

# *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 FOURTH QUARTER AND FISCAL YEAR**

SUNNYVALE, CA—August 6, 2002—Maxim Integrated Products, Inc., (MXIM) reported net revenues of \$280.1 million for its fiscal fourth quarter ending June 29, 2002, an 8.4% increase over the \$258.5 million reported for the third quarter of fiscal 2002. Diluted earnings per share were \$0.20 for the fourth quarter on net income of \$68.6 million compared to a loss of \$0.05 per share on a net loss of \$16.2 million reported for the fourth quarter of fiscal 2001 and diluted earnings per share of \$0.19 on net income of \$66.7 million reported for the third quarter of fiscal 2002.

For the fiscal year, Maxim reported net revenues of \$1.025 billion compared to \$1.577 billion for last year, a 35.0% decrease. Net income for the year was \$259.2 million with diluted earnings per share of \$0.73 compared to \$334.9 million and \$0.93 per share in fiscal 2001. Included in fiscal year 2001 fourth quarter results was a pretax charge of \$163.4 million for merger and special charges related to the acquisition of Dallas Semiconductor.

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During the fourth quarter of fiscal 2002, the Company repurchased 7.3 million shares of its common stock for \$367.7 million and acquired \$23.0 million of capital equipment. Year-end cash, cash equivalents, and short-term investments were \$765.5 million. Accounts receivable increased by \$21.2 million in the fourth quarter to \$129.8 million, and inventories decreased \$8.5 million to \$139.2 million.

Gross margin decreased from 70.2% in the third quarter to 68.1% in the fourth quarter, primarily as a result of revenue growth in lower margin products and the recording of \$3.9 million of inventory reserves compared to \$2.1 million last quarter. Research and development expense increased to \$72.0 million or 25.7% of net revenues in the fourth quarter, compared to \$69.0 million or 26.7% of net revenues in the third quarter. The increase in research and development spending resulted from hiring additional engineers and increased spending to support new product development efforts. Selling, general and administrative expenses remained relatively unchanged during the quarter.

Fourth quarter bookings were approximately \$310 million, a 4% increase over the previous quarter's level of \$299 million. Turns orders received in the quarter were \$140 million (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 increased in Japan and the U.S. and were approximately flat with last quarter in other geographic areas. Fourth quarter ending backlog shippable within the next 12 months was approximately \$239 million, including approximately \$210 million requested for shipment in the first quarter of fiscal 2003, which is up 7% from the previous quarter. The Company's third quarter ending backlog shippable within the next 12 months was approximately \$219 million, including approximately \$195 million that was requested for shipment in the fourth quarter.

Jack Gifford, Chairman, President, and Chief Executive Officer, commented: “Fourth quarter results were generally consistent with our expectations. Revenues increased 8% and bookings increased over last quarter. Turns orders remained high at 45% of bookings. Our customers continue to order for their immediate needs. Although our backlog grew 9% in the fourth quarter, there is still limited visibility in many of our end markets.

“I am very proud of Maxim’s accomplishments during what has been a very challenging year for most technology companies. We have grown our revenues for three consecutive quarters, and we forecast that revenues will be up sequentially for the first quarter of fiscal 2003. We believe that end market consumption of our products is close to our current bookings level.

“We exceeded our original cost savings expectations related to our acquisition of Dallas Semiconductor, achieving savings of over \$40 million per quarter over pre-acquisition spending levels. Approximately 75% of Dallas parts are now being tested at Maxim’s Cavite facility in the Philippines, and we anticipate that over 80% will be tested there in fiscal 2003. Their gross margins have improved over 15 percentage points since the acquisition, and their new product launches and introductions more than doubled year over year.”

Mr. Gifford concluded: “We hope, and we see some indications, that the business climate in the coming year is improving so that we can eventually increase our growth consistent with our past performance. Even if the business climate does not regain the full ebullience we experienced a couple of years ago, we at Maxim believe we can still deliver the outstanding profitability that our stockholders expect of us. We are committed to finding the right mix of operating efficiencies and market success that will produce those results for our stockholders.”

