
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of the earliest event reported): **June 3, 2019**

Cypress Semiconductor Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

1-10079
(Commission File Number)

94-2885898
(I.R.S. Employer Identification Number)

**198 Champion Court
San Jose, California 95134**
(Address of principal executive offices and zip code)

(408) 943-2600
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☒ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading symbol:	Name of each exchange on which registered:
Common Stock, \$0.01 par value	CY	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01 Other Events

In connection with the announcement of the proposed acquisition of Cypress Semiconductor Corporation (“Cypress”) by Infineon Technologies AG, a stock corporation (*Aktiengesellschaft*) organized under the laws of the Federal Republic of Germany (“Infineon” and, the proposed acquisition, the “Merger”), which announcement occurred on June 2, 2019 (San Jose, California time) and on June 3, 2019 (Munich, Germany time), Hassane El-Khoury, the President and Chief Executive Officer of Cypress, made the following communications, which were first used or made available on June 2, 2019 (San Jose, California time) following the announcement:

- Letter sent by email to Cypress’s employees (the “Employee Letter”);
- Q&A sent by email to Cypress’s employees (the “Employee FAQ”);
- Letter sent by email to certain of Cypress’s partners and customers (the “Customer Letter”);
- Letter sent by email to certain of Cypress’s suppliers (the “Supplier Letter”); and
- Slide deck (including a welcome video from Infineon) presented on a video conference call to its employees (the “All Hands Presentation”).

A copy of the Employee Letter is attached hereto as Exhibit 99.1 and is incorporated by reference herein. A copy of the Employee FAQ is attached hereto as Exhibit 99.2 and is incorporated by reference herein. A copy of the Customer Letter is attached hereto as Exhibit 99.3 and is incorporated by reference herein. A copy of the Supplier Letter is attached hereto as Exhibit 99.4 and is incorporated by reference herein. A copy of the All Hands Presentation is attached hereto as Exhibit 99.5 and is incorporated by reference herein.

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, including statements with respect to the proposed transaction and the Merger of IFX Merger Sub Inc. (“Merger Sub”), a wholly owned subsidiary of Infineon, with and into Cypress on the terms and subject to the conditions set forth in the Agreement and Plan of Merger, dated as of June 3, 2019 (the “Merger Agreement”), by and among Cypress, Infineon and Merger Sub, the benefits of the proposed transaction and the anticipated timing of the proposed transaction. Forward-looking statements can be generally identified by the use of words such as “anticipate,” “believe,” “plan,” “project,” “estimate,” “forecast,” “expect,” “should,” “intend,” “may,” “could,” “will,” “would,” “outlook,” “future,” “trend,” “goal,” “target,” and similar expressions or expressions of the negative of these terms. These statements reflect only Cypress’s current expectations and are not guarantees of future performance or results. Forward-looking information involves risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such statements. Specific factors that could cause actual results to differ from results contemplated by forward-looking statements include, among others, the occurrence of any event, development, condition, state of facts, change, effect or other circumstances that could give rise to the termination of the Merger Agreement, the inability to complete the Merger due to the failure to obtain stockholder approval for the Merger or the failure to satisfy other conditions to

completion of the Merger, including that a governmental authority may prohibit, delay or refuse to grant approval for the consummation of the transaction; risks regarding the failure of Infineon to obtain the necessary financing to complete the Merger; risks related to disruption of management's attention from Cypress's ongoing business operations due to the transaction; the effect of the announcement of the Merger on Cypress's relationships, operating results and business generally; the risk that certain approvals or consents will not be received in a timely manner or that the Merger will not be consummated in a timely manner; the risk of exceeding the expected costs of the Merger; adverse changes in U.S. and non-U.S. governmental laws and regulations; adverse developments in Cypress's relationships with its employees; capital market conditions, including availability of funding sources for us; changes in our credit ratings; risks related to our indebtedness, including our ability to meet certain financial covenants in our debt instruments; the risk of litigation, including stockholder litigation in connection with the proposed transaction, and the impact of any adverse legal judgments, fines, penalties, injunctions or settlements; and volatility in the market price of our stock.

Therefore, caution should be taken not to place undue reliance on any such forward-looking statements. We assume no obligation (and specifically disclaim any such obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. For additional discussion of potential risks and uncertainties that could impact our results of operations or financial position, refer to Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 30, 2018 and Part II, Item 1A. Risk Factors in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 and any subsequent filings with the U.S. Securities and Exchange Commission (the "SEC").

Additional Information and Where to Find It

This Current Report on Form 8-K may be deemed to be solicitation material in respect of the proposed Merger. This Current Report on Form 8-K does not constitute an offer to sell or the solicitation of an offer to buy our securities or the solicitation of any vote or approval. The proposed Merger will be submitted to Cypress's stockholders for their consideration. In connection with the proposed transaction, Cypress intends to file a proxy statement and other relevant materials with the SEC in connection with the solicitation of proxies in connection with the proposed transaction. The definitive proxy statement will be mailed to Cypress's stockholders. BEFORE MAKING ANY VOTING OR INVESTMENT DECISION WITH RESPECT TO THE PROPOSED TRANSACTION, INVESTORS AND STOCKHOLDERS OF CYPRESS SEMICONDUCTOR CORPORATION ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT REGARDING THE PROPOSED TRANSACTION (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND OTHER RELEVANT MATERIALS CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. The proxy statement, any amendments or supplements thereto and other relevant materials, and any other documents filed by Cypress with the SEC, may be obtained once such documents are filed with the SEC free of charge at the SEC's website at www.sec.gov.

