CYPRESS Q399: REVENUE $184.5 MILLION, EBG $0.24
RECORD REVENUE AND BOOKINGS

San Jose, California, October 19, 1999 . . . . Cypress Semiconductor Corporation (NYSE: CY) today announced record revenue for the third quarter ended October 3, 1999, of $184.5 million, up 14.2% from the prior quarter's revenue of $161.5 million and up 28.3% from the year-ago quarter's revenue of $143.8 million.

After acquisition-related charges, net income for the quarter was $26.4 million, resulting in basic earnings per share (EPS) of $0.25 and diluted EPS of $0.23. Excluding pre-tax acquisition-related charges of $1.9 million (herein collectively referred to as goodwill) for transaction costs and amortization of intangibles, net income was $28.2 million, resulting in basic earnings before goodwill (EBG) of $0.26 per share and diluted EBG of $0.24 per share—an 84.6% improvement from last quarter's diluted EBG of $0.13 and a significant increase from the year-ago quarter's EBG of $0.02 per share.

Cypress CEO T.J. Rodgers said, "In the beginning of the quarter, I challenged our employees to beat the Q495 revenue record of $177.3 million. Our employees responded to that challenge, allowing us to set a revenue record of $184.5 million. On a year-to-date basis, including historical 1998 IC Works revenue, Cypress has a 21.6% year-on-year growth rate, close to double that of industry growth projections for 1999.

Rodgers continued, "The revenue acceleration is in large part driven by our new product revenue focus, which set a company record of $28.8 million in the third quarter. We also had record bookings of $231.4 million in the third quarter, which resulted in a book-to-bill ratio of 1.25.

Rodgers continued, "Our diluted EBG of $0.24 per share benefited not only from higher sales but from continued improvement in manufacturing efficiency, leading to a gross margin of 47%, up from last quarter's 44% margin and the year-ago-quarter's 33% margin. The manufacturing ramps we announced earlier in the year are progressing as planned, and we are in the process of implementing further wafer fab expansion and securing incremental wafer foundry services."

ACQUISITIONS AND BUSINESS DEVELOPMENT

During the quarter, Cypress continued its business development and major alliance efforts.

- September 30, 1999 – Cypress announced a licensing agreement with Intel Corporation for the high-performance 8x930 and 8x931 families of USB peripheral controllers and development tools. This agreement facilitates joint engagement with Intel's current USB customer base. It follows Cypress's May 1999 acquisition of Anchor Chips, a provider of high-performance solutions for USB and PCI. With the completion of these acquisitions, Cypress has the silicon, software, and support to meet every USB market need. Cypress also has more than 50% of the USB peripheral controller market.

- October 5, 1999 – Cypress announced the acquisition of both Altera's MAX5000® Programmable Logic Device (PLD) product line and Altera's equity interest in Cypress's Fab II manufacturing facility in Round Rock, Texas. This creates an opportunity for Cypress to expand its customer base and revenue. The acquisition also expands Cypress's presence in the PLD business as it launches and expands its Ultra37000™ and Delta39K™ families.

- July 26, 1999 – Cypress jointly defined and developed a new SRAM architecture for future high-performance communications applications. Quad Data Rate (QDR™) SRAMs target the next generation of switches and routers that operate at data rates above 200 MHz.

- July 30, 1999 – Cypress and Lexmark International demonstrated a Lexmark Optra Se 3455 Laser Printer with a 66-MHz data bus enabled on a two-layer PCB board by virtue of Cypress's EMI-reducing frequency timing generators.

- The integration of prior acquisitions, IC Works, Anchor Chips, and Arcus Technology, is progressing on schedule.

NEW PRODUCTS AND TECHNOLOGY

Cypress posted record new product revenue in Q399. A significant portion of Cypress's new product activities focus on the communications market and are directed toward the higher-bandwidth demands of that market. A description of key new-product activities during the quarter follows:

- Cypress sampled two new 0.25-micron 4-Mbit synchronous SRAMs – the CY7C1347B and CY7C1338B. These parts, the first two of a full line of 4-Mbit synchronous parts, are upgrades to our 0.35-micron family and utilize our 0.25-micron technology to provide state-of-the-art speed and power.

