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For Immediate Release

CYPRESS EXPANDS MINNESOTA WAFER FAB TO MEET INCREASING DEMAND

Ramp Of 0.21- and 0.16-Micron Lines, Addition of 150 People

Geared to Double Capacity, Boost Revenues Beyond $1 Billion Mark

BLOOMINGTON, Minnesota…February 25, 2000 -- Cypress Semiconductor Minnesota Inc. (CMI) today announced that it will spend approximately $210 million expanding its Bloomington wafer fabrication facility this year to meet the increasing demand for its products—particularly in the networking and telecommunications segments—and to help boost it beyond $1 billion in revenues.

According to officials at CMI, a subsidiary of San Jose, CA-based Cypress Semiconductor Corp. (NYSE:CY), Cypress will add more than 150 people to its Fab IV facility, pushing its total headcount to more than 600. At the same time, Fab IV will continue a rapid technology transition to 0.21- and 0.16-micron geometries. Combined, the moves are expected to more than double effective capacity at the facility, which currently accounts for some 42% of Cypress's unit volume. The expansion is designed to enable Cypress to grow by more than 50% in the year 2000, nearly three times as fast as projections for the broader semiconductor industry.

Based on unprecedented demand for new products targetted at high-performance networking and telecommunications applications, Cypress achieved record revenues of $705.5 million in 1999, up 27.1% year-on-year, close to double the estimated industry growth rate.

"This is the logical next step in a capacity expansion plan launched by Cypress in early 1999, well ahead of the current demand crush," said Peter Mitchell, operations director for Fab IV. "Our early response to a rapid change in industry conditions, combined with record levels of new product sales, have enabled Cypress to eclipse robust industry growth by a substantial amount."

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The move also underscores Cypress's goal to meet increasing demand during the current industry upswing without building another wafer fab. Along with an aggressive transition to lower line-widths, Cypress has acquired additional foundry-based manufacturing capacity via several recent acquisitions.

The company's acquisitions last year of timing-technology supplier IC Works, and Anchor Chips, a designer and manufacturer of high-performance USB solutions, both brought foundry capacity into the Cypress fold. IC Works manufactures a variety of clock and timing products through Taiwan Semiconductor Manufacturing Company (TSMC), which Cypress has also engaged to manufacture its two most recent generations of CPLDs. Anchor Chips carried a manufacturing relationship with Korea's Lucky-Goldstar organization, which has since been acquired by Hyundai. Hyundai will continue to manufacture Cypress's EZ-USB family.

Fab IV accounts for 40% of Cypress's revenues, manufacturing new SRAM products, such as MoBL™ (More Battery Life™), the SRAM of choice in industry-leading cell phones and digital handsets; and QDR™ (Quad Data Rate™), an emerging SRAM architecture for high-performance communications applications. The facility is rapidly ramping 0.25- , 0.21- and 0.16-micron processes with operating voltage and power-dissipation options.

About Cypress

Cypress Cypress Semiconductor provides high-performance integrated circuit solutions "By Engineers. For Engineers.™" for fast-growing companies in fast-growing markets, including data communications, telecommunications, computation, consumer products, and industrial-control. With a focus on emerging communications applications, Cypress's product lines include networking-optimized and micropower static RAMs; high-bandwidth multi-port and FIFO memories; high-density programmable logic devices; timing technology for PCs and other digital systems; and controllers for Universal Serial Bus (USB). Cypress is No. 1 in the USB and clock chip markets.

More than two-thirds of Cypress's sales come from fast-growing datacom/telecom markets and dynamic companies such as 3Com, Alcatel, Cisco, Ericsson, Lucent, Motorola, and Nortel Networks. Cypress’s ability to mix and match its broad portfolio of intellectual property enables targeted, integrated solutions for high-speed systems that feed bandwidth-hungry Internet applications. Cypress aims to become the preferred silicon supplier for Internet switching systems and for every Internet data stream to pass through at least one Cypress IC.

Cypress employs more than 3,600 people worldwide with international headquarters in San Jose, California. Its shares are listed on the New York Stock Exchange under the symbol CY. More information about Cypress is accessible electronically on the company's worldwide web site at http://www.cypress.com or by CD-ROM (call 1-800-858-1810). An electronic investor forum, and other investor information, is located at http://www.cypress.com/investor/index.html.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements herein that are not historical facts are "forward-looking statements" involving risks and uncertainties. Please refer to Cypress's Securities and Exchange Commission filings for a discussion of such risks.

QDR SRAMs and Quad Data Rate comprise a new family of products developed by Cypress Semiconductor, IDT, and Micron Technology.

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