

# Press Release

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# MAXIM INTEGRATED REPORTS RESULTS FOR THE FOURTH QUARTER OF FISCAL 2013; INCREASES DIVIDEND BY 8%, AUTHORIZES NEW \$1.0 BILLION SHARE REPURCHASE PROGRAM

- Revenue: \$608 million
- Gross Margin: 61.1% GAAP (62.3% excluding special items)
- EPS: \$0.40 GAAP (\$0.44 excluding special items)
- Cash, cash equivalents, and short term investments: \$1.20 billion
- Fiscal first quarter revenue outlook: \$570 million to \$600 million
- Quarterly dividend increased 8% to \$0.26 per share
- New \$1.0 billion share repurchase program authorized

SAN JOSE, CA – July 25, 2013 – Maxim Integrated Products, Inc. (NASDAQ:MXIM) reported net revenue of \$608 million for its fourth quarter of fiscal 2013 ended June 29, 2013, an increase from the \$605 million revenue recorded in the prior quarter.

Tunc Doluca, President and Chief Executive Officer, commented, "We are disappointed by the weakness in end market demand for our smartphone products which resulted in revenue and earnings below expectations. This was partially offset

by revenue growth in 22 of the 24 market segments that we address. We continue to generate strong profits and cash flow, and we are confident in our strategy and long-term business model as demonstrated by the increase in our dividend and share repurchases."

## Fiscal Year 2013 Fourth Quarter Results

Based on Generally Accepted Accounting Principles (GAAP), diluted earnings per share in the June quarter was \$0.40. The results were primarily affected by an \$11 million pre-tax charge for acquisition related items.

GAAP earnings per share, excluding special items, was \$0.44. An analysis of GAAP versus GAAP excluding special items is provided in the last table of this press release.

## **Cash Flow Items**

At the end of our fourth quarter of fiscal 2013, total cash, cash equivalents and short term investments was \$1.20 billion, a decrease of \$373 million from the prior quarter. Notable items include:

• Debt repayment: \$300 million

• Cash flow from operations: \$214 million

• Net capital expenditures: \$34 million

• Dividends: \$70 million (\$0.24 per share)

• Stock repurchases: \$193 million

## **Business Outlook**

The Company's 90 day backlog at the beginning of the first fiscal quarter of 2014 was \$357 million. Due to weakness in our smartphone business, results for the September 2013 quarter are expected to be:

• Revenue: \$570 million to \$600 million

• Gross Margin: 59% to 62% GAAP (60% to 63% excluding special items)

EPS: \$0.34 to \$0.38 GAAP (\$0.37 to \$0.41 excluding special items)
 Maxim Integrated's business outlook does not include the potential impact of any

restructuring activity or mergers, acquisitions, divestitures, or other business

combinations that may be completed during the quarter.

### Dividend

A cash dividend of \$0.26 per share will be paid on September 5, 2013, to stockholders of record on August 22, 2013. This is an 8% increase in the dividend compared to the prior quarter.

# **Share Repurchase Program**

Maxim Integrated's Board of Directors has authorized the repurchase of up to \$1.0 billion of the Company's Common Stock. All repurchases will be subject to market and economic conditions. The stock repurchase authorization does not have an expiration date and the pace of repurchase activity will depend on factors such as current stock price, levels of cash generation from operations, cash requirements and other factors. Under the Company's prior repurchase authorization from August 2011, which is now cancelled and superseded by this new authorization, the Company repurchased 23 million shares for \$641 million.

#### **Conference Call**

Maxim Integrated has scheduled a conference call on July 25, 2013, at 2:00 p.m. Pacific Time to discuss its financial results for the fourth quarter of fiscal 2013 and its business outlook. To listen via telephone, dial (866) 804-3545 (toll free) or (703) 639-1326. This call will be webcast by Shareholder.com and can be accessed at the Company's website at <a href="https://www.maximintegrated.com/company/investor">www.maximintegrated.com/company/investor</a>.

