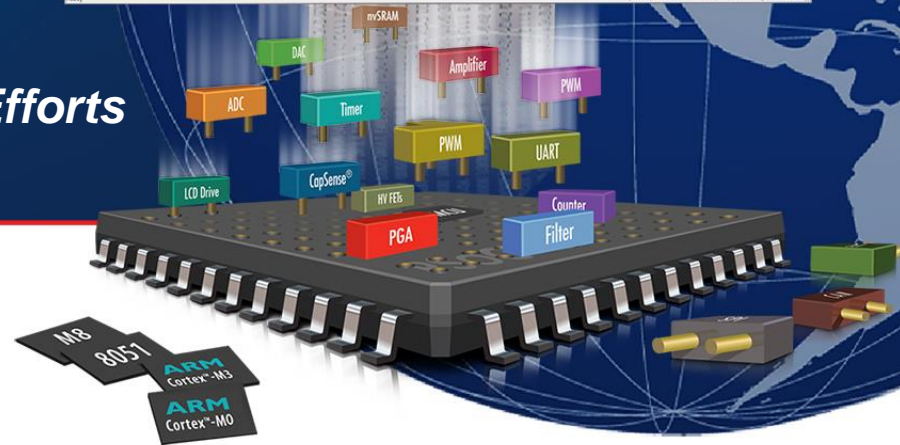
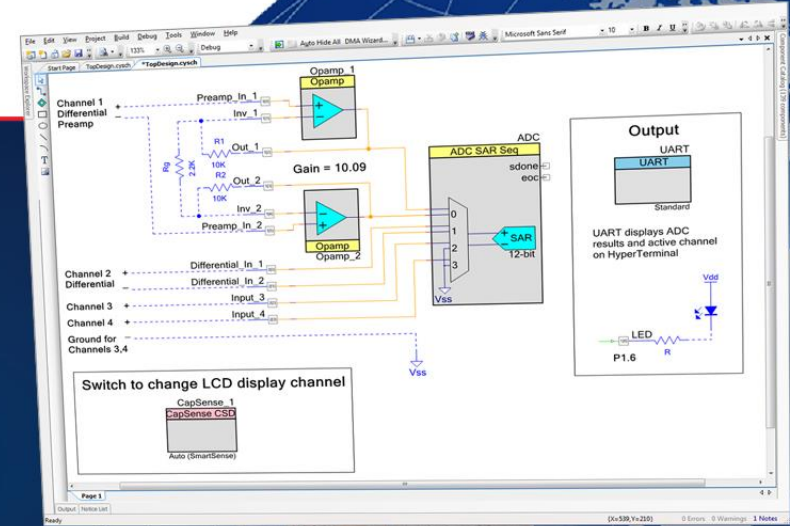




# Cypress to Acquire Broadcom's Wireless IoT Business

*A Quantum Leap for its IoT and Wireless Efforts*

April 28, 2016



# Today's Announcement



Cypress has signed a definitive agreement to acquire Broadcom's IoT business unit for \$550 million in cash

- Adds \$189M LTM<sup>1</sup> revenue to Cypress
- Adds state-of-the-art wireless connectivity in Wi-Fi, Bluetooth/BLE and ZigBee, including current and next 2018-generation-technology
- Positions Cypress to capitalize on the rapid growth (17% per year<sup>2</sup>) of Wi-Fi and Bluetooth connectivity in consumer, industrial and automotive IoT segments
- Accelerates the growth of the Wireless Internet Connectivity for Embedded Developments (WICED) platform and ecosystem

Accelerates revenue growth, gross margin improvement and long-term earnings

Expected to be accretive to EPS in 2017

Anticipated early Q3 2016 close, subject to necessary regulatory approvals

<sup>1</sup> Last Twelve Months: April 2015-March 2016

<sup>2</sup> Source: IHS 2015 data report: Wi-Fi, Bluetooth, Zigbee (2015-2018)

# Transaction Overview



## Consideration

- \$550 million in cash, subject to customary purchase price adjustments

## Financing

- \$700 million term loan B at competitive terms
- Fully committed financing
- Over \$100 million used to pay down revolver

