that Party B s stock price (and a number of other semiconductor companies stock prices) had also declined in the same period due to market concerns about a downturn in the semiconductor industry. Party B s financial advisor also expressed concern about the increasing cost of obtaining debt financing that would be necessary to consummate an acquisition of Spansion. As a result of these market conditions and developments, Party B s financial advisor indicated that Party B would wait to re-engage with Spansion until after Spansion completed its earnings announcement for the third quarter of fiscal 2014.

Also on October 16, 2014, representatives of a new strategic party located outside of the United States, referred to as Party J, contacted Mr. Kispert to express interest in acquiring Spansion. Mr. Kispert had contacted representatives of Party J over the course of the prior year regarding a potential acquisition by Spansion of Party J, which had not been consummated. Mr. Kispert invited the Party J representatives to contact Morgan Stanley and Jefferies to discuss Party J s interest in acquiring Spansion.

On October 17, 2014, Spansion s financial advisors had a conversation with Party B s financial advisor, during which Party B s financial advisor indicated that, as a result of the same market conditions and developments that Party B s financial advisor had noted to Spansion s financial advisors on October 16, 2014, Party B was no longer interested in acquiring Spansion.

On October 18, 2014, the full Spansion board met, together with management, to consider the status of discussions with various parties, including the proposal received from Cypress. Representatives of Morgan Stanley, Jefferies and Fenwick attended the meeting. At the meeting, representatives of Morgan Stanley and Jefferies noted for the board that Party J had expressed interest in an acquisition of Spansion. Morgan Stanley and Jefferies discussed various considerations relating to continued engagement with Cypress and Party J. At this meeting, the Spansion board also discussed the relative benefits of Spansion remaining as a standalone company, and Mr. Kispert provided an update regarding the potential acquisition by Spansion of Party A, including as to Spansion s due diligence investigation of Party A.

On October 20, 2014, representatives of Spansion s financial advisors contacted a new strategic party, referred to as Party I, to gauge Party I s interest in an acquisition of Spansion. Party I indicated that it was not interested in such a transaction.

On October 22, 2014, Party J, along with a financial partner, referred to as Party K, submitted a non-binding proposal to acquire Spansion for $25.88 per share in an all-cash transaction. Party J and Party K indicated that an acquisition of Spansion would be financed through a combination of debt and equity capital. Later on October 22, 2014, representatives of Spansion delivered a draft nondisclosure agreement to the representatives of Party J and Party K.

Throughout the weeks of October 13, 2014 and October 20, 2014, Spansion and Cypress management continued to evaluate the details of Cypress October 15, 2014 proposal. Among other things, Spansion management indicated to representatives of Cypress its views that an appropriate exchange ratio would be higher than the range that Cypress had proposed and that governance matters such as board composition and officer designations would need to be discussed.

On October 22, 2014, Cypress held a due diligence session to present its business to Spansion s management.

On October 31, 2014, Mr. Rodgers sent a letter to Mr. Kispert reiterating Cypress interest in consummating a strategic transaction with Spansion according to the terms presented in Cypress October 15, 2014 proposal. In his letter, Mr. Rodgers noted that, based on the current stock prices of Spansion and Cypress, Cypress proposal represented an exchange ratio of 2.326 and implied a valuation of $23.05 per share of Spansion common stock. Spansion determined that such a proposal implied that its stockholders would own approximately 49% of the combined company based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of Spansion s exchangeable 2.00% senior notes. Mr. Rodgers also requested that Spansion enter into an exclusivity agreement with Cypress in order to continue negotiating the proposed transaction.

On November 3, 2014, the Spansion board held a meeting to consider the status of discussions with various parties. Representatives of Morgan Stanley, Jefferies and Fenwick attended the meeting. At the meeting, representatives of Morgan Stanley and Jefferies discussed the proposal received on October 22, 2014 from Party J and its financial partner, Party K, and discussed the ability of Party J and Party K to consummate an acquisition of Spansion. Representatives of Morgan Stanley and Jefferies considered and discussed with the Spansion board publicly-available information concerning Party J s revenues, the size and status of Party K s fund, and the minimal U.S. acquisition experience of Party J and Party K. As a result of these factors, representatives of Morgan Stanley and Jefferies noted their assessments that the resources of Party K were insufficient to fund an acquisition of Spansion and that Party J would need additional financing to consummate such an acquisition, the sources of which were unknown (despite the fact that representatives of Morgan Stanley and Jefferies had requested clarity on these financing sources from Party J on several occasions). Further, representatives of Morgan Stanley and Jefferies noted that little information about Party J was publicly available, and that Party J and Party K had not provided comments to the draft nondisclosure agreement delivered to them on October 22, 2014 or delivered information regarding such parties financial wherewithal to timely consummate an acquisition of Spansion, which had been requested in earlier conversations. The Spansion board and its advisors also discussed concerns regarding the ability of Party J to obtain U.S. regulatory approvals required for the transaction, including under export control laws as well as laws regulating foreign investment in the U.S. The Spansion board considered all of these factors the size of Party J s revenues, the size and status of Party K s fund, the U.S. acquisition experience of Party J and Party K, the paucity of publicly-available information concerning Party J, the uncertainty regarding the identity of Party J s additional financing sources and the higher regulatory risk and determined that the Cypress proposal presented a substantially more certain path to consummating an acquisition with more certain results for Spansion s stockholders. Spansion s financial advisors then gave a presentation regarding, and the board members discussed, the strategic rationale for the Cypress transaction, including the potential financial synergies that such a transaction could generate, and presented a detailed analytical framework for evaluating the Cypress proposal. Mr. Kispert also advised the board that Spansion had not been able to agree on a purchase price with respect to the acquisition by Spansion of Party A, and that Spansion was not likely to proceed with the acquisition of Party A in the near term.

Following the Spansion board meeting on November 3, 2014, a member of Spansion s board spoke with a member of Cypress board by telephone regarding the details of Cypress proposal. The member of Spansion s board reiterated Spansion s belief that the exchange ratio offered in the Cypress proposal dated October 15, 2014 was too low and that Spansion stockholders should have a greater ownership percentage of the combined company than implied by Cypress proposal.

On November 3, 2014, representatives of Qatalyst Partners contacted Spansion s financial advisors and discussed certain key deal terms. Representatives of Qatalyst Partners noted that, given the proposed all-stock merger of equals structure, it would be appropriate and consistent with other mergers of equals for the merger agreement to contain a provision that would require each party to hold a meeting of their respective stockholders to vote on the proposed merger, even if a party received an alternative proposal that the party s board determined to be a superior proposal, to permit the stockholders to decide whether to consummate the merger. Spansion s financial advisors advised Qatalyst Partners that Spansion was not prepared to agree to such a voting provision at that time.

During the course of the week of November 3, 2014, representatives of Party J and representatives of Spansion attempted to negotiate a mutual nondisclosure agreement. During that week, Spansion and its representatives also attempted to validate the sources of Party J s financing.

On November 4, 2014, the Cypress board held a special meeting. Members of the Cypress management team, representatives of Qatalyst Partners and representatives of Wilson Sonsini attended the meeting. The Cypress board discussed the prior day s conversation with Spansion s board member and representatives of Qatalyst Partners reported to the Cypress board the discussion that they had with Spansion s financial advisors, also on November 3, 2014. The Cypress board considered Spansion s request that its stockholders hold a larger percentage of the combined company. The Cypress board discussed a range of exchange ratios and representatives from Qatalyst Partners discussed with the board the ownership percentages that such exchange ratios would imply. Representatives of Wilson Sonsini reviewed for the Cypress board its fiduciary duties in an all-stock business combination transaction of the type proposed with Spansion. After a lengthy discussion of the foregoing matters and Spansion s reaction to Cypress previous offer, relative valuation, current diligence findings and whether it would be appropriate to increase the exchange ratio, the Cypress board authorized Mr. Rodgers to deliver to Spansion a revised proposal reflecting a fixed exchange ratio of 2.457.

On November 4, 2014, Cypress delivered to Spansion a revised, non-binding proposal for an all-stock business combination of Cypress and Spansion, with a fixed exchange ratio of 2.457, which implied that Spansion stockholders would own approximately 50% of the combined company based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of Spansion s exchangeable 2.00% senior notes. The revised proposal indicated that Mr. Rodgers would be the chief executive officer of the combined company, Eric A. Benhamou, the chairman of Cypress board, would be the chairman of the board of the combined company and the board of directors of the combined company would be comprised of eight members, four of whom would be current Spansion directors and four of whom would be current Cypress directors. Cypress also indicated that the proposal constituted its best and final offer.

On November 6, 2014, a member of Cypress board and a member of Spansion s board discussed the revised Cypress proposal by telephone.

Later on November 6, 2014, the M&A committee of the Spansion board convened for the purpose of evaluating Cypress revised proposal and its request to enter into an exclusivity agreement. Representatives of Morgan Stanley and Jefferies attended the meeting and updated the committee as to the terms of the revised proposal. Representatives of Morgan Stanley then presented to the M&A committee regarding certain financial aspects of the proposed merger with Cypress. Representatives of Morgan Stanley and Jefferies then advised the M&A committee that, despite multiple attempts, they had been unable to validate the sources of Party J s financing of a potential acquisition of Spansion. After a lengthy discussion, the M&A committee determined that Cypress was a more credible potential counterparty since Cypress did not have to obtain third-party financing to consummate the proposed merger, had expressed an unequivocal commitment to consummating an acquisition of Spansion, had a shared belief in the expected synergies as a result of the proposed transaction, had conducted considerable due diligence with the aid of its financial and legal advisors, and, in the M&A committee s assessment, the proposed merger with Cypress posed no material regulatory challenges. As a result of these factors, the M&A committee authorized management to enter into an exclusivity agreement with Cypress and, subsequent to the M&A committee meeting, Spansion and Cypress entered into an exclusivity agreement providing for a 21 day exclusivity period. Spansion and its representatives then ceased discussions with Party J concerning a mutual nondisclosure agreement.

On November 7, 2014, representatives of the Spansion board met with Mr. Rodgers to discuss Cypress business, its succession plans regarding top management and its vision of the proposed combined company.

On November 17, 2014, Cypress formally engaged Qatalyst Partners as its financial advisor and Wilson Sonsini provided an initial draft of the merger agreement to Fenwick.

Spansion and its representatives reviewed the proposed merger agreement and the parties continued their respective ongoing due diligence investigations. On November 20, 2014 and November 21, 2014, Spansion and its representatives discussed key issues in connection with the merger, including (1) the stockholder voting provisions and board termination rights, and (2) governance provisions that related to the ongoing roles of

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Spansion s management and directors in the combined company and their ability to help ensure that the combined company would achieve the anticipated benefits of the merger.

On November 21, 2014, the Cypress board held a regularly scheduled meeting. Members of the Cypress management team, representatives of Qatalyst Partners and representatives of Wilson Sonsini attended the meeting. Representatives of Wilson Sonsini reviewed in detail for the Cypress board the terms of the merger agreement that was delivered to Fenwick on November 17, 2014. The Cypress board asked questions about the merger agreement and discussion ensued.

On November 21, 2014, representatives of Morgan Stanley spoke to representatives of Qatalyst Partners regarding certain key issues in the merger agreement. Following such discussion, Fenwick delivered a revised draft of the merger agreement to Wilson Sonsini.

On November 22, 2014, the M&A committee of the Spansion board convened to discuss the key issues in the merger agreement. Spansion management and representatives of Morgan Stanley and Fenwick attended the meeting. Representatives of Morgan Stanley provided an update of its conversation with representatives of Qatalyst Partners to the M&A committee. Following a discussion, the M&A committee instructed management and Fenwick, with the aid of Morgan Stanley and Jefferies, to continue negotiating the merger agreement with Cypress and Wilson Sonsini.

On November 25, 2014, Wilson Sonsini delivered a revised draft of the merger agreement to Fenwick.

Later on November 25, 2014, the Spansion board convened to review Spansion s third quarter results and to discuss the status of ongoing negotiations with Cypress, the results of Spansion s due diligence investigation into Cypress and the prospects for arriving at mutually agreeable terms for a definitive agreement. Representatives of Morgan Stanley, Jefferies and Fenwick attended the meeting. Morgan Stanley, Jefferies and Fenwick presented to the Spansion board regarding the material financial and other terms of the proposed definitive agreement, and an outline of the remaining key issues. Morgan Stanley and Jefferies also reviewed for the Spansion board the strategic rationale for a combination with Cypress, including the potential financial synergies implied by such a combination being developed by management, and engaged the board in a discussion of Spansion s and Cypress historical trading prices and financial projections developed by the management teams of the two companies.

Morgan Stanley also discussed other financial aspects of the proposed Cypress transaction and the board discussed the valuation of Spansion implied by the proposed Cypress transaction. Following this presentation, Fenwick advised the Spansion board concerning the regulatory requirements of the proposed combination, including the need to obtain regulatory approvals in the United States, Germany and other foreign jurisdictions. Fenwick then reviewed for the board its fiduciary duties in an all-stock merger of equals transaction and explained to the board that they would be asked to sign support agreements in their capacities as stockholders of Spansion. Following this discussion, the Spansion board instructed management and the representatives of Fenwick, with the aid of Morgan Stanley and Jefferies, to continue negotiating the merger agreement.

Later on November 25, 2014, representatives of Morgan Stanley and Jefferies participated in a telephonic discussion with representatives of Qatalyst Partners of certain key issues in the merger agreement.

On November 25, 2014 and November 26, 2014, Mr. Kispert received unsolicited emails from the management of Party J, in which Party J requested to meet with Mr. Kispert in December, to which Mr. Kispert did not respond because of the exclusivity agreement with Cypress.

On November 26, 2014, Fenwick reviewed the revised draft merger agreement with Spansion and its financial advisors and discussed the key issues. On the same day, the parties financial and outside legal advisors participated in telephonic discussions regarding key issues in the merger agreement and, following such discussions, Fenwick delivered a revised draft of the merger agreement to Wilson Sonsini.

On November 28, 2014, the Cypress board held a special meeting. Members of the Cypress management team, representatives of Qatalyst Partners and representatives of Wilson Sonsini attended the meeting.

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Representatives of Qatalyst Partners and Wilson Sonsini reviewed the key open issues in the merger agreement. Representatives of Qatalyst Partners reported to the Cypress board their discussion with Spansion s financial advisors on November 25, 2014. Representatives of Wilson Sonsini reviewed with the Cypress board the revised draft of the merger agreement that Fenwick delivered on November 26, 2014. Representatives of Wilson Sonsini also again reviewed with the Cypress board its fiduciary duties in an all-stock business combination transaction of the type proposed with Spansion and discussed with the Cypress directors the support agreements that they would be asked to sign in connection with the transaction in their capacities as stockholders of Cypress. After lengthy discussion the Cypress board instructed Cypress management to continue to negotiate the merger agreement and resolve the remaining outstanding issues.

The parties continued to negotiate the merger agreement and finalize their due diligence investigations and related disclosure letters over the course of November 28, 2014, November 29, 2014 and November 30, 2014. On November 29, 2014, representatives of Fenwick and Wilson Sonsini held a telephonic discussion to resolve the remaining outstanding issues in the merger agreement. Following such discussion, each of Fenwick and Wilson Sonsini advised their respective clients as to the ongoing discussions concerning unresolved key issues.

On November 30, 2014, a member of Spansion s board had a discussion with a representative of Wilson Sonsini to emphasize the importance of a balanced governance structure to reflect the merger of equals in which stockholders of each company would own approximately 50% of the combined company on a fully-diluted basis based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of Spansion s exchangeable 2.00% senior notes, and help to achieve a successful integration of the businesses of Spansion and Cypress and the realization of the anticipated benefits of the merger for the stockholders of the combined company. It was subsequently agreed between the parties that Raymond Bingham, the chairman of Spansion s board, would be chairman of the board of the combined company, that a current Spansion director would chair each of the combined company s compensation committee and governance committee, that a current Cypress director would chair the combined company s audit committee and that Mr. Kispert would chair the combined company s operations committee that would oversee integration of the two organizations.

Later on November 30, 2014, the Spansion board met to discuss the status of negotiations with Cypress. Representatives of Morgan Stanley, Jefferies and Fenwick attended. At the meeting, representatives of Fenwick summarized the key terms of the merger agreement for the Spansion board, with observations made by Morgan Stanley, including the conditions under which the merger could be terminated by either party, the conditions under which a termination fee would be payable, the amount of the termination fee, Cypress insistence on the stockholder voting provision and results of the negotiations regarding governance structure. Representatives of Morgan Stanley discussed financial aspects of the proposed business combination with Cypress. A representative of Fenwick also summarized for the board its fiduciary duties in connection with the proposed acquisition. The Spansion board indicated that, in light of the agreed balanced governance structure, the approximately 50% ownership of the combined company that Spansion stockholders were expected to receive, the anticipated strategic and financial benefits of the merger and the mutuality of the terms of the merger agreement, the board would be willing to accept the stockholder voting provision, provided that the remaining other issues in the merger agreement were satisfactorily resolved.

Subsequently, later on November 30, 2014 and early in the morning of December 1, 2014, Mr. Kispert received unsolicited emails from the management of Party K, in which Party K requested to meet with Mr. Kispert to continue discussions from early November 2014.

On December 1, 2014, the Spansion board met for the purpose of reviewing the final terms of the proposed merger agreement. At this meeting, representatives of Fenwick reviewed the resolution of the remaining issues in the merger agreement, and the board accepted them and the stockholder voting provision requested by Cypress. Representatives of Morgan Stanley provided an update to their financial review of the proposed merger. At the conclusion of the financial review, Morgan Stanley rendered for the benefit of the Spansion board its oral opinion, subsequently confirmed in writing on December 1, 2014, that as of such date and based upon and

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subject to the various assumptions, procedures, matters, qualifications and limitations on the scope of the review undertaken by Morgan Stanley as set forth in the written opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to the holders of shares of Spansion common stock (other than the holders of the excluded shares). Following discussion, the Spansion board unanimously (1) approved the merger agreement and the transactions contemplated by the merger agreement, upon the terms and subject to the conditions set forth in the merger agreement, (2) authorized management to submit the merger agreement to the Spansion stockholders for adoption at the Spansion stockholder meeting and (3) recommended that Spansion s stockholders adopt the merger agreement and approve the transactions contemplated by the merger agreement. At the December 1, 2014 meeting, the Spansion board also determined that Mr. Kispert should not respond to the emails most recently received from Party J and Party K as a result of the board s decision to approve the merger agreement with Cypress.

Later on December 1, 2014, the Cypress board met for the purpose of reviewing the final terms of the proposed merger agreement. At this meeting, representatives of Qatalyst Partners delivered to the Cypress board an oral opinion, which opinion was subsequently confirmed by delivery of a written opinion dated December 1, 2014, to the effect that, as of that date and based on and subject to the considerations, limitations and other matters set forth in the written opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to Cypress. Following discussion by the Cypress board, the Cypress board unanimously (1) approved the merger agreement and the transactions contemplated by the merger agreement, upon the terms and subject to the conditions set forth in the merger agreement, (2) authorized management to submit the issuance of Cypress shares in connection with the merger to the Cypress stockholders for approval and (3) recommended that the Cypress stockholders approve the issuance of Cypress shares pursuant to the merger.

Later on December 1, 2014, Fenwick and Wilson Sonsini finalized their due diligence investigations and related disclosure letters. Following the closing of trading on December 1, 2014, the parties executed the merger agreement.

Reasons for the Merger

Overview

The boards and management teams of both Cypress and Spansion believe that the proposed merger represents the best strategic alternative for delivering increased value to our respective stockholders.

Cypress and Spansion believe the merger presents a unique strategic opportunity to create a combined entity that will be a leading provider of microcontrollers and specialized memory chips for embedded systems, and that the merger should allow the combined company to deliver significant benefits to its customers, stockholders and employees. Cypress and Spansion further believe that the combined company will be able to achieve meaningful synergies. The Cypress and Spansion boards and their respective management teams each analyzed various strategic alternatives to address their respective risks and challenges as stand-alone entities. See the section entitled *Background of the Merger* beginning on page 59 of this joint proxy statement/prospectus. After reviewing and discussing their respective strategic alternatives and the opportunity for the combined company presented by the merger, as more fully described below, the Cypress and Spansion boards each determined to pursue the merger in lieu of the other alternatives because each believes the merger will create a combined company that will be able to achieve the strategic and financial benefits described below.

Recommendation of the Cypress Board

At a meeting held on December 1, 2014, among other things, the Cypress board unanimously:

determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable and in the best interests of Cypress and its stockholders;

determined that the effective time of the merger and the other transactions contemplated by the merger agreement on the terms and conditions set forth in the merger agreement are advisable and in the best interests of Cypress and its stockholders;

approved the merger agreement and authorized and directed the officers of Cypress to execute and deliver the merger agreement for and on behalf of Cypress;

authorized and directed the officers of Cypress, for and on behalf of Cypress, to take all actions necessary to list the shares of Cypress common stock to be issued in the merger pursuant to the merger agreement on the Nasdaq Global Select Market in order to proceed with the merger and the other transactions contemplated by the merger agreement; and

resolved to recommend that the stockholders of Cypress approve and vote FOR the proposal of the issuance of Cypress common stock in the merger pursuant to the terms of the merger agreement.

Accordingly, the Cypress board unanimously recommends that Cypress stockholders vote FOR the proposal of the issuance of Cypress common stock in the merger pursuant to the terms of the merger agreement.

Among other things considered by the Cypress board in making this recommendation, the Cypress board requested and considered the opinion of Qatalyst Partners, described below in the section entitled *Opinion of Cypress Financial Advisor* beginning on page 72 of this joint proxy statement/prospectus, that as of December 1, 2014, and subject to the limitations, qualifications and assumptions set forth therein, the exchange ratio pursuant to the merger agreement is fair, from a financial point of view, to Cypress. Qatalyst Partners opinion addresses only the fairness of the exchange ratio pursuant to the merger agreement from a financial point of view to Cypress. The Cypress board has determined that the merger agreement and the transactions contemplated thereby are advisable and in the best interests of the Cypress stockholders, based in part upon its consideration of the Qatalyst Partners opinion, as well as numerous other factors described below.

In reaching its decision to approve the merger agreement, the Cypress board consulted with Cypress management regarding the strategic aspects of the merger, Cypress legal counsel regarding the legal terms of the merger and Cypress financial advisors regarding the financial aspects of the merger and the fairness, from a financial point of view, of the exchange ratio to Cypress.

The Cypress and Spansion boards each identified the following anticipated strategic and financial benefits of the merger:

Complementary Businesses. The products and development capabilities of the two companies are complementary, and should enable the combined company to compete more effectively in attractive markets. The combined company should be stronger than either company on its own, with greater breadth and depth in microcontrollers and specialized memory product offerings and a greater ability to develop new product offerings in these market segments.

Customers. The combined company will have deep relationships with many of the market-leading customers in our chosen market segments. Cypress expects the combined company to improve Cypress and Spansion s existing ability to expand current customer relationships, and expect to increase the penetration of new customer accounts. Cypress believes that the combination of the two companies product lines and engineering resources should enable the combined company to meet customer needs more effectively and to deliver more complete solutions to our customers. In addition, Cypress believes the larger sales organization, greater marketing resources and financial strength of the combined company may lead to improved opportunities for marketing the combined company s products.

Intellectual Property Portfolio. The combined company will have over 5,100 pending and issued U.S. patents, excluding pending and issued U.S. patents that have been abandoned, sold, or expired.

Synergies. The combined company is expected to realize more than $135 million in synergies on an annualized basis within three years of and to be accretive to non-GAAP earnings within the first full year after completing the merger due to increased operating efficiencies and leveraging economies of scale. Cypress expects the combined company to achieve such benefits from exercising greater purchasing power with its suppliers; consolidation and reduction of areas of overlap in operating and other expenses, including the expenses of maintaining two separate public companies.

Stronger Financial Position. The combined company will have greater scale and financial resources, including total cash and short term investments of approximately $447.1 million on a pro forma basis based on financial information available as of September 28, 2014. Cypress and Spansion expect that this stronger financial position will improve the combined company s ability to support product development strategies; to respond more quickly and effectively to customer needs, technological change, increased competition and shifting market demand; and to pursue strategic growth opportunities in the future, including acquisitions.

S*tock-for-Stock Transaction with Fixed Exchange Ratio*. The fact that the merger consideration is based on a fixed exchange ratio provides certainty as to the number of shares of Cypress common stock that will be issued to Spansion stockholders.

There can be no assurance that the anticipated strategic and financial benefits of the merger will be achieved, including that the anticipated synergies resulting from the merger will be achieved and/or reflected in the trading price of Cypress common stock following the completion of the merger.

Additional factors that the Cypress board considered in reaching its determination included, but were not limited to, the following:

the strategic benefits of the merger, as described in the section entitled *Reasons for the Merger* beginning on page 69 of this joint proxy statement/prospectus;

historical information concerning Cypress and Spansion s respective businesses, prospects, financial performance and condition, operations, technology, management and competitive position, including public reports concerning results of operations during the most recent fiscal year and fiscal quarter for each company filed with the Securities and Exchange Commission;

management s view of the financial condition, results of operations and businesses of Cypress and Spansion before and after giving effect to the merger;

current financial market conditions and historical market prices, volatility and trading information with respect to the common stock of Cypress and the common stock of Spansion;

the relationship between the market value of the common stock of Spansion and the consideration to be paid to stockholders of Spansion in connection with the merger;

the belief that the terms of the merger agreement, including the parties representations, warranties and covenants, and the conditions to their respective obligations, are reasonable;

management s view of the prospects of Cypress as an independent company;

other strategic alternatives for Cypress;

detailed financial analyses and pro forma and other information with respect to Cypress and Spansion presented by management and Qatalyst Partners, including Qatalyst Partners opinion to the effect that, as of the date of the opinion, and based upon and subject to the limitations, qualifications and assumptions set forth its opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to Cypress. A copy of Qatalyst Partners written opinion is attached to this joint proxy statement/prospectus as Annex B;

the impact of the merger on Cypress customers, suppliers and employees;

reports from management, legal and financial advisors as to the results of the due diligence investigation of Spansion;

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- the belief that the merger represents a unique strategic opportunity to create a market leader in SRAM and NOR Flash memory and a leading global provider of microcontrollers;

- the ability and likelihood of Cypress and Spansion to complete the merger, including their ability to obtain necessary stockholder and regulatory approvals;

- the fact that T.J. Rodgers will be the president and chief executive officer of the combined company; and

- the requirement that Cypress or Spansion compensate the other in some circumstances if the merger does not occur.

In addition, the Cypress board also identified and considered a variety of potentially negative factors in its deliberations concerning the merger, including, but not limited to:

- the risk that the potential benefits sought in the merger, including anticipated synergies, might not be fully realized;

- the possibility that the merger might not be completed, or that completion might be delayed;

- the substantial charges to be incurred in connection with the merger, including costs of integrating Cypress and Spansion and transaction expenses arising from the merger;

- the risk that despite the efforts of the combined company, key technical and management personnel might not remain employed by the combined company;

- the risk of diverting management focus and resources from other strategic opportunities and operational matters while implementing the merger;

- the restrictions on the conduct of Cypress business during the pendency of the merger;

- the risk that either Cypress stockholders may fail to approve the issuance of the shares of Cypress common stock in connection with the merger or that Spansion stockholders may fail to adopt the merger agreement and approve the transactions contemplated by the merger agreement; and

- various other risks associated with the merger and the businesses of Cypress and the combined company described in the section entitled *Risk Factors* beginning on page 21 of this joint proxy statement/prospectus.

The Cypress board concluded, however, that these negative factors could be managed or mitigated by Cypress or by the combined company or were unlikely to have a material impact on the merger or the combined company, and that, overall, the potentially negative factors associated with the merger were outweighed by the potential benefits of the merger.

The above discussion of the material factors considered by the Cypress board is not intended to be exhaustive, but does set forth the principal factors considered by it. The Cypress board collectively reached the unanimous conclusion to approve the merger agreement, the merger and the transactions contemplated by the merger agreement in light of the various factors described above and other factors that each member of the Cypress board felt were appropriate. In view of the wide variety of factors considered by it in connection with its evaluation of the merger and the complexity of these matters, the Cypress board did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. Rather, the Cypress board made its recommendation based on the totality of information presented to and the investigation conducted by it. In considering the factors discussed above and in making their determinations, individual directors may have given different weights to different factors.

Opinion of Cypress   Financial Advisor

Cypress retained Qatalyst Partners to act as financial advisor to the Cypress board in connection with a potential transaction and to evaluate whether the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to Cypress. Cypress selected Qatalyst Partners to act as its financial advisor based on Qatalyst Partners qualifications, expertise, reputation and knowledge of the business and affairs of Cypress and the industry in which it operates. Qatalyst Partners has provided its written consent to the reproduction of the Qatalyst Partners opinion in this joint proxy statement/prospectus. At the meeting of the Cypress board on December 1, 2014, Qatalyst Partners rendered its oral opinion, that, as of such date and based upon and subject to the considerations, limitations and other matters set forth therein, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to Cypress. Qatalyst Partners delivered its written opinion, dated December 1, 2014, to the Cypress board following the meeting of the Cypress board.

The full text of Qatalyst Partners written opinion, dated December 1, 2014, to the Cypress board, is attached hereto as Annex B and is incorporated by reference herein. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by Qatalyst Partners in rendering its opinion. You should read the opinion carefully in its entirety. Qatalyst Partners opinion was provided to the Cypress board and addresses only, as of the date of the opinion, the fairness from a financial point of view, of the exchange ratio pursuant to the merger agreement, to Cypress, and it does not address any other aspect of the merger. It does not constitute a recommendation as to how any holder of shares of Cypress common stock or shares of Spansion common stock should vote with respect to the merger or any other matter and does not in any manner address the price at which the Cypress common stock or Spansion common stock will trade at any time. The summary of Qatalyst Partners opinion set forth herein is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, Qatalyst Partners reviewed the merger agreement, certain related documents and certain publicly available financial statements and other business and financial information of Spansion and Cypress. Qatalyst Partners also reviewed (i) certain forward-looking information relating to Spansion prepared by the managements of Spansion and Cypress, including financial projections and operating data of Spansion which we refer to as the Spansion projections, (ii) certain forward-looking information relating to Cypress prepared by the management of Cypress, including financial projections and operating data of Cypress, which we refer to as the Cypress projections and (iii) information relating to certain strategic, financial and operational benefits anticipated from the merger prepared by the managements of Cypress and Spansion, which we refer to as the synergies, each as described below in the section entitled *Certain Prospective Financial Information Reviewed by the Cypress Board and Cypress Financial Advisor* beginning on page 77 of this joint proxy statement/prospectus. Additionally, Qatalyst Partners discussed the past and current operations and financial condition and the prospects of Spansion and Cypress with senior executives of Spansion and Cypress. Qatalyst Partners also reviewed the historical market prices and trading activity for the Spansion common stock and Cypress common stock and compared the financial performance of Spansion and Cypress and the prices and trading activity of the Spansion common stock and Cypress common stock with that of certain other selected publicly-traded companies and their securities. In addition, Qatalyst Partners performed such other analyses, reviewed such other information and considered such other factors as Qatalyst Partners deemed appropriate.

In arriving at its opinion, Qatalyst Partners assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to, or discussed with, Qatalyst Partners by Spansion and Cypress. With respect to the Spansion projections, Qatalyst Partners was advised by management teams of Spansion and Cypress, and Qatalyst Partners assumed, that the Spansion projections had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Spansion and Cypress of the future financial performance of Spansion. With respect to the Cypress projections, Qatalyst Partners was advised by the management of Cypress, and Qatalyst Partners assumed, that the Cypress projections had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the future financial performance of Cypress. With respect to the synergies, Qatalyst Partners was advised by the management of Cypress, and Qatalyst Partners assumed, that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Cypress relating to the strategic, financial and operational benefits anticipated from the merger. Qatalyst Partners assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement, without any modification, waiver or delay. In addition, Qatalyst Partners assumed, that in connection with the receipt of all the necessary approvals of the proposed merger, no delays, limitations, conditions or restrictions will be imposed that could have an adverse effect on Spansion, Cypress or the contemplated benefits expected to be derived in the proposed merger. Qatalyst Partners also assumed that the merger will qualify as a tax-free reorganization under the Internal Revenue Code of 1986, as amended. Qatalyst Partners did not make any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Spansion or Cypress, nor was Qatalyst Partners furnished with any such evaluation or appraisal. In addition, Qatalyst Partners relied, without independent verification, upon the assessment of the managements of Spansion and Cypress as to (i) the existing and future technology and products of Spansion and Cypress and the risks associated with such technology and products, (ii) their ability to integrate the business of Spansion and Cypress and (iii) their ability to retain key employees of Spansion and Cypress. Qatalyst Partners opinion has been approved by Qatalyst Partners opinion committee in accordance with its customary practice.

Qatalyst Partners opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion. Events occurring after the date of the opinion may affect Qatalyst Partners opinion and the assumptions used in preparing it, and Qatalyst Partners has not assumed any obligation to update, revise or reaffirm its opinion. Qatalyst Partners opinion does not address the underlying business decision of Cypress to engage in the merger, or the relative merits of the merger as compared to any strategic alternatives that may be available to Cypress. Qatalyst Partners opinion is limited to the fairness, from a financial point of view, of the exchange ratio pursuant to the merger agreement, to Cypress and Qatalyst Partners expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of the officers, directors or employees of Cypress or Spansion, or any class of such persons, relative to such exchange ratio.

The following is a brief summary of the material analyses performed by Qatalyst Partners in connection with its opinion dated December 1, 2014. The analyses and factors described below must be considered as a whole; considering any portion of such analyses or factors, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Qatalyst Partners opinion. For purposes of its analyses, Qatalyst Partners utilized the Cypress Case 1, Cypress Case 2, Spansion Case 1 and Spansion Case 2 projections, as well as the estimated synergies, each described below in the section entitled *Certain Prospective Financial Information Reviewed by the Cypress Board and Cypress Financial Advisor,* beginning on page 77 of this joint proxy statement/prospectus. Some of the summaries of the financial analyses include information presented in tabular format. The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by Qatalyst Partners, the tables must be read together with the full text of each summary. Considering the data set forth below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Qatalyst Partners financial analyses.

Illustrative Contribution Analysis

Qatalyst Partners calculated the equity ownership of the combined company that would be attributable to Cypress stockholders based on Cypress relative contribution to specific future financial metrics, namely revenue, gross profit, operating income and net income for Spansion and Cypress before taking into account the synergies that may be realized following the completion of the merger, for estimated years 2014 through 2017, using the Cypress projections and the Spansion projections. This analysis was undertaken to assist the Cypress board in understanding how Cypress stockholders ownership in the combined company implied by the exchange ratio (approximately 49.8% based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method based on trading prices at the time of announcement) and net share settlement of Spansion s exchangeable 2.00% senior notes) compared with the implied equity ownership for Cypress based on its contribution to certain future financial metrics for Spansion and Cypress. Qatalyst Partners derived implied pro forma equity ownerships of Cypress from such illustrative pro forma revenue, gross profit, operating income

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and net income contributions based on the assumption that Spansion s convertible debt would be treated as net share settled at prices above the applicable capped call price. The following table presents the results of this analysis:

	Cypress Case 1 and Spansion Case 1				Cypress Case 2 and Spansion Case 2			
	CY14E	CY15E	CY16E	CY17E	CY14E	CY15E	CY16E	CY17E
Revenue	35.8%	36.6%	39.0%	40.2%	36.0%	37.7%	37.3%	37.4%
Gross Profit	46.8%	46.4%	48.7%	49.4%	47.1%	48.2%	46.7%	46.6%
Operating Income	58.2%	50.0%	51.5%	51.7%	59.8%	58.6%	52.4%	53.4%
Net Income	65.3%	54.1%	54.3%	53.8%	67.2%	65.9%	56.8%	57.0%

Illustrative Relative Discounted Cash Flow Analysis

Qatalyst Partners performed an illustrative discounted cash flow (which we refer to as DCF) analysis, which is designed to imply a potential, present value of share values for Spansion common stock and Cypress common stock as of December 31, 2014 by:

adding:

(1) the implied net present value of the estimated future unlevered free cash flows of Spansion and Cypress, based on the Spansion projections and the Cypress projections, respectively, for fiscal year 2015 through fiscal year 2019 (which implied present value was calculated by using a range of discount rates of 8.5% to 12% for Spansion and 10% to 14% to Cypress, based on an estimated weighted average cost of capital for Spansion and Cypress, respectively); and

(2) the implied net present value of a corresponding terminal value of Spansion and Cypress, respectively, calculated by multiplying the estimated net operating profit after tax (assuming, in the case of Spansion, an effective tax rate of 28%, which tax rate excludes the effect of Spansion s estimated tax attributes, as such Spansion tax attributes were separately valued) (which we refer to as NOPAT), in fiscal year 2020, based on the Spansion projections and Cypress projections, respectively, by a range of multiples of terminal next-12-months NOPAT multiples of 11x to 16x for Spansion and 13x to 19x for Cypress, and discounted to present value using the same range of discount rates used in item (1) above;

adding, in the case of Spansion, the value associated with Spansion s estimated tax attributes;

subtracting net debt of Spansion or Cypress, as applicable, estimated as of December 31, 2014, assuming in the case of Spansion that exchangeable debt would be treated as net share settled at prices above the applicable capped call price;

applying a dilution factor of 18.5% for Spansion and 17.2% for Cypress to reflect the dilution to current stockholders over the projection period due to the effect of future equity compensation grants projected by management of Spansion and Cypress, respectively; and

dividing the resulting amount for (i) Spansion by the number of fully-diluted shares of Spansion common stock outstanding, adjusted for stock options, restricted stock units and performance stock units, as estimated by Spansion s management as of November 30, 2014, and assuming that Spansion s exchangeable debt would be treated as net share settled at prices above the applicable capped call price and (ii) for Cypress by the number of fully-diluted shares of Cypress common stock outstanding, stock options, restricted stock awards, restricted stock units, performance stock units and performance accelerated restricted stock, as provided by Cypress s management as of November 28, 2014.

Based on the calculations set forth above, Qatalyst Partners calculated the following implied exchange ratio reference ranges (the high end of each implied exchange ratio reference range was calculated by dividing the high end of Spansion s implied per share price reference range by the low end of Cypress implied per share price reference range, the low end of each implied exchange ratio reference range was calculated by dividing the

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low end of Spansion s implied per share price reference range by the high end of Cypress implied per share price reference range, and the indicated midpoint value of each implied exchange ratio reference range was calculated by dividing the midpoint of Spansion s implied per share price reference range by the midpoint of Cypress implied per share price reference range):

Cypress Case 1 and Spansion Case 1	Cypress Case 2 and Spansion Case 2
1.606 3.804, implied midpoint: 2.465	1.615 3.696; implied midpoint: 2.428

Illustrative Incremental Value DCF Analysis

Qatalyst Partners also performed an illustrative pro forma discounted cash flow analysis with respect to Cypress, taking into account the proposed merger with Spansion, at the exchange ratio, based on the Unaudited Pro Forma Combined Forecasts, which are described below in the section entitled *Certain Prospective Financial Information Reviewed by the Cypress Board and Cypress Financial Advisor* beginning on page 77 of this joint proxy statement/prospectus, to calculate indications of the implied pro forma present value of shares of Cypress common stock in the event the merger is completed and subtracted from such implied pro forma present value the implied present value per share of Cypress common stock on a standalone basis (calculated above) to calculate the illustrative incremental present value per share of Cypress common stock resulting from the merger. Qatalyst Partners calculated pro forma prices per share using the methodologies above and by applying a pro forma discount rate of 9% to 13%, based on an estimated weighted average cost of capital for Cypress in the event the merger is completed, and a pro forma terminal next-12-months NOPAT multiple of 13x to 17x, and applying a dilution factor of 16.7% to 17.5% as provided by Cypress management. This analysis resulted in the following implied ranges of illustrative incremental values per share of Cypress common stock:

Cypress Case 1 and Spansion Case 1	Cypress Case 1 and Spansion Case 2	Cypress Case 2 and Spansion Case 1	Cypress Case 2 and Spansion Case 2
$8.97 $11.38	$4.45 $5.73	$10.96 $14.89	$6.82 $8.77

Miscellaneous

In connection with the review of the merger by the Cypress board, Qatalyst Partners performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily amenable to a partial analysis or summary description. In arriving at its opinion, Qatalyst Partners considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Qatalyst Partners believes that selecting any portion of its analyses, without considering all analyses as a whole, could create a misleading or incomplete view of the process underlying its analyses and opinion. In addition, Qatalyst Partners may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Qatalyst Partners view of the actual value of Spansion and Cypress. In performing its analyses, Qatalyst Partners made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Spansion and Cypress. Any estimates contained in Qatalyst Partners analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Qatalyst Partners conducted the analyses described above solely as part of its analysis of the fairness, from a financial point of view, of the exchange ratio pursuant to the merger agreement to Cypress, and in connection with the delivery of its opinion to the Cypress board. These analyses do not purport to be appraisals or to reflect the price at which the Spansion common stock or the Cypress common stock might actually trade.

Qatalyst Partners opinion and its presentation to the Cypress board were two of many factors considered by the Cypress board in deciding to approve the merger agreement. Consequently, the analyses as described above should not be viewed as determinative of the opinion of the Cypress board with respect to the exchange ratio

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pursuant to the merger agreement to Cypress or of whether the Cypress board would have been willing to agree to a different exchange ratio. The exchange ratio was determined through arm s-length negotiations between Spansion and Cypress and was approved by the Cypress board. Qatalyst Partners provided advice to Cypress during these negotiations. Qatalyst Partners did not, however, recommend any specific exchange ratio to Cypress or that any specific consideration constituted the only appropriate consideration for the merger.

Qatalyst Partners provides investment banking and other services to a wide range of corporations and individuals, domestically and offshore, from which conflicting interests or duties may arise. In the ordinary course of these activities, affiliates of Qatalyst Partners may at any time hold long or short positions, and may trade or otherwise effect transactions in debt or equity securities or loans of Spansion, Cypress or certain of their respective affiliates. During the two year period prior to the date of Qatalyst Partners opinion, no material relationship existed between Qatalyst Partners or any of its affiliates and Spansion or Cypress pursuant to which compensation was received by Qatalyst Partners or its affiliates; however, Qatalyst Partners and/or its affiliates may in the future provide investment banking and other financial services to Spansion or Cypress or any of their respective affiliates for which it would expect to receive compensation.

Under the terms of its engagement letter, Qatalyst Partners provided Cypress with financial advisory services in connection with the proposed merger for which it will be paid $19 million, $150,000 of which was payable upon the execution of such engagement letter and $4 million of which was payable upon delivery of its opinion (regardless of the conclusion reached in the opinion), and the remaining portion of which will be paid upon, and subject to, consummation of the merger. Cypress has also agreed to reimburse Qatalyst Partners for its expenses incurred in performing its services. Cypress has also agreed to indemnify Qatalyst Partners and its affiliates, their respective members, directors, officers, partners, agents and employees and any person controlling Qatalyst Partners or any of its affiliates against certain liabilities, including liabilities under federal securities law, and certain expenses related to or arising out of Qatalyst Partners engagement.

Certain Prospective Financial Information Reviewed by the Cypress Board and Cypress Financial Advisor

Although Cypress has publicly issued limited projections concerning various aspects of its expected financial performance, Cypress does not make public disclosure of detailed forecasts or projections of its expected financial performance for extended periods because of, among other things, the inherent difficulty of accurately predicting financial performance for future periods and the likelihood that the underlying assumptions and estimates may prove incorrect.

In connection with the evaluation of the merger, however, Cypress management prepared unaudited prospective financial information for Cypress on a stand-alone basis, without giving effect to the merger, and on a combined basis, and estimated synergies arising in connection with the merger. Cypress is electing to provide the summary unaudited prospective financial information and the estimated synergies in this section of the joint proxy statement/prospectus to provide Cypress and Spansion stockholders access to certain non-public unaudited prospective financial information and estimated synergies that were made available to the Cypress board, and a portion of which were made available to the Spansion board as described in the section entitled *Certain Prospective Financial Information Reviewed by the Spansion board and Spansion s Financial Advisor* beginning on page 94 of this joint proxy statement/prospectus, for purposes of considering and evaluating the merger.

The unaudited prospective financial information and estimated synergies were also provided to the financial advisor of Cypress. See also the section entitled *Opinion of Cypress Financial Advisor* beginning on page 72 of this joint proxy statement/prospectus. The unaudited prospective financial information and estimated synergies were not prepared with a view toward public disclosure and the inclusion of summary unaudited prospective financial information and estimated synergies below should not be regarded as an indication that any of Cypress, Spansion or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results. None of Cypress, Spansion, or their respective affiliates or representatives assumes any responsibility to stockholders of Cypress or Spansion for the accuracy of this information.

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The unaudited prospective financial information and estimated synergies summarized below were not prepared for purposes of public disclosure, nor were they prepared on a basis designed to comply with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of projections. Neither Cypress independent registered public accounting firm, which is listed as an expert in the section entitled *Experts* on page 210 of this joint proxy statement/prospectus, nor any other independent accountants, compiled, examined or performed any procedures with respect to the projections or estimated synergies summarized below, and has not expressed any opinion or any other form of assurance on this information or its achievability, and assumes no responsibility for, and disclaims any association with, the unaudited prospective financial information and estimated synergies. The reports of the independent registered public accounting firms incorporated by reference in this joint proxy statement/prospectus relate to historical financial statements. They do not extend to any prospective financial information or the estimated synergies and should not be seen to do so.

Although presented with numerical specificity, the unaudited prospective financial information and estimated synergies were prepared in accordance with variables, estimates, and assumptions that are inherently uncertain and may be beyond the control of Cypress, and which may prove not to have been, or to no longer be, accurate. While in the view of Cypress management the unaudited prospective financial information and estimated synergies were prepared on a reasonable basis, the unaudited prospective financial information and estimated synergies are subject to many risks and uncertainties. Important factors that may affect actual results and cause actual results to differ materially from the unaudited prospective financial information and estimated synergies include risks and uncertainties relating to Cypress and Spansion s businesses, industry performance, the regulatory environment, general business and economic conditions, market and financial conditions, various risks set forth in Cypress and Spansion s reports filed with the Securities and Exchange Commission, and other factors described or referenced in the section entitled *Cautionary Statement Regarding Forward-Looking Information* on page 28 of this joint proxy statement/prospectus.

The unaudited prospective financial information and estimated synergies also reflect assumptions that are subject to change and are susceptible to multiple interpretations and periodic revisions based on actual results, revised prospects for Cypress and Spansion s businesses, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the unaudited prospective financial information and estimated synergies were prepared. In addition, the unaudited prospective financial information and estimated synergies do not take into account any circumstances, transactions or events occurring after the date the unaudited prospective financial information and estimated synergies were prepared. Accordingly, actual results will likely differ, and may differ materially, from those contained in the unaudited prospective financial information and estimated synergies. We do not assure you that the financial results in the unaudited prospective financial information or the synergies set forth in the estimated synergies will be realized or that future financial results (including synergies) of Cypress or Spansion will not materially vary from those in the unaudited prospective financial information or the estimated synergies.

None of Cypress, Spansion, or their respective affiliates, officers, directors, or other representatives gives any stockholder of Cypress or Spansion, or any other person, any assurance that actual results will not differ materially from the unaudited prospective financial information or the estimated synergies, and, except as otherwise required by law, none of them undertakes any obligation to update or otherwise revise or reconcile the unaudited prospective financial information or the estimated synergies to reflect circumstances after the date the unaudited prospective financial information and estimated synergies were generated or to reflect the occurrence of future events, even in the event that any or all of the assumptions and estimates underlying the unaudited prospective financial information and estimated synergies are shown to be in error.

No one has made or makes any representation to any stockholder of Cypress or Spansion, or anyone else regarding, nor assumes any responsibility for the validity, reasonableness, accuracy or completeness of, the unaudited prospective financial information or the estimated synergies set forth below. You are cautioned not to rely on the unaudited prospective financial information or the estimated synergies. The inclusion of this

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information should not be regarded as an indication that the Cypress board, the Spansion board, any of their advisors or any other person considered, or now considers, it to be material or to be a reliable prediction of actual future results.

The unaudited prospective financial information and estimated synergies included below cover multiple years, and this information by its nature becomes subject to greater uncertainty with each successive year. The unaudited prospective financial information and estimated synergies should be evaluated, if at all, in conjunction with the historical financial statements and other information contained in Cypress and Spansion s respective public filings with the Securities and Exchange Commission.

Cypress management made various assumptions when preparing the unaudited Cypress prospective financial information. The Cypress forecasts reflect in the first case, which we refer to as Cypress Case 1, Cypress internal five-year projections developed for internal review and financial prospects that are more positive than Cypress Case 2 but less positive than the the 75th percentile or 75%-ile revenue forecast for the years 2015 through 2018 that Cypress published in its annual report for 2013. Cypress Case 1 reflects the management team s view of the growth potential of each business unit. The forecast assumes that each of the core semiconductor businesses units will grow over the forecast period, supporting a CAGR of 8% from 2014 to 2020 for the combined revenue from those business units and a CAGR of 13% from 2014 to 2020 for overall Cypress revenue. The Cypress forecasts reflect in the second case, which we refer to as Cypress Case 2, the financial prospects associated with the the 25th percentile or 25%-ile revenue forecast for the years 2015 through 2018 that Cypress published in its annual report for 2013. The Cypress revenue forecast for these years statistically combines the individual revenue forecasts for each of Cypress business units using Monte Carlo analysis to allow for the fact that success and failure could simultaneously occur in different groups. The assumptions support an overall Cypress revenue CAGR of 5% from 2014 to 2018, with only 2% CAGR in combined revenues from the core semiconductor business units of the Cypress Memory Products Division, Programmable Systems Division and Data Communications Division over the time period. The projections of 2019 and 2020 overall Cypress revenue assume that compound annual revenue growth over the period continues to be 5%. These assumptions supported a revenue CAGR of 5% to 14% from 2014 to 2018. The forecasts did not attempt to take into account a variety of detailed assumptions or other matters that have changed since the preparation of the forecasts, such as Cypress actual 2014 financial performance and changes to general economic conditions.

