



CYPRESS Q298: REVENUE \$120 MILLION, 7-CENT LOSS

San Jose, California, July 14, 1998....Cypress Semiconductor Corporation (NYSE: CY) today reported that revenue for the second quarter ended June 29, 1998, was \$119.7 million, up 2.4% from last quarter's revenue of \$116.9 million and down 13.3% from the year-ago quarter's revenue of \$138.1 million.

Basic and diluted EPS (loss per share) improved to a loss of \$0.07 compared with the loss of \$1.11 last quarter. Last quarter's EPS included restructuring and other non-recurring charges of \$0.92. The comparable year-ago quarter's earnings were \$0.07 per share.

Progress of Restructuring

Following the manufacturing restructuring plan announced last quarter, the company has reduced the capacity of its Fab 2 facility in Round Rock, Texas to meet current demand. The company has also eliminated SRAM production in that facility, which is now totally focused on supporting the higher-margin non-SRAM products.

During the quarter, the company accelerated the planned shutdown of its 6-inch, 0.6-micron wafer fabrication plant, Fab 3, in Bloomington, Minnesota, and moved all its production to Fab 4, the company's 8-inch, 0.35-micron fab, also in Minnesota. The Fab 3 shutdown will be completed one quarter ahead of schedule and should contribute to an EPS improvement in the third quarter.

The planned shutdown of the company's test plant in Thailand and the consolidation of the majority of test manufacturing operations in the company's new, fully automated Manila plant is proceeding on schedule and should be complete by the fourth quarter.

New Products

The company introduced and realized revenues on five new products in the quarter ended June 29. The most notable:

- A 3.3-volt version of the market-leading RoboClock® programmable clock chip, a device that compensates for timing differences caused by the different "trace lengths" of individual signals on a printed circuit board.
- A 2-Mbit NoBL™ SRAM, one of a family of networking-optimized Cypress products that eliminates the "wait states" during read/write transitions, dramatically increasing system bandwidth.
- A "ROAM™" memory chip, with SRAM and ROM (static random access memory and read-only memory) on a single chip.

The company's restructuring initiatives—combined with its new products—contributed to the EPS improvement described in this report and will bring continued benefit over the next several quarters.

Cypress CEO T.J. Rodgers stated, "We're pleased with the results of the second quarter, that we realized modest sequential growth from last quarter, considering the difficulty our industry faces. In addition, due to the restructuring, our profitability improved dramatically and we expect growth in both revenue and earnings again in the third quarter. It appears that the first quarter was likely the bottom of the current semiconductor recession, but our order visibility is still poor in this environment."

Cypress Semiconductor Corporation is an international supplier of high-performance integrated circuits with worldwide headquarters in San Jose, California. The company provides a broad range of products for leading computer, networking, and telecommunications companies worldwide. The company's product line includes static RAMs, high-speed PROMs, and specialty memories; programmable logic devices (PLDs); data communications products; and timing devices and USB microcontrollers. Cypress shares are listed on the New York Stock Exchange under the symbol CY. The company has a site on the worldwide web at <http://www.cypress.com>.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release regarding benefits from restructuring initiatives, outlook for the rest of 1998 and 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 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. Please refer to the MD&A (Management Discussion and Analysis of Financial Condition and Results of Operations) for a discussion of such risks in the most recent Cypress annual report on Form 10-K and the quarterly report on Form 10-Q.

RoboClock is a registered trademark and NoBL, ROAM, and Cypress are trademarks of Cypress Semiconductor Corporation.