In addition, Cypress's stockholders may obtain free copies of the documents we file with the SEC through the Investors portion of Cypress's website at investors.cypress.com under the link "Financials & Filings" and then under the link "SEC Filings" or by contacting Cypress's Investor Relations Department by (a) mail at Cypress Semiconductor Corporation, Attention: Investor Relations, 198 Champion Ct., San Jose, CA 95134, (b) telephone at (408) 943-2600, or (c) e-mail at investorrelations@cypress.com.

Participants in Solicitation

Cypress and certain of its executive officers, directors, other members of management and employees, may under the rules of the SEC, be deemed to be "participants" in the solicitation of proxies from Cypress's stockholders in connection with the proposed transaction. Information regarding the persons who may be considered "participants" in the solicitation of proxies will be set forth in Cypress's preliminary and definitive proxy statements when filed with the SEC and other relevant documents to be filed with the SEC in connection with the proposed transaction, each of which can be obtained free of charge from the sources indicated above when they become available. Information regarding certain of these persons and their beneficial ownership of Cypress's common stock is also set forth in Cypress's definitive proxy statement on Schedule 14A for its 2019 annual meeting of stockholders filed on March 15, 2019 with the SEC, which can be obtained free of charge from the sources indicated above.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit</u>	<u>Description</u>
99.1	<u>Employee Letter from Hassane El-Khoury to Cypress employees on June 2, 2019</u>
99.2	<u>Employee FAQ from Hassane El-Khoury to Cypress employees on June 2, 2019</u>
99.3	<u>Customer Letter from Hassane El-Khoury to Cypress partners and customers on June 2, 2019</u>
99.4	<u>Supplier Letter from Hassane El-Khoury to Cypress partners and customers on June 2, 2019</u>
99.5	<u>All Hands Presentation from Hassane El-Khoury to Cypress employees on June 2, 2019</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Cypress Semiconductor Corporation

Date: June 3, 2019

By: _____ /s/ Thad Trent
Name: Thad Trent
Title: Executive Vice President, Finance and Administration and Chief
Financial Officer

CY Employee Letter from Hassane**Date:** June 2, 2019**To:** All Cypress Employees**Author:** Hassane El-Khoury**Subject:** Combination with Infineon**Distribution:** All Cypress Employees

Cypress Worldwide Teams,

I'm writing to share some important news about the future of Cypress. Today, we announced that Cypress has reached a definitive agreement to join the Infineon Technologies AG team. This transaction will unite two premier semiconductor companies, creating a strong technology leader that will deliver best-in-class power, MCU, specialty memory and secure connectivity solutions across numerous growth segments. Together, Infineon and Cypress will increase their scale and scope to address many of the most exciting growth megatrends of our industry, including the consumer and industrial IoT, electric drives and the connected cars of the future.

A few years ago, we embarked on our Cypress 3.0 journey together and our results have been a true testament to your dedication and perseverance against all odds. We told the world what we would deliver and then delivered on that promise. To me, that is the attribute of a world-class team and something we should all be proud of. I know change can be daunting, but think of everything we've gone through since 2016. We have repeatedly shown that we can overcome that natural fear of change and turn it into a force of pure execution. That's how we got here and it's what we can continue to do as a combined company after the closing of the transaction.

Infineon is an ideal partner for Cypress to go through this change with. Headquartered in Munich, Germany, Infineon is a global semiconductor leader that brings an impressive suite of solutions in power, sensors and security that are highly complementary to our strengths in connectivity, microcontrollers, specialty memory, and software. Together, we will stand as a strong leader in some of the world's most compelling growth segments. As the next wave of technology continues to fuel demand for connectivity and computing, Infineon and Cypress will deploy our unified capabilities to provide a broad customer base with full hardware and software solutions.

Overall, combining with Infineon will increase our capabilities, broaden our addressable market segments and diversify our customer base. More importantly, it will provide the scale required for us to achieve our goals. Both companies individually have powerful strategies that have proven to be very successful. Our visions to provide complete solutions for customers in evolving and complex market segments are very much aligned and will be even better addressed as a combined entity.

Upon close, the combination will also bring expanded career and development opportunities for our employees, as we become part of a larger organization with more significant resources and scale. During this process, it became clear to us that Infineon's and Cypress's cultures are very similar: we have the same operational mindset with data-driven decision making, direct communication, and a focus on engineering excellence. We have great people at Cypress. Infineon has already recognized it and they look forward to building on their expertise with our exceptional talent base.

In a process like this, the focus tends to lean towards the business more than anything else. But a core part of Cypress 3.0 is a commitment to our people. Although the business review has been done to the extent required to announce such a combination, a lot of the time spent between our leadership teams, led personally by me and Reinhard Ploss, Infineon's Chief Executive Officer, was focused on making sure that Cypress's talented team members, who are responsible for Cypress's achievements and made such a compelling deal possible for our shareholders, are appropriately recognized.

Today's announcement is a true testament to the progress we've made toward becoming the global supplier of choice for innovative companies. Our successful execution of the Cypress 3.0 strategy naturally attracted attention from outside parties, and in response to inbound interest, our Board decided it was appropriate for us to explore strategic alternatives. After engaging with multiple parties, that process culminated with Cypress entering into the agreement with Infineon and a transaction that, upon its closing, will provide immediate and significant value to our shareholders.

We expect the transaction to close by the end of calendar year 2019 or early 2020, subject to Cypress shareholder and regulatory approvals as well as other customary closing conditions. Until then, we will conduct business as usual, and Cypress and Infineon will continue to operate as separate and independent companies.