The following table presents summary selected unaudited Cypress prospective financial information for the calendar years ending 2015 through 2020 prepared by Cypress management in connection with the Cypress board s evaluation of the merger (in millions):

	Cypress Case 1						**Cypress Case 2**					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
Revenue	$ 816	$ 955	$ 1,067	$ 1,233	$ 1,380	$ 1,495	$ 780	$ 794	$ 827	$ 894	$ 950	$ 987
Non-GAAP Operating Income	$ 138	$ 191	$ 232	$ 290	$ 338	$ 366	$ 128	$ 136	$ 153	$ 186	$ 199	$ 207
NOPAT	$ 128	$ 177	$ 216	$ 270	$ 308	$ 330	$ 119	$ 126	$ 142	$ 173	$ 181	$ 187
Unlevered Free Cash Flow	$ 99	$ 160	$ 242	$ 296	$ 320	$ 343	$ 76	$ 113	$ 161	$ 193	$ 198	$ 207

Non-GAAP Operating Income adjusts GAAP operating income to exclude costs associated with stock-based compensation, intangible amortization, restructuring charges, acquisition related expenses, inventory markup amortization, bankruptcy reserve reversal, litigation reserve, financing arrangements related costs and other non-cash or non-recurring adjustments, net. The Spansion and combined projections noted below include the impact of actual defensive litigation expense incurred and excludes the adjustments to the accrual for estimated defensive litigation costs for the next four quarters per Spansion policy.

Net Operating Profit After Tax, which we refer to as NOPAT, is the relevant company s operating profits presented on a non-U.S. GAAP basis to exclude costs listed in the in Non-GAAP Operating Income, and tax-affected for a specific time period.

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Unlevered Free Cash Flow is a non-U.S. GAAP financial measure calculated by starting with non-U.S. GAAP operating income and subtracting taxes, capital expenditures, investments in working capital and investments in certain equity securities and then adding back depreciation and amortization expense. Pro Forma Combined Unlevered Free Cash Flow subtracts cash restructuring costs.

Due to the forward-looking nature of the selected unaudited prospective financial information, specific quantifications of the amounts that would be required to reconcile it to GAAP measures are not available. Cypress believes that there is a degree of volatility with respect to certain GAAP measures, and certain adjustments made to arrive at the relevant non-GAAP measures, which preclude Cypress from providing accurate forecasted non-GAAP to GAAP reconciliations.

In connection with Cypress consideration of the merger, Spansion s management provided Cypress with summary selected unaudited prospective financial information for the calendar years 2014 through 2017. After review of this summary selected unaudited Spansion prospective financial information, Cypress management prepared two alternative versions of this unaudited Spansion prospective financial information, based on Cypress due diligence investigation of Spansion and assumptions deemed appropriate by Cypress management relating to Spansion s business and operations for the years 2014 through 2017, as well as extrapolations of this alternative Spansion prospective financial information, based on assumptions deemed appropriate by Cypress management relating to Spansion s business and operations for the years 2018, 2019 and 2020.

We refer to this alternative unaudited prospective financial information as the adjusted Spansion forecasts. The adjusted Spansion forecasts reflect in the first case, which we refer to as Spansion Case 1, a defensive litigation expense of $20 million in 2014 and $11 million in 2015 as well certain tax assumptions, and in the second case, which we refer to as Spansion Case 2, revise flash revenue downwards by approximately 8% to 12% per annum for the periods projected and accelerate licensing revenue decline. The forecasts did not attempt to take into account a variety of detailed assumptions or other matters that have changed since the preparation of the forecasts, such as Spansion s actual 2014 financial performance and changes to general economic conditions. The following table presents the adjusted Spansion forecasts (in millions):

	Spansion Case 1						**Spansion Case 2**					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
Revenue	$ 1,363	$ 1,450	$ 1,550	$ 1,643	$ 1,742	$ 1,846	$ 1,249	$ 1,292	$ 1,341	$ 1,388	$ 1,436	$ 1,486
Non-GAAP Operating Income	$ 138	$ 180	$ 218	$ 269	$ 316	$ 369	$ 93	$ 124	$ 135	$ 153	$ 173	$ 193
NOPAT	$ 100	$ 130	$ 157	$ 194	$ 228	$ 266	$ 67	$ 90	$ 97	$ 110	$ 124	$ 139
Unlevered Free Cash Flow	$ 100	$ 138	$ 130	$ 178	$ 216	$ 251	$ 90	$ 95	$ 77	$ 98	$ 115	$ 133

In order to help the Cypress board analyze the merger, Cypress management prepared unaudited prospective financial information that combined the first and second Cypress projection cases described above and the two alternative versions of Spansion s unaudited prospective financial information, taking into account estimated synergies, which we refer to as the Unaudited Pro Forma Combined Forecasts. The following table presents the Unaudited Pro Forma Combined Forecasts (in millions):

	Pro Forma Combined Including Synergies: Cypress Case 1 and Spansion Case 1						Pro Forma Combined Including Synergies: Cypress Case 1 and Spansion Case 2					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
Revenue	$ 2,179	$ 2,419	$ 2,638	$ 2,902	$ 3,147	$ 3,367	$ 2,065	$ 2,261	$ 2,429	$ 2,646	$ 2,842	$ 3,007
Non-GAAP Operating Income	$ 291	$ 457	$ 596	$ 726	$ 823	$ 904	$ 246	$ 402	$ 513	$ 610	$ 679	$ 728
NOPAT	$ 266	$ 421	$ 549	$ 669	$ 748	$ 816	$ 220	$ 369	$ 473	$ 565	$ 619	$ 658
Unlevered Free Cash Flow	$ 202	$ 363	$ 554	$ 669	$ 757	$ 815	$ 178	$ 321	$ 476	$ 561	$ 628	$ 665

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	Pro Forma Combined Including Synergies Cypress Case 2 and Spansion Case 1						Pro Forma Combined Including Synergies Cypress Case 2 and Spansion Case 2					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
Revenue	$ 2,143	$ 2,258	$ 2,397	$ 2,563	$ 2,717	$ 2,859	$ 2,030	$ 2,100	$ 2,188	$ 2,307	$ 2,412	$ 2,500
Non-GAAP Operating Income	$ 282	$ 403	$ 517	$ 621	$ 685	$ 745	$ 236	$ 347	$ 434	$ 505	$ 541	$ 570
NOPAT	$ 257	$ 371	$ 476	$ 572	$ 622	$ 673	$ 211	$ 318	$ 399	$ 468	$ 493	$ 515
Unlevered Free Cash Flow	$ 180	$ 312	$ 482	$ 571	$ 636	$ 680	$ 156	$ 270	$ 405	$ 464	$ 507	$ 529

In calculating estimated synergies, Cypress management made assumptions with respect to expenses including manufacturing, sales and marketing, product development, personnel, facilities, information technology infrastructure and administration. Assumptions include a reduction in redundant expenses, a reduction of duplicative operating resources, future headcount avoidance and severance costs to achieve synergies. The following table presents estimated synergies, excluding some amounts related to the pro forma tax structure of the combined business, prepared in connection with Cypress evaluation of the merger (in millions) for the years 2015 through 2020:

	2015	2016	2017	2018	2019	2020
Estimated Synergies	$ 16	$ 89	$ 148	$ 168	$ 171	$ 171

The adjusted Spansion forecasts were used to assist the Cypress board in its evaluation of the quantitative and strategic rationale for the merger. Cypress also provided the adjusted Spansion forecasts to its financial advisor for use in connection with the preparation of its financial analyses described in the section entitled *Opinion of Cypress Financial Advisor* beginning on page 72 of this joint proxy statement/prospectus.

Interests of the Directors and Executive Officers of Cypress in the Merger

Immediately following the effective time of the merger, the Cypress board (the combined company) will have eight total members, four of whom will be from the current Cypress board, including T.J. Rodgers, Eric A. Benhamou and two others from the current Cypress board to be mutually agreed, and four of whom will be from the current Spansion board. Immediately following the effective time of the merger, the chairman of the Audit committee of the Cypress board will be one of the members of the Cypress board as of immediately prior to the effective time of the merger, the chairman of the operations committee, the nominating and governance committee and the compensation committee will in each case be one of the members of the Spansion board as of immediately prior to the effective time of the merger. Mr. Rodgers will be the chief executive officer of the combined company and Thad Trent will be the chief financial officer of the combined company. Before the effective time of the merger, Cypress will also purchase, for the benefit of the directors and officers of Cypress, liability insurance with a coverage limit of no less than $50 million, or such other amount as is mutually agreed by Spansion and Cypress.

Cypress Executive Compensation Payable in Connection with the Merger

As indicated by the following table which sets forth the information required by Item 402(t) of Regulation S-K promulgated by the Securities and Exchange Commission in this joint proxy statement/prospectus, none of Cypress named executive officers for fiscal year 2014 will receive compensation that is based on, or that otherwise relates to, the merger.

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Cypress Golden Parachute Compensation

Executive	Cash ($)	Equity ($)	Pension / NQDC ($)	Perquisites / Benefits ($)	Tax Reimbursement ($)	Other ($)	Total ($)
T.J. Rodgers	0	0	0	0	0	0	0
Thad Trent	0	0	0	0	0	0	0
Paul D. Keswick	0	0	0	0	0	0	0
J. Daniel McCranie	0	0	0	0	0	0	0
Dana C. Nazarian	0	0	0	0	0	0	0
Brad W. Buss	0	0	0	0	0	0	0

Recommendation of the Spansion Board; Spansion s Reasons for the Merger

At a meeting held on December 1, 2014, the Spansion board unanimously (1) approved the merger agreement and the transactions contemplated by the merger agreement, upon the terms and subject to the conditions set forth in the merger agreement, (2) authorized management to submit the merger agreement to the Spansion stockholders for adoption at the Spansion stockholder meeting and (3) recommended that Spansion s stockholders adopt the merger agreement and approve the transactions contemplated by the merger agreement.

Accordingly, the Spansion board unanimously recommends that Spansion stockholders vote FOR the proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement at the Spansion stockholder meeting.

The Spansion board believes that the merger presents a strategic opportunity to create value for Spansion s stockholders. In reaching its decision to approve the merger agreement and recommend the adoption of the merger agreement to its stockholders, the Spansion board consulted with management, as well as its legal advisors and financial advisors, and considered a number of factors, including, among others, the following:

the Spansion board s evaluation of the significant strategic opportunities and benefits of the merger, including, among others, the following:

(1) its belief that the merger represents a unique strategic opportunity to create a new market leader in SRAM and NOR Flash memory and a leading global provider of microcontrollers, well positioned for sustained growth and profitability across its geographies and business segments;

(2) the expectation based on estimates by Spansion and Cypress management prior to the execution of the merger agreement that the merger will result in more than $135 million in synergies on an annualized basis within three years;

(3) the expectation that the merger will be accretive to non-GAAP earnings per share in the first full year following the closing;

(4) the value of the consideration to be received by Spansion stockholders as a result of the transaction and the relationship between the current and historical market values of Spansion common stock and Cypress common stock;

(5) the fact that the exchange ratio represented a premium to the trading price of Spansion common stock at the time the merger agreement was signed that was significant for a merger of equals transaction;

(6) its conclusion that the businesses of Spansion and Cypress are a complementary fit and that the merger will provide expanded product offerings, greater opportunities for innovation, synergy opportunities, scale advantages and enhanced opportunities for growth, including in the automotive, IoT, industrial and communications markets;

(7) the potential to increase revenue through cross-selling to shared strategic customer accounts; and

(8) the expectation that Spansion stockholders will benefit from Cypress stated dividend policy upon effective time of the merger;

the Spansion board s knowledge of Spansion s business, financial and competitive position, and of Spansion s operating plan for 2015 and its strategic plans for subsequent years;

the Spansion board s understanding of Cypress business, financial and competitive position, and of Cypress operating plan for 2015 and its strategic plans for subsequent years;

current financial market conditions and historical market prices, volatility and trading information with respect to Spansion s common stock and Cypress common stock;

current industry, economic and market conditions and the various alternatives to the merger, including Spansion continuing to operate as an independent enterprise or completing a business combination with another party and the benefits and risks associated with those alternatives;

the structure of the transaction as a merger of equals in which Spansion stockholders would have substantial participation in the future growth and value creation of the combined company and the expectation that the Spansion board and management would have a meaningful role in the management and governance of the combined company, including, among others, the following:

(1) the fixed exchange ratio, which will not fluctuate as a result of changes in the market prices of shares of Spansion or Cypress, and which provides certainty that Spansion stockholders will own approximately 50.2% of the fully diluted shares of Cypress common stock following the completion of the merger based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of the Spansion exchangeable 2.00% senior notes;

(2) that upon closing the board of the combined company will consist of an equal number of directors selected by Spansion and by Cypress;

(3) that Spansion s non-executive chairman of the board, Raymond Bingham, will be appointed as the non-executive chairman of the board of the combined company;

(4) that Spansion s President and Chief Executive Officer, John H. Kispert, will be appointed as the chairman of the operations committee of the board of the combined company, and, in such capacity, will have the opportunity to help the combined company achieve anticipated synergies and manage integration;

(5) that the chairman of the compensation committee of the Cypress board will be a current Spansion director;

(6) that the chairman of the nominating and governance committee of the Cypress board will be a current Spansion director;

(7) that the chairman of the audit committee of the Cypress board will be a current Cypress director; and

(8) the continuity provided to the combined company provided by members of senior management of Spansion;

the perceived similarity in corporate cultures, which would facilitate integration and implementation of the merger;

the ability and likelihood of Spansion and Cypress to complete the merger, including their ability to obtain necessary regulatory approvals and the obligations to attempt to obtain those approvals, and measures taken by Spansion and Cypress to provide reasonable assurance to each other that the merger will occur, including the provisions of the merger agreement that require Spansion or Cypress to compensate the other in some circumstances if the merger does not occur;

the fact that the merger is not subject to any financing condition;

the expectation that the transaction will be treated as a tax-free reorganization to Spansion and Cypress and their respective stockholders for U.S. federal income tax purposes;

the fact that the Cypress common stock that Spansion stockholders will receive pursuant to the merger will be registered and freely tradable following the merger;

its review and discussions with Spansion management concerning the due diligence examination of Cypress business, operations, financial condition and prospects;

the oral opinion of Morgan Stanley, subsequently confirmed in writing, rendered to the Spansion board that, as of December 1, 2014 and based upon and subject to the various assumptions, procedures, matters, qualifications and limitations on the scope of the review undertaken by Morgan Stanley as set forth in the written opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders of shares of Spansion common stock other than the holders of excluded shares (see the section entitled *Opinion of Spansion s Financial Advisor* beginning on page 86 of this joint proxy statement/prospectus);

the terms and conditions of the merger agreement and the course of negotiations of the merger agreement, including, among other things, the ability of the Spansion board, if there is a superior offer or other specified intervening event, to withdraw or modify its recommendation to Spansion stockholders concerning the transactions contemplated by the merger agreement, as described under *The Merger Agreement Obligations of each of the Cypress and Spansion Boards with Respect to its Recommendation and Holding a Meeting of its Stockholders* beginning on page 117 of this joint proxy statement/prospectus; and

other terms of the merger agreement, including the mutual representations, warranties and covenants, and the conditions to each party s obligations to complete the merger.

The Spansion board also weighed the factors described above against certain factors and potential risks associated with entering into the merger agreement, including, among others, the following:

the difficulty inherent in integrating the businesses, assets and workforces of two large companies and the risk that the anticipated synergies and other benefits expected from the merger might not be fully realized;

the possibility of customer, supplier, management and employee disruption associated with the merger and integrating the operations of the companies;

the risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger;

the risk that the cultures of the two companies may not be as compatible as anticipated;

the fact that the exchange ratio is fixed, indicating that Spansion stockholders could be adversely affected by a decrease in the trading price of Cypress common stock during the pendency of the merger and the fact that the merger agreement does not provide Spansion with a price-based termination right or other similar protection;

the restrictions on the conduct of Spansion s and Cypress businesses prior to the completion of the proposed merger, which may delay or prevent Spansion or Cypress from undertaking business opportunities that may arise or other actions either of them would otherwise take or refrain from taking with respect to the operations of Spansion and Cypress pending completion of the proposed merger which could be beneficial to the longer term prospects of Spansion as a stand-alone entity or of the combined entity following the merger;

the fact that the merger restricts Spansion from soliciting alternative business combination transactions and limits its ability to provide confidential due diligence information to, or engage in discussions with, a third party interested in pursuing an alternative business combination transaction (see the section entitled *The Merger Agreement Cypress and Spansion are Required to Terminate Any Existing Discussions with Third Parties and are Prohibited from Soliciting Other Offers* beginning on page 115 of this joint proxy statement/prospectus);

the fact that the termination fee to be paid to Cypress under the circumstances specified in the merger agreement may discourage other parties that might otherwise have an interest in a business combination with, or an acquisition of, Spansion (see the section entitled *The Merger Agreement Termination; Fees and Expenses* beginning on page 125 of this joint proxy statement/prospectus);

the fact that Spansion must submit the proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement to the Spansion stockholders even if the Spansion board changes its recommendation in favor of the merger, and the risk that such requirement may discourage other parties that might otherwise have an interest in a business combination with, or an acquisition of, Spansion (see the section entitled *The Merger Agreement Obligations of each of the Cypress and Spansion Boards with Respect to its Recommendation and Holding a Meeting of its Stockholders* beginning on page 117 of this joint proxy statement/prospectus);

the ability of the Cypress board, under specified circumstances, to withdraw or modify its recommendation to Cypress stockholders concerning the transactions contemplated by the merger agreement (see the section entitled *The Merger Agreement Obligations of each of the Cypress and Spansion Boards with Respect to its Recommendation and Holding a Meeting of its Stockholders* beginning on page 117 of this joint proxy statement/prospectus of this joint proxy statement/prospectus);

the fact that Spansion s President and Chief Executive Officer will not be the Chief Executive Officer of the combined company and that the merger agreement does not require that any Spansion officers will serve in similar capacities with the combined company;

the amount of time it could take to complete the merger, including the fact that completion of the merger depends on factors such as regulatory approvals that are outside Spansion s control;

the risk that either Cypress stockholders may fail to approve the issuance of the shares of Cypress common stock that are issuable in connection with the merger or Spansion stockholders may fail to adopt the merger agreement and approve the transactions contemplated by the merger agreement;

the possibility of significant costs and delays resulting from seeking regulatory approvals necessary to complete the transactions contemplated by the merger agreement, the possibility that the transactions may not be completed if such approvals are not obtained, and the potential negative impacts on Spansion, its business and its stock price if such approvals are not obtained; and

- the fact that if the proposed merger is not completed, Spansion will have expended significant human and financial resources on a failed transaction, and may also be required to pay a termination fee in various circumstances, as described under *The Merger Agreement Termination; Fees and Expenses* beginning on page 125; and the risks described in the section entitled *Risk Factors Risk Factors Relating to the Merger* beginning on page 21 of this joint proxy statement/prospectus.

In considering the recommendation of the Spansion board with respect to the proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement, you should be aware that some of Spansion s directors and executive officers may have interests in the merger that are different from, or in addition to, yours. The Spansion board was aware of and considered these interests, among other matters, in evaluating the merger agreement and the transactions contemplated by the merger agreement, and in recommending that the merger agreement be adopted by Spansion stockholders. See the section entitled *Interests of the Directors and Executive Officers of Spansion in the Merger* beginning on page 97 of this joint proxy statement/prospectus.

The foregoing discussion of the information and factors considered by the Spansion board in reaching its conclusions and recommendations is not intended to be exhaustive, but includes the material factors considered by the Spansion board. In view of the wide variety of factors considered in connection with its evaluation of the

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merger agreement and the transactions contemplated by the merger agreement, and the complexity of these matters, the Spansion board did not find it practicable to, and did not attempt to, quantify, rank or assign any relative or specific weights to the various factors considered in reaching its determination and making its recommendation. In addition, individual directors may have given different weights to different factors. The Spansion board considered all of the foregoing factors as a whole and based its recommendation on the totality of the information presented.

The foregoing discussion also contains forward-looking statements with respect to future events that may have an effect on Spansion s financial performance or the future financial performance of the combined company. See the sections entitled Cautionary Statement Regarding Forward-Looking Information beginning on page 28 and Risk Factors beginning on page 21 of this joint proxy statement/prospectus.

Opinion of Spansion s Financial Advisor

Spansion retained Morgan Stanley to act as financial advisor to Spansion s board in connection with the proposed merger of Spansion and Cypress. Spansion s board selected Morgan Stanley to act as its financial advisor based on Morgan Stanley s qualifications, expertise and reputation, its knowledge of and involvement in recent transactions in the semiconductor industry, and its knowledge of Spansion s business and affairs. At the meeting of Spansion s board on December 1, 2014, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of such date, and based upon and subject to the various assumptions, procedures, matters, qualifications and limitations on the scope of the review undertaken by Morgan Stanley as set forth in the written opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders of shares of Spansion common stock (other than the holders of the excluded shares). References to Spansion s common stock in this description of Morgan Stanley s opinion refer to Spansion s Class A common stock.

The full text of the written opinion of Morgan Stanley, dated as of December 1, 2014, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached to this joint proxy statement/prospectus as Annex C. You are encouraged to read the entire opinion carefully and in its entirety. Morgan Stanley s opinion was rendered for the benefit of Spansion s board, in its capacity as such, and addressed only the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement to the holders of shares of Spansion common stock (other than the holders of the excluded shares) as of the date of the opinion. Morgan Stanley s opinion did not address any other aspect of the merger or related transactions, including the prices at which shares of Spansion common stock or Cypress common stock would trade at any time in the future, or any compensation or compensation agreements arising from (or relating to) the merger which benefit any officer, director or employee of Spansion, or any class of such persons. The opinion was addressed to, and rendered for the benefit of, Spansion s board and was not intended to, and does not, constitute advice or a recommendation to any holder of shares of Spansion common stock as to how to vote or act on any matter with respect to the merger or related transactions or any other action with respect to the transactions contemplated by the merger agreement.

In connection with rendering its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of Spansion and Cypress, respectively;

reviewed certain internal financial statements and other financial and operating data concerning Spansion and Cypress, respectively;

reviewed certain financial projections prepared by the managements of Spansion and Cypress, respectively;

reviewed information relating to certain strategic, financial and operational benefits anticipated from the merger, prepared by the managements of Spansion and Cypress, respectively;

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- discussed the past and current operations and financial condition and the prospects of Spansion, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of Spansion;

- discussed the past and current operations and financial condition and the prospects of Cypress, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of Cypress;

- reviewed the pro forma impact of the merger on Cypress earnings per share, cash flow, financial ratios and consolidated capitalization;

- reviewed the reported prices and trading activity for Spansion common stock and Cypress common stock;

- compared the financial performance of Spansion and Cypress and the prices and trading activity of Spansion common stock and Cypress common stock with that of certain other publicly-traded companies comparable with Spansion and Cypress, respectively, and their securities;

- reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

- participated in certain discussions and negotiations among representatives of Spansion and Cypress and their financial and legal advisors;

- reviewed the merger agreement and certain related documents; and

- performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied, or otherwise made available to Morgan Stanley by Spansion and Cypress, and formed a substantial basis for its opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the merger, Morgan Stanley assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of Spansion and Cypress of the future financial performance of Spansion and Cypress. In addition, Morgan Stanley assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, that the merger will be treated as a tax-free reorganization, pursuant to the Internal Revenue Code of 1986, as amended. Morgan Stanley assumed that, in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed merger. Morgan Stanley relied upon, without independent verification, the assessment by the managements of Spansion and Cypress, respectively, of: (i) the strategic, financial and other benefits expected to result from the merger; (ii) the timing and risks associated with the integration of Spansion and Cypress, (iii) their ability to retain key employees of Spansion and Cypress, respectively, and (iv) the validity of, and risks associated with, Spansion and Cypress existing and future technologies, intellectual property, products, services and business models. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of Spansion and Cypress and their advisors with respect to legal, tax, or regulatory matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of Spansion s officers, directors or employees, or any class of such persons, relative to the consideration to be received by the holders of shares of Spansion common stock in the merger. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Spansion or Cypress, nor was Morgan Stanley furnished with any such valuations or appraisals. Morgan Stanley s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of December 1, 2014. Events occurring after December 1, 2014 may affect Morgan Stanley s opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion.

Summary of Financial Analyses

The following is a brief summary of the material financial analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion dated December 1, 2014. The following summary is not a complete description of Morgan Stanley s opinion or the financial analyses performed and factors considered by Morgan Stanley in connection with its opinion, nor does the order of analyses described represent the relative importance or weight given to those analyses. In connection with arriving at its opinion, Morgan Stanley considered all of its analyses as a whole and did not attribute any particular weight to any analysis described below. Considering any portion of such analyses and factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Morgan Stanley s opinion. The various analyses summarized below were based on the closing price of $23.37 per share of Spansion common stock and of $10.60 per share of Cypress common stock as of November 28, 2014, the last full trading day prior to the meeting of Spansion s board to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby. Some of these summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Furthermore, mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using the data referred to below.

In performing the financial analyses summarized below and in arriving at its opinion, Morgan Stanley utilized and relied upon certain financial projections provided by Spansion and Cypress managements and referred to below, including the management cases, which are described below. For further information regarding the financial projections, see the section entitled *Certain Prospective Financial Information Reviewed by the Spansion Board and Spansion s Financial Advisor* beginning on page 94 of this joint proxy statement/prospectus.

On December 1, 2014, Spansion and Cypress entered into the merger agreement pursuant to which each share of Spansion common stock (other than the excluded shares) would be exchanged for 2.457 shares of Cypress common stock. Based on the closing price of Cypress common stock on November 28, 2014 (the last full trading day prior to the meeting of Spansion s board to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby), this exchange ratio represented an implied price of $26.04 per share of Spansion common stock. Based on the exchange ratio and shares, restricted stock units, options and net share settlement of the Spansion exchangeable 2.00% senior notes outstanding on November 30, 2014, Morgan Stanley calculated that, as a result of the merger, Spansion s stockholders would own approximately 50.2% of the fully diluted shares of Cypress common stock based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method), and the net share settlement of the Spansion exchangeable 2.00% senior notes, and Cypress shareholders would own the remaining approximately 49.8% of Cypress following completion of the merger pursuant to the merger agreement.

Historical Exchange Ratio Analysis

Morgan Stanley reviewed the range of the ratio of closing prices of Spansion common stock divided by the corresponding closing prices of Cypress common stock over various periods ended on November 28, 2014 (the last full trading day prior to the meeting of Spansion s board to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby). For each of the periods reviewed, Morgan Stanley observed the relevant range of low and high exchange ratios.

Period Ending November 28, 2014	Range of Exchange Ratios		Implied Spansion Ownership	
Last Three Years	0.45x	2.31x	14.4%	48.4%
Last 12 Months	1.25x	2.31x	32.3%	48.4%
Last 30 Days	1.74x	2.20x	40.2%	47.1%

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Morgan Stanley noted that the exchange ratio pursuant to the merger agreement was 2.457x, which implied Spansion stockholders ownership of approximately 50.2% of the fully diluted shares of Cypress common stock based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of the Spansion exchangeable 2.00% senior notes outstanding and that based on the prices of shares of Spansion common stock and Cypress common stock on November 28, 2014 (the last full trading day prior to the meeting of Spansion s board to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby), an exchange ratio implied solely by such closing stock prices as of that date would be 2.20x, which would imply Spansion stockholders ownership of approximately 47.1% of the fully diluted shares of Cypress common stock based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of the Spansion exchangeable 2.00% senior notes outstanding.

Equity Research Analysts Future Price Targets Implied Exchange Ratio Analysis

Morgan Stanley reviewed and analyzed future public market trading price targets for Spansion common stock and Cypress common stock prepared and published by equity research analysts prior to November 28, 2014 (the last full trading day prior to the meeting of Spansion s board to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby). These forward targets reflected each analyst s estimate of the future public market trading price of Spansion common stock and Cypress common stock and were not discounted to reflect present values. Morgan Stanley compared the maximum and minimum price targets for both Spansion and Cypress to construct the exchange ratio range for its financial analysis.

The public market trading price targets published by equity research analysts do not necessarily reflect current market trading prices for Spansion common stock or Cypress common stock, and these estimates are subject to uncertainties, including the future financial performance of Spansion and Cypress, and future financial market conditions.

Spansion Equity Research Analysts Future Price Targets

The range of undiscounted analyst price targets for Spansion common stock was $19.50 to $26.00 per share as of November 28, 2014 (the last full trading day prior to the meeting of Spansion s board to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby), and Morgan Stanley noted that the median undiscounted analyst price target was $24.00 per share.

Cypress Equity Research Analysts Future Price Targets

The range of undiscounted analyst price targets for Cypress common stock was $8.00 to $13.00 per share as of November 28, 2014 (the last full trading day prior to the meeting of Spansion s board to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby), and Morgan Stanley noted that the median undiscounted analyst price target was $10.00 per share.

Implied Exchange Ratio based on Equity Research Analysts Future Price Targets

Research Estimates	**Range of Exchange Ratios**	**Implied Spansion Ownership**
As of November 28, 2014	1.50x 3.25x	36.5% 58.0%

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Relative Contribution Analysis

Morgan Stanley compared Spansion and Cypress stockholders respective percentage ownership of the combined company to Spansion s and Cypress respective percentage contribution (and the implied ownership and the implied exchange ratio based on such contribution) to the combined company using estimated calendar year 2014 through calendar year 2017 earnings before interest taxes depreciation and amortization (which we refer to as EBITDA), EBITDA less capital expenditures (which we refer to as Capex), earnings before interest and taxes (which we refer to as EBIT) and non-GAAP net income based on estimates prepared by the managements of Spansion and Cypress, respectively, which we refer to as the management cases and as more fully described under the section entitled *Certain Prospective Financial Information Reviewed by the Spansion Board and Spansion s Financial Advisor* beginning on page 94 of this joint proxy statement/prospectus. The following table summarizes Morgan Stanley s analysis:

Management Cases

Calendar Years 2014E 2017E	Range of Implied Exchange Ratios	Implied Spansion Ownership
EBITDA	2.46x 2.79x	50.2% 53.8%
EBITDA Capex	1.88x 2.69x	42.4% 52.8%
EBIT	2.31x 2.64x	48.5% 52.2%
Net Income	1.87x 2.30x	42.3% 48.4%

Morgan Stanley noted that the exchange ratio pursuant to the merger agreement was 2.457x, which implied Spansion stockholders ownership of approximately 50.2% of the fully diluted shares of Cypress common stock based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of the Spansion exchangeable 2.00% senior notes and that based on the prices of shares of Spansion common stock and Cypress common stock on November 28, 2014 (the last full trading day prior to the meeting of Spansion s board to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby), an exchange ratio implied solely by such closing stock prices as of that date would be 2.20x, which would imply Spansion stockholders ownership of approximately 47.1% of the fully diluted shares of Cypress common stock based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of the Spansion exchangeable 2.00% senior notes.

Analysis of Precedent Transactions

Morgan Stanley performed a precedent transactions analysis, which is designed to imply a value of a company based on publicly available financial terms and premiums applicable to selected transactions that share some characteristics with this merger.

In connection with its analysis, Morgan Stanley compared publicly available statistics for 43 selected merger of equals transactions with transaction values greater than $500 million from January 1, 2003 to November 28, 2014 (the last full trading day prior to the meeting of Spansion s board to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby), in which the consideration received was predominantly stock and the target s representation on the board of the merged entity was equal to 50% or more. The following is a list of these transactions:

Abitibi Inc. / Bowater Inc.

Alliance Unichem plc / Boots UK Ltd

Arcelor S.A. / Mittal Steel Co, N.V.

Autostrade SpA / Abertis Infraestructuras S.A.

Avoca Resources Ltd. / Anatolia Minerals Development Ltd.

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Bank One Corp. / JPMorgan & Co. Inc.

Bergen Brunswig Corp. / Amerisource Corp.

Biogen Inc. / IDEC Corp.

bwin Interactive Entertainment AG / PartyGaming plc

Cable Design Technologies Corp. / Belden Inc.

Caremark Rx, LLC / CVS Health Corp.

Carphone Warehouse plc / Dixons Retail plc

ECCO S.A. / Adecco S.A.

Euronext N.V. / NYSE Group, Inc.

FNX Mining Company, Inc. / Quadra Mining Ltd.

Frontier Oil Corp. / Holly Corp

Gemplus International S.A. / Axalto International Ltd.

Global Marine Systems Ltd. / Santa Fe International Corp.

GulfTerra Energy Partners, LP / Enterprise Products Partners LP

Hanover Compressor Co. / Universal Compression Holdings, Inc.

IBERIA LAE S.A. / British Airways plc

Intentia, Inc. / Lawson Software, Inc.

Lucent Technologies, Inc. / Alcatel S.A.

Meiji Seika Kaisha Co., Ltd / Meiji Dairies Co., Ltd.

Metavante Technologies, Inc. / Fidelity National Information Services, Inc.

MindSpring Enterprises / EarthLink Holdings Corp.

Mirant Corp. / RRI Energy, Inc.

Molson Inc. / Coors Brewing Co.

Nextel Communications, Inc. / Sprint Corp.

OfficeMax Inc. / Office Depot, Inc.

Omnicom Group Inc. / Publicis Groupe S.A.

ProLogis, Inc. / AMB Property Corp.

Subsea 7 S.A. / Acergy S.A.

The Travelers Companies, Inc. / The St. Paul Companies, Inc.

Ticketmaster Entertainment, LLC / Live Nation Entertainment, Inc.

Tokyo Electron, Ltd / Applied Materials, Inc.

TransAtlantic Holdings Inc. / Allied World Assurance Company Holdings AG

TriQuint Semiconductor, Inc. / RF Micro Devices Inc.

Union Planters Corp. / Regions Financial Corp.

UniTAB Ltd. / Tattersalls Ltd.

UrAsia Energy Ltd. / sxr Uranium One Inc.

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Varco, Inc. / National Oilwell Inc.

XM Satellite Radio Holdings Inc. / Sirius Radio Inc.

For each transaction listed above, Morgan Stanley noted the board representation and senior executive management roles attributed to the smaller company (as measured by market capitalization) involved in the transaction, as provided for in the transaction s definitive documentation. Morgan Stanley also noted the implied exchange ratio premium to the spot exchange ratio and the 30 trading day average exchange ratio, respectively, for the constituent companies, where available.

For the transactions listed above, Morgan Stanley selected a representative range of implied exchange ratio premiums to the spot and 30 trading day average exchange ratios and compared such representative ranges to the average exchange ratio of Spansion common stock and Cypress common stock over the respective periods ended November 28, 2014 (the last full trading day prior to the meeting of Spansion s board to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby). The following table summarizes Morgan Stanley s analysis:

Period Ending November 28, 2014	Reference Range		Range of Exchange Ratios		Implied Spansion Ownership	
Spot Exchange Ratio Premium	(5%)	25%	2.09x	2.76x	45.6%	53.4%
30 Trading Day Average Exchange Ratio Premium	0%	20%	1.99x	2.39x	44.1%	49.4%

Morgan Stanley noted that the exchange ratio pursuant to the merger agreement was 2.457x, which implied Spansion stockholders ownership of approximately 50.2% of the fully diluted shares of Cypress common stock based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of the Spansion exchangeable 2.00% senior notes, and that based on the prices of shares of Spansion common stock and Cypress common stock on November 28, 2014 (the last full trading day prior to the meeting of Spansion s board to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby), an exchange ratio implied solely by such closing stock prices as of that date would be 2.20x, which would imply Spansion stockholders ownership of approximately 47.1% of the fully diluted shares of Cypress common stock based on each of Cypress and Spansion s fully diluted shares including equity awards (using the treasury method) and net share settlement of the Spansion exchangeable 2.00% senior notes.

No company or transaction utilized in the precedent transactions analysis is identical to Spansion, Cypress or the merger. In evaluating the precedent transactions, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, regulatory, economic, market and financial conditions and other matters, which are beyond the control of Spansion and Cypress, such as the impact of competition on the business of Spansion, Cypress or the industry generally, industry growth and the absence of any material adverse change in the financial condition of Spansion, Cypress or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value and equity value of the transactions to which they were being compared.

Pro Forma Merger Analysis

Morgan Stanley analyzed the estimated pro forma impact of the merger on Spansion s cash flow, financial ratios, consolidated capitalization and earnings per share for the fiscal years ending December 31, 2015 and December 31, 2016, excluding the impact of one-time and non-cash acquisition-related expenses. Morgan Stanley calculated the pro forma earnings per share on the basis of an assumed closing date for the merger of December 31, 2014, the transaction exchange ratio provided for in the merger agreement, Spansion management and Cypress management estimates of earnings per share for Spansion and Cypress as of November 28, 2014 and synergies resulting from the merger estimated by Spansion and Cypress. Morgan Stanley noted that on the basis of these assumptions the transaction would be accretive to Spansion s earnings per share for fiscal years 2015 and 2016. For further information regarding these financial projections and estimated synergies, see the section entitled *Certain Prospective Financial Information Reviewed by the Spansion Board and Spansion s Financial Advisor* beginning on page 94 of this joint proxy statement/prospectus.

General

In connection with the review of the merger by Spansion s board, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley s view of the actual value of Spansion or Cypress. In performing its analyses, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, regulatory, economic, market and financial conditions and other matters, which are beyond the control of Spansion or Cypress. Any estimates contained in Morgan Stanley s analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement to the holders of shares of Spansion common stock (other than the holders of the excluded shares) and in connection with the delivery of its opinion, dated December 1, 2014, to Spansion s board. These analyses do not purport to be appraisals or to reflect the prices at which shares of Spansion common stock or Cypress common stock might actually trade.

The exchange ratio was determined by Spansion and Cypress through arm s length negotiations between Spansion and Cypress and was approved by Spansion s board. Morgan Stanley provided advice to Spansion s board during these negotiations. Morgan Stanley did not, however, recommend any specific exchange ratio to Spansion or Spansion s board or that any specific exchange ratio constituted the only appropriate exchange ratio for the merger.

Morgan Stanley s opinion and its presentation to Spansion s board was one of many factors taken into consideration by Spansion s board in deciding to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby. Consequently, the analyses as described above should not be viewed as determinative of the opinion of Spansion s board with respect to the exchange ratio pursuant to the merger agreement or of whether Spansion s board would have been willing to agree to a different exchange ratio. Morgan Stanley s opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with Morgan Stanley s customary practice.

Morgan Stanley s opinion was not intended to, and does not, constitute advice or a recommendation to any holder of shares of Spansion common stock as to how to vote or act on any matter with respect to the merger or related transactions or any other action with respect to the transactions contemplated by the merger agreement. Morgan Stanley s opinion did not address any other aspect of the merger or related transactions, including the prices at which shares of Spansion common stock or Cypress common stock would trade at any time in the future, or any compensation or compensation agreements arising from (or relating to) the merger which benefit any officer, director or employee of Spansion, or any class of such persons.

Spansion s board retained Morgan Stanley based upon Morgan Stanley s qualifications, experience and expertise. Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or for the accounts of their customers, in debt or equity securities or loans of Spansion and Cypress or any other company, or any currency or commodity, that may be involved in the transactions contemplated by the merger agreement, or any related derivative instrument.

Under the terms of its engagement letter, Morgan Stanley provided Spansion with financial advisory services and a financial opinion in connection with the merger, described in this section and attached to this statement as Annex C, and Spansion has agreed to pay Morgan Stanley a fee of approximately $19.4 million for its services, $18.4 million of which is contingent upon the closing of the merger and $1 million of which was paid upon the delivery by Morgan Stanley of the financial opinion described in this paragraph. Spansion has also agreed to reimburse Morgan Stanley for its reasonable expenses, including reasonable fees of outside counsel and other professional advisors, incurred in connection with its engagement. In addition, Spansion has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each other person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses relating to or arising out of Morgan Stanley s engagement. In the two years prior to the date of its opinion, Morgan Stanley and its affiliates have provided financing services to Spansion and Cypress and have received aggregate fees of approximately $2.8 million from Spansion and approximately $1.3 million from Cypress in connection with such services. Morgan Stanley may seek to provide financial advisory and financing services to Spansion and Cypress in the future and would expect to receive fees for the rendering of these services.

Certain Prospective Financial Information Reviewed by the Spansion Board and Spansion s Financial Advisor

Although Spansion has publicly issued limited projections concerning certain aspects of its expected financial performance, Spansion does not make public disclosure of detailed forecasts or projections of its expected financial performance for extended periods because of, among other things, the inherent difficulty of accurately predicting financial performance for future periods and the likelihood that the underlying assumptions and estimates may prove incorrect.

In connection with the evaluation of the merger, however, Spansion management prepared the below table entitled Spansion Financials including unaudited prospective financial information for Spansion on a stand-alone basis, without giving effect to the merger, and prepared estimated synergies arising in connection with the merger. The Spansion board also reviewed the below table prepared by Cypress management entitled Cypress Financials, including unaudited prospective financial information for Cypress on a stand-alone basis, without giving effect to the merger. Spansion is electing to provide the summary unaudited prospective financial information and the estimated synergies in this section of the joint proxy statement/prospectus to provide Spansion and Cypress stockholders access to certain non-public unaudited prospective financial information and estimated synergies that were made available to the Spansion board, and to the Cypress board of directors as described under the section entitled *Certain Prospective Financial Information Reviewed by the Cypress Board and Cypress Financial Advisor* beginning on page 77 of this joint proxy statement/prospectus**,** for purposes of considering and evaluating the merger.

The unaudited prospective financial information and estimated synergies were also provided to the financial advisor of Spansion. See also the section entitled *Opinion of Spansion s Financial Advisor* beginning on page 86 of this joint proxy statement/prospectus. The unaudited prospective financial information and estimated synergies were not prepared with a view toward public disclosure and the inclusion of summary unaudited prospective financial information and estimated synergies below should not be regarded as an indication that any of Spansion, Cypress or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results. None of Spansion, Cypress, or their respective affiliates or representatives assume any responsibility to stockholders of Spansion or Cypress for the accuracy of this information.

The unaudited prospective financial information and estimated synergies summarized below were not prepared for purposes of public disclosure, nor were they prepared on a basis designed to comply with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of projections. Neither Spansion s independent registered public accounting firm, which is listed as an expert in the section entitled *Experts* on page 210 of this joint proxy statement/prospectus, nor any other independent accountants, compiled, examined or performed any procedures with respect to the projections or estimated synergies summarized below, and has not expressed any opinion or any other form of assurance on this information or its achievability, and assumes no responsibility for, and disclaims any association with, the unaudited prospective financial information and estimated synergies. The reports of the independent registered public accounting firms incorporated by reference in this joint proxy statement/prospectus relate to historical financial statements. They do not extend to any prospective financial information or the estimated synergies and should not be seen to do so.

Although presented with numerical specificity, the unaudited prospective financial information and estimated synergies were prepared in accordance with variables, estimates, and assumptions that are inherently uncertain and may be beyond the control of Spansion, and which may prove not to have been, or to no longer be, accurate. While in the view of Spansion s management the unaudited prospective financial information and estimated synergies were prepared on a reasonable basis, the unaudited prospective financial information and estimated synergies are subject to many risks and uncertainties. Important factors that may affect actual results and cause actual results to differ materially from the unaudited prospective financial information and estimated synergies include risks and uncertainties relating to Spansion s and Cypress businesses, industry performance, the regulatory environment, general business and economic conditions, market and financial conditions, various risks set forth in Spansion s and Cypress reports filed with the Securities and Exchange Commission, and other factors described or referenced in the sections entitled *Risk Factors* and *Cautionary Statement Regarding Forward-Looking Information* beginning on pages 21 and 28, respectively, of this joint proxy statement/prospectus

The unaudited prospective financial information and estimated synergies also reflect assumptions that are subject to change and are susceptible to multiple interpretations and to conditions, transactions or events that may occur and were not anticipated at the time the unaudited prospective financial information and estimated synergies were prepared. In addition, the unaudited prospective financial information and estimated synergies do not take into account any circumstances, transactions or events occurring after the date the unaudited prospective financial information and estimated synergies were prepared. Accordingly, actual results will likely differ, and may differ materially, from those contained in the unaudited prospective financial information and estimated synergies. We do not assure you that the financial results in the unaudited prospective financial information or the synergies set forth in the estimated synergies will be realized or that future financial results (including synergies) of Spansion or Cypress will not materially vary from those in the unaudited prospective financial information or the estimated synergies.

None of Spansion, Cypress, or their respective affiliates, officers, directors, or other representatives gives any stockholder of Spansion or Cypress, or any other person, any assurance that actual results will not differ materially from the unaudited prospective financial information or the estimated synergies, and, except as otherwise required by law, none of them undertakes any obligation to update or otherwise revise or reconcile the unaudited prospective financial information or the estimated synergies to reflect circumstances after the date the unaudited prospective financial information and estimated synergies were generated or to reflect the occurrence of future events, even in the event that any or all of the assumptions and estimates underlying the unaudited prospective financial information and estimated synergies are shown to be in error.

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No one has made or makes any representation to any stockholder of Spansion or Cypress, or anyone else regarding, nor assumes any responsibility for the validity, reasonableness, accuracy, or completeness of, the unaudited prospective financial information or the estimated synergies set forth below. You are cautioned not to rely on the unaudited prospective financial information or the estimated synergies. The inclusion of this information should not be regarded as an indication that the Spansion board of directors, the Cypress board of directors, any of their advisors or any other person considered, or now considers, it to be material or to be a reliable prediction of actual future results.

The unaudited prospective financial information and estimated synergies included below cover multiple years, and this information by its nature becomes subject to greater uncertainty with each successive year. The unaudited prospective financial information and estimated synergies should be evaluated, if at all, in conjunction with the historical financial statements and other information contained in Spansion s and Cypress respective public filings with the Securities and Exchange Commission.

Due to the forward-looking nature of the selected unaudited prospective financial information, specific quantifications of the amounts that would be required to reconcile it to GAAP measures are not available. Spansion believes that there is a degree of volatility with respect to certain GAAP measures, and certain adjustments made to arrive at the relevant non-GAAP measures, which preclude Spansion from providing accurate forecasted non-GAAP to GAAP reconciliations.

The following tables present summary selected unaudited Spansion and Cypress prospective financial information for fiscal years 2014 through 2017 prepared by Spansion and Cypress management respectively in connection with the Spansion board of directors evaluation of the merger (in millions, except per share information):

Projected Spansion Financials	**CY2014E**	**CY2015E**	**CY2016E**	**CY2017E**
Revenue	$ 1,250.0	$ 1,363.1	$ 1,450.0	$ 1,550.0
Non-GAAP EBIT	$ 92.8	$ 149.2	$ 180.0	$ 218.0
Non-GAAP EBITDA	$ 151.4	$ 205.4	$ 235.9	$ 274.9
Non-GAAP EBITDA, less Capital Expenditures	$ 86.4	$ 150.4	$ 175.9	$ 209.9
Non-GAAP Net Income	$ 64.8	$ 115.2	$ 143.5	$ 178.2
Non-GAAP EPS	$ 0.98	$ 1.72	$ 2.08	$ 2.51

Projected Cypress Financials	**CY2014E**	**CY2015E**	**CY2016E**	**CY2017E**
Revenue	$ 723.9	$ 815.5	$ 954.9	$ 1,067.3
Non-GAAP EBIT	$ 98.5	$ 138.0	$ 190.5	$ 231.7
Non-GAAP EBITDA	$ 138.5	$ 179.0	$ 232.5	$ 273.7
Non-GAAP EBITDA, less Capital Expenditures	$ 115.3	$ 136.0	$ 204.5	$ 250.7
Non-GAAP Net Income	$ 88.3	$ 123.0	$ 170.3	$ 207.6
Non-GAAP EPS	$ 0.53	$ 0.71	$ 0.95	$ 1.13

Non-GAAP EBIT excludes the estimated effects of: amortization of intangibles, amortization of the inventory mark-up relating to Spansion s acquisition of its microcontroller and analog business in fiscal year 2013, equity compensation expense, acquisition related costs, litigation reserve expenses and restructuring and other costs. Non-GAAP Net Income and Non-GAAP EPS exclude the estimated effects of: amortization of intangibles, amortization of the inventory mark-up relating to Spansion s acquisition of its microcontroller and analog business in fiscal year 2013, equity compensation expense, costs related to financing arrangements, the accretion of interest on

Spansion s exchangeable 2.00% senior notes outstanding on November 30, 2014, litigation reserve expenses, acquisition and integration related costs, reserve reversal on final settlement of bankruptcy claims and restructuring and other costs; and Non-GAAP EBITDA excludes the estimated effects of these items as well as interest income expense and other, net, provision for income taxes and depreciation.

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In calculating estimated synergies, Spansion management made assumptions with respect to expenses including manufacturing, sales and marketing, product development, personnel, facilities, information technology infrastructure and administration. Assumptions include a reduction in redundant expenses, a reduction of duplicative operating resources, future headcount avoidance and severance costs to achieve synergies. The following table presents estimated synergies, excluding some amounts related to the pro forma tax structure of the combined business, prepared in connection with Spansion s evaluation of the merger (in millions) for the years 2015 through 2017.

	2015	2016	2017
Estimated Synergies	$53.1	$130.6	$168.9

Interests of the Directors and Executive Officers of Spansion in the Merger

In considering the recommendation of the Spansion board to adopt the merger agreement and approve the transactions contemplated by the merger agreement, Spansion stockholders should be aware that some of the Spansion directors and executive officers have interests in the merger and have arrangements that are different from, or in addition to, those of Spansion stockholders generally. These interests and arrangements may create potential conflicts of interest. The Spansion board was aware of these potential conflicts of interest and considered them, among other matters, in reaching its decision to approve the merger agreement and the transactions contemplated by the merger agreement.

Stock Options, Restricted Stock Units and Performance Stock Units

When the merger is completed, Cypress will assume outstanding options to purchase shares of Spansion common stock, and such options will be automatically converted into options to purchase the number of shares of Cypress common stock equal to (x) the number of shares of Spansion common stock subject to the Spansion option immediately prior to the merger, *multiplied by* (y) 2.457, with such product rounded down to the nearest whole share of Cypress common stock. The exercise price per share for each assumed Spansion option will be equal to (x) the exercise price per share of the Spansion option *divided by* (y) 2.457, with such quotient rounded up to the nearest whole cent. Each assumed Spansion option otherwise will be subject to the same terms and conditions (including as to vesting and exercisability) as are applicable under the respective Spansion option immediately prior to the effective time of the merger. However, if a Spansion option is subject to the legal requirements of a non-U.S. jurisdiction and Cypress determines that the Spansion option may not be assumed under the legal requirements of the relevant non-U.S. jurisdiction, Cypress will, to ensure compliance with applicable non-U.S. law: (1) require that such outstanding unassumed non-U.S. Spansion options be accelerated and exercised only by a cashless exercise pursuant to which employees will authorize a broker to sell all shares that they are entitled to exercise immediately upon exercise and receive the difference between the fair market value of the shares at exercise and the exercise price in cash, (2) provide for conversion of the unassumed non-U.S. Spansion options into the right to receive, as soon as practicable after the effective time of the merger, an amount in cash equal to (x) the excess, if any, of (i) the average of the closing sale prices for one share of Cypress common stock as quoted on the Nasdaq Global Select Market for the 10 consecutive trading days ending on the second trading day immediately preceding the closing date of the merger, *over* (ii) the applicable exercise price of such unassumed non-U.S. Spansion option, *multiplied by* (y) the number of Spansion shares subject to such unassumed non-U.S. Spansion option, less all applicable deductions and withholdings required by applicable legal requirements to be withheld in respect of such payment, or (3) provide for such other treatment that is in compliance with applicable legal requirements and reasonably agreed upon by Cypress and Spansion at least 20 days prior to the effective time of the merger.

