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**Cypress Q200 Records: Revenue, \$300.8 million; EBG \$0.54 per share;
Bookings, \$408.1 million**

San Jose, California, July 18, 2000 . . . Cypress Semiconductor Corporation (NYSE: CY) today announced record revenue of \$300.8 million for the second quarter of fiscal year 2000 ended July 2, 2000, up 13.8% from the prior quarter's revenue of \$264.2 million and up 76.1% from 1999 second quarter revenue of \$170.8 million. The second quarter was Cypress's fifth consecutive record revenue quarter.

Net income excluding restructuring credits, transaction costs and goodwill amortization from acquisitions for the second quarter was \$72.7 million, resulting in diluted earnings per share before goodwill (EBG) of \$0.54, up 35% from the EBG of \$0.40 reported last quarter and up 315% from the EBG of \$0.13 reported in the second quarter of 1999.

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Cypress CEO T.J. Rodgers said, "In the second quarter, we again achieved our prime financial objective--to grow Cypress faster than the semiconductor industry at large. This quarter's revenue growth was companywide, with every division reporting greater than 40% annualized growth, book-to-bill ratios greater than one, and three of four divisions posting book-to-bill ratios of 1.2 or better. Our current six-month backlog is \$481 million, more than double the year-ago figure. Growth in the communications segment of the market, specifically wide area network (WAN), wireless infrastructure and wireless handsets, continues to be Cypress's growth catalyst. We are in the final stages of negotiating a contract with Cisco Systems that will increase our sales to them by 10x over our 1999 level. We anticipate that 75%--or over \$900 million of our 2000 revenues--will come from the datacom and telecom sectors.

"Our gross margin of 55.0% was the best Cypress has posted since Q391. The gross margin improvement of nearly 11 percentage points relative to the year-ago figure was due to on-schedule capacity and revenue increases combined with a 26% jump in our average selling price (ASP) from \$1.63 to \$2.06. The biggest increase in ASP occurred in the datacom group, where year-on-year prices rose by \$2 to over \$10, due to increased new-product sales. SRAM prices were also up, reflecting our mix shift from commodity SRAMs to those specialized for the telecom and datacom markets."

Business Developments

- April 2, 2000 – Cypress announced the acquisition of RadioCom Corporation, a privately held company specializing in the architecture and design of semiconductor radio frequency (RF) circuits. The acquisition was made to further accelerate Cypress's penetration of the exploding wireless handset market, where the company currently enjoys success with its ultra-low power MoBL™ (More Battery Life™) SRAMs and its low-noise Radio Frequency Phase-Locked Loop (RF PLL) product family used in cellular handsets. The

RadioCom acquisition was completed on June 29, 2000 and was accounted for as a purchase.

- May 3, 2000 – Cypress announced the acquisition of Alation Systems Inc., a privately held wireless systems company with a deep portfolio of intellectual property in analog, DSP, and RF baseband technology, along with software and systems expertise in the fast-growing wireless arena. Cypress aims to combine Alation and RadioCom with its highly successful USB business to focus on providing integrated, cost-effective solutions for the new Bluetooth wireless standard, wireless LAN and other wireless protocols, along with microcontroller solutions for current and future iterations of USB. The Alation acquisition was completed on May 24, 2000 and was accounted for as a pooling of interests.
- June 21, 2000 – Cypress closed a previously announced public offering of \$287.5 million of convertible notes. The notes will be convertible into common stock of the company at a conversion price of \$62.548 per share (equivalent to a conversion premium of 27%) and carry a coupon of 3.75%. The notes have a five-year term and are non-callable for the first three years.
- July 7, 2000 – Cypress announced a partnership to jointly develop a 0.12-micron process technology with Mosel Vitelic, a Taiwan-based innovator in the DRAM and flash memory markets and a leader in critical next-generation technologies such as 300-mm wafer fabrication, copper interconnects and low-k dielectrics. Under the agreement, Mosel engineers will work with the company in Cypress's newly renovated Fab 1 research and development facility to bring a jointly developed 0.12-micron process to production status. Cypress and Mosel also agreed to share the costs of purchasing new equipment to facilitate tighter process geometries.

- During the last six quarters, Cypress acquired IC Works Inc., Anchor Chips Inc., Arcus Technology, Intel's USB business, Altera's Max 5000® business, Galvantech Inc., Alation Systems Inc. and RadioCom Inc. The integration effort for the acquired businesses and organizations continues to progress as planned with little impact on corporate growth.