## Conditions

- Regulatory approvals

## Anticipated Close

- Expected to close in early Q3 2016

## Financial Impact

- Accelerates revenue growth
- Improves corporate average gross margin
- Accretive to EPS in 2017
- \$0.11 per share quarterly dividend remains unchanged
- Pro forma liquidity in excess of \$200 million at 3.4x net debt / EBITDA<sup>1</sup>
- Use of excess cash flow to pay down debt

<sup>1</sup> Based on combined Cypress and Broadcom IoT business unit EBITDA for last twelve months: April 2015 – March 2016, adjusted for annualized run-rate Spansion synergies and expected synergies from the transaction

# Strategic Rationale



## Compelling Opportunity for Growth & Scale

- Takes advantage of macro trend to connect 6 billion devices to the IoT by 2020<sup>1</sup>
- Positions Cypress to capitalize on the rapid increase of IoT connectivity in consumer, industrial, and automotive, where we are No. 3 worldwide in MCUs and memories

## Complementary Products & Technology

- Uniquely positions Cypress as a complete embedded systems supplier offering wireless connectivity, microcontroller, PSoC, USB and memory solutions
- Adds state-of-the-art wireless connectivity: Wi-Fi, Bluetooth/BLE, ZigBee

## Profitably Serve IoT Customers

- IoT customers span multiple markets with diverse requirements often relying on a partner ecosystem to add wireless and cloud connectivity for the first time
- Cypress' 30k+ customers and its record of providing system solutions make it the ideal company to drive a fast-growing, diverse, mass-market IoT business

## Scalable Go-to-Market Strategy

- Broadcom IoT platform and partner ecosystem (WICED) delivers a scalable customer engagement model to profitably serve the broad, diverse IoT customer base
- Broadcom's key positions on standards committees will define tomorrow's IoT

## Strong Technical Expertise

- 40-nm wireless solutions in production; 28-nm in development
- 430 employees (~360 engineering, ~70 marketing and sales) including ...
- Highly skilled RF/wireless engineers developing tomorrow's IoT connectivity solutions

<sup>1</sup>Source: Cisco CEO John Chambers speaking at the 2014 Mobile World Congress trade show

# Leading Embedded Systems Portfolio



## Acquisition accelerates embedded system connectivity with “2018 wireless technology”

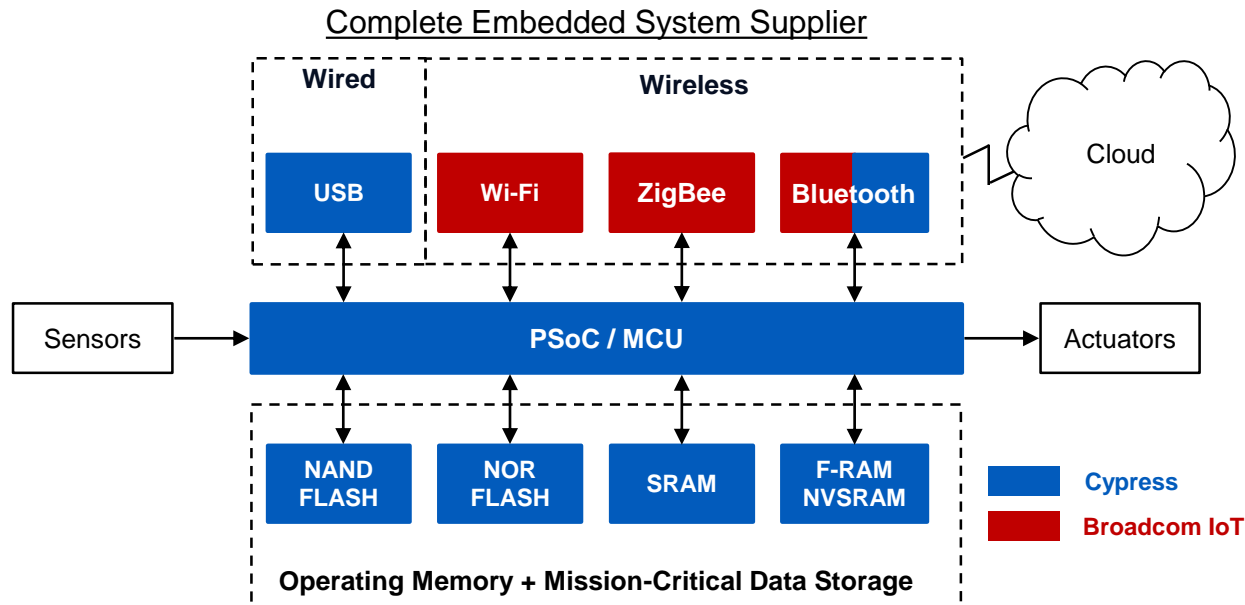
Three main wireless standards, Wi-Fi, Bluetooth, ZigBee on state-of-the-art, low-power 40-nm and 28-nm CMOS processes

