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For Immediate Release

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Cypress to Acquire Lara Networks to Provide OC-768 Solutions

***Deal to Acquire Leader in High-Performance, Wire-Speed Packet Processing Solutions
Is Cypress's Largest Acquisition Ever***

San Jose, Calif.—June 6, 2001—Cypress Semiconductor (NYSE: CY) today announced that it has signed a definitive agreement to acquire Lara Networks Inc., an industry leader in high-performance, silicon-based packet processing solutions for WAN infrastructure equipment. Lara's solutions target switches, routers and multiservice gateways handling multiple high-speed protocols up to OC-768 and including 10-Gigabit Ethernet.

Wire-speed packet processing is a key requirement of high-performance, next-generation networking systems. Lara's family of network search engines (NSEs) and network co-processors is used widely by leading networking OEMs. Lara has a longstanding relationship with Cisco Systems Inc. to provide custom co-processors for Cisco's Enterprise line of networking equipment. Lara also counts among its customers a variety of market leaders and emerging companies, including Juniper Networks, Foundry Networks, Extreme Networks, Ericsson, NEC and Fujitsu.

Lara's products are highly complementary to Cypress's existing product line for wide-area-network (WAN) infrastructure equipment, which includes a variety of physical-layer, framing, programmable-logic, timing-technology and multiport switching solutions for networking linecards.

The market for NSEs is expected to double over the next two years, growing from \$100 million to more than \$200 million by 2003, according to industry analysts Gartner Dataquest and IDC.

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“As packet processing becomes more complex amid increasing voice, data and video traffic in the network, the need to use NSEs to quickly and efficiently manage information across the linecard becomes a *requirement* and not an *option*,” said T.J. Rodgers, Cypress president and CEO. “Lara’s product line fills out Cypress’s portfolio of networking solutions, enables us to further penetrate a key, fast-growing communications market, and represents another milestone in our plans to compete head-to-head with pure-play data communications companies.

“Because today’s software and ASIC solutions cannot process packets at wire speeds, Cypress networking customers require NSEs and co-processors to build next-generation infrastructure equipment for wide-area, storage-area, metropolitan-area and local-area networks (WANs, SANs, MANs and LANs),” Rodgers said. “At present, none of the pure-play data communications companies offer NSE capabilities along with a full line of physical layers and framers.”

“In joining Cypress, Lara will have the financial and sales resources necessary to expand our capabilities and better serve our customers,” said Lara CEO Kamal Gunsagar. “In addition to comprehensive packet processing solutions, Lara brings in-depth systems knowledge that will dramatically enhance Cypress’s data communications business.”

NSE Technology and Solutions

Systems used for optical networking, Gigabit Ethernet, content-aware switching, virtual private networks (VPNs), Quality of Service (QoS), storage area networks, and a host of other high-performance applications require large and complex databases to manage their operation.

“Lara pioneered the development of NSEs and network co-processors—which perform very-high-speed, parallel database searches—to offload the complex routing table search function from network processors, thereby alleviating network bottlenecks,” said Jayan Ramankutty, Lara president and COO. “Our solutions address the complex requirements of forwarding Internet Protocol (IP) packets with support for QoS and Class of Service (CoS) in switches and routers.”

Lara’s NSEs have a clear advantage over hardware and software alternatives because of their high-performance search capability and scalability. NSEs and co-processors enable routers and switches to classify and forward data packets to thousands of destinations at wire speed.

Lara's product portfolio addresses the diverse requirements of leading-edge networking systems. The three NSE devices currently available can support up to one million table entries and perform 100 million look-ups per second. The NSEs, coupled with Lara's high-performance co-processors, provide a seamless interface to leading network processors from AMCC/MMC, Entridia, Intel, Motorola/C-Port, and Vitesse/Sitera. Lara's portfolio also includes reference design kits, which allow customers to accelerate their time-to-revenue.

NSE Market Dynamics

"As networking systems perform increasingly more complex routing and switching functions, we expect that the demand for NSEs will grow rapidly," said Christopher Norris, vice president of Cypress's Data Communications Division. "Lara's leadership and expertise in this market make it a vital part of Cypress's data communications strategy."

"The need for more sophisticated traffic management solutions continues to increase, and Lara's products are among a select group that alleviate data processing bottlenecks in high-end communications systems," said John Barton, senior communications semiconductor analyst at Prudential Securities. "It is anticipated that the market demand for classification/look-up engines will significantly increase over the next several years. Lara's products complement Cypress's data communications portfolio and will strengthen Cypress's position as a provider of end-to-end system solutions for communications markets."

Total consideration for the transaction is \$225 million, to be paid predominantly in cash, with a provision for extra earn-out based on performance. The acquisition is expected to be dilutive for several quarters and is subject to standard regulatory and shareholder approvals and other customary closing conditions.

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 portfolio includes high-speed data communications ICs; networking-optimized and micropower static RAM; high-bandwidth multiport switching solutions and FIFO memories; high-density programmable logic

devices; timing technology solutions; and controllers for Universal Serial Bus (USB). Cypress's Web site is located at www.cypress.com.

About Lara Networks

Lara Networks Inc., headquartered in San Jose, California, is the industry leader in high-performance network search engines, having the largest installed base within high-performance network switches and routers. Lara designs, develops, and markets silicon solutions with its patent-pending Associative Processing Technology™ (APT™). This technology advantage helps Lara fuel the converging communications industry. Lara's products are designed to optimize newer, more complex applications through hardware acceleration. Such applications include optical networking, web switching, policy enforcement, virtual private networking (VPN), Quality of Service (QoS), and Class of Service (CoS). For more information please visit www.laranetworks.com.

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Safe Harbor Provision

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: This news release contains forward-looking statements regarding the completion of the acquisition, the impact of the acquisition on Cypress's operating results, future market demand and acceptance of Cypress's and Lara's products, and development of new business and products of the combined company which involve risks and uncertainties. These statements can be identified by use of the words "will," "plan," "expect" and similar phrases. Cypress's actual results may vary materially from the results discussed in the forward-looking statements.

Factors that may cause such a difference include those risks surrounding the closing of the acquisition; timely development, production and continued and increased market acceptance of the combined companies' products; Cypress's ability to successfully combine the operation of the two companies; the ability of the combined company to compete in the highly competitive and rapidly changing marketplace; and the other risks detailed from time to time in Cypress's periodic reports filed with the Securities and Exchange Commission, including but not limited to its annual report on Form 10-K for the fiscal year ended December 31, 2000 and its quarterly reports on Forms 10-Q and 10-Q/A for the fiscal quarter ended April 1, 2000.

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