Cypress will also assume outstanding Spansion restricted stock units and performance stock units. Each assumed Spansion restricted stock unit award or performance stock unit award will be converted into an award to receive a number of shares of Cypress common stock equal to (x) the number of shares of Spansion common stock subject to the Spansion restricted stock unit award or performance stock unit award immediately prior to the

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effective time of the merger *multiplied by* (y) 2.457, with such product rounded down to the nearest whole share of Cypress common stock. Each assumed Spansion restricted stock unit award or performance stock unit award that was granted with a purchase price other than Spansion par value will have a purchase price per share equal to (x) the per share purchase price of Spansion common stock subject to such assumed Spansion restricted stock unit award or Spansion performance stock unit award, *divided by* (y) 2.457, with such quotient rounded up to the nearest whole cent. Each assumed Spansion restricted stock unit award or performance stock unit award otherwise will be subject to the same terms and conditions (including as to vesting and exercisability) as were applicable under the respective Spansion restricted stock unit award or performance stock unit award immediately prior to the effective time of the merger. However, if a Spansion restricted stock unit award or performance stock unit award is subject to the legal requirements of a non-U.S. jurisdiction and Cypress determines that the Spansion restricted stock unit award or performance stock unit award may not be assumed under the legal requirements of the relevant non-U.S. jurisdiction, Cypress will, to ensure compliance with applicable non-U.S. law: (1) provide for conversion of such unassumed non-U.S. Spansion restricted stock unit award or performance stock unit award into the right to receive, as soon as practicable after the effective time of the merger, an amount in cash equal to (x) the average of the closing sale prices for one share of Cypress common stock as quoted on the Nasdaq Global Select Market for the 10 consecutive trading days ending on the second trading day immediately preceding the closing date of the merger, *multiplied by* (y) the number of Spansion shares subject to such unassumed non-U.S. Spansion restricted stock unit award or performance stock unit award, less all applicable deductions and withholdings required by applicable legal requirements to be withheld in respect of such payment or (2) provide for such other treatment that is in compliance with applicable law and reasonably agreed upon by Cypress and Spansion at least 20 days prior to the effective time of the merger.

Prior to May 2014 and in limited circumstances during or after May 2014, the Spansion board had historically granted all options, restricted stock units and performance stock units with full acceleration rights in the event of a change in control, as such term is defined in the Spansion 2010 Equity Incentive Award Plan. A change in control, as such term is defined in the Spansion 2010 Equity Incentive Award Plan, includes a transaction whereby any person or group of persons directly or indirectly acquires beneficial ownership of securities of Spansion possessing more than 50% of the total combined voting power of Spansion s securities outstanding immediately after such transaction, as well as a merger in which the holders of the voting securities of Spansion outstanding immediately before the merger fail to hold at least a majority of the combined voting power of the entity that will control Spansion after the merger, which in this case will be Cypress. The merger will constitute a change in control for purposes of the Spansion 2010 Equity Incentive Award Plan. In addition, the merger agreement provides that Cypress and Spansion agree the merger will constitute a change in control for the purposes of outstanding Spansion equity awards. Accordingly, the unvested options and restricted stock units that were granted with an acceleration feature triggered upon a change in control will accelerate vesting at the effective time of the merger, subject to the award holder s continued service through the effective time of the merger.

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The Spansion directors and executive officers hold unvested options, restricted stock units and performance stock units that were granted prior to May 2014 and subject to the acceleration provisions described above. As required by applicable Securities and Exchange Commission rules, all amounts below determined using the per share value of Spansion common stock have been calculated based on a per share price of Spansion common stock of $29.116 (the average closing market price of Spansion common stock over the first five business days following the public announcement of the entry into the merger agreement on December 1, 2014). The following number of shares subject to options and restricted stock units granted to the following Spansion directors and executive officers will accelerate vesting upon the closing of the merger, subject to the award holder s continued service through such date:

Executive Officer and/or Director	Shares Underlying all Unvested Spansion Stock Options	Aggregate Spread for all Unvested Spansion Stock Options ($)	Shares Underlying All Unvested Restricted Stock Units	Aggregate Value of All Unvested Restricted Stock Units ($)
John H. Kispert	38,889	$ 685,068.62	379,792	$ 11,058,023.87
Randy Furr	12,444	$ 219,213.50	120,174	$ 3,498,986.18
William Mitchell	3,000	$ 50,928.00	18,220	$ 532,560.75
Raymond Bingham	7,667	$ 130,154.99	33,174	$ 967,961.42
Keith Barnes	6,334	$ 107,525.98	22,812	$ 664,194.19
Hans Geyer	3,000	$ 50,928.00	12,622	$ 367,502.15
O.C. Kwon	0	$ 0.00	9,112	$ 265,304.99
Clifton Thomas Weatherford	6,334	$ 107,525.98	22,812	$ 664,194.19
Michael Wishart	8,168	$ 137,924.84	19,955	$ 581,009.78

The figures in the table above assume an effective date of the merger of May 31, 2015.

Paul Mercadante and Ajay Shah resigned from Spansion s Board effective May 13, 2013. As a result, neither Mr. Mercadante nor Mr. Shah is eligible to receive vesting acceleration of their awards in connection with the merger.

Other than as described in the following section, Spansion granted no equity awards to its executive officers or directors after May 2014.

Recent Equity Awards

On November 14, 2014, the Spansion compensation committee approved the issuance of certain performance stock units (also referred to as performance based restricted stock units) to employees at the vice president level and above, which included Spansion s executive officers, for retention purposes. In the event that Spansion meets or exceeds its financial performance target level of 100% on the 2014 annual bonus matrix as approved by the Spansion compensation committee and the employee remains a continuous service provider on the applicable vesting date, the performance stock units will vest in incremental percentages equal to 40% on January 30, 2015, 40% on January 30, 2016, and 20% on January 30, 2017. If the service provider is terminated by Spansion without cause and as long as the financial performance target applicable to the performance stock units have been met as of January 2014, that service provider s performance stock units will accelerate in full on the date of such termination by Spansion. If the performance stock units are outstanding as of the effective time of the merger, then they shall be assumed by Cypress and converted into a restricted stock unit award in respect of the number of whole shares of Cypress common stock equal to 2.457 multiplied by the number of shares of Spansion common stock subject to the Spansion restricted stock unit award, with such product rounded down to the nearest whole share of Cypress common stock.

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The Spansion compensation committee approved the issuance of the following numbers of performance stock units to the following executive officers on November 14, 2014:

Executive Officer	Shares Underlying Performance Stock Units Issued on November 14, 2014	Aggregate Value of All Performance Stock Units Issued on November 14, 2014 (1) ($)
John H. Kispert	84,375	$ 2,456,662.50
Randy Furr	26,400	$ 768,662.40

(1) All dollar amounts in the table above were determined using the per share price of Spansion common stock of $29.116 (the average closing market price of Spansion common stock over the first five business days following the public announcement of the entry into the merger agreement on December 1, 2014).

In addition, the Spansion board approved the issuance of certain restricted stock units to directors William Mitchell and Mr. Bingham on November 25, 2014 in recognition of their appointments in May 2014 to chair the compensation committee and nomination and corporate governance committee, respectively. The restricted stock units will vest in equal quarterly installments for three years from the grant date, subject to continued service through each applicable vesting date. In addition, in the event of a change in control, as such term is defined in the Spansion 2010 Equity Incentive Award Plan, and provided that the applicable director continues to provide service as a director of Spansion through the date of such change in control, the restricted stock units will accelerate vesting in full. A change in control, as such term is defined in the Spansion 2010 Equity Incentive Award Plan, includes a transaction whereby any person or group of persons directly or indirectly acquires beneficial ownership of securities of Spansion possessing more than 50% of the total combined voting power of Spansion s securities outstanding immediately after such transaction, as well as a merger in which the holders of the voting securities of Spansion outstanding immediately before the merger fail to hold at least a majority of the combined voting power of the entity that will control Spansion after the merger, which in this case will be Cypress. The merger will constitute a change in control for purposes of the Spansion 2010 Equity Incentive Award Plan. In addition, the merger agreement provides that Cypress and Spansion agree that the merger will constitute a change in control for the purposes of outstanding Spansion equity awards. Accordingly the unvested restricted stock units that were granted to the Spansion directors on November 25, 2014 will accelerate at the effective time of the merger.

The Spansion board approved the issuance of the following numbers of restricted stock units to the following directors on November 25, 2014:

Director	Shares Underlying Restricted Stock Units Issued on November 25,	Aggregate Value of All Restricted Stock Units Issued on November 25,

	2014	2014 (1) ($)
William Mitchell	3,403	$ 99,081.75
Raymond Bingham	3,403	$ 99,081.75

(1) All dollar amounts in the table above were determined using the per share price of Spansion common stock of $29.116 (the average closing market price of Spansion common stock over the first five business days following the public announcement of the entry into the merger agreement on December 1, 2014).

Change of Control Severance Agreements

Spansion has entered into Change of Control Severance Agreements with certain employees, including its current executive officers, Mr. Kispert and Randy Furr. Under Spansion s Change of Control Severance Agreements for Mr. Kispert and Mr. Furr, if the participating executive officer s employment is terminated

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involuntarily by Spansion without cause or by the participating executive officer pursuant to a voluntary termination for good reason within 120 days prior to a change of control or 12 months following a change of control, then the executive officer is entitled to:

- a lump sum payment in an amount equal to the sum of (1) 24 months of the participating executive officer s base salary immediately prior to the termination and (2) two years of the participating executive officer s target annual cash incentive opportunity;

- full acceleration of all unvested outstanding options, restricted stock grants, and other equity and equity equivalents; and

- at the election of the participating executive officer, either the payment or reimbursement of the cost of 24 months of premium costs associated with continued health coverage for the participating executive officer and such officer s dependents.

Spansion s Change of Control Severance Agreements require that in order to receive the severance benefits, the participating executive officer must agree to a release of claims in favor of Spansion and its affiliates. Further, under Spansion s Change of Control Severance Agreements, the participating executive officer is subject to a non-solicitation covenant for a period of 12 months following the termination of employment, a mutual nondisparagement covenant with Spansion for a period of 12 months following the termination of employment, and a confidentiality obligation. In the event of any breach of Spansion s Change of Control Severance Agreement, disputes are adjudicated by arbitration and Spansion is responsible for the direct costs and expenses of the arbitration.

A change of control, as such term is defined in Spansion s Change of Control Severance Agreements, includes an acquisition of the voting securities of Spansion by any person immediately after which the person has beneficial ownership of 50% or more of the combined voting power of Spansion s then-outstanding voting securities, as well as a business combination in which the holders of the voting securities of Spansion outstanding immediately before the merger fail to hold at least 50% of the combined voting power of the entity that will control Spansion after the merger, which in this case will be Cypress. The merger will constitute a change of control for purposes of Spansion s Change of Control Severance Agreements. In addition, the merger agreement provides that Cypress and Spansion agree the merger will constitute a change of control for purposes of the Change of Control Severance Agreements. Accordingly, if the participating executive officer is subject to a qualifying termination within 120 days prior to such change of control or 12 months following such change of control, then the executive officer will be entitled to the severance benefits described above.

Cause is defined in Spansion s Change of Control Severance Agreements generally as (i) theft, dishonesty or falsification of any employment or Spansion records that is not trivial in nature; (ii) malicious or reckless disclosure of Spansion s confidential or proprietary information; (iii) commission of any immoral or illegal act or any gross or willful misconduct, where a majority of the disinterested members of the Spansion board reasonably determines that such act or misconduct has (A) seriously undermined the ability of the Spansion board or Spansion s management to entrust the participating executive officer with important matters or otherwise work effectively with the participating executive officer, (B) contributed to Spansion s loss of significant revenues or business opportunities, or (C) significantly and detrimentally effected the business or reputation of Spansion or any of its subsidiaries; and/or (iv) the willful failure or refusal by the participating executive officer to follow the reasonable and lawful directives of the Spansion board, provided such failure or refusal continues after the participating executive officer s receipt of reasonable notice in writing of such failure or refusal and an opportunity of not less than 15 days to correct the problem.

Voluntary termination for good reason is defined in Spansion s Change of Control Severance Agreements generally as (i) a material reduction in the participating executive officer s duties, authority and responsibilities as an executive of the business unit or group that was formerly part of Spansion; provided, however, that with respect to Spansion s Change of Control Severance Agreements of the executive officers, a reduction in the participating executive officer s duties, authority or responsibilities solely by virtue of Spansion being acquired and becoming part of a larger entity shall constitute a reduction, (ii) a material reduction by Spansion in the participating executive officer s base salary or target annual cash incentive opportunity in effect immediately prior to such reduction; (iii) Spansion s material breach of any of its obligations under Spansion s Change of Control Severance Agreement or offer letter agreement between Spansion and the participating executive officer; and (iv) a relocation of the participating executive officer without his or her written consent, to a facility or location 50 miles from Spansion s current headquarters in Sunnyvale, CA.

Assuming that each of Messrs. Kispert and Furr experience an involuntary termination without cause or voluntary termination for good reason immediately prior to the effective time of the merger, then the value of the estimated payments and benefits under these policies for each individual, would be:

Name	Value of Lump Sum Severance Payment ($)	Value of Acceleration of Equity Awards ($)(1)	Value of Payment or Reimbursement of Continued Health Benefits ($)	Total Value of Severance Payments and Benefits under Change of Control Severance Agreements ($)
John H. Kispert	$ 4,050,000.00	$ 11,743,092.50	$ 50,271	$ 15,843,363.50
Randy Furr	$ 1,584,000.00	$ 3,718,199.69	$ 24,546	$ 5,326,745.69

(1) Value of full acceleration of equity awards is in part duplicative of the valuation of acceleration detailed above in the section entitled *Stock Options, Restricted Stock Units and Performance Stock Units* beginning on page 97 of this joint proxy statement/prospectus. The values were determined using the per share price of Spansion common stock of $29.116 (the average closing market price of Spansion common stock over the first five business days following the public announcement of the entry into the merger agreement on December 1, 2014).

Indemnification of Directors and Officers; Directors and Officers Insurance

The merger agreement provides that Cypress and its subsidiaries will honor and fulfill in all respects the obligations of Spansion and its subsidiaries in any indemnification agreements of Spansion with any of their respective directors, officers or employees in effect immediately prior to the effective time of the merger with respect to acts or omissions prior to the effective time of the merger. The merger agreement also provides that, for a period of six years following the effective time of the merger, Cypress will cause the surviving corporation s certificate of incorporation and by-laws to include indemnification provisions at least as favorable as the indemnification provisions of the organizational documents of Spansion.

The merger agreement further requires the combined company to, for a minimum of six years following the effective time of the merger, maintain coverage under an officers and directors liability insurance policy with coverage and amounts no less favorable than those Spansion maintained for its directors prior to the merger under the existing Spansion officers and directors liability insurance policy. The combined company will not be obligated to make annual premiums in excess of 250% of the most recent annual premiums. If annual premiums for existing coverage exceed such maximum, Cypress will obtain a policy with the greatest coverage available at a cost not exceeding 250% of current premiums. Alternatively, Cypress or Spansion may purchase a six year tail prepaid policy on the existing

Spansion officers and directors liability insurance policy, with coverage and amounts no less favorable than those currently in effect. The agreements regarding insurance and indemnification are enforceable by the directors and officers of Spansion and are binding on the successors and assigns of Cypress and the surviving corporation.

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Board of the Combined Company

Under the terms of the merger agreement, four directors will be designated by Spansion to serve on the board of the combined company after the effective time of the merger, which directors will include Mr. Kispert and Mr. Bingham and two mutually agreed representatives from the Spansion board as of immediately prior to the effective time of the merger. Mr. Bingham will serve as the non-executive chairman of the board of the combined company.

Spansion Executive Compensation Payable in Connection with the Merger

Spansion s named executive officers for purposes of the disclosure in this joint proxy statement/prospectus are Mr. Kispert and Mr. Furr. The following table sets forth the information required by Item 402(t) of Regulation S-K promulgated by the Securities and Exchange Commission, regarding certain compensation that each of Spansion s named executive officers may receive that is based on, or that otherwise relates to, the merger. The figures in the table are estimated based on compensation and benefit levels as anticipated for May 31, 2015 and an assumed effective date of May 31, 2015 for both the merger and the termination of the executive officer s employment. The amounts reported below are estimates based on multiple assumptions that may or may not actually occur or be accurate on the relevant date, including an assumption that the employment of each of Spansion s named executive officers will be terminated without cause upon the effective time of the merger. As required by applicable Securities and Exchange Commission rules, all amounts below determined using the per share value of Spansion common stock have been calculated based on a per share price of Spansion common stock of $29.116 (the average closing market price of Spansion common stock over the first five business days following the public announcement of the entry into the merger agreement on December 1, 2014). As a result of the foregoing assumptions, the actual amounts, if any, to be received by a named executive officer may materially differ from the amounts set forth below. The merger-related compensation payable to Spansion s named executive officers is subject to an advisory (non-binding) vote of Spansion stockholders, as described under the section entitled *Spansion Proposal 2 Advisory Vote to Approve Merger-Related Compensation for Spansion Named Executive Officers* beginning on page 57 of this joint proxy statement/prospectus.

Spansion Golden Parachute Compensation

Executive	Cash ($)(1)	Equity ($)	Perquisites / Benefits ($)(4)	Total ($)
John H. Kispert	$ 4,050,000.00	$ 11,743,092.50 (2)	$ 50,271	$ 15,843,363.50
Randy Furr	$ 1,584,000.00	$ 3,718,199.69 (3)	$ 24,546	$ 5,326,745.69

(1) Pursuant to Spansion s Change of Control Severance Agreements, if the participating executive officer is involuntarily terminated without cause or voluntary terminates for good reason within 120 days prior to a change of control or 12 months following a change of control, as described in greater detail in the section below entitled *Additional Information Regarding the Golden Parachute Compensation* beginning on page 105 of this joint proxy statement/prospectus, then the executive officer is entitled to a lump sum payment in an amount equal to the sum of (a) 24 months of the participating executive officer s base salary immediately prior to the termination and (b) two years of the participating executive officer s target annual cash incentive opportunity. The amounts determined in this column are estimated based on the participating executive officers salary and target annual cash incentive as of May 31, 2015.

(2)

Mr. Kispert holds 38,889 unvested and outstanding options and 329,167 unvested and outstanding restricted stock units and performance stock units as of May 31, 2015. As a result of a change in control and without any additional condition, Mr. Kispert s awards would accelerate and become fully vested in as to 38,889 unvested and outstanding options (with a value of $685,068.62), 108,667 unvested and outstanding restricted stock units (with a value of $3,163,948.37) and 220,500 unvested and outstanding performance stock units (with a value of $6,420,078.00) as of May 31, 2015. Change in Control is defined in the Spansion 2010 Equity Incentive Award Plan. A change in control, as such term is defined in the Spansion

2010 Equity Incentive Award Plan, includes a transaction whereby any person or group of persons directly or indirectly acquires beneficial ownership of securities of Spansion possessing more than 50% of the total combined voting power of Spansion s securities outstanding immediately after such transaction, as well as a merger in which the holders of the voting securities of Spansion outstanding immediately before the merger fail to hold at least a majority of the combined voting power of the entity that will control Spansion after the merger, which in this case will be Cypress. The merger will constitute a change in control for purposes of the Spansion 2010 Equity Incentive Award Plan. Further, the merger agreement provides that Cypress and Spansion agree the merger will constitute a change in control for the purposes of outstanding Spansion equity awards and a change of control for purposes of the Change of Control Severance Agreements. In addition, if Mr. Kispert is involuntarily terminated without cause or voluntarily terminates for good reason within 120 days prior to the change of control or 12 months following a change of control, as described in greater detail in the section below entitled *Additional Information Regarding the Golden Parachute Compensation* beginning on page 105 of this joint proxy statement/prospectus, then Mr. Kispert s awards will accelerate and become fully vested as to an additional 0 unvested and outstanding options (with a value of $0.00), 0 unvested and outstanding restricted stock units (with a value of $0.00) and 50,625 unvested and outstanding performance stock units (with a value of $1,473,997.50) as of May 31, 2015. The merger will constitute a change of control for purposes of the Spansion Change of Control Severance Agreements. The disclosures assume that (a) any performance goals under the performance stock units that will be measured prior to May 31, 2015, are achieved at maximum levels; and (b) the maximum number of shares subject to unvested performance stock units accelerate vesting as a result of the acceleration provisions under the award agreement or Change of Control Severance Agreement, as applicable. However, the extent of achievement of the performance goals that will be measured prior to May 31, 2015, is not yet determinable. Further, the shares under the performance stock units that would be eligible to accelerate pursuant to the applicable award agreements and Change of Control Severance Agreement has not yet been determined.

(3) Mr. Furr holds 12,444 unvested and outstanding options and 104,334 unvested and outstanding restricted stock units and performance stock units as of May 31, 2015. As a result of a change of control and without any additional condition, Mr. Furr s awards would accelerate and become fully vested as to 12,444 unvested and outstanding options (with a value of $219,213.50), 34,334 unvested and outstanding restricted stock units (with a value of $999,668.74) and 70,000 unvested and outstanding performance stock units (with a value of $2,038,120.00) as of May 31, 2015. Change of Control is defined in the Spansion 2010 Equity Incentive Award Plan. A change of control, as such term is defined in the Spansion 2010 Equity Incentive Award Plan, includes a transaction whereby any person or group of persons directly or indirectly acquires beneficial ownership of securities of Spansion possessing more than 50% of the total combined voting power of Spansion s securities outstanding immediately after such transaction, as well as a merger in which the holders of the voting securities of Spansion outstanding immediately before the merger fail to hold at least a majority of the combined voting power of the entity that will control Spansion after the merger, which in this case will be Cypress. The merger will constitute a change in control for purposes of the Spansion 2010 Equity Incentive Award Plan. Further, the merger agreement provides that Cypress and Spansion agree the merger will constitute a change in control for the purposes of outstanding Spansion equity awards and a change of control for purposes of Spansion s Change of Control Severance Agreements. In addition, if Mr. Furr is involuntarily terminated without cause or voluntarily terminates for good reason within 120 days prior to a change of control or 12 months following a change of control, as described in greater detail in the section below entitled *Additional Information Regarding the Golden Parachute Compensation* beginning on page 105 of this joint proxy statement/prospectus, then Mr. Furr s awards will accelerate and become fully vested in an additional 0 unvested and outstanding options (with a value of $0.00), 0 unvested and outstanding restricted stock units (with a value of $0.00) and 15,840 unvested and outstanding performance stock units (with a value of $461,197.44) as of May 31, 2015. The merger will constitute a change of control for purposes of Spansion s Change of Control Severance Agreements. The disclosures assume that (a) any performance goals under the performance stock units that will be measured prior

to May 31, 2015, are achieved at maximum levels; and (b) the maximum number of shares subject to unvested performance stock units accelerate vesting as a result of the acceleration provisions under the award agreement or Change of Control Severance Agreement, as applicable. However, the extent of achievement of the performance goals that will be measured prior to May 31, 2015, is not yet determinable. Further, the number of shares under the performance stock units that would be eligible to accelerate pursuant to the applicable award agreements and Change of Control Severance Agreement has not yet been determined.

(4) Pursuant to Spansion s Change of Control Severance Agreements, if the participating executive officer is involuntarily terminated without cause or voluntary terminates for good reason within 120 days prior to a change of control or 12 months following a change of control, as described in greater detail in the section below entitled *Additional Information Regarding the Golden Parachute Compensation* , then the executive officer is entitled to, at the election of the participating executive officer, either the payment or reimbursement of the cost of 24 months of premium costs associated with continued health coverage for the participating executive officer and dependents. The amounts determined in this column are estimated based on the participating executive officers health coverage benefits and the applicable reimbursement costs as of December 28, 2014.

Additional Information Regarding the Golden Parachute Compensation

Spansion has entered into Spansion s Change of Control Severance Agreements with certain employees, including its current executive officers, Mr. Kispert and Mr. Furr. Under Spansion s Change of Control Severance Agreements for Mr. Kispert and Mr. Furr, if the participating executive officer s employment is terminated involuntarily by Spansion without cause or by the participating executive officer pursuant to a voluntary termination for good reason within 120 days prior to a change of control or 12 months following a change of control, then the executive officer is entitled to the severance benefits disclosed in the *Golden Parachute Compensation* table above.

Spansion s Change of Control Severance Agreements require that in order to receive the severance benefits, the participating executive officer must agree to a release of claims in favor of Spansion and its affiliates. Further, under Spansion s Change of Control Severance Agreements, the participating executive officer is subject to a non-solicitation covenant for a period of 12 months following the termination of employment, a mutual nondisparagement covenant with Spansion for a period of 12 months following the termination of employment, and a confidentiality obligation. In the event of any breach of Spansion s Change of Control Severance Agreement, disputes are adjudicated by arbitration and Spansion is responsible for the direct costs and expenses of the arbitration.

A change of control, as such term is defined in Spansion s Change of Control Severance Agreements, includes an acquisition of the voting securities of Spansion by any person immediately after which the person has beneficial ownership of 50% or more of the combined voting power of Spansion s then-outstanding voting securities, as well as a business combination in which the holders of the voting securities of Spansion outstanding immediately before the merger fail to hold at least 50% of the combined voting power of the entity that will control Spansion after the merger, which in this case will be Cypress. The merger will constitute a change of control for purposes of Spansion s Change of Control Severance Agreements. In addition, the merger agreement provides that Cypress and Spansion agree the merger will constitute a change of control for purposes of Spansion s Change of Control Severance Agreements. Accordingly, if the participating executive officer is subject to a qualifying termination within 120 days prior to such change of control or 12 months following such change of control, then the executive officer will be entitled to the severance benefits described above.

Cause is defined in Spansion s Change of Control Severance Agreements generally as (i) theft, dishonesty or falsification of any employment or Spansion records that is not trivial in nature; (ii) malicious or reckless disclosure of Spansion s confidential or proprietary information; (iii) commission of any immoral or illegal act or any gross or willful misconduct, where a majority of the disinterested members of the Spansion board reasonably determines that such act or misconduct has (A) seriously undermined the ability of the Spansion board or

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Spansion s management to entrust the participating executive officer with important matters or otherwise work effectively with the participating executive officer, (B) contributed to Spansion s loss of significant revenues or business opportunities, or (C) significantly and detrimentally effected the business or reputation of Spansion or any of its subsidiaries; and/or (iv) the willful failure or refusal by the participating executive officer to follow the reasonable and lawful directives of the Spansion board, provided such failure or refusal continues after the participating executive officer s receipt of reasonable notice in writing of such failure or refusal and an opportunity of not less than 15 days to correct the problem.

Voluntary termination for good reason is defined in Spansion s Change of Control Severance Agreements generally as (i) a material reduction in the participating executive officer s duties, authority and responsibilities as an executive of the business unit or group that was formerly part of Spansion; provided, however, that with respect to Spansion s Change of Control Severance Agreements of the executive officers, a reduction in the participating executive officer s duties, authority or responsibilities solely by virtue of Spansion being acquired and becoming part of a larger entity shall constitute a reduction, (ii) a material reduction by Spansion in the participating executive officer s base salary or target annual cash incentive opportunity in effect immediately prior to such reduction; (iii) Spansion s material breach of any of its obligations under Spansion s Change of Control Severance Agreement or offer letter agreement between Spansion and the participating executive officer, and (iv) a relocation of the participating executive officer without his or her written consent, to a facility or location 50 miles from Spansion s current headquarters in Sunnyvale, CA.

Litigation Relating to the Merger

In connection with the proposed merger, two purported class action lawsuits were filed on behalf of Spansion stockholders against members of the Spansion board, Spansion, Cypress, and Mustang Acquisition Corporation in the Superior Court of California for the County of Santa Clara. The complaints were captioned *Walter Jeter v. Spansion Inc., et al.*, Case No. 1-14-CV-274635 (filed December 17, 2014 and amended on January 12, 2015) and *Shiva Y. Stein v. Spansion Inc., et al.*, Case No. 1-14-CV-274924 (filed December 24, 2014 and amended on January 12, 2015). On January 30, 2015, the court consolidated the two lawsuits into a single action, captioned Walter Jeter v. Spansion Inc., et al., Case No. 1-14-CV-274635 (which we refer to as the consolidated action). The court further ordered plaintiffs to either file a consolidated amended complaint, or designate as operative one of the existing complaints, within twenty days of entry of its consolidation order.

In general, and to date, the existing complaints in the consolidated action have asserted that the Spansion board breached its fiduciary duties to Spansion stockholders by (1) seeking to sell Spansion through an allegedly defective process, (2) agreeing to sell Spansion for an allegedly unfair price and under unfair terms and (3) by allegedly failing to disclose material information regarding the proposed merger. The complaints have also generally asserted that Cypress and Mustang Acquisition Corporation aided and abetted the Spansion board s breaches of fiduciary duties. The existing complaints seek, among other things, to enjoin the consummation of the proposed merger, rescission of the proposed merger (to the extent the proposed merger has already been consummated), damages and attorneys fees and costs.

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THE MERGER AGREEMENT

The following summary describes the material provisions of the merger agreement. The provisions of the merger agreement are complicated and not easily summarized. This summary may not contain all of the information about the merger agreement that is important to you. The merger agreement is attached to this joint proxy statement/prospectus as Annex A and is incorporated by reference into this joint proxy statement/prospectus, and Cypress and Spansion encourage you to read it carefully in its entirety for a more complete understanding of the merger agreement.

The merger agreement has been included to provide you with information regarding its terms. It is not intended to provide any other factual information about Cypress or Spansion. Such information can be found elsewhere in this document and in the public filings that Cypress and Spansion make with the Securities and Exchange Commission, which are available without charge through the Securities and Exchange Commission s website at http://www.sec.gov.

The representations and warranties described below and included in the merger agreement were made by each of Cypress and Spansion to the other. These representations and warranties were made as of specific dates and are subject to important exceptions, limitations and supplemental information contained in the confidential disclosure letters provided by each of Cypress and Spansion to the other in connection with the signing of the merger agreement, including a contractual standard of materiality different from that generally applicable under federal securities laws. In addition, the representations and warranties may have been included in the merger agreement for the purpose of allocating risk between Cypress and Spansion rather than to establish matters as facts. The merger agreement is described in this joint proxy statement/prospectus and included as Annex A only to provide you with information regarding its terms and conditions, and not to provide any other factual information regarding Cypress, Spansion or their respective businesses. Accordingly, you should not rely on the representations and warranties in the merger agreement as characterizations of the actual state of facts about Cypress or Spansion, and you should read the information provided elsewhere in this joint proxy statement/prospectus and in the documents incorporated by reference into this joint proxy statement/prospectus for information regarding Cypress and Spansion and their respective businesses. See the section entitled Where You Can Find More Information beginning on page 210 of this joint proxy statement/prospectus.

The Merger

The merger agreement provides for the merger of Mustang Acquisition Corporation, a newly formed, wholly owned subsidiary of Cypress, with and into Spansion. Following the merger, the separate corporate existence of Mustang Acquisition Corporation will cease and Spansion will survive the merger as a wholly owned subsidiary of Cypress.

Closing and Effective Time of the Merger

Cypress and Spansion will complete the merger when all of the conditions to completion of the merger contained in the merger agreement, which are described in the section entitled *Conditions to Obligations to Complete the Merger* beginning on page 122 of this joint proxy statement/prospectus, are satisfied or waived, including, among others, approval by the Cypress stockholders of the issuance of shares of Cypress common stock in the merger and the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement by the Spansion stockholders. The merger will become effective at the time of the filing and acceptance by the Secretary of State of the State of Delaware of the certificate of merger, or such later time as may be agreed in writing by Cypress and Spansion and specified in such certificate of merger.

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Treatment of Securities

Spansion Common Stock

Upon completion of the merger, each share of Spansion common stock outstanding immediately prior to the effective time of the merger will be canceled and extinguished and automatically converted into the right to receive 2.457 shares of Cypress common stock, and the cash payable in lieu of any fractional shares as described in the section entitled *Fractional Shares* below. Upon completion of the merger, unless prohibited by local laws of a particular foreign country, Cypress also will assume outstanding options to purchase Spansion common stock, Spansion restricted stock units and Spansion performance stock units. For more information see the section entitled *The Merger Reasons for the Merger Stock Options, Restricted Stock Units and Performance Stock Units* beginning on page 97 of this joint proxy statement/prospectus.

The exchange ratio in the merger (i.e., 2.457 shares of Cypress common stock for each share of Spansion common stock) will be appropriately adjusted to reflect fully the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into Cypress common stock or Spansion common stock), reorganization, recapitalization, reclassification or other like change with respect to Cypress common stock or Spansion common stock having a record date on or after the date of the merger agreement and prior to the effective time of the merger.

Each share of Spansion common stock that is owned by Cypress, Merger Sub or Spansion, or by any direct or indirect wholly owned subsidiary of Cypress, Merger Sub or Spansion, in each case immediately prior to the effective time of the merger, will be canceled and extinguished without being converted into Cypress common stock and without any other consideration paid for such shares.

Fractional Shares

Cypress will not issue any fractional shares of Cypress common stock in connection with the merger. Instead, each record holder of Spansion common stock who would otherwise be entitled to receive a fraction of a share of Cypress common stock will receive (after aggregating all fractional shares of Cypress common stock that otherwise would be received by such holder of record) an amount of cash (rounded down to the nearest whole cent), without interest, equal to the amount obtained by multiplying such fraction of a share by the average of the closing sale prices for one share of Cypress common stock as quoted on the Nasdaq Global Select Market for the 10 consecutive trading days ending on the second trading day immediately preceding the closing date of the merger.

Treatment of Spansion Equity Awards

When the merger is completed, Cypress will assume outstanding options to purchase shares of Spansion common stock, and such options will be automatically converted into options to purchase the number of shares of Cypress common stock equal to (x) the number of shares of Spansion common stock subject to the Spansion option immediately prior to the merger, *multiplied by* (y) 2.457, with such product rounded down to the nearest whole share of Cypress common stock. The exercise price per share for each assumed Spansion option will be equal to (x) the exercise price per share of the Spansion option *divided by* (y) 2.457, with such quotient rounded up to the nearest whole cent. Each assumed Spansion option otherwise will be subject to the same terms and conditions (including as to vesting and exercisability) as are applicable under the respective Spansion option immediately prior to the effective time of the merger. However, if a Spansion option is subject to the legal requirements of a non-U.S. jurisdiction and Cypress determines that the Spansion option may not be assumed under the legal requirements of the relevant non-U.S. jurisdiction, Cypress will, to ensure compliance with applicable non-U.S. law: (1) require that such outstanding unassumed non-U.S. Spansion options be accelerated and exercised only by a cashless exercise pursuant to which employees will authorize a broker to sell all shares that they are entitled to at exercise immediately upon exercise and receive the difference between the fair market value of the shares at exercise and the exercise price in cash, (2) provide for conversion of the unassumed non-U.S. Spansion options into the right to receive, as soon as practicable after the effective time of the merger, an amount in cash equal to (x) the excess, if any, of (i) the average of the closing sale prices for one share of Cypress common stock as quoted on the Nasdaq Global Select Market for the 10 consecutive trading days ending on the second trading day immediately preceding the closing date of the merger, *over* (ii) the applicable exercise price of such unassumed non-U.S. Spansion option, *multiplied by* (y) the number of Spansion shares subject to such unassumed non-U.S. Spansion option, less all applicable deductions and withholdings required by applicable legal requirements to be withheld in respect of such payment or (3) provide for such other treatment that is in compliance with applicable legal requirements and reasonably agreed upon by Cypress and Spansion at least 20 days prior to the effective time of the merger.

Cypress will also assume outstanding Spansion restricted stock units and performance stock units. Each assumed Spansion restricted stock unit award or performance stock unit award will be converted into an award to receive a number of shares of Cypress common stock equal to (x) the number of shares of Spansion common stock subject to the Spansion restricted stock unit award or performance stock unit award immediately prior to the effective time of the merger *multiplied by* (y) 2.457, with such product rounded down to the nearest whole share of Cypress common stock. Each assumed Spansion restricted stock unit award or performance stock unit award that was granted with a purchase price other than Spansion par value will have a purchase price per share equal to (x) the per share purchase price of Spansion common stock subject to such assumed Spansion restricted stock unit award or Spansion performance stock unit award, *divided by* (y) 2.457, with such quotient rounded up to the nearest whole cent. Each assumed Spansion restricted stock unit award or performance stock unit award otherwise will be subject to the same terms and conditions (including as to vesting and exercisability) as were applicable under the respective Spansion restricted stock unit award or performance stock unit award immediately prior to the effective time of the merger. However, if a Spansion restricted stock unit award or performance stock unit award is subject to the legal requirements of a non-U.S. jurisdiction and Cypress determines that the Spansion restricted stock unit award or performance stock unit award may not be assumed under the legal requirements of the relevant non-U.S. jurisdiction, Cypress will, to ensure compliance with applicable non-U.S. law: (1) provide for conversion of such unassumed non-U.S. Spansion restricted stock unit award or performance stock unit award into the right to receive, as soon as practicable after the effective time of the merger, an amount in cash equal to (x) the average of the closing sale prices for one share of Cypress common stock as quoted on the Nasdaq Global Select Market for the 10 consecutive trading days ending on the second trading day immediately preceding the closing date of the merger, *multiplied by* (y) the number of Spansion shares subject to such unassumed non-U.S. Spansion restricted stock unit award or performance stock unit award, less all applicable deductions and withholdings required by applicable legal requirements to be withheld in respect of such payment or (2) provide for such other treatment that is in compliance with applicable law and reasonably agreed upon by Cypress and Spansion at least 20 days prior to the effective time of the merger.

If any shares of Spansion common stock outstanding immediately prior to the effective time of the merger are unvested or subject to a repurchase option or obligation, risk of forfeiture or other condition under any applicable restricted stock purchase agreement or other agreement with Spansion or under which Spansion has any rights, then the common stock consideration (described above under the section entitled *Treatment of Securities Spansion Common Stock* beginning on page 108 of this joint proxy statement/prospectus) payable in exchange for such Spansion restricted stock also shall be unvested and subject to the same repurchase option or obligation, risk of forfeiture or other condition and need not be paid until such time as such repurchase option, risk of forfeiture or other condition lapses or otherwise terminates, and the certificates representing such shares of Spansion restricted stock may accordingly be marked with appropriate legends. Prior to the effective time of the merger, Spansion shall take all actions that may be necessary to ensure that, from and after the effective time of the merger, Cypress is entitled to exercise any such repurchase option or other right set forth in any such restricted stock purchase agreement or other agreement.

Cypress has agreed to file, within 10 business days after the effective time of the merger, a registration statement with the Securities and Exchange Commission relating to the shares of Cypress common stock issuable in connection with all assumed Spansion options, restricted stock units and performance stock units, and use its reasonable best efforts to maintain effectiveness of such registration statement (and maintain the current status of the prospectuses contained therein) for as long as such assumed awards remain outstanding. As a result, the shares of Cypress common stock issuable upon the exercise of assumed Spansion options and payout or vesting of assumed Spansion restricted stock units or performance stock units are expected to be freely transferable as long as the registration statement remains effective (subject to Cypress insider trading policy and any applicable securities laws).

Prior to the effective time of the merger, all outstanding purchase rights under the Spansion employee stock purchase plan will be exercised automatically as of immediately prior to the closing date of the merger and the Spansion employee stock purchase plan will be terminated.

Exchange Fund; Exchange of Stock Certificates

Prior to the completion of the merger, Cypress and Spansion will select a mutually acceptable bank or trust company to act as the exchange agent for the merger. As promptly as practicable (and in any event within one business day) after the effective time of the merger, Cypress will make available to the exchange agent for exchange in accordance with the merger agreement, the shares of Cypress common stock that are issuable in exchange for shares of Spansion common stock, and the cash payable in lieu of fractional shares. In addition, Cypress will make available from time to time after the completion of the merger as necessary, cash in an amount sufficient to pay any dividends or distributions to which holders of shares of Spansion common stock might be entitled under the merger agreement. Any Cypress common stock and cash deposited with the exchange agent is generally referred to as the exchange fund.

As promptly as practicable (and in any event within two business days) following the effective time of the merger, Cypress will cause the exchange agent to mail to each holder of record (as of immediately prior to the effective time of the merger) of a certificate or certificates that immediately prior to the effective time of the merger represented outstanding shares of Spansion common stock (or effective affidavits of loss in lieu thereof) or non-certificated shares of Spansion common stock represented by book entry (1) a letter of transmittal in customary form as Spansion and Cypress may reasonably agree and (2) instructions for use in effecting the surrender of the certificates or book entry shares in exchange for (a) certificates representing whole shares of Cypress common stock pursuant to the terms of the merger agreement, (b) cash payable in lieu of any fractional shares of Cypress common stock and (c) any dividends or other distributions payable pursuant to the terms of the merger agreement.

With respect to uncertificated shares of Spansion common stock held through direct registration, Cypress will implement procedures with the exchange agent for effecting the exchange of such directly registered uncertificated shares of Spansion common stock for shares of Cypress common stock and cash payable in lieu of any fractional shares as promptly as practicable after the effective time of the merger.

Upon surrender of certificates or book entry shares for cancellation to the exchange agent, together with a letter of transmittal, duly completed and validly executed in accordance with the relevant instructions, the holders of such certificates or book entry shares will be entitled to receive the number of whole shares of Cypress common stock such holder is entitled to receive pursuant to the merger agreement, payment of any cash such holder is entitled to receive in lieu of fractional shares and any dividends or distributions such holder is entitled to receive pursuant to the merger agreement, which shares and cash Cypress will cause the exchange agent to distribute as promptly as practicable (but in any event within five business days) following surrender of such certificates or book entry shares and a duly completed and validly executed letter of transmittal. Surrendered certificates will be canceled.

The exchange agent will accept certificates or book entry shares upon compliance with such reasonable terms and conditions as the exchange agent may impose for an orderly exchange in accordance with normal exchange practices. No interest will be paid or accrued for the benefit of holders of the certificates or book entry

shares on the cash amounts payable in exchange for fractional shares. Until surrendered, from and after the effective time of the merger outstanding certificates or book entry shares will only be evidence of the ownership of the number of full shares of Cypress common stock into which such shares of Spansion common stock have been converted and the right to receive cash payable in lieu of fractional shares in accordance with the merger agreement and any dividends or distributions payable pursuant to the merger agreement.

Following the completion of the merger, Spansion will not register any transfers of Spansion common stock on its stock transfer books.

Holders of Spansion common stock should not attempt to surrender their stock certificates until they receive a letter of transmittal from the exchange agent with instructions for the proper surrender of such certificates.

Distributions with Respect to Unexchanged Shares

Registered holders of Spansion common stock will be entitled to dividends and other distributions declared or made after the date of the merger agreement with a record date after the effective time of the merger with respect to the number of whole shares of Cypress common stock which they are entitled to receive upon exchange of their Spansion common stock, but no such dividends will be paid to any particular holder of Spansion common stock until such holder has properly surrendered the certificates representing such shares in accordance with the letter of transmittal.

Termination of Exchange Fund; No Liability

Any portion of the exchange fund that is undistributed 12 months after the completion of the merger will, at the request of Cypress, be delivered to Cypress, or otherwise according to the instruction of Cypress, and any holders of Spansion common stock who have not surrendered their certificates or book entry shares in compliance with the merger agreement may then look only to Cypress for delivery or payment of the shares of Cypress common stock issuable, or cash payable (in lieu of any fractional shares and any dividends or other distributions), in exchange for such certificates or book entry shares.

None of Cypress, Spansion or the exchange agent will be liable to any holder of Spansion common stock or Cypress common stock for any shares (or any related dividends or distributions) properly paid to a public official pursuant to any applicable abandoned property, escheat or other similar law.

Lost, Stolen or Destroyed Certificates

If a Spansion stock certificate is lost, stolen or destroyed, the holder of the certificate must deliver an affidavit and may, at Cypress request, be required to deliver an indemnity bond prior to receiving any merger consideration.

Representations and Warranties

The merger agreement contains representations and warranties made by each of Cypress, Mustang Acquisition Corporation and Spansion, regarding their businesses, financial condition and structure, their subsidiaries and other facts pertinent to the merger. Each party s representations and warranties are subject to materiality, knowledge and other similar qualifications in many respects, expire at the effective time of the merger and relate to:

corporate organization, qualification to do business, corporate standing, corporate power and enforceability of the merger agreement;

corporate authorization to enter into and carry out the obligations contained in the merger agreement, requisite stockholder approvals and the opinions of financial advisors;

the absence of any conflicts with or violations of such party s organizational documents and certain agreements with third parties, the absence of any rights of first refusal or acquisition or pre-emptive rights with respect to such party s capital stock or other assets or properties arising or resulting from entering into and carrying out the obligations contained in the merger agreement and certain regulatory approvals required in connection with the merger;

capitalization;

such party s subsidiaries;

certain Securities and Exchange Commission filings and the financial statements contained in those filings;

controls and procedures for required disclosures of financial and non-financial information in certain reports filed with the Securities and Exchange Commission;

the absence of undisclosed liabilities (other than certain specified exceptions);

the absence of certain changes or events between the date of such party s last audited balance sheet and the date of the merger agreement;

real property matters;

personal property matters;

intellectual property matters;

material contracts and the absence of breaches of material contracts;

tax matters;

employee benefit plans;

labor matters and relations;

environmental matters;

compliance with applicable laws, including anti-corruption and export controls laws;

compliance with permits required for the operation of business;

litigation and legal proceedings;

insurance matters;

such party s ownership of the other party s capital stock;

the applicability of Delaware anti-takeover statutes to the merger; and

brokerage or other finders fees that may be payable in connection with the merger.

Conduct of Business before Completion of the Merger

In the merger agreement, Cypress and Spansion have agreed that, until the earlier of the completion of the merger or termination of the merger agreement, or unless contemplated by the merger agreement, required by applicable law or consented to by the other party in writing, each such party will:

use commercially reasonable efforts to carry on its businesses in the usual, regular and ordinary course in substantially the same manner as earlier conducted and in compliance with all applicable laws;

pay its debts and taxes when due, in each case subject to good faith disputes over such debts or taxes;

pay all of its material debts when due and perform all of its material obligations when such obligations are required to be performed, in each case subject to good faith disputes over such debts or obligations;

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use its commercially reasonable efforts, consistent with past practices and policies, to (1) preserve intact its present businesses, (2) keep available the services of its present officers and employees and (3) preserve its relationships with customers, suppliers, distributors, licensors, licensees and others with which it has significant business dealings; and

use its reasonable best efforts to enforce its rights under all confidentiality, non-disclosure, standstill and other similar agreements in the event of any violation of such agreements.

Under the merger agreement, each of Cypress and Spansion has also agreed that, until the earlier of the completion of the merger or termination of the merger agreement, or unless the other party consents in writing, they will not (and will not permit their respective subsidiaries to), except as specifically contemplated or permitted by the merger agreement, as required by law or as specifically disclosed to the other party in such party s disclosure letter to the merger agreement:

propose to adopt any amendments to or amend their respective certificates of incorporation or by-laws or comparable organizational documents;

authorize, issue, sell, deliver or agree or commit to issue, sell or deliver any of their respective securities or any securities of any of their respective subsidiaries, except in accordance with certain specified exceptions;

acquire, redeem, or amend any of their respective securities or any securities of any of their respective subsidiaries (other than dissolving and/or merging subsidiaries that are not material to them and their respective subsidiaries, taken as a whole);

split, combine or reclassify any shares of capital stock, declare, set aside or pay any dividend or other distribution, or make any other actual, constructive or deemed distribution, other than cash dividends made in the ordinary course of business and consistent with past practice, or between their respective wholly owned subsidiaries to themselves or one of their respective subsidiaries;

propose or adopt a plan of liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of themselves or any of their respective subsidiaries (other than the merger);

incur, assume or issue any debt, except for (1) letters of credit or bank guarantees issued in the ordinary course of business consistent with past practice, (2) short-term debt or revolving credit facility debt incurred to fund operations of the business or for cash management purposes, in each case in the ordinary course of business consistent with past practice, (3) loans or advances to subsidiaries in the ordinary course of business consistent with past practices and (4) with respect only to existing indebtedness that matures before the completion of the merger, to refinance, extend or renew the maturity of that indebtedness in an amount that doesn t exceed such existing indebtedness, subject to certain conditions as provided in the merger agreement;

other than in the ordinary course of business, assume, guarantee, endorse or otherwise become liable or responsible for any material obligations of any third person (except obligations of any of their respective subsidiaries);

make any material loans, advances or capital contributions to or investments in any third person;

mortgage or pledge any of their or their respective subsidiaries assets, or create any liens on such assets;

except to satisfy contractual obligations existing on the date of the merger agreement, make any bonuses or increase compensation other than as permitted by the merger agreement;

forgive any loans to any of their respective employees, officers or directors or any employees, officers or directors of any of their respective subsidiaries or affiliates;

fund any employee benefit plans other than as required by existing contracts or applicable law;

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enter into, amend, or extend any collective bargaining agreement;

acquire, sell, lease, license or dispose of any material property or assets except (1) pursuant to existing contracts, (2) for transactions in the ordinary course of business consistent with past practice and not in excess of $5 million individually, or $40 million in the aggregate or (3) the sale of Spansion products or Cypress products, or services, in the ordinary course of business consistent with past practice;

except to comply with GAAP, make any change in accounting principles or practices;

make or change any material tax election, adopt or change any tax accounting method, settle or compromise any material tax liability, or consent to an extension or a waiver of any limitations period applicable to a material tax claim or assessment;

enter into or materially amend, or waive any right under, any contract that would be a Spansion material contract or a Cypress material contract, as defined in the merger agreement;

enter into or modify any lease or sublease of real property with a term in excess of one year;

grant any exclusive rights to any of their respective intellectual property rights that are material to their respective businesses;

modify the standard warranty terms for Spansion or Cypress products or services;

acquire any other third party or any equity interest in any third party;

authorize, incur or commit to incur any new capital expenditures that in the aggregate exceed $30 million (plus $5 million for each full month after June 30, 2015 until the completion of the merger), other than maintenance capital expenditures or capital expenditures required pursuant to existing contracts;

settle or compromise any litigation or liabilities other than those (1) reflected or reserved against in full in the September 28, 2013 Spansion or Cypress balance sheet, (2) covered by existing insurance policies, (3) settled since the respective dates thereof in the ordinary course of business consistent with past practice or (4) in an amount not more than $4 million;

except as required by GAAP, revalue in any material respect any of its properties or assets (including writing-off notes or accounts receivable) other than in the ordinary course of business consistent with past practice;

convene any special meeting of their stockholders (or postpone or adjourn any special meeting), or propose any matters for consideration and a vote of its stockholders other than the merger agreement and the merger;

waive any rights under any confidentiality, non-disclosure, standstill, employee non-solicitation and other similar agreements; or

enter into a contract to do any of the above, or knowingly take any action that is reasonably likely to result in any of the conditions to the consummation of the transactions contemplated by the merger agreement not being satisfied, or knowingly take any action that would make any of their respective representations or warranties set forth in the merger agreement untrue or incorrect in any material respect, or that would materially impair their ability to consummate the transactions contemplated by the merger agreement in accordance with the terms of the merger agreement, or materially delay the effective time of the merger.

