



MAXIM INTEGRATED PRODUCTS, INC.
2012 PROXY STATEMENT & 2012 ANNUAL REPORT



October 1, 2012

Dear Maxim Integrated Stockholders:

I am pleased to provide you with the enclosed Proxy Statement for our 2012 Annual Meeting and Annual Report on Form 10-K for our fiscal year ended June 30, 2012. I am very proud of our results for fiscal 2012, which included many significant accomplishments.

First, Maxim Integrated revenue outperformed its peers during fiscal year 2012 despite the challenging macro environment. Revenues were approximately \$2.4 billion, down slightly over fiscal year 2011, but well ahead of our analog peer group during the same timeframe.

Second, we maintained stable gross margins within our long-term target range driven by increasing analog integration as well as our flexible manufacturing model.

Third, we delivered on our commitment of returning cash to stockholders in the form of dividends and buybacks as we returned approximately 21% of revenue during fiscal year 2012. We also recently increased the quarterly dividend by 9% reflecting both confidence in the business model and ability to generate sufficient cash throughout economic cycles.

Last, but not least, Maxim Integrated continued to lead the industry in analog integration as revenue from our high-integration products grew roughly 17% over fiscal year 2011. Customer interest in our high-integration products is strong and continues to increase, with highly integrated products now representing 37% of our total revenue compared to 31% one year ago.

As described in our Proxy Statement, we are asking for your continued support of our equity compensation plans through approval of modest share increases to our 2008 Employee Stock Purchase Plan and our Amended and Restated 1996 Stock Incentive Plan. We have an extremely talented and dedicated workforce, and the share increases are critically important for recruitment and retention. Awards under these Plans also provide appropriate incentives for our employees to deliver superior results for our stockholders. I urge you to vote in favor of these Proposals as set forth in our Proxy Statement.

Thank you for your continuing support, and we look forward to seeing you at the Annual Meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Doluca'.

Tunç Doluca
President and Chief Executive Officer
Maxim Integrated



MAXIM INTEGRATED

**160 Rio Robles
San Jose, CA 95134
(408) 601-1000**

October 1, 2012

Dear Stockholders:

We are pleased to invite you to attend Maxim Integrated Products, Inc.'s ("Maxim Integrated," the "Company," "we" or "our") 2012 annual meeting of stockholders to be held on Wednesday, November 14, 2012 at 10:00 a.m. Pacific Time, at our Event Center at 160 Rio Robles, San Jose, California 95134.

Details regarding admission to the meeting and the business to be conducted are described in this proxy statement, as well as in the Notice of Internet Availability of Proxy Materials (the "Notice") to be mailed to you on or about October 1, 2012. We have also made available a copy of our 2012 Annual Report on Form 10-K with this proxy statement. We encourage you to read our 2012 Annual Report as it includes our audited financial statements and provides information about our business and products.

As in prior years, we have elected to provide access to our proxy materials for the 2012 annual meeting over the Internet under the "notice and access" rules of the Securities and Exchange Commission ("SEC"). We believe that this process expedites stockholders' receipt of proxy materials, lowers the costs of our annual meeting, and helps to conserve natural resources. The Notice you will receive in the mail contains instructions on how to access this proxy statement and 2012 Annual Report and vote online. The Notice also includes instructions on how to request a paper copy of the annual meeting materials, should you wish to do so.

Of particular importance is our proposal to increase the number of shares reserved for issuance under our Amended and Restated 1996 Stock Incentive Plan (the "1996 Equity Plan") through an amendment and restatement of the 1996 Equity Plan. With this letter, we are seeking your support of the addition of six million (6,000,000) shares to the 1996 Equity Plan, which represents approximately 2.05% of the total number of shares currently outstanding. In order to achieve our long-term plan and our goal of being recognized by our employees, customers, and investors as the leading company in the analog and mixed-signal semiconductor industry and to maximize stockholder value, management and the board of directors believe it is necessary that stockholders approve our request for the addition of these shares to the 1996 Equity Plan.

We are also seeking an advisory vote on the Company's compensation programs for the Executive Officers named in the proxy statement. We welcome your views on these compensation programs. As we decided last year, we intend to continue to include this advisory vote in our proxy statement on an annual basis.

Your vote is important. Please review the instructions on each of your voting options described in this proxy statement as well as in the Notice.

Also, please let us know if you plan to attend our annual meeting when you vote by telephone or over the Internet by indicating your plans when prompted or, if you requested to receive printed proxy materials, by marking the appropriate box on the enclosed proxy card.

Thank you for your ongoing support of Maxim Integrated. We look forward to seeing you at our annual meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tunc Doluca'.

Tunc Doluca
President and Chief Executive Officer



MAXIM INTEGRATED
160 Rio Robles
San Jose, CA 95134
(408) 601-1000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time and Date	10:00 a.m., Pacific Time, on Wednesday, November 14, 2012 (the "meeting date").
Place	Event Center, 160 Rio Robles, San Jose, California 95134.
Items of Business	<ol style="list-style-type: none">(1) To elect seven members of the board of directors to hold office until the next annual meeting of stockholders or until their respective successors have been elected and qualified.(2) To ratify the appointment of Deloitte & Touche LLP as Maxim Integrated's independent registered public accounting firm for the fiscal year ending June 29, 2013.(3) To ratify and approve an amendment to Maxim Integrated's 2008 Employee Stock Purchase Plan (the "2008 ESP Plan") to increase the number of shares available for issuance thereunder by 2,000,000 shares.(4) To ratify and approve an Amendment and Restatement of Maxim Integrated's 1996 Stock Incentive Plan (the "1996 Equity Plan") to increase the number of shares available for issuance thereunder by 6,000,000 shares, to expand the performance metrics for employee equity grants under the 1996 Equity Plan and to make certain other administrative changes.(5) To hold a non-binding advisory vote on the compensation of our Named Executive Officers.(6) To consider such other business as may properly come before the meeting.
Adjournments and Postponements	Any action on the items of business described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting may be properly reconvened after being adjourned or postponed.
Record Date	You are entitled to vote only if you were a Maxim Integrated stockholder as of the close of business on September 17, 2012 (the "record date").
Meeting Admission	You are entitled to attend the annual meeting only if you were a Maxim Integrated stockholder as of the close of business on the record date or hold a valid proxy to vote at the annual meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. You should be prepared to present photo identification for admittance. If you are not a stockholder of record but hold shares through a brokerage firm, bank, broker-dealer, trustee or nominee (i.e., in street name), you should provide proof of beneficial ownership as of the record date, such as your most recent account statement prior to the record date, a copy of the voting instruction card provided by your brokerage firm, bank, broker-dealer, trustee or nominee, or similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above, you will not be admitted to the annual meeting. Cameras and other video or audio recording devices will not be permitted at the meeting.

Please let us know if you plan to attend the meeting by marking the appropriate box on the enclosed proxy card, if you requested to receive printed proxy materials, or, if you vote by telephone or over the Internet, by indicating your plans when prompted.

The annual meeting will begin promptly on the meeting date at 10:00 a.m., Pacific Time. Check-in will begin at 9:30 a.m., Pacific Time, and you should allow ample time for the check-in procedures.

Your vote is very important. Whether or not you plan to attend the annual meeting, we encourage you to read this proxy statement and submit your proxy or voting instructions as soon as possible. For specific instructions on how to vote your shares, please refer to the instructions on the Notice of Internet Availability of Proxy Materials you will receive in the mail, the Questions and Answers section in this proxy statement or, if you requested to receive printed proxy materials, your enclosed proxy card.

By order of the board of directors,

A handwritten signature in black ink, appearing to read 'T. Doluca', with a stylized, cursive script.

Tunc Doluca
President and Chief Executive Officer

This proxy statement and form of proxy will be filed with the SEC on October 1, 2012. The Notice containing instructions on how to access this proxy statement online or receive a paper or email copy will be mailed to the stockholders on or about October 1, 2012.

MAXIM INTEGRATED

**160 Rio Robles Drive
San Jose, California 95134**

Proxy Statement for Annual Meeting of Stockholders

NOVEMBER 14, 2012

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Q: Why am I receiving these materials?

A: Our board of directors is making these materials available to you on the Internet, or, upon your request, by delivering printed proxy materials to you, in connection with the solicitation of proxies for use at Maxim Integrated's 2012 annual meeting of stockholders, which will take place on November 14, 2012 at 10 a.m. Pacific Time, at our Event Center located at 160 Rio Robles, San Jose, California 95134. As a stockholder holding shares of our common stock on September 17, 2012 (the "record date"), you are invited to attend the annual meeting and requested to vote on the proposals described in this proxy statement.

As of the record date, 292,173,299 shares of Maxim Integrated's common stock were issued and outstanding.

Q: What information is contained in this proxy statement?

A: The information in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, the compensation of our directors and most highly paid executive officers, and certain other information required to be provided by the rules and regulations of the Securities and Exchange Commission (the "SEC").

Q: Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of printed proxy materials?

A: Under the applicable rules of the SEC, we may furnish proxy materials, including this proxy statement and our 2012 Annual Report, to our stockholders by providing access to such documents on the Internet instead of mailing printed copies. Providing access to proxy materials over the Internet helps us lower the cost of holding our annual meeting and saves natural resources. On or about October 1, 2012, we are mailing the notice of the Internet Availability of Proxy Materials (the "Notice") to our stockholders (except those stockholders who previously requested electronic or paper delivery of proxy materials), which includes instructions as to how stockholders may access and review all of the proxy materials on the Internet. The Notice also instructs you as to how you may submit your proxy on the Internet. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials provided in the Notice.

Q: How do I get electronic access to the proxy materials?

A: The Notice will provide you with instructions regarding how to:

- View our proxy materials for the annual meeting on the Internet and vote online; and
- If desired, instruct us to send our future proxy materials to you electronically by email or by mail.

Q: I share an address with another stockholder and we only received one copy of the Notice and/or other proxy materials. How may I obtain a separate copy?

A: Under the procedure approved by the SEC called "householding," if you have the same address and last name as another stockholder and do not participate in electronic delivery of proxy materials, you may

receive only one copy of the Notice, or, if applicable, one copy of any other proxy materials, unless you instruct us otherwise. Please note that you will still be able to access the proxy materials on the Internet and vote your shares separately. If you received a single copy of the Notice or other proxy materials as a result of householding and you would like to have separate copies of such materials mailed to you, please submit your request either by calling the number provided below or mailing a written request to the address provided below:

Corporate Secretary
Maxim Integrated
160 Rio Robles
San Jose, CA 95134
(408) 601-1000

We will promptly mail a separate copy of this proxy statement upon our receipt of such request. Please note that if you want to receive a paper copy of this proxy statement or other proxy materials, you should follow the instructions included in the Notice.

Q: What items of business will be voted on at the annual meeting?

A: The items of business scheduled to be voted on at the annual meeting are the following:

- the election of seven (7) directors;
- the ratification of the appointment of Deloitte & Touche LLP as Maxim Integrated's independent registered public accounting firm for the fiscal year ending June 29, 2013;
- the ratification and approval of an amendment to Maxim Integrated's 2008 ESP Plan to increase the number of shares available for issuance thereunder by 2,000,000 shares;
- the ratification and approval of an Amendment and Restatement of Maxim Integrated's 1996 Equity Plan to increase the number of shares available for issuance thereunder by 6,000,000 shares, to expand the performance metrics for employee equity grants under the 1996 Equity Plan and to make certain other administrative changes.
- an advisory vote on the compensation of our Named Executive Officers.

In addition, we will consider any other items of business that properly come before the annual meeting.

Q: What are the requirements for admission to the meeting?

A: Only stockholders holding shares of Maxim Integrated's common stock as of the record date or their proxy holders and Maxim Integrated's guests may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at 9:30 a.m. (Pacific Time). Cameras and other video or audio recording devices will not be permitted at the meeting.

If you attend, please note that you may be asked to present valid picture identification, such as a driver's license or passport. If you hold your shares as a beneficial owner through a brokerage firm, bank, broker-dealer, trustee or nominee, you will need to ask your brokerage firm, bank, broker-dealer, trustee or nominee for an admission card in the form of a legal proxy. You will need to bring the legal proxy with you to the meeting. If you do not receive the legal proxy in time, bring your most recent brokerage statement (reflecting your share ownership as of September 17, 2012, the record date) with you to the meeting. We can use that to verify your ownership of shares of our common stock and admit you to the meeting. However, as discussed more fully under the heading "What is the difference between holding shares as a stockholder of record and as a beneficial owner?", beneficial owners will not be able to vote their shares at the annual meeting without a legal proxy.

Q: How does the board of directors recommend that I vote?

A: Our board of directors recommends that you vote your shares (1) “FOR” the election of each of the nominees to the board of directors (Item 1), (2) “FOR” the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending June 29, 2013 (Item 2), (3) “FOR” the ratification and approval of an amendment to Maxim Integrated’s 2008 ESP Plan to increase the number of shares available for issuance thereunder by 2,000,000 shares (Item 3), (4) “FOR” the ratification and approval of an Amendment and Restatement of Maxim Integrated’s 1996 Equity Plan to increase the number of shares available for issuance thereunder by 6,000,000 shares, to expand the performance metrics for employee equity grants under the 1996 Equity Plan and to make certain other administrative changes (Item 4), and (5) “FOR” the approval of the compensation of our Named Executive Officers pursuant to the advisory vote thereon (Item 5).

Q: How many votes do I have?

A: For each proposal to be voted on, you have one vote for each share of Maxim Integrated’s common stock you own as of the record date.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: Many Maxim Integrated stockholders hold their shares through a broker or other nominees rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of Record: If your shares are registered directly in your name with our transfer agent, Computershare, as of the record date, you are considered, with respect to those shares, the stockholder of record, and the Notice was sent directly to you by Maxim Integrated. As the stockholder of record, you have the right to grant your voting proxy directly to Maxim Integrated or to vote in person at the annual meeting. If you requested to receive printed proxy materials, Maxim Integrated has enclosed or sent a proxy card for you to use. You may also vote on the Internet or by telephone, as described in the Notice and below under the heading “How can I vote my shares without attending the annual meeting?”, or by completing and mailing the proxy card if you requested a printed copy of the proxy materials.

Beneficial Owner: If your shares are held in an account at a brokerage firm, bank, broker-dealer, trust or other similar organization, like the vast majority of our stockholders, you are considered the beneficial owner of shares held in street name, and the Notice was forwarded to you by that organization. As the beneficial owner, you have the right to direct your brokerage firm, bank, broker-dealer or trustee how to vote your shares, and you are also invited to attend the annual meeting. Since a beneficial owner is not the stockholder of record, you may not vote your shares in person at the annual meeting unless you obtain a legal proxy from the brokerage firm, bank, broker-dealer, trust or other similar organization that holds your shares giving you the right to vote the shares at the meeting. If you do not wish to vote in person or you will not be attending the annual meeting, you may vote by proxy. You may vote by proxy over the Internet or by telephone, as described in the Notice and below under the heading “How can I vote my shares without attending the annual meeting?”.

Q: How can I vote my shares in person at the annual meeting?

A: Shares held in your name as the stockholder of record may be voted by you in person at the annual meeting. Shares owned beneficially and held in street name may be voted by you in person at the annual meeting only if you obtain a legal proxy from the brokerage firm, bank, broker-dealer, trustee or nominee that holds your shares giving you the right to vote the shares.

Even if you plan to attend the annual meeting, we recommend that you also submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend the meeting.

Q: How can I vote my shares without attending the annual meeting?

A: Whether you own shares directly as the stockholder of record or own shares beneficially which are held in street name, you may direct how your shares are voted without attending the annual meeting. If you are a stockholder of record, you may vote by proxy. You may vote by proxy over the Internet or by telephone by following the instructions provided in the Notice, or, if you requested to receive printed proxy materials, you may also vote by mail pursuant to instructions provided on the proxy card. If you own shares beneficially which are held in street name, you may also vote by proxy over the Internet or by telephone by following the instructions provided in the Notice, or, if you requested to receive printed proxy materials, you may also vote by mail by following the voting instruction card provided to you by your brokerage firm, bank, broker-dealer, trustee or nominee.

Q: Can I change my vote?

A: You may change your vote at any time prior to the taking of the vote at the annual meeting. If you are a stockholder of record, you may change your vote by (1) delivering to Maxim Integrated's Corporate Secretary at 160 Rio Robles, San Jose, California 95134 a written notice of revocation or a duly executed proxy bearing a date subsequent to your original proxy prior to the date of the annual meeting, or (2) attending the annual meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request. For shares you own beneficially which are held in street name, you may change your vote by submitting new voting instructions to your brokerage firm, bank, broker-dealer, trustee or nominee following the instructions they provided, or, if you have obtained a legal proxy from your brokerage firm, bank, broker-dealer, trustee or nominee giving you the right to vote your shares, by attending the annual meeting and voting in person.

Q: What happens if I deliver a signed proxy without specifying how my shares should be voted?

A: If you sign and deliver your proxy without instructions and do not later revoke the proxy, the proxy will be voted "FOR" the slate of nominees to the board of directors described in this proxy statement, and "FOR" Proposals No. 2, No. 3, No. 4, and No. 5. As to any other matter that may properly come before the annual meeting, the proxy will be voted according to the judgment of the proxy holders.

Q: Is my vote confidential?

A: Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. An independent tabulator, not Maxim Integrated, will count the votes, and your vote will not be disclosed either within Maxim Integrated or to third parties, except: (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the results and (3) to facilitate a successful proxy solicitation. Occasionally, stockholders provide on their proxy card written comments, which are then forwarded to Maxim Integrated management.

Q: How many shares must be present or represented to conduct business at the annual meeting?

A: The quorum requirement for holding the annual meeting and transacting business is that holders of a majority of the voting power of the issued and outstanding common stock of Maxim Integrated as of the record date must be present in person or represented by proxy. Both abstentions and broker non-votes (described below) are counted for the purpose of determining the presence of a quorum.

Q: What is the voting requirement to approve each of the proposals?

A: In the election of directors, the seven nominees receiving the highest number of affirmative "FOR" votes at the annual meeting will be elected (Item 1).

The affirmative "FOR" vote of a majority of the votes cast on the proposal is required to approve (1) the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting

firm for the fiscal year ending June 29, 2013 (Item 2), (2) the ratification and approval of an amendment to Maxim Integrated's 2008 ESP Plan to increase the number of shares available for issuance thereunder by 2,000,000 shares (Item 3), (3) the ratification and approval of an Amendment and Restatement of Maxim Integrated's 1996 Equity Plan to increase the number of shares available for issuance thereunder by 6,000,000 shares, to expand the performance metrics for employee equity grants under the 1996 Equity Plan and to make certain other administrative changes (Item 4), and (4) the advisory approval of the compensation of our Named Executive Officers (Item 5). The vote of stockholders on Item 5 is advisory only and not binding on Maxim Integrated or the board of directors. However, the board of directors and the Compensation Committee will take the voting results into serious consideration when making future decisions regarding executive compensation.

Q: What are my voting choices?

A: In the election of directors, you may vote "FOR" or "WITHHOLD" with regard to all or some of the nominees. Votes "WITHHOLD" with respect to the election of directors will be counted for purposes of determining the presence or absence of a quorum at the annual meeting but will have no other legal effect upon election of directors, as the election of a director only requires a plurality of affirmative "FOR" votes. For Proposals No. 2, No. 3, No. 4 and No. 5, you may vote "FOR," "AGAINST" or "ABSTAIN." If you elect to "ABSTAIN," the abstention has the same effect as a vote "AGAINST."

Q: What is the effect of broker non-votes and abstentions?

A: If you own shares beneficially which are held in street name and do not provide your broker with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered votes cast on that proposal. Therefore, broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained.

Abstentions are considered votes cast and thus have the same effect as votes against the matter. However, in the election of directors, the vote "WITHHOLD" will have no effect on the outcome as such election only requires a plurality of affirmative "FOR" votes.

Q: Is cumulative voting permitted for the election of directors?

A: Yes. You may cumulate your votes for the election of directors. You are entitled to as many votes as equals the number of directors to be elected multiplied by the number of shares held by you, and you may cast all such votes for a single director or distribute such votes among as many candidates who have been properly nominated as you see fit. Please note that the proxy holders may exercise discretionary authority to cumulate votes and to allocate such votes among the seven (7) nominees recommended by the board of directors.

Q: What happens if additional matters are presented at the annual meeting?

A: Other than the five (5) specific items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxy holders, Mark Casper and Bruce Kiddoo, or either of them, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any reason any of the nominees described in this proxy statement are not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the board of directors.

Q: Who will serve as inspector of elections?

A: The inspector of elections will be a representative from Broadridge Financial Services. Broadridge Financial Services will tabulate the votes in connection with the annual meeting.

Q: Who will bear the cost of soliciting votes for the annual meeting?

A: Maxim Integrated will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. If you choose to access the proxy materials and/or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. We will, upon request, reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to the beneficial owners of our common stock.

Q: Where can I find the voting results of the annual meeting?

A: We intend to announce preliminary voting results at the annual meeting and publish final results in our current report on Form 8-K within four (4) business days of the annual meeting date.

Q: What is the deadline for submission of stockholder proposals for consideration at the 2013 annual meeting?

A: For proposals other than nomination of director candidates: Pursuant to SEC Rule 14a-8(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), a stockholder proposal will be considered for inclusion in our proxy materials for the 2013 annual meeting only if the Corporate Secretary of Maxim Integrated receives the proposal by no later than June 3, 2013.

Our bylaws also establish an advance notice procedure for stockholders who wish to present a proposal before an annual meeting of stockholders but do not intend for the proposal to be included in our proxy statement.

Our bylaws provide that the only business that may be conducted at an annual meeting is business that is (1) pursuant to Maxim Integrated's proxy materials with respect to such meeting, (2) brought by, or at the direction of, our board of directors, or (3) brought by a stockholder of Maxim Integrated who is a stockholder of record entitled to vote at the annual meeting who has timely delivered written notice to our Corporate Secretary, which notice must contain the information specified in our bylaws. To be timely for our 2013 annual meeting of stockholders, our Corporate Secretary must receive the written notice, prepared in accordance with our bylaws, at our principal executive offices:

- not later than the close of business on August 17, 2013; and
- not earlier than the close of business on July 18, 2013.

In the event that we hold our 2013 annual meeting of stockholders more than thirty (30) days before or sixty (60) days after the one-year anniversary date of the 2012 annual meeting, then notice of a stockholder proposal that is not intended to be included in our proxy statement must be received not later than the close of business on the earlier of the following two (2) dates:

- the ninetieth (90th) day prior to the 2013 annual meeting; or
- the tenth (10th) day following the day on which public announcement of the meeting date is made (either in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by Maxim Integrated with the SEC).

If a stockholder who has notified us of his or her intention to present a proposal at an annual meeting takes any action contrary to the representations made in his or her notice to Maxim Integrated's Corporate Secretary, or if such representations contain an untrue statement of a material fact or omit a material fact, we are not required to present the proposal for a vote at such meeting.

For nomination of director candidates: Stockholders may propose nominees to be eligible for election as directors at the 2013 annual meeting in accordance with the provisions of our bylaws. To properly nominate such a candidate, a stockholder must deliver written notice, prepared in accordance with our bylaws, to Maxim Integrated's Corporate Secretary prior to the deadlines set forth above for stockholder proposals. Prior to submitting a nomination, stockholders should take care to note all deadlines under the SEC Rules and Maxim Integrated bylaws described above.

Nominations should be addressed to:

Corporate Secretary
Maxim Integrated
160 Rio Robles
San Jose, CA 95134
(408) 601-1000

If a stockholder who has notified us of his or her intention to nominate a director candidate at an annual meeting takes any action contrary to the representations made in his or her notice to Maxim Integrated's Corporate Secretary, or if such representations contain an untrue statement of a material fact or omit a material fact, we are not required to present the nomination at such meeting. For further information on requirements for director nominations by stockholders, please see our bylaws and the section entitled "Nominations of Director Candidates by Stockholders" in this proxy statement.

Copy of Bylaw Provisions: A copy of our bylaws can be found in the Corporate Governance section of Maxim Integrated's corporate website at <http://www.maximintegrated.com/company/investor/leadership/governance>. You may also contact our Corporate Secretary at the address given above for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

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CORPORATE GOVERNANCE AND BOARD OF DIRECTORS MATTERS

Board of Directors

The names, ages and qualifications of each of our directors as of October 1, 2012 are as set forth in Proposal No. 1 in this proxy statement. Except as described therein, each of the nominees has been engaged in his principal occupation during the past five (5) years. There are no family relationships among any of our directors or executive officers.

Board of Directors Leadership Structure and Committee Composition

Currently, there are seven (7) members of the board of directors, consisting of B. Kipling Hagopian, Tunc Doluca, James R. Bergman, Joseph R. Bronson, Robert E. Grady, William D. Watkins and A. R. Frank Wazzan. Mr. Hagopian, an independent director, is the Chairman of the board of directors. The Company has no fixed policy on whether the roles of Chairman and chief executive officer should be separate or combined. This decision is based on the best interests of the Company and its stockholders under the circumstances existing at the time. The board currently believes that it is most appropriate to separate the roles of Chairman and chief executive officer in recognition of the qualitative differences between the two roles as set forth below. The chief executive officer is primarily responsible for setting the strategic direction for the Company and the day to day leadership of the Company, while the Chairman presides over meetings of the full board and ensures that the board of directors' time and attention are focused on the matters most critical to the Company.

Our board of directors has the following three (3) standing committees: (1) an Audit Committee, (2) a Compensation Committee (including its sub-committee, the Equity Grant Sub-Committee), and (3) a Nominating and Governance Committee. Each of the committees operates under a written charter adopted by the board of directors. All of the committee charters are available in the Corporate Governance section of our website at <http://www.maximintegrated.com/company/investor/leadership/governance>. During fiscal year 2012, the board of directors held ten (10) meetings and acted by written consent seven (7) times. During fiscal year 2012, each director attended at least seventy-five percent (75%) of all meetings of the board of directors. While not mandatory, we strongly encourage our directors to attend our annual meeting of stockholders. All of our directors attended the 2011 annual meeting of stockholders.

Independence of the Board of Directors

Our board of directors has determined that, with the exception of Mr. Doluca, Maxim Integrated's Chief Executive Officer, all of its members during fiscal year 2012 were, and currently are, "independent directors" as that term is defined in the Marketplace Rules of The NASDAQ Stock Market ("NASDAQ"), including for the purposes of the Audit Committee composition requirements. Such independence definition includes a series of objective tests, including that the director not be an employee of Maxim Integrated and not be engaged in certain types of business transactions or dealings with Maxim Integrated. In addition, as further required by the NASDAQ rules, the board of directors has made a subjective determination that no relationships exist between Maxim Integrated and each director which, in the opinion of the board of directors, would interfere with the exercise of independent judgment in carrying out his responsibilities as a director. The independent directors meet regularly in executive session, without members of management present.

The Board's Role in Risk Oversight

It is management's responsibility to identify, assess and manage the material risks that the Company faces, and the board oversees management in this effort. Specifically, the board's role in the Company's risk oversight process includes receiving periodic reports at regularly scheduled board meetings from members of senior management on areas of material risk to the Company as they arise, including financial, operational, legal, regulatory, strategic and reputational risks. The full board (or the appropriate Committee in the case of risks that are under the purview of a particular Committee) receives these reports from a member of senior management to enable it to understand our risk identification, risk management and risk mitigation strategies. Upon receiving such reports, the board provides such guidance as it deems necessary.

In general, the entire board has oversight responsibility for the Company's strategic risks, such as mergers and acquisitions and divestitures, as well as reputational risks. The Audit Committee has oversight responsibility for financial and related legal risks (such as accounting, asset management, tax strategy and internal controls). The board has delegated primary oversight responsibility with respect to operational risks, such as supply continuity, manufacturing and business continuity, to its Nominating and Governance Committee. Oversight for regulatory and compliance risks are generally shared among board committees. For example, the Nominating and Governance Committee oversees compliance with the Company's corporate governance guidelines and governance related laws, the Audit Committee oversees compliance with the Company's Code of Business Conduct and Ethics and the Compensation Committee oversees compliance with the Company's compensation plans and related laws and policies. In addition, the Company's Internal Audit group performs a risk assessment as part of their annual audit process and their findings regarding this assessment are presented to the Audit Committee and the Nominating and Governance Committee.

Risk Considerations in our Compensation Policies and Practices

Company management reviewed our compensation policies and programs in effect during fiscal year 2012 for all employees, including officers, to determine if those policies and programs create or encourage unreasonable or inappropriate risk taking. As part of the risk assessment, management, including the Chief Executive Officer, Vice President of Human Resources and Associate General Counsel, discussed: (1) the key components and features of the Company's policies and programs, (2) a methodology to determine if those policies and programs created a material adverse risk to the Company and (3) their conclusions. Based on this assessment, management concluded that the Company's compensation policies and practices for its employees, including all officers, are not reasonably likely to have a material adverse effect on the Company for the following reasons:

- The Company structures its compensation program to consist of both fixed and variable components. The fixed portion (base salary) of compensation program is designed to provide steady income regardless of the Company's stock price performance so that executives and employees of the Company will not focus exclusively on stock price performance to the detriment of other important business metrics. The variable (cash bonus and equity) components of compensation are designed to reward both short and long-term individual and company performance, which we believe discourages employees from taking actions that focus only on the short-term success of the Company. For short-term performance, annual cash performance bonuses are generally awarded (1) for employees other than those officers who are subject to the reporting requirements in Section 16(a) of the Exchange Act ("Executive Officers"), based on individual performance to quarterly goals and Company operating income (excluding the effect of special expense items), and (2) for Executive Officers, based on operating income (excluding the effect of special expense items), year-over-year relative stock price performance as compared to a peer group, and individual performance. For long-term performance, the Company grants various types of equity-based awards that are designed to promote the sustained success of the Company. The Company attempts to structure equity awards to ensure that employees have equity awards that adequately vest in future years. For new employees, stock option awards primarily vest in the third (3rd) and fourth (4th) year after grant and in the fourth (4th) year after grant for existing employees and are only valuable if our stock price increases over time. Restricted stock units generally vest in quarterly installments over a period of one (1) to four (4) years and provide some value irrespective of our stock price. The Company believes that these variable elements of compensation are a sufficient percentage of overall compensation to motivate our employees and officers to achieve superior short-term and long-term corporate results, while the fixed element is also sufficiently high to discourage the taking of unnecessary or excessive risks in pursuing such results.
- Officers and non-officer employees are encouraged to take a balanced approach that focuses on corporate profitability, rather than on other measures such as revenue targets which may incentivize management to drive sales without regard to costs. If the Company's profit is lower, then payouts under the applicable bonus programs will be smaller.