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	(Unaudited)				
	(	Three Months End	led	Vear	Ended
	June 29,	March 30.	June 30.	June 29.	June 30,
	2013	2013	2012	2013	2012
			usands, except per		
Net revenues	\$ 608,194	\$ 604,884	\$ 604,956	\$ 2,441,459	\$ 2,403,529
Cost of goods sold	236,795	228,782	232,967	944,892	952,677
Gross margin	371,399	376,102	371,989	1,496,567	1,450,852
Operating expenses:					
Research and development	132,009	134,138	134,007	534,819	552,379
Selling, general and administrative	82,083	81,954	79,980	324,282	321,273
Intangible asset amortization	3,670	3,903	4,049	15,525	16,737
Impairment of long-lived assets (1)	-	-	22,383	24,929	30,095
Severance and restructuring expenses	442	151	18	2,829	6,785
Other operating expenses (income), net (2)	2,105	1,678	(4,469)	5,864	(11,214)
Total operating expenses	220,309	221,824	235,968	908,248	916,055
Operating income	151,090	154,278	136,021	588,319	534,797
Interest and other income (expense), net (3)	(6,830)	(2,669)	(108)	(18,040)	(2,064)
Income before provision for income taxes	144,260	151,609	135,913	570,279	532,733
Provision for income taxes (4)	25,246	22,824	25,279	117,970	177,815
Income from continuing operations	119,014	128,785	110,634	452,309	354,918
Income from discontinued operations, net of tax (5)	,-	2,603	,	2,603	31,809
Net income	\$ 119.014	\$ 131,388	\$ 110,634	\$ 454,912	\$ 386,727
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Earnings per share: basic					
From continuing operations	\$ 0.41	\$ 0.44	\$ 0.38	\$ 1.55	\$ 1.21
From discontinued operations, net of tax (5)		0.01		0.01	0.11
Basic	\$ 0.41	\$ 0.45	\$ 0.38	\$ 1.56	\$ 1.32
Earnings per share: diluted					
From continuing operations	\$ 0.40	\$ 0.43	\$ 0.37	\$ 1.51	\$ 1.18
From discontinued operations, net of tax (5)		0.01		0.01	0.11
Diluted	\$ 0.40	\$ 0.44	\$ 0.37	\$ 1.52	\$ 1.29
Shares used in the calculation of earnings per share:					
Basic	290,146	292,888	292,757	291,835	292,810
Diluted	296,756	300,082	299,793	298,596	300,002
Dividends paid per share	\$ 0.24	\$ 0.24	\$ 0.22	\$ 0.96	\$ 0.88

# SCHEDULE OF SPECIAL ITEMS (Unaudited)

	(Unaudited)	1								
		T	hree M	Ionths Ende	ed		Year Ended			
	Jτ	ne 29,	ne 29, March 30,		June 30,		June 29,		J	une 30,
		2013		2013		2012		2013		2012
					(in	thousands	;)			
Cost of goods sold:										
Intangible asset amortization	\$	7,777	\$	7,777	\$	9,392	\$	33,994	\$	36,693
Acquisition related inventory write up		-				-		-		1,801
Total	\$	7,777	\$	7,777	\$	9,392	\$	33,994	\$	38,494
Operating expenses:										
Intangible asset amortization	\$	3,670	\$	3,903	\$	4,049	\$	15,525	\$	16,737
Impairment of long-lived assets (1)		-		-		22,383		24,929		30,095
Severance and restructuring		442		151		18		2,829		6,785
Other operating expenses (income), net (2)		2,105		1,678		(4,469)		5,864		(11,214)
Total	\$	6,217	\$	5,732	\$	21,981	\$	49,147	\$	42,403
Interest and other expense (income), net (3)	\$	700	\$	_	\$	550	\$	700	\$	(1,226)
Total	\$	700	\$	-	\$	550	\$	700	\$	(1,226)
Provision for income taxes:										
Reversal of tax reserves	\$	-	\$	-	\$	-	\$	-	\$	(2,272)
International restructuring implementation (4)		-		-		2,751		18,726		65,389
Fiscal year 2012 research & development tax credits		-		(3,899)		-		(3,899)		-
Total	\$	-	\$	(3,899)	\$	2,751	\$	14,827	\$	63,117
Discontinued operations:										
Income from discontinued operations, net of tax (5)	\$	-	\$	(2,603)	\$	-	\$	(2,603)	\$	(31,809)
Total	\$	-	\$	(2,603)	\$	-	\$	(2,603)	\$	(31,809)

- (1) Includes impairment charges relating to wafer fab and end of line manufacturing equipment and land & building held for sale.
- (2) Other operating expenses (income), net are primarily for in-process research and development, certain payroll taxes, contingent consideration adjustments related to certain acquisitions, loss (gain) relating to sale of land and buildings, loss on lease abandonment, and stock option related litigation.
- (3) Includes gain on sale and impairment of privately-held companies. (4) Includes impact due to international restructuring.
- (5) Includes gain on sale, net of tax relating to certain businesses divested.