New Products

Cypress set another record for new product revenue in the second quarter, shipping \$52.3 million, a 23.1% improvement over last quarter. Some key new product activities in the second quarter included:

- Cypress achieved first sample silicon on the lead product of its 0.15-micron process, an 8-Mbit MoBL-2™ SRAM. The product is specifically designed for the cell phone market, and it maintains Cypress's lead in MoBL SRAMs with the world's smallest die and lowest active power. The chip size of the MoBL-2 8-Mbit SRAM is smaller than Cypress's current MoBL-1™ 4-Mbit product.
- Cypress achieved first samples on its 0.20-micron, 2.5-volt, 9-Mbit NoBL™ (No Bus Latency™) SRAM, used in routers and switches. This combination of technology and design achieves the industry's best speed of 200 MHz at 2.5 volts.
- Cypress introduced a fast 3-Mbit asynchronous SRAM in a 24-bit-wide configuration optimized for DSP-based communications applications. Providing access times as fast as 9 ns, the device keeps pace with today's high-performance DSPs. The new device was designed by Galvantech Inc., which Cypress acquired in Q100.

- Cypress recently shipped its 20-millionth Zero Delay Buffer (ZDB). Zero delay buffers are clock circuits that replicate a single clock signal into multiple clock signals with virtually no delay or “skew” between them. Cypress reached the 20-million-unit milestone in just three years, doubling shipments year-over-year in each year since 1997.
- Cypress expanded its PREMIS™ clock family with the introduction of 11 new devices. PREMIS™ clocks shift their operating frequency continuously to provide significantly lower Electro-Magnetic Interference (EMI), a boon to systems makers, who must pass stringent Federal Communication Commission (FCC) tests for EMI before they ship their systems. This family of products has grown rapidly in communication, office equipment and consumer electronics applications since its introduction a year ago.
- Cypress announced the sampling of a high-performance, 48 MHz, USB family: EZ-USB FX™. EZ-USB FX is capable of gluelessly creating a USB port for practically any peripheral system--including mass storage, Home PNA (Phone Network Alliance), wireless LAN, video, DSL, cable modems, scanners and printers. The EZ-USB FX controller has been one of the most successful products in Cypress’s history with regard to reference design wins, including designs for DSL modems (3Com, Alcatel, Analog Devices), MPEG-2 video (C-Cube, iCompression, Stream Machines), Home PNA (3Com), and wireless LAN (Cisco, Lucent).
- Cypress achieved its 70-millionth shipment of USB chips in the quarter. To our knowledge, no other USB vendor has shipped half that number.
- Cypress announced the availability of a new generation of USB peripheral chips for PC mice, joysticks, game pads, and pointing devices. The enCoRe™ (enhanced Component Reduction) USB family adds value by integrating components typically found off-chip in low-speed USB

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applications, such as pull-up resistors, wake-up circuitry, a 3.3-V regulator, and even the crystal oscillator itself.

- Cypress released nine new frequency timing generator (FTG) devices for PC applications. These FTGs support platforms using Intel's 815 (Solano) and VIA's KT133 core logic. These platforms dominate mainstream PC shipments.
- Cypress introduced an upgrade to its 1-Mbit FLEx36™ family of x36 dual-port memories. FLEx36 dual-ports deliver industry-best performance of 133 MHz. With two 36-bit-wide ports each operating at 133 MHz, FLEx36 devices offer bandwidth up to 9.6 Gbps, which translates to roughly 700,000 typed pages transmitted per second.
- Cypress introduced a dual-port memory that serves as a PCI controller, offering a flexible, easy-to-configure interface to a variety of popular processors, including those manufactured by Texas Instruments, Intel and Motorola. The new chip integrates a PCI bridge chip, memory chip and glue-logic functions, offering a simple, cost-effective, single-chip solution that reduces system cost, saves board space, and increases performance.

Rodgers concluded, "Cypress has realized over 70% growth in the first half of 2000, double that of the semiconductor industry. With record bookings of \$408.1 million in the second quarter, a book-to-bill of 1.36, and continued favorable impact from our new product initiatives, we expect to set new records next quarter."

ABOUT CYPRESS SEMICONDUCTOR

Cypress Semiconductor provides high-performance integrated circuit solutions "By Engineers. For Engineers.™" for fast-growing companies in fast-growing markets,

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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 datacom/telecom 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>.

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