

CYPRESS OPTIMIZES SPECIALTY MEMORIES FOR DATA SUPERHIGHWAY

"Internet" Memories Designed For Bandwidth Rather Than Density Support Aggressive Push Into Fast-Growing Datacom/Telecom Markets

SAN JOSE, California...August 17, 1999 -- Cypress Semiconductor Corporation today announced a change in its strategy to meet the demand of networking customers for increasingly fast multiport and first-in, first-out (FIFO) memories. Moving forward, Cypress plans to optimize specialty memories targeted for certain high-performance applications--including the transfer of data over the Internet--for bandwidth, rather than for density.

Cypress recently introduced its first "Internet" memories, the FLEx36™ family of x36 dual-port SRAMs. With two 36-bit-wide ports each operating at 100 MHz, a FLEx36 device offers bandwidth up to 7.2 gigabits of data per second—enough to process 500,000 typed pages of information per second.

Bandwidth can be increased by adding more ports, widening the word width of devices, and/or increasing clock speeds. Moving forward, Cypress plans to use all of these methods to extend its bandwidth leadership with new architectures optimized for bandwidth. The company expects to announce a bandwidth optimized new product within the next two months, and is aiming to break the 10 Gbps barrier in the first half of next year and to achieve 25 Gbps later next year.

"Multimedia, emerging wireless Internet protocols, and other applications are all fueling the demand for more bandwidth. Memories optimized for high-speed data cycling through switching and routing equipment, rather than deeper devices optimized for traditional storing-and-forwarding, are called for in many of these applications," said Jess Huffman, SRAM industry analyst for Cahners In-Stat Group (Scottsdale, AZ). "By focusing on bandwidth instead of density alone, Cypress is taking the correct approach to meet the needs of an important, fast-growing segment of the data communications business."

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"The Information Superhighway is paved with silicon," said T.J. Rodgers, Cypress president and CEO. "By the year 2003, 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 integrated circuit."

Devices optimized for throughput are ideal for bandwidth-hungry local area networks (LANs), wide area networks (WANs), and storage area networks (SANs), all of which are used to transfer and store the rapidly expanding amount of information that travels over the Internet.

"More than 70% of Cypress's revenues, across all of its product lines, come from the data communications and telecommunications markets," Rodgers said. "Lucent/Ascend, NorTel/Bay Networks, Cisco Systems, 3Com, Alcatel, EMC, and NEC, are among our largest accounts, and as a result we understand the needs of these businesses."

Cypress has introduced families of faster, deeper, wider specialty memory devices over the last several years, gaining market share and filling out its specialty memory portfolio. The Internet-optimized FLEx36 device underscores the company's hopes to capitalize on its expertise in analog/mixed-signal development and its solid product base in Fibre Channel, ESCON, ATM, and SONET.

Moving forward, Cypress aims to target high-speed networking solutions, penetrating beyond the physical layer to address "bandwidth-aggregation" problems in high-speed switches, which occur when several high-speed data ports attempt to move data through a switch simultaneously.

Toward that end, Cypress recently acquired Fremont, CA- and Bangalore, India-based Arcus Technology, a developer of datacom/telecom protocols and logic-based technology. The acquisition will expand Cypress's ability to integrate high-density, high-speed logic with new mixed-signal functions that will expand Cypress's served available market in the high-growth PDH and SDH markets with PDH over SONET, IP/ATM over SONET, and pure SONET products.

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Arcus develops a range of intellectual property, product designs, and packaged devices for datacom/telecom markets, providing ASIC solutions for WDM, internet protocol over SONET, framers, mappers, PDH multiplexers, and switching technology. Its customer base includes Northern Telecom, Lucent, Tellabs, and other leading communications companies.

Cypress also has engineered its next generation of fast, synchronous SRAM products with the networking market in mind, recently announcing that in conjunction with Micron and IDT it had developed a new SRAM architecture for high-speed communications applications. Quad Data Rate (QDR™) SRAMs target next-generation switches and routers that operate at data rates above 200 MHz.

"Cypress maintains a strong commitment to research and development to create new products for data communications and other markets," Rodgers said. "And we will continue to evaluate acquisitions such as Arcus that we believe can help us in the fast-growing datacom area."

Cypress Semiconductor Corporation provides a broad range of products for leading computer, networking, and telecommunications companies worldwide. Cypress's product line includes static RAM and specialty memories; programmable logic devices (PLDs); data communications products; timing devices, and Universal Serial Bus (USB) microcontrollers. Its shares are listed on the New York Stock Exchange under the symbol CY. The company's worldwide web site is <http://www.cypress.com>.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release regarding Cypress's business that are not historical facts are "forward-looking statements" involving risks and uncertainties, including, but not limited to, market-acceptance risks, the effect of global economic conditions and shifts in supply and demand, the impact of competitive products and pricing, product development, commercialization and technological difficulties, and capacity and supply constraints.

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Note: Flex36 is a trademark of Cypress Semiconductor. QDR SRAMs and Quad Data Rate comprise a new family of products developed by Cypress Semiconductor, IDT, and Micron Technology.