STOCK-BASED COMPENSATION BY TYPE OF AWARD (in thousands) (Unaudited)										
Three Months Ended June 29, 2013		Stock Options		ricted Stock Units	-	oyee Stock hase Plan		Total		
Cost of goods sold	\$	320	\$	1,999	\$	559	\$	2,878		
Research and development expense		1,673		6,748		1,226		9,647		
Selling, general and administrative expense		1,333		4,488		507		6,328		
Total	\$	3,326	\$	13,235	\$	2,292	\$	18,853		
Three Months Ended March 30, 2013										
Cost of goods sold	\$	337	\$	2,120	\$	598	\$	3,055		
Research and development expense		1,440		7,116		1,480		10,036		
Selling, general and administrative expense		1,157		4,764		601		6,522		
Total	\$	2,934	\$	14,000	\$	2,679	\$	19,613		
Three Months Ended June 30, 2012										
Cost of goods sold	\$	462	\$	2,206	\$	423	\$	3,091		
Research and development expense		1,607		8,331		1,413		11,351		
Selling, general and administrative expense		1,468		4,518		462		6,448		
Total	\$	3,537	\$	15,055	\$	2,298	\$	20,890		
Year Ended June 29, 2013										
Cost of goods sold	\$	1,532	\$	8,862	\$	2,210	\$	12,604		
Research and development expense		7,230		31,475		5,441		44,146		
Selling, general and administrative expense		5,331		19,523		2,204		27,058		
Total	\$	14,093	\$	59,860	\$	9,855	\$	83,808		
Year Ended June 30, 2012										
Cost of goods sold	\$	2,014	\$	9,387	\$	1,738	\$	13,139		
Research and development expense		7,844		35,699		5,525		49,068		
Selling, general and administrative expense		6,436		19,493		1,731		27,660		
Total	\$	16,294	\$	64,579	\$	8,994	\$	89,867		

