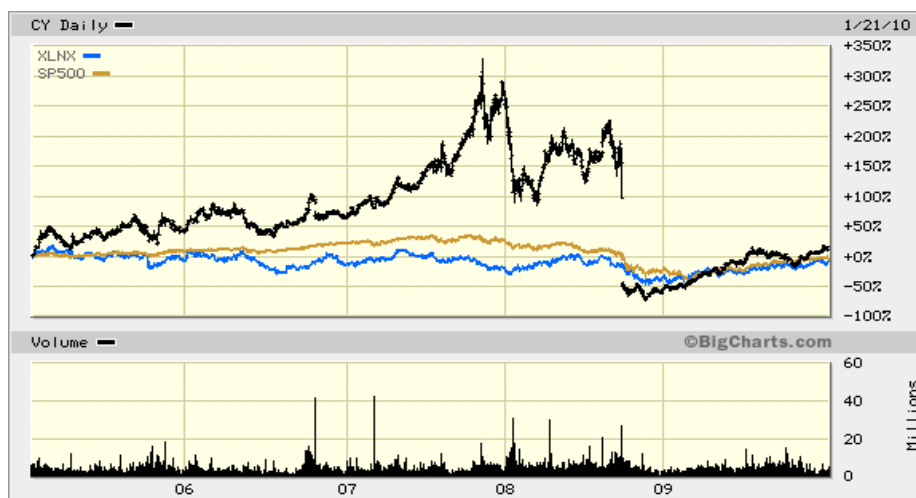


## Cypress Semiconductor Corporation (CY) 1/21/10

CY operates as a semiconductor company in the industries such as computers and phones. CY operates in three different business segments; Consumer and Computations, Data Communication, and Memory Product, and CY also owns a majority in SunPower wind systems. CY was founded in 1982 and is headquartered in San Jose, California.

Current Price	\$11.45
52 Week High	\$11.76
52 Week Low	\$4.29
One Yr Target	\$12.00
Market Cap (in billions)	\$1.78
P/E (Trailing)	-2.75
P/E(1 Yr Forward)	23.37
P/E/G	n/a
ROA	-26.60%
ROE	-50.34%
EPS	-\$4.16
Beta	1.20
Annualized Dividend	\$0.00
Dividend Yield	0.00%
Analyst Consensus	2.30
Debt to Equity	0.27



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**Annual EPS**

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2006	-\$0.67	
2007	\$0.27	140.54%
2008	\$2.44	794.88%
2009	-\$3.15	-229.22%
2010E	-\$4.16	-32.09%

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**Annual Revenue (in millions)**

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2006	\$886.40	
2007	\$855.04	-3.54%
2008	\$821.60	-3.91%
2009	\$765.72	-6.80%

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**Annual Net Income (in millions)**

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2006	-\$92.15	
2007	\$39.48	142.84%
2008	\$394.30	898.73%
2009	-\$430.25	-209.12%

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**Free Cash Flows (in millions)**

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2006	-\$65.44	
2007	\$11.23	117.16%
2008	\$94.76	743.81%
2009	\$176.43	86.19%

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**Required Rate of Return**

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11.75%

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**Dividend Growth Model**

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Present Value of 2015 Price	n/a
Holding Period Return (5 years)	n/a

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**Expected Annualized Return Model**

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Present Value of 2015 Price	\$13.74
Holding Period Return (5 years)	3.12%

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**Residual Income Model**

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Intrinsic Stock Price	\$83.39
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# Analysis

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## Positives

Very low Debt/Equity ratio, so if company wanted to expand it easily could

## Negatives

Poor EPS, ROA, and ROE numbers lead to an underperforming management

## Financial Statements

Income Statement is poor, Revenues have been decreasing as Sales/Admin costs have risen

Balance Sheet is so-so, low Debt but also Earnings deficits and growing Inventory

Cash Flows are good, Operating Cash is growing nicely

## Industry Analysis

Semiconductor industry (especially in cell phones) is expected to rocket in the next decade

CY's financial ratios lag somewhat behind competitors

## Summary

CY operates as an ok company, nothing outstanding. Its financial ratios and financial statements aren't anything great. The EAR valuation model says the stock price isn't worth its risk, but it's hard to predict because EPS have been all over the place. The semiconductor industry should look to greatly accelerate in the coming years and probably last for a while. With recent reports on how much kids spend online and on phones it is easy to see why sales should increase, and that should be a massively global trend. CY's chips are great products as they are programmable, reducing energy and space in new devices such as smart-phones. Also CY has some exposure to the wind-energy industry through SunPower, yet it's hard to say what the company's long term plan for that is. CY is worth a buy because of the industry in which it operates and because of the outlook for its products, but it is not as well liked as other industry players such as AAPL.