Cypress and Spansion also agreed to prepare, as soon as possible after the execution and delivery of the merger agreement, a supplemental indenture, as required by Sections 5.02 and 10.05 of the indenture, dated as of August 26, 2013 (as amended, modified or supplemented from time to time), by and among Spansion LLC, the guarantors party thereto, including Spansion and Wells Fargo Bank, National Association, as trustee, governing the exchangeable 2.00% senior notes due 2020 of Spansion LLC. When the merger is completed, Cypress, Spansion, Spansion LLC and the guarantors party thereto will execute with Wells Fargo the supplemental indenture, effective as of the completion of the merger.

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Cypress and Spansion are Required to Terminate Any Existing Discussions with Third Parties and are Prohibited from Soliciting Other Offers

Promptly after the execution and delivery of the merger agreement, each of Spansion and Cypress will immediately cease and cause to be terminated, and will instruct, direct and cause their respective directors, officers, employees, subsidiaries, controlled affiliates, investment bankers, attorneys and other advisors or representatives to immediately cease and cause to be terminated, any and all existing activities, discussions or negotiations with any persons previously conducted with respect to certain acquisition proposals and acquisition transactions relating to Spansion and Cypress described below. Each of Spansion and Cypress will also promptly request that all confidential information that has been delivered, provided or furnished by or on behalf of Spansion or Cypress, as the case may be, within the two year period prior to the date of the merger agreement in connection with any consideration, discussions or negotiations regarding any such potential acquisition proposals or acquisition transactions be returned or destroyed.

Under the terms of the merger agreement, subject to certain exceptions described below, neither Spansion nor Cypress will, or authorize or permit any of their respective representatives to, directly or indirectly:

- solicit, initiate or knowingly encourage or facilitate, the making, submission or announcement of an acquisition proposal relating to Spansion or Cypress, respectively;
- furnish to any person (other than each other) any non-public information relating to Spansion or Cypress or any of their respective subsidiaries, or allow access to their business, properties, assets, books or records, or the business, properties, assets, books or records of any of their respective subsidiaries, in either case in a manner intended to assist or facilitate any inquiries or the making of any proposal that constitutes or would reasonably be expected to lead to an acquisition proposal relating to Spansion or Cypress, or take any other action intended to assist or facilitate any inquiries or the making of any proposal that constitutes or would reasonably be expected to lead to an acquisition proposal relating to Spansion or Cypress;
- participate or engage in discussions or negotiations with any person (other than each other) with respect to an acquisition proposal relating to Spansion or Cypress, respectively;
- approve, endorse or recommend an acquisition proposal relating to Spansion or Cypress, respectively;
- enter into any letter of intent, memorandum of understanding or other contract contemplating an acquisition transaction relating to Spansion or Cypress, respectively;
- terminate, amend or waive any rights under any standstill or other similar contract;
- waive Section 203 of the DGCL, or any portion thereof (other than with respect to each other); or

propose publicly or agree to any of the foregoing with respect to an acquisition proposal relating to Spansion or Cypress, respectively.

For purposes of the restrictions described above, acquisition proposal means any offer or proposal (or any indication of interest that is substantially equivalent to an offer or proposal) relating to any acquisition transaction, and acquisition transaction means any transaction or series of related transactions involving:

- any acquisition or purchase of a 15% or greater interest in the total outstanding equity interests or voting securities of Cypress or Spansion, or any tender offer or exchange offer that if consummated would result in anyone beneficially owning 15% or more of the total outstanding equity interests or voting securities of Cypress or Spansion;

- any acquisition or purchase of 50% or more of any class of equity or other voting securities of one or more subsidiaries of Cypress or Spansion, the business(es) of which, individually or in the aggregate, generate or constitute 15% or more of the net revenues, net income or assets (as of or for the 12 month period ending on the last day of Cypress or Spansion s most recently completed fiscal year) of Cypress or Spansion and their respective subsidiaries, taken as a whole;

- any merger, consolidation, business combination or other similar transaction involving Cypress or Spansion or one or more of their subsidiaries the business(es) of which, individually or in the aggregate, generate or constitute 15% or more of the net revenues, net income or assets (as of or for the 12 month period ending on the last day of Cypress or Spansion s most recently completed fiscal year) of Cypress or Spansion and their respective subsidiaries, taken as a whole, pursuant to which the stockholders of Cypress or Spansion, or such subsidiary or subsidiaries, as applicable, hold less than 85% of the equity interests in the surviving or resulting entity of such transaction;

- any sale, lease (other than in the ordinary course of business), exchange, transfer, license (other than in the ordinary course of business), acquisition or disposition of assets of Cypress or Spansion that generate or constitute 15% or more of the net revenues, net income or assets (as of or for the 12 month period ending on the last day of Cypress or Spansion s most recently completed fiscal year);

- any liquidation, dissolution, recapitalization or other significant corporate reorganization of Cypress or Spansion or one or more of their subsidiaries the business(es) of which, individually or in the aggregate, generate or constitute 15% or more of the net revenues, net income or assets (as of or for the 12 month period ending on the last day of Cypress or Spansion s most recently completed fiscal year); or

- any combination of the foregoing.

Spansion and Cypress are also obligated to promptly, and in all cases within 24 hours, advise the other in writing of:

- any acquisition proposal they receive;

- any request for information they receive that would reasonably be expected to lead to an acquisition proposal or an acquisition transaction; or

- any inquiry they receive with respect to, or which would reasonably be expected to lead to, any acquisition proposal or acquisition transaction, the material terms and conditions of such acquisition proposal, acquisition transaction, request or inquiry, and the identity of the person making the acquisition proposal, request or inquiry.

In addition, each of Spansion and Cypress is required to keep the other party reasonably informed on a prompt basis of the status of any discussions and negotiations with respect to any acquisition proposal or acquisition transaction and its material terms and conditions and any request or inquiry. Each of Spansion and Cypress will give the other at least 48 hours (or whatever lesser notice provided to the board generally) notice of a meeting of its board (or any committee) at which its board (or any committee) is reasonably expected to consider an acquisition proposal or acquisition transaction it has received, and will inform the other as promptly as practicable of any material change in the price, structure, form of consideration or other material terms and conditions of the acquisition proposal or acquisition transaction.

Notwithstanding the prohibitions described above, if either Cypress or Spansion receives an unsolicited bona fide written acquisition proposal before the date of its requisite stockholder approval and the conditions set forth below are satisfied, the party receiving the acquisition proposal is permitted to:

engage or participate in discussions or negotiations with a party that has made (and not withdrawn) a bona fide, unsolicited acquisition proposal that Cypress or Spansion determines in good faith (after consultation with a financial advisor of nationally recognized standing and its outside legal counsel) constitutes or is reasonably likely to lead to a superior proposal; and/or

furnish any non-public information to the party making such unsolicited acquisition proposal that Cypress or Spansion s board determines in good faith (after consultation with a financial advisor of nationally recognized standing and its outside legal counsel) constitutes or is reasonably likely to lead to a superior proposal in respect of such party.

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The following conditions must be satisfied in order to engage in such discussions or negotiations with, or provide information to, such third party:

- such acquisition proposal must not have resulted from a breach of the non-solicitation obligations contained in the merger agreement and the third party submitting such acquisition proposal must not have made any other acquisition proposal that resulted from a breach of the non-solicitation obligations contained in the merger agreement;

- the party proposing to engage in such discussions or negotiations with, or provide information to, a third party must not have materially breached the non-solicitation obligations contained in the merger agreement;

- the board of the party proposing to engage in such discussions or negotiations with, or provide information to, a third party must have determined in good faith (after consultation with its outside legal counsel) that the failure to take such action would reasonably be expected to be inconsistent with its fiduciary duties under Delaware law;

- at least 24 hours prior to taking such action, the party proposing to engage in such discussions or negotiations with, or provide information to, a third party must have given notice to the other party;

- the party proposing to engage in such discussions or negotiations with, or provide information to, a third party must have entered into a confidentiality agreement with such third party; and

- within 12 hours of providing such information to a third party, the party proposing to engage in such discussions or negotiations with, or provide information to, a third party must provide the same information to the other party.

For purposes of the provisions described above, superior proposal means an unsolicited bona fide written acquisition proposal (except that all references to 15% in the definition of acquisition transaction will be replaced by 50%) with respect to which the board of the applicable party will have determined in good faith (after consultation with its financial advisor of nationally recognized standing and its outside legal counsel, and after taking into account, among other things, the financial, legal and regulatory aspects of such acquisition transaction, the extent to which such acquisition transaction is conditioned on third party financing and, if so, the extent to which the person proposing such acquisition transaction has obtained commitments for any such third party financing, as well as any counter-offer or proposal made by the other party to the merger agreement) that (1) the acquiring party is reasonably capable of timely consummating the proposed acquisition transaction on the terms proposed and (2) the proposed acquisition transaction would, if timely consummated in accordance with its terms, be more favorable to the stockholders of the applicable party to the merger agreement than the merger and other transactions contemplated by the merger agreement (or any counter-offer or proposal made by the other party to the merger agreement).

Obligations of each of the Cypress and Spansion Boards with Respect to its Recommendation and Holding a Meeting of its Stockholders

Under the terms of the merger agreement, Spansion and Cypress agreed that the Cypress and Spansion boards will each call, hold and convene a meeting of its stockholders promptly (and within 45 days) after the declaration of effectiveness of the registration statement, of which this joint proxy statement/prospectus forms a part, by the Securities and Exchange Commission. Spansion and Cypress also agreed that the Cypress and Spansion boards will each use its reasonable best efforts to call, give notice of, convene and hold its respective stockholder meetings on the same day and at the same time as the other party s stockholder meeting; provided, that such efforts will not require either Spansion or Cypress to delay the meeting of its stockholders beyond the date that is 45 days after the declaration of effectiveness of the registration statement. The Cypress board agreed to recommend the approval of the issuance of shares of Cypress common stock in the merger to its stockholders and to use reasonable best efforts to obtain the required stockholder approval. The Spansion board agreed to recommend the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement to its stockholders and to use reasonable best efforts to obtain the required stockholder adoption and approvals.

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Each of the Cypress and Spansion boards also agreed not to withhold, withdraw, amend, modify, qualify or condition, or publicly propose to withhold, withdraw, amend, modify, qualify or condition, their recommendations.

Notwithstanding the obligations described above, at any time before receiving the approvals of their respective stockholders, the Cypress board or Spansion board may change its recommendation if certain conditions are satisfied with respect to a superior proposal or an intervening event.

With respect to a superior proposal, a party may change its recommendation if and only if:

- it has received an acquisition proposal that its board has determined in good faith (after consultation with its financial and legal advisors) constitutes a superior proposal;
- such acquisition proposal did not result from a breach of the nonsolicitation obligations contained in the merger agreement;
- the party proposing to change its recommendation has not breached the nonsolicitation obligations contained in the merger agreement in respect of such acquisition proposal;
- prior to changing its recommendation, Cypress or Spansion, as the case may be, has given the other party at least five business days notice and the opportunity to meet and discuss in good faith potential amendments or other modifications to the merger agreement so that the merger and other transactions contemplated by the merger agreement can take place;
- the other party has not made, within the five business days after receiving notice of a party s intent to change its recommendation, a counteroffer or proposal that the board of the party proposing to change its recommendation determines in good faith (after consultation with its financial advisor of nationally recognized standing and its outside legal counsel) is at least as favorable to its stockholders as that superior proposal; and
- after such discussions, the board of the party proposing to change its recommendation determines in good faith (after consultation with its outside legal counsel and after considering in good faith any counteroffer or proposal) that the failure to change its recommendation would reasonably be expected to be inconsistent with its fiduciary duties under Delaware law.

A party may also change its recommendation in connection with an intervening event, if and only if:

- such intervening event does not involve the receipt of any offer, proposal or inquiry from any third party relating to an acquisition transaction;

before changing its recommendation, the party proposing to do so has given the other at least five business days notice and the opportunity to meet and discuss in good faith the basis for the proposed change in recommendation, the other party s reaction and potential amendments and modifications to the merger agreement so that the merger and other transactions contemplated by the merger agreement can take place; and

after such discussions, the board of the party proposing to change its recommendation determines in good faith (after consultation with outside legal counsel) that the failure to change its recommendation would reasonably be expected to be inconsistent with its fiduciary duties under Delaware law.

For purposes of the provisions described above, intervening event means any material event, circumstance, change, effect, development or condition occurring or arising after the date of the merger agreement that was not known by the Cypress board or the Spansion board, as applicable, as of or before the date of the merger agreement.

Regardless of whether either the Cypress or Spansion board has received an acquisition proposal or a superior proposal of the type described above, or has changed its recommendation as it relates to the merger, both parties are obligated to call, give notice of, convene and hold a meeting of their respective stockholders to consider and vote upon their respective proposals relating to the merger and no change of recommendation or unsolicited proposal will give the party that changed its recommendation or that received an unsolicited proposal a right to terminate the merger agreement or affect any other obligation of the parties under the merger agreement. Neither Cypress nor Spansion is permitted under the merger agreement to submit any acquisition proposal, including a superior proposal, to a vote of its respective stockholders at or prior to its stockholders meeting relating to the merger. For more information concerning the ability of the parties to terminate the merger agreement under certain circumstances, see the section entitled *Termination; Fees and Expenses* beginning on page 125 of this joint proxy statement/prospectus.

Joint Proxy Statement/Prospectus

The merger agreement provides that as promptly as practicable (and in any event with 45 days) after the execution and delivery thereof, Cypress and Spansion will prepare and file with the Securities and Exchange Commission, a registration statement on Form S-4 of which this joint proxy statement/prospectus is a part (which includes a prospectus for the issuance of shares of Cypress common stock in the merger, a proxy statement of Cypress for use in connection with the solicitation of proxies for the Cypress stockholder meeting and a proxy statement of Spansion for use in connection with the solicitation of proxies for the Spansion stockholder meeting). Both parties have agreed to use their reasonable best efforts to have this joint proxy statement/prospectus declared effective by the Securities and Exchange Commission as promptly as practicable after filing and have agreed to fully cooperate in the preparation of this joint proxy statement/prospectus.

Subject to certain exceptions set forth in the merger agreement, no amendment or supplement (including by incorporation by reference) to this joint proxy statement/prospectus will be made without the approval of both parties, which approval will not be unreasonably withheld, conditioned or delayed. Cypress and Spansion have agreed to notify each other as promptly as practicable after the receipt of any written or oral comments of the Securities and Exchange Commission or its staff regarding, or of any written or oral request by the Securities and Exchange Commission or its staff for amendments or supplements to, this joint proxy statement/prospectus and related filings, and to promptly give the other copies of all correspondence between it or any of its representatives and the Securities and Exchange Commission or its staff with respect to any of the foregoing filings.

Efforts to Complete and Regulatory Matters

Each party to the merger agreement has agreed to use its reasonable best efforts to take all actions and to do all things reasonably necessary to consummate and make effective the transactions contemplated by the merger agreement, including using reasonable best efforts to:

- cause the conditions to the merger to be satisfied or fulfilled;

- obtain all necessary consents, waivers and approvals under any contracts to which either (or any of its subsidiaries) is a party so as to maintain and preserve the benefits under such contracts following the effective time of the merger;

obtain all necessary actions or non-actions, waivers, consents, approvals, orders and authorizations from governmental authorities, seek the expiration or termination of any applicable waiting periods under applicable legal requirements, and make all necessary registrations, declarations and filings with governmental authorities;

seek to have vacated or otherwise lifted or removed any legal order that has been issued or granted that has the effect of making the merger or related transactions illegal, preventing or otherwise restraining the effective time of the merger or related transactions in any such jurisdiction; and

execute or deliver any additional instruments reasonably necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, the merger agreement.

In connection with the foregoing, as soon as practicable (and within 30 days) following the execution and delivery of the merger agreement, the parties have agreed to file with the Federal Trade Commission and the Antitrust Division of the Department of Justice a Notification and Report Form relating to the merger and related filings and, as required by applicable law, in Germany and Japan and any other non-U.S. jurisdiction in which Cypress or Spansion have material business operations or in which Cypress and Spansion mutually agree to make a filing or otherwise seek a consent or approval of a governmental authority under applicable antitrust laws. Cypress and Spansion have determined such approval is not required in China. Each of Cypress and Spansion has agreed to cooperate and coordinate with the other in the making of such filings and inform the other party hereto of any communication from any governmental authority regarding the merger and related transactions. Each of Cypress and Spansion filed with the Federal Trade Commission and the Antitrust Division of the Department of Justice a Notification and Report Form relating to the merger and related filings on December 16, 2014, and made related filings as required by applicable law in Germany on December 17, 2014. Cypress and Spansion received notice of early termination of the waiting period and clearance of the transaction from the Japan Fair Trade Commission on February 3, 2015. For further discussion of the regulatory filings and approvals required to complete the merger, see *Regulatory Filings and Approvals Required to Complete the Merger* beginning on page 131 of this joint proxy statement/prospectus.

Public Announcements

Neither Cypress nor Spansion will issue any press release or make any public statement with respect to the merger agreement or the merger without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed. However, Cypress and Spansion may, without the prior consent of the other, issue a press release or make a public statement relating to the merger agreement or the merger if it determines that the press release or public statement is required by applicable law or the rules and regulations of the Nasdaq Global Select Market or New York Stock Exchange, and it has notified and consulted with the other party.

Spansion Employee Benefits; 401(k) Plans

After the effective time of the merger, and to the extent permitted by applicable law, Cypress will recognize the prior service with Spansion or its subsidiaries of each Spansion employee in connection with all employee benefit plans, programs or policies (including vacation and severance, but excluding the sabbatical program) of Cypress or its affiliates in which Spansion employees are eligible to participate following the effective time of the merger for purposes of eligibility and vesting and determination of level of benefits (but not for purposes of benefit accruals or benefit amounts under any defined benefit pension plan or to the extent that such recognition would result in duplication of benefits).

After the effective time of the merger, Cypress will, or will cause Spansion to, cause any pre-existing conditions or limitations and eligibility waiting periods under any group health plans of Cypress or its affiliates to be waived with respect to Spansion employees and their eligible dependents, and provide each Spansion employee with credit for any deductibles paid under any Spansion employee plan that provides medical, dental or vision benefits in the plan year in effect as of the effective time of the merger in satisfying any applicable deductible or out of pocket requirements under any medical, dental or vision plans of Cypress or the surviving corporation in the merger that such employees are eligible to participate in after the effective time of the merger.

Indemnification and Insurance

Under the terms of the merger agreement, Cypress will honor all obligations of Spansion contained in any indemnification agreement in effect prior to completion of the merger between Spansion or its subsidiaries and any of its current or former directors or officers for a period of six years after completion of the merger.

For six years following the effective time of the merger, Cypress will maintain the existing policy of Spansion s directors and officers and fiduciary liability insurance covering claims arising from facts or events that occurred prior to the completion of the merger, including acts or omissions occurring in connection with the merger agreement and completion of the merger to the extent such acts or omissions are covered by the existing insurance policy, and covering each director and officer of Spansion who was covered at the effective time of the merger on terms with respect to coverage and amounts no less favorable than those in effect prior to the signing of the merger agreement. However, Cypress will not be required to expend in any one year an amount in excess of 250% of the annual premium paid by Spansion at the time the merger agreement was signed. In the event the premium exceeds 250% of the annual premium at the time the merger agreement was signed, Cypress will be obligated to obtain an insurance policy with the greatest coverage available for a cost not exceeding 250% of the annual premium paid by Spansion at the time the merger agreement was signed. Alternatively, Cypress or Spansion may, prior to completion of the merger, purchase a six year tail prepaid insurance policy on terms and conditions no less advantageous than, from an issuer with an AM Best rating no worse than the issuer of, Spansion s current director and officer policy. Prior to the effective time of the merger, Cypress will also purchase, for the benefit of the directors and officers of Cypress, liability insurance with a coverage limit of no less than $50 million, or such other amount as is mutually agreed by Spansion and Cypress.

Listing of Cypress Common Stock

Cypress will use its reasonable best efforts to have authorized for listing on the Nasdaq Global Select Market before the effective time of the merger, upon official notice of issuance, the shares of Cypress common stock that are issuable in the merger, the shares of Cypress common stock that are issuable upon the exercise of all assumed options and assumed restricted stock and performance units and any shares of Cypress common stock issuable upon exchange of Spansion s exchangeable 2.00% senior notes at and after the effective time of the merger.

Takeover Statutes

If any takeover statute is or may become applicable to the merger or any other transactions contemplated by the merger agreement, Spansion and the Spansion board will promptly grant such approvals and take such lawful actions as are necessary so that the merger and/or such other transactions can be consummated as promptly as practicable on the terms contemplated by the merger agreement, and otherwise take such lawful actions to eliminate or minimize the effects of such statute on the merger and such other transactions.

Cypress and Spansion Insiders

The Cypress board, or a committee thereof consisting of non-employee directors, will adopt a resolution in advance of the effective time of the merger providing that the receipt by Spansion insiders of Cypress common stock are intended to be exempt pursuant to Rule 16b-3 under the Securities Exchange Act of 1934. In addition, the Spansion board, or a committee thereof consisting of non-employee directors, will adopt a resolution in advance of the effective time of the merger providing that the disposition by Spansion insiders of Spansion common stock and stock awards in exchange for shares of Cypress common stock and Cypress stock awards are also intended to be exempt pursuant to Rule 16b-3 under the Securities Exchange Act of 1934.

Tax Matters

Neither Cypress, Spansion nor any of their subsidiaries will take any action prior to or following the effective time of the merger that would reasonably be expected to cause the merger to fail to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Each of Cypress and Spansion will also use its reasonable best efforts to obtain tax opinions from its counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) prior to the effective time of the merger.

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Cypress Governance Matters after the Merger

On the effective time of the merger, Cypress will retain the name Cypress Semiconductor Corporation. In addition, immediately following the effective time of the merger:

- the Cypress board will have eight members, comprised of T.J. Rodgers, Eric Benhamou and two others from the current Cypress board to be mutually agreed, and John H. Kispert, Raymond Bingham and two others from the current Spansion board to be mutually agreed;
- the chairman of the Cypress board will be Mr. Bingham;
- the chairman of the Operations Committee of the Cypress board will be Mr. Kispert;
- the chairman of the Nominating and Governance Committee of the Cypress board will be a current Spansion director;
- the chairman of the Audit Committee of the Cypress board will be a current Cypress director;
- the chairman of the Compensation Committee of the Cypress board will be a current Spansion director;
- the chief executive officer of Cypress will be Mr. Rodgers; and
- the chief financial officer of Cypress will be the current Cypress chief financial officer.

Conditions to Obligations to Complete the Merger

The respective obligations of Cypress, Mustang Acquisition Corporation and Spansion to consummate the merger are subject to the satisfaction or waiver of each of the following conditions:

- no governmental authority of competent jurisdiction will have enacted, issued, promulgated, entered, or enforced any law that is in effect and has the effect of making the merger or any other transactions contemplated by the merger agreement illegal or prohibiting the effective time of the merger or any other transactions contemplated by the merger agreement;
- no governmental authority of competent jurisdiction will have issued or granted any order (whether temporary, preliminary or permanent) that has the effect of making the merger or any other transactions contemplated by the merger agreement illegal or prohibiting the effective time of the merger or any other

transactions contemplated by the merger agreement;

Cypress registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part, will have been declared effective by the Securities and Exchange Commission and no stop order suspending the effectiveness of such registration statement will have been issued by the Securities and Exchange Commission and no proceeding for that purpose, and no similar proceeding in respect of the joint proxy statement/prospectus, will have been initiated or threatened in writing by the Securities and Exchange Commission;

the required approvals of the Cypress and Spansion stockholders will have been obtained;

all waiting periods (including all extensions) applicable to the merger under the laws of the U.S., Germany and Japan and any other non-U.S. jurisdiction in which Cypress or Spansion have material business operations or in which Cypress and Spansion mutually agree to make a filing or otherwise seek a consent or approval of a governmental authority under applicable antitrust laws will have terminated or expired;

all clearances, consents, approvals, authorizations and orders applicable to the merger which are required under any antitrust laws of the U.S., Germany and Japan and any other non-U.S. jurisdiction in which Cypress or Spansion have material business operations or in which Cypress and Spansion mutually agree to make a filing or otherwise seek a consent or approval of a governmental authority under applicable antitrust laws, will have been received and become final and non-appealable;

the shares of Cypress common stock issuable in the merger and upon the exercise of all assumed Spansion options, in settlement of all assumed Spansion restricted stock and performance units, and any shares of Cypress common stock issuable upon exchange of Spansion s exchangeable 2.00% senior notes at and after the effective time of the merger, will have been authorized for listing on the Nasdaq Global Select Market; and

each of Cypress and Spansion will have received from its respective tax counsel an opinion to the effect that the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

In addition, the respective obligations of each of Cypress and Mustang Acquisition Corporation, on the one hand, and Spansion on the other, to effect the merger and the other transactions contemplated by the merger agreement are subject to the satisfaction or waiver of the following additional conditions:

the other party will have performed or complied in all material respects with all agreements and covenants required by the merger agreement to be performed or complied with by it at or prior to the effective time of the merger;

certain representations and warranties of the other party relating to organization and qualification, authority, approvals and enforceability, required filings and consents, certificates of incorporation and by-laws, ownership of the other party s capital stock, takeover statutes and brokers will have been true and correct in all material respects as of the date of the merger agreement, and will be true and correct in all material respects on and as of the date of the effective time of the merger with the same force and effect as if made on and as of that date;

certain representations and warranties of the other party relating to its capitalization will have been true and correct as of the date of the merger agreement and will be true and correct on and as of the date of the effective time of the merger with the same force and effect as if made on and as of such date, except, in each case, for any inaccuracies that would not, individually or in the aggregate, reflect a change in the number of fully diluted shares of either party, before giving effect to the merger, of more than half a percent from that reflected in the merger agreement at signing;

the representations and warranties of the other party (other than those described above), will have been true and correct as of the date of the merger agreement, and will be true and correct on and as of the date of the effective time of the merger with the same force and effect as if made on and as of such date, except for any failure to be true and correct that has not had, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect (as further described below), and except for those representations and warranties that address matters only as of a particular date (which will have been true and correct as of that particular date, except for any failure to be true and correct as of such date which has not had, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect) (except that for purposes of determining the accuracy of those representations and warranties all qualifications based on a material adverse effect and all materiality qualifications and other qualifications based on the word material or similar phrases will be disregarded and any update of or modification to the disclosure letters of each party made or purported to have been made after the date of the merger agreement will be disregarded);

since the date of the merger agreement, there will not have occurred or arisen any material adverse effect with respect to the other party that is continuing; and

each party will have received from the other a certificate, signed for and on behalf of such other party by the chief executive officer and the chief financial officer, certifying the satisfaction of certain closing conditions.

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Material Adverse Effect

Under the terms of the merger agreement, a material adverse effect on either Cypress or Spansion will mean any fact, circumstance, change or effect that, individually or when taken together with all other facts, circumstances, changes or effects that exist at the date of determination of the occurrence of the applicable material adverse effect, has or is reasonably likely to have a material adverse effect on the business, operations, financial condition or results of operations of the applicable party and its subsidiaries, taken as a whole (except that no facts, circumstances, changes or effects (by themselves or when aggregated with any other facts, circumstances, changes or effects) resulting from, relating to or arising out of the following will be deemed to be or constitute a material adverse effect, and no facts, circumstances, changes or effects resulting from, relating to or arising out of the following (by themselves or when aggregated with any other facts, circumstances, changes or effects) will be taken into account when determining whether a material adverse effect has occurred or may, would or could occur):

- economic, financial or political conditions in the United States or any other jurisdiction in which either party or any of their subsidiaries has substantial business or operations, and any changes in those conditions, but solely to the extent that such conditions and changes do not have a disproportionate impact on such party and its subsidiaries, taken as a whole, relative to other semiconductor companies of comparable size;

- conditions in the semiconductor industry, and any changes in those conditions, but solely to the extent that such conditions and changes do not have a disproportionate impact on such party and its subsidiaries, taken as a whole, relative to other semiconductor companies of comparable size;

- conditions in the financial markets, and any changes in such conditions, but solely to the extent that such conditions and changes do not have a disproportionate impact on such party and its subsidiaries, taken as a whole, relative to other semiconductor companies of comparable size;

- acts of terrorism or war, weather conditions, power outages, and other force majeure events, but solely to the extent that such conditions and changes do not have a disproportionate impact on such party and its subsidiaries, taken as a whole, relative to other semiconductor companies of comparable size;

- the announcement or pendency of the merger agreement, the merger and the other transactions contemplated by the merger agreement;

- changes in law or GAAP (or any interpretations of GAAP);

- failure by either party or any of their subsidiaries to take any action that is expressly prohibited by the merger agreement;

- changes in stock price or the trading volume of either party s stock, in and of itself;

the failure to meet public estimates or forecasts of revenues, earnings of other financial metrics, in and of itself, or the failure to meet internal projections, forecasts or budgets of revenues, earnings or other financial metrics, in and of itself;

any legal proceeding that is pending or threatened on or prior to the effective time of the merger, except to the extent that final judgments are rendered against either party after the date of the merger agreement in an aggregate amount in excess of $100 million (provided, for the avoidance of doubt, that the existence of such final judgments in excess of $100 million will not alone be dispositive of the existence of a material adverse effect); or

any legal claims made or brought by any current or former stockholders of either party or other legal proceedings arising out of or related to the merger agreement, the merger or any other transactions contemplated by the merger agreement.

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Termination; Fees and Expenses

Termination

The merger agreement may be terminated and the merger may be abandoned at any time before the effective time of the merger:

- by mutual written consent duly authorized by the Spansion board and the Cypress board;

- by either Cypress or Spansion, if any governmental authority of competent jurisdiction has (1) enacted, issued, promulgated, entered, enforced or deemed applicable to the merger any law that is in effect and has the permanent effect of making the effective time of the merger illegal, or which has the effect of permanently prohibiting, preventing or otherwise restraining the effective time of the merger, or (2) issued or granted any order that is in effect and has the effect of making the merger illegal or which has the permanent effect of prohibiting, preventing or otherwise restraining the merger, and such order has become final and non-appealable (provided that the party seeking to terminate the merger agreement for that reason has complied with its obligations in the merger agreement to seek to have any such order vacated or lifted or removed);

- by either Cypress or Spansion, if the merger has not been consummated by June 1, 2015; except that in the event one or more conditions relating to effectiveness of the registration statement and/or antitrust matters has not been satisfied on or prior to June 1, 2015, and all of the other conditions to the effective time of the merger have been satisfied or waived by the party entitled to the benefit of that condition on or prior to the June 1, 2015 (other than those conditions that by their terms contemplate satisfaction at the closing of the merger, if such conditions can be satisfied at such time), either Cypress or Spansion may elect to extend the termination date to September 1, 2015; and in the event that one or more conditions relating to effectiveness of the registration statement and/or antitrust matters has not been satisfied on or prior to September 1, 2015, and all of the other conditions to the effective time of the merger have been satisfied or waived by the party entitled to the benefit of such condition on or prior to the September 1, 2015 (other than those conditions that by their terms contemplate satisfaction at the closing of the merger, if such conditions can be satisfied at such time), either Cypress or Spansion can extend the termination date to December 1, 2015; except that the right to terminate the merger agreement pursuant to this paragraph will not be available to any party whose action or failure to fulfill any covenant or obligation under the merger agreement has been the proximate cause of, or resulted in, any of the conditions to the effective time of the merger having failed to be satisfied or fulfilled on or prior to the termination date, as applicable and as may be extended, and such action or failure to fulfill any covenant or obligation constitutes a material breach of the merger agreement;

- by either Cypress or Spansion if its stockholders or the other party s stockholders have voted against the approval of the merger, or against the issuance of the shares of Cypress common stock as required by the transactions contemplated by the merger agreement, as applicable;

by either Cypress or Spansion (if it is not then in material breach of any of its covenants and obligations under the merger agreement) in the event of (1) a breach of any covenant or obligation set forth in the merger agreement by the other party or (2) any inaccuracy in any of the representations and warranties of the other party such that the conditions to the effective time of the merger would not be satisfied as of the time of such breach or as of the time such representation and warranty became inaccurate (except that if such breach or inaccuracy is curable through the exercise of commercially reasonable efforts by the party committing the breach or making the inaccurate representations and warranties, then the party seeking to terminate the merger agreement pursuant to this paragraph will not be permitted to terminate the merger agreement pursuant to this paragraph until the expiration of a 30 calendar day period after delivery of written notice of such breach or inaccuracy to the party committing the breach or making the inaccurate representations and warranties); or

by either Cypress or Spansion in the event that a triggering event has occurred with respect to the other party, whether promptly after the triggering event or at any time thereafter.

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A triggering event will be deemed to have occurred with respect to a party if:

- such party has willfully or intentionally breached its nonsolicitation obligations, its obligations to call and hold its stockholders meetings, or its obligations in respect of its recommendation of the merger in any material respect (whether or not resulting in the receipt of an acquisition proposal);

- such party has failed to include its board recommendation in this joint proxy statement/prospectus;

- the board (or any committee thereof) of such party has for any reason changed its recommendation;

- such party, its board, or any committee thereof has for any reason approved, or recommended that its stockholders approve, any acquisition proposal or acquisition transaction other than the transactions contemplated by the merger agreement (whether or not a superior proposal);

- an acquisition proposal (whether or not a superior proposal) has been made in respect of a party by a person unaffiliated with the other party and, within 10 business days after notice of that acquisition proposal is first published, sent or given to such party s stockholders, and, if requested by the other party hereto, that party has not sent to its stockholders, pursuant to Rule 14e-2 under the Securities Exchange Act of 1934, a statement unconditionally reaffirming the board s recommendation of the merger and the transaction contemplated by the merger agreement, and unconditionally recommending that its stockholders reject such acquisition proposal and not tender any shares of its capital stock into such acquisition proposal if made in the form of a tender or exchange offer; or

- except for the confidentiality agreement required by the merger agreement as a pre-condition to taking any actions with respect to an unsolicited proposal, such party has entered into a letter of intent, memorandum of understanding or other contract accepting any acquisition proposal or acquisition transaction (whether or not a superior proposal).

Termination Fees and Expenses

Under the terms of the merger agreement, Spansion must pay a termination fee of $60 million to Cypress due to termination of the merger agreement:

- if (1) following the execution and delivery of the merger agreement and before the Spansion stockholder meeting described in the merger agreement, an acquisition proposal in respect of Spansion has been made to Spansion or the Spansion board, or has been directly communicated or otherwise made known to Spansion s stockholders, or has been publicly announced or become publicly known, or any person has publicly announced an intention (whether or not conditional and whether or not withdrawn) to make an acquisition proposal for Spansion, (2) the merger agreement is terminated by Cypress for Spansion s failure to consummate the merger before the termination date (as may be extended) or Spansion s stockholders do not approve the merger agreement (or if the merger agreement can be terminated by Cypress for those reasons and Spansion terminates the merger agreement for another reason), and (3) within 12 months following the termination of the merger agreement, either any acquisition transaction in respect of Spansion is consummated or Spansion enters into a letter of intent, memorandum of understanding or other contract contemplating or providing for any acquisition transaction in respect of Spansion and that acquisition transaction is ultimately consummated (whether or not during that 12 month period); except that for this paragraph all references to 15% in the definition of acquisition transaction will be replaced by 50%;

if (1) following the execution and delivery of the merger agreement and before the breach forming the basis of the termination contemplated by the following clause (2), an acquisition proposal in respect of Spansion has been made to Spansion or the Spansion board, or has been directly communicated or otherwise made known to Spansion s stockholders, or has been publicly announced or become publicly known, or any person has publicly announced an intention (whether or not conditional and whether or not withdrawn) to make an acquisition proposal in respect of Spansion, (2) Cypress terminates the merger agreement (to the extent permitted by the merger agreement) for any intentional breach of any covenant or obligation set forth in the merger agreement by Spansion, or any intentional breach or inaccuracy in any of the representations and warranties of Spansion in the merger agreement that causes the applicable condition not to be satisfied (or after any such intentional breach or inaccuracy occurs, and the merger agreement becomes terminable for such breach or inaccuracy as a result, Spansion terminates the merger agreement for another reason), and (3) within 12 months following the termination of the merger agreement, either any acquisition transaction in respect of Spansion is consummated or Spansion enters into a letter of intent, memorandum of understanding or other contract contemplating or providing for any acquisition transaction in respect of Spansion and that same acquisition transaction is ultimately consummated (whether or not during the 12 month period); except that for the purposes of this paragraph all references to 15% in the definition of acquisition transaction will be replaced by 50%; or

if Cypress terminates the merger agreement because a triggering event has occurred with respect to Spansion (or after a triggering event occurs with respect to Spansion, and the merger agreement becomes terminable pursuant the terms of the merger agreement as a result, Spansion terminates the merger agreement for another reason); except that the fee contemplated by this paragraph will not be payable if the Spansion board has changed its recommendation (or the Spansion board has recommended or approved an acquisition transaction or acquisition proposal other than the merger, or an acquisition proposal has been made in respect of Spansion and after a request by Cypress the Spansion board has not unconditionally reaffirmed its recommendation in favor of the merger) at least 10 business days prior to the Spansion stockholder meeting relating to the merger, Cypress does not terminate the merger agreement due to a triggering event within five days thereafter and afterwards Spansion obtains the required approval of its stockholders at the Spansion stockholder meeting.

Spansion will reimburse Cypress for its documented out-of-pocket expenses actually incurred in connection with the merger agreement and not to exceed $5 million if (1) following the execution and delivery of the merger agreement and before the Spansion stockholder meeting at which a vote is taken on the approval of the merger by the Spansion stockholders, an acquisition proposal in respect of Spansion has been made to Spansion or the Spansion board, or has been directly communicated or otherwise made known to Spansion s stockholders, or has been publicly announced or become publicly known, or any person has publicly announced an intention (whether or not conditional and whether or not withdrawn) to make an acquisition proposal in respect of Spansion, and (2) the merger agreement is terminated by Cypress for the failure of the Spansion stockholders to approve the merger (or after the Spansion stockholder meeting has been held and a vote taken on merger and there has been a failure to obtain the approval of the Spansion stockholders for the merger, and the merger agreement becomes terminable for that reason, Spansion terminates the merger agreement for another reason); except that for purposes of this paragraph all references to 15% in the definition of acquisition transaction shall be replaced by 50%. If Spansion is required to reimburse Cypress expenses and the $60 million termination fee subsequently becomes payable by Spansion, the $60 million termination fee will be reduced by the amount of expenses Spansion previously reimbursed.

In no case will Spansion have to pay any termination fee more than once.

Under the terms of the merger agreement, Cypress must pay a fee of $60 million to Spansion due to termination of the merger agreement:

if (1) following the execution and delivery of the merger agreement and before the Cypress stockholder meeting described in the merger agreement, an acquisition proposal in respect of Cypress has been made to Cypress or the Cypress board, or has been directly communicated or otherwise made known to Cypress stockholders, or has been publicly announced or become publicly known, or any person has publicly announced an intention (whether or not conditional and whether or not withdrawn) to make an acquisition proposal for Cypress, (2) the merger agreement is terminated by Spansion for Cypress failure to consummate the merger before the termination date (as may be extended) or Cypress stockholders do not approve the issuance of the Cypress common stock as provided in the merger

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agreement (or if the merger agreement can be terminated by Spansion for those reasons and Cypress terminates the merger agreement for another reason), and (3) within 12 months following the termination of the merger agreement, either any acquisition transaction in respect of Cypress is consummated or Cypress enters into a letter of intent, memorandum of understanding or other contract contemplating or providing for any acquisition transaction in respect of Cypress and that acquisition transaction is ultimately consummated (whether or not during that 12 month period); except that for this paragraph all references to 15% in the definition of acquisition transaction will be replaced by 50%;

if (1) following the execution and delivery of the merger agreement and before the breach forming the basis of the termination contemplated by the following clause (2), an acquisition proposal in respect of Cypress has been made to Cypress or the Cypress board, or has been directly communicated or otherwise made known to Cypress stockholders, or has been publicly announced or become publicly known, or any person has publicly announced an intention (whether or not conditional and whether or not withdrawn) to make an acquisition proposal in respect of Cypress, (2) Spansion terminates the merger agreement (to the extent permitted by the merger agreement) for any intentional breach of any covenant or obligation set forth in the merger agreement by Cypress, or any intentional breach or inaccuracy in any of the representations and warranties of Cypress in the merger agreement that causes the applicable condition not to be satisfied (or after any such intentional breach or inaccuracy occurs, and the merger agreement becomes terminable for such breach or inaccuracy as a result, Cypress terminates the merger agreement for another reason), and (3) within 12 months following the termination of the merger agreement, either any acquisition transaction in respect of Cypress is consummated or Cypress enters into a letter of intent, memorandum of understanding or other contract contemplating or providing for any acquisition transaction in respect of Cypress and that same acquisition transaction is ultimately consummated (whether or not during the 12 month period); except that for the purposes of this paragraph all references to 15% in the definition of acquisition transaction will be replaced by 50%; or

if Spansion terminates the merger agreement because a triggering event has occurred with respect to Cypress (or after a triggering event occurs with respect to Cypress, and the merger agreement becomes terminable pursuant the terms of the merger agreement as a result, Cypress terminates the merger agreement for another reason); except that the fee contemplated by this paragraph will not be payable if the Cypress board has changed its recommendation (or the Cypress board has recommended or approved an acquisition transaction or acquisition proposal other than the merger, or an acquisition proposal has been made in respect of Cypress and after a request by Spansion the Cypress board has not unconditionally reaffirmed its recommendation in favor of the merger) at least 10 business days prior to the Cypress stockholder meeting relating to the merger, Spansion does not terminate the merger agreement due to a triggering event within five days thereafter, and afterwards Cypress obtains the required approval of its stockholders at the Cypress stockholder meeting.

Cypress will reimburse Spansion for its documented out-of-pocket expenses actually incurred in connection with the merger agreement and not to exceed $5 million if (1) following the execution and delivery of the merger agreement and before the Cypress stockholder meeting at which a vote is taken on the issuance of the shares of Cypress common stock as provided in the merger by the Cypress stockholders, an acquisition proposal in respect of Cypress has been made to Cypress or the Cypress board, or has been directly communicated or otherwise made known to Cypress stockholders, or has been publicly announced or become publicly known, or any person has publicly announced an intention (whether or not conditional and whether or not withdrawn) to make an acquisition proposal in respect of Cypress, and (2) the merger agreement is terminated by Spansion for the failure of the Cypress stockholders to approve the merger (or after the Cypress stockholder meeting has been held and a vote taken on merger and there has been a failure to obtain the approval of the Cypress stockholders for the merger, and the merger agreement becomes terminable for that reason, Cypress terminates the merger agreement for another reason); except that for purposes of this paragraph all references to 15% in the definition of acquisition transaction shall be replaced by 50%. If Cypress is required to reimburse Spansion s expenses and the $60 million termination fee subsequently becomes payable by Cypress, the $60 million termination fee will be reduced by the amount of expenses Cypress previously reimbursed.

In no case will Cypress have to pay any termination fee more than once.

Expenses Generally

Except as provided above, all fees and expenses incurred in connection with the merger will be generally be paid by the party incurring the fees or expenses, whether or not the merger is completed; provided however, that all fees and expenses (other than legal fees and expenses) incurred in connection with the preparation, printing and filing, as applicable, of the registration statement, this joint proxy statement/prospectus, and all filings by Cypress and Spansion under the Hart-Scott-Rodino Act or any similar filing requirement of any governmental authority applicable to the merger agreement and the transactions contemplated hereby, shall be shared equally (i.e., 50%/50%) by Cypress and Spansion at the time any such fees, costs and expenses become due and payable.

Support Agreements

Simultaneously with the execution and delivery of the merger agreement, each of the executive officers and directors of Cypress, in their respective capacities as stockholders of Cypress, entered into support agreements with Spansion, pursuant to which such individuals agreed, among other things, to vote their respective shares of common stock of Cypress in favor of the approval of the issuance of shares of Cypress common stock pursuant to the merger agreement, against any acquisition proposal and against any action or agreement that would reasonably be expected to impede, interfere with, postpone, prevent or delay the consummation of, the transactions contemplated by the merger agreement; provided, however, that notwithstanding the foregoing, such support agreements will not impair the right or ability of such individuals to exercise his or her fiduciary duties in his or her capacity as a director of Cypress.

As of December 1, 2014, the persons signing the Cypress support agreements beneficially owned an aggregate of approximately 10.31% of the outstanding Cypress common stock.

Simultaneously with the execution and delivery of the merger agreement, each of the executive officers and directors of Spansion, in their respective capacities as stockholders of Spansion, entered into support agreements with Cypress, pursuant to which such individuals have agreed, among other things, to vote their respective shares of common stock of Spansion for the approval and adoption of the merger agreement, against any acquisition proposal and against any action or agreement that would reasonably be expected to impede, interfere with, postpone, prevent or delay the consummation of, the transactions contemplated by the merger agreement; provided, however, that notwithstanding the foregoing, such support agreements will not impair the right or ability of such individuals to exercise his or her fiduciary duties in his or her capacity as a director of Spansion.

As of December 1, 2014, the persons signing the Spansion support agreements beneficially owned an aggregate of approximately 5.41% of the outstanding Spansion common stock.

Material United States Federal Income Tax Consequences of the Merger

The following summary discusses the material United States federal income tax consequences of the merger to Spansion stockholders. The following discussion is based on existing provisions of the Internal Revenue Code, existing treasury regulations and current administrative rulings and court decisions, all of which are subject to change, possibly with retroactive effect, and to differing interpretations.

This summary does not discuss all United States federal income tax considerations that may be relevant to a particular stockholder in light of his or her personal circumstances or to stockholders subject to special treatment under the federal income tax laws, including:

- dealers in securities or foreign currencies;

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- stockholders who are subject to the alternative minimum tax provisions of the Internal Revenue Code;

- tax-exempt organizations;

- non-United States persons or entities;

- financial institutions or insurance companies;

- stockholders who acquired Spansion common stock in connection with stock option or stock purchase plans or in other compensatory transactions;

- stockholders that own more than five percent of the outstanding stock of Spansion; or

- stockholders who hold Spansion common stock as part of an integrated investment, including a straddle, comprised of shares of Spansion common stock and one or more other positions.

In addition, this summary does not discuss the tax consequences of the merger under foreign, state or local tax law or the application of the federal tax on net investment income. This discussion assumes that Spansion stockholders hold their shares of Spansion common stock as capital assets within the meaning of Section 1221 of the Internal Revenue Code (generally, as property held as an investment).

Accordingly, Spansion stockholders should consult their tax advisors as to the specific tax consequences of the merger, including any applicable federal, state, local and foreign tax consequences.

Based on factual representations contained in letters provided by Cypress and Spansion, and on certain customary factual assumptions, all of which must continue to be true and accurate as of the effective time of the merger, counsel to each of Cypress and Spansion has delivered its opinion (attached as exhibits 8.1 and 8.2, respectively, to the registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part) that the merger will qualify as a reorganization for United States federal income tax purposes within the meaning of Section 368(a) of the Internal Revenue Code and that the following material United States federal income tax consequences will result from such qualification:

- Spansion stockholders will not recognize any gain or loss upon the receipt of Cypress common stock in exchange for Spansion common stock in connection with the merger, except for cash received instead of a fractional share of Cypress common stock;

- the aggregate tax basis of the Cypress common stock received by a Spansion stockholder in connection with the merger will be equal to the aggregate tax basis of the Spansion common stock surrendered in exchange for Cypress common stock (excluding the portion of the stockholder s basis that is allocable to a deemed fractional share of Cypress common stock for which the stockholder will receive cash in lieu of such fractional share);

the holding period of the Cypress common stock received by a Spansion stockholder in connection with the merger will include the holding period of the Spansion common stock surrendered in connection with the merger;

cash payments received by a Spansion stockholder for a fractional share of Cypress common stock will be treated as if such fractional share had been issued in connection with the merger and then redeemed by Cypress, and Spansion stockholders will recognize capital gain or loss with respect to such cash payment, measured by the difference, if any, between the amount of cash received and the tax basis in such fractional share; and

Cypress, Mustang Acquisition Corporation and Spansion will not recognize gain or loss as a result of the merger.

The completion of the merger is conditioned upon the delivery of an opinion by each of Wilson Sonsini Goodrich and Rosati and Fenwick and West that the merger will constitute a reorganization for United States federal income tax purposes within the meaning of Section 368(a) of the Internal Revenue Code. These opinions will be based on updated representation letters to be provided by Cypress and Spansion at the time of the completion of the merger, and on customary factual assumptions.

Neither Cypress nor Spansion will request a ruling from the Internal Revenue Service regarding the tax consequences of the merger to Spansion stockholders. The opinions of counsel do not bind the Internal Revenue Service or courts of law and thus do not prevent the Internal Revenue Service from asserting a contrary position, or a court from upholding any such assertion. In addition, if any of the representations or assumptions upon which the opinions are based are inconsistent with the actual facts, the tax consequences of the merger and the validity of the opinions could be adversely affected.

Certain stockholders may be subject to information reporting with respect to the cash received in lieu of a fractional share of Cypress common stock. U.S. holders who are subject to information reporting and who do not provide appropriate information when requested may also be subject to backup withholding. Any amount withheld under such rules is not an additional tax and may be refunded or credited against such U.S. holders federal income tax liability, provided that the required information is properly furnished in a timely manner to the Internal Revenue Service.

Accounting Treatment of the Merger

Each of Cypress and Spansion prepares its financial statements in accordance with GAAP. The merger will be accounted for using the acquisition method of accounting with Cypress treated as the acquiror of Spansion for accounting purposes. This means that the assets, liabilities and commitments of Spansion, the accounting acquiree, are adjusted to their estimated fair value at the acquisition date. Under the acquisition method of accounting, definite-lived intangible assets are amortized over their remaining useful lives. Goodwill and other indefinite-lived intangible assets are tested for impairment at least annually.

Financial statements of Cypress issued after the merger will reflect only the operations of Spansion after the merger and will not be restated retroactively to reflect the historical financial position or results of operations of Spansion.