I am sure such an announcement could be distracting, but remember, we take pride in our ability to focus on what matters and deliver on what we can control. We have had a lot of distractions over the past few years, but none of which were able to get our eyes off the ball. It is important to stay focused on continuing to deliver the industry-leading solutions our customers expect from us.

Please keep in mind that today is just the first step towards this exciting journey. While many details of this combination will be worked out over the coming months as part of our integration planning, for now I can inform you that following the close of the transaction, the combined company will maintain Infineon's name with headquarters in Munich, Germany and continue to have a significant presence in our locations. Reinhard will lead the combined entity and I know he looks forward to visiting our locations and getting to know our team in the near future. Until the close of the transaction, my focus remains on continuing to execute on our Annual Operating Plan, which remains unchanged.

I will be hosting an employee All Hands call at 12:00 AM Pacific Time Monday morning, where I will discuss the transaction in greater detail and answer questions you might already have. As is true for our quarterly company meetings, only site leaders will have dial-in information. Please contact your local site manager to request remote access. We will also be holding an in-person All Hands meeting (with webcast) tomorrow in San Jose at 9:00 AM Pacific Time. There are exciting times ahead and I look forward to discussing them with you with as much transparency as possible.

We have created an AskCY@cypress.com email alias for you to submit questions, which may not yet be addressed in our FAQ. We will provide regular communication updates via site visits, updated FAQs and All Hands meetings in an effort to address your questions and concerns. I ask that you be patient and trust that I will be as open and transparent as I can be during the coming months.

An announcement like this one is likely to lead to increased media attention and may lead to inquiries from outside parties. It is imperative that you decline comment and forward any calls or emails you receive related to this matter to AskCY@cypress.com where we will review and respond to them.

This is an important milestone for all of us, and I thank each of you for your hard work and dedication to Cypress. This is happening because we have delivered incredible results and return for our shareholders. We have built a strong and stable business, and I am confident that combining Infineon and Cypress will only provide us with further opportunity and growth.

Sincerely,
Hassane

Cautionary Note Regarding Forward Looking Statements

This communication contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, including statements with respect to the proposed transaction and the merger (the “Merger”) of a wholly owned subsidiary of Infineon Technologies AG (“Infineon”) with and into Cypress Semiconductor Corporation (which we refer to as “we,” “us,” or the “Company”) on the terms and subject to the conditions set forth in the Agreement and Plan of Merger, dated as of June 3, 2019 (the “Merger Agreement”), by and among the Company, Infineon, and the wholly owned subsidiary of Infineon, the benefits of the proposed transaction and the anticipated timing of the proposed transaction. Forward-looking statements can be generally identified by the use of words such as “anticipate,” “believe,” “plan,” “project,” “estimate,” “forecast,” “expect,” “should,” “intend,” “may,” “could,” “will,” “would,” “outlook,” “future,” “trend,” “goal,” “target,” and similar expressions or expressions of the negative of these terms. These statements reflect only the Company’s current expectations and are not guarantees of future performance or results. Forward-looking information involves risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such statements. Specific factors that could cause actual results to differ from results contemplated by forward-looking statements include, among others, the occurrence of any event, development, condition, state of facts, change, effect or other circumstances that could give rise to the termination of the Merger Agreement, the inability to complete the Merger due to the failure to obtain stockholder approval for the Merger or the failure to satisfy other conditions to completion of the Merger, including that a governmental authority may prohibit, delay or refuse to grant approval for the consummation of the transaction; risks regarding the failure of Parent to obtain the necessary financing to complete the Merger; risks related to disruption of management’s attention from the Company’s ongoing business operations due to the transaction; the effect of the announcement of the Merger on the Company’s relationships, operating results and business generally; the risk that certain approvals or consents will not be received in a timely manner or that the Merger will not be consummated in a timely manner; the risk of exceeding the expected costs of the Merger; adverse changes in U.S. and non-U.S. governmental laws and regulations; adverse developments in the Company’s relationships with its employees; capital market conditions, including availability of funding sources for us; changes in our credit ratings; risks related to our indebtedness, including our ability to meet certain financial covenants in our debt instruments; the risk of litigation, including stockholder litigation in connection with the proposed transaction, and the impact of any adverse legal judgments, fines, penalties, injunctions or settlements; and volatility in the market price of our stock.

Therefore, caution should be taken not to place undue reliance on any such forward-looking statements. We assume no obligation (and specifically disclaim any such obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. For additional discussion of potential risks and uncertainties that could impact our results of operations or financial position, refer to Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 30, 2018 and Part II, Item 1A. Risk Factors in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 and any subsequent filings with the U.S. Securities and Exchange Commission (the “SEC”).

Additional Information and Where to Find It

This communication may be deemed to be solicitation material in respect of the proposed Merger. This communication does not constitute an offer to sell or the solicitation of an offer to buy our securities or the solicitation of any vote or approval. The proposed Merger will be submitted to the Company’s stockholders for their consideration. In connection with the

proposed transaction, the Company intends to file a proxy statement and other relevant materials with the SEC in connection with the solicitation of proxies in connection with the proposed transaction. The definitive proxy statement will be mailed to the Company's stockholders. BEFORE MAKING ANY VOTING OR INVESTMENT DECISION WITH RESPECT TO THE PROPOSED TRANSACTION, INVESTORS AND STOCKHOLDERS OF CYPRESS SEMICONDUCTOR CORPORATION ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT REGARDING THE PROPOSED TRANSACTION (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND OTHER RELEVANT MATERIALS CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. The proxy statement, any amendments or supplements thereto and other relevant materials, and any other documents filed by the Company with the SEC, may be obtained once such documents are filed with the SEC free of charge at the SEC's website at www.sec.gov.