## Broad product portfolio for embedded processing

Low-power ARM-based PSoC with programmable analog and digital enables rapid embedded system design

Highest-performance ARM Cortex®-M4 MCU devices with advanced connectivity (Ethernet, CAN-FD, USB Type-C)

Broadest memory selection from any supplier



Acquisition adds state-of-the-art wireless connectivity for next-generation Automotive, Industrial and Internet of Things embedded systems

# Diverse Customer Base Requires Scalable IoT Platform and Ecosystem



## Wireless Internet Connectivity for Embedded Devices (WICED) platform

Software Development Kit enables the addition of wireless and cloud connectivity to any embedded device

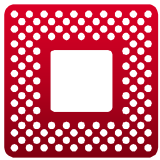
Supports all wireless IoT connectivity standards (Wi-Fi, Bluetooth, ZigBee)

11K+ WICED Software Development Kit registered users

## Partner Ecosystem delivers end-to-end solutions based on the WICED platform

Partners provide software, mobile applications, cloud connectivity, wireless modules and system development

### Module Makers



Murata SPIL, USI ...

### Value Added Resellers (VARs)



Lantronix, LM Technology ...

### Technology Partners



Particle, Ayla Networks ...

### ODMs



Jabil, Chicony ...

## Cypress has an established global channel and support model for 30K+ customers

46 distributors worldwide with over 700 branches

42K+ PSoC Creator Software Development Kit registered users

10K+ Customer engineers trained per year

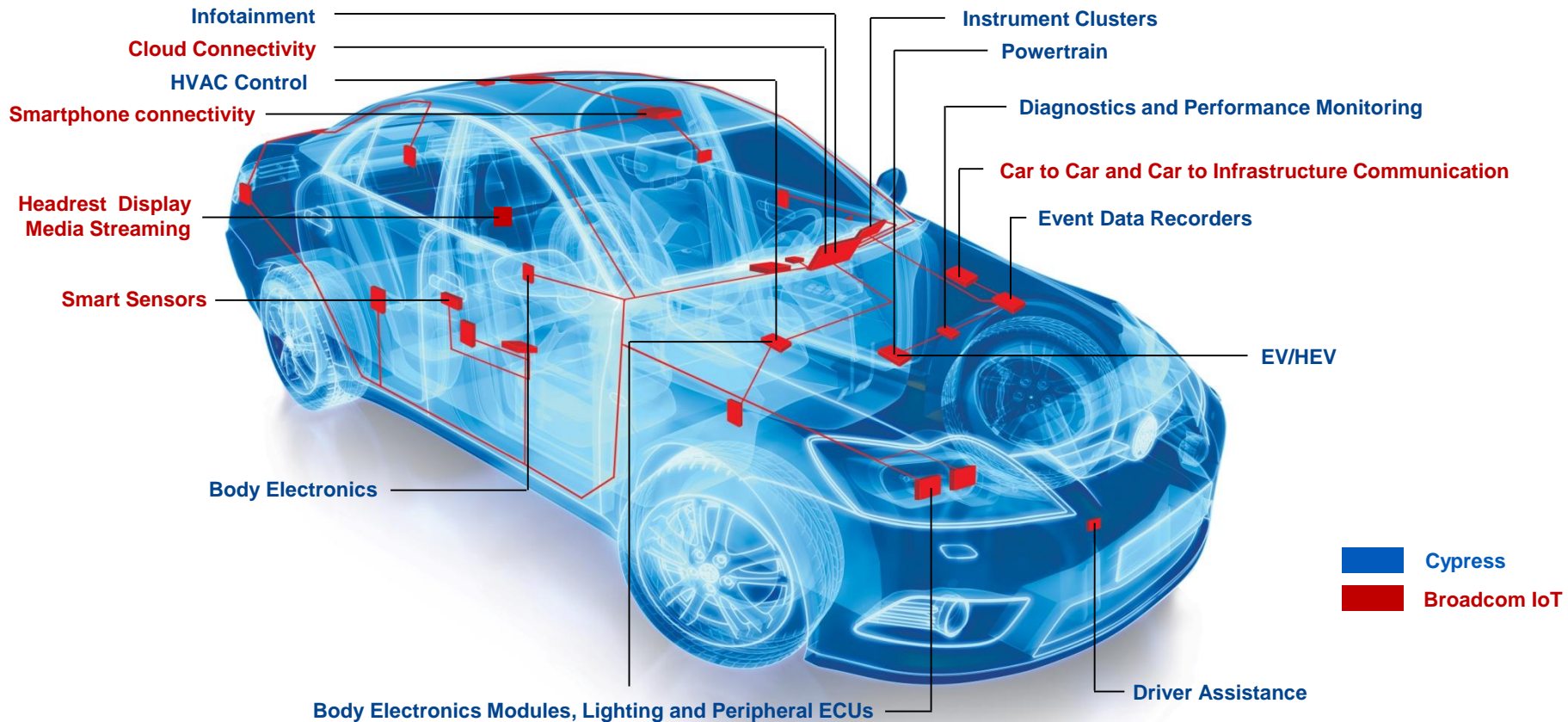
**Leverage Cypress global channel and support model to accelerate WICED platform adoption to profitably serve the broad, diverse IoT customer base**

