CYPRESS SEMICONDUCTOR CORPORATION

COMMUNICATIONS DESIGN CONFERENCE SEPTEMBER 24, 2002

T.J. RODGERS PRESIDENT & CEO

Tech Spending Has Risen Rapidly and Has Been Above Trend line

U.S.-based Information Technology % of Nominal Business Capital Equipment Spending



Source: Morgan Stanley Internet Research; Bureau of Economic Analysis; Data as of 05/03/01

MORGAN STANLEY

DATACOM GROWTH

COMMUNICATIONS SERVICES REVENUE \$ BILLIONS





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CYPRESS SHARE PRICE





WHY COMMUNICATIONS?



Posted on Tue, Jul. 23, 2002

The Alercury News

Lucent posts 9th straight quarterly loss, cuts more jobs

MURRAY HILL, N.J. (Reuters) - Telecommunications equipment maker Lucent Technologies Inc. Tuesday posted its ninth consecutive quarterly net loss and said it would have to cut another 7,000 jobs because the telecom spending slowdown has not relented... San Francisco Chronicle CHRONICLE SECTIONS Recession slams telecoms hard. Layoffs, bankruptcies abound

Todd Wallack, Chronicle Staff Writer

"The worst is yet to come," wrote telecom analyst Scott Cleland of the Precursor Group of Washington, D.C., in a research report last month. Cleland predicted that a number of telecom firms could face insolvency during the next two years, ranging from equipment-maker Nortel Networks to Santa Clara DSL provider Covad Communications.



SEMICONDUCTOR SUPPLY & DEMAND



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CUSTOMER INVENTORY



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"Near-death experience forces collaboration."

—Dave Ayers Officer, Supply Chain Engineering Lucent

EXCESS SEMICONDUCTOR INVENTORY FORECAST

CONSUMPTION OF EXCESS INVENTORY HAS SLOWED AND WRITE-OFFS HAVE INCREASED...



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OVER-BUILD

CAPACITY BUYS

TECHNOLOGY BUYS

WHERE ARE WE IN THE CYCLE?



WHERE ARE WE IN THE CYCLE?

CAPACITY BUYS FREEZE

TECHNOLOGY BUYS



HISTORY LESSON: THE RAILROAD BUBBLE

IN BRITAIN: 1850: 6,084 MILES OF TRACK WHEN BUBBLE BURST 1910: 21,000 MILES OF TRACK

IN US:

1860: 30,000 MILES OF TRACK WHEN BUBBLE BURST 1900: 500,000 MILES OF TRACK

> Source: P.J. C. Ransom in I. McNeil, A. Fishlow Data courtesy of Brian Arthur

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"Gee Ed, do you have any idea what this is going to cost?"



Collaborative Design

means more than just working next to each other.



Supplier Partnership Evolution

Product Partnering	 Design collaboration Supply chain collaboration Full stream cost reduction
Portfolio Planning	 Market trend review Technology roadmap definition Joint portfolio planning
Design Review	 Supplier partnership workshops Product high level definition Product level cost reduction
Commodity Sourcing	 Security of supply Quality of components Component level cost reduction

FLEXTRONICS

Corporate Presentation

Characteristics of Good Supply Chain Management

- Price is Not the Only Thing that Matters
- Performance Criteria used to Determine Splits
- Appropriate Payment Terms
- Liability Management
- Respond to Suppliers Needs
- Allow Suppliers to Create Value
 - Supply Chain Integration
 - Logistics Management

Michael Marks: Keynote Speaker -- First Annual Supply Network Conference, San Jose, California, September 2002

THE ELECTRONICS FOOD CHAIN

SILICON WAFER IC "CHIPS"

BOARDS

SYSTEMS



CY CY-SYSCO SYSCO SYSCO SYSCO AMT RELIABILITY SYSTEM INTEGRATION EQUIPMENT DESIGN **CUSTOMER** BOARD DESIGN SOFTWARE Page 19 09 24 02 TJR PROCESS TEST

FLEXTRONICS

EMS becoming Design Driven

- Engaging earlier in the product life cycle
- OEM Divestitures will continue
- Opportunity to engage with customers earlier in the design cycle