- The Company has established substantially similar compensation programs, policies and targets for Executive Officers as a group, as well as other employees as a group. The Company believes this encourages consistent behavior and focus across the Company.
- The Company has imposed both a floor and a cap on the amount of its annual cash performance bonus pool payable to Executive Officers at 0.80% and 1.20% of actual operating income (excluding the effect of special expense items), respectively, which the Company believes mitigates excessive risk taking. Even if the Company greatly exceeds its operating income growth targets and its stock price greatly outperforms, the annual cash bonus payable is limited by the pre-determined bonus pool percentage cap, and the floor ensures (subject to Compensation Committee approval) some level of bonuses if performance metrics are not achieved (provided operating income, excluding the effect of special expense items, is not less than 50% of target operating income for the fiscal year).
- The Company has strict internal controls over the measurement and calculation of operating income (excluding the effect of special expense items) and relative stock price performance (year-over-year measured from April 1-June 30), designed to keep these items from being susceptible to manipulation by any employee, including our officers. As part of our internal controls, our finance department oversees and reviews the calculations used by management to determine the total size of the annual bonus pool payable to Executive Officers. In addition, all of our employees are required to be familiar with, and our executives are required to periodically certify that they have read and are bound by, our Code of Business Conduct and Ethics, which covers, among other items, accuracy and integrity of books and records.
- Under the Company's Insider Trading Policy, all employees are strongly discouraged from engaging in put and call option transactions involving the Company's stock to avoid insulating themselves from the effects of poor stock price performance.

Audit Committee and Audit Committee Financial Expert

The Audit Committee, which has been established in accordance with Section 3(a)(58)(A) of the Exchange Act, is currently comprised of Messrs. Bergman, Bronson and Watkins, each of whom is independent within the meaning of the NASDAQ director independence standards, as currently in effect. Since October 2008, Mr. Bronson has been the Chairman of the Audit Committee. The board of directors has determined that Mr. Bronson is an "audit committee financial expert" as defined under the rules of the SEC. The Audit Committee has a written charter adopted on June 8, 2000 and most recently amended on September 10, 2010. The Audit Committee held eight (8) meetings during fiscal year 2012 and acted by written consent one (1) time. Each member of the Audit Committee attended at least seventy-five percent (75%) of the Audit Committee meetings held during fiscal year 2012.

The Audit Committee oversees the accounting, financial reporting, and audit processes of Maxim Integrated's financial statements. In accordance with the Audit Committee Charter, the Audit Committee appoints Maxim Integrated's independent registered public accounting firm and is primarily responsible for approving the services performed by Maxim Integrated's independent auditors and for reviewing and evaluating Maxim Integrated's accounting principles and its system of internal controls.

Compensation Committee and Equity Grant Sub-Committee

The Compensation Committee is currently comprised of Messrs. Bergman, Grady and Wazzan, each of whom is independent within the meaning of the NASDAQ director independence standards, as currently in effect. Since March 2007, Mr. Wazzan has been the Chairman of the Compensation Committee. Among other tasks, the Compensation Committee: (1) annually reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer and annually reviews and evaluates Maxim Integrated's Chief Executive Officer against such approved goals and objectives, (2) in consultation with the Chief Executive Officer, reviews and approves the compensation of our Executive Officers, (3) administers the 1996 Equity Plan

and 2008 ESP Plan, (4) makes recommendations to the board of directors with respect to compensation of our directors and committee members, (5) oversees the preparation of the Compensation Discussion and Analysis and issues the Compensation Committee Report in accordance with the regulations of the SEC to be included in Maxim Integrated's proxy statement or annual report on Form 10-K, and (6) performs such functions regarding compensation as the board of directors may delegate. With respect to its review of the compensation of the Chief Executive Officer and of other Executive Officers, and to its oversight of the 1996 Equity Plan and 2008 ESP Plan, the Committee retains an independent consultant, Compensia, Inc. ("Compensia"), to review both the effectiveness of such programs in retaining employees and their comparability to plans offered by other companies in the semiconductor industry and the technology industry broadly. The Compensation Committee, including its two-person Equity Grant Sub-Committee, held seventeen (17) meetings, and the Compensation Committee acted by written consent one (1) time, during fiscal year 2012. Each member of the Compensation Committee (or sub-committee, as the case may be) attended at least seventy-five percent (75%) of these meetings.

Pursuant to its charter, on June 30, 2007, the Compensation Committee established a two-person sub-committee that is comprised of two (2) directors on the Compensation Committee, which sub-committee is referred to as the Equity Grant Sub-Committee. The Equity Grant Sub-Committee's purpose is to make equity awards under Maxim Integrated's Equity Award Grant Policy. The Equity Grant Sub-Committee meets the first Tuesday of each month to consider and approve equity awards to employees.

Nominating and Governance Committee

The Nominating and Governance Committee (the "Governance Committee") is currently comprised of Messrs. Grady and Hagopian, each of whom is independent within the meaning of the NASDAQ director independence standards, as currently in effect. Since October 2008, Mr. Grady has been the Chairman of the Governance Committee. Among other tasks, the Governance Committee assists the board of directors by identifying and recommending prospective director candidates, developing and recommending to the board of directors the governance principles applicable to Maxim Integrated and overseeing the evaluation of the board of directors and the board of directors' evaluation of management.

The Governance Committee is responsible for regularly assessing the appropriate size of the board of directors and whether any vacancies on the board of directors are expected, due to retirement or otherwise. In the event of any anticipated vacancy, the Governance Committee has the policy of considering all bona fide candidates from all relevant sources, including the contacts of current directors, professional search firms, stockholders, and other persons. The Governance Committee held two (2) formal meetings during fiscal year 2012 and each member of the Governance Committee attended such meeting. The Governance Committee also held many "ad hoc" meetings throughout the year to discuss governance matters, and the Governance Committee Chair generally provides an update to the full board of directors on governance related matters during each regular board meeting.

Criteria and Diversity

In evaluating potential candidates for the board of directors, the Governance Committee will apply the criteria set forth in the Company's Corporate Governance Guidelines. These criteria include the candidate's experience in the technology industry, the general business or other experience of the candidate, diversity of experience, the needs of Maxim Integrated for an additional or replacement director, the personality and character of the candidate, diversity, and the candidate's interest in the business of Maxim Integrated, other commitments, as well as numerous other subjective criteria. The Governance Committee does not assign any particular weighting or priority to these factors. While the board has not established specific minimum qualifications for director candidates, the board of directors believes that such candidates must contribute to the goal of maintaining a board that is (1) independent, (2) of high integrity, (3) composed of directors with qualifications that increase the effectiveness of the board of directors and (4) compliant with the requirements of

applicable rules of NASDAQ and the SEC. In addition, we do not have a formal written policy regarding the consideration of diversity in identifying candidates; however, as discussed above, diversity is one of the numerous criteria the Governance Committee reviews before recommending a candidate.

Nominations of Director Candidates by Stockholders

Maxim Integrated stockholders may nominate a director candidate (1) at any annual meeting of stockholders in accordance with our bylaws, the procedure for which is more fully set forth in the Questions and Answers section of this proxy statement under the heading “What is the deadline for submission of stockholder proposals for consideration at the 2013 annual meeting?”, (2) at any special meeting of stockholders in accordance with our bylaws, and (3) by submitting their recommendations to the Governance Committee in accordance with our Corporate Governance Guidelines.

Maxim Integrated’s Corporate Governance Guidelines, together with Maxim Integrated’s Certificate of Incorporation and bylaws and charters of committees of the board of directors, form the framework for the corporate governance of Maxim Integrated. Maxim Integrated’s Corporate Governance Guidelines are available in the Corporate Governance section of Maxim Integrated’s website at <http://www.maximintegrated.com/company/investor/leadership/governance>. Pursuant to our Corporate Governance Guidelines, our board of directors will consider all bona fide director candidates nominated by stockholders of Maxim Integrated.

More specifically, the board of directors has established the following procedures by which stockholders may submit nominations of director candidates for consideration by the Governance Committee and the board of directors:

- To nominate a director candidate for consideration by the Governance Committee, a stockholder must have held at least 100,000 shares of Maxim Integrated stock for at least twelve (12) consecutive months leading up to the date of the recommendation and must notify the Governance Committee by writing to the General Counsel of Maxim Integrated.
- The nominating stockholder’s notice shall set forth the following information:
 - (1) To the extent reasonably available, information relating to such director nominee as would be required to be disclosed in a proxy statement pursuant to Regulation 14A under the Exchange Act in which such individual is a candidate for election to the board of directors;
 - (2) The director nominee’s written consent to (a) if selected by the Governance Committee as a director candidate, be named in Maxim Integrated’s proxy statement and (b) if elected, serve on the board of directors; and
 - (3) Any other information that such stockholder believes is relevant in considering the director nominee. Stockholder recommendations to the Governance Committee or the board of directors should be sent to:

Corporate Secretary
General Counsel
Maxim Integrated
160 Rio Robles
San Jose, CA 95134
(408) 601-1000

For purposes of nominating a director candidate to be considered at an annual meeting, it is unnecessary to send recommendations to the board of directors or the Governance Committee. Instead, a stockholder wishing to nominate a director candidate at an annual meeting must follow the procedures set forth in our bylaws, including providing written notice prepared in accordance with our bylaws to Maxim Integrated’s General Counsel and Corporate Secretary. For more detailed information on nomination requirements at an annual meeting, please see the Questions and Answers section of this proxy statement under the heading “What is the deadline for submission of stockholder proposals for consideration at the 2013 annual meeting?”.

Equity Grant Date Policy

The board of directors has adopted a specific procedure in the granting of equity awards to our officers, directors and employees, as set for in the Company's Equity Award Grant Policy effective June 4, 2007 (the "Equity Policy"). The Equity Policy can be located on the Company's Website at <http://www.maximintegrated.com/company/investor/leadership/governance>. Under the Equity Policy, equity awards may only be granted by our board of directors or the Compensation Committee of the board of directors, as well as a two-person subcommittee of the Compensation Committee (the "Equity Grant Sub-Committee"), at a duly noticed meeting. Equity awards may not be granted by unanimous written consent in lieu of a meeting. In addition, while not required, it is the Company's practice to invite its Chief Executive Officer, its Vice President of Human Resources, an executive from our finance and accounting team and the Company's independent registered public accounting firm (the "Auditors") to each meeting of the board of directors or Compensation Committee (or Equity Grant Sub-Committee), at which equity awards are granted. In fiscal year 2012, our Corporate Secretary, our Vice President of Human Resources, an executive from our finance and accounting team and the Auditors, in the capacity as independent observers, attended every meeting of the Compensation Committee (or Equity Grant Sub-Committee) at which equity awards were granted. The grant date for an equity award is the date on which any of the above-listed granting bodies meets and approves the equity award. The exercise price for all stock options will be no less than the closing sales price of Maxim Integrated common stock on the grant date.

We follow the following specific procedures with respect to the grant of equity awards that are contained in the Equity Policy:

- **New Hire Grants; Special Recognition/Promotional Equity Grants:** Equity awards to newly hired non-officer employees or awards for special recognition to existing non-officer employees are made on the first Tuesday of the month (or the succeeding month) after the date on which the individual commences employment with us or following the special recognition event. Equity awards to newly hired officers or awards for special recognition to officers are made on the first Tuesday of the month (or a succeeding month) after the date on which the individual commences employment with us or following the special recognition event that is during an open trading window under our Insider Trading Policy.
- **Annual Equity Grants:** Annual equity grants to employees and officers are made during an open trading window under our Insider Trading Policy.
- **Equity Awards to Directors:** Equity awards are made to incumbent non-employee directors upon their re-election to the board of directors at the annual meeting of stockholders. Equity awards to newly appointed non-employee directors are made on the first Tuesday of the month (or a succeeding month) after the date on which the individual is appointed to the board of directors that is during an open trading window under our Insider Trading Policy.

Compensation Committee Interlocks and Insider Participation

No member of Maxim Integrated's Compensation Committee is, or ever has been, an executive officer or employee of Maxim Integrated or any of its subsidiaries. No interlocking relationship exists, or during fiscal year 2012 existed, between Maxim Integrated's board of directors or Compensation Committee and the board of directors or compensation committee of any other company.

Outside Advisors

Our board of directors and each of its committees may retain outside advisors and consultants of their choosing at Maxim Integrated's expense. Committees of the board of directors may retain outside advisors and consultants of their choosing without the consent of the board of directors.

Board Effectiveness

Our board of directors performs an annual self-assessment to evaluate its effectiveness in fulfilling its obligations. For fiscal year 2012, this assessment was held in August 2012.

Communication between Stockholders and Directors

Maxim Integrated's Corporate Governance Guidelines provide that any communication from a stockholder to the board of directors generally or to a particular director should be in writing and should be delivered to the Company's General Counsel at the principal executive offices of the Company. Each such communication should set forth (1) the name and address of such stockholder as they appear on the Company's books, and if the stock is held by a nominee, the name and address of the beneficial owner of the stock, and (2) the class and number of shares of the Company's stock that are owned of record by such record holder and beneficially by such beneficial owner, together with the length of time the shares have been so owned. The Company's General Counsel will, in consultation with appropriate directors as necessary, generally screen out communications from stockholders to identify communications that are solicitations for products and services, matters of a personal nature not relevant for stockholders or matters that are of a type that render them improper or irrelevant to the functioning of the board of directors or the Company. Steps are taken to ensure that the views of stockholders are heard by the board of directors or individual directors, as applicable, and that appropriate responses are provided to stockholders on a timely basis. Stockholders may send communications to: General Counsel, Maxim Integrated, 160 Rio Robles, San Jose, California 95134.

Common Stock

Maxim Integrated common stock is currently traded on the NASDAQ Global Select Market under the symbol "MXIM."

Headquarters Information

Our headquarters are located at 160 Rio Robles, San Jose, California 95134 and the telephone number at that location is (408) 601-1000.

Code of Business Conduct and Ethics

We have a Code of Business Conduct and Ethics (the "Code of Ethics"), which applies to all directors and employees, including but not limited to our principal executive officer, principal financial officer and principal accounting officer. The Code of Ethics is designed to promote: (1) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest arising from personal and professional relationships, (2) full, fair, accurate, timely, and understandable disclosure in reports and documents that we are required to file with the SEC and in other public communications, (3) compliance with applicable governmental laws, rules and regulations, (4) the prompt internal reporting of violations of the Code of Ethics to an appropriate person or entity, and (5) accountability for adherence to the Code of Ethics. A copy of the Code of Ethics is available on our website at <http://www.maximintegrated.com/company/investor/leadership/policy>. A hard copy of the Code of Ethics will be sent free of charge upon request.

Director Compensation

The following table shows certain information regarding non-employee director compensation for the fiscal year ended June 30, 2012 (except as otherwise noted):

Director Compensation for Fiscal Year 2012

<u>Name</u>	<u>Fees earned or paid in cash (\$)</u>	<u>Restricted Stock Unit Awards \$(1)</u>	<u>Option Awards \$(2)</u>	<u>Total (\$)</u>
James R. Bergman	69,750	84,224	65,915	219,889
Joseph R. Bronson	77,250	84,224	65,915	227,389
Robert E. Grady	69,750	84,224	65,915	219,889
B. Kipling Hagopian	97,250	84,224	78,205	259,679
William D. Watkins	62,250	84,224	65,915	212,389
A.R. Frank Wazzan	67,250	84,224	65,915	217,389

- (1) Represents the aggregate grant date fair value of grants of restricted stock units made during fiscal year 2012, computed in accordance with Financial Accounting Standards Board ("FASB") ASC Topic 718. Each of Messrs. Bergman, Bronson, Grady, Hagopian, Watkins and Wazzan was awarded 3,200 restricted stock units on November 16, 2011 in connection with their service on the board of directors, and the aggregate grant date fair value of each of these awards was \$84,224. In each case, the aggregate grant date fair value disregards an estimate of forfeitures. The assumptions used in the valuation of these awards are set forth in Note 6, "Stock-Based Compensation" of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended June 30, 2012.
- (2) Represents the aggregate grant date fair value of grants of stock options made during fiscal year 2012, computed in accordance with FASB ASC Topic 718. On November 16, 2011, each of Messrs. Bergman, Bronson, Grady, Watkins and Wazzan was awarded 10,300 stock options with an aggregate grant date fair value of \$65,915 per award in connection with their service on the board of directors. On November 16, 2011, B. Kipling Hagopian was awarded 12,300 stock options with an aggregate grant date fair value of \$78,205 in connection with his service on the board of directors (10,300 stock options) and as Chairman of the Board (2,000 stock options). The exercise price was \$26.87 for all stock options granted to the non-employee directors. In each case, the aggregate grant date fair value disregards an estimate of forfeitures. The assumptions used in the valuation of these awards are set forth in Note 6, "Stock-Based Compensation" of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

The type and aggregate number of outstanding equity awards held by each of the directors as of June 30, 2012 were as follows:

<u>Name</u>	<u>Stock Options (#)</u>	<u>Unvested Restricted Stock Units (#)</u>
Mr. Bergman	98,198	1,600
Mr. Bronson	97,448	1,600
Mr. Grady	96,698	1,600
Mr. Hagopian	102,198	1,600
Mr. Watkins	96,698	1,600
Mr. Wazzan	98,198	1,600

Cash Compensation

Each non-employee member of the board of directors is paid an annual retainer fee of \$53,000. The Chairman of the board of directors is paid an additional \$40,000 annual cash retainer fee, the Chairman of the Audit Committee is paid an additional \$25,000 annual cash retainer fee, the Chairman of the Compensation Committee is paid an additional \$15,000 annual cash retainer fee, and the Chairman of the Nominating and Governance Committee is paid an additional \$10,000 annual cash retainer fee. Each member of the (1) Audit Committee (excluding the Chairman) is paid an additional \$10,000 annual cash retainer fee, (2) Compensation

Committee (excluding the Chairman) is paid an additional \$7,500 annual cash retainer fee, and (3) Nominating and Governance Committee (excluding the Chairman) is paid an additional \$5,000 annual cash retainer fee. All retainer fees are paid quarterly in arrears. Maxim Integrated reimburses each director for reasonable expenses incurred in attending meetings of the board of directors or its committees.

Equity Compensation

Non-employee directors participate in the 1996 Equity Plan. Effective November 14, 2011, the board of directors, based upon the recommendation of the Compensation Committee, determined that each non-employee director should be awarded and vest in stock options exercisable for 10,300 shares of our common stock vesting quarterly in calendar year 2015 and 3,200 restricted stock units vesting quarterly in calendar year 2015. In addition, Mr. Hagopian was awarded an additional 2,000 stock options in connection with his service as Chairman of the Board that vest quarterly in calendar year 2012. Stock options are generally awarded such that each non-employee director has four (4) full years of vesting to occur in the future immediately following the grant of the option. Restricted stock units are generally awarded on an annual basis. Equity awards to non-employee directors are generally made at the first (1st) meeting of the board of directors or Compensation Committee following re-election to the board of directors that occurs during an open trading window under Maxim Integrated's Insider Trading Policy.

* * *

PROPOSAL NO. 1

ELECTION OF DIRECTORS

The Nominating and Governance Committee (the “Governance Committee”) recommended, and the board of directors nominated, B. Kipling Hagopian, Tunc Doluca, James R. Bergman, Joseph R. Bronson, Robert E. Grady, William D. Watkins, and A. R. Frank Wazzan as nominees for election as members of our board of directors at the 2012 annual meeting. Except as set forth below, unless otherwise instructed, the persons appointed as proxy holders in the accompanying form of proxy will vote the proxies received by them for such nominees, all of whom are presently directors of Maxim Integrated. All of these nominees were elected directors by a vote of the stockholders at the last annual meeting of stockholders which was held on November 16, 2011.

In the event that any nominee becomes unavailable or unwilling to serve as a member of our board of directors, the proxy holders will vote in their discretion for a substitute nominee. The term of office of each person elected as a director will continue until the next annual meeting or until a successor has been elected and qualified, or until the director’s earlier death, resignation, or removal.

Each stockholder voting in person or by proxy in the election of directors is entitled to cumulate such stockholder’s votes. Each stockholder who elects to cumulate votes shall be entitled to as many votes as equals the number of directors to be elected multiplied by the number of shares held by such stockholder, and the stockholder may cast all such votes for a single director or distribute such votes among as many candidates who have been properly placed in nomination as the stockholder may see fit. The proxy holders may exercise discretionary authority to cumulate votes and to allocate such votes among the seven (7) nominees recommended by the board of directors.

The following paragraphs provide information as of October 1, 2012 about each nominee. Such information includes the age, position, principal occupation, and business experience for at least the past five (5) years, and the names of other publicly held companies of which the nominee currently serves as a director or has served as a director during the past five (5) years. In addition, we are providing a description of each nominee’s specific experience, qualifications, attributes and skills that led the board to conclude that such nominee should serve as a director. There are no family relationships among any directors or executive officers of Maxim Integrated.

Name	Age	Director Since
B. Kipling Hagopian	70	1997
Tunc Doluca	54	2007
James R. Bergman	70	1988
Joseph R. Bronson	64	2007
Robert E. Grady	54	2008
William D. Watkins	59	2008
A. R. Frank Wazzan	76	1990

Mr. Hagopian has served as a director of Maxim Integrated since 1997 and as the Chairman of the board of directors since January 2007. Mr. Hagopian is a founder of Brentwood Associates, a venture capital investment company, and was a General Partner of Brentwood until 1996 and a General Partner of all of the funds established by Brentwood from inception in 1972 until 1989. He has been a Special Limited Partner of each of the five (5) Brentwood venture funds established since 1989 and is a Special Advisory Partner to Redpoint Ventures I, which is a successor to Brentwood’s information technology funds. Mr. Hagopian is also Chairman and President of Segue Productions, a feature film production company, and a Managing Member of Apple Oaks Partners LLC, a private investment company. Mr. Hagopian serves as Chairman of Maxim Integrated’s board of directors. From January 2006 to July 2010, Mr. Hagopian served on the board of directors of Thomas Weisel Partners Group, Inc.

In nominating Mr. Hagopian to serve on the board, the Governance Committee considered as important factors, among other items, Mr. Hagopian's extensive experience in the private equity industry, his leadership skills, his expertise with financial statements and disclosures, and his long-standing years of service on Maxim Integrated's board of directors, as well as being an early investor in Maxim Integrated.

Mr. Doluca has served as a director of Maxim Integrated, as well as the President and Chief Executive Officer, since January 2007. He joined Maxim Integrated in October 1984 and served as Vice President between 1994 and 2005. He was promoted to Senior Vice President in 2004 and Group President in May 2005. Prior to 1994, he served in a number of integrated circuit development positions.

In nominating Mr. Doluca to serve on the board, the Governance Committee considered as important factors, among other items, Mr. Doluca's experience in the semiconductor industry and twenty-eight (28) years of service at Maxim Integrated, including eighteen (18) years as an officer of the Company, including his current position as the Chief Executive Officer, his technical expertise, and his executive leadership and management skills.

Mr. Bergman has served as a director of Maxim Integrated since 1988. Mr. Bergman was a founder and has been General Partner of DSV Associates since 1974 and a founder and General Partner of its successors, DSV Partners III and DSV Partners IV. These firms provide venture capital and management assistance to emerging companies, primarily in high technology. Since July 1997, he has also served as a Special Limited Partner of Cardinal Health Partners and Cardinal Partners II, which are private venture capital funds.

In nominating Mr. Bergman to serve on the board, the Governance Committee considered as important factors, among other items, Mr. Bergman's experience as a venture capitalist in technology companies, his experience and familiarity with financial statements, and his deep and fundamental understanding of Maxim Integrated's culture, employees and products as a result of service on the board for over two (2) decades.

Mr. Bronson has served as a director of Maxim Integrated since November 2007. Mr. Bronson is Principal of The Bronson Group, LLC, which provides financial and operational consulting services. Additionally he has been an Advisory Director at GCA Savvian, LLC, a financial advisory services firm, since May 2011. Mr. Bronson served as the Chief Executive Officer of Silicon Valley Technology Corporation, a private company that provides technical services to the semiconductor and solar industries from 2009 to March 2010. Mr. Bronson served as President and Chief Operating Officer of Sanmina-SCI, a worldwide contract manufacturer, between August 2007 and October 2008, and he also served on Sanmina-SCI's board of directors between August 2007 and January 2009. Before joining Sanmina-SCI, Mr. Bronson served as President and Co-Chief Executive Officer of FormFactor, Inc., a manufacturer of advanced semiconductor wafer probe cards, between 2004 and 2007. Prior to 2004, Mr. Bronson spent twenty-one (21) years at Applied Materials in senior level operations management, concluding with the positions of Executive Vice President and Chief Financial Officer. In addition to Maxim Integrated, Mr. Bronson currently serves on the boards of directors of Jacobs Engineering Group Inc., SDC Materials, and Ryan Herco Flow Solutions.

In nominating Mr. Bronson to serve on the board, the Governance Committee considered as important factors, among other items, Mr. Bronson's expertise and familiarity with financial statements, financial disclosures, auditing and internal controls, his senior management level experience at large publicly traded companies and understanding of board best practices.

Mr. Grady has served as a director of Maxim Integrated since August 2008. Since October 2009, Mr. Grady has been a Managing Director at the Cheyenne Capital Fund, a private equity investment firm. Mr. Grady was appointed as Chairman of New Jersey's Council of Economic Advisors by Governor Chris Christie in January 2010, became a member of the New Jersey State Investment Council (which oversees the state's \$75 billion pension fund) in June 2010, and was elected Chairman of the New Jersey State Investment Council in

September 2010. Mr. Grady was a Managing Director at The Carlyle Group, a global private equity firm, from 2000 to 2009, where he served as a member of the firm's Management Committee; Chairman and Fund Head of Carlyle's U.S. venture and growth capital group, Carlyle Venture Partners (CVP); on the investment committees of CVP, Carlyle Asia Growth Partners, and Carlyle Europe Technology Partners; and as a director of multiple Carlyle portfolio companies. Between 1993 and 2000, he was a Partner and Member of the Management Committee at Robertson Stephens & Company, an emerging growth-focused investment banking firm. Previously, Mr. Grady served in the White House as Deputy Assistant to the President of the United States of America, as Executive Associate Director of the Office of Management and Budget ("OMB"), and as Associate Director of OMB for Natural Resources, Energy and Science. Mr. Grady is a former director of the National Venture Capital Association, and he served as Chairman of the National Venture Capital Association in 2006 and 2007. From 1993 to 2004, Mr. Grady served on the faculty of the Stanford Graduate School of Business as a Lecturer in Public Management. In addition to Maxim Integrated, Mr. Grady currently serves on the board of directors of Stifel Financial Corp., a financial services firm focused on investment banking and asset management, and of several privately-held companies. From July 2004 to June 2010, Mr. Grady also served on the board of directors of AuthenTec, Inc., a maker of fingerprint identification semiconductors, and from September 2009 to July 2010, Mr. Grady served on the board of directors of Thomas Weisel Partners Group, Inc., which was acquired by Stifel Financial Corp. Mr. Grady holds an A.B. degree from Harvard College and a M.B.A. degree from the Stanford Graduate School of Business.

In nominating Mr. Grady to serve on the board, the Governance Committee considered as important factors, among other items, Mr. Grady's extensive experience in the financial services industry, including his leadership roles at several large financial services firms, his expertise with strategic business combinations and corporate strategy development, and his corporate governance experience as the chairman of a large public pension fund, and his experience as a director.

Mr. Watkins has served as a director of Maxim Integrated since August 2008. Mr. Watkins is the Chief Executive Officer and a member of the board of directors of Bridgelux, Inc., a leading light emitting diode (LED) developer. Mr. Watkins was Seagate Technology's Chief Executive Officer between July 2004 and January 2009 and was a member of its board of directors between 2000 and January 2009. Previously, Mr. Watkins was Seagate's President and Chief Operating Officer, a position he had held since 2000, and in this capacity was responsible for the company's global hard disc drive operations. Mr. Watkins joined Seagate in 1996 as part of the company's merger with Conner Peripherals. In addition to Maxim Integrated, Mr. Watkins currently serves on the board of directors of Flextronics International Ltd.

In nominating Mr. Watkins to serve on the board, the Governance Committee considered as important factors, among other items, Mr. Watkins' operational and management experience, his experience as Chief Executive Officer, President and Chief Operating Officer of Seagate, his understanding of the electronics and semiconductor industries, as well as his expertise and familiarity with financial statements.

Dr. Wazzan has served as a director of Maxim Integrated since 1990. Dr. Wazzan is Distinguished Professor and Dean Emeritus of the School of Engineering and Applied Science, University of California, Los Angeles. Dr. Wazzan has served as consultant to Douglas Aircraft, Hughes Electrodynamics, North American Rockwell, the U.S. Atomic Energy Commission, Westinghouse Oceanics Division, Honeywell, Electricite de France (EDF), the French Atomic Energy Commission, and the Department of Defense while at Rand Corporation, where he was granted secret, top secret, and critical nuclear weapon design and information clearances to work on the design of underwater weapon systems, the effect of nuclear radiation on the performance of electronic materials and communication satellites, and methods of hardening boosters and satellites to laser and microwave weapons. Dr. Wazzan is a member of the American Institute of Aeronautics and Astronautics, a Guggenheim Fellow, and a Fellow of the American Nuclear Society. He is recipient of the Gold Medal Award at the First International Meeting on Nuclear Power Plants in Commercial Operations.

In nominating Dr. Wazzan to serve on the board, the Governance Committee considered as important factors, among other items, Dr. Wazzan's relevant academic experience, including his experience as Distinguished Professor and Dean Emeritus of a major university's engineering department, his long-standing service on Maxim Integrated's board and his expertise and familiarity with executive compensation matters.

Required Vote

The seven (7) nominees receiving the highest number of affirmative "FOR" votes shall be elected as directors. Unless marked to the contrary, proxies received will be voted "FOR" these nominees.

Recommendation

Our board of directors recommends a vote "FOR" the election to the board of directors of each of the foregoing nominees.

* * *

PROPOSAL NO. 2
RATIFICATION OF APPOINTMENT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the board of directors has appointed Deloitte & Touche LLP as the independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending June 29, 2013. During fiscal year 2012, Deloitte & Touche LLP served as our independent registered public accounting firm and also provided certain tax and audit-related services. See the information provided in this proxy statement under the heading “Independent Public Accountants.” Notwithstanding its selection, the Audit Committee, in its discretion, may appoint another independent registered public accounting firm at any time during fiscal year 2013 if the Audit Committee believes that such a change would be in the best interests of Maxim Integrated and its stockholders. If the appointment is not ratified by our stockholders, the Audit Committee may consider whether it should appoint another independent registered public accounting firm. Representatives of Deloitte & Touche LLP are expected to attend the annual meeting, where they will be available to respond to appropriate questions and, if they desire, to make a statement.

Required Vote

Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending June 29, 2013 requires the affirmative “FOR” vote of a majority of the votes cast on the proposal. Unless marked to the contrary, proxies received will be voted “FOR” ratification of the appointment of Deloitte & Touche LLP.

Recommendation

Our board of directors recommends a vote “FOR” the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending June 29, 2013.

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PROPOSAL NO. 3

RATIFICATION AND APPROVAL OF AN AMENDMENT TO MAXIM INTEGRATED'S 2008 EMPLOYEE STOCK PURCHASE PLAN TO INCREASE THE NUMBER OF SHARES AVAILABLE FOR ISSUANCE THEREUNDER BY 2,000,000 SHARES

At the 2012 annual meeting, stockholders will be asked to ratify and approve an amendment to the 2008 ESP Plan to increase the maximum number of shares of Maxim Integrated common stock that may be purchased under the ESP Plan by an additional 2,000,000 shares. The amendment to the 2008 ESP Plan to increase the maximum number of shares that may be purchased by 2,000,000 shares was approved by Maxim Integrated's board of directors. The 2008 ESP Plan was originally approved by the board of directors in October 2008 and then ratified by stockholders on December 15, 2008, and was amended in 2009, 2010 and 2011 to increase the shares reserved for issuance thereunder by 2,000,000 shares on each occasion.