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(Unaudite	4)					
Chaudics	1)	June 29,	1	March 30,		June 30,
		2013		2013		2012
			(ir	thousands)		
ASSETS						
Current assets:						
Cash and cash equivalents	\$	1,174,986	\$	1,547,980	\$	881,060
Short-term investments		25,060		25,095	. <u></u>	75,326
Total cash, cash equivalents and short-term investments		1,200,046		1,573,075		956,386
Accounts receivable, net		285,438		300,046		317,461
Inventories		275,640		268,018		242,162
Deferred tax as sets		82,173		81,809		98,180
Other current assets		96,609		113,010		85,177
Total current assets		1,939,906		2,335,958		1,699,366
Property, plant and equipment, net		1,373,124		1,368,905		1,353,606
Intangible assets, net		157,146		165,591		208,913
Goodwill		422,004		422,004		423,073
Other assets		43,730		41,660		52,988
		10,700		,		
TOTAL ASSEIS  LIABILITIES AND STOCKI	\$ HOLD	3,935,910	\$ TY	4,334,118	\$	3,737,946
LIABILITIES AND STOCKI Current liabilities:		3,935,910 ERS' EQUI	TY	4,334,118	<u> </u>	
LIABILITIES AND STOCKI Current liabilities: Accounts payable	\$ HOLD	3,935,910 <b>ERS' EQUI</b> 105,322	_	4,334,118	\$	147,086
LIABILITIES AND STOCKI Current liabilities: Accounts payable Income taxes payable		3,935,910 <b>ERS' EQUI</b> 105,322 22,437	TY	4,334,118	<u> </u>	
LIABILITIES AND STOCKI Current liabilities: Accounts payable Income taxes payable Accrued salary and related expenses		3,935,910 <b>ERS' EQUI</b> 105,322	TY	4,334,118 114,629 20,200	<u> </u>	147,086 22,589
LIABILITIES AND STOCKI Current liabilities: Accounts payable Income taxes payable Accrued salary and related expenses Accrued expenses		3,935,910 <b>ERS' EQUI</b> 105,322 22,437 187,970	TY	4,334,118 114,629 20,200 182,894	<u> </u>	147,086 22,589 191,846
LIABILITIES AND STOCKI Current liabilities: Accounts payable Income taxes payable Accrued salary and related expenses		3,935,910 <b>ERS' EQUI</b> 105,322 22,437 187,970 60,592	TY	4,334,118 114,629 20,200 182,894 59,075	<u> </u>	147,086 22,589 191,846 64,092
LIABILITIES AND STOCKI Current liabilities: Accounts payable Income taxes payable Accrued salary and related expenses Accrued expenses Current portion of long term debt		3,935,910  ERS' EQUI  105,322 22,437 187,970 60,592 2,015	TY	4,334,118 114,629 20,200 182,894 59,075 304,314	<u> </u>	147,086 22,589 191,846 64,092 303,496
LIABILITIES AND STOCKI  Current liabilities: Accounts payable Income taxes payable Accrued salary and related expenses Accrued expenses Current portion of long term debt Deferred income on shipments to distributors Total current liabilities		3,935,910  ERS' EQUI  105,322 22,437 187,970 60,592 2,015 26,557	TY	114,629 20,200 182,894 59,075 304,314 25,851	<u> </u>	147,086 22,589 191,846 64,092 303,496 26,280
LIABILITIES AND STOCKI  Current liabilities: Accounts payable Income taxes payable Accrued salary and related expenses Accrued expenses Current portion of long term debt Deferred income on shipments to distributors		3,935,910  ERS' EQUI  105,322 22,437 187,970 60,592 2,015 26,557 404,893	TY	114,629 20,200 182,894 59,075 304,314 25,851 706,963	<u> </u>	147,086 22,589 191,846 64,092 303,496 26,280 755,389
LIABILITIES AND STOCKI  Current liabilities: Accounts payable Income taxes payable Accrued salary and related expenses Accrued expenses Current portion of long term debt Deferred income on shipments to distributors Total current liabilities Long term debt		3,935,910  ERS' EQUI  105,322 22,437 187,970 60,592 2,015 26,557 404,893 503,573	TY	114,629 20,200 182,894 59,075 304,314 25,851 706,963 503,573	<u> </u>	147,086 22,589 191,846 64,092 303,496 26,280 755,389 5,592
LIABILITIES AND STOCKI  Current liabilities: Accounts payable Income taxes payable Accrued salary and related expenses Accrued expenses Current portion of long term debt Deferred income on shipments to distributors Total current liabilities Long term debt Income taxes payable		3,935,910  ERS' EQUI  105,322 22,437 187,970 60,592 2,015 26,557 404,893 503,573 282,697	TY	4,334,118 114,629 20,200 182,894 59,075 304,314 25,851 706,963 503,573 271,815	<u> </u>	147,086 22,589 191,846 64,092 303,496 26,280 755,389 5,592 212,389
