

# *Press Information*

FOR IMMEDIATE RELEASE  
NASDAQ SYMBOL MXIM

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President and Chief Executive Officer  
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**MAXIM REPORTS REVENUES AND EARNINGS  
FOR THE FIRST QUARTER OF FISCAL 2003  
AND DECLARES QUARTERLY DIVIDEND**

SUNNYVALE, CA—October 29, 2002—Maxim Integrated Products, Inc., (MXIM) reported net revenues of \$285.9 million for its fiscal first quarter ending September 28, 2002, a 19.4% increase over the \$239.4 million reported for the same quarter a year ago and a 2.1% sequential increase over the \$280.1 million reported for the fourth quarter of fiscal 2002. Net income increased to \$73.2 million in the first quarter, compared to \$61.3 million last year, a 19.4% increase. Diluted earnings per share were \$0.22 for the first quarter, a 29.4% increase over the \$0.17 reported for the same period a year ago.

During the quarter, cash and short-term investments increased \$22.2 million after the Company repurchased 2.0 million shares of its common stock for \$69.0 million and acquired \$38.7 million of capital equipment. Accounts receivable increased by \$5.6 million in the first quarter to \$135.4 million due primarily to the increase in net revenues, and inventories decreased \$2.9 million to \$136.3 million.

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Gross margin for the first quarter increased to 69.5%, after increasing inventory reserves \$3.0 million, compared to 68.1% reported for the fourth quarter. Research and development expense decreased from the \$72.0 million reported in the fourth quarter of fiscal 2002, or 25.7% of net revenues, to \$71.1 million, or 24.9% of net revenues, in the first quarter of fiscal 2003. Selling, general and administrative expenses remained relatively unchanged from the fourth quarter at \$22.3 million, or 7.8% of net revenues.

First quarter bookings were approximately \$270 million, a 13% decrease from the fourth quarter's level of \$310 million. End market bookings for the first quarter were 11% below the fourth quarter's level. Turns orders received in the quarter were \$129 million, an 8% decrease from the \$140 million received in the prior quarter (turns orders are customer orders that are for delivery within the same quarter and may result in revenue within the same quarter if the Company has available inventory that matches those orders). Bookings decreased in all geographic locations and across most product lines.

First quarter ending backlog shippable within the next 12 months was approximately \$219 million, including approximately \$193 million requested for shipment in the second quarter of fiscal 2003. The Company's fourth quarter ending backlog shippable within the next 12 months was approximately \$239 million, including approximately \$210 million that was requested for shipment in the first quarter of fiscal 2003.

Jack Gifford, President, Chief Executive Officer, and Chairman, commented on the quarter: "Bookings during the first quarter were lower than those in the prior two quarters, indicating that third and fourth quarter bookings levels may have been in anticipation of expected growth, and not entirely reflective of demand in those quarters. Although design-in activities at our customers remain vigorous, customers do not yet have improved visibility of the demand for their products and thus continue to place orders for the near term. The level of turns orders

received in the first quarter, 48% of net bookings, reflects this continued limited visibility at our customers.

“Maxim continues to be highly profitable in a challenging economic environment. As planned, gross margin improved this quarter, contributing to the improvement in operating margin to 36.9%, compared to 34.5% last quarter. We expect our operating margin to continue to improve in the second quarter as we implement a variety of cost-saving measures.”

Mr. Gifford concluded: “Given the stability of the Company’s financial performance, its Board of Directors has declared a quarterly cash dividend of \$0.02 per share. The Company is fortunate that its earnings and strong cash position permit the payment of a dividend without impairing our cash reserves or continued growth. Payment will be made on November 29, 2002 to stockholders of record on November 8, 2002.”