All unaudited pro forma condensed combined financial information contained in this proxy statement/prospectus were prepared using the acquisition method of accounting. The final allocation of the purchase price will be determined after the merger is completed and after completion of an analysis to determine the fair value of Spansion s assets and liabilities. Accordingly, the final acquisition accounting adjustments may be materially different from the unaudited pro forma adjustments. Any decrease in the fair value of the assets or increase in the fair value of the liabilities of Spansion as compared to the unaudited pro forma condensed combined financial information included in this proxy statement/prospectus will have the effect of increasing the amount of the purchase price allocable to goodwill.

Regulatory Filings and Approvals Required to Complete the Merger

The merger is subject to review by the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Under this statute, Cypress and Spansion are required to make pre-merger notification filings and await the expiration or early termination of the statutory waiting period prior to completing the merger. Each of Cypress and Spansion completed the initial Hart-Scott-Rodino filing on December 16, 2014 and the applicable waiting period was terminated early on January 14, 2015. The merger is also subject to review by foreign governmental authorities and requires pre-merger notification and the observance of an applicable waiting period in certain countries, including Germany and Japan. Cypress and Spansion have determined such approval is not required in China. Cypress and Spansion completed the initial pre-merger notification required in Germany on December 17, 2014 and have received notification from the German Federal Cartel Office that the acquisition has

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been cleared to proceed. Cypress and Spansion received notice of early termination of the waiting period and clearance of the transaction from the Japan Fair Trade Commission on February 3, 2015.

There can be no assurance that such governmental authorities will permit the applicable statutory waiting periods to expire, terminate the applicable statutory waiting periods or clear the merger at all or without restrictions or conditions that would have a material adverse effect on the combined company if the merger is completed. These restrictions and conditions could include a complete or partial license, divestiture, spin-off or the holding separate of assets or businesses. No additional stockholder approval is expected to be required for any decision by Cypress or Spansion to agree to any terms and conditions necessary to resolve any regulatory objections to the merger.

In addition, during or after the statutory waiting periods and clearance of the merger, and even after completion of the merger, either the Antitrust Division of the United States Department of Justice, the Federal Trade Commission, or other governmental authorities could challenge or seek to block the merger under the antitrust laws, as it deems necessary or desirable in the public interest. Other competition agencies with jurisdiction over the merger could also initiate action to challenge or block the merger. In addition, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. Cypress and Spansion cannot be sure that a challenge to the merger will not be made or that, if a challenge is made, Cypress and/or Spansion will prevail.

Listing of Shares of Cypress Common Stock Issued in the Merger on the Nasdaq Global Select Market

Cypress will use its reasonable best efforts to have authorized for listing on the Nasdaq Global Select Market prior to the effective time of the merger, upon official notice of issuance, the shares of Cypress common stock issuable in the merger pursuant to the merger agreement, the shares of Cypress common stock issuable upon the exercise of all assumed Spansion options and the shares of Cypress common stock issuable in respect of all assumed Spansion restricted stock and performance stock units, and any shares of Cypress common stock issuable upon exchange of Spansion s exchangeable 2.00% senior notes at and after the effective time of the merger.

Delisting and Deregistration of Spansion Common Stock After the Merger

Following the effective time of the merger, Spansion common stock will be delisted from the New York Stock Exchange and deregistered under the Securities Exchange Act of 1934.

Registration of Shares of Cypress Common Stock Received in the Merger

The shares of Cypress common stock to be issued in connection with the merger will be registered under the Securities Act of 1933 and will be freely transferable. The resale restrictions in Rule 145(d) that could be applicable to persons specified in Rule 145(c) are not applicable to persons receiving stock in the merger.

No Appraisal Rights

Neither Cypress stockholders nor Spansion stockholders are entitled to appraisal rights for their shares under the Delaware General Corporation Law in connection with the merger.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma condensed combined balance sheet as of September 28, 2014 is presented as if the proposed merger had occurred as of September 28, 2014. The unaudited pro forma condensed combined statements of operations for the nine months ended September 28, 2014 and the year ended December 29, 2013 is presented as if the merger had occurred on December 31, 2012. The pro forma consolidated financial statements of Cypress and Spansion have been adjusted to reflect certain reclassifications in order to conform to Cypress financial statement presentation and the presentation of the combined company.

The unaudited pro forma condensed combined financial statements give effect to the merger under the acquisition method of accounting in accordance with Financial Accounting Standards Board Accounting Standard Topic 805, Business Combinations, which we refer to as ASC 805, with Cypress treated as the acquirer. As of the date of this filing, Cypress has not completed the detailed valuation work necessary to arrive at the required estimates of the fair value of the Spansion assets to be acquired and the liabilities to be assumed and the related allocation of purchase price, nor has it identified all adjustments necessary to conform Spansion s accounting policies to Cypress accounting policies. A final determination of the fair value of Spansion s assets and liabilities, including intangible assets with both indefinite or finite lives, will be based on the actual net tangible and intangible assets and liabilities of Spansion that exist as of the closing date of the merger and, therefore, cannot be made prior to the completion of the merger. In addition, the value of the consideration to be paid by Cypress upon the consummation of the merger will be determined based on the closing price per share of Cypress common stock on the closing date of the merger. As a result of the foregoing, the pro forma adjustments are preliminary and are subject to change as additional information becomes available and as additional analyses are performed. The preliminary pro forma adjustments have been made solely for the purpose of presenting the unaudited pro forma condensed combined financial statements. Cypress estimated the fair value of Spansion s assets and liabilities as of September 28, 2014 based on discussions with Spansion s management, preliminary valuation studies, due diligence and information presented in Spansion s public filings. Until the merger is completed, both companies are limited in their ability to share certain information. Therefore, information necessary for the complete valuation is not currently available and, accordingly, management has used its best estimates based upon information currently available. Upon completion of the merger, final valuations will be performed based on the actual net tangible and intangible assets of Spansion that will exist on the date of the merger. The final purchase price allocation may be different than that reflected in the pro forma purchase price allocation presented herein, and this difference may be material.

Assumptions and estimates underlying the unaudited adjustments to the pro forma condensed combined financial statements are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed combined financial statements. The historical consolidated financial statements have been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are: (1) directly attributable to the merger; (2) factually supportable; and (3) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the combined results of Cypress and Spansion following the merger.

In connection with the plan to integrate the operations of Cypress and Spansion, Cypress anticipates that non-recurring charges, such as costs associated with systems implementation, relocation expenses, severance, compensation charges under change of control agreements with certain employees and other costs related to exit or disposal activities, will be incurred. Cypress is not able to determine the timing, nature and amount of these charges as of the date of this joint proxy statement/prospectus. However, these charges could affect the combined results of operations of Cypress and Spansion, as well as those of the combined company following the merger, in the period in which they are recorded. The unaudited pro forma condensed combined financial statements do not include the effects of the costs associated with any restructuring or integration activities resulting from the transaction, as they are non-recurring in nature and not factually supportable at the time that the unaudited pro forma condensed combined financial statements were prepared. Additionally, these adjustments do not give effect to any synergies that may be realized as a result of the merger, nor do they give effect to any nonrecurring or unusual restructuring charges that may be incurred as a result of the integration of the two companies.

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In addition, on August 1, 2013, Spansion completed its acquisition of the Microcontroller and Analog semiconductor business, which we refer to as the AM Business, of Fujitsu Semiconductor Limited, which we refer to as FSL. Pursuant to the terms and conditions of the Stock Purchase Agreement with FSL, Spansion acquired certain subsidiaries and assets and assumed certain liabilities of FSL for purposes of acquiring FSL s business of designing, developing, marketing and selling microcontroller and analog semiconductor products.

The acquisition of the AM Business was accounted for using the acquisition method of accounting in accordance with ASC 805. Under the acquisition method of accounting, the total purchase price was allocated to the net tangible and intangible assets of the AM Business acquired in connection with a stock purchase agreement, based on the fair values as of the completion of the acquisition by Spansion.

The unaudited pro forma condensed combined statement of operations of Spansion for the year ended December 29, 2013 is presented as if the acquisition of the AM Business was consummated on December 31, 2012. Given the acquisition was completed on August 1, 2013, the results of the AM Business are already included in the Spansion condensed consolidated statement of operations for the nine months ended September 28, 2014 and the consolidated balance sheet as of September 28, 2014.

Assumptions underlying the unaudited adjustments to the pro forma condensed combined financial statement of operations of the AM Business are described in the accompanying notes, which should be read in conjunction with the historical combined abbreviated financial statements of the AM Business incorporated by reference herein. The Spansion historical consolidated statement of operations have been adjusted in the unaudited pro forma condensed combined statement of operations to give effect to pro forma events that are: (1) directly attributable to the acquisition; (2) factually supportable; and (3) expected to have a continuing impact on the combined results of Spansion and the AM Business following the August 2013 acquisition.

The unaudited pro forma condensed combined financial statements have been presented for illustrative purposes only and are not necessarily indicative of the operating results and financial position that would have been achieved had the merger with Spansion and acquisition of the AM Business by Spansion occurred on the dates indicated. Further, the unaudited pro forma condensed combined financial statements do not purport to project the future combined operating results or financial position of Cypress and Spansion following the merger and acquisition.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical financial statements and accompanying notes of Cypress and Spansion and the historical combined abbreviated financial statements of the AM Business, which have been incorporated by reference in this joint proxy statement/prospectus, as well as other information contained or incorporated by reference into this joint proxy statement/prospectus.

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Unaudited Pro Forma Condensed Combined Balance Sheet of Cypress Semiconductor Corporation and Spansion Inc.

(in thousands, except par value and share amounts)

(Unaudited)

	Historical				
	Cypress Semiconductor Corporation September 28, 2014	Spansion Inc. September 28, 2014	Pro Forma Adjustments (Note 5)	Footnote	Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 105,084	$ 281,991	$		$ 387,075
Short-term investments	15,293	44,778			60,071
Accounts receivable, net	105,853	164,933			270,786
Inventories	88,790	269,267	76,921	(a)	434,978
Other current assets	29,094	65,436			94,530
Total current assets	344,114	826,405	76,921		1,247,440
Property, plant and equipment, net	244,298	189,266	228,260	(b)	661,824
Goodwill	65,696	166,334	1,012,196	(d)	1,244,226
Intangible assets, net	35,274	140,835	673,635	(c)	849,744
Other long-term assets	87,727	61,456			149,183
Total assets	$ 777,109	$ 1,384,296	$ 1,991,012		$ 4,152,417
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 33,462	$ 153,785	$		$ 187,247
Accrued compensation and employee benefits	36,310	44,441			80,751
Deferred margin on sales to distributors	134,726	37,745			172,471
Dividends payable	17,727				17,727
Income taxes payable	3,023	486			3,509
Current portion of long-term debt	5,601	22,285			27,886
Other current liabilities	73,774	149,048	65,369	(e)	288,191
Total current liabilities	304,623	407,790	65,369		777,782
Deferred income taxes and other tax liabilities	19,018	24,796			43,814
Long-term revolving credit facility and debt, non current	238,532	387,284	7,465	(g)	633,281
Other long-term liabilities	10,129	30,506			40,635

Total liabilities	572,302	850,376	72,834		1,495,512
Commitments and contingencies					
Equity					
Preferred stock					
Common stock	3,027	62	1,648	(f)	4,737
Additional paid-in capital	2,681,923	786,667	1,729,090	(f), (g)	5,197,680
Accumulated other comprehensive loss	(204)	(251,275)	251,275	(f)	(204)
Accumulated deficit	(383,416)	(1,534)	(63,835)	(f), (e)	(448,785)
Stockholders equity before treasury stock	2,301,330	533,920	1,918,178		4,753,429
Less: shares of common stock held in treasury, at cost	(2,090,494)				(2,090,494)
Total stockholders equity	210,836	533,920	1,918,178		2,662,935
Noncontrolling interests	(6,029)				(6,029)
Total equity	204,807	533,920	1,918,178		2,656,906
Total liabilities and equity	$ 777,109	$ 1,384,296	$ 1,991,012		$ 4,152,417

The accompanying notes are an integral part of these condensed consolidated financial statements

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Unaudited Pro Forma Condensed Combined Statement of Operations of Cypress Semiconductor Corporation and Spansion Inc.

	Historical								
	Cypress Semiconductor Corporation For the Year Ended December 29, 2013	Spansion Inc. For the Year Ended December 29, 2013	Analog Semiconductor and Microcontroller (AM) Products Business of Fujitsu Semiconductor Ltd For December 30, 2012 through July 31, 2013	Pro Forma Adjustments relating to AM business acquisition (Note 5)	Footnote	Pro forma Combined -Spansion Inc	Pro Forma Adjustments relating to the merger (Note 5)	Footnote	Pro Forma Combined-Cypress Semiconductor and Spansion Inc.
	(in thousands, except par value and share amounts)								
Revenues	$ 722,693	$ 971,690	$ 289,531	$		$ 1,261,221	$		$ 1,983,914
Cost and expenses:									
Cost of revenues	384,121	687,037	262,705	(29,772)	(E)	919,970	107,998	(B), (a)	1,412,089
Research and development	190,906	126,768	33,095	(1,287)	(E)	158,576	(2,797)	(B)	346,685
Selling, general and administrative	182,671	178,265	114,205	(11,421)	(E)	281,049	127	(B)	463,847
Amortization of acquisition-related intangible assets	7,833	32,025		8,093	(D)	40,118	96,925	(A)	144,876
Restructuring costs	15,357	6,017				6,017			21,374
Total costs and expenses	780,888	1,030,112	410,005	(34,387)		1,405,730	202,253		2,388,871
Operating loss	(58,195)	(58,422)	(120,474)	34,387		(144,509)	(202,253)		(404,957)
Interest and other income (expense), net	10,337	4,406		(8,698)	(F)	(4,292)			6,045
Interest expense	(8,112)	(29,792)				(29,792)			(37,904)
Gain on acquisition of the Microcontroller and Analog business		7,950		255		8,205			8,205

Loss before income taxes and noncontrolling interest	(55,970)	(75,858)	(120,474)	25,944		(170,388)	(202,253)		(428,611)
Income tax provision (benefit)	(7,761)	2,410		5,317	(G)	7,727		(C)	(34)
Net loss	(48,209)	(78,268)	(120,474)	20,627		(178,115)	(202,253)		(428,577)
Adjust for net loss attributable to noncontrolling interests net of taxes	1,845								1,845
Net loss attributable to common stockholders	$ (46,364)	$ (78,268)	$ (120,474)	$ 20,627		$ (178,115)	$ (202,253)		$ (426,732)
Net loss per share attributable to common stockholders									
Basic	$ (0.31)	$ (1.34)	$	$		$ (3.04)			$ (1.34)
Diluted	$ (0.31)	$ (1.34)	$	$		$ (3.04)			$ (1.34)
Shares used in net loss per share calculation									
Basic	148,558	58,599				58,599	112,410	(f)	319,567
Diluted	148,558	58,599				58,599	112,410	(f)	319,567

The accompanying notes are an integral part of these condensed consolidated financial statements

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Unaudited Pro Forma Condensed Combined Statement of Operations of Cypress Semiconductor Corporation and Spansion Inc.

	Historical Cypress Semiconductor Corporation For the Nine Months Ended September 28, 2014	Spansion Inc. For the Nine Months September 28, 2014	Pro Forma Adjustments (Note 5)	Footnote	Pro Forma Combined
	(in thousands, except par value and share amounts)				
Revenues	$ 541,400	$ 942,346	$		1,483,746
Cost and expenses:					
Cost of revenues	271,425	631,830	21,645	(B)	924,900
Research and development	124,883	126,505	(3,234)	(B)	248,154
Selling, general and administrative	125,787	177,169	(1,351)	(B)	301,605
Amortization of acquisition-related intangible assets	5,334	27,034	75,749	(A)	108,117
Restructuring costs	(1,252)				(1,252)
Total costs and expenses	526,177	962,538	92,809		1,581,524
Operating income (loss)	15,223	(20,192)	(92,809)		(97,778)
Interest and other income (expense), net	3,322	1,794			5,116
Interest expense	(4,424)	(18,214)			(22,638)
Income (loss) before income taxes and noncontrolling interest	14,121	(36,612)	(92,809)		(115,300)
Income tax provision (benefit)	(2,987)	8,703		(C)	5,716
Equity in net loss equity method investees	(3,666)				(3,666)
Net income (loss)	13,442	(45,315)	(92,809)		(124,682)
Adjust for net loss attributable to noncontrolling interests net of taxes	991				991
Net income (loss) attributable to common stockholders	$ 14,433	$ (45,315)	$ (92,809)		$ (123,691)
Net income (loss) per share attributable to common stockholders					
Basic	$ 0.09	$ (0.75)			$ (0.38)
Diluted	$ 0.09	$ (0.75)			$ (0.38)
Shares used in net income (loss) per share calculation					

Basic	157,594	60,705	110,304	(f)	328,603
Diluted	166,000	60,705	110,304	(f)	328,603

The accompanying notes are an integral part of these condensed consolidated financial statements

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. Basis of Presentation

Merger Agreement with Spansion

The merger is reflected in the unaudited pro forma condensed combined financial statements under the acquisition method in accordance with ASC 805, with Cypress treated as the acquirer. Under the acquisition method, the total estimated purchase price allocation is calculated as described in Note 3. In accordance with ASC 805, the assets acquired and the liabilities assumed have been measured at fair value based on various preliminary estimates, and these estimates are subject to change pending further review of the fair value of assets acquired and liabilities assumed. The final amounts recorded for the merger may differ materially from the information presented herein.

The unaudited pro forma condensed combined financial statements were prepared in accordance with GAAP and pursuant to Securities and Exchange Commission Regulation S-X Article 11, and present the pro forma financial position and results of operations of the combined companies based upon the historical information after giving effect to the merger and adjustments described in these Notes to the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined balance sheet is presented as if the merger had occurred on September 28, 2014; and the unaudited pro forma condensed combined statements of operations for the nine months ended September 28, 2014 and the year ended December 29, 2013 are presented as if the merger had occurred on December 31, 2012.

Cypress and Spansion have historically recorded a full valuation allowance on the majority of their deferred tax assets since it was more-likely-than not that such assets would not be realized. Following the merger, Cypress will need to assess whether a valuation allowance should be recorded on the deferred tax assets of the combined company, including those deferred tax assets that did not have an allowance in the accounts of Cypress before the merger. In accordance with the requirements of ASC 805, any change in the valuation allowance of Cypress would be reflected in the income tax provision in the reporting period that includes the business combination.

Pursuant to the terms of severance agreements of certain named executive officers, Spansion will provide cash severance and acceleration of unvested stock awards upon completion of the merger. The impact of these compensation charges has not been reflected in the unaudited pro forma condensed combined financial statements. However, these compensation charges will increase operating expenses during the period subsequent to the merger.

Certain reclassifications have been made relative to Cypress and Spansion s historical financial statements to conform to the financial statement presentation of Cypress and the combined company. Such reclassifications are described in further detail in Note 5 to the unaudited pro forma condensed combined financial statements.

Acquisition of AM Business

On August 1, 2013, Spansion completed its acquisition of the AM Business. Pursuant to the terms and conditions of the Stock Purchase Agreement with FSL, Spansion acquired certain subsidiaries and assets and assumed certain liabilities of FSL for purposes of acquiring FSL s business of designing, developing, marketing and selling, microcontroller and analog semiconductor products.

The acquisition of the AM Business by Spansion was accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the total purchase price, as described in Note 4 to these unaudited pro forma condensed combined financial statements, was allocated to the net tangible and intangible assets of the AM

Business acquired in connection with a stock purchase agreement, based on the fair values as of the completion of the acquisition by Spansion.

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The unaudited pro forma condensed combined statement of operations of Spansion for the year ended December 29, 2013 is presented as if the acquisition of the AM Business was consummated by Spansion on December 31, 2012. Given the acquisition was completed on August 1, 2013, the results of the AM Business are included in the Spansion condensed consolidated statement of operations for the nine months ended September 28, 2014 and the Spansion consolidated balance sheet as of September 28, 2014.

Since the AM Business was a component of FSL and was not operated as a stand-alone business, the financial statements presented for the AM business represent the business subject to the sale under the Stock Purchase Agreement, and have been derived from the financial statements and accounting records of FSL and its subsidiaries that are subject to the Stock Purchase Agreement.

FSL uses the Japanese Yen as its reporting currency. For presentation purposes, the historical financial statements of the AM Business have been translated into US dollars. Income and expense items denominated in Japanese Yen were translated at the average exchange rate for the seven months ended July 31, 2013.

2. Preliminary Estimated Purchase Price Consideration: Merger Agreement with Spansion

Subject to the terms and conditions of the merger agreement, each outstanding share of Spansion common stock will be converted into the right to receive 2.457 shares of common stock of Cypress.

The merger agreement further provides for each Spansion stock option and restricted stock award that is outstanding and unexercised at the closing date to be assumed and converted into an option or award to purchase Cypress common stock based on the 2.457 conversion ratio. Based on Spansion s stock options outstanding at September 28, 2014 and the 2.457 conversion ratio, the unaudited pro forma condensed combined financial statements present the conversion of Spansion options to purchase approximately 5.0 million shares of Spansion common stock into options to purchase approximately 12.3 million shares of Cypress common stock. In addition, the unaudited pro forma condensed consolidated financial statements also assume and convert approximately 2.8 million shares of outstanding Spansion restricted stock units (including performance-based awards) into approximately 6.8 million shares of Cypress restricted stock units (including performance-based awards), using the 2.457 conversion ratio. The estimated value of the stock options and restricted stock awards assumed and converted based on closing price of Cypress stock as of December 15, 2014 that is included in the preliminary purchase price equals the fair value of the options to purchase approximately $96.8 million of Cypress common stock and the $94.4 million of Cypress restricted stock awards, reduced by the portion of the respective values considered unearned compensation.

The fair values of stock options assumed were determined using a Black-Scholes valuation model with market based assumptions. The fair values of unvested Spansion stock awards will be recorded as operating expenses on a straight-line basis over the remaining service periods, while the fair values of vested options are included in the total purchase price. Option pricing models require the use of highly subjective market assumptions, including expected stock price volatility, which if changed can materially affect fair value estimates. The estimate used in the pro forma condensed combined financial statements is based upon the fair value of unvested Spansion share-based awards as of September 28, 2014. The fair value of awards exchanged will be determined based upon the Black-Scholes option pricing model on the date the merger is consummated, based upon the fair value of the Cypress common shares at that time.

The requirement to determine the final purchase price using the number of Spansion shares outstanding at the closing date and the closing price of Cypress Semiconductor s common stock as of the closing date could result in a total purchase price different from the price assumed in these unaudited pro forma condensed combined financial statements, and that difference may be material. Therefore, the estimated consideration expected to be transferred reflected in these unaudited pro forma condensed combined financial statements does not purport to represent what the actual consideration transferred will be when the merger is completed.

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Cypress closing stock price at the merger date will be a determining factor in arriving at the amount of merger consideration. Solely for purposes of these pro forma condensed combined financial statements, the stock price assumed for the total preliminary purchase price is the closing price of Cypress common stock on NASDAQ on December 15, 2014 ($13.85 per share), the most recent date practicable in the preparation of this joint proxy statement/prospectus.

Based on the closing price of Cypress common stock on December 15, 2014, the total preliminary purchase price was approximately $2.3 billion, including estimated fair values of vested Spansion stock awards assumed, and comprised of:

		(In thousands, except exchange ratio and share price)
Estimated number of Spansion shares to be acquired		61,820
Multiplied by the conversion ratio		2.457
Number of common shares of Cypress to be issued to the holders of Spansion common stock		151,892
Multiplied by the assumed price per Cypress common share	$	13.85
Value of share consideration	$	2,103,704
Estimated fair value of outstanding Spansion stock awards to be exchanged for Cypress stock awards (1)		191,138
Estimated purchase price	$	2,294,842

(1) Includes stock options and restricted stock awards converted into 19.1 million shares of Cypress common stock, which vest upon the acquisition pursuant to their original grant terms

For purposes of these unaudited pro forma condensed combined financial statements, the estimated purchase price has been allocated among Spansion s tangible and intangible assets and liabilities based on their estimated fair value as of September 28, 2014. The final determination of the allocation of the purchase price will be based on the fair value of such assets and liabilities as of the date of closing of the merger. Such final determination of the purchase price allocation may be significantly different from the preliminary estimates used in these unaudited pro forma condensed combined financial statements.

An increase of 20% in the Cypress common stock price as of December 15, 2014 would increase the consideration transferred and the purchase price by approximately $51.4 million, whereas a decrease of 20% would result in a decline of approximately $51.2 million. Such changes would be reflected in these unaudited pro forma condensed combined financial statements as an increase or decrease to goodwill.

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3. Preliminary Estimated Purchase Price Allocation Merger Agreement with Spansion

Based upon a preliminary valuation, the total estimated preliminary purchase price consideration was allocated to Spansion s assets and liabilities as follows:

	Fair Value ($ In thousands)
Cash and cash equivalents	$ 281,991
Short term investments	44,778
Accounts receivable, net	164,933
Inventories	346,188
Other current assets	65,436
Property, plant & equipment, net	417,526
Goodwill	1,178,530
Intangible assets, net	814,470
Other long-term assets	61,456
Total assets acquired	3,375,308
Accounts payable	(153,785)
Accrued compensation and benefits	(44,441)
Deferred margin on sales to distributors	(37,745)
Current portion of long term debt	(22,285)
Income tax payable	(486)
Other current liabilities	(149,048)
Deferred income tax and other tax liabilities	(24,796)
Other noncurrent liabilities	(30,506)
Long term debt (1)	(617,374)
Total liabilities assumed	(1,080,466)
Fair value of net assets acquired	$ 2,294,842

(1) Includes the fair value of the debt and equity components of the exchangeable 2.00% senior notes issued by Spansion. For the purpose of pro forma condensed combined financial statements, Cypress does not assume the conversion of the exchangeable 2.00% senior notes into common stock.

The final determination of the purchase price allocation will be based on the actual net tangible and intangible assets of Spansion that will exist on the date of the merger and completion of the valuation of the fair value of such net assets. Cypress anticipates that the ultimate purchase price allocation of balance sheet amounts such as current assets and liabilities (including inventory and the deferred margin on sales to distributors), property and equipment, intangible assets and long-term assets and liabilities will differ from the preliminary assessment outlined above. Any changes to the initial estimates of the fair value of the acquired assets and assumed liabilities will be recorded as adjustments to those assets and liabilities and residual amounts will be allocated to goodwill.

The compensation expense associated with the portion of the assumed and converted stock options, restricted stock and restricted stock units that are subject to future service requirements have not been included in above purchase price allocation and have not been included in the unaudited pro forma condensed combined financial statements.

4. Purchase Price Allocation Acquisition of AM Business by Spansion

On August 1, 2013, Spansion acquired the AM Business of FSL for purchase consideration of $158.5 million ($150.0 million, net of cash acquired). Pursuant to the terms and conditions of the Stock Purchase Agreement with FSL, Spansion acquired certain subsidiaries and assets and assumed certain liabilities of FSL for purposes of acquiring FSL s business of designing, developing, marketing and selling microcontroller and analog semiconductor products. These acquired subsidiaries are wholly owned and are located primarily in Japan and Asia. The primary reason for the acquisition was to expand Spansion s embedded market leadership and support its customer base with a broader product line including flash memory, microcontroller, mixed-signal, and analog products, and embedded system-on-chip solutions. The acquisition was accounted for using the acquisition method of accounting.

The table below represents the allocation of the purchase price to the net assets acquired based on their fair values as of August 1, 2013:

	Fair Value ($ In thousands)
Cash	$ 8,595
Restricted cash	23,923
Accounts receivable	1,534
Inventory	104,300
Property and equipment, net	12,143
Intangible assets	
Developed technology	
Automotive microcontrollers	10,500
Consumer microcontrollers	5,900
Analog	12,700
In-process technology	500
Customer relationships	18,800
Trademarks	2,700
Tradenames	1,400
Deferred tax liability	(3,739)
Japan pension related obligation	(23,923)
Japan employee compensation and benefits liabilities and other	(8,840)
Gain on acquisition of Microcontroller and Analog business	(7,950)
Total purchase consideration	$ 158,543

The purchase price has been allocated to the assets acquired and liabilities assumed based on their fair values as of the acquisition date.

Fair value of intangible assets

On August 1, 2013, Spansion acquired the AM Business of FSL. The intangible assets acquired included developed technology, in-process technology, customer relationships, trademarks and trade names. The developed technologies for the microcontroller and analog semiconductors and customer relationships were the primary components of the value ascribed to these assets.

The developed and in-process technologies were valued using the income approach and more specifically an excess earnings discounted cash flow method. Cash flows were valued at the individual product levels, factoring in the product life cycles.

The customer relationships were also valued using the income approach and more specifically the with/without method, which captures the opportunity cost associated with the theoretical loss of the customers existing as of the valuation date.

The trademarks were valued using the relief from royalty income approach; this method is based on the assumption that in lieu of ownership, a market participant would be willing to pay a royalty for the use of the trademark. A royalty rate was chosen based on a royalty benchmark study and applied to the developed technology revenues and discounted over the intended useful lives of the trademarks.

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The Fujitsu trade name usage was also valued using the relief from royalty income method of the income approach. A royalty rate was chosen based on a royalty benchmark study and applied to the developed technology revenues and discounted over the period in which Spansion could use the trade name as stipulated in the stock purchase agreement between Spansion and FSL.

The discount rates used in each of the valuations was Spansion s weighted average cost of capital, plus a premium reflecting the assessment that the risk of the individual assets was greater than the overall enterprise risk.

Gain on acquisition

Spansion accounted for the acquisition of the AM Business pursuant to ASC 805, Business Combinations. In accordance with this guidance, Spansion recognized the identifiable assets acquired and liabilities assumed, at the acquisition date fair value as defined by ASC 820, Fair Value Measurements and Disclosures.

Spansion was able to acquire the AM Business for less than the sum of the fair value of its net assets largely as a result of its long-standing and on-going relationship with FSL, including the existing and future distribution and supply agreements and synergies between Spansion s core flash memory business, the AM Business and FSL s continuing business in the semiconductor space. Additionally, Spansion believes there is a significant difference in the market participant approach it used to value the business compared to the way FSL valued the business due to the differences in each company s method of running the business. Historically, FSL operated the AM Business as a fully integrated manufacturer owning substantially all of the manufacturing facilities in the supply chain. In recent years, the high fixed cost nature of this business model contributed to its substantial losses. Spansion, conversely, valued the business using the income approach based on an outsourced business model where Spansion mainly incurs only the variable cost of manufacturing in sourcing products for the AM Business going forward.

ASC 805 requires that an economic gain resulting from the fair value received being greater than the consideration paid to acquire the net assets be recorded as a one-time gain included in earnings on the acquisition date. Spansion recorded a gain on acquisition of $7.9 million in fiscal 2013 as indicated in the purchase price allocation table in Note 3 to Consolidated Financial Statements in Spansion s annual report on 10-K/A for the fiscal year ended December 29, 2013, filed on July 8, 2014, and incorporated by reference in this joint proxy statement/prospectus.

5. Preliminary Pro Forma Financial Statement Adjustments

Adjustments included in the column under the heading Pro Forma Adjustments represent the following:

Unaudited Pro Forma Condensed Combined Balance Sheet

Conforming Reclassifications Between Cypress and Spansion:

The following reclassifications have been made in the presentation of Cypress historical consolidated financial statements to conform to the combined presentation. In addition, upon completion of the merger, Cypress will further review Spansion s accounting policies in order to conform to Cypress accounting policies.

$5.6 million reclassified from other current liabilities to current portion of long-term debt as of September 28, 2014.

$11.5 million reclassified from other long-term liabilities to long-term revolving debt facility and debt, non-current, as of September 28, 2014.

The following reclassifications have been made in the presentation of Spansion s historical consolidated financial statements to conform to the combined presentation:

$9.3 million reclassified from deferred income taxes to other current assets as of September 28, 2014; and

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$19.9 million reclassified from other long-term liabilities to deferred income taxes and other tax liabilities as of September 28, 2014.

Pro Forma Adjustments Relating to the Merger of Cypress and Spansion:

(a) To record the difference in book value and fair value of inventory acquired in the merger. The amortization of the step up in inventory is recorded within cost of sales in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013 as the inventory is expected to be sold in less than one year.

(b) To record the difference in book value and fair value of property, plant and equipment acquired in the merger. The step up in property, plant and equipment relates primarily to machinery and equipment and buildings, which have a current estimated weighted average useful life of two to eight years that will be depreciated on a straight-line basis. The amount of purchase price allocated to tangible assets, as well as the associated useful lives, may increase or decrease and could materially affect the amount of pro forma depreciation expense to be recorded in the pro forma condensed combined statement of operations.

(c) Reflects the components of the preliminary estimates of the fair value of intangible assets to be acquired by Cypress at the closing of the merger, which are as follows:

	Historical Estimated range of Average Useful Lives (in years)	**Estimated range of Average Useful Lives (in years)**	**Historical Spansion**	**Estimated Fair Value**	**Pro Forma adjustments**
			(In thousands)		
Developed technologies	5 to 10	5	$ 71,643	$ 481,500	$ 409,857
Customer relationships	5 to 10	8	64,094	132,400	68,306
In process research & development		N/A		128,070	128,070
Trade names and Trademarks	0.5 to 8	6	5,098	20,600	15,502
License agreements		2 to 3		51,900	51,900
			$ 140,835	$ 814,470	$ 673,635

The preliminary estimates of fair value and useful life will likely be different from the final acquisition accounting, and the difference could have a material impact on the accompanying unaudited pro forma condensed combined financial statements.

Developed technologies acquired primarily consist of Spansion s existing technologies related to embedded systems semiconductors, which include flash memory, microcontroller, mixed-signal and analog products. An income approach was used to value Spansion s developed technologies. Using this approach, the estimated fair value was calculated using expected future cash flows from specific products discounted to their net present values at an appropriate risk-adjusted rate of return. A discount rate of 8.5% was used to discount the cash flows to the present value.

Customer relationships represent the fair value of projected cash flows that will be derived from the sale of products to Spansion s existing customers based on existing, in-process, and future versions of the existing technology. Customer relationships were valued utilizing a form of the income approach known as the distributor method since the primary income producing asset of the business was determined to be the technology assets. Under this premise, the margin a distributor owns is deemed to be the margin attributable to the Customer relationships. This isolates the cash flows attributable to the Customer relationships that a market participant would be willing to pay for.

In-process research and development, which we refer to as IPR&D, represents the estimated fair values of incomplete Spansion research and development projects that had not reached technological feasibility as of the date of acquisition. In the future, the fair value of each project at the acquisition date will be either amortized or impaired depending on whether the projects are completed or

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abandoned. IPR&D was valued using the high-level cost approach and the estimated value was assumed to be 80% of Spansion s projected fiscal 2014 R&D expense. The multi-period excess earnings method is expected to be used to estimate the fair value Spansion s IPR&D when the valuation analysis is finalized.

Trade names and trademarks are considered a type of guarantee of a certain level of quality or performance represented by the Spansion brand. Trade names and trademarks were valued using the relief-from-royalty income approach. This method is based on the assumption that in lieu of ownership, a market participant would be willing to pay a royalty in order to exploit the related benefits of this asset. A discount rate of 10.0% was used to discount the cash flows to the present value.

License agreements represent the estimated fair value of Spansion s existing license agreements under which Spansion generates revenue by licensing its intellectual property to third parties and assists its customers in developing and prototyping their designs by providing software and hardware development tools, drivers and simulation models for system-level integration. License Agreements were valued using a form of the income approach known as the of multi-period excess earnings approach. Under this approach, the expected cash flows associated with the License Agreements were projected then discounted to present value at a rate of return that considers the relative risk of achieving the cash flows and the time value of money. A discount rate of 8.0% was used to discount the cash flows to the present value.

(d) Reflects the preliminary pro forma adjustment to goodwill, calculated as follows:

	(In thousands)
Preliminary purchase price	$ 2,294,842
Less: Fair value of net assets acquired	(1,116,312)
Total estimated goodwill	1,178,530
Less: Spansion historical goodwill	(166,334)
Pro forma adjustment to goodwill	$ 1,012,196

The goodwill to be recognized is primarily attributable to the assembled workforce, a reduction in costs and other synergies, an increase in product development capabilities, enhanced opportunities for growth and innovation and creating a company that would be a leading provider of microcontrollers and specialized memory chips. The goodwill resulting from the acquisition is not expected to be deductible for tax purposes.

(e) Reflects the pro forma adjustments to other current liabilities as follows:

	(In thousands)
Transaction costs expected to be incurred by Spansion	$ 38,369
Transaction costs expected to be incurred by Cypress	27,000

Pro forma adjustment to accrued expenses	$	65,369

Of the combined $65.4 million in estimated transaction costs, $55.2 million relates to investment banker fees and advisory fees as specified in the relevant agreements. The remaining $10.2 million in estimated transaction costs primarily relate to professional fees associated with the mergers, including legal, accounting, tax, regulatory filing and printing fees to be paid to third parties based on each party s best estimate of its fees.

(f) Represents the elimination of historical stockholders equity for Spansion and Cypress common stock issued for consideration.

		(In thousands, except per share amounts)
Estimated number of Spansion shares to be acquired		61,820
Fixed exchange ratio		2.457
Number of common shares of Cypress to be issued to the holders of Spansion common stock		151,892
Closing stock price of Cypress common stock on December 15, 2014	$	13.85
Estimated equity consideration	$	2,103,704
Plus: Estimated fair value of outstanding Spansion stock awards to be exchanged for Cypress stock awards	$	191,138
Estimated total purchase price	$	2,294,842
Less: historical Spansion stockholders equity		(533,920)
Less: transaction costs expected to be incurred		(65,369)
Plus: fair value of equity portion of long term debt		222,625
Pro forma adjustment to stockholders equity	$	1,918,178

(g) Represents adjustment relating to the fair value of the debt and equity components of Spansion s exchangeable 2.00% senior notes.

	Historical value	Fair Value
	(In thousands)	
Long term revolving credit facility and debt non current portion	$ 387,284	$ 394,749
Equity component	34,765	222,625
Total Spansion debt	$ 422,049	$ 617,374

Unaudited Pro Forma Condensed Combined Statement of Operations

Conforming Reclassifications Between Cypress and Spansion:

The following reclassifications have been made in the presentation of Cypress historical consolidated financial statements to conform to the combined presentation:

$4.4 million and $8.1 million of interest expense presented separately for the nine months ended September 28, 2014 and year ended December 29, 2013, respectively.

The following reclassifications have been made in the presentation of Spansion s historical consolidated financial statements to conform to the combined presentation:

Amortization of acquisition-related intangibles for Spansion includes $27.0 million and $40.1 million of amortization of acquired developed technologies and other intangibles included in Spansion s cost of revenues for the nine months ended September 28, 2014 and year ended December 29, 2013, respectively.

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Pro Forma Adjustments Relating to the Merger of Cypress and Spansion:

(A) Reflects pro forma adjustments to amortization of acquisition-related intangibles assuming the preliminary estimates of the fair value and estimated weighted average lives as described in Note (c) and conforming classifications as follows:

	Nine months Ended September 28, 2014	Year Ended December 29, 2013
	(In thousands)	
Pro forma amortization of purchased intangibles	$ 102,783	$ 137,043
Less: Spansion historical amortization of purchased intangibles	27,034	40,118
Pro forma adjustment to amortization of purchased intangibles	$ 75,749	$ 96,925

(B) Reflects pro forma adjustments to depreciation of property, plant and equipment assuming the preliminary estimates of the fair value and estimated useful life of the asset as described in Note (b) and conforming classifications as follows:

	Nine months Ended September 28, 2014	Year Ended December 29, 2013
	(In thousands)	
Pro forma depreciation of property, plant & equipment	$ 59,974	$ 79,965
Less: Spansion historical depreciation	42,912	51,559
Pro forma adjustment to property, plant & equipment	$ 17,062	$ 28,406
Representing:		
Cost of revenues	$ 21,645	$ 31,076
Research and development	(3,234)	(2,797)
Selling, general and administrative	(1,351)	127
	$ 17,062	$ 28,406

(C) Due to valuation allowances on net deferred tax assets for both Cypress and Spansion, the unaudited pro forma condensed combined consolidated statements of operations do not reflect statutory rate tax adjustments for pro forma purposes.

Pro Forma Adjustments Relating to the Acquisition of the AM Business by Spansion:

(D) To eliminate the amortization expense of the historical AM Business intangible assets of $0.2 million and record amortization of the acquired finite-lived intangible assets of $8.3 million.

(E) To record depreciation expense on the acquired property and equipment of the AM Business for the difference in depreciation as a result of the adjustment to fair values and lives.

(F) To reduce interest income due to reduced cash balances as a result of the cash payment by Spansion for the AM Business acquisition.

(G) To record income tax expense based on an estimate of the foreign taxes which would be incurred on income in certain foreign jurisdictions.

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6. Pro Forma Combined Net Loss per Share

The pro forma basic and diluted net loss per share presented in the unaudited pro forma condensed combined statements of operations is computed based on the weighted-average number of shares outstanding.

	Nine Months Ended September 28, 2014	Year Ended December 29, 2013
	(In thousands)	
Pro Forma Net loss attributable to Cypress Semiconductor Corporation, basic and diluted as combined	$ (123,691)	$ (426,732)
Cypress s historical weighted average shares	157,594	148,558
Shares expected to be issued in connection with the merger have been included in the computation of weighted average shares as if they were issued on December 31, 2012 (1)	171,009	171,009
Pro forma weighted average shares outstanding, basic and diluted	328,603	319,567
Pro forma net loss per share:		
Basic	$ (0.38)	$ (1.34)
Diluted	$ (0.38)	$ (1.34)

	(In thousands, except per share data)
(1) Estimated number of Spansion shares to be acquired	61,820
Estimated number of Spansion options and restricted stock awards vested and exercisable at the time of the acquisition	7,781
Estimated number of Spansion shares eligible for merger consideration	69,601
Fixed exchange ratio	2.457
Estimated number of shares of Cypress common stock	171,009

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DESCRIPTION OF CYPRESS CAPITAL STOCK

Upon completion of the merger, the stockholders of Spansion will become stockholders of Cypress, and the Cypress certificate of incorporation and the Cypress by-laws will govern the rights of former Spansion stockholders. Both Cypress and Spansion are incorporated under Delaware law and are subject to Delaware law. This summary is not intended to be a complete discussion of the respective certificates of incorporation and by-laws of Cypress and Spansion and it is qualified in its entirety by reference to the applicable Delaware law as well as by reference to the respective certificates of incorporation and by-laws of Cypress and Spansion. Stockholders of Spansion and Cypress should carefully read this entire joint proxy statement/prospectus and the other documents referred to in this joint proxy statement/prospectus for a more complete understanding of the differences between being a stockholder of Cypress and being a stockholder of Spansion. Cypress and Spansion have filed with the Securities and Exchange Commission their respective certificates of incorporation and by-laws and will send copies of these documents to stockholders upon request. See the section entitled *Where You Can Find More Information* beginning on page 210 of this joint proxy statement/prospectus.

Authorized Capital Stock

Cypress is authorized to issue 650 million shares of common stock, par value $0.01 per share, and five million shares of preferred stock, par value $0.01 per share. Subject to the rights of holders of any outstanding preferred stock, the number of authorized shares of common stock or preferred stock may be increased or decreased by the affirmative vote of the holders of a majority of the shares entitled to vote on such matters, but in no instance can the number of authorized shares be reduced below the number of shares then outstanding.

As of February 5, 2015, Cypress had outstanding 165,314,233 shares of common stock and no shares of preferred stock.

Voting Rights

Each holder of Cypress common stock is entitled to one vote per share in connection with all other matters submitted to a stockholder vote. Stockholders may take action at an annual, special meeting or by written consent signed by the holders of outstanding Cypress stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Dividend Rights

Subject to the preferences of the holders of any Cypress preferred stock that may be outstanding from time to time, each share of common stock will have an equal and ratable right to receive dividends and other distributions in cash, property or shares of Cypress stock as may be declared by the Cypress board out of assets or funds available for the payment of dividends and other distributions.

Liquidation Rights

In the event of the liquidation, dissolution or winding-up of Cypress, subject to the preferences of the holders of any Cypress preferred stock that may be outstanding from time to time, holders of common stock will be entitled to share equally and ratably in the assets available for distribution to Cypress stockholders.

Exchange Listing

Cypress common stock is currently listed on the Nasdaq Global Select Market under the symbol CY.

Transfer Agent and Registrar

The transfer agent and registrar for Cypress common stock is Computershare Investor Services.

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Stock Incentive and Other Compensation Plans

Cypress 2013 Stock Plan

Cypress currently maintains the Cypress Semiconductor Corporation 2013 Stock Plan, as amended (which we refer to as the current Cypress stock plan), under which Cypress may grant equity awards covering shares of its common stock to employees, non-employee directors and consultants. The current Cypress stock plan was referred to formerly as the Cypress Semiconductor Corporation 1994 Stock Plan. Under the current Cypress stock plan, Cypress may issue awards in the form of stock options, stock appreciation rights, restricted stock and/or restricted stock units (which we refer to as current Cypress stock plan awards). Under the current Cypress stock plan, Cypress may not issue current Cypress stock plan awards with respect to more than 145,195,220 shares of Cypress common stock. The current Cypress stock plan currently is scheduled to expire on January 15, 2024.

Cypress 2012 Incentive Award Plan

Cypress currently maintains the Cypress Semiconductor Corporation 2012 Incentive Award Plan, as amended (which we refer to as the 2012 plan), under which Cypress may grant equity awards covering shares of its common stock to employees who joined Cypress as part of Cypress acquisition of Ramtron International Corporation in 2012 (which we refer to as the Ramtron acquisition) and to employees who join Cypress following the Ramtron acquisition. Cypress assumed sponsorship of the 2012 plan in connection with the Ramtron acquisition. Under the 2012 plan, Cypress may issue awards in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares, phantom shares and/or other incentive awards that may in whole or in part be valued by reference to, or otherwise based on, shares of Cypress common stock (which we refer to as 2012 plan awards). 2012 plan awards outstanding under the 2012 plan at the closing of the Ramtron acquisition were automatically exchanged for awards to purchase shares of Cypress common stock, and the 2012 plan was amended to provide for the issuance of shares of Cypress common stock. Under the 2012 plan, Cypress may not issue 2012 plan awards with respect to more than 1.2 million shares of Cypress common stock. The 2012 plan currently is scheduled to expire on June 5, 2022.

Cypress Employee Qualified Stock Purchase Plan

Cypress currently maintains the Cypress Semiconductor Corporation Employee Qualified Stock Purchase Plan, as amended (which we refer to as the Cypress ESPP), under which eligible employees of Cypress and its designated subsidiaries may purchase shares of Cypress common stock through payroll deductions. The Cypress ESPP contains consecutive 18 month offering periods composed of three six month exercise periods. Participating employees may purchase shares of Cypress common stock pursuant to the Cypress ESPP at the lower of 85% of the fair market value of the common stock of Cypress on either (i) the date of commencement of the offering period or (ii) on the last day of each six month exercise period. Purchases are limited to 10% of an employee s eligible compensation, subject to a maximum annual employee contribution limit of $21,250. The number of shares of Cypress common stock available for sale under the Cypress ESPP is equal to the sum of (i) 4,210,080 shares, plus, (ii) commencing on the first day of Cypress 2014 fiscal year, an annual increase equal to the least of (A) 2 million shares, (B) 0.75% of (1) the number of shares of Cypress common stock outstanding on the last day of the immediately preceding fiscal year plus (2) any shares reacquired by Cypress during the immediately preceding fiscal year, or (C) a lesser amount determined by Cypress board. The Cypress ESPP currently is scheduled to expire on May 10, 2023.

1999 Stock Plan

Cypress previously maintained the Cypress Semiconductor Corporation 1999 Non-Statutory Stock Option Plan, as amended (which we refer to as the 1999 plan). The 1999 plan expired in March 2009, and no additional awards may be granted under the 1999 plan. Prior to its expiration, the 1999 plan permitted Cypress to grant non-statutory stock options covering shares of Cypress common stock to its employees, directors and consultants. Notwithstanding its expiration, the 1999 plan will continue to govern the terms and conditions of any outstanding awards granted under it.

Undesignated Preferred Stock

Cypress restated certificate of incorporation permits Cypress to issue up to five million shares of Cypress preferred stock in one or more series with such designations, powers, preferences, rights, qualifications, limitations or restrictions as may be fixed by the Cypress board without any further action by Cypress stockholders. The ability to authorize undesignated preferred stock will make it possible for the Cypress board to issue preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire Cypress. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of Cypress.

Requirements for Advance Notification of Stockholder Meetings

Cypress restated certificate of incorporation and amended and restated by-laws provide that special meetings of the stockholders may be called at any time by the Cypress board, the chairman of the Cypress board or the president, or by one or more stockholders holding shares in the aggregate entitled to cast not less than 10% of the votes at that meeting. If a special meeting is called by any person or persons other than the Cypress board, the request will be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and will be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the chairman of the board, the president, or the secretary of the corporation. Cypress restated certificate of incorporation and amended and restated by-laws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting.

Comparison of Rights of Holders of Cypress Common Stock and Spansion Common Stock

	Cypress	Spansion
Forum Selection	Unless Cypress consents in writing to the selection of an alternative forum, the Superior Court of California, County of Santa Clara (or, if such court does not have jurisdiction, the federal district court for the Northern District of California) will, to the fullest extent permitted by law, be the sole and exclusive forum for certain actions, including any derivative action or proceeding brought on behalf of Cypress, any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of Cypress to Cypress or Cypress stockholders, or any action asserting a claim against Cypress or any director or officer or other employee of Cypress governed by the internal affairs doctrine.	Unless Spansion consents in writing to the selection of an alternative forum, the Superior Court of California, County of Santa Clara (or, if such court does not have jurisdiction, the federal district court for the Northern District of California) will, to the fullest extent permitted by law, be the sole and exclusive forum for certain actions, including any derivative action or proceeding brought on behalf of Spansion, any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of Spansion to Spansion or Spansion s stockholders, or any action asserting a claim against Spansion or any director or officer or other employee of Spansion governed by the internal affairs doctrine.