- Cypress sampled and recognized first revenue on a low-power, flash-compatible 4-Mbit MoBL™ (More Battery Life™) SRAM. This SRAM is specifically designed to be stacked by flash vendors in an SRAM/flash combination package. Stacking the SRAM in the same package as the flash memory provides a major board space savings for wireless-handset manufacturers.

- Cypress introduced the first "Internet" memories, its 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. Cypress plans to optimize specialty memories targeted for certain high-performance applications—including the transfer of data over the Internet—for bandwidth, and latency (Internet critical parameters), rather than for density and cost per bit (PC critical parameters).

- Cypress announced the design-in of its CY7C63613 USB microcontroller in the optical-sensor-driven, next-generation Microsoft IntelliMouse® Explorer. The new mouse uses optical tracking technology and an on-board digital signal processor to translate images of the work surface into precise pointer movements—without the need for mouse balls and pads. A Cypress USB microcontroller links the new mouse with any USB-compatible PC.

- Cypress extended its leadership in the programmable clock chip market with the introduction of a 110-MHz, 3.3-V version of the popular CY7B991V device (known as RoboClock®) to address high-bandwidth applications. The CY7B9911V offers the same industry-leading features as the original RoboClock, including programmable skew and zero propagation delay, while addressing higher-speed applications up to 110 MHz and the need for 3.3-V supply voltage.

- Cypress's x36 Sync FIFO (First-In/First Out) memories are now available at 133 MHz, making them the fastest and highest-bandwidth 36-bit-wide FIFOs on the market. With two independent ports, each capable of handling 36 bits at 133 MHz, the new FIFOs deliver an industry-best 9.6 Gbps of bandwidth. They are ideal memory-buffer solutions 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 data that travels over the Internet.

- Cypress introduced 100-MHz versions of its 8-, 9-, 16-, and 18-bit-wide dual-port memories. The product introduction gives Cypress the industry's first complete line of low-voltage 100-MHz devices, from 8-bit to 36-bit word widths and up to 1 Mbit in density. The new products come in a variety of configurations, including pipelined and burst modes.

- Cypress announced the completion of programming support available on Genrad, Hewlett-Packard, and Teradyne automated test equipment (ATE) for its Ultra37000™ family of complex programmable logic devices (CPLDs).

- Cypress is the first company in the timing technology industry to receive validation of its Direct Rambus® Clock Generator (DRCG). The W134 is a high-performance frequency timing generator (FTG) that provides the differential clock signals for Direct Rambus memory subsystems. The W134 generates clock frequencies in the range of 267 to 400 MHz and supports Direct Rambus memory systems with up to a 1.6 gigabit-per-second (Gpbs) data transfer rate.

- Cypress announced the development of a 3.3-volt, double-layer-metal, 0.25-micron BiCMOS process to be employed in next-generation products in areas including high-speed physical-layer devices, wireless communications products, and high-frequency RF applications. This process is anticipated to provide an optimal mix of speed, power, and cost relative to competing processes. It will allow Cypress to efficiently integrate mixed-signal, memory, and high-speed logic circuits. Among the first products scheduled to use the new technology is a high-performance transceiver that is expected to attain speeds of 2.5 Gbps.

- Cypress acquired rights and patents covering SONOS (Silicon Oxide Nitride Oxide Silicon) non-volatile memory technology. The agreement gives Cypress a cost-effective, electrically-erasable, non-volatile memory structure that can be efficiently integrated into a wide range of Cypress products, including timing generators, USB and general-purpose microcontrollers, and Neuron™ chips that enable control networks in home and industrial applications. Cypress can manufacture SONOS circuits with its standard SRAM process plus three additional mask steps, offering time-to-market that is comparable with new SRAMs and low incremental costs.

Rodgers concluded, "The third quarter of 1999 represents our sixth sequential quarterly revenue improvement. Barring any unforeseen problems, we are on track to close fiscal year 1999 with another revenue record. There is consensus among industry watchers that the semicoductor industry is likely to grow in the 15-18% range in the year 2000. We expect to outperform that forecast."

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 multiport 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 Northern Telecom. 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 3,500 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.

SAFE HARBOR PROVISIONS

"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.