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Certain statements in this press release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve risk and uncertainty. They include the Company’s expectations regarding the future profitability of the Company, future operating margins and the Company’s ability to execute cost-saving measures, demand for the Company’s products, visibility at the Company’s customers as to future demand for their products, and the stability of the Company’s financial performance. Actual results could differ materially from those forecasted based upon, among other things, the Company’s inability to implement cost-saving measures; the Company’s incorrectly assessing customer end-user demand and order cancellation levels; technical difficulties in bringing new products and processes to market in a timely manner; market developments that could adversely affect the growth of the mixed-signal analog market, such as further

declines in customer forecasts or greater than expected cyclical downturns within the mixed-signal analog segment of the semiconductor market or possible effects of capacity constraints affecting other suppliers to equipment manufacturers; and the Company's being unable to sustain its successes in the markets its products are introduced in, as well as other risks described in the Company's Form 10K for the fiscal year ended June 29, 2002.

All forward-looking statements included in this news release are made as of the date hereof, based on the information available to the Company as of the date hereof, and the Company assumes no obligation to update any forward-looking statement.

Maxim Integrated Products is a leading international supplier of quality analog and mixed-signal products for applications that require real world signal processing.

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## Consolidated Balance Sheets

(In thousands)		9/28/02 (unaudited)	6/29/02 (audited)	
Assets	Current assets:			
	Cash and cash equivalents	\$ 160,431	\$ 173,807	
	Short-term investments	627,260	591,694	
	Total cash, cash equivalents and short-term investments	787,691	765,501	
	Accounts receivable, net	135,430	129,812	
	Inventories	136,304	139,206	
	Deferred tax assets and other current assets	226,428	201,145	
	Total current assets	1,285,853	1,235,664	
	Property, plant and equipment, at cost	1,470,479	1,432,184	
	Less accumulated depreciation	(701,366)	(686,023)	
	Net property, plant and equipment	769,113	746,161	
	Other assets	34,284	28,987	
	Total assets	\$ 2,089,250	\$ 2,010,812	
	Liabilities and Stockholders' Equity	Current liabilities:		
		Accounts payable	\$ 48,258	\$ 45,284
Accrued expenses		148,246	145,927	
Deferred income on shipments to distributors		26,350	27,183	
Income taxes payable		9,344	10,633	
Total current liabilities		232,198	229,027	
Deferred tax liabilities		66,383	36,634	
Other liabilities		4,000	4,000	
Total liabilities		302,581	269,661	
Stockholders' equity:				
Common stock		40,629	55,255	
Retained earnings		1,745,946	1,686,816	
Accumulated other comprehensive income (loss)		94	(920)	
Total stockholders' equity		1,786,669	1,741,151	
Total liabilities and stockholders' equity		\$ 2,089,250	\$ 2,010,812	

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## Consolidated Statements of Income

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(In thousands  
except per share data)

	Three Months Ending	
	9/28/2002 (unaudited)	9/29/2001 (unaudited)
Net revenues	\$ 285,881	\$ 239,426
Cost of goods sold	87,123	71,845
Gross margin	198,758 69.5%	167,581 70.0%
Operating expenses:		
Research and development	71,111	65,974
Selling, general and administrative	22,296	25,091
Operating income	105,351 36.9%	76,516 32.0%
Interest income, net	3,868	14,967
Income before provision for income taxes	109,219	91,483
Provision for income taxes	36,042	30,189
Net income	\$ 73,177	\$ 61,294
Basic earnings per share	\$ 0.23	\$ 0.19
Shares used in the calculation of basic earnings per share	319,498	330,711
Diluted earnings per share	\$ 0.22	\$ 0.17
Shares used in the calculation of diluted earnings per share	337,946	359,499

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# Maxim Integrated Products, Incorporated

