

CYPRESS SEMICONDUCTOR ACQUIRES ANCHOR CHIPS INC.

Company Specializes in High-Speed Microcontrollers for Universal Serial Bus Standard

SAN JOSE, California...May 25, 1999 -- Cypress Semiconductor Corporation (NYSE:CY) today announced the acquisition of Anchor Chips Inc. (www.anchorchips.com), a privately held company based in San Diego, California.

Anchor Chips designs and markets peripheral microcontroller chips for Universal Serial Bus, the industry-standard connection that provides plug-and-play interconnect capabilities for PCs and Macs and their peripherals.

Under the terms of the agreement, Cypress acquired Anchor Chips in a cash transaction totaling under \$15 million. The acquisition, which was effective May 21, 1999, is expected to be accretive to Cypress's 1999 earnings, excluding in-process R&D write-offs and transaction-related costs, which will be recorded in the second quarter.

Anchor Chips specializes in USB devices aimed at high-speed applications, including printers, scanners, xDSL modems, and digital cameras. The company's product portfolio is expected to complement and extend Cypress's complete line of silicon and tools for low-speed devices (mice, trackballs, joysticks, and keyboards) and hubs.

"This acquisition clearly positions Cypress as the leading supplier of peripheral controllers in the USB market," said J. Daniel McCranie, Cypress's executive vice president, sales and marketing. "Anchor Chips' high-speed USB devices are extraordinarily flexible and feature-rich, and Anchor Chips itself is an exciting company with excellent products and extremely talented people."

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"Cypress and Anchor Chips represent two strong performers in the USB marketplace," said Ron Sartore, Anchor Chips' founder, president, and CEO. "Our product lines are highly complementary, and the combination of our two companies creates the most attractive, broadest USB product line in the industry."

With an estimated five USB connections per PC, times approximately 100 million PCs shipped per year, the PC peripheral segment of the USB market is growing rapidly. The technology also has penetrated applications such as wireless phones, and may eventually extend to the transmission of full-motion video.

Cypress is the market-share leader in USB, recently shipping its 10 millionth USB chip. Cypress achieved this milestone in only two years, having shipped its first microcontroller in Q1 1997. According to market-research firm Cahners In-Stat (Scottsdale, Ariz.), Cypress has shipped over 50% of all USB peripheral control devices, giving it the leadership position in this fast-growing market. Cypress's first USB chip was designed under contract with Microsoft for that company's USB "Intellimouse™," and since then Cypress has established relationships with a wide range of PC peripheral manufacturers.

Anchor Chips' USB families cover a wide range of packages, memory sizes, memory types, I/O configurations, and prices. All of these parts are software-compatible and they are pin-compatible within a package type. Anchor's "soft-hardware" products offer the performance of hardware and the flexibility of software. Anchor has implemented an innovative SRAM-based architecture in conjunction with a high-performance version of the industry-standard 8051 microcontroller. The end benefit of this architecture for Anchor's customers is that they can implement multiple designs based upon one hardware platform, make last minute corrections in their manufacturing lines, and provide their end customers with software upgrades via the Internet. The net result for these customers is fewer hardware iterations in their development cycles, faster time to market, reduced risks, and lower cost.

Anchor Chips also manufactures EZ-Link Instant Network. EZ-Link allows end users to network two or more computers together via their USB ports. This 100% Windows networking-compatible solution lets users share printers, files, and drives, as well as enjoy multiplayer games. EZ-Link won the prestigious "Best of Comdex Award for New Technology."

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In addition to USB products, Anchor Chips offers a new PCI bus interface architecture that replaces the historic DMA/FIFO architecture with a shared memory architecture. This architecture completely removes the historic latency associated with moving data from the interface's FIFO to the memory space of the local processor.

Anchor Chips Incorporated is a semiconductor company that creates, designs, and markets innovative integrated circuits and bus-related products that simplify interfacing to emerging bus standards. Anchor's products virtually eliminate the complexities of modern bus interface design for the system designer. The company's first products -- CO-MEM Lite™ and -- EZ-USB™ -- are based upon the Peripheral Component Interconnect (PCI) bus and the Universal Serial Bus (USB).

Cypress Semiconductor Corporation, with international headquarters in San Jose, California, 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 herein that are not historical facts are "forward-looking statements" involving risks and uncertainties. In addition, this news release contains forward-looking statements regarding the impact of the acquisition on Cypress's future operating results and earnings, future market demand and acceptance of Cypress's and Anchor Chips' products, development of new business and products of the combined company and market growth rates for Cypress and Anchor Chips products. Each of these forward-looking statements 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 risks in timely development and production of the combined companies' products; continued and increased market acceptance of the combined companies' products; Cypress's ability to successfully combine the operations 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 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 on Form 10-Q for the first quarter of 1999 ended April 4, 1999.