In addition, the Company's stockholders may obtain free copies of the documents we file with the SEC through the Investors portion of the Company's website at investors.cypress.com under the link "Financials & Filings" and then under the link "SEC Filings" or by contacting the Company's Investor Relations Department by (a) mail at Cypress Semiconductor Corporation, Attention: Investor Relations, 198 Champion Ct., San Jose, CA 95134, (b) telephone at (408) 943-2600, or (c) e-mail at investorrelations@cypress.com.

The Company and certain of its executive officers, directors, other members of management and employees, may under the rules of the SEC, be deemed to be "participants" in the solicitation of proxies from the Company's stockholders in connection with the proposed transaction. Information regarding the persons who may be considered "participants" in the solicitation of proxies will be set forth in the Company's preliminary and definitive proxy statements when filed with the SEC and other relevant documents to be filed with the SEC in connection with the proposed transaction, each of which can be obtained free of charge from the sources indicated above when they become available. Information regarding certain of these persons and their beneficial ownership of the Company's common stock is also set forth in the Company's definitive proxy statement on Schedule 14A for its 2019 annual meeting of stockholders filed on March 15, 2019 with the SEC, which can be obtained free of charge from the sources indicated above.

CY Employee FAQ**1. What was announced?**

- We announced that Cypress has agreed to join the Infineon Technologies AG team.
- This transaction will unite two premier semiconductor companies, creating a strong technology leader that will deliver best-in-class power, MCU, specialty memory and secure connectivity solutions across numerous growth segments.
- Combining technology assets of Infineon and Cypress will enable more comprehensive advanced solutions for high-growth applications within the consumer and industrial IoT, electric drives and the connected car of the future.
- Importantly, once the transaction closes, we expect the combination will bring expanded career and development opportunities for our employees as we become part of a larger organization with more significant resources and scale.
- At \$23.85 per share, this represents a premium of approximately 55 percent to Cypress's unaffected share price on May 28, 2019, and is also an all-time high in the Company's history.

2. Who is Infineon?

- Infineon, headquartered in Munich, Germany, is a semiconductor leader with over 40,000 employees worldwide, including 3,900 in the Americas, 17,400 in Europe and 18,800 in APAC.
- In addition, Infineon has 35 R&D locations and 17 manufacturing sites.

3. Why is Infineon the right partner?

- Infineon and Cypress's cultures are very similar: we have the same operational mindset with data-driven decision making, direct communication and a focus on engineering excellence.
- Infineon's impressive suite of power, sensors and security solutions are highly complementary with Cypress's strengths in connectivity, microcontrollers, specialty memory, and software.
- Combining the technology assets of Infineon and Cypress will enable more comprehensive solutions for high-growth applications within the consumer and industrial IoT, such as electric drives and the connected car of the future.
- Overall, combining with Infineon will increase our capabilities, broaden our addressable market segments and diversify our customer base.

4. What does this mean for Cypress employees?

- We have great people at Cypress. Infineon has already recognized this and looks forward to building on their expertise with our exceptional talent base.
- Once the transaction closes, we expect the combination will bring expanded career and development opportunities for our employees, as we become part of a larger organization with more significant resources and scale.
- Until the transaction closes, we will conduct business as usual. Cypress and Infineon will continue to operate as separate, independent companies.

5. Are Cypress and Infineon's cultures compatible?

- Yes. Infineon and Cypress's cultures are very similar: we have the same operational mindset with data-driven decision making, direct communication and a focus on engineering excellence.
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- Additionally, our visions to provide complete solutions for customers in evolving and complex market segments are very much aligned and will be even better addressed as a combined entity.
- 6. Will there be changes to employee compensation and benefits?**
- Until the transaction closes, Cypress and Infineon will continue to operate as separate, independent companies, so your compensation and benefits will continue in the ordinary course.
 - We expect benefits and compensation, including 401K plans, of the combined company to be competitive; however, it is early in the process. More details with respect to future compensation and benefit matters will be determined and communicated to you as they are finalized.
 - We will be as open and transparent as we can be during the coming months, and we will provide updates as appropriate.
- 7. How will Cypress fit into Infineon's structure?**
- Please keep in mind that it is still very early in the process. Many details of this combination will be worked out over the coming months.
 - Reinhard Ploss will lead the combined entity. He looks forward to visiting our locations in the near future and getting to know our team.
 - Cypress will play a key role in Infineon's business strategy to expand its reach across a broader array of critically important market segments, such as automotive, industrial, and high-growth application segments within the IoT.
 - Until the transaction closes, we will conduct business as usual with Cypress and Infineon continuing to operate as separate, independent companies.
- 8. What happens to Cypress's headquarters and facilities? What will happen to Cypress's name?**
- For now, we can inform you that following the close of the transaction, the combined company will maintain Infineon's name with headquarters in Munich, Germany and continue to have a significant presence in Cypress's locations.
 - During the integration planning process, we will work on how to bring both companies together and capitalize on the strengths and talent across each organization after closing.
 - We will be as open and transparent as we can be during the coming months, and we will provide updates as appropriate.
- 9. What will happen to my owned shares of Cypress in the transaction?**
- If you own shares of Cypress stock at the time the transaction closes, you will receive a cash payment equal to the number of Cypress shares you own multiplied by \$23.85 per share.
- 10. What will happen to my Cypress Restricted Stock Units (RSUs)? What about unvested RSUs and options?**
- For employees with unvested RSUs, 50% will accelerate, vest and be paid out in cash immediately upon the closing of the transaction, subject to tax withholding. The remaining 50% will convert into cash-settled awards based on the transaction price of \$23.85 per share and will vest according to the original schedule with a "Double Trigger" provision.
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- In addition, the remaining RSUs have severance protection and will accelerate if the holder is terminated by Infineon without cause, resigns for good reason, or loses his or her job due to death or disability.
- For employees with any stock options, those options, whether vested or unvested, are cancelled at close in exchange for a cash payment equal to their in-the-money value based on the deal price, subject to tax withholding.