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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 forecast of increased revenue in the first quarter of fiscal 2003; anticipation of Dallas Semiconductor parts testing in the Cavite facility in fiscal 2003; perception of improving business climate; and beliefs as to the Company's delivery of outstanding profitability in the future. Results could differ materially from those forecasted based upon, among other things, the Company 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 being unable to sustain its successes in recruiting and retaining high quality personnel and 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 30, 2001.

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)                             | 6/29/02               | 6/30/01<br>(audited) |
|--|-----------------------|----------------------|
| Assets                                     | Current assets:       |                      |
|  | \$ 173,807            | \$ 93,796            |
|  | 591,694               | 1,126,556            |
|  | 765,501               | 1,220,352            |
|  | 129,812               | 152,488              |
|  | 139,206               | 162,656              |
|  | 201,145               | 163,596              |
|  | 1,235,664             | 1,699,092            |
|  | 1,432,184             | 1,408,546            |
|  | (686,023)             | (696,507)            |
|  | 746,161               | 712,039              |
|  | 28,987                | 19,400               |
|  | \$ 2,010,812          | \$ 2,430,531         |
| Liabilities and<br>Stockholders'<br>Equity | Current liabilities:  |                      |
|  | \$ 45,284             | \$ 100,921           |
|  | 145,927               | 170,097              |
|  | 27,183                | 45,396               |
|  | 10,633                | 8,963                |
|  | 229,027               | 325,377              |
|  | 36,634                | -                    |
|  | 4,000                 | 4,000                |
|  | 269,661               | 329,377              |
|  | Stockholders' equity: |                      |
|  | 55,255                | 351,982              |
|  | 1,686,816             | 1,745,638            |
|  | (920)                 | 3,534                |
|  | 1,741,151             | 2,101,154            |
|  | \$ 2,010,812          | \$ 2,430,531         |

## Consolidated Statements of Operations

| (In thousands<br>except per share data)                             | Three Months Ending    |                        | Twelve Months Ending |                      |
|---|------------------------|------------------------|----------------------|----------------------|
|   | 6/29/02<br>(unaudited) | 6/30/01<br>(unaudited) | 6/29/02              | 6/30/01<br>(audited) |
| Net revenues  | \$ 280,089             | \$ 318,147             | \$1,025,104          | \$1,576,613          |
| Cost of goods sold  | 89,428                 | 96,231                 | 312,223              | 537,148              |
| Gross margin  | 190,661<br>68.1%       | 221,916<br>69.8%       | 712,881<br>69.5%     | 1,039,465<br>65.9%   |
| Operating expenses:   |                        |                        |                      |                      |
| Research and development  | 72,032                 | 69,981                 | 275,547              | 280,228              |
| Selling, general and administrative                                 | 22,083                 | 29,157                 | 91,982               | 150,622              |
| Merger and special charges  | -                      | 163,449                | -                    | 163,449              |
| Operating income (loss)   | 96,546<br>34.5%        | (40,671)<br>(12.8)%    | 345,352<br>33.7%     | 445,166<br>28.2%     |
| Interest income, net  | 5,854                  | 16,177                 | 41,488               | 59,822               |
| Income (loss) before provision (benefit) for income taxes           | 102,400                | (24,494)               | 386,840              | 504,988              |
| Provision (benefit) for income taxes                                | 33,792                 | (8,328)                | 127,657              | 170,049              |
| Net income (loss)   | \$ 68,608              | \$ (16,166)            | \$ 259,183           | \$ 334,939           |
| Basic earnings (loss) per share                                     | \$ 0.21                | \$ (0.05)              | \$ 0.80              | \$ 1.03              |
| Shares used in the calculation of basic earnings (loss) per share   | 321,273                | 328,789                | 325,527              | 325,736              |
| Diluted earnings (loss) per share                                   | \$ 0.20                | \$ (0.05)              | \$ 0.73              | \$ 0.93              |
| Shares used in the calculation of diluted earnings (loss) per share | 349,387                | 328,789                | 355,821              | 361,620              |
| Dividends declared per share  | \$ -                   | \$ -                   | \$ -                 | \$ 0.02              |