Prior to the effectiveness of the proposed amendment, a total of 10,000,000 shares of Maxim Integrated common stock had been reserved for issuance under the 2008 ESP Plan. As of August 31, 2012, approximately 4,335,704 shares were available for purchase under the 2008 ESP Plan. Maxim Integrated anticipates that approximately 2,000,000 shares will be purchased by employees under the 2008 ESP Plan during fiscal year 2012 based upon current assumptions regarding employee participation levels, and is therefore seeking to increase the number of shares reserved for issuance under the 2008 ESP Plan by that amount.

The board of directors has approved, subject to stockholder ratification and approval, an amendment to increase the maximum number of shares of Maxim Integrated common stock reserved under the 2008 ESP Plan by 2,000,000 shares to a total of 12,000,000 shares.

The closing price of Maxim Integrated's common stock on August 31, 2012 was \$27.14 per share.

Maxim Integrated believes that substantial equity participation by employees is important in creating an environment in which employees will be motivated to remain employed and be productive for long periods of time. Maxim Integrated further believes that the attraction, retention and motivation of highly qualified personnel is essential to Maxim Integrated's continued growth and success and that incentive plans, such as the 2008 ESP Plan, are necessary for Maxim Integrated to remain competitive in its compensation practices. In addition, Maxim Integrated believes that the 2008 ESP Plan (and other equity incentive programs) is an effective way to assure alignment of employees' and stockholders' interests and believes all such equity incentives are in the best interest of the stockholders.

The benefits to be received by Maxim Integrated's employees and officers pursuant to the 2008 ESP Plan are not determinable at this time.

Required Vote

Ratification and approval of the amendments to increase the number of shares reserved under the 2008 ESP Plan and to make other administrative changes requires the approval of a majority of the shares represented in person or by proxy and voting at the annual meeting. A general description of the principal terms of the 2008 ESP Plan approved by the board of directors and the purpose of the 2008 ESP Plan is set forth below. Unless otherwise marked, all properly signed and returned proxies will be voted "FOR" Proposal No. 3.

Recommendation

Our board of directors recommends a vote "FOR" the ratification and approval of the amendments to Maxim Integrated's 2008 Employee Stock Purchase Plan as described herein.

The following summary of certain provisions of the 2008 ESP Plan is qualified in its entirety by reference to the 2008 ESP Plan, a copy of which is attached as Appendix A to this proxy statement. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the 2008 ESP Plan.

Summary of Material Features of the 2008 ESP Plan

Eligible Employees

All employees of Maxim Integrated and its subsidiaries designated by the committee appointed by the board of directors to administer the 2008 ESP Plan (the “Committee”) will be eligible to participate in the 2008 ESP Plan. However, the Committee may exclude from participation (1) a group of certain highly compensated employees, (2) employees who have been employed by Maxim Integrated or any subsidiary for less than two (2) years, (3) employees whose customary employment is for not more than five (5) months in any calendar year, and (4) employees who customarily works twenty (20) hours per week or less.

Notwithstanding the foregoing, no employee shall be eligible for participation under the 2008 ESP Plan if, immediately after such grant, that employee would own stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of Maxim Integrated or of any affiliate of Maxim Integrated (including any stock which such employee may purchase under all outstanding rights and options). In addition, no employee will be permitted to purchase stock under all employee stock participation plans, including the 2008 ESP Plan, of Maxim Integrated and its affiliates (1) at a rate which in the aggregate exceeds \$25,000 of the fair market value of such stock (determined under Section 423 of the Internal Revenue Code of 1986, as amended (the “Code”), at the time the right is granted) for any calendar year in which the right is outstanding at any time or (2) 1,600 shares of stock in an offering period, whichever is less.

Participation

The Committee has the power from time to time to grant or provide for the grant of rights to purchase stock of Maxim Integrated under the 2008 ESP Plan to eligible employees (an “Offer”) on a date or dates (the “Offer Date(s)”) identified in the 2008 ESP Plan. Each Offer will be in such form and will contain such terms and conditions as the Committee deems appropriate, except that each Offer must include the substance of the required provisions of the 2008 ESP Plan, which are described below. Each Offer will be outstanding for approximately twelve (12) months (the “Offer Period”) and there will be overlapping Offer Periods.

An eligible employee becomes a participant in an Offer by delivering a written enrollment form to Maxim Integrated, within the time specified in each Offer, authorizing payroll deductions of up to a maximum percentage of twenty-five percent (25%) of his or her Eligible Compensation (as defined in the 2008 ESP Plan) during the Offer Period. All payroll deductions made for a participant are credited to his or her account under the 2008 ESP Plan and are deposited with the general funds of Maxim Integrated. The purchase price of the shares is accumulated by payroll deductions (or direct payments, if permitted) over the Offer Period. At any time during the Offer Period, a participant may terminate his or her payroll deductions, but a participant may not increase, reduce or begin such payroll deductions after the beginning of any Offer Period.

Purchase of Stock

The purchase dates generally will occur on the last business day immediately preceding the second to last Saturday in May and November (each a “Purchase Date”) in each year unless this day immediately follows the Thanksgiving holiday in the United States in which case the Purchase Date will be the last Friday of November of each year. On each Purchase Date, the balance in each participant’s account will be applied to the purchase of whole shares of stock of Maxim Integrated. No fractional shares shall be issued upon the exercise of rights granted under the 2008 ESP Plan. The amount remaining in each participant’s account after the purchase of shares that is less than the amount required to purchase one (1) share of stock on the last Purchase Date of an Offer Period shall be held in each such participant’s account for the purchase of shares during the next Offer

Period under the 2008 ESP Plan, unless such participant withdraws from the next Offer or is no longer eligible to be granted rights under the 2008 ESP Plan, in which case such amount is distributed to the participant after the Purchase Date, without interest.

Purchase Price

The purchase price per share of stock acquired pursuant to the 2008 ESP Plan will be the lesser of: (1) eighty-five percent (85%) of the fair market value per share of such stock on the Offer Date and (2) eighty-five percent (85%) of the fair market value per share of such stock on the Purchase Date.

Withdrawal

A participant may withdraw from an Offer by terminating his or her payroll deductions and by delivering to Maxim Integrated a written notice of withdrawal from the Offer. Such withdrawal may be elected within a certain period of time prior to the end of the applicable Offer Period. Upon any withdrawal from an Offer by the employee, Maxim Integrated will distribute to the employee his or her accumulated payroll deductions (reduced for prior purchases), without interest, and such employee's interest in the Offer will be automatically terminated. Upon such withdrawal from an Offer, the employee is not entitled to participate again in such Offer and the employee may not be able to participate in the 2008 ESP Plan for such period of time as determined by the Committee. Any such employee participating in a new Offer after his or her withdrawal from an Offer will be required to timely submit a new enrollment form.

Termination of Employment

Rights granted pursuant to any Offer under the 2008 ESP Plan shall terminate immediately upon cessation of an employee's employment for any reason, and Maxim Integrated shall promptly distribute to such employee all of his or her accumulated payroll deductions (reduced for prior purchases), without interest.

No transferability

Rights granted under the 2008 ESP Plan are not transferable by a participating employee other than by will or the laws of descent and distribution and are exercisable during such participating employee's lifetime only by him or her.

Adjustments upon Changes in Stock or Change in Control

If (1) Maxim Integrated shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or stock of Maxim Integrated or its subsidiaries or a transaction similar thereto, (2) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization or other similar change in the capital structure of Maxim Integrated, or any distribution to holders of Maxim Integrated common stock other than cash dividends, shall occur or (3) any other event shall occur which in the judgment of the Committee necessitates action by way of adjusting the number or kind of shares, or both, which thereafter may be sold under the 2008 ESP Plan, then the Committee may take any necessary actions to preserve to the participating employees' rights substantially proportionate to the rights existing prior to such event. Such actions may include, without limitation, adjustments in the number and kind of shares subject to the 2008 ESP Plan and the purchase price of such shares under the 2008 ESP Plan.

Notwithstanding any other provision of the 2008 ESP Plan, if Maxim Integrated's common stock ceases to be listed or traded, as applicable, on a national stock exchange or over-the-counter market (the "Triggering Event"), then, in the discretion of the Committee, (1) the balance in the participating employee's payroll account not yet invested may be refunded to the participating employee, and such participating employee will have no further rights or benefits under the 2008 ESP Plan, (2) an amount equal to the product of the fair market value of

a share on the date of the Triggering Event multiplied by the number of shares such participating employee would have been able to purchase with the balance of his or her payroll account on the date of such Triggering Event may be paid to the participating employee, and such participating employee shall have no further rights or benefits under the 2008 ESP Plan, or (3) the 2008 ESP Plan may be continued.

Amendment, Suspension and Termination of the 2008 ESP Plan

The board of directors may at any time and for any reason amend, suspend or terminate the 2008 ESP Plan. However, any amendment of the 2008 ESP Plan shall require stockholder approval if such approval would be required under applicable law or regulation.

Federal Income Tax Consequences

The following summarizes only the federal income tax consequences of participation under the 2008 ESP Plan based upon federal income tax laws in effect on the date of this proxy statement. This summary does not purport to be complete, and does not discuss any non-U.S., state or local tax consequences. In addition, the discussion does not address tax consequences which may vary with, or are contingent on, a participant's individual circumstances. Each participant in the 2008 ESP Plan is strongly urged to consult with his or her tax advisor regarding participation in the 2008 ESP Plan.

The 2008 ESP Plan, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Sections 421 and 423 of the Code (except to comply with applicable foreign or local law). Under these provisions, no income will be taxable to a participant on the Offer Date or at the time of purchase of shares. Amounts deducted from a participant's pay under the 2008 ESP Plan are part of the employee's regular compensation and remain subject to federal, state and local income and employment withholding taxes.

Upon disposition of the shares, the participant will generally be subject to tax, the amount of which will depend upon the participant's holding period. If the participant disposes of his or her shares more than two (2) years after the Offer Date and more than one (1) year after the purchase of the shares, the lesser of (1) fifteen percent (15%) of the fair market value of the shares on the Offer Date or (2) the excess (or zero (0) if there is no excess) of the fair market value of the shares on the date of the disposition of the shares over the purchase price will be treated as ordinary income, and any further gain will be treated as long-term capital gain. If the participant disposes of the shares before the expiration of these holding periods, the excess of the fair market value of the shares on the exercise date over the purchase price will be treated as ordinary income, and any further gain or loss on such disposition will be long-term or short-term capital gain or loss, depending on the holding period.

There currently is no income tax withholding required upon the purchase or disposition of the shares by a participant. However, in the future, a participant may be subject to employment tax withholding (e.g., Social Security and Medicare) at the time of purchase. The United States Internal Revenue Service issued proposed regulations which, if adopted, would subject a participant to withholding for Social Security and Medicare (not including income tax) at the time of purchase based upon the difference between the fair market value of the shares on the date of purchase and the purchase price of the shares. These proposed regulations, if adopted, would be effective only for purchases made under the 2008 ESP Plan two (2) years after the regulations are issued in final form.

Maxim Integrated is not entitled to a deduction for amounts taxed as ordinary income or capital gain to a participant except to the extent of ordinary income reported by participants upon disposition of shares within two (2) years from the Offer Date or within one (1) tax year of the date of purchase. Maxim Integrated is required to report to the United States Internal Revenue Service any ordinary income recognized by a participant as a result of a disposition if such information is available to Maxim Integrated. In the future, Maxim Integrated may be required to withhold (from a participant's salary) the amount due as taxes on such ordinary income.

* * *

PROPOSAL NO. 4

RATIFICATION AND APPROVAL OF AN AMENDMENT AND RESTATEMENT OF MAXIM INTEGRATED'S 1996 STOCK INCENTIVE PLAN TO INCREASE THE NUMBER OF SHARES AVAILABLE FOR ISSUANCE THEREUNDER BY 6,000,000 SHARES, TO EXPAND THE PERFORMANCE METRICS FOR EMPLOYEE EQUITY GRANTS UNDER THE 1996 STOCK INCENTIVE PLAN AND TO MAKE CERTAIN OTHER ADMINISTRATIVE CHANGES THERETO

At the 2012 annual meeting, stockholders will be asked to ratify and approve an Amendment and Restatement of Maxim Integrated's 1996 Equity Plan to increase the maximum number of shares of Maxim Integrated common stock that may be purchased under the 1996 Equity Plan by an additional 6,000,000 shares, equivalent to approximately 2.05% of the Company's outstanding shares, to expand the performance metrics for employee equity grants under the 1996 Equity Plan and to make certain other administrative changes thereto. The amendment and restatement of the 1996 Equity Plan has been approved by the board of directors.

Prior to the effectiveness of the proposed Amended and Restated 1996 Equity Plan, a total of 120,100,000 shares of Maxim Integrated common stock had been reserved for issuance under the 1996 Equity Plan. As of September 5, 2012, approximately 12,872,499 shares were available for purchase under the 1996 Equity Plan, and there were 24,834,872 outstanding stock options with a weighted average exercise price of \$25.35 and a weighted average remaining contractual term of 3.76 years, and 10,344,758 outstanding restricted stock units.

Maxim Integrated is seeking to increase the number of shares under the 1996 Equity Plan by 6,000,000 shares in order to have a sufficient number of shares to award to its employees as part of the Company's annual focal award in September 2013, which is made in conjunction with employee performance reviews, salary adjustments and cash bonus determinations, as well as to support awards to new employees, and awards to employees in connection with acquisitions and promotional awards. These awards will likely be a combination of stock options and restricted stock units. As required by our 1996 Equity Plan, each restricted stock unit (granted with an exercise price less than the fair market value of our common stock) is counted against the share reserve as two (2) shares for every one (1) share subject to such award. By way of an example, if we grant 1,000 restricted stock units with an exercise price of zero (0), this will result in 2,000 shares being deducted from the share reserve under the 1996 Equity Plan. A 6,000,000 share increase in the number of shares available for issuance would result in 3,000,000 restricted stock units being available for grant, assuming such restricted stock units are granted with a zero (0) exercise price. Thus, given that we expect to grant a combination of stock options and restricted stock units, the number of shares which will ultimately be issued will be less than the requested increase in shares available for issuance.

The amendment and restatement of the 1996 Equity Plan will also include certain other immaterial administrative changes, including, but not limited to, expansion of the sources of information that may be used by the plan's administrator to determine "Fair Market Value" for purposes of grants made thereunder.

Burn Rate Policies

To continue to manage and control the amount of our common stock used for equity compensation, in the last two (2) years we adopted over-lapping burn rate policies applicable for fiscal years 2011 through 2013 and fiscal years 2012 through 2014 that were approved by our stockholders. During the three (3) year period of fiscal year 2011 through 2013, our burn rate policy requires us to limit the number of shares that we grant subject to stock awards over such three (3) year period to no more than an annual average of 5.27% of our outstanding common stock (which is equal to the median burn rate plus one (1) standard deviation for the 2009 and 2010 calendar years average for Russell 3000 companies in the Global Industry Classification Standards Peer Group (Semiconductors & Semiconductor Equipment), as published by RiskMetrics Group in 2009), unless otherwise approved by our board of directors and stockholders. During the three (3) year period of fiscal year 2012 through 2014, our burn rate policy requires us to limit the number of shares that we grant subject to stock awards over such three (3) year period to no more than an annual average of 6.19% of our outstanding common stock (which

is equal to the median burn rate plus one (1) standard deviation for the 2010 and 2011 calendar years average for Russell 3000 companies in the Global Industry Classification Standards Peer Group (Semiconductors & Semiconductor Equipment), as published by RiskMetrics Group in 2010), unless otherwise approved by our board of directors and stockholders. Our annual burn rate is calculated as the number of shares subject to stock awards (including stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock awards) granted during our fiscal year (although for purposes of this analysis the number of shares subject to performance units and performance shares will be counted in the fiscal year in which they are earned instead of the fiscal year in which they are granted) divided by our weighted average common stock outstanding for each fiscal year, both as reported in our periodic filings with the SEC. Awards that are settled in cash, awards that are granted pursuant to stockholder approved option exchange programs, awards sold under our employee stock purchase plan and awards issued, assumed or substituted in connection with acquisitions will be excluded from our burn rate calculation. For purposes of our calculation, each share subject to a full value award (i.e., restricted stock, restricted stock units, performance shares, and any other award that does not have an exercise price per share equal to the per share fair market value of our common stock on the grant date) is counted as two and one-half (2.5) shares.

Progress on Burn Rate Policies

In fiscal year 2011, Maxim Integrated granted approximately 13,790,000 shares, assuming that every one (1) restricted stock unit granted equates to two and one-half (2.5) shares, of the approximate 15,650,000 annualized share gross burn limit for fiscal year 2011, excluding all equity grants made in connection with acquisitions. In fiscal year 2012, Maxim Integrated granted approximately 12,200,000 shares, assuming that every one (1) restricted stock unit granted equates to two and one-half (2.5) shares, of the approximate 15,650,000 and 19,000,000 annualized share gross burn limit for fiscal year 2011 and fiscal year 2012, respectively, in all cases excluding equity grants made in connection with acquisitions.

Expansion of Performance Metrics for Equity Awards

Maxim Integrated is seeking to expand the performance metrics for equity awards granted from the 1996 Equity Plan to include share price performance relative to one or more peer companies as well as relative to one or more indexes as determined by the plan's Administrator. Prior to the Amendment and Restatement of the 1996 Equity Plan, performance metrics include measures such as cash flow; cash position; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per share; economic profit; economic value added; equity or stockholders' equity; free cash flow, free cash flow per share and market share; net income; net profit; net sales; operating earnings; operating income; profit before tax; ratio of debt to debt plus equity; ratio of operating earnings to capital spending; return on net assets; sales growth; share price; or total return to stockholders. However, share price and total stockholder return of the Company relative to the performance of peer companies and indexes are not included and the Company is seeking approval from its stockholders to add such metrics.

The board of directors has approved, subject to stockholder ratification and approval, an Amended and Restated 1996 Equity Plan to increase the maximum number of shares of Maxim Integrated common stock reserved under the 1996 Equity Plan by 6,000,000 shares to a total of 126,100,000 shares and to expand the performance metrics for employee equity grants under the 1996 Equity Plan.

The closing price of Maxim Integrated's common stock on August 31, 2012 was \$27.14 per share.

Maxim Integrated believes that substantial equity participation by employees is important in creating an environment in which employees will be motivated to remain employed and be productive for long periods of time. Maxim Integrated further believes that the attraction, retention and motivation of highly qualified personnel is essential to Maxim Integrated's continued growth and success and that incentive plans, such as the 1996 Equity Plan, are necessary for Maxim Integrated to remain competitive in its compensation practices. In addition,

Maxim Integrated believes that the 1996 Equity Plan (and other equity incentive programs) is an effective way to assure alignment of employees' and stockholders' interests and believes all such equity incentives are in the best interest of the stockholders.

The benefits to be received by Maxim Integrated's employees and officers pursuant to the 1996 Equity Plan are not determinable at this time.

Required Vote

Ratification and approval of the Amendment and Restatement of Maxim Integrated's 1996 Equity Plan requires the approval of a majority of the shares represented in person or by proxy and voting at the annual meeting. A general description of the principal terms of the 1996 Equity Plan approved by the board of directors and the purpose of the 1996 Equity Plan is set forth below. Unless otherwise marked, all properly signed and returned proxies will be voted "FOR" Proposal No. 4.

Recommendation

Our board of directors recommends a vote "FOR" the Amendment and Restatement of Maxim Integrated's 1996 Equity Plan as described herein. The following summary of certain provisions of the 1996 Equity Plan is qualified in its entirety by reference to the 1996 Equity Plan, a copy of which is attached as Appendix B to this proxy statement. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the 1996 Equity Plan.

Summary of Material Features of the 1996 Equity Plan

Purpose.

The purpose of the 1996 Equity Plan is to increase stockholder value. We believe that our employees, including highly talented analog engineers, which are scarce, are the main driver of stockholder value. The Company needs to have competitive compensation programs to recruit, retain and motivate our employees, and the Company's equity programs are a key component of its compensation structure. We also believe that employee ownership aligns employee interests with those of the stockholders and has contributed to Maxim Integrated's success.

Types of Awards.

The 1996 Equity Plan provides for the grant of the following types of incentive awards: (1) stock options, (2) restricted stock units, and (3) restricted stock, which are each hereinafter referred to individually as an "Award." Those who will be eligible for Awards under the 1996 Equity Plan include employees, directors and consultants who provide services to the Company and its parent and subsidiary companies.

Number of Shares of Common Stock Available Under the 1996 Equity Plan.

If stockholders approve Proposal 4, a total of 126,100,000 shares of the Company's common stock will be reserved for issuance under the 1996 Equity Plan. Any shares subject to awards of restricted stock units and restricted stock granted with an exercise price less than the fair market value on the date of grant will be counted against the share reserve as two (2) shares for every one (1) share subject to such award. Further, to the extent that a share that was subject to an award that counted as two (2) shares against the 1996 Equity Plan reserve pursuant to the preceding sentence is recycled back into the 1996 Equity Plan, the 1996 Equity Plan will be credited with two (2) shares that will thereafter be available for issuance under the 1996 Equity Plan.

If we experience a stock split, reverse stock split, stock dividend, spin-off, combination, or reclassification of our shares, or any other change or increase or decrease in the number of issued shares effected without our receipt of consideration (except for certain conversions of convertible securities), appropriate adjustments will be

made, subject to any required action by the Company's stockholders, to the number of shares available for issuance under the 1996 Equity Plan, the number of shares covered by each outstanding Award, the price per share covered by each outstanding Award, and the numerical per-person share limits for each type of Award, as appropriate to reflect the stock dividend or other change.

Maxim Integrated common stock covered by the 1996 Equity Plan may be either authorized but unissued shares or treasury shares. If there is a lapse, expiration, termination, or cancellation of any Award granted under the 1996 Equity Plan without the issuance of shares or payment of cash thereunder, or if shares are issued under any Award under the 1996 Equity Plan and thereafter are reacquired by the Company pursuant to rights reserved upon the issuance thereof, the shares subject to or reserved for such Award, or so retained or reacquired, may again be used for new Awards under the 1996 Equity Plan. Notwithstanding the foregoing, any shares of common stock of the Company tendered to or withheld by the Company (a) in connection with the exercise of options under the 1996 Equity Plan (or any other equity plans of the Company) or (b) for the payment of tax withholding on any option, restricted stock unit award or restricted stock award shall not, in each case, be available for future issuance under the 1996 Equity Plan (or any other equity plans of the Company). In addition, the Company will be required to seek prior stockholder approval in order to conduct any award-for-award exchange offer or cash tender offer with respect to outstanding awards under the 1996 Equity Plan (or any other equity plans of the Company).

Administration.

The 1996 Equity Plan provides that the grant of Awards and other determinations under the 1996 Equity Plan shall be made by (1) the board of directors or (2) a committee designated by the board of directors (the "Administrator") which, in the case of grants of Awards to employees who are officers of the Company, is constituted in a manner to permit the grants and related transactions under the 1996 Equity Plan to be exempt from Section 16(b) of the Exchange Act in accordance with Rule 16b-3 of the Exchange Act and which, in the case of grants to "covered employees," is intended to constitute "performance-based compensation," is made up solely of two (2) or more "outside directors" as such terms are defined under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The Administrator has the authority to select employees, directors, and consultants to whom Awards may be granted; to determine the number of shares to be covered by each Award; and to determine the terms and conditions of any Award granted under the 1996 Equity Plan.

Performance Based Compensation.

Section 162(m) of the Code limits the annual deduction a public corporation may claim for compensation paid to the Company's Chief Executive Officer and to each of its three (3) most highly compensated executive officers (other than the Chief Financial Officer) to \$1 million, except in limited circumstances. One such exception is for "performance-based compensation," which is defined as compensation paid solely on account of the attainment of one or more performance goals, but only if (1) the goals are determined by a compensation committee of the board of directors comprised of two (2) or more outside directors, (2) the performance goals are disclosed to stockholders and approved by a majority vote before the remuneration is paid, (3) before the remuneration is paid, the compensation committee certifies that the performance goals and any other material terms were in fact satisfied, and (4) limits are set on the number of Awards that any individual may receive. The 1996 Equity Plan has been designed to permit the Administrator to grant Awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m), thereby permitting the Company to continue to receive a federal income tax deduction in connection with such Awards.

The 1996 Equity Plan limits the number of shares with respect to which incentive stock options and non-qualified stock options may be granted in any fiscal year of the Company to any participant to 4,000,000 shares and limits the number of shares with respect to which restricted stock units and restricted stock may be granted in any fiscal year of the Company to any participant to 2,000,000 shares.

Eligibility.

Selected employees, directors, service providers, advisors and independent contractors of the Company and any parent or subsidiaries will be eligible to receive Awards under the 1996 Equity Plan. Awards may be granted to eligible persons residing in foreign jurisdictions under additional terms and conditions to accommodate local laws and to provide such eligible persons favorable treatment under local laws, provided that no such terms are inconsistent with the 1996 Equity Plan.

Duration.

The 1996 Equity Plan will continue in effect until August 11, 2015, unless terminated earlier by the board of directors.

Corporate Transactions/Changes in Control/Subsidiary Dispositions.

The Administrator shall have the authority, exercisable either in advance of any actual or anticipated, or at the time of, an actual corporate transaction, change in control or subsidiary disposition and exercisable at the time of the grant of an Award under the 1996 Equity Plan or any time while an Award remains outstanding, to provide for the full automatic vesting and exercisability of one or more outstanding unvested Awards under the 1996 Equity Plan and the release from restrictions on transfer and repurchase or forfeiture rights of such Awards in connection with a corporate transaction, change in control or subsidiary disposition, on such terms and conditions as the Administrator may specify. The Administrator also shall have the authority to condition any such Award vesting and exercisability or release from such limitations upon the subsequent termination of the continuous status as an employee or service of the participant within a specified period following the effective date of the change in control or subsidiary disposition. The Administrator may provide that any Awards so vested or released from such limitations in connection with a change in control or subsidiary disposition, shall remain fully exercisable until the expiration or earlier termination of the Award. Effective upon the consummation of a corporate transaction, all outstanding Awards under the 1996 Equity Plan shall terminate unless assumed by the successor company or its parent.

Options.

The 1996 Equity Plan provides that the purchase price of any stock option shall be at least one hundred percent (100%) of the fair market value of the Company common stock at the time the option is granted. The Administrator may provide for the payment of the purchase price in cash, by delivery of other common stock of the Company having a market value equal to the purchase price of such shares, or by any other method, including by delivery of an exercise notice accompanied by a copy of irrevocable instructions to a broker to deliver promptly to the Company proceeds to pay the purchase price.

The Administrator may permit or require a participant to pay all or a portion of the federal, state and local taxes, including FICA and Medicare withholding tax, arising in connection with the exercise of an option, by having the Company withhold shares or by delivering shares received in connection with the option or previously acquired, having a fair market value approximating the amount to be withheld.

The maximum term of any option will be ten (10) years from the date it is granted, except that with respect to any participant who owns ten percent (10%) of the voting power of all classes of the Company's outstanding capital stock, the term of an incentive stock option may not exceed five (5) years. Options are generally exercisable for a period of ninety (90) days after termination or retirement, 365 days after termination due to disability or 547 days after termination due to death.

Restricted Stock Units.

The Administrator is able to grant Awards of restricted stock units. Awards of restricted stock units vest in accordance with the terms and conditions established by the Administrator in its sole discretion. For example, the Administrator may set restrictions based on the achievement of specific performance goals or based upon

continued service. There are no minimum vesting requirements for restricted stock units. Upon satisfying the applicable vesting criteria, a participant is entitled to the payout specified in the Award agreement. The Administrator may pay earned restricted stock units in cash, shares or a combination of both. Awards of restricted stock units may be issued either alone, in addition to, or in tandem with other Awards granted under the 1996 Equity Plan and/or cash awards made outside of the 1996 Equity Plan. The Administrator will determine the number of units granted pursuant to an Award of restricted stock units, but no participant will be granted more than 2,000,000 units during any fiscal year.

Restricted Stock.

The Administrator is able to grant Awards of restricted stock. Awards of restricted stock are rights to acquire or purchase shares of Company common stock. Restricted stock vests in accordance with the terms and conditions established by the Administrator in its sole discretion. For example, the Administrator may set restrictions based on the achievement of specific performance goals or based upon continued service. There are no minimum vesting requirements for Awards of restricted stock. Awards of restricted stock may be issued either alone, in addition to, or in tandem with other Awards granted under the 1996 Equity Plan and/or cash awards made outside of the 1996 Equity Plan. The Award agreement will generally grant the Company a right to repurchase or reacquire the shares upon the termination of the participant's service with the Company for any reason (including death or disability). The Committee will determine the number of shares granted pursuant to an Award of restricted stock, but no participant will be granted a restricted stock Award to purchase or acquire more than 2,000,000 shares of common stock during any fiscal year.

Performance Goals.

Assuming the approval by the stockholders of the Amended and Restated 1996 Equity Plan, the performance goals applicable to an Award, as determined by the Administrator, may provide for a targeted level or levels of achievement using one or more of the following measures: cash flow; cash position; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per share; economic profit; economic value added; equity or stockholders' equity; free cash flow, free cash flow per share and market share; net income; net profit; net sales; operating earnings; operating income; profit before tax; ratio of debt to debt plus equity; ratio of operating earnings to capital spending; return on net assets; sales growth; share price; share price or total return to stockholders relative to the performance of one or more peer companies as well as any index as determined by the Administrator; or total return to stockholders. The performance goals may differ from participant to participant and from Award to Award and may be stated in absolute terms or relative to comparison companies or indices to be achieved during a period of time.

Amendments and Discontinuance.

The 1996 Equity Plan is subject to amendment or termination by the Administrator without stockholder approval as deemed in the best interests of the Company. However, no such amendment shall, without the consent of the award holder, reduce the amount of any Award or adversely change the terms and conditions thereof.

The terms and conditions applicable to any Awards granted and outstanding may at any time be amended or modified in any lawful way or canceled by mutual agreement between the Administrator and the participant, so long as any amendment or modification does not increase the number of shares of Maxim Integrated common stock issuable under the 1996 Equity Plan and subject to the provisions regarding "repricing" described below.

Repricing Options; Exchange Transactions.

The Administrator does not have the authority to “reprice” any outstanding option. For these purposes, to “reprice” an outstanding option means to amend any outstanding option to reduce the exercise price. In addition, the Administrator will be required to seek prior stockholder approval for conducting any award-for-award exchange offer or cash tender offer with respect to outstanding awards under the 1996 Equity Plan (or any other equity plans of the Company).