LIABILITIES AND STOCKI  Current liabilities: Accounts payable Income taxes payable Accrued salary and related expenses Accrued expenses Current portion of long term debt Deferred income on shipments to distributors Total current liabilities Long term debt Income taxes payable Deferred tax liabilities		3,935,910  ERS' EQUI  105,322 22,437 187,970 60,592 2,015 26,557 404,893 503,573 282,697 206,855	TY	114,629 20,200 182,894 59,075 304,314 25,851 706,963 503,573 271,815 213,138	<u> </u>	147,086 22,589 191,846 64,092 303,496 26,280 755,389 5,592 212,389 198,502
LIABILITIES AND STOCKI  Current liabilities: Accounts payable Income taxes payable Accrued salary and related expenses Accrued expenses Current portion of long term debt Deferred income on shipments to distributors Total current liabilities Long term debt Income taxes payable Deferred tax liabilities Other liabilities		3,935,910  ERS' EQUI  105,322 22,437 187,970 60,592 2,015 26,557 404,893 503,573 282,697 206,855 29,894	TY	114,629 20,200 182,894 59,075 304,314 25,851 706,963 503,573 271,815 213,138 26,063	<u> </u>	147,086 22,589 191,846 64,092 303,496 26,280 755,389 5,592 212,389 198,502 27,797
LIABILITIES AND STOCKI  Current liabilities:     Accounts payable     Income taxes payable     Accrued salary and related expenses     Accrued expenses     Current portion of long term debt     Deferred income on shipments to distributors     Total current liabilities Long term debt Income taxes payable Deferred tax liabilities Other liabilities Total liabilities		3,935,910  ERS' EQUI  105,322 22,437 187,970 60,592 2,015 26,557 404,893 503,573 282,697 206,855 29,894	TY	114,629 20,200 182,894 59,075 304,314 25,851 706,963 503,573 271,815 213,138 26,063	<u> </u>	147,086 22,589 191,846 64,092 303,496 26,280 755,389 5,592 212,389 198,502 27,797
LIABILITIES AND STOCKI  Current liabilities:     Accounts payable     Income taxes payable     Accrued salary and related expenses     Accrued expenses     Current portion of long term debt     Deferred income on shipments to distributors     Total current liabilities Long term debt Income taxes payable Deferred tax liabilities Other liabilities     Total liabilities Stockholders' equity:		3,935,910  ERS' EQUI  105,322 22,437 187,970 60,592 2,015 26,557 404,893 503,573 282,697 206,855 29,894 1,427,912	TY	4,334,118 114,629 20,200 182,894 59,075 304,314 25,851 706,963 503,573 271,815 213,138 26,063 1,721,552	<u> </u>	147,086 22,589 191,846 64,092 303,496 26,280 755,389 5,592 212,389 198,502 27,797 1,199,669
LIABILITIES AND STOCKI  Current liabilities: Accounts payable Income taxes payable Accrued salary and related expenses Accrued expenses Current portion of long term debt Deferred income on shipments to distributors Total current liabilities Long term debt Income taxes payable Deferred tax liabilities Other liabilities Total liabilities  Stockholders' equity: Common stock Retained earnings		3,935,910  ERS' EQUI  105,322 22,437 187,970 60,592 2,015 26,557 404,893 503,573 282,697 206,855 29,894 1,427,912  288 2,523,457	TY	4,334,118 114,629 20,200 182,894 59,075 304,314 25,851 706,963 503,573 271,815 213,138 26,063 1,721,552	<u> </u>	147,086 22,589 191,846 64,092 303,496 26,280 755,389 5,592 212,389 198,502 27,797 1,199,669
LIABILITIES AND STOCKI  Current liabilities: Accounts payable Income taxes payable Accrued salary and related expenses Accrued expenses Current portion of long term debt Deferred income on shipments to distributors Total current liabilities Long term debt Income taxes payable Deferred tax liabilities Other liabilities Total liabilities Stockholders' equity: Common stock		3,935,910  ERS' EQUI  105,322 22,437 187,970 60,592 2,015 26,557 404,893 503,573 282,697 206,855 29,894 1,427,912	TY	4,334,118 114,629 20,200 182,894 59,075 304,314 25,851 706,963 503,573 271,815 213,138 26,063 1,721,552	<u> </u>	147,086 22,589 191,846 64,092 303,496 26,280 755,389 5,592 212,389 198,502 27,797 1,199,669

