

CYPRESS SEMICONDUCTOR TO ACQUIRE IC WORKS

SAN JOSE, Calif.--(BUSINESS WIRE)--Jan. 21, 1999--Cypress Semiconductor Corporation (NYSE: CY) and IC WORKS, Inc. (ICW), a privately held company, today announced the signing of a definitive agreement for ICW to merge with Cypress. ICW, a company specializing in system timing generation integrated circuits, had average quarterly revenues of approximately \$17.6 million and net income of approximately \$2.7 million during the last three quarters of their current fiscal year 1999.

T.J. Rodgers, Cypress's president and CEO said, "The acquisition of ICW is the next move in a series of steps designed to reduce Cypress's dependence on the highly cyclical memory business. In addition, ICW is strong in the area of timing generation for personal computers, while Cypress focuses on timing-generation products for programmable clocks and precision clocks, making the acquisition highly complementary. We also believe Cypress's broad customer base and manufacturing will be able over time to lower ICW's cost and improve ICW's profitability. Consequently, excluding transaction-related costs and potential costs to combine operations, the transaction is expected to benefit results."

Rodgers continued, "IC WORKS is also in the wireless RF business, a new area for Cypress. We believe that their RF expertise combined with our 0.25-micron BiCMOS technology will create an exciting new business for the combined companies."

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Rodgers concluded, "The combination of these two companies also will be capable of quickly creating and manufacturing a broad range of diverse clocking functions to the electronics system industry. As such, our customers should look forward to being able to chose from a broader product portfolio, as well as an improvement in the fundamental cost structure in the manufacturing of these circuits, primarily as a result of a fuller, more efficient manufacturing center at Cypress."

Ilbok Lee, IC WORKS's president and CEO said, "This merger will facilitate and accelerate expansion of our participation in the growing system timing solution and RF frequency synthesizer markets."

The agreement provides for Cypress to issue 13.7 million shares in exchange for all outstanding stock and options of ICW. The merger is intended to be accounted for as a pooling of interests. The closing is subject to regulatory approvals, ICW shareholder approval, and other customary conditions to closing.

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 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>.

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IC WORKS is a leading manufacturer of frequency timing generators, including clock driver ICs and RF frequency synthesizers. The company's chips provide the frequency reference for personal computers, printers, disk drives, set-top boxes, and many types of electronic devices. The company has a site on the worldwide web at <http://www.icworks.com>.

The above news release contains forward-looking statements regarding the completion of the acquisition, the impact of the acquisition on Cypress's operating results, future market demand and acceptance of Cypress's and ICW's products and development of new business and products of the combined company which involve 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 closing of the acquisition, timely development, production and continued and increased market acceptance of the combined companies' products, Cypress's ability to successfully combine the operation 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 December 29, 1997 and its reports on Form 10-Q for the fiscal quarter ended September 30, 1998.

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