11. What are the next steps? Is shareholder approval required? When is the transaction expected to close?

- The transaction is expected to close by end of calendar year 2019 or early 2020, subject to Cypress shareholder and regulatory approvals and other customary closing conditions.
- We are confident that the transaction will be approved by all of the relevant regulators and fully expect it to be completed on time.
- Until the transaction closes, we will conduct business as usual with Cypress and Infineon continuing to operate as separate, independent companies.

12. What will happen to Cypress's dividend?

- Cypress will continue its quarterly cash dividend payments until the transaction closes. This includes Cypress's previously announced quarterly cash dividend of \$0.11 per share, payable on July 18, 2019 to holders of record of Cypress's common stock at the close of business on June 27, 2019.

13. When can I trade my CY stock?

- In order to let the news settle and give the market time to process the information, we ask that employees do not trade on Monday, June 3. We are currently working with our stock administrator to close the window for everyone on Monday.
- For those employees who were not subject to the special trading blackout, we are planning to re-open the trading window before market open on Tuesday, June 4. Please remember that even though the window will be re-opened on June 4, you cannot trade on the basis of material non-public information. So if you are aware of some other information that is material and non-public regarding Cypress, you still shouldn't trade.
- For those employees who were subject to the special trading blackout, we are evaluating the situation and will re-open the trading window at an appropriate time.
- We will provide more information as soon as we are able.

14. How soon can Cypress employees interact with Infineon employees?

- Until the transaction closes, Cypress and Infineon will continue to operate as separate, independent companies.
 - We must not share sensitive and confidential information with anyone at Infineon, including joint sales calls, discussions of pricing, costs, margins, terms, and customer or vendor strategy.
 - Do not reach out to anyone at Infineon unless you are specifically instructed to do so by the integration team lead.
 - We ask that you stay focused on your day-to-day responsibilities and continue to provide the exceptional customer service that has long contributed to Cypress's success.
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15. How will integration work? How long will integration last after the transaction closes?

- It is still very early in the process, so most details have yet to be worked out. During the integration planning process, we will work on how to bring both companies together and capitalize on the strengths and talent across each organization after closing.
- We are committed to being as transparent as possible throughout this process and will provide additional information on decisions as appropriate.
- Until the transaction closes, we will conduct business as usual with Cypress and Infineon continuing to operate as separate, independent companies.

16. What does this mean for customers? What should I tell customers about this transaction?

- Together, Cypress and Infineon will be able to offer our customers a more comprehensive portfolio of solutions for linking the real world with the digital world.
- Cypress has a differentiated portfolio of connectivity, microcontrollers, specialty memory, and software that are highly complementary to Infineon's impressive suite of solutions in power, sensors and security.
- Combining these technology assets will enable more comprehensive solutions for high-growth applications within the consumer and industrial IoT, electric drives and the connected car of the future.
- A letter will be sent this week to our customers, suppliers and partners from the Cypress executive team.
- Until the transaction closes, which we expect to occur by the end of calendar 2019 or early 2020, Cypress and Infineon will continue to operate as separate, independent companies.

17. What should I do if I have any additional questions?

- Please send them to our dedicated email address at AskCY@cypress.com.

18. What should I do if someone outside the Company contacts me about the deal?

- An announcement such as this one is likely to lead to increased media and other attention. If you receive any calls from outside parties related to this matter, please forward them to AskCY@cypress.com, where we will review and respond to them.
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Cautionary Note Regarding Forward Looking Statements

This communication contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, including statements with respect to the proposed transaction and the merger (the “Merger”) of a wholly owned subsidiary of Infineon Technologies AG (“Infineon”) with and into Cypress Semiconductor Corporation (which we refer to as “we,” “us,” or the “Company”) on the terms and subject to the conditions set forth in the Agreement and Plan of Merger, dated as of June 3, 2019 (the “Merger Agreement”), by and among the Company, Infineon, and the wholly owned subsidiary of Infineon, the benefits of the proposed transaction and the anticipated timing of the proposed transaction. Forward-looking statements can be generally identified by the use of words such as “anticipate,” “believe,” “plan,” “project,” “estimate,” “forecast,” “expect,” “should,” “intend,” “may,” “could,” “will,” “would,” “outlook,” “future,” “trend,” “goal,” “target,” and similar expressions or expressions of the negative of these terms. These statements reflect only the Company’s current expectations and are not guarantees of future performance or results. Forward-looking information involves risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such statements. Specific factors that could cause actual results to differ from results contemplated by forward-looking statements include, among others, the occurrence of any event, development, condition, state of facts, change, effect or other circumstances that could give rise to the termination of the Merger Agreement, the inability to complete the Merger due to the failure to obtain stockholder approval for the Merger or the failure to satisfy other conditions to completion of the Merger, including that a governmental authority may prohibit, delay or refuse to grant approval for the consummation of the transaction; risks regarding the failure of Parent to obtain the necessary financing to complete the Merger; risks related to disruption of management’s attention from the Company’s ongoing business operations due to the transaction; the effect of the announcement of the Merger on the Company’s relationships, operating results and business generally; the risk that certain approvals or consents will not be received in a timely manner or that the Merger will not be consummated in a timely manner; the risk of exceeding the expected costs of the Merger; adverse changes in U.S. and non-U.S. governmental laws and regulations; adverse developments in the Company’s relationships with its employees; capital market conditions, including availability of funding sources for us; changes in our credit ratings; risks related to our indebtedness, including our ability to meet certain financial covenants in our debt instruments; the risk of litigation, including stockholder litigation in connection with the proposed transaction, and the impact of any adverse legal judgments, fines, penalties, injunctions or settlements; and volatility in the market price of our stock.