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Authorized Capital	Cypress is authorized to issue 655 million shares, of which five million are shares of preferred stock and 650 million are shares of common stock, each with a par value of $0.01 per share. The aggregate par value of all shares of preferred stock is $50,000 and the aggregate par value of all shares of common stock is $6.5 million.	Spansion is authorized to issue 200,000,001 shares, of which 150 million are shares of class A common stock, one is a share of class B common stock and 50 million are shares of preferred stock, each with a par value of $0.001 per share.
		Spansion previously issued the share of class B common stock, which share was subsequently converted into a share of class A common stock and Spansion is not authorized to reissue the share of class B common stock.
Voting Rights	Each holder of Cypress common stock is entitled to one vote per share on each matter submitted to a vote of the stockholders of Cypress.	Each holder of Spansion common stock is entitled to one vote per share on each matter submitted to a vote of the stockholders of Spansion.
Dividends	Dividends upon Cypress capital stock may be declared by Cypress board in accordance with law.	Dividends upon Spansion s capital stock may be declared by Spansion s board in accordance with law.
	Cypress directors may set apart out of any of the Cypress funds available for dividends a reserve or reserves for any proper purpose and may abolish such reserve(s).	
Number of Directors	The number of directors consists of eight persons until changed by a proper amendment.	The number of directors is fixed by the Spansion board, but will not be less than three nor more than nine; provided, however, that if the Aggregate Ownership Interest of Silver Lake Sumero Fund, L.P. represents 5% or more of the outstanding Spansion common stock of the corporation, the number of directors on the Spansion board will not be more than eight.
	There are currently seven directors serving on the Cypress board.	There are currently eight directors serving on the Spansion board.
Election of Directors	Directors are elected by a plurality of the votes cast by holders of Cypress stock present in person or by proxy at each annual meeting and will hold office until the next annual meeting; stockholders are entitled to	Directors are elected by the affirmative vote of the majority of the votes cast by holders of Spansion stock present in person or by proxy and entitled to vote on the election of directors, and in the event of a

cumulative votes in respect of electing directors.	contested election, the directors are elected by a plurality of the votes cast by holders of the shares of Spansion stock present in person or by proxy and entitled to vote on the election of directors. Spansion stockholders are not entitled to cumulative voting.

		The Spansion board consists of three classes of directors, each serving staggered three-year terms. At each annual meeting of Spansion stockholders, directors of one of the three classes will be elected for a term of three years to succeed those directors whose terms are expiring.
Removal of Directors	Any director may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote on an election of directors; provided, however, that if less than the entire board is to be removed, no director may be removed without cause if the votes cast against his or her removal would be sufficient to elect him or her if then cumulatively voted at an election of the entire board.	Any director may be removed at any time, with cause, by the holders of a majority of the shares then entitled to vote at an election of directors, voting together as one class, except for directors elected by holders of preferred stock.
Action by Written Consent	Any action required to be or that may be taken at any annual or special meeting of Cypress stockholders may be taken without a meeting, without prior notice, and without a vote, if there is a written consent setting forth the action taken, signed by the holders of outstanding Cypress stock necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.	Any action required or permitted to be taken at a Spansion stockholders meeting may be taken only upon the vote of the stockholders at such meeting, and may not be taken by written consent of the stockholders.
Advance Notice Requirements for Stockholder Nominations and Other Proposals	For business to be properly brought before an annual meeting by a Cypress stockholder, the stockholder must give timely notice in proper written form to Cypress Secretary.	For business to be properly brought before an annual meeting by a Spansion stockholder, the stockholder must give timely notice thereof in proper written form to Spansion s Secretary.
	To be timely, a stockholder s notice must be sent or otherwise given in accordance with Cypress amended and restated by-laws, as amended, not less than 45 nor more than 75 days before the anniversary of the first provision of proxy materials for the previous year s annual meeting in the case of an annual meeting not significantly advanced or delayed from the anniversary of the previous annual meeting. In the case of a special meeting,	To be timely, a stockholder s notice must be delivered to the corporate secretary at Spansion s principal executive not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for on a date that is not within 30 days before or after such anniversary date, notice by the stockholder

notice must be received by the later of the 90th day prior to the meeting or the 10th day after public	in order to be timely must be received not later than the close of business on the tenth day following the day on which the first

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	announcement of the date of the meeting.	public announcement of the date of the annual meeting was made or the notice of the meeting was mailed, whichever occurs first.
	To be in proper written form, a stockholder s notice will specify the business intended to be proposed or nominees made by the stockholder, information about the stockholder and its stock ownership and hedging transactions, other material interests of the stockholder and a statement of whether the stockholder will solicit enough Cypress stockholders to carry the proposal.	To be in proper written form, a stockholder s notice will set forth (i) a reasonably detailed description of the business desired to be brought before the annual meeting, (ii) the text of the proposal or business, (iii) the reasons for conducting such business at the stockholder meeting and (iv) a reasonably detailed description of any material interest in such business of such stockholder, beneficial owner, if any, on whose behalf the proposal is made, and any affiliate or associate of such stockholder or beneficial owner.
Amendments to the Certificate of Incorporation	Amendments to the certificate of incorporation may be made in the manner prescribed by Section 242 of Delaware law, which provides that such amendment requires the adoption of the holders of a majority of the outstanding stock entitled to vote thereon.	Amendments to the certificate of incorporation may be made in the manner prescribed by Section 242 of Delaware law, which provides that such amendment requires the adoption of the holders of a majority of the outstanding stock entitled to vote thereon.
Amendments to By-laws	Cypress board is expressly authorized to make, alter, amend or repeal Cypress by-laws, as are the stockholders entitled to vote.	Spansion s board is expressly authorized to make, amend, supplement or repeal Spansion s by-laws, and the stockholders may change or amend or repeal the by-laws in any manner pursuant to a vote of a majority of the voting power of the outstanding shares of capital stock entitled to vote.
Special Meeting of Stockholders	Special meetings of the stockholders may be called at any time by the Cypress board, the chairman or the president, or by one or more stockholders holding shares in the aggregate entitled to cast not less than 10% of the votes at that meeting.	Special meetings of the stockholders may be called at any time only by the chairman of the Spansion board or by the Spansion board pursuant to a resolution approved by a majority of the then authorized number of directors.
	No business may be transacted at a special meeting otherwise than specified in the notice for such meeting.	No matters may be acted upon at a special meeting otherwise than specified in the call for such meeting.
Limitation of Personal Liability of Directors	To the fullest extent permitted by Delaware law, a director of Cypress will not be personally liable to Cypress or its	To the fullest extent permitted by Delaware law, a director of Spansion will not be personally liable to Spansion or its

stockholders for monetary damages for breach of fiduciary duty as a director, and Cypress is authorized to provide indemnification of (and	stockholders for monetary damages for any breach of fiduciary duty as a director.

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	advancement of expenses to) directors, officers, employees and other agents of Cypress (and any other persons to which Delaware law permits Cypress to provide indemnification).	
Indemnification of Directors and Officers	Cypress is required to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of Cypress to procure a judgment in its favor by reason of the fact that he is or was a director or officer of Cypress, or is or was serving at the request of Cypress as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, and allow Cypress to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of Cypress to procure a judgment in its favor by reason of the fact that he is or was an employee or agent of Cypress, or is or was serving at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of Cypress and except that no indemnification will be made in respect of any claim, issue or matter as to which such person will have been adjudged to be liable to Cypress unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought will determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court will deem proper.	Spansion is required to indemnify and hold harmless, to the fullest extent permitted by applicable law, any person who was or is made or is threatened to be made a party or is otherwise involved in any threatened or actual action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of Spansion or, while a director or officer of Spansion, is or was serving at the request of Spansion as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys fees) reasonably incurred by such person, so long as the commencement of such proceeding (or part thereof) by the person was authorized in the specific case by the Spansion board.

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Expenses incurred by a director or officer of the corporation in defending a civil or criminal action, suit or proceeding will be paid by Cypress in advance of the final disposition of such action, suit or proceeding and expenses incurred by an employee or agent in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it will ultimately be determined that he is not entitled to be indemnified by Cypress as authorized in the by-laws.

Spansion is required, to the fullest extent not prohibited by applicable law, to pay the expenses incurred by a person in defending any proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding will be made only upon receipt of an undertaking by the person to repay all amounts advanced if it should be ultimately determined that the person is not entitled to be indemnified under Spansion s amended and restated certificate of incorporation or otherwise.

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CYPRESS EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

CYPRESS COMPENSATION DISCUSSION AND ANALYSIS

The following describes Cypress executive compensation philosophies, objectives and programs, as well as the compensation-related actions taken in fiscal year 2014 and planned for 2015 for Cypress chief executive officer, current and former chief financial officers and three most highly compensated executive officers employed at the end of fiscal year 2014. These executives are referred to in this section as named executive officers (which we refer to as NEOs) and for fiscal year 2014 were:

- T.J. Rodgers, president and chief executive officer;
- Brad W. Buss, former chief financial officer and executive vice president, finance and administration;
- Paul D. Keswick, executive vice president, marketing and IT;
- J. Daniel McCranie, executive vice president, sales and applications support;
- Dana C. Nazarian, executive vice president, memory products division; and
- Thad Trent, chief financial officer and executive vice president, finance and administration.

The members of the compensation committee of the Cypress board are Eric A. Benhamou (chairman), James R. Long and Robert Y. L. Mao.

Executive Summary

Performance

Cypress improved its profitability in fiscal year 2014 through reduction of non-GAAP operating expenses by $19.9 million or 6% compared to 2013 and achieved a sixth consecutive profitable year with non-GAAP profit before tax of 12.6%. Non-GAAP diluted earnings per share for 2014 increased to $0.52 per share compared to $0.39 per share for 2013, and generated $82.4 million of free cash flow to continue to fund the dividend. Cypress also accelerated ongoing productivity and operational improvement milestones. The results of these efforts included:

- further reduction of infrastructure costs worldwide and across all functions, resulting in increased operating leverage as revenues increase;

- creation of an improved design win funnel process, which achieved more than $40 million in new product revenue during fiscal 2014, with a strong pipeline for future growth;

- revenue growth to $24 million in the Emerging Technology Division, a 107% increase from 2013;

- the introduction of, or significant progress on, new products including Fingerprint, Non-Volatile Memories, USB 3.1 Type-C, and PSoC with BlueTooth-Low-Energy;

- the return of $69.2 million in cash to Cypress stockholders, primarily through cash dividends; and

- the merger agreement to merge Cypress with Spansion, which is expected to result in a combined company with revenues approaching $2 billion, with the opportunity to achieve $135 million in annual cost synergies over three years.

Total Shareholder Return

In 2014, Cypress total shareholder return (which we refer to as TSR) of 47.5% outperformed the Philadelphia Semiconductor Sector Index (which we refer to as SOXX), Cypress major semiconductor benchmark index, which had a TSR of 27%, as well as the 32% median TSR of Cypress peer group.

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Pay for Performance

Cypress executive compensation programs have always been designed to motivate and reward executives for their contribution to outstanding company performance, to attract and retain talented executives, and to ensure alignment between the interests of the executive team and stockholders. Since 2007, approximately 96% of the equity incentives for executives have been tied to strategic financial and operational milestones using a balanced scorecard methodology, based on the work of Professors Robert Kaplan and David Norton of the Harvard Business School (which we refer to as the scorecard).

By measuring performance using both financial and non-financial metrics, a balanced scorecard incentivizes executives to invest in capabilities that will drive future success, while still being held accountable for current operating results. For 2014, Cypress created the scorecard with the following categories and weightings:

52%	Financial	Maximizing shareholder value by increasing (i) revenue (ii) gross margin (iii) profitability
22%	Key Business Drivers	Enabling sustained profitability and growth as measured by: (i) achieving new product development milestones (ii) increasing market share (iii) improving quality
14%	Innovation and Learning	Improving infrastructure, capability and organizational structure
12%	Customer	Becoming a leader in delivering value to Cypress customers as measured by corporate improvements based on: (i) satisfaction survey results (ii) on-time delivery (iii) design wins
100%	Total	

This scorecard includes milestones covering a range of timeframes. For example, short term accountability is ensured with a 52% weighting on one-year financial metrics. The key new product milestones may span a timeframe of two or more years, while start-up business milestones typically extend over three to five years. This multi-year perspective and process drives a balance between short and long term results.

TSR Factor

In order to further ensure alignment of executive compensation with the interests of Cypress stockholders, a TSR factor multiplies the result of this balanced scorecard when calculating incentive equity payouts. This scaling factor could range from 0.625 to 1.375, based on the 2014 TSR performance of Cypress relative to its peer group. The actual calculated TSR factor for 2014 was 1.17.

Delivered Compensation

Fiscal year 2014 provides a good example of how Cypress pay-for-performance compensation programs focus on Cypress financial achievements as well as the operational and long-term strategic successes achieved by management, using a balanced scorecard approach aligned with stockholder value. The 2014 scorecard overall result was 79% of target (raw score of 67.4% divided by a target of 85%). In the subset of categories of Key Business Drivers, Innovation and Learning, and Customer, the scorecard result was 98% of target, which represents good performance on Cypress challenging goals. Primarily because revenue growth did not meet Cypress aggressive plan, the scorecard result on the Financial category was lower, at 62% of target. Based on

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this level of achievement, the performance-based cash and equity elements of Cypress compensation plan paid below target. This resulted in delivered total compensation for Cypress NEOs in fiscal 2014 being below target, and below the median of Cypress peer group, as shown in the following table:

2014 NEO DELIVERED COMPENSATION

	Fixed Cash	Performance-Based Cash		Equity		Total Compensation	
	Percentile of Peer Group	Percent of Target(1)	Percentile of Peer Group	Percent of Target(1)	Percentile of Peer Group	Percent of Target(1)	Percentile of Peer Group
CEO	Between 10th and 25th	17%	Minimum	48%	Minimum	47%	Minimum
Other NEOs	Between Median and 75th	16%	Between Minimum and 10th	65%	Between 25th and Median	65%	Between 25th and Median

(1) Target assumes a scorecard result of 85%

The delivered payouts in 2014 demonstrate that the structural compensation process changes implemented by management and the compensation committee of the Cypress board in 2014 functioned as intended. These 2014 changes included:

- review the feedback from the 2013-2014 investor outreach program with executive management;
- review the feedback with the Cypress board and compensation committee of the Cypress board;
- change the 2014 Performance Accelerated Restricted Stock (which we refer to as PARS) program to formally adopt a balanced scorecard, adjusted by a TSR multiplier, including long-term revenue growth, profit objectives, market share gains, new product introductions, operational improvements and customer satisfaction;
- add long-term restricted stock unit grants (which we refer to as RSUs) to equity mix to drive long-term stockholder alignment and provide employee retention;
- reduce the targeted number and grant date dollar value of the 2014 PARS program to align with the 50th percentile of Cypress new peer group; and
- continue to reduce Cypress net burn rate.

Cypress believes that its pay-for-performance compensation programs are effective in driving future success. To ensure this remains true and to secure alignment with Cypress stockholders, Cypress has continued to engage in significant discussions with major investors regarding its executive compensation programs and corporate governance policies. As a result of its review and those discussions, Cypress intends to take the following additional actions in 2015:

- continue to build on the design changes to the executive compensation programs introduced in 2013 and 2014;

- extend performance and measurement periods, by continuing to include milestones with long term impact into Cypress balanced scorecard;

- emphasize the weighting of relative financial factors, to improve alignment with Cypress stockholders interests while ensuring Cypress ability to retain critical talent; and

- further expand Cypress investor outreach program.

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Cypress Compensation Processes and Philosophy

Cypress Process

The compensation committee of the Cypress board reviews and approves all compensation for executive officers, including salary, bonus, equity compensation, and other employee benefits. The compensation committee of the Cypress board consists entirely of independent directors and has a two-fold philosophy regarding the total compensation of senior executives. First, the compensation committee of the Cypress board seeks to encourage and reward executives for achievements that are critical to Cypress performance and profitability by tying a significant portion of NEOs total compensation directly to Cypress financial and operational performance, using a balanced scorecard as a measurement tool linked with stockholder value. Second, the compensation committee of the Cypress board seeks to ensure that executive compensation is competitive by targeting the total compensation of each executive at approximately the 50th percentile of Cypress compensation peer group of companies. The actual percentile may vary depending on Cypress financial performance, each executive s individual performance and importance to Cypress, or internal equity considerations among all senior executives. As Cypress performance improves, so does the compensation of its executives.

While the compensation committee of the Cypress board believes that compensation survey data is a useful guide for comparative purposes, Cypress believes that implementing a successful compensation program also requires that the compensation committee of the Cypress board apply its own judgment and subjective determination of individual performance by executives to ensure alignment with Cypress stockholder interests. Therefore, when developing or reviewing a compensation program, the compensation committee of the Cypress board applies its judgment in reconciling the program s objectives with the realities of rewarding performance appropriately and retaining valued employees. The compensation committee of the Cypress board may also use its judgment to apply negative discretion to reduce payouts of compensation programs as needed, on an exception basis. The compensation committee of the Cypress board has retained a compensation consultant, Buck Consultants, LLC (which we refer to as Buck Consultants). Buck Consultants is independent from Cypress, has not provided any services to Cypress other than to the compensation committee of the Cypress board, and receives compensation from Cypress only for services provided to the compensation committee of the Cypress board. The compensation committee of the Cypress board typically asks Buck Consultants to attend its regular meetings and many of its special meetings, including executive sessions, at which management is not present. The compensation committee of the Cypress board worked directly with Buck Consultants to develop recommendations for Cypress executives.

The chief executive officer also makes recommendations each year to the compensation committee of the Cypress board about the compensation of the other executive officers based on their achievement of annual Cypress and individual objectives. While the compensation committee of the Cypress board is solely responsible for approving executive compensation, Cypress human resources executives and the chief financial officer support the work of the compensation committee of the Cypress board and Buck Consultants. The compensation committee of the Cypress board meets frequently in executive session without management present. In making its compensation determinations, the compensation committee of the Cypress board also annually reviews the total compensation that each executive officer and other key executive is eligible to receive against the compensation levels of comparable positions of a peer group of companies. The compensation committee of the Cypress board periodically completes a review considering multi-year wealth accumulation and uses both internal and peer pay equity data. The compensation committee of the Cypress board selects peer companies that are publicly traded, headquartered in the United States, compete in the semiconductor industry, and are similar to Cypress in their product and services offerings, revenue size and market capitalization. In addition, Cypress competes with these peer companies for talent.

Peer Group Companies

The compensation committee of the Cypress board significantly modified Cypress peer group companies in 2014 to better align the group with Cypress size. The compensation committee of the Cypress board looked at factors such as revenue, market capitalization, industries served, number of employees and companies with whom Cypress competes for talent. The compensation committee of the Cypress board also looked at the companies that ISS and Glass Lewis previously designated as Cypress peer group companies. Cypress compensation consultant provided additional analysis and recommendations regarding Cypress peer group. Seven of the companies from Cypress 2013 peer group were dropped in 2014. Those companies include Avago Technologies Limited, LSI Corporation, Marvell Technology Group Limited, Maxim Integrated Products, Inc., OmniVision Technologies, Inc., ON Semiconductor Corporation and Xilinx, Inc. The compensation committee of the Cypress board also added the following three companies to the 2014 peer group: Microsemi Corporation, Silicon Laboratories, Inc. and RF Micro Devices, Inc. Each of these companies is included as a peer company by ISS, but not by Glass Lewis. Fourteen of the fifteen companies in Cypress 2014 peer group are common to the ISS peer group. While Cypress 2013 peer group comprised many companies of its industry with which Cypress competes for talent, Cypress believes that its 2014 peer group made valuable improvements in terms of size and homogeneity, thereby making comparisons more relevant. Cypress 2015 peer group companies are unchanged from 2014 and are listed in the table below:

2015 Peer Group Companies	
Altera Corporation	Microchip Technology Inc.
Atmel Corporation	Microsemi Corporation
Cirrus Logic, Inc.	PMC-Sierra, Inc.
Fairchild Semiconductor International, Inc.	RF Micro Devices, Inc.
Integrated Device Technology Inc.	Skyworks Solutions, Inc.
International Rectifier Corporation	Silicon Laboratories, Inc.
Intersil Corporation	Synaptics Incorporated
Linear Technology Corporation	

Cypress Philosophy

Cypress executive compensation programs are designed to attract, motivate, and retain NEOs, who are critical to Cypress success and have played a material role in Cypress ability to drive strong financial results and attract and retain an experienced, successful management team. Under these programs, Cypress NEOs are rewarded for achieving specific long- and short-term strategic, corporate goals, and realizing increased stockholder value. Since 2007, a significant majority of Cypress executive compensation equity incentives have been tied to both financial and operational strategic corporate milestones.

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Cypress   philosophy is to target average NEO total compensation at approximately the 50th percentile among the named peer group companies, for median levels of performance. The plans provide significant pay-for-performance variability, with the opportunity to earn pay higher than peers at exceptional levels of performance, while paying less than peers for lagging levels of performance, as shown in the chart below.

Cypress   compensation programs for executives are designed to achieve the following objectives:

Attract and Retain Top Talent

Cypress aims to attract and retain top talent to compete effectively and retain the highest quality of people who will determine its long-term success. Cypress has structured its executive compensation program to be competitive with compensation paid by companies in the same market for executive talent, which may include public and private companies. This is very important, especially in the Silicon Valley area. To ensure Cypress remains competitive, it generally administers an annual focal review process to evaluate whether the current level of compensation and equity for each employee (including the executive officers) is adequate and make adjustments based on merit. By using a ranking system in the annual focal review, Cypress reinforces the direct and meaningful link between individual performance and rewards. Therefore, the higher an executive officer is ranked, the more likely that officer will receive a greater percentage increase in both equity and cash compensation.

Pay-for-Performance

Cypress utilizes pay-for-performance compensation programs to align executive compensation with its achievements on both a short- and long-term basis. The compensation committee of the Cypress board uses a balanced scorecard system to determine compensation, which includes financial and operational components. Cypress NEOs   total direct compensation is heavily weighted towards 100% at-risk, performance-based cash and equity compensation, which includes quarterly and annual incentive cash bonuses and performance-based restricted stock units. The performance targets under these programs are challenging and pre-determined both at

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the corporate level, through corporate goals, and at a personal level through individual goals set for each applicable period. This aligns executive compensation with stockholder interests by tying a significant portion of total direct compensation to achieving performance goals designed to ensure Cypress financial and operational success. Both are set in advance and pre-approved by the compensation committee of the Cypress board. They are designed to be very rewarding when the goals are achieved and result in limited or no payout when the goals are not achieved, with the compensation committee of the Cypress board providing oversight to ensure payouts are consistent with financial results. Cypress chief executive officer, for example, has a very low base pay relative to peer chief executive officers, with a high performance-based incentive component.

TARGET COMPENSATION

	Fixed (Cash)	Service-Based (Equity)	Performance-Based (Cash and Equity) (1)
Chief Executive Officer	11%	14%	75%
Other NEOs	16%	30%	54%

(1) Performance-Based compensation is 100% at-risk.

In addition, when determining whether or not Cypress compensation objectives are met, Cypress considers the results of the annual advisory say-on-pay vote cast by Cypress stockholders. Cypress received an 82% passing vote at their 2014 annual meeting, at which Cypress stockholders approved Cypress executive compensation programs. However, this remains an unacceptable result from the Cypress board perspective, especially considering that Cypress previous approval rates had typically been 95% or higher. Cypress believes it is critical to continue to expand the dialogue with Cypress stockholders to receive additional feedback and further explain its compensation philosophy and practices. As such, Cypress has extended its investor outreach program which now targets the top 30 Cypress stockholders. As a result of such discussions, Cypress is retaining the changes made in 2014, including providing more disclosure on pledging and modifying performance milestones to ensure greater alignment, particularly with Cypress stockholders long-term interests.

Transitioning To Multi-Year Milestones

Cypress is transitioning to multi-year milestones as it is committed to increasing the performance period of its milestone awards. Many Cypress stockholders have requested performance milestone measurement periods of at least two years. Cypress is committed to making this adjustment and will continue to do so over the next three years with incremental progress each year. This will allow Cypress to manage employee retention in an orderly manner over the transition period from one-year milestones and payouts. Historically, through 2012, Cypress has granted milestone awards to Cypress executives based upon annual targets. In 2013, as a direct result of Cypress outreach program, Cypress began to phase in milestone awards based upon multi-year performance targets. In particular, one such milestone related to Cypress stock price appreciation as compared to the SOXX over the two-year period ending December 26, 2014. Despite Cypress recent 40% share price rise, this milestone paid 0% of the target providing further evidence of pay-for-performance alignment and alignment with Cypress stockholder value. Between December 28, 2012 and December 26, 2014, the SOXX increased by 185% while Cypress in the same time period increased by only 139%, hence the payout for this milestone was zero.

Elements of Compensation

The components of Cypress executive compensation program are: (i) base salary; (ii) service-based equity; (iii) performance-based compensation, consisting of variable and at-risk incentive cash compensation and equity awards; and (iv) limited benefit programs, such as Cypress deferred compensation plans. Cypress does not offer any perquisites. Cypress offers standard health benefits and an employee stock purchase program to all Cypress employees (excluding the chief executive officer, who is ineligible to participate due to his greater than 5% stock ownership).

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Below is a description of each element of Cypress compensation, their objectives and their key features.

	Compensation Element	Objectives	Key Features
Fixed Compensation	Base Salary	To provide a fixed level of cash compensation to reward demonstrated experience, skills and competencies relative to the market value of the job.	Targeted at the 50th percentile of Cypress peer group, but varies based on skills, experience and other factors. Adjustments are considered annually based on individual performance, level of pay relative to the market, and internal pay equity.
Service-Based Compensation	Restricted Stock Units (RSUs)	Promoting shareholder alignment and NEO retention. This component was introduced in 2014 as part of Cypress long term compensation strategy, which includes transition from single-year to multi-year performance periods for Performance-Based Equity Compensation.	Service based equity comprised 20% of the total PARS grant in 2014, vesting over a period of two years from the date of grant. Targeted at the 50th percentile of Cypress peer group, but varies based on skills, experience and other factors. Adjustments are considered annually based on individual performance, level of pay relative to the market, and internal pay equity.
Performance-Based Compensation	Key Employee Bonus Plan (KEBP) (1)/ Performance Bonus Plan (PBP)	Cash incentive compensation that rewards achievement of strategic corporate and individual milestones using a balanced scorecard.	KEBP and PBP are economically and structurally identical. The only difference between them is the participants Cypress chief executive officer the only participant in the PBP, which was set up to achieve certain tax requirements (2). All other NEOs participate in KEBP.

	Aligns NEOs interests with those of Cypress stockholders by requiring strong profit before tax (PBT) results and ensuring the achievement of other key financial milestones.	Targeted at the 50th percentile of Cypress peer group (for median performan compared with the peer group), with 100% at-risk based on individual and company performance. Cypress chief executive officer is eligible to earn up to 175% of his base salary under PBP, and Cypress NEOs are eligible to earn up to 80% of their respective base salaries under KEBP. The maximum payout under KEBP/PBP occurs when the chief executive officer s scorecard result is 100%, the individual s scorecard result is 100% a Cypress achieves 20% PBT. The Plans may pay more than the maximum in the event Cypress exceeds 20% PBT. Due to the aggressive nature of Cypress scorecards, no one has ever achieve the maximum payout under KEBP or PBP. **KEBP Payout Amount = Annual Base Pay X Participation Level % X Non-GAAP PBT Factor X Individual scorecard result X Executiv scorecar Factor** The non-GAAP PBT Factor (3), Individual scorecard result (4), and the Executive scorecard factor (5) have a minimum value of zero, and have significantly reduced payouts for the past three years.
Performance Accelerated Restricted Stock (PARS)	Provides opportunity for wealth creation and ownership, promoting retention and enabling us to attract and motivate Cypress NEOs.	Designed to provide total direct compensation (base + annual incentive + equity awards) at approximately the 50th percentile of Cypress peer group s total direct compensation in years with median performance relative to peers, but can be higher or lower depending on the performance in that year.

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	Compensation Element	Objectives	Key Features
		Aligns NEOs interests with stockholder interests by linking part of each NEO s compensation to long-term corporate performance.	For 2014, a TSR multiplier was included in the PARS calculation to further align executives with the interests of stockholders.
		Retention of NEOs through multi-year vesting of equity grants	For a detailed explanation of the PARS calculation, please see the section entitled *Performance-Based Equity Compensation 2014 Performance Accelerated Restricted Stock Program (PARS)* beginning on page 174 of this joint proxy statement/ prospectus.
Other (6)	Non-Qualified Deferred Compensation	To provide retirement savings in a tax-efficient manner.	NEOs can elect to defer up to 100% of their annual incentive cash payments or defer a portion of their base salaries.
			Balances in the deferred compensation plan are unfunded obligations and at risk. Investment returns on balances are linked to the returns on mutual funds and other publicly-traded securities and do not generate any above market or preferential returns. Cypress does not guarantee any return or provide any matching contributions.

(1) Mr. Keswick s performance-based cash compensation plan also included the ability to earn payments made under Cypress Design Bonus Plan (which we refer to as DBP), a bonus plan available only to Cypress design and certain product development engineers, a group which Mr. Keswick previously managed. The DBP payout is based on the achievement of new product milestones.

(2)

No assurance can be given, notwithstanding Cypress efforts, that compensation designed to satisfy such tax requirements does in fact do so.

(3) Non-GAAP PBT Factor Each year, the compensation committee of the Cypress board determines the corporate financial metric that will be included in the KEBP formula. For the past several years, including fiscal year 2014, the compensation committee of the Cypress board has used Cypress non-GAAP profit before taxes percentage, (which we refer to as non-GAAP PBT%), for this metric. For example, a full KEBP payout could not be achieved in fiscal year 2014 unless Cypress achieved a non-GAAP PBT% of at least 20%. Cypress non-GAAP PBT% substantially reduced KEBP payouts to its NEOs in fiscal year 2014 due to Cypress 12.6% PBT achievement. In fact, no executive has ever realized the full KEBP payout, in part, due to the aggressive nature of the annual financial milestone selected by the compensation committee of the Cypress board.

(4) Individual scorecard result The next element of KEBP is the achievement of individual milestones, which are measurable quarterly and annual performance goals that are identified by Cypress NEOs and reviewed, modified as appropriate, and approved in advance by Cypress chief executive officer. The milestones will vary by person and are a mix of short- and long-term goals that are focused on factors critical to the success of Cypress, including financial, market share, new customers, new products and operational initiatives. The milestones for each period are scored on a scale of 0 to 100%, with each milestone weighted by a specific point value based on its importance to Cypress and/or its level of difficulty. Specific scoring parameters that are used to determine whether the milestone has been achieved are also identified in advance in writing. At the end of each fiscal quarter, or fiscal year, as applicable, the executive officers of Cypress score their milestones based on the scoring parameters previously established. Their scores are reviewed, adjusted if necessary, and approved by Cypress chief executive officer.

(5) Executive scorecard factor Another multiplier under KEBP is based on a combination of the Individual scorecard result, and the scorecard result of Cypress chief executive officer(which we refer to as the Executive scorecard factor). Cypress chief executive officer s balanced scorecard includes Cypress critical initiatives, projects, and financial and operational targets deemed necessary to ensure Cypress short- and long-term success. See the section entitled *Performance-Based Equity Compensation 2014 Performance Accelerated Restricted Stock Program (PARS) Tier 1 Grant* beginning on page 174 of this joint proxy statement/prospectus for more details on Cypress CEO s scorecard). By including them as a factor in Cypress KEBP, Cypress ensures an alignment of effort among its executive team. Following each quarter, the CEO s scorecard result is reviewed by the full board of directors of Cypress, adjusted if necessary, and approved by the compensation committee of the Cypress board. The Executive scorecard factor is determined as follows:

If the lesser of Individual scorecard result and the CEO scorecard result is:	Then the Executive scorecard factor is:
80.0 or higher	100%
65.0 or higher, and less than 80.0	50%
Less than 65.0	0%

The Executive scorecard factor has typically reduced KEBP payouts to NEOs at least once per year over the last few years, including most recently for the annual KEBP payout for fiscal year 2014. The Executive scorecard factor further demonstrates the link between pay and performance under Cypress incentive cash compensation plans.

(6) Other Compensation

Discretionary Cash Incentives. It is generally against Cypress pay-for-performance philosophy to award any discretionary cash incentive to its NEOs and none have been awarded over the last five years.

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Non-Qualified Deferred Compensation. Cypress also maintains an unfunded, non-qualified deferred compensation plan which allows eligible participants, including executive officers, to voluntarily defer receipt of a percentage up to 100% of their salary or cash bonus payment, as the case may be, until the date or dates elected by the participants, thereby allowing the participating employees to defer taxation on such amounts. There are two non-qualified deferred compensation plans available, one of which pays a death benefit two times participant contributions. All eligible employees have the option to choose the plan in which they participate. Mr. Rodgers qualifies for the death benefit payable under the non-qualified deferred compensation plan. Please refer to the table entitled *Non-Qualified Deferred Compensation* in the section entitled *Executive Compensation Tables* beginning on page 182 of this joint proxy statement/prospectus for employee contributions and performance under this benefit plan in fiscal year 2014.

Service Awards: All Cypress employees, including its NEOs, are eligible for service based cash awards, payable after the employee s 7th, 14th, 21st and 28th year of service. The award pays a specified cash amount based on the employee s base salary and country.

Other Compensation Limited. Cypress limits all other compensation to its NEOs. For example, Cypress does not provide a defined benefit pension plan, a match to employee contributions to its 401(k) plan or any other material perquisites.

Employment Agreements

During the last fiscal year Cypress entered into an employment offer letter agreement with J. Daniel McCranie. Pursuant to the letter agreement, in the year of hire Cypress agreed to pay Mr. McCranie a base salary of $600,000 with an 80% target bonus percentage under Cypress KEBP. For 2015 and 2016, Cypress promised Mr. McCranie that he will receive the same base salary as Mr. Rodgers. The letter agreement also provides for the grant of a PARS award in the year of hire for 150,000 shares, with similarly valued grants promised in 2015 and 2016, and a special incentive time-vested restricted stock unit award for 150,000 shares in 2014, with similar grants promised in 2015 and 2016 that are each equivalently valued at $1.5 million. Cypress also promised Mr. McCranie an approximate value in total compensation (inclusive of base salary, estimated bonus, PARS and other equity awards) of $2.95 million in each of 2014, 2015, and 2016. Mr. McCranie s relatively high total compensation is justified by his value to Cypress based on his exceptional qualifications and relevant experience, and was deemed necessary for his engagement, which required Mr. McCranie to forego significant compensation from other sources, including stepping down from public board of director roles. Cypress NEOs do not have individualized severance or change-of-control agreements. They serve at the will of the Cypress board, which enables Cypress to set the terms of any termination of employment. While Mr. McCranie s estate is entitled to certain benefits under his offer letter in the case of his death, Mr. McCranie, like Cypress other NEOs, is not otherwise entitled to any severance or change of control payments upon the termination of his employment, whether voluntary or involuntary.

Risk Considerations

The compensation committee of the Cypress board regularly considers the risks associated with Cypress compensation policies and practices for employees, including those related to executive compensation programs. As part of the risk assessment, the compensation committee of the Cypress board reviews Cypress compensation programs to avoid certain design features that have been identified by experts as having the potential to encourage excessive risk-taking. Instead, Cypress compensation programs are designed to encourage employees to take appropriate risks and encourage behaviors that enhance sustainable value creation in furtherance of Cypress business, but do not encourage excessive risk and accordingly are not reasonably likely to have a material adverse effect on Cypress. The compensation committee of the Cypress board believes that because Cypress closely links its variable compensation with attaining performance objectives, Cypress is encouraging employees to make decisions that should result in positive short- and long-term returns for its business and its stockholders without providing an incentive to take unnecessary risks. The compensation committee of the Cypress board has reviewed compensation related risks and does not believe Cypress compensation programs encourage excessive or inappropriate risk taking or create risks that are reasonably likely to have a materially adverse effect on Cypress. In fulfilling its responsibilities, the compensation committee of the Cypress board may, to the extent permitted under applicable law, the Nasdaq Global Select Market rules, the rules of the SEC and the Internal Revenue Code, and Cypress certificate of incorporation and by-laws, delegate any or all of its responsibilities to a subcommittee. The compensation committee of the Cypress board, with the assistance of

Buck Consultants intends to continue, on an on-going basis, a process of thoroughly reviewing Cypress compensation policies and programs to ensure that its compensation programs and risk mitigation strategies continue to discourage imprudent risk-taking activities.

In discharging its duties, the compensation committee of the Cypress board selects and retains the services of compensation consultants in order to have independent, expert perspectives on matters related to executive compensation, company and executive performance, equity plans, peer group and other issues. The compensation committee of the Cypress board has the sole authority to determine the scope of services for these consultants and may terminate the consultants services at any time. The fees of these consultants are paid by Cypress. In fiscal year 2014, the compensation committee of the Cypress board retained the services of Buck Consultants for various compensation-related services, including comparing Cypress director compensation with the compensation of directors of its peer group companies.

Stock Ownership Requirements

Cypress believes the stock ownership of its directors and executives is on the higher end of its peer group. In fact, its chief executive officer is Cypress fifth largest stockholder. Together, Cypress directors and NEOs beneficially own 7.1% of Cypress outstanding common stock as of December 28, 2014 an amount that is significantly greater than the directors and NEOs of any company in Cypress peer group.

Executive Officers

Cypress chief executive officer is required to own Cypress 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 equity awards, even if vested and in the money. Cypress NEOs, other than its chief executive officer, are required to own Cypress common stock at least four times their annual base salary. Individuals have three years to meet the stock ownership requirement. If the stock ownership requirement is not met after three years, then the executive must hold all future shares that vest (net of taxes) until the stock ownership requirements are met. As of December 28, 2014, all of Cypress NEOs met the stock ownership requirements.

Directors

Cypress non-employee directors are required to own at least 30,000 shares of Cypress common stock, which is approximately five times their annual retainer. New directors are required to meet the requirement within three years of their appointment to the Cypress board. As of December 28, 2014, all of Cypress current non-employee directors met the stock ownership requirements.

Pledging Policy

While the Cypress board understands that stock pledging by the Cypress directors and officers could create undue risk to the stability of Cypress stock price, the Cypress board also believes that, with board oversight, special circumstances may exist that would allow such activity without material risk to Cypress or its stockholders. For example, Cypress founder/chief executive officer and one other NEO are currently pledging a portion of their Cypress shares. They are both long-standing employees who hold substantially more stock than is required under Cypress stock ownership policy and such significant holdings are deemed a positive by the Cypress board as they align Cypress executives with its stockholders to a far greater degree than in most companies. In response to stockholder concerns about the prior pledging activity of two of Cypress executives, Cypress management and board engaged in significant discussions amongst themselves and with its stockholders, as part of its annual investor outreach program, regarding Cypress policy and practices in this area. As a result of those discussions, Cypress has formalized and adopted a written pledging policy.

Cypress pledging policy reiterates the Cypress board s continued commitment to actively monitor such activity and specifically delegates the responsibility to oversee any pledging activity, including margin loans, that include any amount of Cypress securities, to the compensation committee of the Cypress board. In reviewing such pledging activity, the compensation committee of the Cypress board will consider the facts and circumstances related to each individual, including, among other things, the ability of the executive to repay the applicable loan without resorting to the pledged securities, the number of shares pledged relative to the executive s overall holdings, the total shares outstanding for Cypress and the composition of the executive s stock holdings, and the price at which the pledged shares could get called away versus the current stock price as compared with historical trading range. The compensation committee of the Cypress board will provide regular updates to the full Cypress board as well as ensure that any material pledging activity by Cypress directors or executive officers is properly disclosed in its annual proxy statement, or any other public filing required by law. Under no circumstance will Cypress issue any make-up grants to any executive, or any other employee, whose Cypress shares may be sold to satisfy a margin call or any other type of collateral call.

Only two of Cypress executives, T.J. Rodgers, Cypress founder/chief executive officer and a member of the Cypress board, and Paul D. Keswick, Cypress executive vice president of Marketing and IT and an employee of Cypress for over twenty-eight years, currently have any Cypress stock pledged. As part of Cypress corporate governance practices, the compensation committee of the Cypress board has considered the facts and circumstances of Mr. Rodgers and Mr. Keswick s pledging activity, and concluded that the potential threat of their pledging activity is minimal and is far outweighed by the value of their loyalty and the alignment their significant stockholdings creates with Cypress stockholders interests.

For Mr. Rodgers, the Cypress board based its conclusion on the following:

- Mr. Rodgers is Cypress founder and one of its largest and most loyal stockholders. As one of Cypress largest stockholders, his interests are strongly aligned with those of its stockholders. Mr. Rodgers has accumulated his significant holdings over his 32 plus years of service by holding the vast majority of shares he has received as part of his compensation and by making various open market purchases;

- the pledged shares are not used to shift or hedge any economic risk in owning Cypress shares. These shares collateralize loans used to primarily fund Mr. Rodgers purchase of common stock upon the expiration of certain options grants over the past years. If Mr. Rodgers is not permitted to pledge a portion of his shares, he may be forced to sell certain of his Cypress shares in order to obtain the necessary funds, reducing his alignment with Cypress stockholders and penalizing his loyalty to Cypress stock. As of December 28, 2014, Mr. Rodgers directly and indirectly owned 8,629,685 shares, the highest stock ownership by a factor amongst Cypress peer group where the majority of chief executive officers own less than 1% of outstanding shares;

- as of December 28, 2014, 4,179,947 of Mr. Rodgers pledged shares may be subject to a margin call. Excluding his total pledged shares, Mr. Rodgers ownership still exceeds Cypress stock ownership requirements for the chief executive officer;

- total shares subject to pledge has reduced by approximately 2 million shares since March 2014;

Mr. Rodgers has voluntarily agreed to not increase his outstanding loan balance using Cypress shares as collateral;

the pledged shares represent less than 3% of Cypress outstanding shares as of December 28, 2014, and therefore do not present a material risk for investors or Cypress and will be reduced to approximately 1.5% of Cypress outstanding shares once the merger with Spansion is completed; and

Cypress has an active stockholder engagement program in which it meets regularly with its largest stockholders. Cypress has discussed the facts and circumstances of Mr. Rodgers pledging, and most of these stockholders feel the significant ownership outweighs the risk and have asked for additional disclosure and compensation committee oversight, which Cypress has committed to this year.

For Mr. Keswick, the Cypress board based its conclusion on the following:

Mr. Keswick has been a valued employee of Cypress for over twenty-eight years;

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- Cypress stockholders value the high stock ownership that its NEOs hold; ownership that is well above its peer group and subjects Cypress NEOs to significant stock price movement risk;

- the pledged shares total 365,505 as of December 28, 2014, and are not used to shift or hedge any economic risk in owning Cypress shares. These shares collateralize various derivative positions in S&P 500 options that are managed by a third party broker over periods less than 45 days on average. As such, Mr. Keswick is able to reduce or completely close his positions in a few days;

- upon being made aware of the various investor opinions on the subject of share pledging, Mr. Keswick has voluntarily agreed to not increase his outstanding loan balance using Cypress shares as collateral;.

- if Mr. Keswick is not permitted to pledge a limited number of his shares, he may be forced to sell certain of his Cypress shares in order to obtain the necessary funds, reducing his alignment with Cypress stockholders and penalizing his loyalty to Cypress stock;

- the pledged shares represent less than 0.5% of Cypress outstanding shares as of December 28, 2014, and therefore, do not present a material risk for investors or Cypress and will be reduced to less than 0.25% of Cypress outstanding shares once the merger with Spansion is completed;

- excluding the pledged shares, Mr. Keswick s ownership still exceeds Cypress stock ownership requirements for executives; and

- Mr. Keswick has established his financial capacity to repay the loan(s) which are collateralized by the pledged shares without resorting to the pledged shares. Furthermore, Mr. Keswick s unpledged share ownership and other assets would likely be able to prevent any margin call.

No other Cypress executive officer or director currently holds Cypress securities that are pledged pursuant to a margin account or loan or otherwise.

Clawback Policy

Cypress clawback policy that requires the return of incentive compensation payments to Cypress by any executive engaged in (i) fraud, theft or dishonesty, (ii) intentional misconduct related to Cypress financial statements, or (iii) in the event of a material negative revision of any financial or operating measure on which incentive compensation was paid out to such executive.

Notes to Non-GAAP Financial Measures

To supplement its consolidated financial results presented in accordance with GAAP, Cypress uses the following non-GAAP financial measures which are adjusted from the most directly comparable GAAP financial measures:

- gross margin;

- research and development expenses;

- selling, general and administrative expenses;

- operating income (loss);

- net income (loss); and

- diluted net income (loss) per share.

The non-GAAP measures set forth above exclude charges primarily related to stock-based compensation, which represented 72% of total adjustments for the year ended December 28, 2014, as well as restructuring charges, acquisition-related expenses and other adjustments. Cypress management believes that these non-GAAP financial measures reflect an additional and useful way of viewing aspects of Cypress operations that, when viewed in conjunction with Cypress GAAP results, provide a more comprehensive understanding of the various factors and trends affecting Cypress business and operations. Cypress management uses these non-GAAP

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measures for strategic and business decision-making, internal budgeting, forecasting and resource allocation processes. In addition, these non-GAAP financial measures facilitate management s internal comparisons to Cypress historical operating results and comparisons to competitors operating results. Pursuant to the requirements of Regulation G and to make clear to Cypress investors the adjustments it makes to GAAP measures, in each reporting period Cypress provides a reconciliation of the non-GAAP measures to the most directly comparable GAAP financial measures.

Cypress 2014 Executive Compensation Results

Fixed Compensation Base Salary

Cypress targets executive officers base salaries at approximately the 50th percentile of base salaries for similar positions and experience level in its peer group companies. In May 2014, as part of its annual review of executive compensation, the compensation committee of the Cypress board reviewed the base salaries of its NEOs, focusing on the competitiveness of salaries and ensuring base salaries remained at or near the 50th percentile as well as Cypress financial performance. Cypress management recommended to the compensation committee of the Cypress board that no NEOs receive a salary increase for fiscal year 2014. The compensation committee of the Cypress board agreed with management s recommendation. Below is a summary of the salary of Cypress NEOs for fiscal year 2014:

Named Executive Officer	**2014 Base Salary**	**% Increase from 2013**
T.J. Rodgers (1)	$ 600,000	0%
Brad W. Buss (2)	$ 347,526	0%
Paul D. Keswick	$ 329,073	0%
J. Daniel McCranie (3)	$ 600,000	N/A
Dana C. Nazarian	$ 279,965	0%
Thad Trent (4)	$ 275,490	6%

(1) Mr. Rodgers has not been adjusted for six years.
(2) Mr. Buss salary was reduced to $225,000 as of June 2, 2014 when he reduced his schedule to part-time.
(3) Mr. McCranie was hired on January 23, 2014.
(4) Mr. Trent s salary was increased to $275,490 on June 2, 2014, when he was appointed chief financial officer.

Performance-Based Incentive Cash Compensation

The thresholds of performance needed to achieve target or maximum payout are extremely high. Consistent with Cypress pay-for-performance philosophy, Cypress achievement against a mix of operational and financial goals in fiscal years 2012, 2013, and 2014, resulted in substantially lower performance-based cash compensation to its NEOs, as compared to previous years and to Cypress peer group.

Performance Bonus Plan (PBP)

In fiscal year 2014, the incentive cash compensation target percentage for Cypress chief executive officer was expected to be approximately 16.1% based on Cypress estimate at the beginning of the year, substantially below the 175% participation level. Cypress non-GAAP PBT% substantially reduced the PBP payout to its chief executive officer in fiscal year 2014 due to Cypress 12.6% PBT achievement.

The quarterly and annual targets for non-GAAP PBT% under the PBP were the same as described above in the section entitled *Performance-Based Incentive Cash Compensation Key Employee Bonus Plan (KEBP)* beginning on page 171 of this joint proxy statement/prospectus.

In fiscal year 2014, Cypress chief executive officer, T.J. Rodgers annual and quarterly balanced scorecard included short-and long-term milestones organized around four key categories: (i) financial, (ii) key business drivers, (iii) innovation and learning, and (iv) customer.

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More specifically, Mr. Rodgers goals are identical to the Cypress scorecard described above in the section entitled *Executive Summary* beginning on page 157 of this joint proxy statement/prospectus, and included the following targets:

- obtaining certain revenue for Platform PSoC, TrueTouch, FX3, Foundry, Agiga Tech, Inc. and Deca Technologies Inc.;
- achieving certain targets for customer design-win revenue for Cypress overall, and for the PSD and DCD divisions;
- meeting specific targets related to gross margins, ASP s, operating expenses, PBT and earnings per share;
- gaining new customers in platform PSoC;
- increasing share of market for SRAM, TrueTouch and USB product lines;
- releasing new products for Capsense, TrueTouch, platform PSoC, FRAM and software on-time;
- achieving customer service metrics, including increasing Cypress customer satisfaction score; and
- achieving operational performance in the areas of quality, yield, inventory levels and customer delivery.

Many of Mr. Rodgers targets will yield substantial short- and long-term benefits for Cypress if achieved.

Below is a historical table that shows the three-year average PBP achievement by Cypress chief executive officer:

PBP Participant	2012 Average Raw Score	2012 Average PBT Factor	2012 Average Payout	2013 Average Raw Score	2013 Average PBT Factor	2013 Average Payout	2014 Average Raw Score	2014 Average PBT Factor	2014 Average Payout
T.J. Rodgers	75%	4%	1%	88%	8%	7%	73%	30%	15%

Key Employee Bonus Plan (KEBP)

In 2014, the incentive cash compensation participation level for the executive officers of Cypress remained the same as the last five years at 80% of base salary for all NEOs, except Cypress chief executive officer, under the KEBP. Under certain assumptions made at the start of fiscal year 2014, Cypress payout for KEBP was expected to be approximately 7.4% of base salary, substantially below the normal 80% participation level. The actual amount earned was 17% of base salary. Cypress non-GAAP PBT% substantially reduced KEBP payouts to Cypress NEOs in fiscal year 2014 due to its 12.6% PBT achievement. No executive officer achieved the targeted level of cash compensation for 2012, 2013 or 2014.

The quarterly and annual targets for non-GAAP PBT%, Cypress actual non-GAAP PBT% achievement, and the percentage of achievement against plan for fiscal year 2014 are set forth in the following table (percentage achievement is calculated on a linear scale where 10% pays at zero and 20% pays at 100%):

2014 Fiscal Year Period	**Non-GAAP PBT% Target**	**Non-GAAP PBT% Achieved**	**Percentage Achievement Against Target**
First Quarter	20.0%	7.3%	0.0%
Second Quarter	20.0%	14.9%	49.5%
Third Quarter	20.0%	15.0%	49.9%
Fourth Quarter	20.0%	12.6%	25.7%
Annual	20.0%	12.6%	25.7%
Average	20.0%	12.5%	30.2%

In determining the amount of cash incentive compensation payable under KEBP, the compensation committee of the Cypress board uses the final scorecard results for the given review period as a component in the formulas that determine the bonus to be paid under each plan. As part of its oversight process, the compensation committee of the Cypress board considers the participant s scorecard result for the applicable period, and has the right to apply negative discretion to reduce the maximum payout under KEBP. Cypress NEOs performance goals were strongly aligned with each other in 2014 to achieve critical strategic and operational milestones during fiscal year 2014 and to set the stage for increased market share, growth and improved productivity in future years. During Cypress 2014 outreach program, its investors expressed a desire to more fully understand the types of goals set for Cypress NEOs. Below is a breakdown of Cypress performance goals that is intended to be responsive to its investors request, but still protects certain strategic information that is material to Cypress contained in such goals that Cypress feels is required not to be disclosed due to competitive reasons that is material to Cypress and would result in competitive harm to Cypress if disclosed.

