

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 SECOND QUARTER OF FISCAL 2003

SUNNYVALE, CA—January 29, 2003—Maxim Integrated Products, Inc., (MXIM) reported net revenues of \$286.1 million for its fiscal second quarter ending December 28, 2002, an increase over the \$247.1 million reported for the second quarter of fiscal 2002 and unchanged from reported revenues for the first quarter of fiscal 2003. Net income for the quarter was \$77.1 million, an increase over the \$62.6 million reported last year and an increase over the \$73.2 million reported for the previous quarter. Diluted earnings per share were \$0.23 for the second quarter, an increase over the \$0.18 reported for the same period a year ago and up from the \$0.22 reported for the first quarter of fiscal 2003.

During the quarter, cash and short-term investments increased \$158.0 million to \$945.7 million after the Company repurchased 500,000 shares of its common stock for \$18.3 million, paid dividends of \$6.4 million, and acquired a total of \$8.4 million of capital equipment. Accounts receivable decreased by \$12.9 million in the second quarter to \$122.6 million, and inventories decreased \$8.4 million to \$127.9 million. Inventories have decreased \$19.8 million from third quarter fiscal 2002 levels, and no inventory growth is anticipated for the third quarter of fiscal

2003. Gross margin for the second quarter increased slightly to 69.7%, after increasing inventory reserves \$3.0 million, compared to 69.5% reported for the first quarter.

Second quarter bookings were approximately \$271 million, up slightly from the first quarter's level. Turns orders received during the quarter were \$139 million, an 8% increase over the \$129 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). Order cancellations continued to be below historical levels. Bookings increased in the Pacific Rim and Europe but decreased in the U.S. and Japan. Second quarter ending backlog shippable within the next 12 months was approximately \$201 million, including \$177 million requested for shipment in the third quarter of fiscal 2003.

Jack Gifford, Chairman, President, and Chief Executive Officer, commented on the quarter: "Although overall bookings levels were relatively unchanged from last quarter, we were encouraged to see an increase in orders for products such as data converters that target the broad-based industrial market. We continue to hold a cautious view of any significant near-term upturn in the long-haul telecommunications industry, and we have yet to see an improvement in orders for our products addressing that sector. The trend we have seen over the past several quarters, with customers ordering for near-term needs and the resulting high level of turns, continued this quarter. Visibility at our end customers remains limited."

Mr. Gifford continued: "Maxim continues to perform well for its stockholders in a still challenging business environment. Diluted earnings increased 4.5% sequentially on flat revenues and 27.8% year over year on 15.8% revenue growth. While increased efficiency remains a focus, we continue to be highly

productive in the new product development area. In our new product quarter ended January 25, 2003, we introduced 427 engineering man months of products, an 18% increase over the same quarter in fiscal 2002.”

Mr. Gifford concluded: “The Company’s Board of Directors has declared a quarterly cash dividend of \$0.02 per share. Payment will be made on February 28, 2003 to stockholders of record on February 10, 2003.”

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 future inventory levels, new product development activity and performance of the Company, demand for the Company’s products, visibility at the Company’s customers as to future demand for their products, the Company’s views of upturns in the long-haul telecommunications industry and general market conditions, 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 incorrectly assessing customer end-user demand, order cancellation levels, inventory growth, and general market conditions; difficulties in new product development and 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

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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)	12/28/02 (unaudited)	6/29/02 (audited)
Assets	Current assets:	
	\$ 180,153	\$ 173,807
	765,529	591,694
	945,682	765,501
	122,577	129,812
	127,929	139,206
	194,302	201,145
	1,390,490	1,235,664
	1,471,048	1,432,184
	(708,688)	(686,023)
	762,360	746,161
	33,566	28,987
	\$ 2,186,416	\$ 2,010,812
Liabilities and Stockholders' Equity	Current liabilities:	
	\$ 32,942	\$ 45,284
	147,916	145,927
	22,812	27,183
	8,638	10,633
	212,308	229,027
	70,659	36,634
	4,000	4,000
	286,967	269,661
	Stockholders' equity:	
	82,166	55,255
	1,816,608	1,686,816
	675	(920)
	1,899,449	1,741,151
	\$ 2,186,416	\$ 2,010,812