Number of Awards Granted to Employees, Consultants, and Directors

The number of Awards that an employee, director or consultant may receive under the 1996 Equity Plan is in the discretion of the Administrator and therefore cannot be determined in advance. The following table sets forth (1) the aggregate number of shares subject to options granted under the 1996 Equity Plan during the fiscal year ended June 30, 2012, (2) the average per share exercise price of such options, and (3) the aggregate number of restricted stock units granted under the 1996 Equity Plan during the fiscal year ended June 30, 2012, where each unit represents a right to acquire one (1) share of common stock.

<u>Name of Individual or Group</u>	<u>Number of Options Granted</u>	<u>Per Share Exercise Price \$(1)</u>	<u>Number of Restricted Stock Units Granted</u>
Tunc Doluca	154,468	22.28	33,572
Bruce Kiddoo	67,232	22.28	16,788
Chae Lee	134,624	27.29	49,453
Matthew Murphy	112,760	22.28	16,788
Pirooz Parvarandeh	85,680	22.28	20,144
All executive officers, as a group	761,796	23.17	215,153
All directors who are not executive officers, as a group	63,800	26.87	19,200
All employees who are not executive officers, as a group	2,527,421	23.14	3,430,711

(1) Weighted average per share exercise price.

Federal Income Tax Consequences

Non-qualified Stock Options.

Under existing law and regulations, the grant of non-qualified stock options with an exercise price equal to the fair market value of the underlying stock on the date of grant will not result in income taxable to the participant. However, the exercise of such a non-qualified stock option results in taxable income to the holder and may be subject to withholding for federal income and employment tax purposes. The Company is entitled to an income tax deduction in the amount of the income recognized by the optionee, subject to possible limitations imposed by Section 162(m) of the Code and so long as the Company withholds the appropriate taxes with respect to such income (if required). At the time of the exercise of a non-qualified stock option, the amount so taxable and so deductible will be the difference between the fair market value of the shares purchased and the exercise price. Any gain or loss on the optionee’s subsequent disposition of the shares of Maxim Integrated common stock will receive long-term or short-term capital gain or loss treatment, depending on whether the shares are held for more than one (1) year following exercise. The Company does not receive a tax deduction for any such gain.

Incentive Stock Options.

An optionee recognizes no income when an incentive stock option is granted or exercised. However, the difference between the fair market value of the shares on the date of exercise and the option price is classified as an item of adjustment in the year of exercise for purposes of the participant’s alternative minimum tax.

If the participant does not dispose of the shares received on exercise of an incentive stock option prior to two (2) years from the date of grant and one (1) year from the date of exercise of the stock option, any gain realized by the holder on the disposition of the stock will be accorded long-term capital gain treatment, and no deduction will be allowed to the Company. If either holding period requirement is not satisfied, the participant will recognize ordinary income at the time of such “disqualifying disposition” equal to the lesser of (1) the gain realized on the disposition, or (2) the difference between the option price and the fair market value of the shares on the date of exercise. Any additional gain or loss on the disqualifying disposition not reflected above would be long-term or short-term capital gain, depending on whether the shares are held for more than one (1) year following exercise. The Company will be entitled to an income tax deduction equal to the amount of ordinary income recognized by the participant, subject to possible limitations imposed by Section 162 of the Code.

Restricted Stock and Restricted Stock Units.

A participant generally will not have taxable income at the time an Award of restricted stock and restricted stock units is granted. Instead, he or she will recognize ordinary income in the first taxable year in which his or her interest in the shares underlying the Award becomes either (1) freely transferable or (2) no longer subject to substantial risk of forfeiture. However, the recipient of a restricted stock Award may elect to recognize income at the time he or she receives the Award of restricted stock in an amount equal to the fair market value of the shares underlying the Award (less any cash paid for the shares) on the date the Award is granted. The Company generally will be entitled to a tax deduction in connection with an Award under the 1996 Equity Plan in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income, subject to possible limitations imposed by Section 162 of the Code.

Tax Effect for the Company

The Company generally will be entitled to a tax deduction in connection with an Award under the 1996 Equity Plan in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income (for example, upon the exercise of a nonqualified stock option). Special rules limit the deductibility of compensation paid to the Company’s Chief Executive Officer and to each of its three (3) most highly compensated other executive officers other than the Chief Financial Officer. In general under Section 162(m) of the Internal Revenue Code, the annual compensation paid to any of these executives is deductible only to the extent that it does not exceed \$1,000,000. The Company can, however, preserve the deductibility of certain compensation in excess of \$1,000,000 under the 1996 Equity Plan if the conditions of Section 162(m) are met. These conditions include stockholder approval of the 1996 Equity Plan, setting limits on the number of Awards that any individual may receive, and, for Awards other than certain types of stock options, establishing performance criteria that must be met before the Award actually vests or is paid. The 1996 Equity Plan has been designed to permit the Administrator to grant Awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m), thereby permitting the Company to continue to receive a federal income tax deduction in connection with those Awards.

The foregoing discussion of the federal income tax aspects of Awards under the 1996 Equity Plan is based upon federal income tax laws in effect on the date of this proxy statement. The foregoing discussion is not a complete description of the federal income tax aspects of options under the 1996 Equity Plan. In addition, administrative and judicial interpretations of the application of the federal income tax laws are subject to change. Furthermore, no information is given with respect to state or local taxes that may be applicable to any options. Participants in the 1996 Equity Plan who are residents of or are employed in a country other than the United States may be subject to taxation in accordance with the tax laws of that particular country in addition to or in lieu of United States federal income taxes.

* * *

PROPOSAL NO. 5

TO HOLD A NON-BINDING ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

The recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) enables Maxim Integrated stockholders to vote to approve, on an advisory or non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with SEC rules.

Maxim Integrated has a “pay-for-performance” philosophy that forms the foundation of Maxim Integrated’s decisions regarding compensation of its named executive officers. Executive compensation is tied to performance and is structured to ensure that there is an appropriate balance between long-term and short-term performance, and also a balance between operational performance and stockholder return. This compensation philosophy, and the program structure approved by the Compensation Committee (including its sub-committee, the Equity Grant Sub-Committee), is central to Maxim Integrated’s ability to attract, retain, motivate, and reward the best and brightest executives who have the talent and experience to achieve our goals. This approach has resulted in Maxim Integrated’s ability to attract and retain the executive talent necessary to guide Maxim Integrated. Please see “Compensation Discussion and Analysis” contained in this proxy statement for an overview of the compensation of Maxim Integrated’s named executive officers.

We are asking for stockholder approval of the compensation of our named executive officers as disclosed in this proxy statement in accordance with SEC rules, which disclosures include the disclosures under “Compensation Discussion and Analysis,” the compensation tables and the narrative discussion related to compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the policies and practices described in this proxy statement. We believe that our executive compensation policies and programs serve the interests of our stockholders and that the compensation received by our executive officers is commensurate with the performance and strategic position of Maxim Integrated. In considering approving this proposal, the Board would like you to consider that in fiscal year 2012 Maxim Integrated’s revenue was approximately \$2.4 billion, operating income was approximately \$615.7 million (excluding the effect of special expense items) and Maxim Integrated finished number one in year over year relative stock price performance measured April 1 to June 30 under the officer bonus plan as compared to a peer group consisting of six (6) companies (which includes Analog Devices, Inc., Intersil Corporation, Linear Technology Corporation, Maxim Integrated, NXP Semiconductors and Texas Instruments). In addition, in fiscal year 2012, Maxim Integrated returned approximately twenty-one percent (21%) of revenue to stockholders in the form of dividends and stock buybacks.

This vote is advisory and therefore not binding on Maxim Integrated, the Compensation Committee (including its sub-committee, the Equity Grant Sub-Committee), or the board of directors. The board of directors and the Compensation Committee value the opinions of Maxim Integrated stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider those stockholders’ concerns, and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

Required Vote

Advisory approval of this proposal requires the affirmative “FOR” vote of a majority of the votes cast on the proposal. Unless otherwise marked, all properly signed and returned proxies will be voted “FOR” advisory approval of Proposal No. 5.

Recommendation

Our board of directors recommends a vote “FOR” the approval of the compensation of Maxim Integrated’s named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC.

* * *

Security Ownership of Certain Beneficial Owners, Directors and Management

The following table sets forth certain information regarding the ownership of Maxim Integrated's common stock as of June 30, 2012, the last day of fiscal year 2012, by: (1) each current director; (2) each current named executive officer; (3) all executive officers and directors as a group; and (4) all those known by Maxim Integrated to be beneficial owners of more than five percent (5%) of its common stock. The number of shares beneficially owned is determined under the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose.

Beneficial Owner	Beneficial Ownership(1)	
	Number of Shares	Percent of Total (%)
Dodge & Cox(2)	31,461,350	10.8
Capital World Investors(3)	36,513,000	12.5
Capital Research Global Investors(4)	27,663,520	9.5
Wellington Management Company, LLP(5)	30,711,992	10.5
James R. Bergman, Director(6)	194,900	*
Joseph Bronson, Director(7)	68,200	*
Robert E. Grady, Director(8)	73,152	*
B. Kipling Hagopian, Director(9)	137,760	*
William D. Watkins, Director(10)	73,152	*
A. R. Frank Wazzan, Director(11)	150,700	*
Tunc Doluca, President, Chief Executive Officer and Director(12)	1,648,710	*
Bruce Kiddoo, Senior Vice President and Chief Financial Officer(13)	349,824	*
Chae Lee, Senior Vice President(14)	106,852	*
Matthew Murphy, Senior Vice President(15)	81,396	*
Pirooz Parvarandeh, Chief Technology Officer(16)	701,620	*
All executive officers and directors as a group (16 persons)(17)	4,340,214	1.5%

* Less than one percent

- (1) This table is based upon information supplied by officers, directors, principal stockholders and Maxim Integrated's transfer agent, and contained in Schedules 13G filed with the SEC. Unless otherwise indicated, the address of each person or entity listed is c/o Maxim Integrated Products, Inc., 160 Rio Robles, San Jose, California 95134. Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, each of the stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned. Applicable percentages are based on 292,731,889 shares outstanding on June 30, 2012 adjusted as required under rules promulgated by the SEC.
- (2) Based solely on information supplied by Dodge & Cox in a Schedule 13G/A filed with the SEC on February 10, 2012. The address of Dodge & Cox is 555 California Street, 40th Floor, San Francisco, CA 94104.
- (3) Based solely on information provided by Capital World Investors ("CWI"), a division of Capital Research and Management Company in a Schedule 13G/A filed with the SEC on February 9, 2012. CWI does not own any shares of Maxim Integrated for its own account; the shares reported are owned by accounts under the discretionary management of CWI. CWI has no voting power and sole dispositive power over all shares shown. The address of CWI is 333 South Hope Street, 50th Floor, Los Angeles, CA 90071.
- (4) Based solely on information provided by Capital Research Global Investors ("CRGI") in a Schedule 13G/A filed with the SEC on February 2, 2012. CRGI does not own any shares of Maxim Integrated for its own account; the shares reported are owned by accounts under the discretionary management of CRGI. CRGI has no voting power and sole dispositive power over all shares shown. The address of CRGI is 333 South Hope Street, 50th Floor, Los Angeles, CA 90071.
- (5) Based solely on information supplied by Wellington Management Company, LLP ("WMR") in a Schedule 13G/A filed with the SEC on February 14, 2012. The address of WMR is 280 Congress Street, Boston, MA 02210.
- (6) Includes (i) 55,500 shares subject to options exercisable within 60 days of June 30, 2012, (ii) 800 restricted stock units that vest within 60 days of June 30, 2012 and (iii) 27,000 shares held by the Bergman Family Foundation for which Mr. Bergman disclaims beneficial ownership.

- (7) Includes (i) 54,750 shares subject to options exercisable within 60 days of June 30, 2012, (ii) 800 restricted stock units that vest within 60 days of June 30, 2012 and (iii) 400 shares held in custodian accounts.
- (8) Includes (i) 58,500 shares subject to options exercisable within 60 days of June 30, 2012 and (ii) 800 restricted stock units that vest within 60 days of June 30, 2012.
- (9) Includes (i) 59,000 shares subject to options exercisable within 60 days of June 30, 2012, (ii) 800 restricted stock units that vest within 60 days of June 30, 2012, (iii) 2,000 shares held by a family foundation for which Mr. Hagopian disclaims beneficial ownership and (iv) 62,360 shares held by trust.
- (10) Includes (i) 58,500 shares subject to options exercisable within 60 days of June 30, 2012 and (ii) 800 restricted stock units that vest within 60 days of June 30, 2012.
- (11) Includes (i) 55,500 shares subject to options exercisable within 60 days of June 30, 2012 and (ii) 800 restricted stock units that vest within 60 days of June 30, 2012.
- (12) Includes (i) 590,454 shares subject to options exercisable within 60 days of June 30, 2012 and (ii) 11,039 restricted stock units that vest within 60 days of June 30, 2012.
- (13) Includes (i) 292,832 shares subject to options exercisable within 60 days of June 30, 2012, (ii) 4,968 restricted stock units that vest within 60 days of June 30, 2012 and (iii) 52,024 shares held by The Kiddoo Family Trust U/A/D 2/7/12.
- (14) Includes (i) 67,100 shares subject to options exercisable within 60 days of June 30, 2012 and (ii) 3,588 restricted stock units that vest within 60 days of June 30, 2012.
- (15) Includes (i) 67,800 shares subject to options exercisable within 60 days of June 30, 2012 and (ii) 4,140 restricted stock units that vest within 60 days of June 30, 2012.
- (16) Includes (i) 528,952 shares subject to options exercisable within 60 days of June 30, 2012 and (ii) 6,071 restricted stock units that vest within 60 days of June 30, 2012.
- (17) Includes (i) 2,486,683 shares subject to options exercisable within 60 days of June 30, 2012 and (ii) 52,571 restricted stock units that vest within 60 days of June 30, 2012.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and officers, and persons who own more than ten percent (10%) of a registered class of Maxim Integrated's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of Maxim Integrated. Officers, directors, and greater than ten percent (10%) stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

To the best of our knowledge, based solely on a review of the copies of such reports furnished to Maxim Integrated and written representations that no other reports were required, during the fiscal year ended June 30, 2012, all Section 16(a) filing requirements applicable to Maxim Integrated's officers, directors, and greater than ten percent (10%) beneficial owners were complied with.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Transactions

During the fiscal year ended June 30, 2012, the Company sold approximately \$72.3 million in products to Flextronics International Ltd., a contract manufacturer, in the ordinary course of its business. William D. Watkins, a member of our board of directors, is also a member of the board of directors of Flextronics International Ltd. Other than in his capacity as a member of the board of directors of Flextronics, Mr. Watkins had no other interest in the transaction.

The Company employs Robert Bergman, the son of James R. Bergman, a member of our board of directors. In fiscal year 2012, Robert Bergman received approximately \$304,739 in cash compensation and was granted options to purchase 3,736 of the Company's Common Stock at an exercise price of \$22.28 per share and awarded 1,244 restricted stock units.

The Company employs Jennifer Caron, sister of David A. Caron, our principal accounting officer. In fiscal year 2012, Jennifer Caron received approximately \$73,687 in cash compensation and was awarded 856 restricted stock units.

Maxim Integrated has entered into indemnification agreements with certain of its current and former directors and executive officers. The indemnification agreements provide, among other things, that Maxim Integrated will indemnify each of its directors and officers, under the circumstances and to the extent provided therein, for expenses, damages, judgments, fines, and settlements each may be required to pay in actions or proceedings to which he or she may be made a party by reason of his or her position or positions as a director, officer or other agent of Maxim Integrated, and otherwise to the fullest extent permitted under Delaware law and Maxim Integrated's bylaws.

Review, Approval or Ratification of Related Party Transactions

The Audit Committee Charter provides for the Audit Committee to review and approve all related party transactions for potential conflicts of interest on an ongoing basis (if such transactions are not approved by another independent body of the board of directors). Related party transactions include, for purposes of the Audit Committee review, without limitation, transactions involving Maxim Integrated and any director, executive officer, beneficial owner of more than five percent (5%) of Maxim Integrated common stock, any immediate family member of any such person, or any firm, corporation, partnership, or other entity in which any such person is employed or any such person has a five percent (5%) or greater beneficial ownership interest. In determining whether to approve or ratify a transaction with a related party, the Audit Committee will take into account all relevant facts and circumstances it deems relevant, including, without limitation, the nature of the related party's interest in the transaction, the benefits to Maxim Integrated of the transaction, whether the transaction would impair the judgment of a director or executive officer to act in the best interests of Maxim Integrated and its stockholders, the potential impact of such transaction on a director's independence, and whether the transaction is on terms no less favorable than terms that may be available in a transaction with an unaffiliated third party under the same or similar circumstances.

Any member of the Audit Committee who is a related party with respect to a transaction under review may not participate in the deliberations or vote on the approval of the transaction. Maxim Integrated will disclose the terms of related person transactions in its filings with the SEC to the extent required.

The terms of the sale of products and the employment of the individuals described above under the heading "Related Transactions" were not specifically approved by the Audit Committee because such terms (including compensation terms) were, and continue to be, consistent and commensurate with those of other similarly situated customers and employees of Maxim Integrated.

EXECUTIVE COMPENSATION

Executive Officers

The following is information regarding our executive officers, including their positions and their ages as of October 1, 2012.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Tunc Doluca	54	President and Chief Executive Officer
David A. Caron	52	Vice President, Principal Accounting Officer
Vivek Jain	52	Senior Vice President
Bruce Kiddoo	51	Senior Vice President and Chief Financial Officer
Chae Lee	47	Senior Vice President
Edwin B. Medlin	55	Vice President, General Counsel
Matthew Murphy	39	Senior Vice President
Christopher J. Neil	46	Senior Vice President
Pirooz Parvarandeh	52	Chief Technology Officer
Walter Sangalli	56	Vice President, Worldwide Sales and Marketing
Steve Yamasaki	58	Vice President, Human Resources

Mr. Doluca – Please see Mr. Doluca’s biography under Proposal No. 1 contained in this proxy statement.

Mr. Caron – joined Maxim Integrated in December 1998 as Director of Accounting and has served as Maxim Integrated’s Corporate Controller since July 2003. In August 2010, Mr. Caron was promoted to Vice President and Principal Accounting Officer. Mr. Caron is a Certified Public Accountant in the state of California and holds a Bachelor of Science in Accounting from San Jose State University.

Mr. Jain – joined Maxim Integrated in April 2007 as Vice President of Wafer Fab Operations. In June 2009, Mr. Jain was promoted to Senior Vice President, Manufacturing Operations, responsible for all of Maxim Integrated’s manufacturing operations, including wafer fab, test and assembly operations. Prior to joining Maxim Integrated, Mr. Jain was with Intel Corporation as Plant Manager for Technology Development and Manufacturing Facility in Santa Clara, California since 2000.

Mr. Kiddoo – joined Maxim Integrated in September 2007 as Vice President of Finance. On October 1, 2008, Mr. Kiddoo was appointed Chief Financial Officer and Principal Accounting Officer of Maxim Integrated and served as Principal Accounting Officer until August 2010. In September 2009, Mr. Kiddoo was also named a Senior Vice President. Prior to joining Maxim Integrated, Mr. Kiddoo held various positions at Broadcom Corporation, a global semiconductor company, beginning in December 1999. Mr. Kiddoo served as Broadcom’s Corporate Controller and Principal Accounting Officer from July 2002 and served as Vice President from January 2003. He also served as Broadcom’s Acting Chief Financial Officer between September 2006 and March 2007.

Mr. Lee – joined Maxim Integrated in 1999 and was appointed Vice President in 2007. In April 2012, Mr. Lee was appointed Senior Vice President. He graduated from the University of Missouri-Rolla in 1987 with a Bachelor of Science Degree in Electrical Engineering.

Mr. Medlin – joined Maxim Integrated in November 1999 as Director and Associate General Counsel. He was promoted to Vice President and Senior Counsel in April 2006 and was appointed General Counsel in September 2010. Prior to joining Maxim Integrated, he was with the law firm of Ropers, Majeski, Kohn and Bentley between 1987 and 1994 where he held various positions, including director. Between 1994 and 1997, he held the positions of General Counsel, and later, General Manager, at Fox Factory, Inc., a privately held manufacturing company. Between 1997 and 1999 he held the positions of General Counsel and later, Vice President of Global Sales and Marketing, at RockShox, Inc., a publicly traded corporation.

Mr. Murphy – joined Maxim Integrated in July 1994 and was promoted to Vice President in November 2006 and to Senior Vice President in September 2011. Prior to November 2006, he served in a number of business unit and executive management positions.

Mr. Neil – joined Maxim Integrated in September 1990, was promoted to Vice President in April 2006, was named Division Vice President in September 2009 and was promoted to Senior Vice President in September 2011. Prior to 2006, he held several engineering and executive management positions.

Mr. Parvarandeh – joined Maxim Integrated in July 1987 and served as Vice President between 1997 and 2004. He was promoted to Senior Vice President in 2004 and Group President in May 2005. In September 2010, Mr. Parvarandeh was also appointed Chief Technical Officer (and in September 2011 his title was changed to Chief Technology Officer). Prior to 1997, he served in a number of integrated circuit development positions.

Mr. Sangalli – joined Maxim Integrated in 1992 as a senior field applications engineer and was promoted to Vice President of Worldwide Sales and Marketing in 2011. He has managed all sales and applications in Europe since 2002.

Mr. Yamasaki – joined Maxim Integrated in April 2010 as Vice President of Human Resources. Prior to joining Maxim Integrated, he was Corporate Vice President of Human Resources of Applied Materials from 2008 to 2010, and was Executive Vice President of Human Resources of YRC Worldwide from 2004 to 2008. Before joining YRC Worldwide, Mr. Yamasaki was Vice President of Human Resources at ConAgra Foods Inc. and Honeywell International.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides a review of our executive compensation philosophy, policies and practices with respect to the following executive officers of Maxim Integrated: the Chief Executive Officer, the Chief Financial Officer, and the other three (3) most highly compensated executive officers during fiscal year 2012 (the “Named Executive Officers”).

Executive Compensation Philosophy and Components

The objectives of our executive compensation program are as follows:

- to attract, retain, motivate, and reward the best and brightest executives who have the talent and experience required to achieve our goals;
- to align the short-term and long-term interests and objectives of our executive officers with stockholders and customers;
- to create a high-performance culture by linking total rewards to company performance, including performance relative to our peers;
- to recognize executives for their contributions to our success by rewarding individual performance; and
- to ensure that our executive compensation programs are easily understood by program participants.

We accomplish these objectives by providing our executives with compensation components that are specifically linked to either short-term or long-term corporate and executive performance. The majority of executive compensation is short-term or long-term variable compensation. The principal components of our executive compensation are:

- base salary;
- cash performance bonuses;

- stock options and restricted stock units; and
- benefits.

Each of these components is intended to achieve one or more of our compensation objectives. The Compensation Committee relies on its judgment in determining the appropriate mix of cash and equity compensation for our officers. In general, in order to encourage a high-performance culture and to align the interests of our executive officers with those of our stockholders, the Compensation Committee makes a significant portion of each executive officer's compensation performance-based with cash performance bonuses and equity awards, while keeping base salaries below competitive levels. Our variable cash and equity programs are designed to reward recent performance with cash compensation and to motivate long-term performance and retention through equity awards. Both programs are also designed to reward our executives both for individual and overall corporate performance. Such a structure allows the Compensation Committee flexibility to reward outstanding individual performance and to recognize the contributions of our executive officers to the overall success of Maxim Integrated.

Governance of Executive Officer Compensation Program

Role and Members of the Compensation Committee

The members of our Compensation Committee are appointed by our board of directors. The Compensation Committee is responsible for determining executive officer compensation. As of the record date, the Committee was comprised of three (3) members of the board of directors, Messrs. James R. Bergman, Robert E. Grady and A. R. Frank Wazzan, each of whom is an independent, non-employee director. Since March 1, 2007, Dr. Wazzan has served, and continues to serve, as Chairman of the Compensation Committee.

The primary purpose of the Compensation Committee is to:

- review and approve corporate goals and objectives relevant to the compensation of Maxim Integrated's Chief Executive Officer (the "CEO") and other Executive Officers, evaluate CEO performance, and determine CEO compensation based on this evaluation;
- approve and oversee, in consultation with our CEO, the total compensation package for our Executive Officers, including their base salaries, bonuses, equity-based compensation, severance benefits and change-in-control benefits (if any);
- approve compensation decisions applicable to our Executive Officers;
- review periodically and make recommendations to the board of directors regarding any equity or long-term compensation plans, and administer these plans; and
- make recommendations to the board of directors with respect to compensation for members of the board of directors and its committees.

The Compensation Committee operates according to a charter that details its specific duties and responsibilities. The Compensation Committee periodically reviews the charter and recommends proposed changes to the board of directors for approval. The Compensation Committee Charter is available on our website in the Corporate Governance section at <http://www.maximintegrated.com/company/investor/leadership/governance>. The charter sets forth the membership requirements, authority and duties of the Compensation Committee, which shall consist of no fewer than two (2) members, all of whom (1) meet the independence requirements of the NASDAQ rules, (2) are "non-employee directors" under the definition of Rule 16b-3 promulgated under Section 16 of the Exchange Act, and (3) are "outside directors" for purposes of the regulations promulgated under Section 162(m) of the Code. During fiscal year 2012, and currently, all members of the Compensation Committee met these criteria.

Process for Evaluating Executive Officer Performance and Compensation

The Compensation Committee generally holds at least two (2) scheduled meetings during the year and holds additional meetings periodically to review and discuss executive compensation issues. The Compensation Committee Chairman will also provide an update to the board of directors during a regularly scheduled meeting regarding Compensation Committee matters when appropriate. In addition, certain members of the Compensation Committee generally communicate on an informal basis concerning Compensation Committee matters throughout the fiscal year. The Compensation Committee may also consider and take certain actions by unanimous written consent. In fiscal year 2012, the Compensation Committee, including its two-person Equity Grant Sub-Committee, held seventeen (17) meetings and acted by unanimous written consent one (1) time.

Our Vice President of Human Resources and our Corporate Secretary support the Compensation Committee in its work. The Compensation Committee also has the authority to engage the services of outside advisors, experts and others for assistance.

Outside Compensation Consultant

In fiscal year 2012, the Compensation Committee engaged an independent, third party compensation consulting firm, Compensia, to advise the Compensation Committee and the board of directors on executive cash and equity compensation matters, including Maxim Integrated's new officer compensation plan for fiscal year 2012. Compensia reports directly to the Compensation Committee, and the Compensation Committee has sole authority to hire, terminate and direct the work of Compensia.

Role of Management in Executive Compensation Process

The Compensation Committee seeks input from our Chief Executive Officer and the Vice President of Human Resources to obtain recommendations with respect to our compensation programs, practices and packages for executives. Our CEO's role in the compensation-setting process consists of (1) evaluating executive and employee performance; (2) assisting in the establishment of business performance targets and objectives; and (3) recommending salary levels and equity awards. While the Compensation Committee may discuss our CEO's compensation package with him, it meets in executive session in his absence to determine his compensation.

Executive Compensation Benchmark

In August 2012, based on the recommendations of Compensia, and in consultation with Maxim Integrated's CEO and Vice President of Human Resources, the Compensation Committee approved a compensation peer group to be used for benchmarking and for setting executive compensation for fiscal year 2012. In determining the appropriate compensation peer group, the Compensation Committee considered companies within the semiconductor industry that have revenue, number of employees and operations similar to our corresponding components. Most of the companies in this peer group compete with us for executive talent. Periodically, the Compensation Committee will review and update the compensation peer group as appropriate.

The compensation peer group members for fiscal year 2012 are as follows:

Altera Corporation	Linear Technology Corporation
Analog Devices, Inc.	LSI Corporation
Atmel Corporation	Marvell Technology Group Ltd.
Broadcom Corporation	Microchip Technology Inc.
Cypress Semiconductor	NVIDIA Corporation
Fairchild Semiconductor	ON Semiconductor Corp.
International Rectifier Corporation	Xilinx, Inc.
Intersil Corporation	

The Compensation Committee also included Texas Instruments, a much larger company, in the peer group for reference purposes only because Texas Instruments is a competitor and competes with us for executive talent.

The Compensation Committee does not target pay at a specific target percentile. Rather, the Committee believes that fixed compensation (primarily base salary) should be relatively modest and that variable compensation (primarily annual bonus and long-term incentive opportunities) should provide meaningful upside opportunities tied to performance. In addition, the Committee believes compensation opportunities should reflect Company performance, individual roles and performance and retention factors. Consistent with the foregoing, when setting each compensation component and total compensation opportunities, the Compensation Committee considers the following factors in addition to competitive market data:

- The Company's overall performance relative to peers and objectives established by the Board;
- Each individual's skills, job scope, experience, and qualifications relative to other similarly-situated executives at peer companies;
- The Company's internal value for a position relative to other positions or market practices;
- A subjective assessment of each individual's contributions to the Company's overall performance, ability to lead his or her business unit or function, work as part of a team, and reflect the Company's core values; and
- The Company's ability to retain "critical talent."

These factors provide the framework for our Compensation Committee's decision-making. No single factor above is determinative in setting pay levels, nor is the impact of any one factor on the determination of pay levels quantifiable.

Evaluation of Named Executive Officer Compensation

Base Salary

Base salaries are used to attract, motivate, and retain highly qualified executives. Base salary is the primary fixed component of compensation in the executive compensation program and is determined by:

- level of responsibility and company impact;
- pay levels of similar positions in our peer group;
- expertise and experience of the executive; and
- competitive conditions in the industry.

Annual base salary increases, if any, are a reflection of:

- the individual's performance for the preceding year;
- the Company's performance;
- the individual's pay level relative to similar positions in our peer group;
- anticipated future contributions of the executive; and
- competitive conditions in the industry.

For Named Executive Officers, base salaries are relatively modest as compared to the base salaries paid to similarly situated executives in the compensation peer group companies.

Fiscal 2012 Base Salary Actions

The Compensation Committee, after a review of individual and overall company performance, as well as market practices for executive compensation, approved modest base salary increases for our Named Executive Officers for fiscal year 2012 from fiscal year 2011 base salary levels. The table below sets forth each Named Executive Officer's base salary for fiscal year 2012 and percentage increase from 2011:

<u>Named Executive Officer</u>	<u>Title</u>	<u>Annualized 2012 Base Salary (\$)</u>	<u>% Increase from 2011</u>
Tunc Doluca	President and Chief Executive Officer	\$533,025	3.1
Bruce Kiddoo	Senior Vice President and Chief Financial Officer	\$373,118	3.0
Chae Lee	Senior Vice President	\$350,000(1)	14.9
Matthew Murphy	Senior Vice President	\$350,000	13.7
Piروز Parvarandeh	Chief Technology Officer	\$426,420	3.0

(1) Mr. Lee's fiscal year 2012 salary was increased from \$304,549 to \$350,000 in connection with his appointment as a Senior Vice President in April 2012.