CONSOLIDATED STAT	EMENTS OF (	CASH FLOWS					
(Cir		Three Months Ende	d	Year Ended			
	June 29, 2013	March 30, 2013	June 30, 2012	June 29, 2013	June 30, 2012		
	2013	2013	(in thousands)	2013	2012		
Cash flows from operating activities:							
Net income	\$ 119,014	\$ 131,388	\$ 110,634	\$ 454,912	\$ 386,727		
Adjustments to reconcile net income to net cash provided by operating activities:							
Stock-based compensation	18,853	19,613	20,890	83,808	89,867		
Depreciation and amortization	51,191	50,391	53,554	207,136	211,096		
Deferred taxes	(2,813)	18,392	1,224	25,372	30,759		
Loss (gain) from sale of property, plant and equipment	1,380	(2,397)	(1,412)	(1,156)	(7,648)		
Tax benefit (shortfall) related to stock-based compensation	358	1,317	1,309	8,197	3,113		
Impairment of long-lived assets	-	_	22,933	24,929	30,645		
Excess tax benefit from stock-based compensation	(2,792)	(4,297)	(5,247)	(18,923)	(17,482)		
In-process research and development written-off	-	2,800	-	2,800	1,600		
Loss (gain) on sale of discontinued operations	_	(3,285)	-	(3,285)	(45,372)		
Gain from sale of investments in privately-held companies	_	-	_	-	(1,811)		
Changes in assets and liabilities:					(-,)		
Accounts receivable	14,608	(35,501)	(21,206)	32,023	(19,262)		
Inventories	(7,657)	(12,143)	(22,090)	(35,245)	(432)		
Other current assets	(2,132)	(14,653)	(5,634)	(20,533)	(16,757)		
Accounts payable	(6,961)	10,453	11,802	(32,510)	25,515		
Income taxes payable	13,118	9,100	20,329	70,156	134,967		
Deferred revenue on shipments to distributors				70,136			
All other accrued liabilities	706 17,527	489 40,026	(2,449)	19,977	(10,601) (38,202)		
			5,457				
Net cash provided by (used in) operating activities	214,400	211,693	190,094	817,935	756,722		
Cash flows from investing activities:							
Payments for property, plant and equipment	(48,922)	(54,945)	(76,610)	(216,672)	(264,348)		
Proceeds from sales of property, plant and equipment	4,538	10,199	1,400	19,196	16,883		
Proceeds from sales of property, plant and equipment through note receivable	10,786	-	-	10,786	-		
Proceeds from sale of discontinued operations	-	-	-	-	56,607		
Proceeds from maturity of available-for-sale securities	-	50,000	-	50,000	-		
Purchases of available-for-sale securities	-	-	-	-	(25,108)		
Purchases of privately-held companies securities	(500)	-	(1,500)	(500)	(3,480)		
Acquisitions	(2,767)	-	(2,257)	(2,767)	(168,544)		
Proceeds from sales of investments of privately-held companies	585			585	3,225		
Net cash provided by (used in) investing activities	(36,280)	5,254	(78,967)	(139,372)	(384,765)		
Cash flows from financing activities:							
Excess tax benefit from stock-based compensation	2,792	4,297	5,247	18,923	17,482		
Contingent consideration paid	(6,305)	-	-	(13,781)	-		
Dividends paid	(69,532)	(70,421)	(64,408)	(280,215)	(257,731)		
Repayment of notes payable	(302,299)	(903)	(400)	(303,500)	(20,806)		
Issuance of debt	-	494,395	-	494,395			
Debt issuance cost	(671)	(3,250)	-	(3,921)	_		
Repurchase of common stock	(193,221)	(66,330)	(56,282)	(375,135)	(246,412)		
Issuance of ESPP	19,529	(00,550)	18,807	36,297	33,772		
Net issuance of restricted stock units	(7,456)	(7,941)	(6,929)	(29,042)	(29,649)		
Proceeds from stock options exercised	6,049	26,079	13,347	71,342	49,906		
Net cash provided by (used in) financing activities	(551,114)	375,926	(90,618)	(384,637)	(453,438)		
Net increase (decrease) in cash and cash equivalents	(372,994)	592,873	20,509	293,926	(81,481)		
Cash and cash equivalents:	Ç - /- · · ·	,	- /	,	\- / - ·/		
Beginning of period	1.547.980	955,107	860,551	881,060	962,541		
End of period	\$ 1,174,986	\$ 1,547,980	\$ 881,060	\$ 1,174,986	\$ 881,060		
Total cash, cash equivalents, and short-term investments	\$ 1,200,046	\$ 1,573,075	\$ 956,386	\$ 1,200,046	\$ 956,386		