Consolidated Statements of Income

(In thousands except per share data)	Three Months Ending		Six Months Ending	
	12/28/02 (unaudited)	12/29/01 (unaudited)	12/28/02 (unaudited)	12/29/01 (unaudited)
Net revenues	\$ 286,077	\$ 247,108	\$ 571,958	\$ 486,534
Cost of goods sold	86,541	73,961	173,664	145,806
Gross margin	199,536 69.7%	173,147 70.1%	398,294 69.6%	340,728 70.0%
Operating expenses:				
Research and development	67,196	68,567	138,307	134,541
Selling, general and administrative	21,245	22,857	43,541	47,948
Operating income	111,095 38.8%	81,723 33.1%	216,446 37.8%	158,239 32.5%
Interest income, net	3,945	11,641	7,813	26,608
Income before provision for income taxes	115,040	93,364	224,259	184,847
Provision for income taxes	37,963	30,810	74,005	60,999
Net income	\$ 77,077	\$ 62,554	\$ 150,254	\$ 123,848
Basic earnings per share	\$ 0.24	\$ 0.19	\$ 0.47	\$ 0.38
Shares used in the calculation of basic earnings per share	321,199	323,897	320,349	327,304
Diluted earnings per share	\$ 0.23	\$ 0.18	\$ 0.44	\$ 0.35
Shares used in the calculation of diluted earnings per share	340,322	355,799	339,134	357,649
Dividends declared per share	\$ 0.02	\$ -	\$ 0.02	\$ -

Maxim Integrated Products, Incorporated

Company Profile

NASDAQ Symbol: MXIM

Founded 1983

Public since: February 29, 1988

OPERATIONS

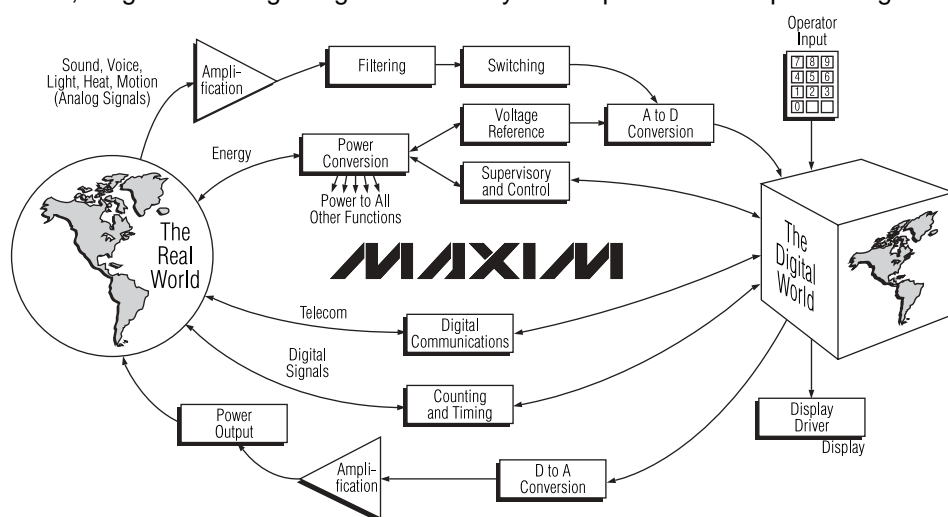
Corporate Offices: 120 San Gabriel Drive, Sunnyvale, California 94086

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.**
- **67% international sales for Q2 FY03.**

FINANCIAL HIGHLIGHTS (In thousands, except EPS)

	FY1999	FY2000	FY2001	FY2002	Q2 FY2003
Net Revenues	\$ 1,002,849	\$ 1,376,085	\$ 1,576,613	\$ 1,025,104	\$ 286,077
Net Income	\$ 265,281	\$ 373,083	\$ 334,939	\$ 259,183	\$ 77,077
Shares	344,360	359,548	361,620	355,821	340,322
Diluted EPS	\$ 0.77	\$ 1.04	\$ 0.93	\$ 0.73	\$ 0.23
Cash and Short-Term Investments	\$ 710,074	\$ 896,936	\$ 1,220,352	\$ 765,501	\$ 945,682
Total Assets	\$ 1,603,122	\$ 2,087,438	\$ 2,430,531	\$ 2,010,812	\$ 2,186,416
Stockholders' Equity	\$ 1,369,449	\$ 1,719,939	\$ 2,101,154	\$ 1,741,151	\$ 1,899,449
ROE	22.1%	24.2%	17.5%	13.5%	16.7%
Market Cap	\$ 11,026,352	\$ 25,276,091	\$ 14,535,766	\$ 13,391,992	\$ 11,244,225

RESEARCH COVERAGE

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