Therefore, caution should be taken not to place undue reliance on any such forward-looking statements. We assume no obligation (and specifically disclaim any such obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. For additional discussion of potential risks and uncertainties that could impact our results of operations or financial position, refer to Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 30, 2018 and Part II, Item 1A. Risk Factors in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 and any subsequent filings with the U.S. Securities and Exchange Commission (the “SEC”).

Additional Information and Where to Find It

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proposed transaction, the Company intends to file a proxy statement and other relevant materials with the SEC in connection with the solicitation of proxies in connection with the proposed transaction. The definitive proxy statement will be mailed to the Company's stockholders. BEFORE MAKING ANY VOTING OR INVESTMENT DECISION WITH RESPECT TO THE PROPOSED TRANSACTION, INVESTORS AND STOCKHOLDERS OF CYPRESS SEMICONDUCTOR CORPORATION ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT REGARDING THE PROPOSED TRANSACTION (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND OTHER RELEVANT MATERIALS CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. The proxy statement, any amendments or supplements thereto and other relevant materials, and any other documents filed by the Company with the SEC, may be obtained once such documents are filed with the SEC free of charge at the SEC's website at www.sec.gov.

In addition, the Company's stockholders may obtain free copies of the documents we file with the SEC through the Investors portion of the Company's website at investors.cypress.com under the link "Financials & Filings" and then under the link "SEC Filings" or by contacting the Company's Investor Relations Department by (a) mail at Cypress Semiconductor Corporation, Attention: Investor Relations, 198 Champion Ct., San Jose, CA 95134, (b) telephone at (408) 943-2600, or (c) e-mail at investorrelations@cypress.com.

The Company and certain of its executive officers, directors, other members of management and employees, may under the rules of the SEC, be deemed to be "participants" in the solicitation of proxies from the Company's stockholders in connection with the proposed transaction. Information regarding the persons who may be considered "participants" in the solicitation of proxies will be set forth in the Company's preliminary and definitive proxy statements when filed with the SEC and other relevant documents to be filed with the SEC in connection with the proposed transaction, each of which can be obtained free of charge from the sources indicated above when they become available. Information regarding certain of these persons and their beneficial ownership of the Company's common stock is also set forth in the Company's definitive proxy statement on Schedule 14A for its 2019 annual meeting of stockholders filed on March 15, 2019 with the SEC, which can be obtained free of charge from the sources indicated above.



Dear Valued Customer,

I'm writing you to share some exciting news about the future of Cypress.

Today, we announced that Cypress will join with Infineon Technologies AG, uniting two premier semiconductor companies to create a strong technology leader that will deliver best-in-class power, MCU, specialty memory and secure connectivity solutions across numerous growth segments. Infineon is a global semiconductor leader that brings an impressive suite of solutions in power, sensors and security that are highly complementary to our strengths in connectivity, microcontrollers, specialty memory and software. Together, we will deploy our unified capabilities to provide a broad customer base with full hardware and software solutions.

As we work to complete this transaction with Infineon, rest assured that maintaining focus on our customers and partners will be our top priority. Until the transaction is completed, which is anticipated by the end of calendar 2019 or early 2020, Cypress and Infineon will operate as separate, independent companies and will conduct business as usual. Your contacts and agreements with Cypress will remain unchanged during this time, and more importantly, our new product introductions will remain in focus.

If you have any further questions, please don't hesitate to reach out to your regular Cypress representative.

As always, thank you for your trust, business, and continued partnership with Cypress.

Sincerely,

A handwritten signature in black ink, appearing to be 'Hassane', written in a cursive style with a long, sweeping horizontal stroke at the end.

Hassane

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Dear Valued Supplier,

I'm writing you to share some exciting news about the future of Cypress.

Today, we announced that Cypress will join with Infineon Technologies AG, uniting two premier semiconductor companies to create a strong technology leader that will deliver best-in-class power, MCU, specialty memory and secure connectivity solutions across numerous growth segments. Infineon is a global semiconductor leader that brings an impressive suite of solutions in power, sensors and security that are highly complementary to our strengths in connectivity, microcontrollers, specialty memory and software. Together, we will leverage our unified capabilities to provide a broad customer base with full hardware and software solutions. We are confident and pleased that this combination also represents a winning proposition for our stakeholders, including you, our suppliers.

The transaction is expected to be completed by the end of calendar 2019 or early 2020. Until then, Cypress and Infineon will remain separate, independent companies and will conduct business as usual. Your contacts and agreements with Cypress will remain unchanged during this time.

As always, if you have any further questions, please don't hesitate to reach out to your regular Cypress representative.

We greatly appreciate your confidence, trust and support and look forward to continuing to work with you.