## Company Profile

NASDAQ Symbol: MXIM

Founded 1983

Public since: February 29, 1988

### OPERATIONS

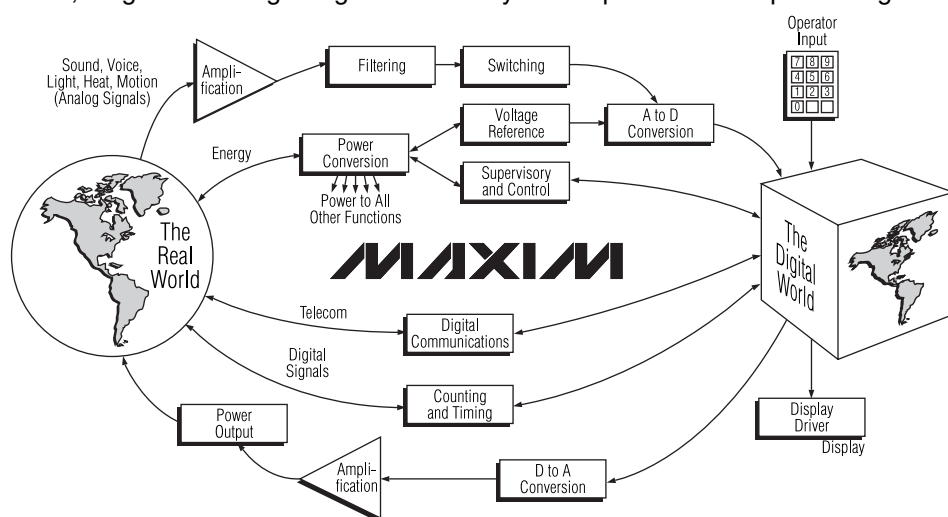
Corporate Offices: 120 San Gabriel Drive, Sunnyvale, California 94086

U.S. Sales Offices: Sunnyvale and Costa Mesa, CA; Wheeling, IL; Roswell, GA; Chelmsford, MA; Austin and Dallas, TX; Beaverton, OR; Horsham, PA

Foreign Offices: Munich, Germany; Tokyo, Japan; London, UK; Paris, France; Taipei, Taiwan; Seoul, South Korea; Hong Kong; Singapore; Milan, Italy; Beijing, China; Stockholm, Sweden; Zurich, Switzerland; Viborg, Denmark; Helsinki, Finland

### PRODUCTS

Maxim designs, develops, manufactures and markets a broad range of linear and mixed-signal integrated circuits for use in a variety of electronic products. Maxim circuits "connect" the real world and the digital world by detecting, measuring, amplifying, and converting real world and communication signals, such as temperature, pressure, sound, voice, or light into the digital signals necessary for computer and DSP processing.



- **Maxim serves approximately 35,000 customers worldwide.**
- **Maxim has developed more products than any other analog company in the past 17 years.**
- **Maxim is recognized as the leader in CMOS analog and bipolar high-frequency technologies.**
- **66% international sales for Q1 FY03.**

### FINANCIAL HIGHLIGHTS (In thousands, except EPS)

	FY1999	FY2000	FY2001	FY2002	Q1 FY2003
Net Revenues	\$ 1,002,849	\$ 1,376,085	\$ 1,576,613	\$ 1,025,104	\$ 285,881
Net Income	\$ 265,281	\$ 373,083	\$ 334,939	\$ 259,183	\$ 73,177
Shares	344,360	359,548	361,620	355,821	337,946
Diluted EPS	\$ 0.77	\$ 1.04	\$ 0.93	\$ 0.73	\$ 0.22
Cash and Short-Term Investments	\$ 710,074	\$ 896,936	\$ 1,220,352	\$ 765,501	\$ 787,691
Total Assets	\$ 1,603,122	\$ 2,087,438	\$ 2,430,531	\$ 2,010,812	\$ 2,089,250
Stockholders' Equity	\$ 1,369,449	\$ 1,719,939	\$ 2,101,154	\$ 1,741,151	\$ 1,786,669
ROE	22.1%	24.2%	17.5%	13.5%	16.6%
Market Cap	\$ 11,026,352	\$ 25,276,091	\$ 14,535,766	\$ 13,391,992	\$ 8,634,526

### RESEARCH COVERAGE

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