

CYPRESS AND MOSEL VITELIC ANNOUNCE COOPERATIVE R&D AGREEMENT

Companies to Collaborate On Development Of 0.13-Micron Manufacturing Process, Aiming to Increase Yields and Produce Lower Power Devices

SAN JOSE, California...July 7, 2000 -- Cypress Semiconductor Corporation (NYSE:CY) and memory specialist Mosel Vitelic (Taiwan Stock Exchange: 2342) today announced the signing of a definitive agreement to jointly develop a 0.13-micron process technology to be deployed initially in Cypress's Fab I research and development facility in San Jose. Shrinking the line width to 0.13 microns will facilitate the production of lower power devices and yield significantly more die per wafer than an equivalent 0.20-micron product.

"In the race to develop next-generation process geometries, Cypress is pleased to announce a partnership with a proven innovator in the SRAM, DRAM and flash memory markets and a leader in critical next-generation technologies such as 12-inch wafer fabrication, copper interconnects and low-k dielectrics," said Cypress President and CEO T.J. Rodgers. "Both companies stand to effectively double their R&D resources without an increase in costs and to share the risks of aggressive equipment and facility improvements to manufacture chips with radically smaller line widths."

Under the agreement, Mosel engineers will work with Cypress's existing Fab I research and development team on defining a 0.13-micron manufacturing process. Cypress and Mosel also agreed over time to share some of the costs of upgrading Fab 1 clean rooms and purchasing new equipment to facilitate tighter process geometries.

"The agreement marks a big step forward and a significant opportunity for Mosel and for Cypress," said Mosel Vitelic President and Chairman, Hung-Chiu Hu. "This agreement will allow Mosel Vitelic and Cypress to continue to offer cutting-edge process technology and give each company the benefit of the other's expertise."

"The joint development of the 0.13 micron process is the beginning of a continuing, collaborative relationship that will greatly benefit both our companies," said Jose Arreola, Cypress vice president of research and development. "The synergy we generate by pooling our engineering resources will translate into time-to-market advantages for both Cypress and Mosel, as both our companies produce new, high-performance, market-leading memory products more economically and quickly."

Cypress recently announced that its new 0.2-micron RAM6™ technology is yielding in its high-volume, 8-inch fabrication facility in Bloomington, Minnesota (Fab IV). RAM6, Cypress's fourth-generation six-transistor (6T) process, features an innovative cell layout with a 4.4-square-micron area, enabling cost-effective solutions to 16-Mbit densities. Cypress perfected its ultra-low-power 6T technology when the industry at large was still producing four-transistor, two-resistor cells (4T-2R). Six-transistor cells now represent the standard for low-power memories, and Cypress has a considerable competitive advantage in this area. Cypress currently is in the final stages of development of its 0.16-micron technology, and the company's next step is 0.13 micron.

"The 0.13- and 0.1-micron technology will enable large-scale integration of various memory and logic building blocks which result in significant performance gains, power savings and reductions in package count for future system-on-a-chip products. The speed of products will be further improved with low k dielectric and copper-based interconnect capabilities, which will be integrated in the 0.13- and 0.1-micron technology," Hsing Tuan, executive vice president of R&D at Mosel Vitelic.

Mosel Vitelic, the largest memory chip producer in Taiwan, has unveiled plans to build two 12-inch wafer

fabrication facilities. One of the facilities is an expansion module in its joint venture 8-inch fabrication located in Hsinchu City, Taiwan. The location of the second 12-inch wafer fabrication facility is to be determined. These new facilities will help ensure Mosel Vitelic continue as one of the strongest semiconductor manufacturers in Taiwan.

About 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 multiport 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 communications markets and dynamic companies such as Alcatel, Cisco, Ericsson, Lucent, Motorola, Nortel Networks, and 3Com. 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 3,900 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>.

About Mosel Vitelic

Mosel Vitelic designs, manufactures and markets main memory DRAMs, buffer memory Drams, SRAMs and flash memories. These products are used in many applications, such as desktop computers, notebooks, computer peripherals, 2D/3D graphics accelerators, disk drives, CD ROM drives, telecommunications, digital video and network peripherals. Mosel Vitelic is listed on the Taiwan Stock Exchange.

Mosel Vitelic employs more than 1,200 employees worldwide. Mosel Vitelic is headquartered in Hsinchu, Taiwan with marketing and design offices located in Taiwan and San Jose, California. Mosel Vitelic has Sales Offices located in Taiwan, U.S., Europe, Japan, Singapore, and Hong Kong, as well as coverage around the world using an extensive manufacturer sales representative and distribution network. For more in depth information regarding Mosel Vitelic, please visit the worldwide website at <http://www.moselvitelic.com>.

Safe Harbor Statement

"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.