Sincerely,

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Cypress and Infineon

Strengthening the Link Between the
Real and the Digital World



Transaction Overview

All-Cash Transaction

\$23.85 per share in cash

Represents an enterprise value of \$10 billion, and an all-time high for the Cypress share price

In addition, Cypress will continue its quarterly cash dividend payments until the transaction closes, including July payment of \$0.11 per share

Shareholder Value

55% premium to Cypress's unaffected share price on May 28, 2019

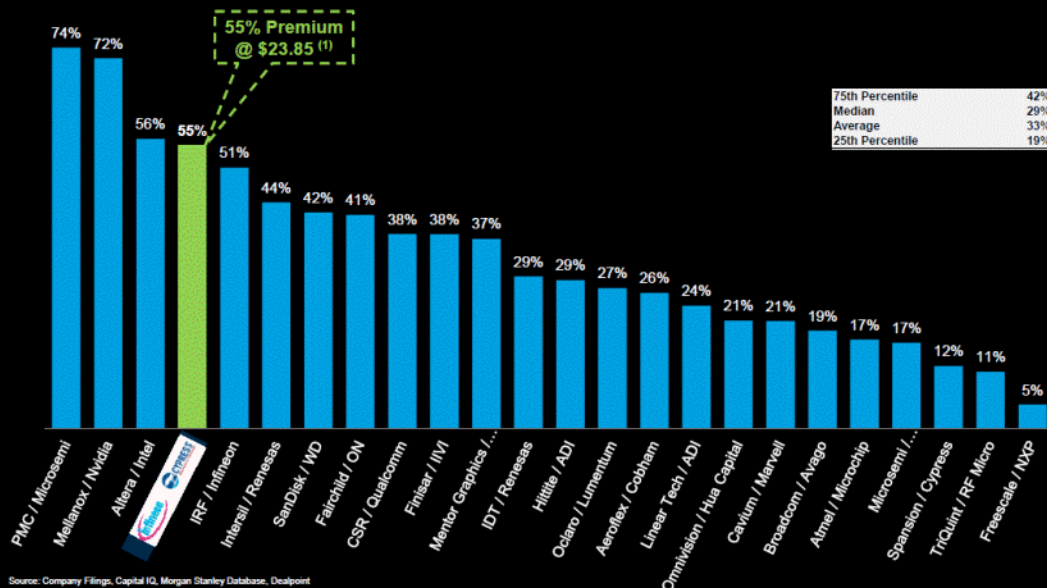
Valuation multiple significantly above our peers

This announcement is a testament to the progress we've made in becoming the global supplier of choice for innovative companies in high-growth segments

4th Highest Semi M&A Premium Since 2014

Selected Public Semiconductor Device Deals with \$1B+ Enterprise Value Since 2014

Spot Premium to Unaffected



Source: Company Filings, Capital IQ, Morgan Stanley Database, Dealpoint

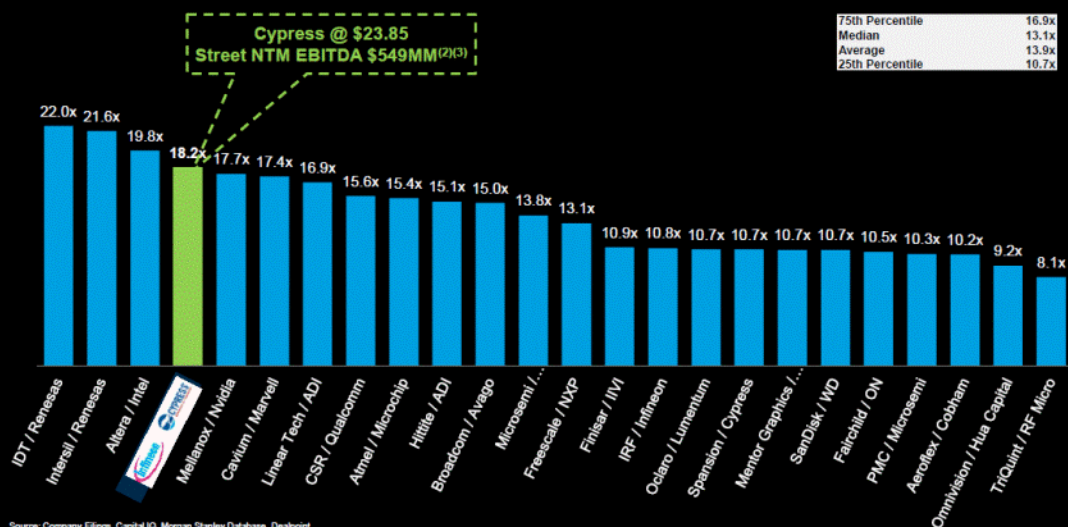
Notes:

1. Based on Cypress unaffected price of \$15.40 (as of close on May 28, 2019)

4th Highest Semi M&A EBITDA Multiple Since 2014

Selected Public Semiconductor Device Deals with \$1B+ Enterprise Value Since 2014

NTM AV/EBITDA⁽¹⁾



Source: Company Filings, Capital IQ, Morgan Stanley Database, Dealpoint

Notes:

1. NTM EBITDA as reported by Thomson consensus. Aggregate Value excludes dividends to close.

2. NTM estimated based on Cypress's FQ2'19 through FQ1'20

3. Multiple assumes convertible debt equal to \$725MM if calculated based on make whole and in-the-money value of \$307MM and estimated capped-call unwind proceeds of \$28MM

\$23.85: Record Stock Price, \$10B Record Value + Dividend



Source: Capital IQ

Notes:

1. Market data and Thomson consensus as of May 31, 2019

2. Share price prior to Sunpower spin off (September 30, 2008) is adjusted by multiplying 0.15014 to the raw share price.

