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CYPRESS LAUNCHES PROGRAMMABLE SYSTEM-ON-A-CHIP COMPANY

Venture Startup to Leverage 8-Bit Cores of Industry-Leading USB Controllers To Provide PSoC™ Solutions For Fast-Growing Communications Markets

SAN JOSE, Calif. -- March 6, 2000 – Cypress Semiconductor Corporation (NYSE: CY) today announced that it has completed the first round of funding for a startup company that will bring the cost and time-to-market advantages of programmable technologies, such as CPLDs and FPGAs, to the emerging system-on-a-chip marketplace.

The new company, Cypress MicroSystems Inc., will leverage its parent's strengths in manufacturing, process technology, and intellectual property—and its success with a proven 8-MIPS Harvard microcontroller architecture—to design a family of high-speed, programmable system-on-a-chip (PSoC™) solutions with robust analog and digital functionality. The family will target next-generation data communications applications that previously required multiple chips fabricated in multiple technologies.

"Our PSoC family provides custom capabilities—without their development expenses or delays," said Bob McConnell, Cypress MicroSystems president and CEO, who was vice president of embedded controller products at AMD before joining the startup late last year. "Single-chip solutions with a world-class controller and extensive analog and digital capabilities: This combination brings an unparalleled price/performance package to the microcontroller-based system-on-a-chip market."

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"With programmable technology and high-frequency processing, the microcontroller is becoming an ideal fast-turnaround, system-on-a-chip solution," said Max Baron, semiconductor industry analyst for Tempe, AZ-based Cahners In-Stat Group. In a recent report, "Affordable Systems-On-Chip," Baron projects that the microcontroller market will grow to approximately $10 billion this year.

Cypress MicroSystems's new PSoC family will provide a broad array of analog functions, such as Delta-Sigma A/D converters, incremental A/D converters, D/A converters, programmable gain, programmable loss, analog comparators, zero-crossing detectors, lowpass filters, highpass filters, bandpass filters, and notch filters. Other functions include amplitude modulators, amplitude demodulators, sine-wave generators, sine-wave detectors, sideband detection, sideband stripping, frequency modulation, frequency demodulation, audio coding, audio decoding, automatic gain control, temperature sensing, precision voltage reference, audio output drive, audio input filtering, and complex waveform generation.

The PSoC family aims to capitalize in part on the wireless explosion, targeting fast-growing applications such as wireless handsets and headsets, and portable, handheld devices, such as personal digital assistants. Other data communications applications include modems, Internet-capable consumer and industrial controllers, audio codec, audio compression and playback, router and hub management, and failsafe controllers. Other volume applications include motor and servo control, sensor pre-processing, battery management, and data acquisition and control.

SONOS, a proprietary, programmable, nonvolatile technology, is key to Cypress MicroSystems's system-on-a-chip plans. SONOS is a cost-effective, electrically erasable, non-volatile memory structure that has been integrated with Cypress's highest-volume RAM4™ SRAM process technology. It is a dense, robust, single-poly technology that can be manufactured with three additional masks to Cypress's standard SRAM process.

The compatibility of SONOS with Cypress's core manufacturing technology provides time-to-market and cost comparable with commodity SRAMs. This enables its use in the new PSoC devices, along with other Cypress products, such as frequency timing generators, USB controllers, and Neuron® Chips. (Neuron Chips are microcontrollers that enable electronics products to be networked in home, industrial, building and transportation applications worldwide.)

Also key to PSoC technology is Cypress's 8-bit USB controller core, the industry's smallest and most cost-effective. Cypress designed its first USB chip under contract with Microsoft for the company's IntelliMouse® product. Cypress is the market-share leader in USB, recently having passed the 35-million-unit mark in shipments.

Flexibility and Support

Cypress MicroSystems is being spun off to provide it with the independence and entrepreneurial flexibility to capitalize on a major business opportunity with distinct, demanding competencies.

"With immediate access to the parent corporation's technology and manufacturing resources, Cypress MicroSystems can put its creative efforts toward designing state-of-the-art PSoC products and developing the design, programming and testing software that it takes to win in this fast-moving market," said T.J. Rodgers, Cypress president and CEO.

Rodgers said he expects Cypress MicroSystems to depend upon its parent to provide all the support of a world-class foundry.

"Cypress has manufacturing muscle and a roadmap currently extending to 0.16 microns," Rodgers said. "It has expertise in processes critical to communications product design, such as SONOS and BiCMOS. Cypress also has broad competencies in other communications-centric technologies, including non-volatile and specialty memory, high-speed logic, analog phase-locked loops (PLLs), and serializing/deserializing (SERDES) functionality. This IP is compatible with Cypress's core SRAM technology, making it easy and cost-effective for Cypress—and Cypress MicroSystems—to mix and match technologies to create new communications products."

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Cypress MicroSystems is based in Woodinville, Washington, near Seattle. The location places it in proximity to Cypress's existing Woodinville facility, which focuses on the timing technology and USB businesses. Given the software-intensive nature of the PSoC business, the Woodinville address also grounds the startup in an area well known for its software development. "Cypress MicroSystems will continue the tradition of innovative products from Cypress's Seattle engineering teams," Rodgers said. "And Seattle is the software capital of the world."

Cypress MicroSystems invites people interested in employment opportunities to contact the company by mail at 12230 N.E. Woodinville Drive, Suite A, Woodinville, Washington, 98072; by phone at 877-751-6100 (toll free); by fax at 425-415-1081; or by e-mail at info@cypressmicro.com. Cypress Microsystems maintains a website, currently under construction, at www.cypressmicro.com.

About Cypress

Cypress Semiconductor, headquartered in San Jose, California, provides high-performance integrated circuit solutions for 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; and controllers for Universal Serial Bus (USB). More information about Cypress is accessible electronically on the company's worldwide web site at http://www.cypress.com.

"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.

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