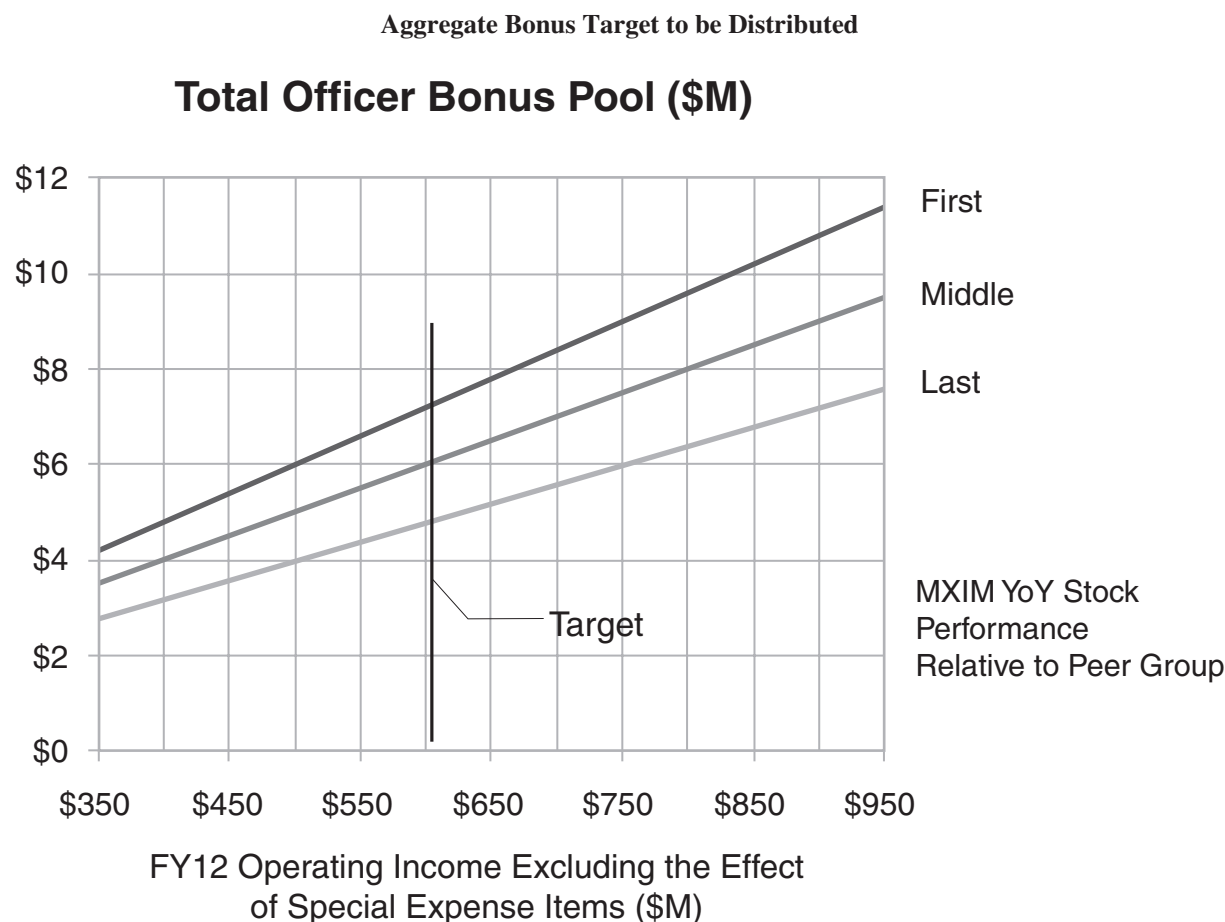
2012 Compensation Plan

In May and August 2011, the Vice President of Human Resources suggested to the Compensation Committee that it consider a new compensation plan for Maxim Integrated's Executive Officers, including the Named Executive Officers, to replace the then existing Compensation Plan of officers and offered suggestions on the components of the proposed new compensation plan (the "2012 Compensation Plan"). After receiving feedback from the Compensation Committee, the Vice President of Human Resources, together with the Chief Executive Officer and Compensia, developed a proposed compensation plan for Executive Officers, including the Named Executive Officers, for fiscal year 2012 that was presented to and approved by the Compensation Committee, at a meeting held on September 6, 2011.

Cash Incentive Compensation under 2012 Compensation Plan

Under the 2012 Compensation Plan, the determination of the cash bonus is performance-based. Each Executive Officer was granted a preliminary allocation of the performance bonus pool. The pool is funded based on the Company's actual achievement of certain performance metrics described below. The size of the pool may range from 0.80% to 1.20% of the Company's operating income as determined under accounting principles generally accepted in the United States ("GAAP"), excluding the effect of special expense items. The target bonus pool amount is 1.0% of operating income. This target annual bonus pool is subject to potential upward adjustment to a maximum of 1.20% of our operating income or downward adjustment to 0.80% of our operating income, in each case, determined based on the following company-wide performance metrics: (1) year-over-year stock price performance relative to a six (6) peer companies group (which includes Analog Devices, Inc., Intersil Corporation, Linear Technology Corporation, Maxim Integrated, NXP Semiconductors and Texas Instruments) by comparing the peer group average closing prices for the period from April 1, 2011 through June 30, 2011 to the average closing prices for same period in 2012. In the event actual operating income is less than fifty percent (50%) of target operating income, which is determined at the start of the fiscal year, then no amounts will be earned under the bonus plan.

Achievement of the 50th percentile with respect to year-over-year stock price performance among the six (6) companies in the peer group correlates to the bonus pool size of 1.0% of fiscal year 2012 operating income. In order to achieve the maximum cash bonus pool, the Company's stock price performance must be first among the peer group. In such case, the bonus pool would be 1.20% of 2012 operating income. In the event of the worst year-over-year stock performance among the six (6) companies in the peer group, the cash bonus pool would be reduced to a total of 0.80% of fiscal year 2012 operating income (less the effect of special expense items). The chart below depicts how the percentage of the aggregate bonus pool to be distributed to all officers is calculated:



We selected operating income as the primary program metric (as a basis to determine the overall size of the cash bonus pool) because we deem it to be an objective and clear measure of our operating performance. It demonstrates efficiency of company performance and aligns financial reporting with compensation calculations and cannot be easily manipulated. We selected relative stock price growth as a program metric because we believe that our stock price is an overall indicator of our success and financial health. Furthermore, it aligns bonus payouts with our plan of action to fulfill, among others, our goal of being recognized by our employees, customers, and investors as the leading company in the analog/mixed-signal industry. We selected this peer company group to measure relative stock price performance because we consider this group to be comprised of our closest competitors, not only for the sale of analog and mixed-signal semiconductor products but also competition for key talent.

Each Executive Officer's share of the bonus pool is dependent upon his or her impact points, which are determined at the beginning of the fiscal year and subject to adjustment following the completion of the fiscal year. The number of impact points is based in part on the Executive Officer's level of responsibility and relative

value of the Executive Officer's impact on Maxim Integrated's performance as compared to the other executives for the fiscal year. Impact points are expressed as a percentage of the pool. Each participant's share of the bonus pool equaled the product of (a) the percentage determined by taking his or her total impact points, as approved by the Compensation Committee at the end of the fiscal year, and dividing them by the total number of impact points allocated to all Executive Officers, (b) their individual performance percentage, which is measured as a percentage, and (c) the bonus pool calculated as described above.

$$\text{Calculated Bonus} = \frac{\text{Individual Position Points}}{\text{Total Position Points}} \times \text{Individual Performance Percentage} \times \text{Performance Bonus Pool}$$

Actual Results for Fiscal Year 2012 under Cash Bonus Pool and Bonus Payouts to the Named Executive Officers

In fiscal year 2012, actual operating income (excluding the effect of special expense items) was approximately \$615.7 million compared to \$748 million in fiscal year 2011. The total amount of special expense items not included in GAAP operating income totaled \$85.3 million in fiscal year 2012 as compared to \$31.3 million in fiscal year 2011. Our year-over-year stock price performance during the measurement period was up 2.02%, which was first in the six (6) companies peer group. Accordingly, the aggregate amount of the bonus pool under the 2012 Compensation Plan payable to all Executive Officers for fiscal year 2012, including the Named Executive Officers, was determined to be approximately \$7.39 million, or 1.20% of \$615.7 million. However, as a result of the manner in which the total bonus pool was earned due to individual performance, approximately \$6.2 million was distributed to all Executive Officers for performance in fiscal year 2012 under the bonus pool. In addition, five (5) Executive Officers were granted a discretionary bonus, separate and apart from the bonus pool, totaling \$529,231.

The table below describes each Named Executive Officer's performance bonus as approved by the Compensation Committee for fiscal year 2012 performance, which was paid from the aggregate \$6.2 million bonus pool distributed to all Executive Officers under the cash bonus pool for Executive Officers.

<u>Named Executive Officer</u>	<u>Amount of FY12 Performance Bonus Paid Under Bonus Pool</u>
Tunc Doluca	\$1,433,350(1)
Bruce Kiddoo	\$ 716,675(1)
Chae Lee	— (2)
Matthew Murphy	\$ 716,675(1)
Pirooz Parvarandeh	\$ 763,298

- (1) The Compensation Committee also awarded Mr. Doluca, Mr. Kiddoo and Mr. Murphy an additional, discretionary bonus totaling \$136,083, \$77,778 and \$186,820, respectively, for extraordinary services during the fiscal year, which are not listed in the table above.
- (2) Mr. Lee was paid a cash performance bonus for services during fiscal year 2012 but this bonus was not paid from the bonus plan distributed to Executive Officers because Mr. Lee was not appointed Senior Vice President until April 2012.

Equity Compensation

We believe equity compensation is an effective way to align the interests of our executive officers with those of our stockholders in order to achieve long-term stock price growth. In designing our equity compensation program, we take into account stockholder concerns about stock usage and dilution. Equity awards are granted by the Compensation Committee or its Equity Grant Sub-Committee, and the grant price of stock option awards are equal to the closing price of Maxim Integrated's common stock based on the date of grant. We utilize a mix of stock options and restricted stock units to compensate our executive officers. We believe that stock options align our executive officers' interests with our stockholders, as the executive officers only benefit from future stock price appreciation, while restricted stock units promote strong current retention incentives for Maxim Integrated's executive officers.

Equity Compensation under 2012 Compensation Plan

Consistent with the foregoing, the 2012 Compensation Plan contains an equity compensation component that is comprised of a mixture of stock options and restricted stock units.

Equity Awards for Fiscal Year 2012 Performance under 2012 Compensation Plan

Pursuant to the 2012 Compensation Plan, an aggregate award of 653,288 stock options was made on September 6, 2011 to all Executive Officers, including the Named Executive Officers. These options vest quarterly primarily during calendar year 2015, in each case subject to continued employment on the applicable vesting date. In addition, all Executive Officers, including the Named Executive Officers, were granted an aggregate of 148,920 restricted stock units on September 6, 2011. These restricted stock units vest over eight (8) quarters starting in February 2013 and ending in November 2014, in each case subject to continued employment on the applicable vesting date. Although we believe that long-term equity incentives are an important part of our compensation program and that they align the interests of our executives with those of our stockholders, we also recognize the importance of limiting the stockholder dilution associated with our equity compensation programs. The foregoing awards were a result of balancing these two (2) competing objectives.

The table below depicts the number of stock options and restricted stock units granted to the Named Executive Officers in fiscal year 2012:

<u>Name</u>	<u>Number of Restricted Stock Units Granted</u>	<u>Number of Shares underlying Stock Options Granted</u>
Tunc Doluca	33,572	154,468
Bruce Kiddoo	16,788	67,232
Chae Lee	49,453	134,624
Matthew Murphy	16,788	112,760
Piروز Parvarandeh	20,144	85,680

Performance Share Award to the Company's Chief Executive Officer in Fiscal Year 2013 in lieu of Restricted Stock Units

On September 4, 2012, our Chief Executive Officer was granted 60,000 performance shares at target in lieu of restricted stock units. The number of performance shares that will ultimately vest and be issued under this award is based upon the Company's total stockholder return relative to the performance of the SPDR S&P Semiconductor Index (XSD) as measured over a two-year period. The performance shares are scheduled to vest on August 15, 2014, subject to the satisfaction of the requisite performance metrics and in each case subject to the Chief Executive Officer's continuous status as an employee of the Company through such date.

Employee Stock Purchase Plan

Our stockholders approved the 2008 ESP Plan at the 2008 annual meeting of stockholders and approved amendments to the 2008 ESP Plan at the 2009, 2010 and 2011 annual meetings of stockholders. Pursuant to the 2008 ESP Plan, employees and officers who meet certain eligibility qualifications are able to purchase Maxim Integrated's common stock at a discount of up to fifteen percent (15%) from the market price. Employee contributions are made through payroll deductions.

Benefits and Perquisites

Maxim Integrated's philosophy regarding benefits for our employees, including executives, is that they should be competitive with the market in order to attract and retain a high quality workforce, meet the needs of our employees, encourage employee well-being, and provide protection from catastrophic events. We provide

medical, dental and vision insurance coverage to executives that are generally available to other full-time employees, including basic group life insurance and disability insurance. For all management employees, including our officers, we pay the premiums for executive life insurance, executive disability and umbrella liability insurance plans. We also offer a tax qualified 401(k) plan in which all U.S. based employees, including officers, are eligible to participate. All of our Named Executive Officers participated in our 401(k) plan during fiscal year 2012. Starting on January 1, 2008, employees were eligible to receive a matching contribution from Maxim Integrated equal to one hundred percent (100%) of the before-tax contributions made by the employee up to three percent (3%) of total cash compensation. However, during fiscal year 2010, all 401(k) matching contributions from Maxim Integrated were suspended. In January 2011, the matching contribution from Maxim Integrated was reinstated. Under certain limited circumstances we have provided reimbursement of expenses for tax preparation for certain executives (and all of such reimbursements to date have been de minimis).

The Compensation Committee reviews the perquisites provided to executive officers as part of its overall review of executive compensation. The Compensation Committee has determined the type and amount paid in perquisites to be within the appropriate range of competitive compensation practices. Details regarding the named executive officer's perquisites, including fiscal year 2012 cost to Maxim Integrated, are shown in the Summary Compensation Table under the "All Other Compensation" column and the accompanying narrative.

Employment Agreements

Several years ago, we entered into at-will employment agreements with each of Messrs. Doluca and Parvarandeh that contain substantially similar terms. The agreements do not grant any right to be retained by us, and we may terminate the employment of Mr. Doluca and Mr. Parvarandeh either with or without cause at any time. In the event of any termination of employment by Maxim Integrated, all compensation and benefits, except benefits provided by law (e.g., COBRA health insurance continuation benefits) immediately cease to accrue. However, in the event of termination of employment by Maxim Integrated without cause, severance payments are to be made in accordance with our normal policy then in effect, if any, or as otherwise mutually agreed between Maxim Integrated and the executive officer.

These agreements provide that if the executive officer terminates his full-time employment with us and his written notice of termination provides that he is willing to provide certain consulting services to us, we will make health insurance coverage available to the executive officer and his family during the period of provision of such services (or willingness to provide services) by the executive officer. The terms of his service, unless otherwise agreed, will provide for part-time services (up to one (1) day per month) and annual compensation equal to at least five percent (5%) of the executive officer's base salary at the time of termination, provided that services are rendered. Health insurance coverage will be similar to that under the group health plan we maintain for our employees.

During the ten-year period following the notice of termination, the former executive officer pays the same amount for health coverage as a similarly situated full-time employee is required to pay for coverage under our group health plan. After such ten-year period, the former executive officer pays us what the cost of the coverage would be if it were being provided pursuant to COBRA health insurance continuation benefits. In the event of the former executive officer's death while receiving health insurance coverage, the former executive officer's spouse is eligible for health insurance coverage until death so long as the surviving spouse pays for the coverage. In the event the former executive officer becomes disabled while receiving health insurance coverage, he is deemed to have met his service obligations to us during the disability period. Upon reaching age sixty-five (65), Medicare becomes the primary payer of medical expenses incurred by the former executive. All of such continued health insurance coverage terminates upon the occurrence of certain disqualifying events, including, but not limited to, if the former executive officer competes with Maxim Integrated or becomes eligible for health insurance coverage elsewhere.

Post-Employment Obligations

The at-will employment agreements with Messrs. Doluca and Parvarandeh provide that in the event of termination of employment by Maxim Integrated without cause, severance payments are to be made in accordance with our normal policy then in effect, if any, or as otherwise mutually agreed between Maxim Integrated and the individual. Maxim Integrated does not currently have any normal policy with respect to severance payments to former executives.

Reasonableness of Compensation

The Compensation Committee believes it is fulfilling our compensation objectives and in particular, rewarding Executive Officers in a manner that supports our strong pay-for-performance philosophy. Executive compensation is tied to our performance and is structured to ensure that there is an appropriate balance between our long-term and short-term performance, and also a balance between our operational performance and stockholder return. The Compensation Committee believes the average target pay position relative to market and pay mix are reasonable and appropriate.

Other Considerations

Tax Considerations

Section 162(m) of the Code states that public companies cannot deduct compensation paid to certain of its top executive officers in excess of \$1 million per officer per year. We believe it is in our best interest, to the extent practical, to have executive officer compensation be fully deductible under Section 162(m). However, the Compensation Committee also retains the discretion, for competitive reasons, to provide compensation that may not be fully deductible. In a few instances, a portion of our annual bonus payments to certain of our executive officers does not currently qualify as deductible under Section 162(m). The Compensation Committee will continue to evaluate whether it is in Maxim Integrated's best interest to qualify future incentive awards under Section 162(m). Our 1996 Equity Plan has been structured with the intention that stock options and performance shares granted under the plan be qualified as performance-based compensation not subject to Section 162(m).

Stock Ownership Guidelines

We have stock ownership guidelines for our CEO and members of our board of directors. These guidelines require our CEO to own shares of common stock with a value of at least four (4) times his annual base salary and our outside board members to own shares of common stock with a value of at least three (3) times the annual retainer paid to outside directors. Our stock ownership guidelines are available on the Investor Relations section of our website at http://www.maximintegrated.com/company/investor/leadership/governance/pdfs/stock_ownership_guidelines.

COMPENSATION COMMITTEE REPORT

Our Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402 (b) of Regulation S-K with management and, based on such review and discussions, our Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement and in our Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

Compensation Committee

A.R. Frank Wazzan, Chairman

James R. Bergman

Robert E. Grady

Summary Compensation Table

The compensation for Maxim Integrated's Chief Executive Officer, Chief Financial Officer, and the three (3) other most highly compensated executive officers (together, "Named Executive Officers") for all services rendered in all capacities to Maxim Integrated and its subsidiaries during the fiscal year ended June 30, 2012 is set forth below.

Fiscal Year 2012 Summary Compensation Table

<u>Name and Principal</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Restricted Stock Unit Awards (\$)(1)</u>	<u>Option Awards (\$)(2)</u>	<u>Non-Equity Incentive Plan Compensation (\$)(3)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Tunc Doluca President and CEO	2012	533,025	136,083	692,722	897,373	1,433,350	15,965(4)	3,708,518
	2011	517,000	—	683,787	665,664	2,085,092	19,887(5)	3,971,430
	2010	500,000	—	1,117,409	971,664	1,400,000	14,013(6)	4,003,086
Bruce Kiddoo Senior Vice President and Chief Financial Officer	2012	373,118	77,778	346,402	390,580	716,675	27,943(7)	1,932,496
	2011	362,250	—	325,836	284,773	946,364	35,697(8)	1,954,920
	2010	350,000	—	492,965	308,383	745,197	51,892(9)	1,948,437
Pirooz Parvarandeh Chief Technology Officer	2012	426,420	—	415,650	497,753	763,298	20,623(10)	2,123,744
	2011	414,000	—	376,055	328,158	1,054,258	19,244(11)	2,191,715
	2010	360,000	—	675,708	369,291	834,098	8,195(12)	2,247,292
Matthew Murphy Senior Vice President	2012	350,000	186,820	346,402	655,073	716,675	16,996(13)	2,271,966
Chae Lee Senior Vice President	2012	350,000	1,000,000(14)	1,103,668	899,912	—	14,975(15)	3,368,541

- (1) Represents the aggregate grant date fair value of restricted stock units awarded in fiscal years 2012, 2011 and 2010, respectively, computed in accordance with FASB ASC Topic 718. In each case, the aggregate grant date fair value disregards an estimate of forfeitures. The assumptions used in the valuation of these awards are set forth in Note 6, "Stock-Based Compensation," of the Notes to Consolidated Financial Statements of our Annual Report on Form 10-K for the fiscal year ended June 30, 2012.
- (2) Represents the aggregate grant date fair value of grants awarded in fiscal years 2012, 2011 and 2010, respectively, computed in accordance with FASB ASC Topic 718. In each case, the aggregate grant date fair value disregards an estimate of forfeitures. For the assumptions used in the valuation of these awards and other relevant information, see Note 6, "Stock-Based Compensation," to the Consolidated Financial Statements of our Annual Report on Form 10-K for the fiscal year ended June 30, 2012.
- (3) Reflects payments earned under the non-equity incentive plan that were paid in the subsequent fiscal year. These payments are performance bonuses under Maxim Integrated's bonus plan for officers.
- (4) Reflects Mr. Doluca's Company paid (i) executive disability premium of \$3,865, (ii) umbrella liability insurance premium of \$2,100 and (iii) matching 401(k) contributions of \$10,000.
- (5) Reflects Mr. Doluca's Company paid (i) executive life insurance premium of \$4,021, (ii) executive disability premium of \$3,865, (iii) umbrella liability insurance premium of \$2,400 and (iv) matching 401(k) contributions of \$9,601.
- (6) Reflects Mr. Doluca's Company paid (i) executive life insurance premium of \$7,648, (ii) executive disability premium of \$3,865 and (iii) umbrella liability insurance premium of \$2,500.
- (7) Reflects Mr. Kiddoo's Company paid (i) executive disability premium of \$5,034, (ii) umbrella liability insurance premium of \$795, (iii) matching 401(k) contributions of \$2,761 and (iv) commuting and reimbursement of living expenses totaling \$28,906, including tax gross up amount of \$9,553.
- (8) Reflects Mr. Kiddoo's Company paid (i) executive disability premium of \$5,034, (ii) umbrella liability insurance premium of \$893, (iii) matching 401(k) contributions of \$2,229 and (iv) commuting and reimbursement of living expenses totaling \$27,541, including tax gross up amount of \$11,033.
- (9) Reflects Mr. Kiddoo's Company paid (i) executive life insurance premium of \$1,003, (ii) executive disability premium of \$2,517, (iii) umbrella liability insurance premium of \$963 and (iv) commuting and reimbursement of living expenses totaling \$47,409, including tax gross up amount of \$16,388.

- (10) Reflects Mr. Parvarandeh's Company paid (i) executive life insurance premium of \$9,637, (ii) executive disability premium of \$2,842, (iii) umbrella liability insurance premium of \$2,100 and (iv) matching 401(k) contributions of \$6,045.
- (11) Reflects Mr. Parvarandeh's Company paid (i) executive life insurance premium of \$8,269, (ii) executive disability premium of \$2,842, (iii) umbrella liability insurance premium of \$2,400 and (iv) matching 401(k) contributions of \$5,732.
- (12) Reflects Mr. Parvarandeh's Company paid (i) executive life insurance premium of \$2,853, (ii) executive disability premium of \$2,842 and (iii) umbrella liability insurance premium of \$2,500.
- (13) Reflects Mr. Murphy's Company paid (i) executive life insurance premium of \$4,304, (ii) executive disability premium of \$3,048, (iii) umbrella liability insurance premium of \$795 and (iv) matching 401(k) contributions of \$8,848.
- (14) Reflects an annual performance bonus paid by the Company to Mr. Lee for fiscal year 2012 performance. Mr. Lee was not part of the incentive bonus plan for Executive Officers in fiscal year 2012 because he was promoted to Senior Vice President on May 1, 2012.
- (15) Reflects Mr. Lee's Company paid (i) executive life insurance premium of \$5,431, (ii) executive disability premium of \$3,924, (iii) umbrella liability insurance premium of \$795 and (iv) matching 401(k) contributions of \$4,825.

Grants of Plan-Based Awards

The following table shows certain information regarding grants of plan-based awards to the Named Executive Officers for the fiscal year ended June 30, 2012, which includes estimated possible performance bonuses under our cash bonus plan and equity grants.

Grants of Plan-Based Awards in Fiscal Year 2012

Name	Grant Date	Estimated Possible Payouts under Non-Equity Incentive Plan Awards			All other stock awards: number of restricted stock units (#)	All other option awards: number of underlying securities (#)	Exercise or base price of option awards (\$/sh)	Grant date fair value of stock and option awards (\$)(1)
		Threshold (\$)	Target (\$)	Maximum (\$)				
Tunc Doluca	9/6/2011	955,566	1,194,458	1,433,350	33,572	154,468	22.28	1,590,095
Bruce Kiddoo	9/6/2011	477,783	597,229	716,675	16,788	67,232	22.28	736,983
Chae Lee	9/6/2011	—	—	—	35,292	34,204	22.28	897,763
	5/1/2012	—	—	—	14,161	100,420	27.29	1,105,817
Matthew Murphy	9/6/2011	477,783	597,229	716,675	16,788	112,760	22.28	1,001,475
Pirooz Parvarandeh	9/6/2011	576,295	720,369	864,443	20,144	85,680	22.28	913,403

- (1) This column reflects the aggregate grant date fair value of all awards on the grant date computed in accordance with FASB ASC 718 and disregards an estimate of forfeitures related to service-based vesting conditions. The assumptions used in the valuation of these awards are set forth in Note 6, "Stock-Based Compensation," of the Notes to Consolidated Financial Statements of our Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

Outstanding Equity Awards at June 30, 2012

The following table provides certain information regarding outstanding equity awards as of June 30, 2012 held by the Named Executive Officers.

Outstanding Equity Awards at June 30, 2012

Name	Option Awards				Restricted Stock Unit Awards	
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested \$(1)
Tunc Doluca	200,000	—	33.04	12/31/2012	55,650(2)	1,415,180
	333,432	71,912(3)	12.82	12/12/2015		
	57,022	172,838(4)	18.11	12/1/2016		
	—	176,184(5)	16.58	9/7/2017		
	—	154,468(6)	22.28	9/6/2018		
Bruce Kiddoo	192,500	12,500(7)	30.71	9/4/2014	26,724(8)	679,591
	96,766	34,412(9)	12.82	12/12/2015		
	3,566	68,714(10)	18.11	12/1/2016		
	—	75,372(11)	16.58	9/7/2017		
	—	67,232(12)	22.28	9/6/2018		
Chae Lee	14,118	14,118(13)	12.82	12/12/2015	53,268(14)	1,354,605
	50,000	—	27.45	8/7/2016		
	2,982	35,382(15)	18.11	12/1/2016		
	—	34,672(16)	16.58	9/7/2017		
	—	34,204(17)	22.28	9/6/2018		
	—	100,420(18)	29.00	5/1/2019		
Pirooz Parvarandeh	200,000	—	33.04	12/31/2012	32,286(19)	821,033
	328,952	51,044(20)	12.82	12/12/2015		
	—	86,400(21)	18.11	12/1/2016		
	—	86,756(22)	16.58	9/7/2017		
	—	85,680(23)	22.28	9/6/2018		
Matthew Murphy	46,470	21,176(24)	12.82	12/12/2015	25,068(25)	637,479
	8,340	46,200(26)	18.11	12/1/2016		
	1,072	54,364(27)	16.58	9/7/2017		
	7,588	105,172(28)	22.28	9/6/2018		

- (1) Market value is computed by multiplying the closing price (\$25.43 per share) of Maxim Integrated's common stock on the last trading day of the fiscal year (June 30, 2012) by the number of shares reported in the adjacent column.
- (2) 11,039 shares vest on August 15, 2012, 11,039 shares vest on November 15, 2012 and 33,572 shares each vest over four consecutive quarters beginning on February 15, 2013.
- (3) 35,956 shares vest on September 30, 2012 and December 31, 2012, respectively.
- (4) 6,319 shares vest on September 30, 2012 and December 31, 2012; thereafter, 160,200 shares vest in quarterly installments during calendar years 2012 and 2013, respectively.
- (5) 7,992 shares and 168,192 shares vest in quarterly installments during calendar years 2013 and 2014, respectively.
- (6) 154,468 shares vest in quarterly installments during calendar year 2015.
- (7) 12,500 shares vest on September 4, 2012.

- (8) 4,968 shares vest on August 15, 2012, 4,968 shares vest on November 15, 2012 and 16,788 shares each vest over four consecutive quarters beginning on February 15, 2013.
- (9) 17,206 shares each vest on September 30, 2012 and December 31, 2012, respectively.
- (10) 607 shares vest on September 30, 2012 and December 31, 2012; thereafter, 67,500 shares vest in quarterly installments during calendar year 2013.
- (11) 3,936 shares and 71,436 shares vest in quarterly installments during calendar years 2013 and 2014, respectively.
- (12) 67,232 shares vest in quarterly installments during calendar year 2015.
- (13) 7,059 shares each vest on September 30, 2012 and December 31, 2012, respectively.
- (14) 6,949 shares vest on August 15, 2012, 6,949 shares vest on November 15, 2012, 16,788 shares each vest over four consecutive quarters beginning on February 15, 2013 and 22,580 shares each vest over four consecutive quarters beginning February 15, 2014.
- (15) 1,491 shares vest on September 30, 2012 and December 31, 2012; thereafter, 32,400 shares vest in quarterly installments during calendar year 2013.
- (16) 1,136 shares and 33,536 shares vest in quarterly installments during calendar years 2013 and 2014, respectively.
- (17) 1,756 shares and 32,448 shares vest in quarterly installments during calendar years 2014 and 2015, respectively.
- (18) 33,696 shares, 31,940 shares and 34,784 shares vest in quarterly installments during calendar years 2013, 2014 and 2015, respectively.
- (19) 6,071 shares vest on August 15, 2012, 6,071 shares vest on November 15, 2012 and 20,144 shares each vest over four consecutive quarters beginning on February 15, 2013.
- (20) 25,522 shares vest on September 30, 2012 and December 31, 2012.
- (21) 86,400 shares vest in quarterly installments during calendar year 2013.
- (22) 86,756 shares vest in quarterly installments during calendar year 2014.
- (23) 85,680 shares vest in quarterly installments during calendar year 2015.
- (24) 10,588 shares vest on September 30, 2012 and December 31, 2012, respectively.
- (25) 4,140 shares vest on August 15, 2012, 4,140 shares vest on November 15, 2012 and 16,788 shares each vest over four consecutive quarters beginning on February 15, 2013.
- (26) 1,050 shares vest on September 30, 2012 and December 31, 2012; thereafter, 44,100 shares vest in quarterly installments during calendar year 2013.
- (27) 536 shares vest on September 30, 2012 and December 31, 2012; thereafter, 4,596 shares and 48,696 shares vest in quarterly installments during calendar years 2013 and 2014, respectively.
- (28) 3,794 shares vest on September 30, 2012 and December 31, 2012; thereafter, 30,352 shares vest in quarterly installments during calendar years 2013 and 2014, respectively. During calendar year 2012, 67,232 shares vest in quarterly installments.

Option Exercises and Stock Vested

The following table provides certain information regarding option exercises and vesting of restricted stock units with respect to the Named Executive Officers during fiscal year 2012.

