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## Cypress Closes Sale of Minnesota Wafer Fabrication Facility

### Sale Supports Cypress' Continued Execution on Gross Margin Improvement Plan, While Ensuring Uninterrupted Supply to Customers

SAN JOSE, Calif., March 1, 2017 /PRNewswire/ -- Cypress Semiconductor Corp. (Nasdaq: CY) today announced it has sold the subsidiary that owns its semiconductor wafer fabrication facility in Bloomington, Minnesota to SkyWater Technology Foundry for \$30 million. Backed by Minnesota-based holding company Oxbow Industries, LLC, SkyWater Technology has purchased the capital stock of the subsidiary and will operate the fab as a standalone business that will manufacture wafers for Cypress and for other semiconductor manufacturers. The transaction allows Cypress to reduce its manufacturing footprint and cost structure while increasing the utilization of its Fab 25 in Austin, Texas, in line with the company's plan to improve gross margins. Seattle-based ATREG, Inc. acted as Cypress' advisor in this operational fab sale.



"This transaction demonstrates our commitment to reshape Cypress and improve gross margin, in line with our long-term financial model," said Hassane El-Khoury, Cypress President and CEO. "The sale of Fab 4 in Minnesota allows us to reduce our manufacturing costs as we exit the fab while using the proceeds to pay down debt. We will also be able to improve the utilization and efficiency of Fab 25 in Texas, into which we have been transitioning products over the last 18 months. We believe this agreement represents another milestone in our path to achieving higher gross margins.

"In addition to looking at a potential deal's impact on Cypress' bottom line, we set out to ensure uninterrupted supply for our customers," continued El-Khoury. "This agreement allows Cypress to maintain uninterrupted wafer supply for our products manufactured at the fab, with no disruptions for our customers, and it gives our former employees in Minnesota the opportunity to help the new business flourish and continue the fab's tradition of quality U.S.-based manufacturing."

"Given the proven history of efficiency at Fab 4, the expertise and dedication of its workforce and its established success in delivering specialized wafers on time to a diverse customer base, the SkyWater management team sees a strong foundation for growing a standalone business," said Dr. Scott Nelson, Chief Technology Officer of SkyWater Technology Foundry. "We are committed to continuing the fab's support of Cypress and its customers with superior quality and on-time delivery."

#### About Cypress

Founded in 1982, Cypress is the leader in advanced embedded system solutions for the world's most innovative automotive, industrial, home automation and appliances, consumer electronics and medical products. Cypress' programmable systems-on-chip, general-purpose microcontrollers, analog ICs, wireless and USB-based connectivity solutions and reliable, high-performance memories help engineers design differentiated products and get them to market first. Cypress is committed to providing customers with the best support and engineering resources on the planet, enabling innovators and out-of-the-box thinkers to disrupt markets and create new product categories in record time. To learn more, go to [www.cypress.com](http://www.cypress.com).

#### Cautionary Information Regarding Forward-Looking Statements

This release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended, based on our current expectations, estimates and projections about our operations, industry, financial condition, performance, results of operations, and liquidity. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "projections," "business outlook," "estimate," or similar expressions constitute forward-looking statements. These forward-looking statements include, but are not limited to,

statements regarding our: future financial performance, results, gross margins and cost structure; manufacturing operations; ability to pay down our debt; and strategic initiatives. Potential factors that could cause actual results to differ materially from those in the forward-looking statements include, among others: our inability to maintain or increase our revenues; risks associated with the divestiture of certain of our manufacturing facilities, including potential problems associated with our operations, systems, technologies, or supply chain; our inability to maintain or increase our customer base; our inability to execute on our gross margin improvement plan; as well as the risk factors disclosed in our filings with the Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov)), including, without limitation, information under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors." Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. Any such forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties that may cause actual performance and results to differ materially from those predicted. We undertake no obligation to update these forward-looking statements to reflect the impact of events or circumstances arising after the date hereof, unless required by law.

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