The goals that were common across most of Cypress NEOs included the following, which were all approved by the Cypress board as part of its annual operating and strategic planning session for fiscal year 2014:

- Specific revenue, gross margin, operating expenses, customer design, profit-before tax and earnings per share targets;
- Specific targets to reduce Cypress infrastructure costs worldwide and across all functions and improving organizational efficiency by increasing the span of control for managers; and
- Specific targets to improve innovation and invest in key initiatives and bring specific new products to market.

Below is a summary of additional quarterly and annual performance goals for each NEO participating in KEBP:

Thad Trent. Specific targets related to:

- achieving corporate financial goals, including revenue, gross margin, operating expenses, PBT, earnings per share;
- leading a process to manage gross margin improvement;
- achieving specific investor relations and outreach objectives;
- achieving customer service metrics, including increasing net promoter scores to improve customer loyalty;
- implementing a yield enhancement program and a strategy for debt and stock buyback;

- implementing employee training and development initiatives in the finance organization; and
- defining a corporate model for spending and profitability.

Paul D. Keswick. Specific targets related to:

- achieving revenue targets for Cypress overall, and also specifically for TrueTouch, Platform PSoC, and USB/FX3;
- increasing share of market for the SRAM, TrueTouch and USB product lines;
- increasing the customer count and the value of the design win funnel for Cypress overall, and also specifically for PSD and DCD;
- developing and deploying infrastructure and business processes to improve capability and efficiency in sales and marketing;
- achieving gross margin, pricing, operating expense, and cost savings targets;

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- achieving customer service metrics, including increasing net promoter scores to improve customer loyalty; and
- implementing and deploying key initiatives in the information technology organization to increase service and decrease costs.

J. Daniel McCranie. Specific targets related to:

- achieving revenue targets for Cypress overall, and also specifically for TrueTouch, Platform PSoC, USB/FX3, FRAM, and three Emerging Technology businesses;
- increasing the customer count and the value of the design win funnel for Cypress overall, and also specifically for PSD, DCD and within the distribution channel;
- achieving gross margin, pricing, operating expense, and cost savings targets;
- releasing a new TrueTouch product; and
- achieving customer service metrics, including increasing net promoter scores to improve customer loyalty.

Dana C. Nazarian. Specific targets related to:

- achieving certain revenue and profit targets for MPD and Agiga Technology;
- achieving gross margin, pricing, operating expense, inventory and cost savings targets;
- increasing SRAM market share and the value of the customer design win funnel;
- improving the quality of products to gain market share and increase revenue;
- releasing new products for SRAM, FRAM and clocks on-time; and
- achieving customer service metrics, including net promoter score increases to increase customer loyalty.

Below is a historical table that shows the three-year average KEBP achievement by Cypress NEOs:

	2012			2013			2014		
KEBP Participant	**Average Raw Score**	**Average PBT Factor**	**Average Payout**	**Average Raw Score**	**Average PBT Factor**	**Average Payout**	**Average Raw Score**	**Average PBT Factor**	**Average Payout**
Brad W. Buss (1)	85%	4%	2%	90%	8%	7%		N/A	
Paul D. Keswick	74%	4%	2%	87%	8%	4%	82%	30%	16%
J. Daniel McCranie			N/A				64%	30%	8%
Dana C. Nazarian	77%	4%	1%	81%	8%	4%	82%	30%	16%
Thad Trent			N/A				88%	30%	18%

(1) The reported number excludes quarters in which no payment was made due to low PBT achievement.

As the table reveals, none of Cypress NEOs have achieved target participation levels for the three years identified. Despite the NEOs generally strong performance on their individual milestones, their KEBP payouts were reduced significantly due to Cypress PBT achievement being below the target threshold established by Cypress management and approved by the compensation committee of the Cypress board. This further demonstrates the Pay-for-Performance impact of Cypress compensation process and alignment with stockholder interests.

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Performance-Based Equity Compensation

2014 Performance Accelerated Restricted Stock Program (PARS)

In early 2014, the compensation committee of the Cypress board set the performance goals under which participants were eligible to earn their PARS shares. There are three levels of grants under the 2014 PARS program: (i) the Tier 1 Grant, (ii) Tier 2 Grant, and (iii) Tier 3 Grant, as described in the following table:

	PARS Granted on March 29, 2014			
PARS Participant	**Tier 1**	**Tier 2**	**Tier 3**	**Total**
T.J. Rodgers	222,000	74,000	74,000	370,000
Brad W. Buss				
Paul D. Keswick	120,000	40,000	40,000	200,000
J. Daniel McCranie	90,000	30,000	30,000	150,000
Dana C. Nazarian	120,000	40,000	40,000	200,000
Thad Trent	24,000	8,000	8,000	40,000

The milestones for each grant level and the actual percent achieved in fiscal 2014 were as follows:

Tier 1 Grant

60% of the total PARS award could be earned based on the Tier 1 grant scorecard (which we refer to as the scorecard), which is based on the chief executive officer s fiscal year 2014 scorecard (which included detailed financial, product development, operational and business process improvement goals) that were deemed to be strategic goals to drive the long term success of Cypress. The payout for this milestone is 100% if the Tier 1 grant scorecard achieves a score of 85% and adjusts linearly to zero percent if a score of 60% or lower is achieved, and up to 160% if a score of 100% is achieved. The Tier 1 grant milestone achievement for fiscal year 2014 was 67.4% and, after applying the TSR factor, the Tier 1 payout was 34.5%, as shown in the scorecard table below.

The scorecard is the main business system that Cypress uses to set its strategic goals. The scorecard is developed over a period of three months as part of the annual operating plan process. The scorecard consists of various strategic initiatives that are deemed critical to achieving Cypress annual operating plan for the next one to three years. Each initiative in the scorecard has a very specific performance measurement with a precise definition of what is required to achieve a score between 0% and 100%. The scorecard is reviewed and approved by the Cypress board at the beginning of the year and none of the initiatives and scoring may be changed in that year. Cypress chief executive officer provides an update on the status of the scorecard at every Cypress meeting. Based on a request from its stockholders, Cypress is providing the following additional information on its scorecard but, for competitive purposes, Cypress is not detailing every initiative or the exact details for each initiative. For 2014, the scorecard was organized into four broad initiatives, with the results shown below:

Measure	Results	Maximum	Raw Score	Final Score (1)	TSR Factor	Final Payout (2)
Financial		52%	27.4%			
Revenue	Cypress overall, and 5 of 6 Product Families increased revenue but did	30%	6.4%			

	not achieve the planned revenue. Product Families included TrueTouch, Platform PSoC, USB/FX3, and Emerging Technology (three).		
Profitability	Profitability improved and Cypress achieved the plan target. Operating expenses and 6 of 7 cost savings initiatives met the plan.	22%	21.0%

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Measure	Results	Maximum	Raw Score	Final Score (1)	TSR Factor	Final Payout (2)
Key Business Drivers		22%	17.8%			
New Product Milestones	Achieved planned milestones in 6 of 8 projects, measuring TrueTouch (three), Platform PSoC (two), FRAM, and SRAM (two).	17%	14.3%			
Market Share	Achieved planned market share targets in 2 of 4 categories, measuring TrueTouch, SRAM, USB, and New Customers in target markets.	4%	3.0%			
Quality	Improved a key quality metric but did not achieve the planned target.	1%	0.5%			
Innovation and Learning		14%	13.0%			
Infrastructure	Achieved 3 of 3 planned targets in USB, Sales, and Marketing.	11%	11.0%			
Capability	Demonstrated new capability as planned in 2 of 2 major projects in Design and Software.	2%	1.0%			
Organizational Structure	Improved organizational efficiency through increased span-of-control.	1%	1.0%			
Customer		12%	9.2%			
Satisfaction	Survey results improved but did not achieve 1 of 5 planned targets. Measurements included Cypress overall (two), Applications, Development Kits, and Software.	5%	4.0%			
Delivery	Results did not meet planned target in 1 of 2 categories, measuring Lead Time, and On-Time delivery.	2%	1.4%			
Design Wins	Exceeded planned value of design wins in 4 of 5 categories, measuring Cypress overall (two), DCD, USB, and Distribution.	5%	3.8%			
Total		100%	67.4%	29.6%	1.17	34.5%

(1) The Final Score is calculated on a linear scale:

Final Score is 0% at a Raw Score of 60%;

Final Score is 100% at a Raw Score of 85%;

Final Score is 160% at a Raw Score of 100%

(2) The Final Payout is calculated by multiplying the Final Score by the TSR Factor, which can range from 0.625 to 1.375 depending on the 2014 Total Shareholder Return of Cypress relative to its peer group

Tier 2 Grant

20% of the total PARS award could be earned if Cypress achieves its 2015 revenue targets. The vesting of this award would be in 2016, two years after the grant, consistent with Cypress transition to longer term milestones. The payout for this milestone can range from 0% to 160% of the grant depending on the 2015 revenue achievement.

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TSR Factor for Tier 1 and Tier 2 Grants:

The payouts for the Tier 1 and Tier 2 Grant is further adjusted by a TSR factor, which can range from a minimum of 0.625 if Cypress has a 2014 TSR at or below the 10th percentile of Cypress peer group, scaling linearly to 1.000 if Cypress has a 2014 TSR at the 40th percentile of its peer group. The TSR factor will be 1.00 if Cypress has a 2014 TSR between the 40th and 60th percentile of its peer group. The TSR factor will scale linearly from 1.000 if Cypress has a 2014 TSR at the 60th percentile of its peer group, up to a maximum of 1.375 if Cypress has a 2014 TSR based at or above the 90th percentile of its peer group.

Tier 3 Grant

20% of the total PARS award is service based, with 75% of the Tier 3 Grant vesting after one year, and the remaining 25% of the Tier 3 Grant vesting after two years.

Chief Executive Officer Compensation

Consistent with Cypress philosophy on pay-for-performance, in fiscal year 2014, 45.9% of Mr. Rodgers total earned compensation was in the form of variable compensation, comprised of performance-based quarterly and annual incentive cash bonuses and annual performance-based restricted stock units. Mr. Rodgers did not receive an increase in his base salary in fiscal year 2014. In fiscal year 2014, Mr. Rodgers earned 11.3% of his participation level under the annual incentive cash bonus plan and 34.5% of the target under the annual performance-based restricted stock program.

Based on payouts being below target for performance based compensation, Mr. Rodgers 2014 realized total compensation was below target and also below the Cypress peer group.

Tax Related Considerations in Executive Pay

Cypress management and the compensation committee of the Cypress board have considered the implications of Section 162(m) of the Internal Revenue Code of 1986. This section precludes a public corporation from taking a tax deduction for individual compensation in excess of $1 million for its chief executive officer and certain other executive officers. This section also provides for certain exceptions to this limitation, including compensation that is performance-based within the meaning of Section 162(m) of the Internal Revenue Code of 1986. Cypress Performance Bonus Plan enables it to qualify more compensation as deductible performance-based compensation. Many of Cypress executive compensation plans are designed to qualify payments thereunder as deductible performance-based compensation. In order, however, to preserve flexibility in designing its compensation programs, not all amounts Cypress pays may qualify for deductibility.

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EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

The following table shows compensation information for fiscal years 2012, 2013 and 2014 for Cypress NEOs:

Name and Principal Position	Year	Salary (1)($)	Bonus (2)($)	Stock Awards (3) ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation (4)($)	All Other Compensation (5)($)	Total Compensation ($)
T.J. Rodgers	2014	599,997	0	1,327,806	0	154,985	48,455	2,131,243
President, Chief Executive	2013	600,000	0	2,313,504	0	74,702	8,060	2,996,266
Officer and Director	2012	599,997	0	2,678,271	0	15,865	131,278	3,425,411
Brad W. Buss	2014	195,646	0	468,250	0	17,640	20,250	701,786
Former Executive Vice	2013	347,526	0	1,435,968	0	20,629	536	1,804,659
President, Finance & Administration, Chief Financial Officer	2012	347,526	6,683	1,673,907	0	3,944	536	2,032,591
Paul D. Keswick	2014	329,077	31,368	717,731	0	58,278	31,280	1,167,734
Executive Vice President,	2013	329,073	0	1,735,128	0	81,361	1,440	2,147,002
Marketing & IT	2012	329,077	0	1,339,135	0	62,354	1,440	1,732,006
J. Daniel McCranie	2014	546,923	0	2,069,798	0	27,122	14,633	2,658,476
Executive Vice President, Sales	2013				N/A			
and Applications (6)	2012							
Dana C. Nazarian	2014	278,891	0	717,731	0	35,840	30,056	1,062,518
Executive Vice President,	2013	279,965	0	1,675,296	0	9,642	13,874	1,978,777
Memory Products Division	2012	279,968	0	1,161,532	0	3,394	11,182	1,456,076
Thad Trent	2014	268,593	0	330,844	0	33,500	24,495	657,432
Executive Vice President,	2013				N/A			
Finance & Administration, Chief Financial Officer	2012							

(1) Represents actual salary earned in fiscal years 2014, 2013 and 2012.

(2) Represents 40 hours of pay received for seven years of service for Mr. Buss, and 240 hours of pay received for twenty-eight years of service for Mr. Keswick. All regular employees who work at least 20 hours per week are eligible for these service awards.

(3) The amounts shown represent the number of shares delivered valued at the price determined at the time of grant. At the time of grant, Cypress had initially assumed 100% of the Tier 1 and Tier 2 PARS grants would be achieved, with a TSR factor of 1.0. With these assumptions, the amounts reportable for fiscal year 2014 for each of Cypress NEOs would be as follows: Mr. Rodgers, $3,718,500; Mr. Buss, $468,250; Mr. Keswick, $2,010,000; Mr. McCranie, $3,039,000; Mr. Nazarian, $2,010,000; Mr. Trent, $589,300.

(4) Except for Mr. Keswick, includes bonus amounts earned under Cypress KEBP and PBP for services rendered in the respective fiscal years. Mr. Keswick s bonus amounts also include payments made under its DBP, a bonus plan available only to Cypress design and certain product development engineers, a group which Mr. Keswick previously managed. Mr. Keswick earned the following amounts under Cypress DBP for fiscal years 2014, 2013 and 2012: $15,303, $71,177 and $75,622, respectively.

(5) The amounts reported in this column include payments by Cypress of term life insurance premiums for the NEOs. Cypress is not the beneficiary of the life insurance policies. NEOs participate in the same life insurance program as all other Cypress employees, which pays out at one times the employee s annual base pay. Amounts shown for fiscal years 2012 and 2014 also reflect paid time off cashed out and pay in lieu of

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holidays by Mr. Rodgers of $126,922 and $40,073, paid time off cashed out by Mr. Nazarian for fiscal years 2012, 2013 and 2014 of $10,768, $13,460 and $28,141 respectively, paid time off cashed out by Mr. Keswick for fiscal year 2014 of $29,840, paid time off cashed out by Mr. Trent for fiscal year 2014 of $23,351, paid time off cashed out by Mr. McCranie for fiscal year 2014 of $3,128.

(6) Mr. McCranie s annual salary is $600,000, and the lower value of $546,923 shown in the table is due to the fact that he was employed for less than the full year, based on his hire date of January 23, 2014. Mr. McCranie s relatively high total compensation is justified by his value to Cypress based on his exceptional qualifications and relevant experience, and was deemed necessary for his engagement.

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GRANTS OF PLAN-BASED AWARDS

Fiscal Year Ended December 28, 2014

The following table shows all plan-based awards granted to Cypress NEOs during fiscal year 2014:

Name and Principal Position	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)(3)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards(2) Threshold (#)	Target (#)(4)	Maximum (#)(5)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/SH)	Grant Date Fair Value of Stock and Option Awards ($)(6)
T.J. Rodgers	30-Dec-13		19,320	210,000							
President, Chief	30-Dec-13		19,320	210,000							
Executive Officer	29-Mar-14					370,000	725,000				3,718,500
and Director	31-Mar-14		19,320	210,000							
	30-Jun-14		19,320	210,000							
	29-Sep-14		19,320	210,000							
Brad W. Buss	30-Dec-13		5,116	55,604							
Former Executive	30-Dec-13		5,116	55,604							
Vice President,	29-Mar-14										
Finance and	31-Mar-14		2,131	23,168							
Administration, Chief	2-May-14							50,000			468,250
Financial Officer	30-Jun-14										
	29-Sep-14										
Paul D. Keswick	30-Dec-13		4,844	52,652							
Executive Vice	30-Dec-13		4,844	52,652							
President, Marketing,	29-Mar-14					200,000	392,000				2,010,000
Human Resources	31-Mar-14		4,844	52,652							
& IT	30-Jun-14		4,844	52,652							
	29-Sep-14		4,844	52,652							
J. Daniel McCranie	30-Dec-13										
Executive Vice	30-Dec-13										
President, Sales and	30-Jan-14							150,000			1,531,500
Applications	29-Mar-14					150,000	294,000				1,507,500
	31-Mar-14		8,832	96,000							
	30-Jun-14		8,832	96,000							
	29-Sep-14		8,832	96,000							
Dana C. Nazarian	30-Dec-13		4,121	44,794							
	30-Dec-13		4,121	44,794							

Executive Vice	29-Mar-14			200,000	392,000		2,010,000
President, Memory	31-Mar-14	4,121	44,794				
Products Division	30-Jun-14	4,121	44,794				
	29-Sep-14	4,121	44,794				
Thad Trent (7)	30-Dec-13	2,391					
Executive Vice	30-Dec-13	2,391					
President, Chief	29-Mar-14			40,000	78,400		402,000
Financial Officer	31-Mar-14	3,362	36,541				
	2-May-14					20,000	187,300
	30-Jun-14	4,055	44,708				
	29-Sep-14	4,055	44,708				

(1) Represents potential performance compensation that could be earned under Cypress KEBP, PBP and DBP programs in fiscal year 2014. The columns show the amounts that could be earned at the threshold, target and maximum levels of performance. Effective June 2, 2014, Mr. Buss s KEBP target was reduced to 0% when he reduced his schedule to part time. Mr. McCranie was hired on Jan 23, 2014 and hence his KEBP target was 0% for Q1, 2014.

(2) Represents 100% Tier 1, Tier 2 and Tier 3 grants made under Cypress PARS program in fiscal year 2014. The columns show the stock that could be earned at the threshold, target and maximum levels of performance. Please see the *Option Exercises and Stock Vesting* table for the actual amounts earned in Cypress fiscal 2014 by Cypress NEOs under its PARS program. The maximum is based on 160% of Tier 1 and Tier 2 with a TSR factor of 1.375. Please see the *Elements of Compensation* section for an explanation of the plan rules.

(3) Represents the expected achievement at the beginning of the fiscal year. For fiscal year 2014, the actual amounts paid were as follows: Mr. Rodgers, $154,985; Mr. Buss, $17,640; Mr. Keswick, $58,278; Mr. Nazarian, $35,840; Mr. McCranie: $27,122; Mr. Trent: $33,500.

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(4) The following number of shares was delivered in fiscal year 2015. Mr. Rodgers: 132,120; Mr. Buss: 0; Mr. Keswick: 71,416, Mr. McCranie: 53,562; Mr. Nazarian: 71,416; Mr. Trent:14,283. The vesting schedule for each of these grants is 75% vesting on January 20, 2015, and 25% vesting on January 28, 2016.
(5) 25% of the shares granted could not be earned in 2014.
(6) Represents the target number of shares multiplied at the grant date fair value under FASB ASC Topic 718. See the *Summary Compensation Table* above for shares actually delivered.
(7) Mr. Trent was promoted to chief financial officer on June 2, 2014. The table includes his full year compensation.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

Fiscal Year Ended December 28, 2014

Name and Principal Position	Option Awards (1)					Stock Awards (1)			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares of Units of Stock Unvested (#)	Market Value of Shares or Units of Stock that Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (2) (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested (3) ($)
T.J. Rodgers President, Chief Executive Officer and Director	1,251,093			3.53	6/30/2016			370,000	5,402,000
Brad W. Buss Executive Vice President, Finance and Administration, Chief Financial Officer	131,847 90,699			3.99 3.70	10/27/2016 8/15/2015	50,000	468,250		
Paul D. Keswick Executive Vice President, Marketing, Human Resources & IT	123,606 37,082			3.99 3.53	10/27/2016 2/25/2015			200,000	2,920,000
J. Daniel McCranie Executive Vice President, Sales and Applications								150,000	2,190,000
Dana C. Nazarian Executive Vice President, Memory Products Division	3,794 27,383			3.99 4.91	10/27/2016 3/8/2016			200,000	2,920,000
Thad Trent	7,000			11.55	5/30/2021	20,000	187,300	40,000	584,000

Executive Vice President,	7,200	11.27	12/18/2020
Finance and Administration,	17,000	6.17	3/19/2019
Chief Financial Officer	15,450	3.99	10/27/2016

(1) The grants reported above in the *Option Awards* and *Stock Awards* columns were awarded under Cypress 2013 Stock Plan. Grants made prior to September 29, 2008 reflect adjustments made, pursuant to the tax free spin-off of SunPower Corporation in which existing awards were multiplied by the SunPower spin-off ratio of 4.12022 to reflect the change in market value of Cypress common stock following the distribution to the Cypress stockholders of SunPower Corporation class B common stock.
(2) The vesting date of all listed Equity Incentive Plan Awards is January 20, 2015.
(3) The amounts are based on the outstanding grants as of the end of fiscal 2014 and fiscal year ending value of $14.60 per share.

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OPTION EXERCISES AND STOCK VESTING

Fiscal Year Ended December 28, 2014

	Option Awards		Stock Awards	
Named Executive Officer		Value Realized Upon Exercise (1) ($)	Number of Shares Acquired Upon Vesting (#)	Value Realized Upon Vesting (2) ($)
T.J. Rodgers	1,450,411	10,601,241	208,800	2,044,152
Brad W. Buss	209,016	2,265,691	129,600	1,268,784
Paul D. Keswick			156,600	1,533,144
J. Daniel McCranie			150,000	1,530,000
Dana C. Nazarian			151,200	1,480,248
Thad Trent	18,561	118,067	39,093	400,059

(1) Amount shown reflects the difference between the option exercise price and the market value of the underlying shares on the exercise date multiplied by the number of shares covered by the option. All shares and dollar values are before required tax payments.

(2) The actual amount released to the NEOs represents the total shares multiplied by the market value on the date released. All shares and dollar values are before required tax payments.

NON-QUALIFIED DEFERRED COMPENSATION

Fiscal Year Ended December 28, 2014 (1)

Named Executive Officer	Executive Contribution in the Last Fiscal Year (2) ($)	Cypress Contribution in the Last Fiscal Year ($)	Aggregate Earnings in the Last Fiscal Year (3) ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($)
T.J. Rodgers	518,066		593,404		11,361,660
Brad W. Buss			508,101		1,684,968
Paul D. Keswick					
J. Daniel McCranie					
Dana C. Nazarian			22,457		352,878
Thad Trent	77,144		13,224		301,641

(1) Cypress deferred compensation plan provides certain key employees, including executive management, with the ability to defer the receipt of compensation in order to accumulate funds for retirement on a tax-deferred basis. Each participant in Cypress deferred compensation plans may elect to defer a percentage of their compensation

(annual base salary, cash bonuses and any cash sales commissions) and invest such deferral in any investment that is available on the open market. Cypress does not make contributions to the deferred compensation plan and does not guarantee returns on the investments. Participant deferrals and investment gains and losses remain as Cypress liabilities and the underlying assets are subject to claims of general creditors. Withdrawals and other distributions are subject to the requirements of U.S. Internal Revenue Code Section 409A.

(2) 100% of executive contributions to the non-qualified deferred compensation plan are reported in the Summary Compensation Table.

(3) 0% of aggregate earnings in the non-qualified deferred compensation plan are reported in the Summary Compensation Table.

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DIRECTOR COMPENSATION

Non-Employee Director Cash Compensation

Cypress non-employee directors are paid an annual fee for serving on the Cypress board, plus additional fees based on their committee service. Cash fees have not changed since 2009. The table below shows the cash compensation for Cypress non-employee board members in fiscal year 2014.

Position	2014 Annual Fees ($) (1)
Non-employee director retainer	50,000
Board chairman	30,000
Audit Committee chairman	20,000
Audit Committee member	15,000
Compensation Committee chairman	15,000
Compensation Committee member	10,000
Nominating and Corporate Governance Committee chairman	5,000
Nominating and Corporate Governance Committee member	5,000
Operations Committee	2,500(2)

(1) Excluding the Operations Committee fees, which are paid per meeting.
(2) Fee paid for each of the Company s quarterly operations meetings attended

In addition to the retainer and meeting fees described above, non-employee directors are also reimbursed for travel and other reasonable out-of-pocket expenses related to attendance at Cypress board and committee meetings, business events on behalf of Cypress, and seminars and programs on subjects related to their responsibilities.

Non-Employee Director Equity Compensation

Upon their initial appointment to the Cypress board, each non-management director is granted an equity award with a grant date value of approximately $175,000, which vests annually over three years. Directors who are elected at Cypress annual stockholders meeting receive an equity grant equal to approximately $175,000, which vests the day before the next annual stockholders meeting (which we refer to as the annual equity grant). Any new director appointed by the Cypress board in between annual stockholder meetings will receive the annual equity grant, but with a value that is pro-rated for the number of months the director serves until Cypress next annual stockholders meeting. All such awards are subject to the limitations set forth in Cypress stock plan.

Director Compensation

Fiscal Year Ended December 28, 2014

Director	Year	Fees Earned or Paid in Cash ($)	Stock Awards (1) ($)	Option Awards (2) ($)	All Other Compensation	Total ($)

					($)	
W. Steve Albrecht (3)	2014	90,000	175,000			265,000
Eric A. Benhamou (4)	2014	120,000	175,000			295,000
James R. Long (5)	2014	70,000	175,000			245,000
J.D. Sherman (6)	2014	65,000	175,000			240,000
Wilbert van den Hoek (7)	2014	170,000	175,000	5,973		350,973
Robert Y. L. Mao (8)	2014	40,000	349,999			389,999

(1) The value reported in the Stock Awards column represents the aggregate grant date fair value of awards granted in fiscal year 2014, as determined pursuant to ASC 718. The amount shown for each director

reflects the grant date fair value of a grant for 18,421 shares made on May 9, 2014, except for Mr. Mao who received additional 18,421 shares for his initial director grant upon his joining the Cypress board in May 2014. The value shown in this column represents actual delivered value prior to the payment of taxes. The directors had the following number of unvested restricted stock units at the end of fiscal year 2014: each of Messrs. Albrecht, Benhamou, Long, Sherman and van den Hoek, 18,421 shares. Mr. Mao had 36,842 of unvested restricted stock units at the end of fiscal 2014.

(2) No stock option awards were granted to Cypress directors in fiscal year 2014. The following aggregate number of option awards was outstanding at the end of fiscal year 2014: Mr. Albrecht, 9,614 shares; Mr. Benhamou, 164,808 shares; Mr. Long, 71,420 shares; each of Messrs. Sherman, van den Hoek and Mao, 0 shares. Mr. van den Hoek received a stock option grant for 100,000 shares in Deca Technologies stock, a Cypress subsidiary, upon his joining Deca s technical advisory board. At the end of fiscal 2014, 8,334 shares of Mr. van den Hoek s Deca option grant were unvested.

(3) Amount includes $50,000 Cypress board retainer fee. $20,000 Audit Committee chairman fee, $15,000 Audit Committee member fee, and $5,000 Nominating and Corporate Governance Committee member fee.

(4) Amount includes $50,000 Cypress board retainer fee, $30,000 for Cypress board chairmanship, $15,000 Audit Committee member fee, $15,000 Compensation Committee chairman fee, and $10,000 Compensation Committee member fee.

(5) Amount includes $50,000 Cypress board retainer fee, $5,000 Nominating and Corporate Governance Committee chairman fee, $5,000 Nominating and Corporate Governance Committee member fee and $10,000 Compensation Committee member fee.

(6) Amount includes $50,000 Cypress board retainer fee, and $15,000 Audit Committee member fee.

(7) Amount includes $50,000 Cypress board retainer fee, $5,000 Nominating and Corporate Committee member fee, and $115,000 for attendance at Cypress operations review meetings as member of the Operations Committee.

(8) Amount includes $50,000 Cypress board retainer fee and $10,000 Compensation Committee member fee, pro-rated to Mr. Mao s start date of May 2014.

Cypress Potential Payments Upon Termination or Change In Control

None of the Cypress NEOs have individualized severance or change-of-control agreements. They serve at the will of the Cypress board, which enables Cypress to set the terms of any termination of employment.

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SPANSION EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

SPANSION COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The following describes Spansion s executive compensation program, including total 2014 compensation for its named executive officers (which we refer to as NEOs), listed below:

- John H. Kispert, president and chief executive officer; and
- Randy W. Furr, corporate executive vice president and chief financial officer.

Executive Summary

About Spansion

Spansion is a global leader in embedded systems solutions. Spansion s flash memory, microcontrollers, analog and mixed-signal products drive the development of fast, intelligent, secure and energy efficient electronics. Spansion is at the heart of electronic systems, connecting, controlling, storing and powering everything from automotive electronics and industrial systems to the highly interactive and immersive consumer devices that are enriching people s daily lives.

2014 Company Performance

2014 was a transformational year for Spansion in many ways, and Spansion is proud of its accomplishments.

Spansion was able to execute on its strategy to provide complementary technologies to transition to an embedded systems provider through its successful integration of the acquired Fujitsu microcontroller and analog business, and intends to continue that strategy with the proposed merger with Cypress. These initiatives allow Spansion to maintain significant progress towards developing embedded system on chip solutions, combining its flash memory with software and adjacent technologies to create system solutions for Spansion s customers.

In 2014, financial performance improved with revenue growing by more than 28% with an increase in gross margin. As a result, Spansion earnings grew by more than its revenue. In addition, Spansion improved its balance sheet as net debt (cash less debt) was reduced by over $80 million year over year.

Spansion also grew its technologies, products, financial and brand positions. Spansion redefined itself as an innovator in the semiconductor market and leader of embedded systems solutions for automotive, industrial, IoT, consumer and communications. Spansion gained strong momentum across its flash memory, MCUs, analog products, and developed its first SoC families that integrate both flash and MCUs. Spansion s recent merger announcement with Cypress will allow it to strengthen its ability to invest more funds in R&D to bring more innovative systems to the market in the years ahead.

In addition to the above, Spansion had the following achievements in 2014:

introduced breakthrough HyperbusTM interface and HyperFlashTM memory

significantly grew the NAND business and expanded its product portfolio, qualifying Spansion s first eMMC products

launched 3D NAND development with XMC

introduced ARM Cortex® R5 TraveoTM MCU product family, incorporating Spansion s Flash and Microcontroller technologies

achieved Spansion s first automotive and first consumer product design based on its leading 40nm eCT technology

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began transferring Fujitsu products to Spansion s Fab 25

executed on additional significant patent license agreements and filed 34 new patent applications

Spansion is committed to aligning executive pay with company performance. As part of the Spansion compensation committee s oversight of Spansion s executive pay program, Spansion has developed an ongoing and active approach to stockholder engagement on executive pay issues. During 2013 and 2014 Spansion engaged directly with more than 15 of its stockholders representing at least 50% of Spansion s stock ownership. Conversations with these stockholders were constructive and provided important input into the Spansion compensation committee s work on Spansion s pay program. At Spansion s annual meeting of stockholders held in May 2014, approximately 89% of Spansion stockholders voted in favor of Spansion s Say on Pay proposal. Spansion believes that its improved stockholder vote on Say on Pay, from 49.9% at the 2013 annual meeting of stockholders, was a result of these informative and meaningful communications, along with Spansion s subsequent modifications to its pay programs. Based in part on the feedback from stockholders, the Spansion compensation committee approved multiple additional changes to the NEO s pay program for 2014:

Stockholder Concerns	2014 Actions
Target pay levels were high	Reduced target annual incentive opportunity for chief executive officer and chief financial officer
	Maintained target overall positioning of chief executive officer and chief financial officer pay at the 75th percentile
	Eliminated three largest peers from compensation peer group which had revenues in excess of Spansion s company revenues
Chief executive officer and chief financial officer program was difficult to understand	Chief executive officer and chief financial officer moved back onto corporate annual incentive plan
Performance Stock Unit (PSU) program was not fully aligned with best practices	Lengthened the performance period for the PSUs granted in 2014 from two consecutive 18-month periods to one 36-month period
	Full earning of PSUs continues to be measured by relative total shareholder return (TSR) over 36-month period
	Added 2014 non-GAAP earnings per share (non-GAAP EPS) growth as a metric

For fiscal 2013 and 2014, non-GAAP EPS is defined as non-GAAP Net Income divided by Non-GAAP diluted shares outstanding. Non-GAAP Net Income is defined as GAAP Net Income excluding, as applicable, amortization of intangibles, equity compensation expense, merger, acquisition and integration related costs, defensive litigation reserves, adjustments to restructuring reserves, financing arrangements related costs, accretion of interest on the senior exchangeable notes, gain on recovery of impaired investments and costs related to headquarters relocation. Non-GAAP diluted shares outstanding is calculated by adding the dilutive potential common shares outstanding to the weighted average number of common shares outstanding during the fiscal year. Dilutive potential common shares are calculated using the treasury stock method, adjusted to exclude from assumed proceeds the unrecognized compensation costs for future services, as such costs are excluded in the calculation of Non-GAAP Net Income.

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The initiatives above were part of Spansion s continuing strategy to modify its programs. Changes made in 2013 were as follows:

Stockholder Concerns	2013 Actions
Pay was too high for performance delivered	Reduced target overall positioning of chief executive officer and chief financial officer pay alongside the peers in Spansion s compensation peer group from the 90th percentile to 75th percentile
	Eliminated two largest peers from compensation peer group which had revenue in excess of Spansion s company revenues, and added two smaller semiconductor companies that more closely compare with Spansion s revenues
PSU program was not fully aligned with best practices and was difficult to understand	Introduced PSU program performance metric based on relative TSR over three years
	Separated performance- and time-based restricted stock units
	Lengthened the performance period for the PSUs to two consecutive 18-month periods to fully earn these shares
	Eliminated carry-forward of unvested PSUs for under-performance
	Eliminated opportunity to accelerate earning of PSUs for over-performance
Corporate governance features could be enhanced	Adopted stock ownership requirements
	Adopted a compensation recovery (clawback) policy
	Amended the insider trading policy to specifically prohibit the pledging of Spansion securities in addition to the existing prohibition on hedging

Chief Executive Officer Pay Relative to Annual TSR

While Spansion continues to monitor and manage the pay of its chief executive officer relative to its peer companies, adjusting it downward to meet Spansion s positioning objectives above, the trend in Mr. Kispert s reported pay has generally aligned with Spansion s year-over-year TSR performance, as illustrated below:

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Compensation Program Objectives

Each January, the Spansion compensation committee sets rigorous performance goals relating to revenue and operating margin for Spansion s compensation programs. The specific revenue and operating margin performance goals at threshold, target and maximum levels are shown below. Spansion exceeded the threshold for its revenue goal, and exceeded the maximum for its non-GAAP operating margin objective. This resulted in a Company Performance Multiplier of 138.8%. Spansion s equity based performance-based compensation was paid out at 138.8% of target in accordance with plan guidelines, illustrating Spansion s pay for performance commitment.

	Threshold	**Target**	**Maximum**	***Results***
Non-GAAP Revenue ($M)	1,202	1,307	1,464	*1,252*
Non-GAAP Operating Margin	3.7%	4.7%	6.7%	*7.4%*

For fiscal 2014 non-GAAP revenue and GAAP revenue were the same. For fiscal 2014, non-GAAP operating margin is defined as GAAP operating margin excluding amortization of intangibles, equity compensation expense, merger, acquisition and integration related costs, defensive litigation reserves, adjustments to restructuring reserves and costs related to headquarters relocation.

Summary of 2014 Compensation Actions

The Spansion compensation committee considered Spansion stockholder feedback and the performance above in making 2014 pay decisions. The elements of the pay program are described in more detail in the section entitled *Compensation Program Philosophy, Process and Objectives* beginning on page 189 of this joint proxy statement/prospectus, but key decisions for 2014 are as follows:

(a) Reduced targeted annual incentive plan compensation level for the chief executive officer and chief financial officer.

Messrs. Kispert and Furr were reinstated into the annual incentive plan effective January 2014. To better align total cash compensation within Spansion s 2014 compensation peer group, the annual incentive opportunity for Mr. Kispert was reduced from 200% to 125% of base salary, and for Mr. Furr from 125% to 80% of base salary. No base salary adjustments were made as a result of this reduction.

(b) Maintained targeted overall positioning at the 75th percentile.

The long term incentive plan awards were set such that the total direct compensation opportunity for the chief executive officer and chief financial officer was targeted at the 75th percentile of Spansion s peer group.

(c) Modified targeted mix of equity awards in connection with the annual equity grants.

Annual equity awards granted in January of 2014 to Spansion s NEOs were comprised of 50% performance stock unit awards (which we refer to as PSUs) and 50% restricted stock unit awards (which we refer to as RSUs), in alignment with the remainder of the executive team reporting to the chief executive officer. RSUs granted to Spansion s NEOs will continue to vest over three years.

(d) Further refined the PSU program.

The vesting period for annual PSU grants is now one three-year period (prior grants had two consecutive 18-month periods).

An internal non-GAAP EPS growth metric was added in 2014. Shares are earned based on 2014 non-GAAP EPS growth over 2013 non-GAAP EPS.

Shares earned also vest based on Spansion s three-year TSR performance relative to the S&P Semiconductor Index (rather than the compensation peer group used in the 2013 grant).

As few as 0% and as many as 150% of PSUs granted may vest, depending upon performance against objectives. The maximum vesting opportunity increased from 100% from the 2013 plan to provide additional incentive for Spansion s NEOs to exceed Spansion s new non-GAAP EPS growth objective, and to achieve TSR at or above the 75th percentile of the broader S&P Semiconductor Index over the longer three-year period.

(e) Provided a discretionary performance-based RSU award in November of 2014.

The purpose of the award is to compensate the NEOs for performance in 2014 and to encourage retention.

The award was contingent on the achievement of Spansion s 2014 financial objectives (above).

The award vests through January 2017.

(f) At the discretion of management and the Spansion board, Spansion decided not to pay a short-term cash incentive to the NEOs for 2014.

Compensation Program Philosophy, Process and Objectives

The compensation program for Spansion s NEOs is designed to:

retain, recognize and reward executives for achieving both company and individual performance objectives in support of Spansion s business strategy;

provide competitive pay opportunities relative to the compensation peer group (as described below in the section entitled *Additional Aspects of Spansion s Compensation Programs* beginning on page 195 of this joint proxy statement/prospectus);

align the respective interests of Spansion s NEOs and stockholders through compensation that varies based on achievement of financial objectives; and

maintain flexible pay programs that can be modified to respond to changes in competitive trends and Spansion s business strategy and financial position.

The chief executive officer evaluates the performance of each of the senior executives including the chief financial officer, and presents the evaluations to the Spansion compensation committee for review and approval. As part of this evaluation, the chief executive officer considers each NEO s contributions, role and responsibilities, and leadership abilities. The chief executive officer also considers the competitive market for comparable executives in the compensation peer group. The Spansion compensation committee performs an independent evaluation of the chief executive officer s performance. Following this review, the Spansion compensation committee sets the compensation for the chief executive officer and for the other NEOs, generally in January of each year.

Spansion s performance-based compensation, including cash and equity, is structured so that when corporate performance meets or exceeds established objectives Spansion s NEOs have an opportunity to receive incentive compensation equal to or greater than comparable market targets. When Spansion s corporate performance does not meet its established objectives, Spansion s NEOs receive incentive compensation that is generally below comparable market targets.

2014 Executive Compensation Components

Spansion seeks to achieve the compensation program objectives through three principal compensation components:

- base salary;
- short-term incentive compensation; and
- long-term equity incentive compensation

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As well as other programs including:

- change of control agreements;
- equity ownership guidelines;
- a compensation recovery (clawback) policy; and
- other benefits which are, in general, also provided to a broader portion of the workforce other than the NEOs

Spansion s 2014 compensation programs specifically do not allow for:

- tax gross ups ;
- hedging or pledging of stock; or
- material perquisites such as company airplanes and club memberships

Pay Component Mix for 2014

The 2014 targeted pay component mix, assuming target annual incentives and grant date equity values, for each of Spansion s NEOs is depicted below:

Pay Component Mix at Target as a % of Total Pay (1)

(1) Excludes Other Compensation(<1%); We used grant date value to determine the percentages shown above for the for RSUs and PSUs

Approximately 52% of Mr. Kispert s targeted 2014 compensation and 48% of Mr. Furr s targeted 2014 compensation were based on performance against specific financial objectives and stock price growth.

Compensation Component Descriptions

Base Salary. Spansion provides base salaries to compensate NEOs for services performed during the fiscal year. Each executive officer s salary is intended to reflect the individual s job responsibilities and value to Spansion in terms of expertise and performance, considering competitive market data.

Short-Term Incentive Compensation

Employee Incentive Plan. The Employee Incentive Plan (which we refer to as the EIP) is Spansion s annual cash bonus plan. Under the EIP, cash incentive awards are earned based on achievement of revenue and operating margin goals, and for Spansion s chief financial officer are subject to adjustment based on the achievement of specific individual performance goals.

Award Calculations.

The EIP provides the following formula for determining the cash incentive award for Spansion s chief executive officer:

The EIP provides the following formula for determining the cash incentive award for Spansion s chief financial officer:

Participant Target. The Spansion compensation committee also sets the target annual cash incentive opportunity for fiscal 2014 (expressed as a percentage of annual base salary) for each NEO, based on the compensation peer group data analysis conducted internally with guidance from its external compensation consultants. As mentioned above, Messrs. Kispert and Furr were reinstated into the annual incentive plan effective January 2014. To better align total cash compensation within Spansion s 2014 compensation peer group, the annual incentive opportunity for Mr. Kispert was reduced from 200% to 125% of base salary, and for Mr. Furr from 125% to 80% of base salary. No base salary adjustments were made as a result of this reduction.

Company Performance Multiplier. The Company Performance Multiplier is determined based on performance against company objectives (revenue and operating margin for 2014). The Company Performance Multiplier ranges from 0% for achievement below the threshold objectives, to 100% for achievement at target, to 200% for achievement at or above the maximum objectives. If any of the threshold objectives were not achieved, Spansion s NEOs would not have earned an annual cash incentive award for fiscal 2014. Mr. Kispert s award is based solely on the Company Performance Multiplier.

Individual Performance Modifier. Mr. Furr has individual annual performance objectives that are approved by the Spansion compensation committee. For 2014, these generally required contributions to: achievement of the corporate financial metrics, continued integration of the microcontroller and analog business, and management of Spansion s long-term financial health, including analyzing the benefits of, and acting upon, potential mergers and acquisitions. This modifier, recommended by the chief executive officer, provides for an adjustment to the annual incentive bonus of 0% to 150% based on achievement of these objectives.

Long-Term Equity-Based Incentive Compensation

The Spansion compensation committee, with input from management and its independent advisor, determined that the appropriate target equity mix for 2014 for Spansion s NEOs was approximately 50% PSUs and 50% RSUs.

As noted above in the section entitled *Executive Summary* beginning on page 185 of this joint proxy statement/prospectus, based on inputs from Spansion stockholders, the Spansion compensation committee changed the design of the PSU program for awards granted in both 2013 and 2014 to both increase the timeframe of the performance period and introduce an external (relative) TSR metric. Spansion also added a 1-year (absolute) non-GAAP EPS growth metric.

Award Vesting. The vesting provisions for Spansion s 2014 annual equity awards are described below. Information on actual vesting of equity awards during 2014 can be found in the table entitled *Option Exercises and Stock Vested for Fiscal 2014* on page 203 of this joint proxy statement/prospectus. Information on the vesting terms of equity awards made to Spansion s NEOs in November 2014 can be found in the section entitled *Pay Actions for 2014 November 2014 Equity Award* beginning on page 193 of this joint proxy statement/prospectus. Information on the terms applicable in connection with a change of control, such as the merger with Cypress, can be found in the section entitled *Equity Award Vesting upon a Change of Control* beginning on page 194 of this joint proxy statement/prospectus.

January 2014 PSUs (50% of total targeted annual equity award):

The award has a three-year performance period (January 31, 2014 to January 31, 2017).

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The one-year (2014 vs. 2013) non-GAAP EPS growth objective must be met in order for any units to be eligible for vesting at the end of three years.

The number of PSUs earned after one year can vary from 0% to 125% of the units granted based on non-GAAP EPS growth as follows:

Goal	2013 to 2014 Non-GAAP EPS Growth	Earnings Multiplier
Maximum	15%	125%
Target	5%	100%
Threshold	0%	50%
<Threshold	<0%	0%

PSUs become eligible to vest at the end of three years from grant date, or January 31, 2017.

The number of units vesting will be modified based on Spansion s three-year TSR relative to the S&P Semiconductor Index:

Relative TSR	Modification to Award
Top Third	+25%
Middle Third	0%
Bottom Third	-25%

The maximum number of units that can be earned and then vested is 150% of the original number of units.

January 2014 RSUs (50% of total targeted annual equity award):

One-third of the RSU award vests annually on the first anniversary of the grant date, then the award vests quarterly thereafter, such that the award is fully vested in three years.

Pay Actions for 2014

Base Salary. The Spansion compensation committee agreed with the chief executive officer s recommendation to not increase base salaries for Spansion s NEOs in 2011, 2012, and 2013. Base salaries were reduced in 2013 and then were reinstated in early January of 2014. Mr. Kispert s salary was reduced by 15% and Mr. Furr s salary was reduced by 10% in July of 2013. The current annual base salaries are $900,000 and $440,000 for Messrs. Kispert and Furr, respectively.

2014 EIP Awards. At the discretion of management and the Spansion board, Spansion decided not to pay a short-term cash incentive to the NEOs for 2014.

2014 Performance Metrics

The Spansion compensation committee approved, in January of 2014, revenue and operating margin objectives for 2014.

The 2014 performance objectives were set by the Spansion compensation committee at very aggressive levels. To fund the 2014 performance-based equity plans, revenue and operating margin performance were required to at least meet 92% and 79%, respectively, of the stated target objective; otherwise, the plans would not be funded. Spansion s actual performance against its stated objectives, as shown in the section entitled *Compensation Program Objectives* beginning on page 188 of this joint proxy statement/prospectus was 96% of its revenue objective and 157% of its operating margin objective, resulting in a Company Performance Multiplier of 138.8%.

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As described above, PSUs awarded in 2014 for Spansion s NEOs will vest upon the achievement of a threshold level of Spansion s non-GAAP EPS growth goal, modified by TSR performance relative to the S&P Semiconductor Index. The maximum award will vest if Spansion achieves 15% non-GAAP EPS growth and TSR in the top third of the Index. Spansion achieved 31% non-GAAP EPS growth, resulting in an Earnings Multiplier of 125% for the January 2014 PSUs, which are now subject to additional vesting and modification based on the three-year TSR performance as explained above.

2014 Equity Awards

January 2014 Annual Equity Award. The annual awards for Messrs. Kispert and Furr, approved by the Spansion compensation committee in January of 2014, were set such that their total direct compensation, including base salary, the value of their targeted EIP award for 2014, and the estimated value of their equity awards, approximated the 75th percentile of Spansion s 2014 compensation peer group. The table below displays the annual 2014 PSU and RSU awards:

Named Executive Officer	2014 PSU Awards	2014 RSU Awards
John H. Kispert	140,000	140,000
Randy W. Furr	44,000	44,000

November 2014 Equity Award. The purpose of the award is to compensate the NEOs for performance in 2014 and to encourage retention. The award, in the form of RSUs, would be earned upon at least 100% achievement against Spansion s 2014 revenue and operating margin objectives. However, they would not be fully vested until January of 2017. Grant date values were estimated to be roughly equal to 150% of the 2014 EIP target. If earned, the award vests as follows: 40% on January 30, 2015, 40% on January 30, 2016 and 20% on January 30, 2017. The table below displays the November 2014 PSU Awards for the NEOs:

Named Executive Officer	November 2014 PSU Awards
John H. Kispert	84,375
Randy W. Furr	26,400

Equity Award Vesting during 2014

The Option Exercises and Stock Vested for Fiscal 2014 table on page 203 shows vesting in 2014 for equity grants made to the NEOs in 2011, 2012, 2013 and 2014.

The 2011, 2012 and November 2014 PSU grant vesting is as follows, based on performance against Spansion s revenue and operating margin objectives for 2014:

For the 2011 grant, 138.8% of the eligible shares vested.

For the 2012 grant, the maximum shares that could be earned were limited due to over-achievement in prior years. While 138.8% of eligible shares would have otherwise vested based on performance (115,666 shares for Mr. Kispert and 60,146 for Mr. Furr), the vested shares were capped at the lower amounts shown above.

For the November 2014 grant, 100% of the eligible shares vested.

The 2013 PSU grant year vesting represents 100% performance for the first 18-month period of the award based on Spansion s TSR performance in the top 25% of Spansion s peer companies.

The vesting provisions for the 2013 award were as follows:

The award has two 18-month performance periods (February 1, 2013 to July 31, 2014 and August 1, 2014 to January 31, 2016).

50% of the award is eligible to vest at the completion of each performance period.

Spansion s TSR is compared to the TSR of the 2013 compensation peer group.

Shares vest for the given period per the following table, interpolated for performance falling between the noted percentiles.

Performance at the 75th percentile or higher is required for all PSUs to vest.

If TSR is below the 25th percentile for a specific performance period, that portion of the award is forfeited with no subsequent opportunity to be earned.

Goal	**Rank**	**Vesting Multiplier**
Maximum	75th Percentile	100%
Target	50th Percentile	50%
Threshold	25th Percentile	25%
<Threshold	<25th Percentile	0%

Equity Award Vesting upon a Change of Control

General Vesting of Equity Awards upon a Change of Control

Prior to May 2014 and in limited circumstances during or after May 2014, the Spansion board had historically granted all options, RSUs and PSUs with full acceleration rights in the event of a change in control, as such term is defined in the Spansion 2010 Equity Incentive Award Plan. This includes the annual equity grants made to the NEOs in January 2014. A change in control, as such term is defined in the Spansion 2010 Equity Incentive Award Plan, includes a transaction whereby any person or group of persons directly or indirectly acquires beneficial ownership of securities of Spansion possessing more than 50% of the total combined voting power of Spansion s securities outstanding immediately after such transaction, as well as a merger in which the holders of the voting securities of Spansion outstanding immediately before the merger fail to hold at least a majority of the combined voting power of the entity that will control Spansion after the merger. The merger agreement provides that Cypress and Spansion agree the merger will constitute a change in control for the purposes of outstanding Spansion equity awards. Accordingly, the unvested options, RSUs and PSUs that were granted to Spansion s NEOs with an acceleration feature triggered upon a change in control will accelerate vesting at the effective time of the merger, subject to the award holder s continued service through the effective time of the merger.

