



For Immediate Release

Cypress Agrees to Sell Silicon Valley Technology Center to Oak Hill Capital Partners and Tallwood Venture Capital

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San Jose, CA. January 30, 2007 - Cypress Semiconductor Corp. ("Cypress", NYSE: CY) today announced an agreement to sell its Silicon Valley Technology Center ("SVTC") business to private equity firms Oak Hill Capital Partners ("Oak Hill") and Tallwood Venture Capital ("Tallwood") for approximately \$53 million in cash. The transaction is expected to close by early March.

As part of the transaction, Cypress will transfer substantially all equipment, process technologies, and personnel associated with its SVTC business to the buyer. Cypress will remain an important SVTC customer.

"With SVTC, Cypress created a unique R&D business model that turned a capital-intensive operation into a profit center and that has enabled many novel silicon technologies to find their way from lab to fab using the SVTC," said T.J. Rodgers, president and CEO of Cypress. "With a recent shift in focus to a new mix of programmable products and solutions, Cypress now has very few products requiring 'bleeding-edge' technology, leading us to conclude that we can do R&D more cost-effectively as an SVTC customer than as an owner."

"We believe SVTC plays a valuable role in the semiconductor value chain. We are thrilled to provide resources that will allow SVTC's management to pursue their vision and provide a wider range of services and technologies to the fabless semiconductor community," said J. Crandall, managing partner of Oak Hill.

"Historically, innovation in the fabless semiconductor industry has been limited to device architecture and circuit design. Going forward, we believe that new semiconductor materials, processes and devices represent the new frontier in which rich innovation will occur. SVTC possesses the unique talent and capabilities to enable these new dimensions of innovation to come to fruition and makes them available to the creativity of fabless semiconductor companies," said Luis Arzubi, general partner of Tallwood Venture Capital.