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For Immediate Release

CYPRESS UNVEILS BLUEPRINT TO DRIVE THE COMMUNICATIONS REVOLUTION

Assigns Market Segment P&L Organizations To Drive Segment Focus: Wide Area Networking, Storage Networking, Wireless Infrastructure, and Wireless Terminals

Appoints VPs to Oversee Redeployment; New Structure Will Enhance Efficiencies, Accelerate Already-Rapid Growth and Penetration of Fast-Growing Markets

SAN JOSE, California...October 16, 2000 – Already growing approximately twice as fast as the semiconductor industry, Cypress Semiconductor (NYSE: CY) today announced that it will embark on an ambitious plan to enhance its focus on fast-growing communications markets. Moving forward, Cypress will deploy four new market segment profit and loss centers cutting across the company's existing divisions.

In line with the new programs, Cypress appointed two vice presidents to head the newly formed business units focused around these segments. Dan Morris, previously vice president of Cypress's Data Communications Division, will head organizations targeted at the Wide Area Network (WAN) and Storage Networking (SN) market segments. Steve Whelan-- an 18-year semiconductor industry veteran with a background in wireless and satellite technologies such as CDMA, GSM, SMR, wireless data, broadband and VSTA-- joins Cypress to head up the Wireless Infrastructure and Wireless Terminal segments. The new business unit will merge with the existing management structure, which consists of Cypress's Data Communications, Interface Products, Timing Technology, and Memory Products division.

"Cypress already derives more than 70% of its revenues from key communications markets, a mix that has been driven in recent years by continually increasing new product revenues," said Cypress president and CEO T.J. Rodgers. "The new segment organization will take our business to the next level, completing Cypress's transformation from a product-focused organization to a market-focused organization."

“It’s pretty clear that Cypress has done a good job of targeting the right markets, and if you look at the results for the company over the last four to six quarters, the growth has been explosive,” said Mark Edelstone, senior semiconductor analyst with Morgan Stanley in San Francisco. “We think that looking into 2001 and beyond, Cypress is going to continue to gain market share.”

“The decision to reconfigure our organization across segment market lines follows an intensive segment marketing effort over the last three quarters in which market leaders were engaged in new product development,” said Ralph Schmitt, Cypress Vice President of Sales and Marketing. “These engagements have yielded packet-management and queueing products for Lucent Technologies, high-speed storage solutions for IBM and EMC, wireless access protocol- (WAP) specific packet processing products for Motorola and NEC, and optical switching products for Nortel Networks.

“We have added systems-level architects and strategic marketing resources to drive our segment organizations,” Schmitt said. “We intend to use this expertise to leverage our IP and core technologies by developing systems solutions as jointly defined by our customers.”

In recent months, Cypress has redeployed some of its senior sales and marketing personnel to leverage its fast-growing communications business. In May, Cypress announced the appointment of Ralph Schmitt as Sales and Marketing VP, charging him with accelerating the transition to a focus on end markets from a focus on point products. In line with the move, Schmitt took on the role long held by Dan McCranie, who became VP of New Business Development, enabling him to place a more dedicated focus on mergers and acquisitions.

The changes paid fast dividends, given McCranie’s pivotal role in Cypress’s recent acquisitions of companies including Alation and RadioCom--players in the Bluetooth/wireless business--and the acquisition of Silicon Light Machines, supplier of microelectromechanical systems (MEMS) technology applicable to fiber-optic networks and other applications. These deals were completed in lockstep with Cypress’s segment-marketing initiative.

“Our customers require us to engage with them earlier in the design cycle than ever before to determine their needs generations in advance,” Rodgers observed. “Early engagement mandates an unprecedented investment in time and resources devoted to our core markets, and Cypress is moving aggressively to remain ahead of the curve in creating a superior customer support structure.”

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About Cypress

Cypress Semiconductor is “Driving the Communications Revolution”™ by providing high-performance integrated circuit solutions to fast-growing markets, including data communications, telecommunications, computation, consumer products, and industrial control. With a focus on emerging communications applications, Cypress's product portfolios 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 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 4,100 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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