`	Unaudite	Year Ended								
	_	une 29,	Three Months Ended March 30.			June 30,	June 29.		June 30	
		2013	14.	2013	•	2012	٠	2013	J	2012
	-			(in thousan	ds, ex	cept per shar	e dat	a)		
Reconciliation of GAAP gross profit to GAAP gross profit excluding special										
tems:	- \$	371,399	\$	376,102	\$	371,989	¢	1 406 567	¢	1 450 95
GAAP gross profit	Ф		Ф		Ф		\$	1,496,567	Ф	1,450,85
GAAP gross profit %		61.1%		62.2%		61.5%		61.3%		60.49
Special expense items:										
Intangible asset amortization		7,777		7,777		9,392		33,994		36,69
Acquisition related inventory write up		-		-		-		-		1,80
Total special expense items		7,777		7,777		9,392		33,994		38,49
GAAP gross profit excluding special expense items	\$	379,176	\$	383,879	\$	381,381	\$	1,530,561	\$	1,489,34
GAAP gross profit % excluding special expense items		62.3%		63.5%		63.0%		62.7%		62.09
Reconciliation of GAAP operating expenses to GAAP operating expenses										
excluding special items:										
GAAP operating expenses	\$	220,309	\$	221,824	\$	235,968	\$	908,248	\$	916,05
Special expense (income) items:										
Intangible asset amortization		3,670		3,903		4,049		15,525		16,73
Impairment of long-lived assets (1)		_		-		22,383		24,929		30,09
Severance and restructuring		442		151		18		2,829		6,78
Other operating expenses (income), net (2)		2,105		1,678		(4,469)		5,864		(11,21
Total special expense items		6,217		5,732		21,981		49,147		42,40
GAAP operating expenses excluding special expense items	\$	214,092	\$	216,092	\$	213,987	\$	859,101	\$	873,65
GAAP net income	\$	119,014	\$	131,388	\$	110,634	\$	454,912	\$	386,72
Special expense (income) items:										
Intangible asset amortization		11,447		11,680		13,441		49,519		53,43
Acquisition related inventory write up		-		-		-		-		1,80
Impairment of long-lived assets (1)		-		-		22,383		24,929		30,09
Severance and restructuring		442		151		18		2,829		6,78
Other operating expenses (income), net (2)		2,105		1,678		(4,469)		5,864		(11,21
Interest and other expense (income), net (3)		700				550		700		(1,22
Pre-tax total special expense items		14,694		13,509		31,923		83,841		79,67
Tax effect of special items		(4,231)		(3,806)		(10,613)		(22,963)		(25,57
Reversal of tax reserves		-		-		-		-		(2,27
International restructuring implementation (4)		-		-		2,751		18,726		65,38
Fiscal year 2012 research & development tax credits		-		(3,899)		-		(3,899)		-
Discontinued operations, net of tax (5)		-		(2,603)		-		(2,603)		(31,80
GAAP net income excluding special expense items	\$	129,477	\$	134,589	\$	134,695	\$	528,014	\$	472,12
GAAP net income per share excluding special expense items:										
Basic	\$	0.45	\$	0.46	\$	0.46	\$	1.81	\$	1.61
Diluted	\$	0.44	\$	0.45	\$	0.45	\$	1.77	\$	1.57
Shares used in the calculation of earnings per share excluding special expense iter	nne •									
shares used in the carculation of earnings per share excluding special expense her Basic	115.	290.146		292.888		292.757		291.835		292.810
	_	-, -,		272,000			_	-, -,		_,_,
Diluted		296,756		300,082		299,793	_	298,596	_	300,002
Includes impairment charges relating to wafer fab and end of line manufacturing     Other operating expenses (income), net are primarily for in-process research an						consideration	n adii	ustments rel	ated t	o certai
acquisitions, loss (gain) relating to sale of land and buildings, loss on lease aband										
3) Includes gain on sale and impairment of privately-held companies.		•		-						