# 100MU+ Automobile Market Is Rapidly Upgrading Wireless Connectivity



Cypress has over \$500M in automotive revenue and is a preferred supplier to the Top 25 global OEMs  
Acquisition adds state-of-the-art wireless for the connected car and increases Cypress opportunity from \$95 to \$120 per car

**Multiple Bluetooth/Wi-Fi radios enable display sharing, media streaming, and intelligent transportation**



**Cypress is uniquely positioned to capitalize on the rapid increase in automotive wireless connectivity**

# Divisional Structure 4 Divisions, 15 BUs

New IoT BU added to Data Communications Division (DCD)



## Memory Products Division (4 BUs)

- SRAM**
  - FAST (No. 1)
  - MICROPOWER (No. 1)
  - SYNC (No.1)
  - CLOCKS
  - SPCM (L)
- NONVOLATILE**
  - NVSRAM<sup>1</sup> (No. 1)
  - F-RAM<sup>2</sup> (No. 1)
- IPBU<sup>3</sup>**
  - MB/FG<sup>4</sup>
  - SONOS<sup>5</sup>
- FLASH**
  - NOR (No. 1)
  - NAND

## Data Communications Division (3 BUs)

- USB (No. 2)**
  - SUPERSPEED USB
  - HIGH-SPEED USB
  - LOW-SPEED USB
  - TYPE-C USB<sup>6</sup>
- IoT**
  - BLUETOOTH
  - WIFI
  - WUSB
- MODULE SOLUTIONS**
  - TRACKPAD
  - BLE MODULES
  - ONS<sup>7</sup>

## Programmable Systems Division (5 BUs)

- MCU**
  - PSoC<sup>8</sup>
  - CAPSENSE<sup>9</sup>
  - MM MCU<sup>10</sup>
- AUTOMOTIVE (No. 3)**
  - AUTO MCU
  - AUTO CY
- FINGERPRINT**
- ANALOG**
- COM (L)**

## Emerging Technologies Division (3 BUs)

- AGIGA TECH<sup>11</sup>**
- DECA TECH<sup>12</sup>**
- FOUNDRY**

<sup>1</sup> NVSRAM: Nonvolatile SRAM  
<sup>2</sup> F-RAM: Ferroelectric RAM  
<sup>3</sup> IP business unit manages IP & licensing  
<sup>4</sup> MB/FG: MirrorBit/Floating Gate  
<sup>5</sup> SONOS: Silicon Oxide Nitride Oxide Silicon; a process used to make NV storage cells