In addition, the above news release contains forward-looking statements regarding the acquisition of IC Works, Anchor Chips, Arcus Technology, Altera’s Max 500 product line, licensing with Intel and the alliance with Echelon. The impact of these acquisitions and alliances on Cypress's operating results, future market demand and acceptance of Cypress's and acquired businesses' products and development of new business and products of the combined company involves risks and uncertainties. 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 integration of the acquired businesses, timely development, production and continued and increased market acceptance of the combined companies' products, 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 report on Form 10-K for the fiscal year ended January 3, 1999 and its reports on Form 10-Q for the second quarter of 1999 ended July 4, 1999.

CYPRESS SEMICONDUCTOR CORPORATION
COLSOLIDATED BALANCE SHEET
(In thousands, except per share data and share amounts)

(Unaudited)

	Oct 3, 1999	Jan 3, 1999
ASSETS		
Current assets:		
Cash and short-term investments **	$ 202,791	$ 160,561
Accounts receivable, net	93,253	68,955
Inventories, net	79,270	65,096
Other current assets	23,042	14,372
Total current assets	398,356	308,984
Property and equipment, net	352,323	348,936
Long-term investments **	105,572	57,046
Restricted investments **	61,288	59,742
Other assets	47,704	8,223
Total assets	$ 965,243	$ 782,931
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 69,756	$ 53,932
Accrued liabilities	45,767	33,145
Deferred income on sales to distributors	19,659	13,300
Income taxes payable	24,635	13,591
Total current liabilities	159,817	113,968
Convertible subordinated note	160,000	160,000
Deferred income tax	10,364	--
Other long-term debt	8,076	10,240
Total liabilities	338,257	284,208
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value, 5,000 shares authorized; none issued and outstanding	--	--
Common stock, $.01 par value, 250,000 share authorized; 114,270 and 109,586 issued; 109,290 and 102,123 outstanding	430,470	318,098
Retained earnings	196,516	180,625
Total stockholders' equity	626,986	498,723
Total liabilities and stockholders' equity	$ 965,243	$ 782,931

** Cash at October 3, 1999 totals $369,651.

CYPRESS SEMICONDUCTOR CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share data)

	THREE MONTHS ENDED (Unaudited)			NINE MONTHS ENDED (Unaudited)	
	Oct 3, 1999	Sep 28, 1998	Jul 4, 1999	Oct 3, 1999	Sep 28, 1998
Revenues	$ 184,497	$ 143,791	$ 161,523	$ 497,611	$ 409,320
Costs and expenses:					
Costs of revenues	98,528	96,419	90,230	277,561	313,486
Research and development	32,021	28,184	32,335	95,306	83,853
Selling, general and administrative	26,000	22,391	25,386	74,825	67,942
Acquisition and merger costs	1,879	-	6,062	11,683	-
Restructuring costs (credits)	-	(59)	(100)	(3,811)	60,737
Total operating costs	158,428	146,935	153,913	455,564	526,018
Operating Income (loss)	26,069	(3,144)	7,610	42,047	(116,698)
Interest expense	(2,458)	(2,745)	(2,463)	(7,244)	(8,548)
Interest income and other	4,196	4,926	3,805	11,097	8,312
Income (loss) before income tax	27,807	(963)	8,952	45,900	(116,934)
(Provision) benefit for income tax	(1,390)	2,771	(472)	(2,319)	13,766
Net income (loss)	$ 26,417	$ 1,808	$ 8,480	$ 43,581	$ (103,168)
Basic net income (loss) per share	$ 0.25	$ 0.02	$ 0.08	$ 0.42	$ (1.01)
Goodwill net of taxes per share	$ 0.01	$ -	$ 0.06	$ 0.11	$ -
Restructuring costs (credits) net of taxes per share	$ -	$ -	$ -	$ (0.03)	$ 0.54
Basic earnings (loss) before goodwill per share	$ 0.26	$ 0.02	$ 0.14	$ 0.50	$ (0.47)
Diluted net income (loss) per share	$ 0.23	$ 0.02	$ 0.08	$ 0.40	$ (1.01)
Goodwill net of taxes per share	$ 0.01	$ -	$ 0.05	$ 0.10	$ -
Restructuring costs (credits) net of taxes per share	$ -	$ -	$ -	$ (0.03)	$ 0.54
Diluted earnings (loss) before goodwill per share	$ 0.24	$ 0.02	$ 0.13	$ 0.47	$ (0.47)
Shares used in per share calculation:					
Basic	107,508	101,600	104,094	102,974	102,194
Diluted	117,103	105,492	109,100	109,040	102,194

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