Option Exercises and Stock Vested in Fiscal Year 2012

Name	Option Awards		Restricted Stock Unit Awards	
	Number of shares acquired on exercise (#)	Value realized on exercise \$(1)	Number of shares acquired on vesting (#)	Value realized on vesting \$(2)
Tunc Doluca	—	—	33,572	692,722
Bruce Kiddoo	75,000	1,067,023	16,788	346,402
Chae Lee	87,686	1,206,109	49,453	1,103,668
Pirooz Parvarandeh	—	—	20,144	415,650
Matthew Murphy	57,000	785,579	16,788	346,402

- (1) The value realized on exercise is the number of shares acquired on exercise multiplied by the difference between the market price upon exercise and the exercise price.
- (2) The value realized is the number of shares vesting multiplied by the fair market value of Maxim Integrated's common stock on the respective vesting date.

Non-Qualified Deferred Compensation

We do not have any non-qualified deferred compensation agreements, plans or arrangements for and as of the year ended June 30, 2012 with respect to the Named Executive Officers.

Equity Compensation Plan Information

The following table gives information about Maxim Integrated's common stock that may be issued upon the exercise of options, warrants and rights under all of Maxim Integrated's existing equity compensation plans as of June 29, 2012.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b)(2) Weighted-average exercise price of outstanding options, warrants, and rights (\$)	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders(1)	33,158,448	25.20	23,396,533(3)

- (1) Represents common stock issuable upon the exercise of options granted under our existing stockholder approved equity compensation plans. Includes 8,923,454 restricted stock units which have an exercise price of zero.
- (2) This weighted average exercise price does not include the 10,000,738 restricted stock units which have an exercise price of zero.
- (3) Represents 19,060,829 shares of common stock available for issuance under the 1996 Equity Plan and 4,335,704 shares of common stock available for issuance under the 2008 ESP Plan.

Employment Contracts and Change in Control Arrangements

Each of Messrs. Doluca and Parvarandeh is a party to an agreement with us, pursuant to which each such officer may be entitled to certain severance payments and benefits under the specified circumstances.

For further information and detail regarding the above-mentioned agreements and change in control arrangements, please see "Compensation Discussion and Analysis" contained in this proxy statement.

Change-of-Control

We currently have a “double trigger” change-of-control plan (the “Severance Plan”) covering substantially all of our full-time employees, including our Named Executive Officers. The Severance Plan provides for the payment of certain benefits in the event a Named Executive Officer is terminated without cause or resigns for good reason during the 24-month period following a change-of-control of Maxim Integrated or within the period following the public announcement of, but prior to, the closing of a change-of-control event. In serving the interest of stockholders, the Severance Plan is designed to help retain the employees of the Company, help maintain a stable work environment and provide certain economic benefits to employees in the event their employment is terminated in the circumstances described below.

A change-of-control is defined as:

- a merger or consolidation of Maxim Integrated in which more than fifty percent (50%) of the outstanding voting power changes hands;
- a sale of all or substantially all of Maxim Integrated’s assets;
- the acquisition of more than fifty percent (50%) of Maxim Integrated’s voting power by any person or group; or
- a change in the composition of our board of directors, such that a majority of directors are no longer “Incumbent Directors” (Incumbent Directors are directors as of the date the change-of-control plan was implemented and directors elected other than in connection with an actual or threatened proxy contest).

If, during the 24-month period following the change-of-control or within the period following the public announcement of, but prior to, the closing of a change-of-control event, the Named Executive Officer’s employment is terminated for reasons other than cause (as defined in the Severance Plan) or the individual terminates employment for good reason (as defined in the Severance Plan), then the Named Executive Officer will receive a lump sum cash payment consisting of:

- base salary not yet paid through the date of termination and all unpaid vacation pay; and
- a severance payment equal to two (2) times the sum of the Named Executive Officer’s annual base salary in effect immediately prior to the date of termination and the average performance bonus during the past three (3) years.

In addition, all unvested stock options and restricted stock units are accelerated and become fully vested upon a change-of-control and a termination without cause (or resignation for good reason) occurring within twenty-four (24) months following the change-of-control or within the period following the public announcement of, but prior to, the closing of a change-of-control event. All stock options remain exercisable until the end of their stated term, which is typically ten (10) years from the grant date for options granted before 2007 and seven (7) years from the grant date for options granted in 2007 and thereafter. Also, each Named Executive Officer is eligible to receive continued health insurance benefits at the Company’s cost for twenty-four (24) months. The Named Executive Officers are not entitled to receive a gross-up amount to compensate the officer for any golden parachute excise taxes imposed by the Code. Our board of directors retains the absolute right to modify and/or terminate the change-of-control plan and the benefits thereunder at any time before the occurrence of a change-of-control.

If there had been a termination of employment without cause during the 24-month period following a change-of-control of Maxim Integrated or within the period following the public announcement of, but prior to, the closing of a change-in-control event, then assuming such termination occurred at the end of fiscal year 2012, the amounts we estimate that would have been paid to the Named Executive Officers are set forth in the table below. The actual amounts that would be paid out can only be determined at the time the named executive officer is terminated from employment.

Potential Payments upon Termination or a Change of Control

<u>Name</u>	<u>Type of Payment</u>	<u>Payments Upon Involuntary or Good Reason Termination Related to a Change-in-Control</u>
		<u>\$(1)(2)(3)(4)</u>
Tunc Doluca	Base salary	1,066,050
	Performance Bonus	3,278,961
	Health plan coverage	100,350
	Accelerated Vesting of Unvested	
	Equity Awards:	
	Stock Options	4,217,787
	Restricted Stock Units	1,415,180
	Total	10,078,328
Bruce Kiddoo	Base salary	746,236
	Performance Bonus	1,605,491
	Health plan coverage	100,350
	Accelerated Vesting of Unvested	
	Equity Awards:	
	Stock Options	1,815,745
	Restricted Stock Units	679,591
	Total	4,947,413
Pirooz Parvarandeh	Base salary	852,840
	Performance Bonus	1,767,769
	Health plan coverage	100,350
	Accelerated Vesting of Unvested	
	Equity Awards:	
	Stock Options	2,313,795
	Restricted Stock Units	821,033
	Total	5,855,787
Matthew Murphy	Base salary	700,000
	Performance Bonus	1,554,846
	Health plan coverage	100,350
	Accelerated Vesting of Unvested	
	Equity Awards:	
	Stock Options	1,417,627
	Restricted Stock Units	637,479
	Total	4,410,302
Chae Lee	Base salary	700,000
	Performance Bonus	1,729,867
	Health plan coverage	100,350
	Accelerated Vesting of Unvested	
	Equity Awards:	
	Stock Options	851,614
	Restricted Stock Units	1,354,605
	Total	4,736,436

(1) All amounts are estimated based on an assumed triggering date of last business day (June 29, 2012) of the fiscal year ended June 30, 2012 and the closing price (\$25.43 per share) of Maxim Integrated's common stock on that date.

- (2) The net value of the options is based on the difference between the exercise price of unvested in-the-money options on June 29, 2012 and the closing price (\$25.43 per share) of Maxim Integrated's common stock on that date multiplied by the number of such options.
- (3) Performance bonus is based on the average of non-equity incentive compensation plan performance bonus earned for each of the last three fiscal years.
- (4) The cost of health insurance benefits is estimated based on the monthly premium the Company would pay for a similarly situated employee over 24 months.

Other Potential Post-Employment Payments

Mr. Doluca and Mr. Parvarandeh are each a party to an agreement that may entitle each such officer to certain post-employment payments from us under specified circumstances. For a detailed discussion of such potential post-employment obligations of Maxim Integrated, please see "Compensation Discussion and Analysis" contained in this proxy statement.

INDEPENDENT PUBLIC ACCOUNTANTS

Audit and Non-Audit Fees

The following table presents fees for professional services rendered by Deloitte & Touche LLP and affiliates for the audit of Maxim Integrated's annual financial statements for the fiscal years ended June 30, 2012 and June 25, 2011, respectively, and fees billed for other services rendered by Deloitte & Touche LLP during such fiscal years. All fees set forth below are exclusive of any value-added tax (VAT) or goods and services tax (GST).

	<u>Fiscal 2012</u>	<u>Fiscal 2011</u>
Audit Fees(1)	\$1,580,214	\$2,029,921
Audit-Related Fees(2)	—	—
Tax Fees(3)	—	267,948
All Other Fees(4)	10,877	170,277
Total	<u>\$1,591,091</u>	<u>\$2,468,146</u>

- (1) Audit Fees consist of fees billed for professional services rendered in connection with the audit of Maxim Integrated's consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and audit services that are normally provided by Deloitte & Touche LLP and affiliates in connection with statutory and regulatory filings.
- (2) Audit-Related Fees consist of assurance and related services provided by Deloitte & Touche LLP that are reasonably related to the performance of the audit or review of Maxim Integrated's financial statements and are not reported under Audit Fees.
- (3) Tax Fees consist of fees billed for professional services rendered for federal, state and international tax compliance, tax advice and federal, state and international tax planning.
- (4) All Other Fees consist of fees for products and services other than the services reported above.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by the independent auditors. Under the policy, pre-approval is generally provided for up to one (1) year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may also provide pre-approval for particular services on a case-by-case basis. For each proposed service, the independent auditor is required to provide detailed back-up documentation at the time of approval. For fiscal year 2012, there were no audit-related fees, tax fees, or any other fees that were approved by the Audit Committee pursuant to the "de minimus" exception under Regulation S-X Rule 2-01(c)(7)(i)(C).

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee (the “Committee”) of the board of directors is comprised entirely of independent directors who meet the independence requirements of the Marketplace Rules of The NASDAQ Stock Market and the Securities and Exchange Commission. The Committee operates pursuant to a charter that is available on the Investor Relations section of our website at <http://www.maximintegrated.com/company/investor/leadership/governance/>.

The Committee oversees Maxim Integrated’s financial reporting process on behalf of the board of directors. Management is responsible for the preparation, presentation and integrity of the financial statements, including establishing accounting and financial reporting principles and designing systems of internal controls over financial reporting. Maxim Integrated’s independent auditors are responsible for expressing an opinion as to the conformity of Maxim Integrated’s consolidated financial statements with generally accepted accounting principles.

In performing its responsibilities, the Committee has reviewed and discussed, with management and the independent auditors, the audited consolidated financial statements in Maxim Integrated’s Annual Report on Form 10-K for the year ended June 30, 2012. The Committee has also discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61, “Communications with Audit Committees”.

Pursuant to Independence Standards Board Standard No. 1, “Independence Discussions with Audit Committees,” the Committee received written disclosures and the letter from the independent auditors, and discussed with the auditors their independence.

Based on the reviews and discussions referred to above, the Committee recommended to the board of directors that the audited consolidated financial statements be included in Maxim Integrated’s Annual Report on Form 10-K for the year ended June 30, 2012.

Audit Committee

Joseph R. Bronson, Chairman
James R. Bergman
William D. Watkins

MAXIM INTEGRATED PRODUCTS, INC.
2008 EMPLOYEE STOCK PURCHASE PLAN

(As amended)¹

The Company wishes to attract employees to the Company, its Subsidiaries and Affiliates and to induce employees to remain with the Company, its Subsidiaries and Affiliates, and to encourage them to increase their efforts to make the Company's business more successful, whether directly or through its Subsidiaries and Affiliates. In furtherance thereof, the Plan is designed to provide equity-based incentives to the Eligible Employees of the Company, its Subsidiaries and Affiliates. The Plan is intended to comply with the provisions of Section 423 of the Code and shall be administered, interpreted and construed accordingly, although the Company makes no undertaking or representation to maintain such qualification. In addition, the Plan authorizes the purchase of Shares under a Non-423(b) Component, pursuant to rules, procedures or sub-plans adopted by the Board of Directors or the Committee and designed to achieve tax, securities law or other objectives.

1. Definitions.

When used herein, the following terms shall have the respective meanings set forth below:

"Affiliate" means any entity, other than a Subsidiary, in which the Company has an equity or other ownership interest.

"Board of Directors" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Code Section 423(b) Component" shall mean an employee stock purchase plan which is designed to meet the requirements set forth in Section 423(b) of the Code, as amended. The provisions of the Code Section 423(b) Plan should be construed, administered and enforced in accordance with Section 423(b) of the Code.

"Committee" means the committee appointed by the Board of Directors of the Company under Section 3 hereof.

"Common Stock" means the Common Stock, par value \$0.001 per share, of the Company.

"Company" means Maxim Integrated Products, Inc., a Delaware corporation.

"Designated Companies" shall mean the Company and any Subsidiary or Affiliate which has been designated by the Board of Directors or the Committee from time to time in its sole discretion as eligible to participate in the Plan. For purposes of the Code Section 423(b) Component, only the Company and its Subsidiaries may be Designated Companies, provided, however that at any given time, a Subsidiary that is a Designated Company under the Code Section 423(b) Component shall not be a Designated Company under the Non-423(b) Component.

"Effective Date" means the later of December 15, 2008 or the date of the approval of this Plan by the Company's stockholders.

"Eligible Compensation" for any pay period means, unless otherwise determined by the Committee, the amount of base salary for such period. Eligible Compensation does not include, without limitation, any payments for reimbursement of expenses, bonuses, incentive compensation, overtime, deferred compensation, and other non-cash or non-basic payments, unless otherwise determined by the Committee.

¹ Approved by the Board of Directors on September 24, 2009, September 14, 2010, August 18, 2011 and August 16, 2012 and approved by Stockholders on December 10, 2009, November 9, 2010 and November 16, 2011. Also approved by the Compensation Committee of the Board of Directors on February 8, 2012.

“Eligible Employee” means employees eligible to participate in the Plan pursuant to the provisions of Section 4.

“Enrollment Period” means such period preceding an Offer Period as is specified by the Committee with respect to such Offer Period.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Fair Market Value” per Share as of a particular date means (i) if Shares are then listed on a national stock exchange, the closing price per Share on the exchange for the last preceding date on which there was a sale of Shares on such exchange, as determined by the Committee, (ii) if Shares are not then listed on a national stock exchange but are then traded on an over-the-counter market, the average of the closing bid and asked prices for such Shares in such over-the-counter market for the last preceding date on which there was a sale of such Shares in such market, as determined by the Committee, or (iii) if Shares are not then listed on a national exchange or traded on an over-the-counter market, such value as the Committee in its discretion may in good faith determine; provided that, where such shares are so listed or traded, the Committee may make discretionary determinations where the shares have not been traded for 10 trading days.

“Non-423(b) Component” means the grant of an option under the Plan which is not intended to meet the requirements set forth in Section 423(b) of the Code, as amended.

“Offer Date” means the first day of an Offer Period.

“Offer Period” means, as applicable, in each case subsequent to the approval of this Plan by the Company’s stockholders, (i) the initial Offer Period beginning on such date to be determined by the Committee and ending on November 28, 2009 (or, if such date is not a trading day, the trading day immediately preceding such date, unless otherwise provided by the Committee), (ii) the Offer Period beginning on the business day immediately following the second to last Friday of May of each year (or, if such date is not a trading day, the trading day immediately following such date, unless otherwise provided by the Committee) and ending on the second to last Friday of May of the next year (or, if such date is not a trading day, the trading day immediately preceding such date, unless otherwise provided by the Committee), and (iii) the Offer Period beginning on the business day immediately following the second to last Friday of November of each year unless this day immediately follows the Thanksgiving holiday in the United States in which case it will be the business day immediately following the last Friday of November of each year (or, if each such date is not a trading day, the trading day immediately following such date, unless otherwise provided by the Committee) and ending on the second to last Friday of November of the next year unless this day immediately follows the Thanksgiving holiday in the United States in which case it will be on the last Friday of November (or, if each such date is not a trading day, the trading day immediately preceding such date, unless otherwise provided by the Committee). Each Offer Period of approximately 12 months in length (except for the initial Offer Period) may overlap each other as set forth above, and each will consist of 2 Purchase Periods of approximately 6 months in length.

“Participating Employee” means an employee (i) for whom payroll deductions are currently being made or who otherwise contributes to the Plan, or (ii) for whom payroll deductions are not currently being made or who does not otherwise contribute to the Plan because he or she has reached the limitation set forth in the first sentence of Section 6.

“Payroll Account” means an account maintained by the Company with respect to each Participating Employee as contemplated by Section 5.

“Plan” means this Maxim Integrated Products, Inc. 2008 Employee Stock Purchase Plan, as it may from time to time be amended, which includes a Code Section 423(b) Plan and a Non-423(b) Component.

“Plan Year” means the fiscal year of the Company.

“Purchase Date” means, as applicable, the second (2nd) to last Friday of May and November of each year unless this day immediately follows the Thanksgiving holiday in the United States in which case the Purchase Date will be the last Friday of November of each year.

“Purchase Period” means a specified period of time within an Offer Period beginning on the Offer Date and ending on a Purchase Date. An Offer Period shall consist of 2 Purchase Periods, each of which shall approximately be 6 months in length.

“Shares” means shares of Common Stock.

“Stock Account” means a brokerage account as contemplated by Section 8.

“Subsidiary” means any corporation that is a “subsidiary corporation” with respect to the Company under Section 424(f) of the Code.

2. Shares Reserved for the Plan.

There shall be reserved for issuance and purchase by employees under the Plan an aggregate of 12,000,000 Shares, subject to adjustment as provided in Section 12, any or all of which Shares may be granted under the Code Section 423(b) Component. Shares subject to the Plan may be Shares now or hereafter authorized but unissued, or Shares that were once issued and subsequently reacquired by the Company. If and to the extent that any right to purchase reserved Shares shall not be exercised by any employee for any reason or if such right to purchase shall terminate as provided herein, Shares that have not been so purchased hereunder shall again become available for the purposes of the Plan unless the Plan shall have been terminated, but such unpurchased Shares shall not be deemed to increase the aggregate number of Shares specified above to be reserved for purposes of the Plan (subject to adjustment as provided in Section 12).

3. Administration of the Plan.

The Plan shall be administered by the Committee appointed by the Board of Directors. The Board of Directors shall consider the rules of Rule 16b-3 promulgated under the Exchange Act in connection with any such appointment, if and to the extent that such appointments may have an effect thereunder. Each member of the Committee shall serve at the pleasure of the Board of Directors. The acts of a majority of the members present at any meeting of the Committee at which a quorum is present, or acts approved in writing by a majority of the entire Committee, shall be the acts of the Committee for purposes of the Plan. If and to the extent applicable, no member of the Committee may act as to matters under the Plan specifically relating to such member. Notwithstanding the foregoing, the Board of Directors may designate the Compensation Committee of the Board of Directors to act as the Committee hereunder.

The Committee may make such rules and regulations and establish such procedures and sub-plans for the operation and administration of the Plan as it deems appropriate, including relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures for jurisdictions outside of the United States. The Committee shall have authority to interpret the Plan, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law and shall take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan or the administration or interpretation thereof.

4. Eligible Employees.

Except as described below, all employees of the Company and its Designated Companies shall be eligible to participate in the Plan, provided that each of such employees does not own, for purposes of Section 423 of the Code, immediately after the right is granted, stock possessing 5% or more of the total combined voting power or value of all classes of capital stock of the Company or of a Subsidiary.

To the extent permitted under local law, the Committee may also exclude from participation in the Plan any or all of (i) a group of highly compensated employees designated by the Committee as being ineligible to participate in the Plan as permitted by Section 423(b)(4)(D) of the Code, (ii) employees who have been employed by the Company or any Subsidiary for less than 2 years, (iii) employees whose customary employment is for not more than 5 months in any calendar year, and (iv) employees who customarily work 20 hours per week or less. The employment of an employee of a Subsidiary or an Affiliate which ceases to be a “Subsidiary” or an “Affiliate” as defined herein shall, automatically and without any further action, be deemed to have terminated (and such employee shall cease to be an Eligible Employee hereunder).

5. Election to Participate and Payroll Deductions/Contributions.

Each Eligible Employee may elect to participate in the Plan during the Enrollment Period immediately prior to the beginning of each Offer Period during a Plan Year. Each Eligible Employee may elect a payroll deduction of from 1% to 25% of Eligible Compensation from each paycheck, in increments of 1% (i.e., 1%, 2%, 3%, etc.), unless otherwise so provided by the Committee. Elections under this Section 5 are subject to the limits set forth in Section 6. All payroll deductions shall be credited, as promptly as practicable, to a Payroll Account in the name of the Participating Employee. The Committee, in its discretion, may decide that an Eligible Employee may contribute to the Plan by means other than payroll deductions. All funds held by the Company under the Plan shall not be segregated from other corporate funds (except that the Company may in its discretion establish separate bank or investment accounts in its own name) and may be used by the Company for any corporate purpose, unless otherwise required by local law.

Each Participating Employee may cancel his or her election to participate in the Plan by signing and delivering written notice to the Committee, on a form specified for such purpose by the Committee, at such times as may be established by the Committee. In such case, the entire balance in the Payroll Account of such former Participating Employee shall be repaid to such former Participating Employee as promptly as practicable in accordance with Section 9, without interest (unless required by local law). Upon such voluntary withdrawal during an Offer Period by a Participating Employee, such withdrawing Participating Employee may not be entitled to participate in the Plan again for such time as may be established by the Committee. Thereafter, such Eligible Employee is eligible to participate in subsequent Offer Periods under the Plan upon timely delivery of a new enrollment form.

Unless prohibited by any applicable laws, regulations or stock exchange rules, the Committee, in its discretion, may prescribe that, if the Fair Market Value of the Shares on a Purchase Date within an Offer Period then in progress is lower than the Fair Market Value of the Shares on the first business day of such Offer Period, then each Participating Employee in such Offer Period shall automatically be deemed (i) to have withdrawn from such Offer Period at the close of the Purchase Period ending on such Purchase Date, and (ii) to have enrolled in a new Offering Period commencing on the business day immediately following the last Saturday of May or November of each year, as applicable (or, if such date is not a trading day, the trading day immediately following such date, unless otherwise provided by the Committee).

Subject to the preceding paragraphs of this Section 5, if so provided by the Committee, an Eligible Employee who is a Participating Employee immediately prior to the beginning of an Offer Period will be deemed (i) to have elected to participate for such Offer Period and (ii) to have authorized the same percentage payroll deduction for such Offer Period in effect for such Eligible Employee as that in effect (without regard to Section 6) on the day before such Offer Period. The Committee may adopt the procedures set forth in the foregoing sentence for some but not all Offer Periods.

6. Limitation of Number of Shares That an Employee May Purchase.

No right to purchase Shares under the Plan shall provide an employee the right to purchase Common Stock under all employee stock purchase plans of the Company and its Subsidiaries which accrues at a rate which in the aggregate exceeds \$25,000 of the fair market value of such stock (determined under Section 423 of the Code at

the time the right is granted) for each calendar year in which the right is outstanding at any time. Notwithstanding the foregoing, the maximum number of shares of Common Stock that an Eligible Employee may purchase during an Offer Period shall not exceed 1,600 shares.

7. Purchase Price.

The purchase price for each Share shall be the lesser of (i) 85% of the Fair Market Value of such Shares on the Offer Date and (ii) 85% of the Fair Market Value of such Shares on the Purchase Date.

8. Method of Purchase.

As of the Purchase Date, each Participating Employee shall be deemed, without any further action, to have purchased the number of whole Shares which the balance of his or her Payroll Account at that time will purchase, determined by dividing the balance in his or her Payroll Account not theretofore invested by the purchase price as determined in Section 7.

All Shares purchased as provided in the foregoing paragraph shall be initially maintained in separate Stock Accounts for the Participating Employees at a brokerage firm selected by, and pursuant to an arrangement with, the Company. The Company shall deliver the shares to the Stock Account as soon as reasonably practicable after the close of the applicable Purchase Date. A Participating Employee shall be free to undertake a disposition (as that term is defined in Section 424 of the Code) of the Shares in his or her Stock Account at any time, whether by sale, exchange, gift or other transfer of legal title, but, for Participating Employees in the Code Section 423(b) Component, in the absence of such a disposition of such Shares, unless otherwise provided by the Committee, the Shares must remain in the Participating Employee's Stock Account at the brokerage firm so selected until the holding period set forth in Section 423(a) of the Code has been satisfied. With respect to those Shares for which the Section 423 (a) holding period has been satisfied or which are held by Participating Employees in the Non-Section 423(b) Component, the Participating Employee may, without limitation, move those Shares to another brokerage account of the Participating Employee's choosing or request that a stock certificate be issued and delivered to him or her.

If and to the extent provided by the Committee, for so long as such Shares are maintained in Stock Accounts, all dividends paid with respect to such Shares shall be credited to each Participating Employee's Stock Account, and will be automatically reinvested in whole Shares. The Committee may provide that transaction fees incurred with respect to dividend reinvestment may be paid by the Company.

Unless otherwise provided by the Committee, in no event shall fractional Shares be purchased hereunder, and any remaining cash in a Participating Employee's Payroll Account resulting from such failure to invest in fractional Shares shall remain in the Payroll Account for use in the next Offer Period; provided, however, that, if the Participating Employee is not an active Participating Employee for such next Offer Period, such remaining cash shall be returned to the Participating Employee as soon as practicable. Notwithstanding any other provision of the Plan, the Committee may permit the purchase of fractional Shares hereunder and establish rules and procedures relating thereto.

9. Termination of Participation or Employment.

The right to participate in the Plan shall terminate immediately when a Participating Employee ceases to be employed by the Company or a Designated Company for any reason (including death or disability) or a Participating Employee otherwise becomes ineligible. Participation also terminates immediately when the Participating Employee voluntarily cancels his or her election to participate in the Plan as provided in Section 5.

Notwithstanding any other provision of the Plan to the contrary, the Company shall distribute to such former Participating Employee (or, in the event of death, to his or her estate), the balance in his or her Payroll Account

not theretofore invested, without interest (unless required by local law), any such distribution or payment to be made as soon as practicable. If applicable, fractional Shares will be sold on the open market and the Participating Employee will receive the net proceeds, if any, after all fees have been paid.

10. Rights as a Stockholder.

At the time funds from a Participating Employee's Payroll Account are used to purchase the Common Stock, he or she shall have all of the rights and privileges of a stockholder of the Company with respect to the Shares purchased under the Plan whether or not certificates representing such Shares have been issued.

11. Rights Not Transferable.

Rights granted under the Plan are not transferable by a Participating Employee other than by will or the laws of descent and distribution and are exercisable during his or her lifetime only by him or her.

12. Adjustment in Case of Changes Affecting Common Stock.

If (i) the Company shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or stock of the Company or its Subsidiaries or a transaction similar thereto, (ii) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization or other similar change in the capital structure of the Company, or any distribution to holders of Common Stock other than cash dividends, shall occur or (iii) any other event shall occur which in the judgment of the Committee necessitates action by way of adjusting the number or kind of shares, or both, which thereafter may be sold under the Plan, then the Committee may forthwith take any such action as in its judgment shall be necessary to preserve to the Participating Employees' rights substantially proportionate to the rights existing prior to such event, and to maintain the continuing availability of Shares under Section 2 and the last sentence of Section 6 (if Shares are otherwise then available) in a manner consistent with the intent hereof, including, without limitation, adjustments in (x) the number and kind of shares subject to the Plan, (y) the purchase price of such shares under the Plan, and (z) the number and kind of shares available under Section 2 and the last sentence of Section 6. To the extent that such action shall include an increase or decrease in the number of Shares (or units of other property then available) subject to the Plan, the number of Shares (or units) available under Section 2 and the last sentence of Section 6 above shall be increased or decreased, as the case may be, proportionately, as may be provided by Committee in its discretion.

Notwithstanding any other provision of the Plan, if the Common Stock ceases to be listed or traded, as applicable, on a national stock exchange or over-the-counter market (a "Triggering Event"), then, in the discretion of the Committee, (i) the balance in the Participating Employee's Payroll Account not theretofore invested may be refunded to the Participating Employee, and such Participating Employee shall have no further rights or benefits under the Plan, (ii) an amount equal to the product of the Fair Market Value of a Share on the date of the Triggering Event multiplied by the number of Shares such Participating Employee would have been able to purchase with the balance of his or her Payroll Account on such Triggering Event if such Triggering Event were the Purchase Date may be paid to the Participating Employee, and such Participating Employee shall have no further rights or benefits under the Plan, or (iii) the Plan may be continued without regard to the application of this sentence.

13. Amendment of the Plan.

The Board of Directors may at any time, or from time to time, amend the Plan in any respect; provided, however, that the Plan may not be amended in any way that would cause, if such amendment were not approved Company's shareholders, the Code Section 423(b) Component to fail to comply with

- (i) the requirements for employee stock purchase plans under Section 423 of the Code; or
- (ii) any other requirement of applicable law or regulation;

unless and until stockholder approval is obtained.

14. Termination of the Plan.

The Plan and all rights of employees hereunder shall terminate:

- (i) on the date that Participating Employees become entitled to purchase a number of Shares greater than the number of reserved Shares remaining available for purchase; or
- (ii) at any time, at the discretion of the Board of Directors.

In the event that the Plan terminates under circumstances described in (i) above, reserved Shares remaining as of the termination date shall be subject to Participating Employees on a pro rata basis. No termination of the Plan shall alter or impair any rights outstanding at the time of the such termination to purchase Shares pursuant to any offering of the right to purchase Shares hereunder.

15. Governmental and Other Regulations; Further Assurances.

The Plan, and the grant and exercise of the rights to purchase Shares hereunder, and the Company's obligation to sell and deliver Shares upon the exercise of rights to purchase Shares, shall be subject to all applicable federal, state and foreign laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required. The Company shall not be required to issue or deliver any certificates for Shares prior to the completion of any registration or qualification of such Shares under, and the obtaining of any approval under or compliance with, any state or federal law, or any ruling or regulation of any government body which the Company shall, in its sole discretion, determine to be necessary or advisable. Certificates for Shares issued hereunder may be legended as the Committee may deem appropriate.

The Participating Employee shall take whatever additional actions and execute whatever additional documents the Committee may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participating Employee pursuant to the Plan.

16. Non-U.S. Subsidiaries.

Without amending the Plan, the Committee may allow for participation under the terms hereunder by Eligible Employees of non-U.S. Subsidiaries and Affiliates with such modifications of the terms and conditions otherwise specified hereunder as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purposes hereof, and, in furtherance of such purposes, the Committee may make such amendments, procedures and the like and establish such sub-plans as may be necessary or advisable to comply with provisions of laws (including tax laws) in other countries in which such Subsidiaries and Affiliates operate or have employees.

17. Indemnification of Committee.

The Company shall indemnify and hold harmless the members of the Board of Directors of the Company and the members of the Committee from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act or omission to act in connection with the performance of such person's duties, responsibilities and obligations under the Plan if such person acts in good faith and in a manner that he or she reasonably believes to be in, or not opposed to, the best interests of the Company, to the maximum extent permitted by law.

18. Withholding; Disqualifying Dispositions.

Notwithstanding any other provision of the Plan, the Company or any Designated Company, as appropriate, shall have the authority and the right to deduct or withhold, or require a Participating Employee to remit to the Company or the Designated Company, an amount sufficient to satisfy U.S. federal, state, and local taxes and

taxes imposed by jurisdictions outside of the United States (including income tax, social insurance contributions, payment on account and any other taxes that may be due) required by law to be withheld with respect to any taxable event concerning a Participating Employee arising as a result of his or her participation in the Plan or to take such other action as may be necessary in the opinion of the Company or a Designated Company, as appropriate, to satisfy withholding obligations for the payment of taxes. No shares shall be delivered hereunder to any Participating Employee until the Participating Employee has made arrangements acceptable to the Company for the satisfaction of these tax obligations with respect to any taxable event concerning the Participating Employee's participation in the Plan.

