

Press Release

CYPRESS SEMICONDUCTOR ACQUIRES ARCUS TECHNOLOGY

Deal Marks Aggressive Launch Into New Datacom/Telecom Markets

SAN JOSE, CA, June 30, 1999 -- Cypress Semiconductor Corp. (NYSE:CY) today announced that it acquired Arcus Technology (www.arcustech.com) a privately held company based in Fremont, California, and Bangalore, India. Under the terms of the agreement, Cypress acquired Arcus in a cash and stock transaction totaling approximately \$20 million.

The move signals a continuing push by Cypress to penetrate rapidly expanding datacom/telecom markets. These markets are being driven by an Internet-related explosion in the need for more bandwidth and increasing customer demands for technology portability.

Arcus's datacom/telecom protocol and logic-based technology complements Cypress's capabilities in high-speed physical layer technology, PLLs and specialty memory. The acquisition will expand Cypress' served available market with high-growth, high-margin T1/T3 access protocols, SONET, and Dense Wave Division Multiplexing (DWDM).

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.

"Arcus's intellectual property positions Cypress to take advantage of the rapid growth in WAN and WAN-access bandwidth," said T. J. Rodgers, Cypress president and CEO. "We will be able to offer more highly integrated products that provide greater value to our customers. We also gain the design talent of approximately 70 engineers needed to support our drive to become a broader-based data communications company"

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"About two-thirds of Cypress's revenues--across all of its product lines--comes from datacom/telecom markets," said Dan McCranie, executive vice president, sales and marketing. "We understand the needs of leading companies in these businesses.

"The Arcus acquisition provides tremendous synergy with Cypress's current position and future strategy," McCranie added. "This includes our upcoming product offerings, our plans to penetrate beyond the physical layer, and the development of a process technology geared toward even higher-speed communications than the current 150-400Mbps enabled by our popular HOTLink™ (High-speed Optical Transceiver Link) chipset."

"We are delighted to team up with a company that offers the complementary intellectual property, strong customer relationships, and outstanding management to become a force in the communications market," said Arcus Chairman and CEO, Arya Bhattacharjee. "We are looking forward to making a significant contribution to Cypress's progress in this area by developing a family of highly integrated and leading edge product line that will establish our leadership position in the WAN access solutions market."

Cypress Semiconductor Corporation is an international supplier of high-performance 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 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 Arcus's products, development of new business and products of the combined company and market

growth rates for Cypress and Arcus 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.

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