November 2014 Equity Award

In the event that Spansion meets or exceeds its financial performance target level of 100% on the 2014 annual bonus matrix as approved by the Spansion compensation committee and the NEO remains a continuous service provider on the applicable vesting date, the PSUs will vest in incremental percentages equal to 40% on January 30, 2015, 40% on January 30, 2016, and 20% on January 30, 2017. If the NEO is terminated by Spansion without cause and as long as the financial performance targets applicable to the PSUs have been met as of the 2014 fiscal year-end, that NEO s PSUs will accelerate in full on the date of such termination by Spansion. If the PSUs are outstanding as of the effective time of the merger, then they shall be assumed by Cypress and converted into an RSU award in respect of the number of whole shares of Cypress common stock equal to 2.457 multiplied by the number of shares of Spansion common stock subject to the Spansion RSU award, with such product rounded down to the nearest whole share of Cypress common stock.

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Additional Aspects of Spansion s Compensation Programs

Roles and Responsibilities

Spansion Compensation Committee

The role of the Spansion compensation committee is to oversee Spansion s compensation strategies and programs for its executive officers, including total compensation for Spansion s NEOs as discussed above in the section entitled *Compensation Program Philosophy, Process and Objectives* beginning on page 189 of this joint proxy statement/prospectus.

Compensation Consultant

The Spansion compensation committee has the authority to retain and terminate any independent, third-party compensation consultants and to obtain advice and assistance from internal and external legal, accounting and other advisors. The Spansion compensation committee regularly evaluates the performance of its advisors and considers other advisors as it believes that alternative points of view can be in Spansion s best interest.

In September 2013, the Spansion compensation committee selected the Semler Brossy Consulting Group LLC (which we refer to as Semler Brossy) as its independent compensation consultant for fiscal 2014. The Spansion compensation committee determined that the firm is independent and that their engagement did not present any conflict of interest. The advisor reports directly to the Spansion compensation committee, which has the sole authority to direct their work. Semler Brossy has not performed and do not currently provide any services to management or Spansion, other than the services provided to the Spansion compensation committee.

Management and Human Resources

The role of management, with support and advice from Spansion s human resources team and the Spansion compensation committee s compensation consultant, is to design Spansion s executive compensation programs, policies and governance and make recommendations to the Spansion compensation committee regarding these matters. Responsibilities include, among other things:

- reviewing the effectiveness of the compensation programs, including competitiveness and alignment with Spansion s objectives;
- recommending changes to compensation programs, as may be required, to ensure achievement of all program objectives;
- recommending salaries, bonuses and other awards for NEOs other than the chief executive officer; and
- reviewing and making recommendations with respect to the adoption and approval of, or amendments to, company-wide incentive compensation plans.

Market Positioning

Spansion emerged from bankruptcy in May of 2010. The chief executive officer of Spansion, Mr. Kispert, and the chief financial officer of Spansion, Mr. Furr, joined Spansion in 2009 and led Spansion successfully out of bankruptcy. Their pay was positioned above the 75th percentile at that time because the Spansion board believed it was necessary to attract and motivate such extraordinarily talented executives and to achieve the emergence from bankruptcy as quickly and effectively as possible.

Key achievements since they joined Spansion in 2009 include:

- successfully navigating Spansion through the bankruptcy process with a timely emergence;
- restoring profitability;
- restructuring Spansion s balance sheet;

- exiting unprofitable businesses;

- consistently producing superior operating results compared to the competition; and

- investing in new diverse and profitable businesses, such as the acquisition of the Fujitsu analog and microcontroller business and the proposed merger with Cypress.

Spansion began targeting total direct compensation for Messrs. Kispert and Furr at no greater than the 75th percentile in 2013, with approximately 50% of targeted compensation directly tied to performance. Spansion believes that it is appropriate to compensate its chief executive officer and chief financial officer at this level for the following reasons:

- to reward their outstanding performance, including 18 consecutive quarters of positive non-GAAP operating profit;

- to compensate them for the continuing challenges of essentially re-starting Spansion which requires a different skill set than a typical chief executive officer or chief financial officer at companies Spansion s size; and

- to maintain consistency with prior pay programs and levels and to transition directionally the compensation programs to be more consistent with a maturing company with a lower risk profile. This approach balances retention of key executives with more appropriate compensation levels based on Spansion s performance, industry and peer company revenue size.

Actual compensation positioning may vary within a reasonable range of the targeted philosophy based on additional factors, including current market conditions, the degree to which Spansion jobs align with peer group market data, wide fluctuations in market data from year-to-year (especially grant date equity values), corporate performance and individual performance.

Spansion will continue to monitor the structure of its total direct compensation to ensure its pay is aligned within the compensation peer group while maintaining what it believes to be an appropriate reward and retention structure for the value they bring to Spansion and Spansion s evolution.

Compensation Peer Group

In selecting a peer group, the Spansion compensation committee considers the following:

- companies within the semiconductor industry plus a limited number of companies within adjacent industries, such as the software and semiconductor equipment industries, to better reflect Spansion s talent pool;

- companies with revenue generally between $540 million and $2.7 billion (approximately 0.4 to 2.0 times Spansion s projected revenue); and other indicators of similarity such as number of employees, location and scope of international operations. Where companies in the peer group fell outside of the parameters noted above, they were considered key competitors within Spansion s business and/or represented competitors for key talent.

For 2014, the Spansion compensation committee determined that it was most appropriate, in part based on feedback from Spansion s investors, to select a peer group in which Spansion would be closer to the median in terms of annual revenues. As a result, the three peers with the highest reported 2012 revenue (Analog Devices Inc., LSI Corporation, and Maxim Integrated Products) were removed. Otherwise, the 2014 peer group remained unchanged. This peer group was used for making 2014 compensation recommendations for the NEOs.

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2014 Compensation Peer Group

Altera Corp.	Microchip Technology Inc.
Atmel Corp.	Microsemi Corp.
Cadence Design Systems Inc.	PMC Sierra Inc.
Cypress Semiconductor Corp.	RF Micro Devices Inc.
Fairchild Semiconductor International Inc.	Skyworks Solutions, Inc.
International Rectifier Corp.	Synopsys Inc.
Intersil Corp/DE	Teradyne Inc.
Mentor Graphics Corp.	

These are not necessarily the same companies with which Spansion competes in the flash memory, microcontroller, and analog businesses. While some such companies are included (for example, Fairchild Semiconductor and Microchip Technology), others, such as Micron, Winbond, Macronix, ON Semiconductor and Freescale, are not included in the compensation peer group because they are much larger than Spansion or are headquartered outside of the United States.

2015 Peer Group

For 2015, the Spansion compensation committee determined that the 2014 compensation peer group continued to meet Spansion s criteria and will remain in place for making compensation decisions for 2015.

Change of Control Severance Agreements

The Spansion compensation committee recognizes that from time to time Spansion may consider potential transactions, such as the merger, that could result in a change of control of the ownership and management of Spansion. Therefore, the Spansion compensation committee determined that it is in the best interests of Spansion and Spansion stockholders to provide the NEOs with an incentive in the form of certain benefits to maintain their focus and dedication to Spansion notwithstanding a possible transaction that could result in a change of control. Generally, change of control benefits under the change in control severance agreements for the NEOs are in the form of enhanced severance benefits, require a double-trigger and do not include any tax gross-up provisions. Additional details regarding Spansion Change of Control Severance Agreements for each of the current NEOs are set forth below in the section entitled *Termination in Connection With a Change of Control* beginning on page 204 of this joint proxy statement/prospectus and the tables that follow the discussion.

Equity Ownership Guidelines

In November 2012, the Spansion compensation committee recommended, and the Spansion board approved, Spansion equity ownership guidelines for both NEOs and the Spansion board. These guidelines are intended to align the financial interests of Spansion executive officers with the interests of Spansion stockholders by ensuring that they develop a meaningful ownership. Officers are required to own a minimum of a specified number of shares, set as an approximate multiple of their base salary, within five years of becoming subject to the guidelines in the table below. Messrs. Kispert and Furr are on track to meet this objective and have currently achieved approximately 60% and 80% of their respective guidelines.

Named Executive Officer	Approximate Multiple of	Minimum Number of Shares to be Owned

	Base Salary	(by 2017)
John H. Kispert	3.0	225,000
Randy W. Furr	1.5	52,500

Compensation Recovery Policy

The NEOs are subject to the Compensation Recovery (Clawback) Policy. The policy provides that the Spansion board may require reimbursement or forfeiture of all or a portion of any cash or equity compensation

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that was paid to a NEO based on financial results, if (i) a restatement of Spansion s financial results is required, and (ii) the Spansion board determines that misconduct on the part of one or more of the NEOs contributed to Spansion s obligation to file the restatement.

Benefits

The NEOs participate in the same benefit programs that are generally available to all Spansion employees and on the same terms. Mr. Kispert may be reimbursed up to $20,000 per year, and Mr. Furr may be reimbursed up to $3,000 per year for financial planning expenses. In addition, the NEOs are eligible for an executive medical physical benefit valued at up to $3,500 per year. Spansion does not otherwise provide perquisites to any NEOs.

Stock Trading Restrictions

Spansion prohibits Spansion board members, NEOs and Spansion employees from engaging in short-term or speculative transactions in Spansion stock, including short sales, transactions in put options and hedging transactions. In addition, the pledging of Spansion securities as collateral for a loan is prohibited, with limited exceptions.

Tax and Accounting Implications

$1 Million Deduction Limit. Section 162(m) of the Internal Revenue Code generally limits a tax deduction to public corporations for certain executive compensation in excess of $1 million per fiscal year. Certain types of compensation are deductible only if performance criteria are approved by stockholders. While the Spansion compensation committee considers deductibility under Section 162(m) with respect to compensation arrangements with executive officers, deductibility is not the sole factor used in ascertaining appropriate levels or modes of compensation. Since corporate objectives may not always be consistent with the requirements for full deductibility, certain compensation paid by Spansion in fiscal 2014 or in the future may not be fully deductible under Section 162(m). Salary and cash incentive compensation and equity awards granted to the NEOs in fiscal 2014 will be deductible only to the extent that they do not aggregate in excess of $1 million, are paid when the NEO is no longer a NEO or otherwise qualify as performance based compensation that is exempt from Section 162(m).

Accounting for Equity-Based Compensation. Spansion accounts for equity-based awards in accordance with the requirements of FASB ASC Topic 718, Compensation-Stock Compensation.

Mitigation of Risk Relating to Compensation

The Spansion compensation committee has reviewed compensation-related risks and does not believe Spansion compensation programs encourage excessive or inappropriate risk-taking or create risks that are reasonably likely to have a material adverse effect on Spansion for the following reasons:

> The fixed (or base salary) component of Spansion compensation programs is designed to provide income independent of Spansion s stock price performance so that Spansion employees will not focus exclusively on stock price performance to the detriment of other important business metrics. The variable (cash bonus and equity) components of compensation are designed to reward both short- and long-term company performance, which Spansion believes discourages employees from taking actions that focus only on the short-term success of Spansion. Spansion feels that the variable elements of Spansion compensation programs are a sufficient percentage of overall compensation to motivate Spansion executives and other

employees to pursue superior short- and long-term corporate results, while the fixed element is also sufficiently high to discourage the taking of unnecessary or excessive risks in pursuing such results.

Because revenue and operating income performance are generally the measures for determining incentive award payments, Spansion believes Spansion executives and other employees are encouraged to take a balanced approach that focuses on generating corporate revenue while taking into account operating expenses. If Spansion is not profitable at a reasonable level, there are no payouts under the

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incentive award program. The use of an internal EPS metric and a relative TSR metric in our performance-based RSU program provides breadth and balance in out objectives and motivates the executive team to ensure Spansion succeeds not only against its own internal goals, but that Spansion also succeeds relative to other similar companies.

Spansion s revenue and operating income performance targets are applicable to executives and employees alike, regardless of functional group. Spansion believes this encourages consistent behavior and focus across Spansion, rather than establishing different performance metrics depending on an employee s level at Spansion.

Spansion caps the funding of the cash incentive award for the EIP at 200% of target, which we believe also discourages excessive risk taking. Even if Spansion dramatically exceeds its revenue and operating income performance targets, incentive award payouts are limited. Conversely, Spansion has minimum revenue and operating income targets so that revenue and profitability below a certain level (determined by the Spansion compensation committee) results in no incentive award payouts.

Spansion caps the cash incentive award for the Sales Incentive Plan, which it believes also discourages excessive risk taking and guards against unpredictable circumstances in the marketplace. Even if the participant dramatically exceeds their revenue performance goals, incentive award payouts are limited to180% of their plan target. Sales employees above the vice president level do not participate in the Sales Incentive Plan and are thus limited to the EIP cap and are incentivized to balance both revenue and profitability, which Spansion believes also discourages excessive risk taking within the sales force.

Spansion has strict internal controls over the measurement and calculation of revenue and operating income, designed to keep them from being manipulated by any employee, including Spansion executives. In addition, all Spansion employees are required to comply with the Spansion Code of Business Conduct, which covers among other things, accuracy in keeping Spansion s records.

The Spansion compensation committee approves the employee annual and new hire equity guidelines as well as the overall equity pool. Any recommended equity grants outside these guidelines require special approval by the Spansion compensation committee.

In 2012, the Spansion board adopted stock ownership guidelines for the NEOs and the Spansion board members to support these individuals acting as owners of Spansion.

As part of Spansion s Insider Trading Policy, Spansion prohibits hedging and pledging transactions involving Spansion stock so executives and other Spansion employees cannot insulate themselves from the effects of poor Spansion stock price performance.

In 2012, the Spansion board adopted a Compensation Recovery Policy providing that the Spansion board may require reimbursement or forfeiture of all or a portion of any cash or equity compensation that was paid to an executive based on financial results if a restatement is required and the Spansion board determines that misconduct on the part of the executive contributed to Spansion s obligation to file the restatement.

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EXECUTIVE COMPENSATION TABLES

Fiscal 2014 Summary Compensation Table

The table below summarizes the total compensation paid to or earned by each of the NEOs for the fiscal year ended December 28, 2014.

Name and Principal Position	Year	Salary (1)	Bonus	Stock Award (2) (3)	Option Awards (4)	Non-Equity Incentive Plan Compensation	All Other Compensation (5)	Total
John H. Kispert	2014	$ 897,404	$ 0	$ 6,390,225	$ 0	$ 0	$ 30,231	$ 7,317,860
President and Chief Executive	2013	$ 830,769	$ 0	$ 2,122,900	$ 874,090	$ 0	$ 28,435	$ 3,856,194
Officer	2012	$ 917,308	$ 0	$ 6,519,500	$ 2,946,160	$ 0	$ 11,965	$ 10,394,933
Randy W. Furr	2014	$ 439,154	$ 0	$ 2,005,872	$ 0	$ 0	$ 15,801	$ 2,460,827
Corporate Executive Vice	2013	$ 416,308	$ 0	$ 683,800	$ 279,709	$ 0	$ 11,834	$ 1,391,651
President and Chief Financial Officer	2012	$ 448,462	$ 0	$ 2,529,787	$ 1,157,420	$ 0	$ 8,738	$ 4,144,407

(1) For 2014, this column reflects 52 weeks of salary. This includes a 15% reduction for Mr. Kispert and a 10% reduction for Mr. Furr during the first week of fiscal 2014.

(2) The 2014 Stock Awards column includes both the 2014 Annual PSU and RSU awards granted to each NEO. The amounts shown in the Stock Awards column reflect the aggregate grant date fair value for stock awards granted during the fiscal years ended December 30, 2012, December 29, 2013 and December 28, 2014. The grant date fair values are computed in accordance with FASB ASC Topic 718. The grant date fair values of 2014 PSUs are provided to us by Radford, an Aon Hewitt Consulting company, using the Monte Carlo simulation valuation method. For a discussion of the assumptions made in the valuation reflected in the column for 2013, see notes to Spansion s consolidated financial statements which are included in Spansion s Annual Report on Form 10-K/A for the fiscal year ended December 29, 2013, filed with the SEC on July 8, 2014. The assumptions made in the valuation of PSUs for 2014 were: Range of stock price on grant date $17.94-$21.08; Expected volatility 42.79%; Risk-free interest rate 0.73%; Dividend yield 0.00%.

(3) For the PSU awards, the actual value, if any, that an executive may realize from an award is contingent upon the satisfaction of the conditions to vesting in that award, thus there is no assurance that the value, if any, eventually realized by the executive will correspond to the amount shown.

(4) The amounts shown in the Option Awards column reflect the aggregate grant date fair value for non-qualified stock option awards granted during the fiscal years ended December 30, 2012 and December 29, 2013. The grant date fair values are computed in accordance with FASB ASC Topic 718. For a discussion of the assumptions made in the valuation reflected in these columns for 2012 and 2013, see notes to Spansion s consolidated financial statements which are included in Spansion s Annual Report on Form 10-K/A for the fiscal year ended December 29, 2013, filed with the SEC on July 8, 2014. Spansion did not grant any stock options in fiscal 2014.

(5) The amounts shown in the All Other Compensation column include the following:

	401(k) Match	Life Insurance Premiums	Wellness Payments	Financial Planning	Executive Physical	Total Other Compensation
John H. Kispert	$ 7,800	$ 2,431	$	$ 20,000	$	$ 30,231
Randy W. Furr	$ 7,800	$ 1,189	$ 312	$ 3,000	$ 3,500	$ 15,801

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Grants of Plan-Based Awards for Fiscal 2014

The table below summarizes all grants of plan-based awards to all NEOs during fiscal 2014, which ended on December 28, 2014. The stock options and the unvested portion of the restricted stock unit awards identified in the table below are also reported in the Fiscal 2014 Summary Compensation Table beginning on page 200 of this joint proxy statement/prospectus and in the Outstanding Equity Awards at Fiscal 2014 Year-End Table beginning on page 202 of this joint proxy statement/prospectus.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Possible Payouts Under Equity Incentive Plan Awards (2) (3)			All Other Stock Awards: Number of Shares of Stock or Units (4)	Grant Date Fair Value of Stock and Option Awards (5)
Name	**Grant Date**	**Threshold**	**Target**	**Maximum**	**Threshold**	**Target**	**Maximum**		
John H. Kispert		$ 562,500	$ 1,125,000	$ 2,250,000					
	1/31/2014					140,000	210,000	140,000	$ 4,611,600
	11/14/2014					84,375	84,375		$ 1,778,625
Randy W. Furr		$ 176,000	$ 352,000	$ 1,056,000					
	1/31/2014					44,000	66,000	44,000	$ 1,449,360
	11/14/2014					26,400	26,400		$ 556,512

(1) These columns reflect the threshold, target and maximum target bonus amounts for fiscal 2014, as described in the section entitled *2014 Executive Compensation Components Compensation Component Descriptions Short-Term Incentive Compensation* beginning on page 190 of this joint proxy statement/prospectus. Threshold awards are earned only if threshold financial objectives are achieved. For fiscal 2014 no awards were made under the EIP to the NEOs.

(2) These columns reflect PSUs at target performance granted on January 31, 2014, as described in the section entitled *2014 Executive Compensation Components Compensation Component Descriptions Long-Term Equity-Based Incentive Compensation* beginning on page 191 of this joint proxy statement/prospectus. The PSU award has a three-year performance period (January 31, 2014 to January 31, 2017) and will be earned based on a one-year (2014 vs. 2013) non-GAAP EPS growth objective. The number of PSUs earned can vary from 0% to 125% of the units granted. PSUs become eligible to vest at the end of three years from grant date. The number of units vesting will be modified based on Spansion s three-year TSR relative to the S&P Semiconductor Index (+25% or -25%). The maximum number of units that can be earned and vested is 150% of the original number of units.

(3) These columns reflects PSUs at target performance granted on November 14, 2014, as described in the section entitled *2014 Executive Compensation Components Compensation Component Descriptions Long-Term Equity-Based Incentive Compensation* beginning on page 191 of this joint proxy statement/prospectus. PSUs are eligible to vest 40% on January 30, 2015, 40% on January 30, 2016, and 20% on January 30, 2017, subject to the achievement of 100% or better based on the Spansion s 2014 EIP matrix. In no event shall PSUs vest if

achievement on the EIP matrix is less than 100%, nor will more than 100% of the PSUs subject to this award vest and become payable.

(4) This column reflects the time-based RSUs for fiscal 2014 granted on January 31, 2014, as described in the section entitled *2014 Executive Compensation Components Compensation Component Descriptions Long-Term Equity-Based Incentive Compensation* beginning on page 191 of this joint proxy statement/prospectus. One-third of the RSU award vests annually on the first anniversary of the grant date, then the award vests quarterly thereafter so that the grant is 100% vested after three years.

(5) This column reflects the grant date fair value of each restricted stock unit award computed in accordance with FASB ASC Topic 718. Please see note (2) to the Fiscal 2014 Summary Compensation Table for a discussion of the valuation of stock awards.

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Outstanding Equity Awards at Fiscal 2014 Year-End

The table below summarizes the outstanding Spansion equity awards held by NEOs at the end of fiscal 2014.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (1)
John H. Kispert	802,606	0(2)	$ 10.51	05/10/2017		
	525,000	0(3)	$ 19.88	01/31/2018		
	661,111	38,889(4)	$ 10.03	01/31/2019		
	106,944	68,056(5)	$ 11.50	01/31/2020		
					44,625(6)	$ 1,544,471
					100,002(7)	$ 3,461,069
					80,500(8)	$ 2,786,105
					54,000(9)	$ 1,868,940
					140,000(10)	$ 4,845,400
					84,375(11)	$ 2,920,219
					140,000(12)	$ 4,845,400
Randy W. Furr	248,146	0(2)	$ 10.51	05/10/2017		
	200,000	0(3)	$ 19.88	01/31/2018		
	186,322	15,278(4)	$ 10.03	01/31/2019		
	34,222	21,778(5)	$ 11.50	01/31/2020		
					23,375(6)	$ 809,009
					52,002(7)	$ 1,799,789
					26,000(8)	$ 899,860
					17,334(9)	$ 599,930
					44,000(10)	$ 1,522,840
					26,400(11)	$ 913,704
					44,000(12)	$ 1,522,840

(1) The dollar value of these awards is calculated by multiplying the number of units by $34.61, the closing sales price of Spansion common stock on December 26, 2014, the last trading day of fiscal 2014.

(2) This stock option vests over a three-year period with one-third of the shares vesting on May 10, 2011, and the remaining shares vesting in equal monthly installments over the remaining 24 months.

(3) This stock option vests over a three-year period with one-third of the shares vesting on January 31, 2012, and the remaining shares vesting in equal monthly installments over the remaining 24 months.

(4) This stock option vests over a three-year period with one-third of the shares vesting on January 31, 2013 and the remaining shares vesting in equal monthly installments over the remaining 24 months.

(5) This stock option vests over a three-year period with one-third of the shares vesting on January 31, 2014 and the remaining shares vesting in equal monthly installments over the remaining 24 months.

(6) The PSU award vests over a four-year period on the last trading day in January of each of the four years following the date of grant. Vesting is subject to performance goals in each of the four fiscal years commencing with the date of grant, with minimum vesting of 50% and maximum vesting of 150%. If performance goals are not met in a particular year, the shares not vested will be carried forward and will be forfeited if not earned by the last performance year. If performance is above target in a particular year, up to 150% of eligible shares may vest. Shares carried forward from prior years will be used before shares are accelerated. No more than the target award number of shares will vest over the four-year period.

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(7) The PSU award vests over a three-year period on the last trading day in January of each of the three years following the date of grant. Vesting is subject to performance goals in each of the three fiscal years commencing with the date of grant, with minimum vesting of 50% and maximum vesting of 150%. If performance goals are not met in a particular year, the shares not vested will be carried forward and will be forfeited if not earned by the last performance year. If performance is above target in a particular year, up to 150% of eligible shares may vest. Shares carried forward from prior years will be used before shares are accelerated. No more than the target award number of shares will vest over the three-year period.

(8) The PSU award vests over a three-year period, with two 18-month performance periods, subject to performance conditions.

(9) The RSU award vests annually over a three-year period.

(10) The PSU award vests January 31, 2017 on the three-year anniversary, subject to performance conditions.

(11) The PSU award vests 40% on January 30, 2015, 40% on January 30, 2016 and 20% on January 30, 2017, subject to performance conditions.

(12) The RSU award vests over a three-year period with one-third of the shares vesting on January 31, 2015 and one-twelfth of the shares vesting quarterly installments over the remaining 24 months.

Option Exercises and Stock Vested for Fiscal 2014

The table below summarizes the Spansion stock option award exercises and restricted stock units vested by NEOs during fiscal 2014.

Option Exercises and Stock Vested

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise**	**Value Realized on Exercise**	**Number of Shares Acquired on Vesting**	**Value Realized on Vesting (1)**
John H. Kispert			276,263	$ 4,463,530
Randy W. Furr	145,800	$ 902,086	120,193	$ 1,906,115

(1) The value realized equals the fair market value of Spansion common stock on the vesting date, as measured by the closing price on that date, multiplied by the number of shares that vested, in accordance with the terms of the 2010 Equity Incentive Award Plan.

Potential Payments upon Termination, a Change of Control or Other Events

For a description of severance, acceleration of equity awards and other benefits in connection with the merger, please refer to the section entitled *The Merger Reason for the Merger Interests of the Directors and Executive Officers of Spansion in the Merger* beginning on page 97 of this joint proxy statement/prospectus.

Following is a general discussion of the compensation available to Spansion NEOs in the event an executive s employment terminates. The actual payments can be determined only at the time of the executive s separation from Spansion. For purposes of illustration, however, tables below reflect the compensation Spansion would have provided to the NEOs had their employment terminated effective December 28, 2014.

Termination for Any Reason

When employment terminates for any reason, each NEO is entitled to receive compensation earned during the time the executive was employed. Such compensation includes:

- Compensation earned during the fiscal year;
- Vested equity awards issued under any Spansion equity plan pursuant to the applicable terms and conditions of each award; and
- Benefits accrued under Spansion s Retirement Savings Plan.

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Termination Due to Death, AD&D

In the event employment termination is due to death, in addition to compensation described in the section entitled *Termination for Any Reason* beginning on page 203 of this joint proxy statement/prospectus, each NEO s beneficiary receives (i) all or a pro-rata portion of the payment he or she would otherwise have been entitled to receive under the short-term incentive plans, as long as the NEO was an active participant in the plan for at least six months of the plan year, (ii) life insurance benefits, and (iii) if eligible, AD&D and/or a survivor income benefit.

Involuntary Termination in Connection with a Reduction in Force

In the event employment termination is involuntary due to a reduction in force, in addition to any compensation due as described in the section entitled *Termination for Any Reason* beginning on page 203 of this joint proxy statement/prospectus, each NEO receives a lump sum severance payment equivalent to two weeks of base salary plus one week of base salary for each year of completed service (such number of weeks, referred to as the severance period). In addition, COBRA medical coverage, dental coverage, vision coverage and Employee Assistance Plan are provided by Spansion during the severance period.

Termination in Connection with a Change of Control

In 2014, the Spansion board approved revisions to the form of double-trigger change of control severance agreement for Messrs. Kispert and Furr (which we refer to as the COC Agreements) that would provide an incentive to those executives for their continued service up to and after a change of control such as the merger.

Under the COC Agreements, if within 120 days before or 12 months following a change of control (as described below), the executive s employment is terminated by Spansion or its successor other than for Cause (as defined in the COC Agreements) or by reason of death or disability, or if the officer terminated employment for Good Reason (as defined in the COC Agreements), in addition to the compensation described in the section entitled *Termination for Any Reason* beginning on page 203 of this joint proxy statement/prospectus, the following would occur:

- The executive officer would receive a lump sum payment equal to the executive s monthly base salary plus target annual incentive immediately prior to employment termination multiplied by 24;

- Acceleration of all unvested equity granted to the executive officer under any Spansion equity incentive plan and held by the executive at the termination date, with 12 months to exercise any stock options that are assumed; and

- Payment of premiums incurred by the executive and the executive s dependents for COBRA healthcare continuation coverage for a period of 24 months following the termination date.

Generally, under the COC Agreements, a change of control is conclusively presumed to have occurred on:

- The closing of a business combination (such as a merger or consolidation) of Spansion with any other corporation or other type of business entity (such as a limited liability company), other than a business combination consummated in connection with Spansion s emergence from bankruptcy or which would result in the voting securities of Spansion outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the total voting power represented by the voting securities of Spansion or such controlling surviving entity outstanding immediately after such business combination; or

The sale, lease, exchange or other transfer or disposition by Spansion of all or substantially all (more than 70%) of Spansion s assets by value, other than in connection with Spansion s liquidation or dissolution as a result of its bankruptcy; or

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An acquisition of any Spansion voting securities by any person (as the term person is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (which we refer to as the 1934 Act)) immediately after which such person has beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 50% or more of the combined voting power of Spansion s then outstanding voting securities, other than any such acquisition arising out of Spansion s emergence from bankruptcy.

In the event that the severance payments and benefits payable under the COC Agreements trigger excise taxation under Sections 280G and 4999 of the Internal Revenue Code, the severance will be either (i) paid in full, or (ii) reduced so the NEO is not subject to excise taxation, whichever results in the NEO s receipt of the greatest after tax severance amount. The COC Agreements do not include any tax gross-up provisions, whether in connection with the Sections 280G and 4999 of the Internal Revenue Code, or otherwise.

Pursuant to the COC Agreements, each executive agrees to a continuing obligation of confidentiality, a two-year period of non-solicitation of Spansion or its affiliates employees or customers and an obligation not to take any action or publish any statement that disparages in any way Spansion or current or former employees or affiliates.

The forms of the COC Agreements have been filed with the SEC.

Agreements with Executive Officers

Spansion entered into employment offer letters with the NEOs setting their initial salary and target bonus opportunity and entitling them to benefits and certain initial equity awards. The NEOs also are party to the COC Agreements described above.

The following tables show the potential payments that would have been made to each of the NEOs, if their respective employment with us had terminated as of December 28, 2014.

John H. Kispert

Executive Benefits and Payments Upon Termination as of December 28, 2014	Involuntary Not for Causes Termination (Reduction in Force)	Involuntary or for Good Reason Following Change of Control Within 12 Months	Death
Compensation:			
Base Salary	$ 103,846[1]	$ 1,800,000[2]	
Short-term Incentive		$ 2,250,000[3]	
Long-term Incentive			
Stock Options		$ 2,528,666[4]	
Performance Stock Units		$ 15,557,264[4]	
Restricted Stock Units		$ 6,714,340[4]	
Benefits:			
Health Insurance (COBRA)	$ 4,189	$ 50,271[5]	

Life Insurance Proceeds	$ 2,701,000
Survivor Income Benefit	$ 4,000

(1) Mr. Kispert was eligible to receive 6 weeks of severance pay as described in the section entitled *Involuntary Termination in Connection with a Reduction in Force* beginning on page 204 of this joint proxy statement/prospectus.

(2) Mr. Kispert was eligible to receive 24 months of salary upon termination as described in the section entitled *Termination in Connection with a Change of Control* beginning on page 204 of this joint proxy statement/prospectus.
(3) Mr. Kispert was eligible to receive 24 months of short-term incentive upon termination as described in the section entitled *Termination in Connection with a Change of Control* beginning on page 204 of this joint proxy statement/prospectus.
(4) Unvested and accelerated equity value is calculated based on the fair market value of $34.61 on December 26, 2014, which was the last trading day of Spansion s fiscal 2014.
(5) Mr. Kispert was eligible for 24 months of post-employment health care coverage.

Randy W. Furr

Executive Benefits and Payments Upon Termination as of December 28, 2014	**Involuntary Not for Cause Termination (Reduction in Force)**	**Involuntary or for Good Reason Following Change of Control Within 12 Months**	**Death**
Compensation:			
Base Salary	$ 50,769[1]	$ 880,000[2]	
Short-term Incentive		$ 704,000[3]	
Long-term Incentive			
Stock Options		$ 878,823[4]	
Performance Stock Units		$ 5,945,202[4]	
Restricted Stock Units		$ 2,122,770[4]	
Benefits:			
Health Insurance (COBRA)	$ 2,046	$ 24,546[5]	
Life Insurance Proceeds			$ 1,321,000
Survivor Income Benefit			$ 4,000

(1) Mr. Furr was eligible to receive six weeks of severance pay as described in the section entitled *Involuntary Termination in Connection with a Reduction in Force* beginning on page 204 of this joint proxy statement/prospectus.
(2) Mr. Furr was eligible to receive 24 months of salary upon termination as described in the section entitled *Termination in Connection with a Change of Control* beginning on page 204 of this joint proxy statement/prospectus.
(3) Mr. Furr was eligible to receive 24 months of short-term incentive upon termination as described in the section entitled *Termination in Connection with a Change of Control* beginning on page 204 of this joint proxy statement/prospectus.
(4) Unvested and accelerated equity value is calculated based on the fair market value of $34.61 on December 26, 2014, which was the last trading day of Spansion s fiscal 2014.
(5) Mr. Furr was eligible for 24 months of post-employment health care coverage.

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DIRECTOR COMPENSATION

Spansion s independent director compensation is determined by the Spansion board acting upon the recommendation of the Spansion compensation committee. In setting director compensation, the Spansion board considers, among other things, the significant amount of time that directors spend in fulfilling their duties, the skill-level required by directors and competitive market data. Directors who are also Spansion employees, or who are otherwise determined to not be independent, receive no additional compensation for service as a director. Spansion reimburses directors for travel, lodging and related expenses they incur in attending board and board committee meetings.

Cash Compensation

During fiscal 2014 Spansion s current independent directors received fees for their services as set forth in the table below. All annual cash compensation is paid in quarterly installments.

Annual Retainer (1)	$ 60,000
Additional Annual Retainers:	
Board Chairperson	$ 60,000
Audit Committee Chair	$ 20,000
Compensation Committee Chair	$ 20,000
Nominating and Corporate Governance Committee Chair	$ 10,000
Fees for serving on a Board Committee (2)	$ 5,000
Fees Per Board/Committee Meeting in Excess of Ten Meetings (3)	$ 2,000

(1) All independent directors, including directors serving as chairperson, receive this annual retainer.
(2) All independent directors serving on a board committee, excluding directors serving as the committee chair, receive this annual fee.
(3) If in any calendar year an independent director is required to and does attend more than an aggregate of ten meetings of (i) the Spansion board, and (ii) the specific board committees (including ad hoc board committees) on which he or she serves, such director will receive $2,000 for each board or board committee meeting attended in person, or $1,000 for each board or board committee meeting attended by telephone, in excess of ten meetings.

Equity-Based Incentive Compensation

When a new independent director is appointed to the Spansion board, the director will receive an initial restricted stock unit award valued at $225,000 on the date of grant. For each year of continued service, each independent director continuing service on the Spansion board will receive an annual restricted stock unit award valued at $225,000 on the date of grant. In addition, for each year of continued service:

an independent director serving as the chairperson of the Spansion board will receive an additional annual restricted stock unit award valued at $300,000 on the date of grant;

- an independent director serving as chair of the audit or compensation committee will receive an additional annual restricted stock unit award valued at $150,000 on the date of grant; and

- an independent director serving as chair of the nominating and governance committee will receive an additional annual restricted stock unit award valued at $75,000 on the date of grant.

Annual equity-based compensation has generally been awarded to independent directors on the first trading day in April of each year, however, in November 2014 the director compensation policy was revised to provide that grants for service as the chairman of the Spansion board or of a committee chair would be made on the first trading date after the annual stockholders meeting. All equity awards vest quarterly over three years. Vesting will accelerate in connection with a change of control of Spansion. Upon retirement from or other cessation of service

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as a member of the Spansion board, all unvested options and RSUs are cancelled. Former directors have three months following their cessation of service as members of the Spansion board to exercise any vested options, provided that following a change of control, the independent members of the Spansion board will have 12 months to exercise any vested options that are assumed by the surviving entity in any such transaction.

Equity Ownership Guidelines

In November 2012, the Spansion compensation committee recommended and the Spansion board approved Spansion equity ownership guidelines for the non-employee directors. These guidelines are intended to align the financial interests of the Spansion board members with the interests of the Spansion stockholders by ensuring that they develop a meaningful ownership position in Spansion. The directors are required to own a minimum of a specified number of shares of Spansion stock, set initially as a multiple of three times their annual retainer, within five years of becoming subject to the guidelines. The Spansion board members guideline is 15,000 shares and the Spansion board chairman s guideline is 30,000 shares.

Director Summary Compensation Table for Fiscal 2014

The following table provides information concerning compensation paid to or earned by each of the independent directors who served on the Spansion board at any time during fiscal 2014. Mr. Kispert, the president and chief executive officer of Spansion, does not receive additional compensation for his services as a director. The compensation received by Mr. Kispert as an employee of Spansion is shown in the Fiscal 2014 Summary Compensation Table, above.

Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	Total
Raymond Bingham	$ 160,126	$ 600,001	$ 760,127
Keith Barnes	$ 97,576	$ 374,996	$ 472,572
Hans Geyer	$ 87,000	$ 225,001	$ 312,001
O.C. Kwon (3)	$ 22,418	$ 224,999	$ 247,417
William E. Mitchell	$ 103,262	$ 375,000	$ 478,262
Clifton Thomas Weatherford	$ 110,000	$ 374,996	$ 484,996
Michael Wishart	$ 82,776	$ 225,001	$ 307,777

(1) Retainers are pro-rated when a member of the Spansion board is added or removed from a committee position.
(2) Amounts shown do not reflect compensation actually received by the directors. Instead, the amounts reported reflect the grant date fair value of each restricted stock unit award computed in accordance with FASB ASC Topic 718.
(3) The amounts reported in the table do not include amounts paid for consulting fees prior to appointment to the Spansion board in the amount of $43,846.

As of December 28, 2014, the aggregate number of shares of common stock underlying stock options and restricted stock unit awards held by each Spansion independent director was:

Name	Aggregate Number of Shares Underlying Stock Options	Aggregate Number of Shares Underlying Restricted Stock Unit Awards
Raymond Bingham	178,000	47,409
Keith Barnes	24,418	33,265
Hans Geyer	74,000	18,110
O.C. Kwon		11,137
William E. Mitchell	54,000	24,966
Clifton Thomas Weatherford	82,750	33,265
Michael S. Wishart	14,000	23,694

FUTURE STOCKHOLDER PROPOSALS

Cypress

Any stockholder who intends to present a proposal at the Cypress 2015 annual meeting of stockholders, to be held on March 12, 2015:

- must have submitted to the Corporate Secretary at Cypress Semiconductor Corporation, 198 Champion Court, San Jose, California 95134 any proposal for inclusion in Cypress proxy materials for that meeting pursuant to Rule 14a-8 under the Exchange Act on or before November 28, 2014; or

- must submit to the Corporate Secretary at Cypress Semiconductor Corporation, 198 Champion Court, San Jose, California 95134, between January 12, 2015 and February 11, 2015, any proposal for directors to be nominated or other proposals to be properly presented at Cypress 2015 annual meeting that are not to be included in Cypress proxy statement for the 2015 annual meeting, in which case the notice of the proposal must meet certain requirements set forth in Cypress bylaws and Cypress will not be required to include the proposal in Cypress proxy materials. If, however, Cypress 2015 annual meeting of stockholders is called for a date that is not within 30 days before or 60 days after May 9, 2015, notice must be received by Cypress Corporate Secretary at 198 Champion Court, San Jose, California 95134, no earlier than the 120th day prior to, and no later than the 90th day prior to, the 2015 annual meeting of stockholders or the 10th day following the day on which public disclosure of the date of Cypress 2015 annual meeting of stockholders is made. All stockholder proposals must comply with Cypress bylaws and SEC regulations, including Rule 14a-8.

Spansion

If the merger agreement and the transactions contemplated thereby are adopted and approved by the requisite vote of the Spansion stockholders and the merger is completed in 2015, Spansion will become a wholly owned subsidiary of Cypress and, consequently, will not hold an annual meeting of its stockholders in 2015. If the merger is consummated prior to the Cypress 2015 annual meeting of stockholders, Spansion stockholders will be entitled to participate, as stockholders of the combined company and may submit proposals pursuant to the Cypress procedures noted above. If the merger is consummated after the Cypress 2015 annual meeting of stockholders, Spansion stockholders will be entitled to participate, as stockholders of the combined company, in the Cypress 2016 annual meeting of stockholders.

If the merger agreement and the transactions contemplated thereby are not adopted and approved by the requisite vote of the Spansion stockholders or if the transactions are not completed for any other reason, Spansion will hold an annual meeting of its stockholders. In such case, and as previously stated in the Spansion proxy statement filed with the Securities and Exchange Commission on April 18, 2014, any stockholder who intends to present a proposal at such annual meeting of stockholders must ensure that the proposal is received by the Corporate Secretary at Spansion Inc., 915 DeGuigne Drive, P.O. Box 3453, Sunnyvale, California 94088:

- on or before December 22, 2014, if the proposal is submitted for inclusion in Spansion s proxy materials for that meeting pursuant to Rule 14a-8 under the Exchange Act (or, if Spansion holds its 2015 annual meeting of stockholders on a date that is not within 30 days of May 16, 2015, must be received no later than the close of business on the tenth day following the day on which the first public announcement of the date of the annual meeting was made or the notice of the meeting was mailed); or

on or after January 16, 2015, and on or before February 15, 2015, for directors to be nominated or other proposals to be properly presented at the 2015 annual meeting that are not to be included in Spansion s proxy statement for the 2015 annual meeting, in which case the notice of the proposal must meet certain requirements set forth in Spansion s bylaws and Spansion will not be required to include the proposal in Spansion s proxy materials (or, if Spansion holds its 2015 annual meeting of stockholders on a date that is not within 30 days of May 16, 2015, must be received no later than the close of business on the 10th day following the day on which the first public announcement of the date of the annual meeting was made or the notice of the meeting was mailed).

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LEGAL MATTERS

Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California will pass upon the validity of the shares of Cypress common stock offered by this joint proxy statement/prospectus and certain federal income tax consequences of the merger for Cypress.

Fenwick & West LLP, Mountain View, California, will pass upon certain federal income tax consequences of the merger for Spansion.

EXPERTS

The consolidated financial statements and management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Report on Internal Control over Financial Reporting) incorporated in this joint proxy statement/prospectus by reference to Cypress Semiconductor Corporation s Annual Report on Form 10-K for the year ended December 29, 2013 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements and management s assessment of the effectiveness of internal control over financial reporting (which is included in the Management s Report on Internal Control over Financial Reporting) incorporated in this joint proxy statement/prospectus by reference to Spansion Inc. s Annual Report on Form 10-K for the year ended December 29, 2013 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The audited combined abbreviated financial statements of the analog semiconductor and microcontroller business, a division of Fujitsu Semiconductor Limited, which comprise the combined statement of assets to be acquired and liabilities to be assumed as of March 31, 2012 and 2013, and the related combined statements of revenue and direct expenses for the years then ended, and the related notes to the combined abbreviated financial statements, incorporated in this joint proxy statement/prospectus by reference to Spansion s Current Report on Form 8-K/A dated August 19, 2013 have been so incorporated in reliance on the report of Ernst & Young ShinNihon LLC, independent auditors, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

This joint proxy statement/prospectus incorporates documents by reference which are not presented in or delivered with this joint proxy statement/prospectus. Stockholders of Cypress and Spansion should rely only on the information contained in this joint proxy statement/prospectus and in the documents that Cypress and Spansion have incorporated by reference into this joint proxy statement/prospectus. Cypress and Spansion have not authorized anyone to provide stockholders of Cypress or Spansion with information that is different from or in addition to the information contained in this document or incorporated by reference into this joint proxy statement/prospectus.

Cypress and Spansion each file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information filed by Cypress or Spansion at the Securities and Exchange Commission s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the Securities and Exchange Commission at (800) SEC-0330 for further information on the operation of the Public Reference Room.

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The Securities and Exchange Commission maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Securities and Exchange Commission, including Cypress and Spansion, at www.sec.gov. You may also access the Securities and Exchange Commission filings and obtain other information about Cypress and Spansion through the websites maintained by Cypress and Spansion, which are www.cypress.com and www.spansion.com, respectively. The information contained in those websites is not incorporated by reference in this joint proxy statement/prospectus.

The following documents, which were filed by Cypress with the Securities and Exchange Commission, are incorporated by reference into this joint proxy statement/prospectus (other than information furnished pursuant to Item 2.02 or Item 7.01 of a Current Report on Form 8-K, or the exhibits related thereto under Item 9.01):

Cypress current report on Form 8-K, filed with the Securities and Exchange Commission on December 1, 2014;

Cypress quarterly report on Form 10-Q for the period ended September 28, 2014, filed with the Securities and Exchange Commission on October 31, 2014;

Cypress current report on Form 8-K, filed with the Securities and Exchange Commission on October 6, 2014;

Cypress quarterly report on Form 10-Q for the period ended June 29, 2014, filed with the Securities and Exchange Commission on August 6, 2014;

Cypress Form SD, filed with the Securities and Exchange Commission on June 2, 2014

Cypress current report on Form 8-K, filed with the Securities and Exchange Commission on May 13, 2014;

Cypress current report on Form 8-K, filed with the Securities and Exchange Commission on May 8, 2014;

Cypress quarterly report on Form 10-Q for the period ended March 30, 2014, filed with the Securities and Exchange Commission on May 2, 2014;

Cypress current report on Form 8-K, filed with the Securities and Exchange Commission on April 2, 2014;

Cypress current report on Form 8-K, filed with the Securities and Exchange Commission on March 5, 2014;

Cypress annual report on Form 10-K for the fiscal year ended December 29, 2013, filed with the Securities and Exchange Commission on February 27, 2014;

Cypress current report on Form 8-K, filed with the Securities and Exchange Commission on February 13, 2014;

Cypress current report on Form 8-K, filed with the Securities and Exchange Commission on January 29, 2014; and

The description of Cypress common stock contained in its registration statement on Form 8-A, filed with the Securities and Exchange Commission on October 30, 2009, and any amendment or report filed with the Securities and Exchange Commission for the purpose of updating such description.

The following documents, which were filed by Spansion with the Securities and Exchange Commission, are incorporated by reference into this joint proxy statement/prospectus (other than information furnished pursuant to Item 2.02 or Item 7.01 of a Current Report on Form 8-K, or the exhibits related thereto under Item 9.01):

Spansion s current report on Form 8-K, filed with the Securities and Exchange Commission on December 1, 2014;

Spansion s quarterly report on Form 10-Q for the period ended September 28, 2014, filed with the Securities and Exchange Commission on November 7, 2014;

Spansion s current report on Form 8-K, filed with the Securities and Exchange Commission on August 19, 2014;

Spansion s quarterly report on Form 10-Q for the period ended June 29, 2014, filed with the Securities and Exchange Commission on August 1, 2014;

Amendment No. 1 to Spansion s quarterly report on Form 10-Q for the period ended March 30, 2014, filed with the Securities and Exchange Commission on July 9, 2014;

Amendment No. 1 to Spansion s annual report on Form 10-K for the period ended December 29, 2013, filed with the Securities and Exchange Commission on July 8, 2014;

Spansion s Form SD, filed with the Securities and Exchange Commission on May 30, 2014;

Spansion s current report on Form 8-K, filed with the Securities and Exchange Commission on May 29, 2014;

Spansion s current report on Form 8-K, filed with the Securities and Exchange Commission on May 22, 2014;

Spansion s quarterly report on Form 10-Q for the period ended March 30, 2014, filed with the Securities and Exchange Commission on May 6, 2014;

Spansion s annual report on Form 10-K for the fiscal year ended December 29, 2013, filed with the Securities and Exchange Commission on February 25, 2014;

Spansion s current report on Form 8-K, filed with the Securities and Exchange Commission on January 27, 2014; and

Spansion s current report on Form 8-K/A, filed with the Securities and Exchange Commission on August 19, 2013.

In addition, all documents filed by Cypress and Spansion pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (other than information furnished pursuant to Item 2.02 or Item 7.01 of a Current Report on Form 8-K or the exhibits related thereto under Item 9.01) after the date of this joint proxy statement/prospectus and before the date of the Cypress and Spansion special meetings are deemed to be incorporated by reference into, and to be a part of, this joint proxy statement/prospectus from the date of filing of those documents.

Any statement contained in this joint proxy statement/prospectus or in a document incorporated or deemed to be incorporated by reference into this joint proxy statement/prospectus will be deemed to be modified or superseded for purposes of this joint proxy statement/prospectus to the extent that a statement contained in this joint proxy statement/prospectus or any other subsequently filed document that is deemed to be incorporated by reference into this joint proxy statement/prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this joint proxy statement/prospectus.

Cypress has supplied all information contained or incorporated by reference in this joint proxy statement/prospectus about Cypress, and Spansion has supplied all information contained or incorporated by reference in this joint proxy statement/prospectus about Spansion.

You can also obtain the documents incorporated by reference in the joint proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the addresses and telephone numbers listed below. To obtain timely delivery, you must request the information no later than five business days before you must make your investment decision.

Cypress Semiconductor Corporation	Spansion Inc.
198 Champion Court	915 DeGuigne Drive, P.O. Box 3453
San Jose, California 95134	Sunnyvale, California 94088
Attention: Investor Relations	Attention: Investor Relations
(408) 943-2656	(408) 962-2500
http://investors.cypress.com/contactus.cfm	investor.relations@spansion.com

In addition, if you have questions about the merger or the special meetings, or if you need to obtain copies of the accompanying joint proxy statement/prospectus, proxy cards, election forms or other documents incorporated by reference in the joint proxy statement/prospectus, you may contact the appropriate contact listed above. You will not be charged for any of the documents you request.

In order for you to receive timely delivery of the documents in advance of the Cypress special meeting, Cypress should receive your request no later than March 5, 2015.

In order for you to receive timely delivery of the documents in advance of the Spansion special meeting, Spansion should receive your request no later than March 5, 2015.

This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this joint proxy statement/prospectus, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. Neither the delivery of this joint proxy statement/prospectus nor any distribution of securities pursuant to this joint proxy statement/prospectus shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated into this joint proxy statement/prospectus by reference or in the affairs of Cypress or Spansion since the date of this joint proxy statement/prospectus.

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ANNEX A

[EXECUTION COPY]

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

by and among

CYPRESS SEMICONDUCTOR CORPORATION

MUSTANG ACQUISITION CORPORATION

and

SPANSION INC.

December 1, 2014

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