<sup>6</sup> 2.4-mm reversible connector with 100-W power delivery  
<sup>7</sup> ONS: Optical Navigation System  
<sup>8</sup> PSoC: Programmable System-on-Chip  
<sup>9</sup> Cypress's capacitive touch-sensing solution and TrueTouch® products

<sup>10</sup> MM MCU: Multi-market MCUs  
<sup>11</sup> Makes very-high-density NVRAMs & NVDIMMs  
<sup>12</sup> Deca Technologies makes tiny, low-cost wafer-level chip-scale packaging



<p><u>Table Key</u>  <b>DIVISION</b>  <b>BUSINESS UNIT (BU)</b>  <b>PRODUCT FAMILY</b></p> <p>(L) = Legacy Business</p>
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# Acquisition Summary



Adds \$189M LTM<sup>1</sup> revenue to Cypress

Positions Cypress to capitalize on the rapid growth (17% per year<sup>2</sup>) of Wi-Fi and Bluetooth connectivity in consumer, industrial and automotive IoT segments

Adds state-of-the-art wireless connectivity: Wi-Fi, Bluetooth/BLE and ZigBee, current generation and, next generation and design capability

Accelerates the growth of the Wireless Internet Connectivity for Embedded Devices (WICED) platform and ecosystem

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# Q&A

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## Forward-Looking Statements

In preparing this presentation, we, Cypress Semiconductor Corporation (“Cypress”), have used information regarding Broadcom Limited's (“Broadcom”) IoT business unit obtained from publicly available information, including reports and other documents filed or furnished by Broadcom with the Securities and Exchange Commission (“SEC”) and from other third party materials, including industry data. We have not independently verified such information and do not make any representation or warranty as to the accuracy or completeness thereof.

This presentation contains “forward-looking” statements and information about our current and future prospects and our operations and financial results, which are based on currently available information. These forward-looking statements include, but are not limited to, statements about our agreement to acquire Broadcom's IoT business; statements about future financial and operating results; benefits of the proposed transaction to customers, stockholders and employees; our ability to receive financing on competitive terms; the ability of the proposed transaction to drive growth and expand customer and partner relationships; potential synergies and cost savings; the anticipated timing for closing of the proposed transaction; that the proposed transaction is expected to accelerate revenue growth, gross margin improvement and long-term earnings and is expected to be accretive to non-GAAP earnings per share; and other statements regarding the proposed transaction. This communication may contain certain non-GAAP financial measures which management believes are useful to investors and others in evaluating business results.

Risks and uncertainties that may affect our business or future financial results include, among others, the state and future of the global economy; business conditions and growth trends in the semiconductor market; acceptance and demand for our products; technological and development risks; legal and regulatory matters and other competitive factors. Risks and uncertainties related to the proposed transaction include, among others, the possibility that Cypress will not complete the transaction with Broadcom; potential adverse reactions or changes to business relationships resulting from the announcement or completion of the proposed transaction; uncertainties as to the timing of the proposed transaction; competitive responses to the proposed transaction; the risk that regulatory or other approvals required for the proposed transaction are not obtained or are obtained subject to conditions that are not anticipated; the risk that other conditions to the closing of the proposed transaction are not satisfied; costs and difficulties related to the closing of the proposed transaction and the integration of the IoT unit's business and operations with Cypress' businesses and operations; the inability to obtain or delays in obtaining anticipated cost savings and synergies from the proposed transaction; unexpected costs, charges or expenses resulting from the proposed transaction; litigation relating to the proposed transaction; the inability to retain key personnel, customers and suppliers; and any changes in general economic and/or industry specific conditions. Additional factors that could cause future results or events to differ from those expected are those risks discussed under Item 1A. “Risk Factors,” in Cypress' Annual Report on Form 10-K for the fiscal year ended January 3, 2016, Broadcom's Quarterly Report on Form 10-Q for the quarter ended January 31, 2016 and other reports filed by Cypress and Broadcom with the SEC. Please read the “Risk Factors” and other cautionary statements contained in these filings. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, the occurrence of certain events or otherwise. As a result of these risks and others, actual results could vary significantly from those anticipated in this presentation, and our financial condition and results of operations could be materially adversely affected.

