

CYPRESS SEMICONDUCTOR MAPS OUT USB STRATEGY

Targets USB Market Segments With Solutions for the Entire Spectrum of PC Peripherals

SAN JOSE, Calif., December 2, 1999 -- In the wake of two recent acquisitions in the Universal Serial Bus arena, Cypress Semiconductor Corporation (NYSE: CY) today mapped out its strategy for the fast-growing USB market.

Extending its proprietary portfolio with technology and products gained through the recent additions of Anchor Chips and Intel's high-performance USB line, Cypress now offers a microcontroller for virtually every USB peripheral (see table page 2). The company aims to engage with equipment manufacturers in discrete USB application and market segments, ranging from mice, keyboards, and joysticks, to higher-speed hubs, scanners, and digital cameras.

Leveraging technology gained through the Intel deal, its own expertise with high-speed transceiver design, and a solid portfolio of USB design wins, Cypress—the USB market-share leader—also aims to extend its position into the emerging market for USB 2.0. A specification with target speeds up to 480 Mbps, USB 2.0 is expected to open new applications to USB, including full-motion video.

“Originally we viewed the USB market as falling into two broad categories: low-speed applications with transmission speeds up to 1.5 Mbps and full-speed applications with speeds up to 12 Mbps,” said Dan McCranie, Cypress executive vice president of sales and marketing. “But after four years in the USB business, 20 million units sold, and the experience of engaging with dozens of major OEMs, it has become clear to us that the USB market actually is segmented more narrowly, by peripheral type and application. We aim to attack these market segments accordingly.”

“We were early to recognize the potential of USB,” McCranie said. “We have executed successfully, enabling us to become the No. 1 player in this market. We fully intend to build on our success and to extend our market position and technology leadership as USB 2.0 hits the market.”

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Functionality and Options

Cypress provides targeted solutions for every segment of the USB market, drawing on a wide variety of implementation schemes, architectures, and feature sets. Cypress's original mouse chip, for example, was designed in conjunction with Microsoft to meet the needs of this very high-volume, cost-sensitive application. The CY7C63000 family is driven by the industry's smallest 8-bit RISC core and features integrated programmable EPROM in blocks of 4 or 8 Kbytes. By contrast, the EZ-USB™ family, designed by Anchor, is built around a larger, more robust 8051 microprocessor, and its architecture is SRAM based—meaning that firmware can be downloaded from the host PC and easily reconfigured.

Mixing and matching configurations, capabilities, and options, Cypress offers solutions targeted at individual segments of the USB market.

USB Peripheral	Cypress Solution
Mouse	CY7C63xxx family
Keyboard + hub	CY7C66xxx family
Motherboard hub	CY7C651xx family
Speakers	AN2135SC (Anchor Chips)
Standalone Hub	CY7C650xx
Scanner	AN2136SC (Anchor Chips)
Camera	AN2131QC (Anchor Chips)
Phone/Fax	8x930 (Intel)
Video Camera	AN2131QC (Anchor Chips)

USB Market Dynamics

Market research firm DataQuest (San Jose) estimates that 27 million USB peripheral chips will ship in 1999, skyrocketing to 85.5 million next year (225% growth). DataQuest sees the market growing to almost 500 million units in 2003. Other market observers, including financial analyst SG Cowen, believe the DataQuest figures may underestimate the size of the market, currently and in the future.

Cypress is the market-share leader in USB, having shipped more than 20 million units. According to market researcher Cahners In-Stat (Scottsdale, Ariz.), Cypress has shipped more than half of all USB peripheral controllers.

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Cypress Maps Out USB Strategy – Page 3

USB market estimates do not typically include the application- and market-expanding possibilities of USB 2.0, which has a target speed of 480 Mbits/second, as defined by the USB 2.0 Promoter Group. Under its recent licensing agreement with Intel—a key driver of USB standards—Cypress gained access to technology that will facilitate early delivery of USB 2.0 products.

“There is huge potential in USB—and in the PC peripherals and other systems that rely on it,” McCranie concluded. “And that means huge potential for Cypress.”

About Cypress Semiconductor

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 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 datacom/telecom markets and dynamic companies such as Lucent, Cisco, 3Com, Alcatel, Motorola, Ericsson, and Nortel Networks. 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 3,600 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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Press Release

Cypress Maps Out USB Strategy – Page 4

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