Typical Design Cycle



CYPRESS TRANSFORMATION



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STRATEGIC ACQUISITIONS						
	MOTOROI NEC	LA 7% 5%	PCD PERSONAL COMM	TTD TIMING PROD	CMS CYPRESS MICRO	SLM SILICON LIGHT
WIT WIN	ERICSSO	N 2%	BLUETOOTH			
		CA 7 % 6%		ROBOCLOCK ZERO DELAY		OPTICS O/E CONV
WAN SAN	LUCENT	4% 3%		EMI BUFFER ComL		
	EMC IBM	1% 1% NG				
РС	COMPAQ	1% ^{3OR}	USB	PROG CLOCK	PSoC	
CNSMR			ECHELON	PC CLOCK		
C	GALVANTECH	HIBAND ARCUS	RADIOCOM ALATION ISD	IC WORKS IMI		
09_24	4_02_TJR_CDC PRES	LARA NET	ANCHOR SCANLOGIC			Page 22

STANDARDS BODIES



MANUFACTURING COOPERATION

PROBLEM: TIME TO MARKET SOLUTION: AUTOLINE, ASSY & TEST TIME 8 HRS

BENEFIT: FAST RAMP FOR MOBILE MARKET



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CONSULTANTS PROGRAM





122 CONSULTANTS APPROVED: PSoC = 100 USB = 22

CERTIFICATION & TRAINING PROCESS COLLABORATIVE WEBSITE LIVE IP PROCESS IN DEFINITION

CDC BOOTH PARTNER



CDC BOOTH PARTNER ITALTEL FLEXBENCH





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PROBLEM: TIME TO MARKET



ED Exclusive

SOLUTION

Programmability Boosts SoC's Flexibility p. 74

ANTIDUMENT THEAS ANNA DE CENERATOR INTO DISTAL SOURCE ________ page 19

DACA PER PERSON DACA P COMBO HINES ANALOS NO RELIASILITY _page 137

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SONOS DEVICE









ANALOG CAPABILITY

Delta-Sigma A/D converters Successive Approximation A/D converters **Incremental A/D converters Programmable gain/loss stage Analog comparators** Zero-crossing detectors Filters Amplitude modulators, Amplitude demodulators

Sine-wave generators Sine-wave detectors Sideband detection Sideband stripping Frequency modulation Frequency demodulation Audio coding, audio decoding, Audio output drive Audio compress/expansion

PSoC Designer™



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Timers	User Modules selected for placement:				
Timer8	Timer24_1				
			Total Used		
Timer ²²	htmal 8-	-Bit Data Bus	Analog Blocks 12 0		
			Digital Blocks 8 3		
	RANU L Data Registers L		RAM 200 2 BOM 16384 100		
Timer8					
Timer16	Period DR1 Timer Clock from Clock Select Logic Clock Select Logic Clock Select Logic	Capture Val DR2 Output may be onfigured to Drive a Pin or SoCbloc Input	S Timer 24		
-			• • • • • • • • • • • • • • • • • • • •	_	
	Resources:	Required 0	Optional		
PWMS	SoCBlocs	3 Digital, 0 Analog			
PBS«	Memory	TBD FLASH, TBD SRAM			
ADCs	Pins	1 per external I/O and clock			
Filters	Other Modules				
Amplifiers					
DACs	Resources Overview Diagram Features D	escription Specs Options API			



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Timers	User Modules selected for placement:			
Counters				
PWMs				
rial User Modules			T-1-1	
PHSs			Analog Blocks 12 1	
ADUS			Digital Blocks 8 6	
			RAM 256 6	
GenericADC	bit clock	Timer word clock (interrupt)	ROM 16384 300	
14-bit ADC 12-bit ADC 12-bit ADC		Counter Result on data bus		
	14-Bit Incremental ADC, DI		ADC	
	Resources:	Required	Optional	
	SoCblocs	0 Digital, 2 Analog		
	Memory	TBD FLASH, TBD SRAM		
	Pins	1 per external I/O and clock		
Filters	Other Modules			
Amplifiers	Asdfjasdfjadf;lasdfl;asdfadjfdjfas;			
DACs	DAC11SC Resources Overview Diagram Fea	tures Description		













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Cypressproject files	🖾 main. asm	
⊡ dia Source Files		
Doot.asm	; Temporary Assembly Main line	
Headers		
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PSocConfig.asm	main:	
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mac.inc	MOV REGL e3bl, 00b	
	; Instance name 14-bit ADC 1, User Module 14-bit ADC	
	; Instance name 14-bit ADC_1, Block Name FIRST_CAPS(ASA21)	
	MOV REG[94h], OOh	
	MOV REG[95h], 00h	
	MOV REG[96n], UUN	
	; Instance name 14-bit ADC 1, Block Name LSB(DIGITAL 7)	
	MOV REG[3ch], 10h	
	MOV REG[3dh], 54h	
	MOV REG[3eh], OOh	
	; Instance name Amplifier 1, User Module Amplifier	
	WOW PEGL SONI OON	
	MOV REG[81h], 00h	
	MOV REG[82h], OOh	
	MOV REG[83h], OOh	
	; Instance name Amplifier_1, Block Name SECOND_CAPS(ASB11)	
	MOV REG[84h], 00h	
Files		