# Maxim Integrated Products, Incorporated

## Company Profile

NASDAQ Symbol: MXIM

Founded 1983

Public since: February 29, 1988

### OPERATIONS

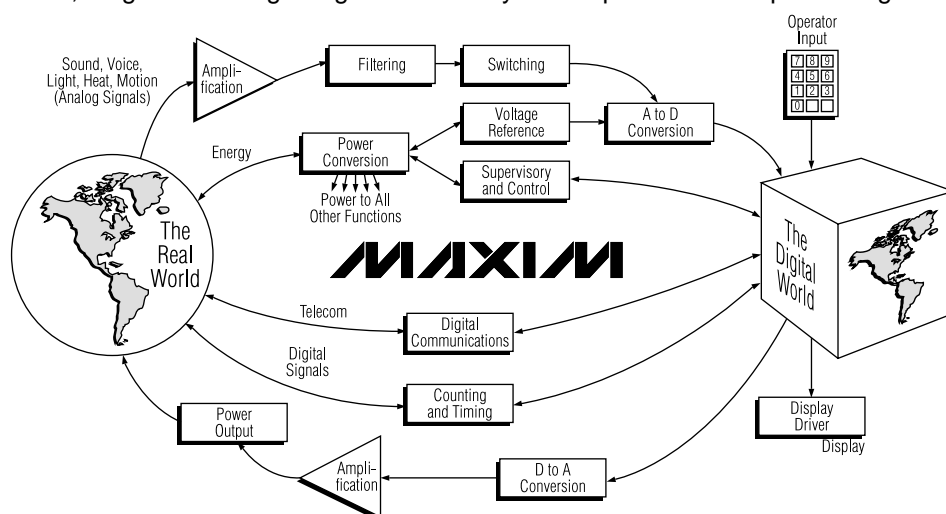
Corporate Offices: 120 San Gabriel Drive, Sunnyvale, California 94086

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 16 years.**
- **Maxim is recognized as the leader in CMOS analog and bipolar high-frequency technologies.**
- **70% international sales for Q4 FY02.**

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

|                                 | FY1998       | FY1999        | FY2000        | FY2001        | FY2002        |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|
| Net Revenues                    | \$ 904,438   | \$ 1,002,849  | \$ 1,376,085  | \$ 1,576,613  | \$ 1,025,104  |
| Net Income                      | \$ 234,000   | \$ 265,281    | \$ 373,083    | \$ 334,939    | \$ 259,183    |
| Shares                          | 340,356      | 344,360       | 359,548       | 361,620       | 355,821       |
| Diluted EPS                     | \$ 0.69      | \$ 0.77       | \$ 1.04       | \$ 0.93       | \$ 0.73       |
| Cash and Short-Term Investments | \$ 453,302   | \$ 710,074    | \$ 896,936    | \$ 1,220,352  | \$ 765,501    |
| Total Assets                    | \$ 1,242,190 | \$ 1,603,122  | \$ 2,087,438  | \$ 2,430,531  | \$ 2,010,812  |
| Stockholders' Equity            | \$ 1,034,422 | \$ 1,369,449  | \$ 1,719,939  | \$ 2,101,154  | \$ 1,741,151  |
| ROE                             | 25.4%        | 22.1%         | 24.2%         | 17.5%         | 13.5%         |
| Market Cap                      | \$ 5,297,748 | \$ 11,026,352 | \$ 25,276,091 | \$ 14,535,766 | \$ 13,391,992 |

### RESEARCH COVERAGE

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