# **Non-GAAP Measures**

To supplement the consolidated financial results prepared under GAAP, Maxim Integrated uses non-GAAP measures which are adjusted from the most directly comparable GAAP results to exclude special items related to intangible asset amortization; impairment of long-lived assets; severance and restructuring; inprocess research and development; contingent consideration adjustments relating to

certain acquisitions; loss (gain) relating to sale of land and buildings; stock option related litigation; certain payroll taxes; the tax provision impacts due to international restructuring implementation; reversal of tax reserves; fiscal year 2012 research and development tax credits; loss on lease abandonment; and gain on sale, net of tax relating to certain business divested. Management uses these non-GAAP measures internally to make strategic decisions, forecast future results and evaluate Maxim Integrated's current performance. Many analysts covering Maxim Integrated use the non-GAAP measures as well. Given management's use of these non-GAAP measures, Maxim Integrated believes these measures are important to investors in understanding Maxim Integrated's current and future operating results as seen through the eyes of management. In addition, management believes these non-GAAP measures are useful to investors in enabling them to better assess changes in Maxim Integrated's core business across different time periods. These non-GAAP measures are not in accordance with or an alternative to GAAP financial data and may be different from non-GAAP measures used by other companies. Because non-GAAP financial measures are not standardized it may not be possible to compare these financial measures with other companies' non-GAAP financial measures, even if they have similar names. The non-GAAP measures displayed in the table above include the following:

# GAAP gross profit excluding special items

The use of GAAP gross profit excluding special items allows management to evaluate the gross margin of the Company's core businesses and trends across different reporting periods on a consistent basis, independent of special items including intangible asset amortization. In addition, it is an important component of management's internal performance measurement and reward process as it is used to assess the current and historical financial results of the business, for strategic decision making, preparing budgets and forecasting future results. Management presents GAAP gross profit excluding special items to enable investors and analysts

to evaluate our revenue generation performance relative to the direct costs of revenue of Maxim Integrated's core businesses.

## GAAP operating expenses excluding special items

The use of GAAP operating expenses excluding special items allows management to evaluate the operating expenses of the Company's core businesses and trends across different reporting periods on a consistent basis, independent of special items including intangible asset amortization; impairment of long-lived assets; severance and restructuring; in-process research and development; contingent consideration adjustments relating to certain acquisitions; loss on lease abandonment; loss (gain) relating to sale of land and buildings; certain payroll taxes; and stock option related litigation. In addition, it is an important component of management's internal performance measurement and reward process as it is used to assess the current and historical financial results of the business, for strategic decision making, preparing budgets and forecasting future results. Management presents GAAP operating expenses excluding special items to enable investors and analysts to evaluate our core business and its direct operating expenses.

## GAAP net income and GAAP net income per share excluding special items

The use of GAAP net income and GAAP net income per share excluding special items allow management to evaluate the operating results of Maxim Integrated's core businesses and trends across different reporting periods on a consistent basis, independent of special items including intangible asset amortization; impairment of long-lived assets; severance and restructuring; in-process research and development; contingent consideration adjustments relating to certain acquisitions; loss on lease abandonment; loss (gain) relating to sale of land and buildings; stock option related litigation; certain payroll taxes; the tax provision impacts due to international restructuring implementation; reversal of tax reserves; fiscal year 2012 research and development tax credits; and gain on sale, net of tax relating to certain business divested. In addition, they are important components of management's internal

performance measurement and reward process as it is used to assess the current and historical financial results of the business, for strategic decision making, preparing budgets and forecasting future results. Management presents GAAP net income and GAAP net income per share excluding special items to enable investors and analysts to understand the results of operations of Maxim Integrated's core businesses and to compare our results of operations on a more consistent basis against that of other companies in our industry.

## "Safe Harbor" Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include the Company's business outlook and financial projections for its first quarter of fiscal 2014 ending in September 2013, which includes revenue, gross margin and earnings per share, as well as the Company's confidence in its strategy and long-term business model as demonstrated by the increase in its dividend and share repurchases. These statements involve risk and uncertainty. Actual results could differ materially from those forecasted based upon, among other things, general market and economic conditions and market developments that could adversely affect the growth of the mixed-signal analog market, product mix shifts, the loss of all or a substantial portion of our sales to one of our large customers, customer cancellations and price competition, as well as other risks described in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012 (the "10-K") and Quarterly Reports on Form 10-Q filed after the 10-K.

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 except as required by law.

# **About Maxim Integrated**

At Maxim Integrated, we put analog together in a way that sets our customers apart. In Fiscal 2013, we reported revenues of \$2.4 billion. For more information, go to <a href="https://www.maximintegrated.com">www.maximintegrated.com</a>.