WHY CHOOSE PSoC? PARTS REDUCTION







\$2.00

20+ Parts

MEMORIES IN SWITCHES



18 M NoBL RAM



PROBLEM: MAKE IT GO FASTER

QUAD DATA RATE (QDR)



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PARTNER: CISCO

QDR, 6 Gbps



NINE MEGABIT DUAL-PORT RAMs





CYPRESS



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QUADPORT MEMORY





PARTNER: EMC

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QUADPORT: PACKET MANIPULATION



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QUAD-PORT, 9.6 GBPS



PROBLEM: INEFFICIENCY OF ETHERNET OVER SONET

OC-48 FRAME = 16X STS3 = 48X STS 1



SOLUTION: VIRTUAL CONCATENATION (DYNAMIC BANDWIDTH ALLOCATION)

OC-48 FRAME = 16X STS3 = 48X STS 1



PARTNER: NORTEL

PROBLEM: TOO MANY PROTOCOLS



POSIC2GVC



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PROBLEM: PACKET FORWARDING AT OC-192 SPEED

NETWORK SEARCH ENGINE



PARTNER: CISCO

256K NSE



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CYPRESS OC-48 / STM-16 LINECARD



OC-48 SYSTEM SOLUTION



FUNCTIONS

- 2 X GIGE BACKPLANE
- LAYER 3 CLASS
- LAYER 4 CLASS
- OC-48 PORT

ALL CYPRESS SILICON

- DCD (POSIC[™] FRAMER, OC-48 PHY, HOTLINK II[™] PHY, QUADPORT[™] DSE, DELTA39K[™] CPLD)
- MPD (NOBL[™] SRAM)
- TTD (ROBOCLOCK II[™] CLOCK DRIVER)
- PCD (USB FX-2)

09_24_02_TIR_CMS (PSOCTM)

CYPRESS TEXAS DGE WAFER



Grating Light ValveTM **Technology** Spatial Light Modulation Based on Diffraction



4

PROBLEM: NON-EQUAL SIGNALS IN DWDM SYSTEM

Equalizes DWDM Channels 50 GHz Channel Spacing



PARTNER: LUCENT, CIENA

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SLM 2200 Dynamic Gain Equalizer Principle of Operation









Highly Accurate Dynamic Gain Equalizer Controls Optical Power Precisely

Based on Grating Light-Valve technology, this versatile MEMS product provides speed, accuracy, and reliability advantages to communication system designers.

Roger Allan Executive Editor

n optical dynamic-gain equalizer (DGE) for dense wave-division multiplexing (DWDM) communication systems sets unprecedented performance levels for precision, dynamic range, and reliability. This product, essentially a seamless onedimensional array of variable optical attenuators (VOAs), is the first such device to

employ diffractive microelectromechanical system (MEMS) technology with ultra high-spectral resolution. Its maker, Silicon Light Machines, a subsidiary of Cypress Semiconductor Corp., uses a patented MEMS Grating Light-Valve (GLV) technology developed at Stanford University in California, and now optimized for telecommunications applications.

Essentially, a GLV is a diffraction-type spatial light modulator that's fabricated in a standard CMOS fabrication facility. The model 2200 DGE delivers power accuracy, or residual ringle of +0.1 dB.



tional communication channel that's used affects the shape of the power spectrum. These issues are magnified in dynamically changing DWDM systems.

This is where the model 2200 shines. Designed for C-band operation in the 1550-nm spectral region, it independently attenuates optical power over multiple spectral regions, using a single dynamic module instead of a static approach. Future versions are being considered for operation in the L and S bands.

The 2200 is really a subsystem made up of the drive electronics on a board, an optics module that contains, the CIV desire and an orti-

THE PARTNERSHIP DEAL

SILICON SUPPLIER

"FREE" IP & DEBUG HIGHER VALUE PRODUCTS DESIGN WINS STEADY BUSINESS HIGHER MULTIPLES SYSTEM MAKER YOUR IP IN SILICON MOORE'S LAW: COST, INTEGRATION PRODUCT YOU WANTED/KNOW STABLE SUPPLY HIGHER MULTIPLES

FROM NOW ON: IT WON'T EVEN TAKE A NEAR-DEATH EXPERIENCE TO WORK TOGETHER