Who is Infineon?

A Global Leader in Semiconductor Solutions



Based in
Munich, Germany



~40,000
employees
worldwide from
>90 countries



35 R&D locations
17 manufacturing sites

Total FY2018 Revenue \$8.5B

Why Infineon is an Ideal Partner

A Great Fit

Shared vision: to provide complete solutions for customers in evolving and complex markets

Similar cultures: same operational mindset with data-driven decision making, direct communication, and a focus on engineering excellence

Highly Complementary Portfolios

Infineon

Impressive suite of solutions in Power, Sensors and Security



Cypress

Strengths in Connectivity, Microcontrollers, Specialty Memory and Software Products



Increased capabilities, broader addressable segments and diversified customer base

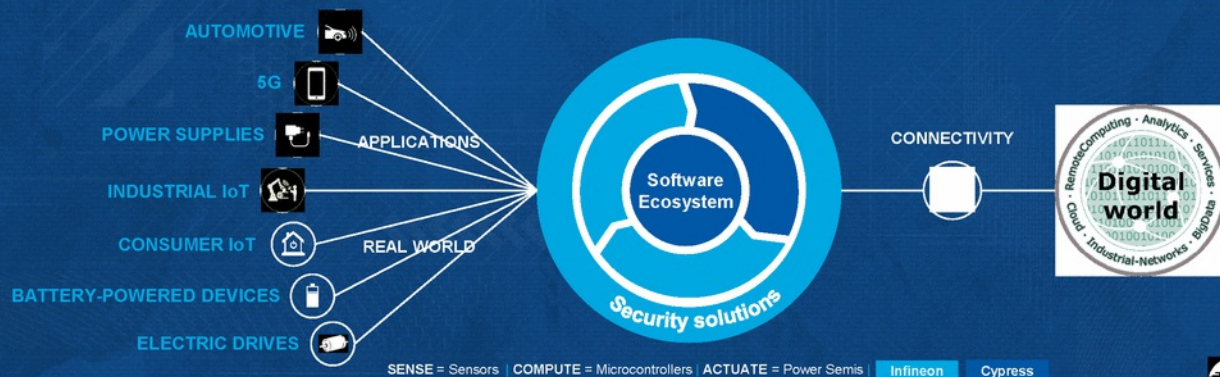
Creates a Strong Technology Leader

Delivering Best-in-Class Power, MCU, Specialty Memory and Secure Connectivity Solutions

Enables more comprehensive advanced solutions for high-growth applications within the consumer and industrial IoT, electric drives and the connected car of the future

In automotive semiconductors, the expanded portfolio of microcontrollers and NOR flash memories offer great potential

Unified capabilities to provide a broad customer base with full hardware and software solutions



What This Means for Our Team

Vested Shares

At close, you will receive a cash payment equal to the number of Cypress shares you own multiplied by \$23.85 per share

You will continue to receive a quarterly dividend until close

Unvested RSUs

At close, 50% will accelerate, vest and be paid

Remaining 50% will vest according to the original schedule with a “Double Trigger” provision

Stock Options

Will accelerate for employees to exercise at the time of close

ESPP

Will remain in place for the current offering period

Next Steps

Closing and Approvals

Transaction is expected to close by the end of calendar 2019 or early 2020, subject to Cypress shareholder and regulatory approvals as well as other customary closing conditions

Integration Process

Cypress and Infineon will begin integration planning but will not implement those plans or begin to combine operations in any way until after closing

Rules of Engagement

Business as Usual until Close of Transaction

Continue to execute the Cypress 3.0 strategy

Remain focused on delivering industry-leading solutions to customers

Cypress and Infineon will continue to operate as independent companies

No sharing of sensitive and confidential information with anyone at Infineon, including joint sales calls, discussions of pricing, terms, and customer strategy

Do not reach out to counterparts at Infineon regarding integration planning efforts or share commercially sensitive information

Stay focused on your day-to-day responsibilities and continue to provide the exceptional customer service that has long contributed to Cypress's success

Send Outside Calls, Inquiries, or Additional Questions to AskCY@cypress.com

Questions?

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Infineon CEO Video Transcript

Hello Cypress team. A warm welcome from Munich. My name is Reinhard Ploss, and I'm the CEO of Infineon Technologies. I would have enjoyed to talk to you in person, but I'm sure we can do this pretty soon. And then, we will think about what a big story we can write together.

We are excited about you joining our company. Cypress has done a lot in order to become stronger in the last years. You are engineers as we are. You want to solve problems, we want to make things happen. Together, we can bring our vision to reality, connecting the real and the digital world. You have things we are missing; we have things you are missing. Together, we will become the number eight semiconductor company. We will be leading in automotive and power semiconductors, be in the forefront of communications, security and sensors — a lot of strengths. And this is needed in the competitive world of semiconductors.

Together, we can make things which we would not be able to do alone. You and us. Together, we will be more than two.

What happens next? Well, of course, we have to wait for the consent of your shareholders and for the regulatory approval. But in this time, we will not stop and wait. We will sit down as far as allowed in order to think about how do we work together. How will the Cypress and Infineon team come together and be one, on day one, after closing.

I'm sure you are as fascinated as I am, as the Board of Infineon is, as the Infineon team is, and we are welcoming you, and we cannot wait for you joining our team.

Thank you so much, and see you soon.