If Shares acquired under the Plan are disposed of in a disposition that does not satisfy the holding period requirements of Section 423(a) of the Code, such Participating Employee in the Code Section 423(b) Plan who is employed by a Designated Company which is part of the Company's U.S. federal income tax return shall notify the Company in writing as soon as practicable thereafter of the date and terms of such disposition.

19. Notices.

All notices or other communications by a Participating Employee to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

20. Severability.

If any particular provision of this Plan is found to be invalid or unenforceable, such provision shall not affect the other provisions of the Plan, but the Plan shall be construed in all respects as if such invalid provision had been omitted.

21. No Right to Continued Employment.

The Plan and any right to purchase Common Stock granted hereunder shall not confer upon any employee any right with respect to continued employment by the Company or any Subsidiary or Affiliate, nor shall they restrict or interfere in any way with the right of the Company or any Subsidiary or Affiliate by which an employee is employed to terminate his or her employment at any time.

22. Captions.

The use of captions in the Plan is for convenience. The captions are not intended to and do not provide substantive rights.

23. Effective Date of the Plan.

The Plan shall be effective as of the Effective Date, provided that the Plan is approved by stockholders prior thereto.

24. Code Section 409A.

The Code Section 423(b) Plan is exempt from the application of Section 409A of the Code. The Non-423(b) Component is intended to be exempt from Section 409A of the Code under the short-term deferral exception and any ambiguities shall be construed and interpreted in accordance with such intent. In the case of a Participating Employee who would otherwise be subject to Section 409A of the Code, to the extent an option to purchase Shares or the payment, settlement or deferral thereof is subject to Section 409A of the Code, the option to purchase Shares shall be granted, paid, exercised, settled or deferred in a manner that will comply with

Section 409A of the Code, including the final regulations and other guidance issued with respect thereto, except as otherwise determined by the Board or Directors or the Committee. Notwithstanding the foregoing, the Company shall have no liability to a Participating Employee or any other party if the option to purchase Common Stock under the Plan that is intended to be exempt from or compliant with Section 409A of the Code is not so exempt or compliant or for any action taken by the Board of Director or the Committee with respect thereto.

25. Governing Law.

The provisions of the Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflict of law rules.

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MAXIM INTEGRATED PRODUCTS, INC.
AMENDED AND RESATED 1996 STOCK INCENTIVE PLAN¹

1. *Purposes of the Plan.* The purposes of this 1996 Stock Incentive Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees, Directors and Consultants of the Company and its Subsidiaries and to promote the success of the Company's business.

2. *Definitions.* As used herein, the following definitions shall apply:

(a) “*Administrator*” means the Board or any of the Committees appointed to administer the Plan.

(b) “*Affiliate*” and “*Associate*” shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act.

(c) “*Applicable Laws*” means the legal requirements relating to the administration of stock incentive plans, if any, under applicable provisions of federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange or national market system, and the rules of any foreign jurisdiction applicable to Awards granted to residents therein.

(d) “*Award*” means, individually or collectively, a grant under the Plan of Options, Restricted Stock and Restricted Stock Units.

(e) “*Award Agreement*” means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan, including an Option Agreement. The Award Agreement is subject to the terms and conditions of the Plan.

(f) “*Board*” means the Board of Directors of the Company.

(g) “*Change in Control*” means a change in ownership or control of the Company effected through either of the following transactions:

(i) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders which a majority of the Continuing Directors who are not Affiliates or Associates of the offeror do not recommend such stockholders accept, or

(ii) a change in the composition of the Board over a period of thirty-six (36) months or less such that a majority of the Board members (rounded up to the next whole number) ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who are Continuing Directors.

Notwithstanding the foregoing, if it is determined that an Award hereunder is subject to the requirements of Section 409A, then, to the extent necessary to comply with the requirements of Section 409A with respect to the payment of any amounts thereunder deemed to constitute “nonqualified deferred compensation” subject to Section 409A, the Company will not be deemed to have undergone a Change in Control unless the Company is deemed to have undergone a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5).

¹ As approved by the Board of Directors on August 16, 2012 and submitted to Stockholders for approval on November 14, 2012

- (h) “*Code*” means the Internal Revenue Code of 1986, as amended.
- (i) “*Committee*” means any committee appointed by the Board to administer the Plan.
- (j) “*Common Stock*” means the Common Stock of the Company.
- (k) “*Company*” means Maxim Integrated Products, Inc., a Delaware corporation.
- (l) “*Consultant*” means any person who is a consultant, advisor, independent contractor, vendor, customer or other person having a past, current or prospective business relationship with the Company or any Parent or Subsidiary.
- (m) “*Continuing Directors*” means members of the Board who either (i) have been Board members continuously for a period of at least thirty-six (36) months or (ii) have been Board members for less than thirty-six (36) months and were elected or nominated for election as Board members by at least a majority of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board.
- (n) “*Continuous Status as an Employee, Director or Consultant*” means that the employment, director or consulting relationship with the Company, any Parent, or Subsidiary, is not interrupted or terminated. Continuous Status as an Employee, Director or Consultant shall not be considered interrupted in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor.
- (o) “*Corporate Transaction*” means any of the following stockholder-approved transactions to which the Company is a party:
- (i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated,
 - (ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company (including the capital stock of the Company’s subsidiary corporations) in connection with complete liquidation or dissolution of the Company, or
 - (iii) any reverse merger in which the Company is the surviving entity but in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger.
- (p) “*Covered Employee*” means any person who is a “covered employee” under Section 162(m)(3) of the Code.
- (q) “*Determination Date*” means the latest possible date that will not jeopardize the qualification of an Award granted under the Plan as Performance-Based Compensation.
- (r) “*Director*” means a member of the Board.
- (s) “*Employee*” means any person, including an Officer or Director, who is an employee of the Company or any Parent or Subsidiary. Except with respect to the grant of Incentive Stock Options, Employee also means any person, including an Officer or Director, who is an employee of any other affiliated entity of the Company, as determined by the Company in its sole discretion. Neither service as a Director nor payment of a director’s fee by the Company will be sufficient to constitute “employment” by the Company.
- (t) “*Exchange Act*” means the Securities Exchange Act of 1934, as amended.
- (u) “*Fair Market Value*” means, as of any date, the value of Common Stock determined as follows:
- (i) Where there exists a public market for the Common Stock, the Fair Market Value of a share of Common Stock shall be (A) the closing sale price of the Common Stock on the date of the determination (or, if no sales were reported on such date, on the last trading date on which sales were

reported) on (1) the stock exchange determined by the Administrator to be the primary market for the Common Stock, or (2) the Nasdaq National Market, or (3) ,as reported by Market Sweep, a service from Interactive Data Services, Inc., or such other reporting source as the Administrator deems reliable; whichever is applicable or (B) if the Common Stock is not traded on any such exchange or national market system, the closing price of a Share on the Nasdaq Small Cap Market or over-the-counter (Pink Over-The-Counter Markets Inc. Electronic Quotation Service), as applicable, on the date of the determination (or, if no such price was reported on that date, on the last date on which such price was reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(ii) In the absence of an established market of the type described in (i), above, for the Common Stock, the Fair Market Value thereof shall be determined by the Administrator in good faith (in a manner intended to comply with Section 409A).

(v) “*Fiscal Year*” means the fiscal year of the Company.

(w) “*Grantee*” means an Employee, Director or Consultant who receives an Award under the Plan.

(x) “*Incentive Stock Option*” means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(y) “*Non-Qualified Stock Option*” means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(z) “*Officer*” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(aa) “*Option*” means a stock option granted pursuant to the Plan.

(bb) “*Option Agreement*” means the written agreement evidencing the grant of an Option executed by the Company and the Grantee, including any amendments thereto.

(cc) “*Parent*” means a “parent corporation,” whether now or hereafter existing, as defined in Section 424(e) of the Code.

(dd) “*Performance-Based Compensation*” means compensation qualifying as “performance-based compensation” under Section 162(m) of the Code.

(ee) “*Performance Goals*” has the meaning given to it in Section 11.

(ff) “*Performance Period*” means any Fiscal Year of the Company or such other period as determined by the Administrator in its sole discretion.

(gg) “*Period of Restriction*” means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of Performance Goals, or the occurrence of other events as determined by the Administrator.

(hh) “*Plan*” means this Amended and Restated 1996 Stock Incentive Plan.

(ii) “*Restricted Stock*” means Shares issued pursuant to a Restricted Stock award under Section 7 of the Plan, or issued pursuant to the early exercise of an Option.

(jj) “*Restricted Stock Unit*” means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 8. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(kk) “*Rule 16b-3*” means Rule 16b-3 promulgated under the Exchange Act or any successor thereto.

(ll) “*Section 16(b)*” means Section 16(b) of the Exchange Act.

(mm) “*Section 409A*” shall mean Section 409A of the Code and all formal guidance and regulations promulgated thereunder.

(nn) “*Share*” means a share of the Common Stock, as adjusted in accordance with Section 13 of the Plan.

(oo) “*Subsidiary*” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.

(pp) “*Subsidiary Disposition*” means the disposition by the Company of its equity holdings in any Subsidiary effected by a merger or consolidation involving that Subsidiary, the sale of all or substantially all of the assets of that Subsidiary or the Company’s sale or distribution of substantially all of the outstanding capital stock of such Subsidiary.

(qq) “U.S. Taxpayer” means a Grantee who is, or may be, subject to taxation under the laws of the United States or a political subdivision thereof.

3. *Stock Subject to the Plan.*

(a) *Stock Subject to the Plan.* Subject to the provisions of Section 13 below, the maximum aggregate number of Shares which may be issued pursuant to this Plan is 126,100,000 Shares plus (i) the number of Shares or options returned to the Company’s Incentive Stock Option Plan, 1987 Employee Stock Participation Plan, and 1987 Supplemental Stock Option Plan as a result of termination of options or repurchase of Shares issued under such plans, (ii) such number of Shares which have been reserved but not issued under the Dallas Semiconductor Corporation 1987 Stock Option Plan (the “*Dallas 1987 Plan*”) as of the date of stockholder approval of this Plan, and any Shares returned to the Dallas 1987 Plan as a result of termination of options or repurchase of Shares issued under such plan, and (iii) such number of Shares which have been reserved but not issued under the Dallas Semiconductor Corporation 1993 Officer and Director Stock Option Plan (the “*Dallas 1993 Plan*”) as of the date of stockholder approval of this Plan, and any Shares returned to the Dallas 1993 Plan as a result of termination of options or repurchase of Shares issued under such plan.

(b) *Full Value Awards.* Any Shares subject to Options will be counted against the numerical limits of this Section 3 as one Share for every Share subject thereto. Any Shares subject to Awards of Restricted Stock or Restricted Stock Units with a per share or unit purchase price lower than one hundred percent (100%) of Fair Market Value on the date of grant will be counted against the numerical limits of this Section 3 as two Shares for every one Share subject thereto. To the extent that a Share that was subject to an Award that counted as two Shares against the Plan reserve pursuant to the preceding sentence is recycled back into the Plan under the next paragraph of this Section 3, the Plan will be credited with two Shares.

(c) *Lapsed Awards.* If an Award expires or becomes unexercisable without having been exercised in full, or, with respect to Restricted Stock and Restricted Stock Units, is forfeited to or repurchased by the Company, the unexercised Shares (or for Awards other than Options, the forfeited or repurchased Shares) which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). Notwithstanding anything contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under Section 3(a) and will not be available for future grants of Awards under this Plan or any other plans listed in Section 3(a): (i) Shares tendered by a Grantee or withheld by the Company in payment of the exercise price of an Option (or any other option granted under any other plans listed in Section 3(a)), and (ii) Shares tendered by a Grantee or withheld by the Company to satisfy any tax withholding obligation with respect to an Award (or any other equity award granted under any other plans listed in Section 3(a)). Notwithstanding the foregoing and, subject to adjustment provided in Section 13, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code, any Shares that become available for issuance under the Plan under this Section 3(b).

4. Administration of the Plan.

(a) Plan Administrator.

(i) *Administration with Respect to Directors and Officers.* With respect to grants of Awards to Directors or Employees who are also Officers or Directors, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws and to permit such grants and related transactions under the Plan to be exempt from Section 16(b) of the Exchange Act in accordance with Rule 16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(ii) *Administration With Respect to Consultants and Other Employees.* With respect to grants of Awards to Employees or Consultants who are neither Directors nor Officers, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. Subject to Applicable Laws, the Board may authorize one or more Officers to grant such Awards and may limit such authority by requiring that such Awards must be reported to and ratified by the Board or a Committee within six (6) months of the grant date, and if so ratified, shall be effective as of the grant date.

(iii) *Administration With Respect to Covered Employees.* Notwithstanding the foregoing, grants of Awards to any Covered Employee intended to qualify as Performance-Based Compensation shall be made only by a Committee (or subcommittee of a Committee) which is comprised solely of two or more Directors eligible to serve on a committee making Awards qualifying as Performance-Based Compensation. In the case of such Awards granted to Covered Employees, references to the “Administrator” or to a “Committee” shall be deemed to be references to such Committee or subcommittee.

(iv) *Administration Errors.* In the event an Award is granted in a manner inconsistent with the provisions of this subsection (a), such Award shall be presumptively valid as of its grant date to the extent permitted by the Applicable Laws.

(b) *Powers of the Administrator.* Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

(i) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;

(ii) to determine whether and to what extent Awards are granted hereunder;

(iii) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;

(iv) to determine the Fair Market Value;

(v) to approve forms of Award Agreement for use under the Plan;

(vi) to determine the terms and conditions of any Award granted hereunder;

(vii) to modify or amend the terms of any outstanding Award granted under the Plan in any lawful way, provided that any amendment that would adversely affect the Grantee’s rights under an outstanding Award shall not be made without the Grantee’s written consent; provided, however, that any provision of the Plan to the contrary notwithstanding, the Administrator shall not have the authority to reprice any outstanding Option, it being understood that “reprice” shall mean to amend any outstanding Option to reduce the exercise price;

(viii) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(ix) notwithstanding any provision of the Plan to the contrary, in order to facilitate compliance with the tax, securities, foreign exchange, probate or other applicable provisions of the laws in other countries in which the Company or its Affiliates operate or have key employees or non-employee directors, the Administrator, in its discretion, shall have the power and authority to (A) determine which (if any) Employees, Directors, and/or Consultants rendering services or employed outside the U.S. are eligible to participate in the Plan or to receive any type of Award hereunder; (B) determine which non-U.S.-based Affiliates or operations (*e.g.*, branches, representative offices) participate in the Plan or any type of Award hereunder; (C) modify the terms and conditions of any Awards made to such Employees, Directors, and/or Consultants, or with respect to such non-U.S.-based Affiliates or operations; and (D) establish sub-plans, modify methods of exercise, modify payment restrictions on sale or transfer of Shares and other terms and procedures to the extent deemed necessary or desirable by the Administrator to comply with Applicable Laws of the non-U.S. jurisdiction. The Administrator shall not, however, have the power or authority to amend the Plan with respect to the maximum aggregate number of Shares that may be issued under the Plan as set forth in Section 3(a), increase the Award limits as set forth in Sections 6, 7 and 8; or lengthen the term of an Option set forth in Section 6(d); and

(x) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

(c) *Effect of Administrator's Decision.* All decisions, determinations and interpretations of the Administrator shall be conclusive and binding on all persons.

5. *Eligibility.* Non-Qualified Stock Options, Restricted Stock and Restricted Stock Units may be granted to Employees, Directors and Consultants, which awards need not be identical. Incentive Stock Options may be granted only to Employees. Employees providing services to an Affiliate that is not a Subsidiary are not eligible to receive Options, SARs or other "stock rights" within the meaning of Section 409A, unless (i) the Participant is not a U.S. Taxpayer or (ii) the Committee determines that the Option, SAR or stock right is exempt from, or may be granted in compliance with, Section 409A. An Employee, Director or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees, Directors and Consultants who are residing in foreign jurisdictions as the Administrator may determine from time to time. Designation of a Grantee in any year shall not require the Administrator to designate such person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to the Grantee in any other year.

6. *Terms and Conditions of Options.*

(a) *Designation of Option.* Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares subject to Options designated as Incentive Stock Options are exercisable for the first time by a Grantee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds \$100,000, such excess Options, to the extent of the Shares covered thereby in excess of the foregoing limitation, will be treated as Non-Qualified Stock Options. For the purposes of this Section 6(a), Incentive Stock Options will be taken into account in the order in which they were granted, and the Fair Market Value of the Shares will be determined as of the date the Option with respect to such Shares is granted.

(b) *Conditions of Option.* Subject to the terms of the Plan, the Administrator will determine the provisions, terms and conditions of each Option including, but not limited to, the Option vesting schedule, form of payment upon exercise of the Option and satisfaction of any performance criteria.

(c) *Individual Option Limit.* The maximum number of Shares with respect to which Options may be granted to any individual in any Fiscal Year shall be 4,000,000. The foregoing limitation shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 13. To the extent required by Section 162(m) of the Code or the regulations thereunder, in applying the foregoing

limitation with respect to an individual, if any Option is canceled, the canceled Option shall continue to count against the maximum number of Shares with respect to which Options may be granted to the individual. For this purpose, the repricing of an Option shall be treated as the cancellation of the existing Option and the grant of a new Option.

(d) *Term of Option.* The Administrator will determine the term of each Option in its sole discretion, provided the term of an Option will not be more than ten (10) years from the date of grant. Moreover, in the case of an Incentive Stock Option granted to a Grantee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement.

(e) *Option Exercise Price, Consideration and Taxes.*

(i) *Exercise Price.* The exercise price for an Option shall be as follows:

(A) In the case of an Incentive Stock Option:

(1) granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(2) granted to any Employee other than an Employee described in the preceding paragraph, the per Share exercise price will be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(B) In the case of a Non-Qualified Stock Option, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(C) Notwithstanding the foregoing, the Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) *Consideration.* Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise of an Option including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). In addition to any other types of consideration the Administrator may determine, unless otherwise provided in the Award Agreement, the Administrator is authorized to accept as consideration for Shares issued under the Plan the following:

(A) cash;

(B) check;

(C) surrender of Shares (including withholding of Shares otherwise deliverable upon exercise of the Option) which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised (but only to the extent that such exercise of the Option would not result in an accounting compensation charge with respect to the Shares used to pay the exercise price unless otherwise determined by the Administrator);

(D) delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale proceeds required to pay the exercise price; or

(E) any combination of the foregoing methods of payment.

(f) *Exercise of Option.*

(i) *Procedure for Exercise; Rights as a Stockholder.*

(A) Any Option granted hereunder will be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and specified in the Award Agreement.

(B) An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company or its designated agent (e.g., the exclusive, captive broker) in accordance with the terms of the Option, from the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been received by the Company or its designated agent, or the appropriate exercise/sale transaction has been executed under subsection 6(e)(ii)(D) above. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Shares subject to an Option, notwithstanding the exercise of an Option. The Company shall issue (or cause to be issued) such stock certificate in uncertificated form promptly upon exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate in uncertificated form is issued, except as provided in the Award Agreement or Section 13, below.

To the extent that reporting of United States taxable income with respect to an Option exercise under subsections 6(e)(ii) (A)-(C) above is based on the fair market value of the underlying Shares on the date of exercise, the Company shall use the Fair Market Value on the day the Option is deemed exercised in accordance with this Section 6(f)(B), that is the closing sales price (see Section 2(u)) on the day the written notice of exercise and full payment for the Shares (i.e., cashier's check, money order, Shares (pursuant to subsection 6(e)(ii)(C) above) or readily available funds) are received by the Company or its designated agent. In the case of an exercise under subsection 6(e)(ii)(D) above, the United States taxable income will be calculated using the actual sales price of the underlying Shares subject to the Option.

(ii) *Exercise of Option Following Termination of Employment, Director or Consulting Relationship.* In the event of termination of a Grantee's Continuous Status as an Employee, Director or Consultant with the Company for any reason other than disability or death (but not in the event of an Grantee's change of status from Employee to Consultant or from Consultant to Employee), such Grantee may, but only within ninety (90) days after the date of such termination (but in no event later than the expiration date of the term of such Option as set forth in the Award Agreement), exercise his or her Option to the extent that the Grantee was entitled to exercise it at the date of such termination or to such other extent as may be determined by the Administrator. If the Grantee should die within ninety (90) days after the date of such termination, the Grantee's estate or the person who acquired the right to exercise the Option by bequest or inheritance may exercise the Option to the extent that the Grantee was entitled to exercise it at the date of such termination within five hundred forty-seven (547) days of the Grantee's date of death (but in no event later than the expiration date of the term of such Option as set forth in the Award Agreement). In the event of a Grantee's change of status from Employee to Consultant, an Employee's Incentive Stock Option shall convert automatically to a Non-Qualified Stock Option on the ninety-first (91st) day following such change of status. Unless otherwise provided by the Administrator, if on the date of termination the Grantee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. To the extent that Grantee is not entitled to exercise the Option at the date of termination, or if Grantee does not exercise such Option to the extent so entitled within the time specified herein, the Option will terminate.

(iii) *Disability of Grantee.* In the event of termination of a Grantee's Continuous Status as an Employee, Director or Consultant as a result of his or her disability, Grantee may, but only within three hundred sixty-five (365) days from the date of such termination (and in no event later than the expiration date of the term of such Option as set forth in the Award Agreement), exercise the Option to the extent otherwise entitled to exercise it at the date of such termination; provided, however, that if such disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code, in the case of an Incentive Stock Option such Incentive Stock Option shall automatically convert to a Non-Qualified Stock Option on the day three (3) months and one day following such termination. Unless otherwise provided by the Administrator, if on the date of termination the Grantee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. To the extent that Grantee is not entitled to exercise the Option at the date of termination, or if Grantee does not exercise such Option to the extent so entitled within the time specified herein, the Option will terminate.

(iv) *Death of Grantee.* In the event of the death of a Grantee, the Option may be exercised at any time within five hundred forty-seven (547) days following the date of death (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement except as otherwise provided for in subsection (vi) below)), by the Grantee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent that the Grantee was entitled to the Option at the date of death. If, at the time of death, the Grantee was not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall immediately revert to the Plan unless otherwise determined by the Administrator. If, after death, the Grantee's estate or a person who acquired the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified herein, the Option shall terminate.

7. Restricted Stock.

(a) *Grant of Restricted Stock.* Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Employees, Directors or Consultants in such amounts as the Administrator, in its sole discretion, will determine.

(b) *Restricted Stock Agreement.* Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Notwithstanding the foregoing, during any Fiscal Year no Grantee will receive more than an aggregate of 2,000,000 Shares of Restricted Stock. Unless the Administrator determines otherwise, Shares of Restricted Stock will be held by the Company as escrow agent until the restrictions on such Shares have lapsed.

(c) *Transferability.* Except as provided in this Section 7, Shares of Restricted Stock may not be sold, transferred, pledged, assigned or otherwise alienated, or hypothecated until the end of the applicable Period of Restriction.

(d) *Other Restrictions.* The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) *Removal of Restrictions.* Except as otherwise provided in this Section 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction. The restrictions will lapse at a rate determined by the Administrator; provided, however, that Shares of Restricted Stock will not vest more rapidly than one-third (1/3rd) of the total number Shares of Restricted Stock subject to an Award each year from the date of grant (or, if applicable, the date a Grantee begins providing services to the Company or any of its Affiliates), unless the Administrator determines that the Award is to vest upon the achievement of performance criteria, provided the period for measuring such performance will cover at least twelve (12) months. After the grant of Restricted Stock, the Administrator, in its sole discretion, may reduce or waive any restrictions for such Restricted Stock.

(f) *Voting Rights.* During the Period of Restriction, Grantees holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) *Dividends and Other Distributions.* During the Period of Restriction, Grantees holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless otherwise provided by the Administrator. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) *Return of Restricted Stock to Company.* On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will automatically revert to the Company and again will become available for grant under the Plan.

8. *Restricted Stock Units.*

(a) *Grant.* Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. Each Restricted Stock Unit grant will be evidenced by an Award Agreement that will specify such other terms and conditions as the Administrator, in its sole discretion, will determine, including all terms, conditions, and restrictions related to the grant, the number of Restricted Stock Units and the form of payout, which, subject to Section 8(d), may be left to the discretion of the Administrator. Notwithstanding the anything to the contrary in this subsection (a), during any Fiscal Year, no Grantee will receive more than an aggregate of 2,000,000 Restricted Stock Units.

(b) *Vesting Criteria and Other Terms.* The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Grantee. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment), or any other basis determined by the Administrator in its discretion.

(c) *Earning Restricted Stock Units.* Upon meeting the applicable vesting criteria, the Grantee will be entitled to receive a payout as specified in the Award Agreement. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

(d) *Form and Timing of Payment.* Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) set forth in the Award Agreement; provided that payment of earned Restricted Stock Units will be made in no event later than the fifteenth (15th) day of the third month following the end of the latter of the calendar year or fiscal year in which such Restricted Stock Units vest. The Administrator, in its sole discretion, may pay earned Restricted Stock Units in cash, Shares, or a combination thereof. Shares represented by Restricted Stock Units that are fully paid in cash again will be available for grant under the Plan.

(e) *Cancellation.* On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

9. *Leaves of Absence.* Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Grantee will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then three (3) months following the ninety-first (91st) day of such leave any Incentive Stock Option held by the Grantee will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Non-Qualified Stock Option.

10. *Transferability of Awards.* Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

11. *Performance Goals.* Awards of Restricted Stock and Restricted Stock Units may be made subject to the attainment of performance goals relating to one or more business criteria within the meaning of Section 162(m) of the Code and may provide for a targeted level or levels of achievement (“*Performance Goals*”) including cash flow; cash position; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per Share; economic profit; economic value added; equity or stockholder’s equity; free cash flow, free cash flow per Share, market share; net income; net profit; net sales; operating earnings; operating income; profit before tax; ratio of debt to debt plus equity; ratio of operating earnings to capital spending; return on net assets; sales growth; Share price; Share price performance relative to one or more peer companies; Share price performance relative to one or more indexes; total return to stockholders; or total return to stockholders relative to one or more peer companies or indexes. The Performance Goals for a Grantee will be determined by the Administrator based on the Company’s tactical and strategic business objectives, which may differ from Grantee to Grantee and from Award to Award. Prior to the Determination Date, the Administrator will determine whether to make any adjustments to the calculation of any Performance Goal with respect to any Grantee for any significant or extraordinary events affecting the Company and both before and after taking into account equity based compensation charges. In all other respects, Performance Goals will be calculated in accordance with the Company’s financial statements, generally accepted accounting principles, or under a methodology established by the Administrator prior to the issuance of an Award.

12. *Conditions Upon Issuance of Shares.*

(a) *Legal Compliance.* Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) *Investment Representations.* As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

13. *Adjustments.* Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, as well as the price per share of Common Stock covered by each such outstanding Award, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other similar event resulting in an increase or decrease in the number of issued shares of Common Stock. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award.

14. *Corporate Transactions/Changes in Control/Subsidiary Dispositions.*

(a) The Administrator shall have the authority, exercisable either in advance of any actual or anticipated Corporate Transaction, Change in Control or Subsidiary Disposition or at the time of an actual Corporate Transaction, Change in Control or Subsidiary Disposition and exercisable at the time of the grant of an Award under the Plan or any time while an Award remains outstanding, to provide for the full automatic vesting and exercisability of one or more outstanding unvested Awards under the Plan and the

release from restrictions on transfer and repurchase or forfeiture rights of such Awards in connection with a Corporate Transaction, Change in Control or Subsidiary Disposition, on such terms and conditions as the Administrator may specify. The Administrator also shall have the authority to condition any such Award vesting and exercisability or release from such limitations upon the subsequent termination of the Continuous Status as an Employee or Consultant of the Grantee within a specified period following the effective date of the Change in Control or Subsidiary Disposition. The Administrator may provide that any Awards so vested or released from such limitations in connection with a Change in Control or Subsidiary Disposition, shall remain fully exercisable until the expiration or sooner termination of the Award. Effective upon the consummation of a Corporate Transaction, all outstanding Awards under the Plan shall terminate unless assumed by the successor company or its Parent.

(b) The portion of any Incentive Stock Option accelerated under this Section 14 in connection with a Corporate Transaction, Change in Control or Subsidiary Disposition shall remain exercisable as an Incentive Stock Option under the Code only to the extent the \$100,000 dollar limitation of Section 422(d) of the Code is not exceeded. To the extent such dollar limitation is exceeded, the accelerated excess portion of such Option shall be exercisable as a Non-Qualified Stock Option.

15. Tax Withholding.

(a) *Withholding Requirements.* Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Grantee to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Grantee's FICA obligation) required to be withheld with respect to such Award (or exercise thereof). The Company will have no obligation to permit exercise of an Award or to issue any Shares or cash pursuant to an Award, unless and until either the exercise of the Award or the issuance of Shares or cash pursuant thereto is accompanied by sufficient payment, as determined by the Company in its absolute discretion, to meet those withholding obligations on such exercise, issuance, lapse or disposition or other arrangements are made that are satisfactory to the Company in its absolute discretion to provide otherwise for such payment. The Company will have no liability to any Grantee or transferee for exercising the foregoing right not to permit exercise or issue or deliver Shares or cash.

(b) *Withholding Arrangements.* The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Grantee to satisfy such tax withholding obligation, in whole or in part (without limitation) by (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the amount required to be withheld, (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the amount required to be withheld, or (iv) selling a sufficient number of Shares otherwise deliverable to the Grantee through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Grantee with respect to the Award on the date that the amount of tax to be withheld is to be determined. The fair market value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

16. Date of an Award. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination to grant such Award, or such other date as is determined by the Administrator. Notice of the grant determination will be given to each Grantee to whom an Award is so granted within a reasonable time after the date of such grant.

17. Term of Plan. Subject to Section 21 of the Plan, the amendment and restatement of the Plan shall become effective upon its adoption by the Board on August 16, 2012, subject to the approval by the Company's stockholders. It shall thereafter continue in effect until August 11, 2015, unless terminated earlier under Section 18 of the Plan.

18. *Section 409A*

(a) The Company intends that any Awards be structured in compliance with, or to satisfy an exemption from, Section 409A, such that there are no adverse tax consequences, interest, or penalties as a result of the payments. Notwithstanding anything else to the contrary herein, if any Award is subject to Section 409A, the Administrator may, in its sole discretion and without a Grantee's prior consent, amend the Plan and/or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and actions with retroactive effect) as are necessary or appropriate to (i) exempt the Plan and/or any Award from the application of Section 409A, (ii) preserve the intended tax treatment of any such Award, or (iii) comply with the requirements of Section 409A, including without limitation any such regulations guidance, compliance programs and other interpretative authority that may be issued after the date of the grant.

(b) Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of nonqualified deferred compensation (within the meaning of Section 409A) that are otherwise required to be made under the Plan to a "specified employee" (as defined under Section 409A) as a result of his or her separation from service (other than a payment that is not subject to Section 409A) shall be delayed for the first six (6) months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) on the payment date that immediately follows the end of such six (6) month period or as soon as administratively practicable thereafter.

(c) A termination of employment shall not be deemed to have occurred for purposes of any provision of the Plan or any Award Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A upon or following a termination of employment, unless such termination is also a "separation from service" within the meaning of Section 409A and the payment thereof prior to a "separation from service" would violate Section 409A. For purposes of any such provision of the Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms shall mean "separation from service".

19. *No Guarantees Regarding Tax Treatment.* Grantees (and their beneficiaries) shall be responsible for all taxes with respect to any Awards under the Plan. The Administrator and the Company make no guarantees to any person regarding the tax treatment of Awards or payments made under the Plan. Neither the Administrator nor the Company has any obligation to take any action to prevent the assessment of any tax on any person with respect to any Award under Section 409A of the Code or otherwise and none of the Company, any of its Subsidiaries or Affiliates, or any of their employees or representatives shall have any liability to a Grantee with respect thereto.

20. *Unfunded Plan.* The Plan is intended to constitute an unfunded plan for incentive compensation. Prior to the issuance of Shares, cash or other form of payment in connection with an Award, nothing contained herein shall give any Grantee any rights that are greater than those of a general unsecured creditor of the Company. The Administrator may, but is not obligated, to authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Shares with respect to awards hereunder.

21. *Amendment, Suspension or Termination of the Plan.*

(a) The Administrator may at any time amend, suspend or terminate the Plan. To the extent required to comply with Applicable Laws, the Company shall obtain stockholder approval of any Plan amendment in such manner and to such a degree as required. Notwithstanding the foregoing, the Company shall, at all times, obtain stockholder approval prior to implementing any (i) exchange offer in which any outstanding Awards (or any other outstanding equity awards granted under any other plans listed in Section 3 (a)) would be cancelled in exchange for new Awards of any kind or (ii) offer to purchase any outstanding Awards (or any other outstanding equity awards granted under any other plans listed in Section 3(a)) for any amount of cash, in each case, based on a new valuation of the Awards (or any other outstanding equity awards granted under any other plans listed in Section 3(a)) subject to such offer after their original grant dates.

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(c) Any amendment, suspension or termination of the Plan shall not affect Awards already granted, and such Awards shall remain in full force and effect as if the Plan had not been amended, suspended or terminated, unless mutually agreed otherwise between the Grantee and the Administrator, which agreement must be in writing and signed by the Grantee and the Company.

22. Reservation of Shares.

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

23. Stockholder Approval. The Plan, as amended and restated on August 16, 2012, will be subject to approval by the stockholders of the Company within twelve (12) months after such date; provided that, in the event such approval is not obtained within twelve (12) months after such date, the Plan as in effect prior to August 16, 2012, shall continue in effect until August 11, 2015, unless terminated earlier under Section 21 of the Plan. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

24. No Effect on Terms of Employment. The Plan shall not confer upon any Grantee any right with respect to continuation of employment or consulting relationship with the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate his or her employment or consulting relationship at any time, with or without cause.

25. Electronic Delivery. Any reference herein to a written agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended June 30, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-34192



MAXIM INTEGRATED PRODUCTS, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-2896096
(I.R.S. Employer
Identification No.)

**160 Rio Robles
San Jose, California 95134**
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (408) 601-1000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common stock, \$0.001 par value	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One):

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated Filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the Registrant based upon the closing price of the common stock on December 31, 2011 as reported by The NASDAQ Global Select Market was \$4,181,299,802. Shares of voting stock held by executive officers, directors and holders of more than 5% of the outstanding voting stock have been excluded from this calculation because such persons may be deemed to be affiliates. Exclusion of such shares should not be construed to indicate that any of such persons possesses the power, direct or indirect, to control the Registrant, or that any such person is controlled by or under common control with the Registrant.

Number of shares outstanding of the Registrant's Common Stock, \$.001 par value, as of August 7, 2012: 291,825,784.

Documents Incorporated By Reference:

- (1) Items 10, 11, 12, 13 and 14 of Part III incorporate information by reference from the Proxy Statement for Maxim's 2012 Annual Meeting of Stockholders, to be filed subsequently.
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MAXIM INTEGRATED PRODUCTS

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Annual Report”) 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 (the “Exchange Act”). These statements are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this filing and particularly in Part I, Item 1A — Risk Factors and in Part II, Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations. These statements relate to, among other things, sales, gross margins, operating expenses, capital expenditures and requirements, liquidity, asset dispositions, product development and R&D efforts, manufacturing plans, pending litigation, effective tax rates, and tax reserves for uncertain tax positions, and are indicated by words or phrases such as “anticipate,” “expect,” “outlook,” “foresee,” “forecast,” “believe,” “should,” “could,” “intend,” “will,” “plan,” “seek,” “project,” and variations of such words and similar words or expressions. These statements involve risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements should not be relied upon as predictions of future events as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. For a discussion of some of the factors that could cause actual results to differ materially from our forward-looking statements, see the discussion on “Risk Factors” that appears in Part I, Item 1A of this Annual Report and other risks and uncertainties detailed in this and our other reports and filings with the Securities and Exchange Commission (“SEC”). We undertake no obligation to update forward-looking statements to reflect developments or information obtained after the date hereof and disclaim any obligation to do so except as required by applicable laws.

PART I

ITEM 1. BUSINESS

Overview

Maxim Integrated Products, Inc. (“Maxim” or the “Company” and also referred to as “we,” “our” or “us”) designs, develops, manufactures and markets a broad range of linear and mixed-signal integrated circuits, commonly referred to as analog circuits, for a large number of customers in diverse geographical locations. The analog market is fragmented and characterized by diverse applications, numerous product variations and, with respect to many circuit types, relatively long product life cycles. Our objective is to develop and market both proprietary and industry-standard analog integrated circuits that meet the increasingly stringent quality and performance standards demanded by customers.

We are a Delaware corporation originally incorporated in California in 1983. We are headquartered in San Jose, California. The mailing address for our headquarters is 160 Rio Robles, California 95134, and our telephone number is (408) 601-1000. Additional information about us is available on our website at www.maximintegrated.com.

The Company has a 52-to-53-week fiscal year that ends on the last Saturday of June. Accordingly, every fifth or sixth year will be a 53-week fiscal year. Fiscal year 2012 was a 53-week fiscal year. Fiscal years 2011 and 2010 were 52-week fiscal years.

We make available through our website, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. We assume no obligation to update or revise any forward-looking statements in this Annual Report, whether as a result of new information, future events or otherwise, unless we are required to do so by applicable laws. A copy of this Annual Report is available without charge upon written request to: Investor Relations, Maxim Integrated Products, Inc., 160 Rio Robles, San Jose, California 95134.

The Mixed Signal Analog Integrated Circuit Market

All electronic signals generally fall into one of two categories, linear or digital. Linear (or analog) signals represent real world phenomena, such as temperature, pressure, sound, or speed, and are continuously variable over a wide range of values. Digital signals represent the “ones” and “zeros” of binary arithmetic and are either on or off.

Three general classes of semiconductor products arise from this distinction between linear and digital signals:

- digital devices, such as memories and microprocessors that operate primarily in the digital domain;
- linear devices, such as amplifiers, references, analog multiplexers and switches that operate primarily in the analog domain; and
- mixed-signal devices such as data converter devices that combine linear and digital functions on the same integrated circuit and interface between the analog and digital domains.

Our strategy has been to target both the linear and mixed-signal markets, often collectively referred to as the analog market. However, some of our products are exclusively or principally digital. While our focus continues to be on the linear and mixed signal market, our capabilities in the digital domain enable development of new mixed signal and other products with highly sophisticated digital characteristics.

We operate in one reportable segment — the design, development, marketing and manufacturing of a broad range of linear and mixed signal integrated circuits.

Our linear and mixed signal products serve four major end-markets. These major end-markets and their corresponding market segments are noted in the table below:

MAJOR END-MARKET	MARKET SEGMENT
INDUSTRIAL	Automatic Test Equipment Automotive Control & Automation Electronic Instrumentation Medical Military & Aerospace Security Utility & Other Meters Other Industrial
COMMUNICATIONS	Basestations Network & Datacom Telecom Other Communications
CONSUMER	Cell Phones Digital Cameras Handheld Computers Home Entertainment & Appliances Other Consumer
COMPUTING	Data Storage Financial Terminals Notebook Computers Server & Desktop Computers Peripherals & Other Computer

Product Quality

We employ a system addressing quality and reliability of our products from initial design through wafer fabrication, assembly, testing and final shipment. We have received ISO 9001/2, TS 16949 and ISO 14001 certifications for all wafer fabrication, assembly, final test and shipping facilities. Based on industry standard requirements, we conduct reliability stress testing on the products we manufacture and sell. Through this testing, we seek to detect and accelerate the presence of defects that may arise over the life of a product in order to ensure its reliability.

Manufacturing

We manufacture wafers in our own facilities and use third-party silicon foundries. The majority of processed wafers are subjected to parametric and functional testing at our facilities. The broad range of products demanded by the analog integrated circuit market requires multiple manufacturing process technologies. As a result, many different process technologies are currently used for wafer fabrication of our products. Historically, wafer fabrication of analog integrated circuits has not required state-of-the-art processing equipment, although newer processes do utilize and require such state-of-the-art facilities and equipment. In addition, hybrid and module products are manufactured using a complex multi-chip technology featuring thin-film, laser-trimmed resistors and other active or passive components. We rely on our own fabrication technologies and facilities to implement such manufacturing requirements. We also utilize unaffiliated manufacturing subcontractors. We are expanding our internal and external manufacturing and test capacity to meet future growth.

During fiscal years 2012, 2011 and 2010, a large portion of our own wafer production occurred at one of our three owned wafer fabrication facilities at the following locations:

<u>Facility Location</u>	<u>Fiscal Year Acquired</u>
Beaverton, Oregon	1994
San Jose, California	1998
San Antonio, Texas	2004

In fiscal year 2007, we entered into a supply agreement with Seiko Epson Corporation (“Epson”). In fiscal year 2010, we entered into a supply agreement with Powerchip Technology Corporation (“Powerchip”) and Maxchip Electronics Corp. (“Maxchip”) to provide 300mm and 200mm wafer capacity. Under these agreements, partner foundries (Epson, Powerchip and Maxchip) have manufactured some of our mixed-signal semiconductor products. These products are manufactured under rights and licenses using our proprietary technology at Epson’s fabrication facility located in Sakata, Japan and at Powerchip and Maxchip’s fabrication facilities in Hsinchu, Taiwan. In fiscal years 2012, 2011 and 2010, the products manufactured by our partner foundries represented 42%, 32% and 19%, respectively, of our total wafer production.

At the end of fiscal year 2009, we ceased wafer fabrication in our Dallas, Texas facility and converted it into a wafer bump manufacturing facility. Our wafer bump manufacturing facility located in Dallas, Texas is used to manufacture products that utilize chip scale packaging (“CSP”) or wafer level packaging (“WLP”). CSP or WLP enables integrated circuits to be attached directly to a printed circuit board without the use of a traditional plastic package. In addition, we utilize independent subcontractors to perform wafer bump manufacturing to the extent we do not have the internal capacity or capabilities to perform such services.

Once wafer manufacturing has been completed, wafers are generally sorted in order to determine which integrated circuits on each wafer are functional and which are defective. We currently perform the majority of wafer sort, final test and shipping activities at two facilities located in Cavite, the Philippines and Chonburi Province, Thailand, although we also utilize independent subcontractors for some wafer sorting. Our finished products ship directly from either Cavite, the Philippines or Chonburi Province, Thailand to customers worldwide or to other Company locations for sale to end-customers or distributors.

Integrated circuit assembly is performed by foreign assembly subcontractors, located in China, Japan, Malaysia, the Philippines, Taiwan, Thailand, Singapore and South Korea, where wafers are separated into individual integrated circuits and assembled into a variety of packages.

After assembly has been completed, the majority of the assembled product is shipped back to our facilities located in Cavite, the Philippines or Chonburi Province, Thailand where the packaged integrated circuits undergo final testing and preparation for customer shipment. In addition, we utilize independent subcontractors to perform final testing.

With the introduction of 300mm wafers into our manufacturing network, we have enabled subcontractors located in Taiwan to perform wafer bumping and testing of these wafers.

We currently perform substantially all of our module assembly operations in our facility in Batangas, the Philippines. Our Philippines facility also performs wafer singulation and tape-and-reel of bumped (CSP or WLP) wafers.

Customers, Sales and Marketing

We market our products worldwide through a direct-sales and applications organization and through our own and other unaffiliated distribution channels to a broad range of customers in diverse industries. Our products typically require a sophisticated technical sales and marketing effort. Our sales organization is divided into domestic and international regions. Distributors and direct customers generally buy on an individual purchase order basis, rather than pursuant to long-term agreements.

Certain distributors have agreements with us which allow for price protection on certain inventory if we lower the price of our products. Certain distributor agreements also generally permit distributors to exchange a portion of certain purchases on a periodic basis. As is customary in the semiconductor industry, our distributors may also market other products that compete with our products.

Sales to certain international distributors are made under agreements which permit limited stock return privileges but not sales price rebates. The agreements generally permit distributors to exchange a portion of their purchases on a periodic basis. See “Critical Accounting Policies” in Part II, Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations and Note 2 to the Consolidated Financial Statements included in this Annual Report, which contains information regarding our revenue recognition policy.

We derived approximately 29% of our fiscal year 2012 revenue from sales made through distributors. Our primary distributor is Avnet Electronics which accounted for 13%, 14% and 12% of our revenues in fiscal years 2012, 2011 and 2010, respectively. Avnet, like our other distributors, is not an end customer, but rather serves as a channel of sale to many end users of the Company’s products. Samsung, our largest single customer, accounted for approximately 20%, 12% and 12% of net revenues in fiscal years 2012, 2011 and 2010, respectively. No single product accounted for more than 10% of net revenues in fiscal years 2012, 2011 and 2010. Based on customers’ ship-to locations, international sales accounted for approximately 88%, 85% and 85% of net revenues in fiscal years 2012, 2011 and 2010, respectively. See Note 12, “Segment Information” in the Notes to Consolidated Financial Statements in Item 15.

Seasonality

Our revenue is generally influenced on a quarter to quarter basis by customer demand patterns and new product introductions. However, an increasing number of our products are being incorporated into consumer electronic products, which are subject to significant seasonality and fluctuations in demand, and tend to have stronger sales in the middle of the calendar year as manufacturers prepare for the major holiday selling seasons.

Foreign Operations

We conduct business in numerous countries outside of the United States. Our international business is subject to numerous risks, including fluctuations in foreign currency exchange rates and controls, import and export controls, and other laws, policies and regulations of foreign governments.

Backlog

At June 30, 2012 and June 25, 2011, our current quarter backlog was approximately \$393 million and \$460 million, respectively. We include in backlog orders with customer request dates within the next three months. As is customary in the semiconductor industry, these orders may be canceled in most cases without penalty to customers. In addition, backlog includes orders from domestic distributors for which revenues are not recognized until the products are sold by the distributors. Accordingly, we believe that our backlog is not a reliable measure of future revenues. All backlog numbers have been adjusted for estimated future U.S. distribution ship and debit pricing adjustments.

Research and Development

We believe that research and development is critical to our future success. Objectives for the research and development function include:

- new product definition and development of proprietary products;
- design of parts for performance differentiation and the ability to achieve manufacturing high yield and reliability;

- development of, and access to, manufacturing processes and advanced packaging;
- development of hardware and software to support the acceptance and design-in of our products in the end customer's system; and
- development and design wins of high-integration products across multiple end markets.

Our research and development plans require engineering talent and tools for process technologies, test development, packaging development, product definition, electronic design automation ("EDA"), circuit design, software development and applications support. Research and development expenses were \$552.4 million, \$525.3 million and \$474.7 million in fiscal years 2012, 2011 and 2010, respectively. See "Research and Development" under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for more information.

Competition

The mixed signal analog integrated circuit industry is intensely competitive, and virtually all major semiconductor companies presently compete with, or conceivably could compete with, some portion of our business.

We believe the principal elements of competition include:

- technical innovation, service and support;
- time to market;
- differentiated product performance and features;
- quality and reliability;
- product pricing and delivery capabilities;
- customized design and applications;
- business relationship with customers;
- experience, skill and productivity of employees and management; and
- manufacturing competence and inventory management.

Our principal competitors include, but are not limited to, Analog Devices, Inc., Intersil Corporation, Linear Technology Corporation, NXP Semiconductors NV and Texas Instruments Inc. In addition, we compete with digital chipset providers, including Broadcom Corporation and Qualcomm Inc. We expect increased competition in the future from other emerging and established companies.

Patents, Licenses, and Other Intellectual Property Rights

We rely upon both know-how and patents to develop and maintain our competitive position.

It is our policy to seek patent protection for significant inventions that may be patented, though we may elect, in certain cases, not to seek patent protection even for significant inventions if other protection, such as maintaining the invention as a trade secret, is considered more advantageous. In addition, we have registered certain of our mask sets under the Semiconductor Chip Protection Act of 1984, as amended. We hold a number of patents worldwide with expiration dates ranging from 2012 to 2032. We have also registered several of our trademarks and copyrights with the U.S. Patent and Trademark Office and in foreign jurisdictions.

Employees

As of June 30, 2012, we employed 9,065 people of whom 4,214 were employed in the United States.

Environmental Regulations

Our compliance with foreign, federal, state and local laws and regulations that have been enacted to regulate the environment has not had a material adverse effect on our capital expenditures, earnings, or competitive or financial position.

Executive Officers

For information regarding our current executive officers, please see Part III, Item 10 of this Annual Report.

ITEM 1A. RISK FACTORS

The following risk factors and other information included in this Annual Report should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations.

Cyclicality in the semiconductor industry may adversely affect our results of operations

Historically, the semiconductor industry has been cyclical and subject to significant and often rapid increases and decreases in demand for products and services. These changes could have adverse effects on our results of operations and on the market price of our common stock. The results of our operations may be adversely affected if demand for our products and services decreases or if we are unable to meet an increase in demand without significantly increasing the lead-time for the delivery of our products and services.

Incorrect forecasts, reductions, cancellations or delays in orders for our products could adversely affect our results of operations

As is customary in the semiconductor industry, customer orders may be canceled in most cases without penalty to the customers. Some customers place orders that require us to manufacture products and have them available for shipment, even though the customer may be unwilling to make a binding commitment to purchase all, or even any, of the products. In other cases, we manufacture products based on forecasts of customer demands. As a result, we may incur inventory and manufacturing costs in advance of anticipated sales and are subject to the risk of cancellations of orders, potentially leading to an initial inflation of backlog followed by a sharp reduction. In addition, backlog includes orders from domestic distributors for which revenues are not recognized until the ordered products are sold by the distributors. Because of the possibility of order cancellation, backlog should not be used as a measure of future revenues. Furthermore, orders or forecasts may be for products meeting the customer's unique requirements such that those canceled or unrealized orders may also result in an inventory of unsaleable products, causing potential inventory write-offs. As a result of lengthy manufacturing cycles for certain of the products, the amount of unsaleable products could be substantial. As a result, incorrect forecasts, reductions, cancellations or delays in orders for our products could adversely affect our operating results.

Our operating results may be adversely affected by unfavorable economic and market conditions

The economic environment could subject us to increased credit risk should customers be unable to pay us, or delay paying us, for previously purchased products. Accordingly, reserves for doubtful accounts and write-offs of accounts receivable may increase. In addition, weakness in the market for end users of our products could harm the cash flow of our distributors and resellers who could then delay paying their obligations to us or experience other financial difficulties. This would further increase our credit risk exposure and, potentially, cause delays in our recognition of revenue on sales to these customers.

If economic or market conditions deteriorate globally, in the United States or in other key markets, our business, operating results, and financial condition may be materially and adversely affected.

Political conditions could materially affect our revenues and results of operations

We are subject to the political and legal risks inherent in international operations. Exposure to political instabilities, different business policies and varying legal standards could impact economic activity, which in turn could lead to a contraction of customer demand or a disruption in our operations. We have been impacted by these problems in the past, but none have materially affected our results of operations. Problems in the future or not-yet-materialized consequences of past problems could affect deliveries of our products to our customers, possibly resulting in substantially delayed or lost sales and/or increased expenses that cannot be passed on to customers.

Our quarterly operating results may fluctuate, which could adversely impact our common stock price

We believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indicators of future performance. Our operating results have in the past been, and will continue to be, subject to quarterly fluctuations as a result of numerous factors, some of which may contribute to more pronounced fluctuations in an uncertain global economic environment. These factors include, but are not limited to, the following:

- Fluctuations in demand for our products and services;
- Loss of a significant customer or significant customers electing to purchase from another supplier;
- Reduced visibility into our customers' spending plans and associated revenue;
- The level of price and competition in our product markets;
- Our pricing practices, including our use of available information to maximize pricing potential;
- The impact of the uncertain economic and credit environment on our customers, channel partners, and suppliers, including their ability to obtain financing or to fund capital expenditures;
- The overall movement toward industry consolidations among our customers and competitors;
- Below industry-average growth of the non-consumer segments of our business;
- Announcements and introductions of new products by us or our competitors;
- Deferrals of customer orders in anticipation of new products or product enhancements (introduced by us or our competitors);
- Our ability to meet increases in customer orders in a timely manner;
- Striking an appropriate balance between short-term execution and long-term innovation;
- Our ability to develop, introduce, and market new products and enhancements and market acceptance of such new products and enhancements; and
- Our levels of operating expenses.

Our products may fail to meet new industry standards or requirements and the efforts to meet such industry standards or requirements could be costly

Many of our products are based on industry standards that are continually evolving. Our ability to compete in the future will depend on our ability to identify and ensure compliance with these evolving industry standards. The emergence of new industry standards could render our products incompatible with products developed by major systems manufacturers. As a result, we could be required to invest significant time and effort and to incur significant expense to redesign our products to ensure compliance with relevant standards. If our products are not in compliance with prevailing industry standards or requirements, we could miss opportunities to achieve crucial design wins which in turn could have a material adverse effect on our business, operations and financial results.

Our critical information systems, necessary for the operation of our business, are subject to interruptions and failures

We maintain and rely upon certain critical information systems for the effective operation of our business. These information systems include telecommunications, the internet, our corporate intranet, various computer hardware and software applications, network communications and e-mail. These information systems may be owned by us or by our outsource providers or even third parties such as vendors and contractors and may be maintained by us or by such providers or third parties. These information systems are subject to attacks, including attacks that may result in theft of our intellectual property, failures and access denials from a number of potential sources including viruses, destructive or inadequate code, power failures and physical damage to computers, hard drives, communication lines and networking equipment. To the extent that these information systems are under our control, we have implemented security procedures, such as virus protection software and emergency recovery processes, to address the outlined risks; however, security procedures for information systems cannot be guaranteed to be failsafe and our inability to use or access these information systems at critical points in time could unfavorably impact the timely and efficient operation of our business.

We may encounter difficulties in the implementation of a new manufacturing execution system, which may adversely affect our operations and financial reporting

We are in the process of implementing a new manufacturing execution system (“MES”) in our testing facilities that is scheduled to be completed by the end of fiscal year 2013 as part of our ongoing efforts to improve the quality and productivity of our operations. In addition, we are in process of implementing a global execution system (“GES”) that is scheduled to begin implementation in fiscal year 2013 as part of our efforts to integrate inventory movement with our financial reporting system. Any difficulties in the implementation or operation of the MES could increase the cost to test our products or disrupt the testing of our products. Such developments could materially adversely affect our results of operation and financial reporting.

Our manufacturing operations may be interrupted or suffer yield problems

Given the nature of our products, it would be time consuming, difficult, and costly to arrange for new manufacturing facilities to supply such products. Any prolonged inability to utilize one of our manufacturing facilities or a third party foundry, due to damages resulting from fire, natural disaster, unavailability of electric power, labor unrest or other causes, would have a material adverse effect on our results of operations and financial condition.

The manufacture and design of integrated circuits is highly complex. We may experience manufacturing problems in achieving acceptable yields or experience product delivery delays in the future as a result of, among other things, capacity constraints, equipment malfunctioning, construction delays, upgrading or expanding existing facilities, changing our process technologies, or new technology qualification delays, particularly in our internal fabrication facilities, any of which could result in a loss of future revenues or increases in fixed costs. To the extent we do not achieve acceptable manufacturing yields or we experience delays in wafer fabrication, our results of operations could be adversely affected. In addition, operating expenses related to increases in production capacity may adversely affect our operating results if revenues do not increase proportionately.

Our independent distributors and sales representatives may terminate their relationship with us or fail to make payments on outstanding accounts receivable to us, which would adversely affect our financial results

A portion of our sales is realized through independent electronics distributors that are not under our direct control. These independent sales organizations generally represent product lines offered by several companies and thus could reduce their sales efforts applied to our products or terminate their representation of us. We require certain foreign distributors to provide a letter of credit to us in an amount up to the credit limit set for accounts receivable from such foreign distributors. The letter of credit provides for collection on accounts receivable from the foreign distributor should the foreign distributor default on their accounts receivable to us.

Where credit limits have been established above the amount of the letter of credit, we are exposed for the difference. We do not require letters of credit from any of our domestic distributors and are not contractually protected against accounts receivable default or bankruptcy by these distributors. The inability to collect open accounts receivable could adversely affect our results of operations and financial condition. Termination of a significant distributor, whether at our or the distributor's initiative, could be disruptive to our current business.

Our operating results may be adversely affected by increased competition

We experience intense competition from a number of companies, some of which have significantly greater financial, manufacturing, and marketing resources than us, as well as greater technical resources and proprietary intellectual property rights than us. The principal elements of competition include product performance, functional value, quality and reliability, technical service and support, price, diversity of product line, sale of multiple chips for a price as part of a complete system solution and delivery capabilities. We believe we compete favorably with respect to these factors, although we may be at a disadvantage in comparison to larger companies with broader product lines and greater technical service and support capabilities. We may be unable to compete successfully in the future against existing or new competitors and our operating results may be adversely affected by increased competition.

We are dependent on a few large customers and market segments for a substantial portion of our revenues, the loss of which could materially affect our revenues and results of operations

We depend on a few large customers and market segments for a substantial portion of our net revenues. Samsung, our largest single customer, accounted for approximately 20%, 12% and 12% of net revenues in fiscal years 2012, 2011 and 2010, respectively. The loss of all or a substantial portion of our sales to any of these large customers or market segments could have a material adverse effect on our financial condition and results of operations.

Our dependence on subcontractors for assembly, test, freight, and logistic services and certain manufacturing services may cause delays beyond our control in delivering products to our customers

We rely on subcontractors located in various parts of the world for assembly and CSP packaging services, freight and logistic services, wafer fabrication and sorting and testing services. None of the subcontractors we currently use are affiliated with us. Reliability problems experienced by our subcontractors or the inability to promptly replace any subcontractor could cause serious problems in delivery and quality resulting in potential product liability to us. Such problems could impair our ability to meet our revenue plan in the fiscal year period impacted by the disruption. Failure to meet the revenue plan may materially adversely impact our results of operations.

Any disruptions in our sort, assembly, test, freight and logistic operations or in the operations of our subcontractors, including, but not limited to, the inability or unwillingness of any of our subcontractors to produce or timely deliver adequate supplies of processed wafers, integrated circuit packages or tested products conforming to our quality standards, or other required products or services could damage our reputation, relationships and goodwill with customers. Furthermore, finding alternate sources of supply or initiating internal wafer processing for these products may not be economically feasible.

Shortage of raw materials or supply disruption of such raw materials could harm our business

The semiconductor industry has experienced a large expansion of fabrication capacity and production worldwide over time. As a result of increasing demand from semiconductor, solar and other manufacturers, availability of certain basic materials and supplies, such as raw wafers and silicon on insulator wafers, chemicals, gases, polysilicon, silicon wafers, ultra-pure metals, lead frames and molding compounds, and of subcontract services, like epitaxial growth, ion implantation and assembly of integrated circuits into packages, has been limited from time to time over the past several years, and could come into short supply again if overall industry demand exceeds the supply of these materials and services in the future.

We purchase materials and supplies from many suppliers, some of which are sole-sourced. If the availability of these materials and supplies is interrupted, we may not be able to find suitable replacements. In addition, from time to time natural disasters can lead to a shortage of some of the above materials due to disruption of the manufacturer's production. We continually strive to maintain availability of all required materials, supplies and subcontract services. However, we do not have long-term agreements providing for all of these materials, supplies and services, and shortages could occur as a result of capacity limitations or production constraints on suppliers that could have a material adverse effect on our ability to achieve our production requirements.

Environmental liabilities could force us to expend significant capital and incur substantial costs

Various foreign and domestic federal, state, and local government agencies impose a variety of environmental regulations on the storage, handling, use, discharge and disposal of certain chemicals, gases and other substances used or produced in the semiconductor manufacturing process. Historically, compliance with these regulations has not had a material adverse effect on our capital expenditures, earnings, or competitive or financial position. There can be no assurance, however, that interpretation and enforcement of current or future environmental regulations will not impose costly requirements upon us. Any failure by us to adequately control the storage, handling, use, discharge or disposal of regulated substances could result in fines, suspension of production, alteration of wafer fabrication processes and legal liability, which may materially adversely impact our financial condition, results of operations or liquidity.

We may be unable to adequately protect our proprietary rights, which may impact our ability to compete effectively

We rely upon know-how, trade secrets, and patents to develop and maintain our competitive position. There can be no assurance that others will not develop or patent similar technology or reverse engineer our products or that the confidentiality agreements upon which we rely will be adequate to protect our interests. Moreover, the laws of some foreign countries generally do not protect proprietary rights to the same extent as the United States, and we may encounter problems in protecting our proprietary rights in those foreign countries. Other companies have obtained patents covering a variety of semiconductor designs and processes, and we could be required to obtain licenses under some of these patents or be precluded from making and selling the infringing products, if such patents are valid and other design and manufacturing solutions are not available. There can be no assurance that we would be able to obtain licenses, if required, upon commercially reasonable terms or at all.

We may suffer losses and business interruption if our products infringe the intellectual property rights of others

In the past, it has been common in the semiconductor industry for patent holders to offer licenses on reasonable terms and rates. Although the practice of offering licenses appears to be generally continuing, in some situations, typically where the patent directly relates to a specific product or family of products, patent holders have refused to grant licenses. In any of those cases, there can be no assurance that we would be able to obtain any necessary license on terms acceptable to us, if at all, or that we would be able to re-engineer our products or processes in a cost effective manner to avoid infringement. Any litigation in such a situation could involve an injunction to prevent the sales of a material portion of our products, the reduction or elimination of the value of related inventories and the assessment of a substantial monetary award for damages related to past sales, all of which could have a material adverse effect on our results of operations and financial condition.

We may experience losses related to intellectual property indemnity claims

We provide intellectual property indemnification for certain customers, distributors, suppliers and subcontractors for attorney fees and damages and costs awarded against these parties in certain circumstances in which our products are alleged to infringe third party intellectual property rights, including patents, registered trademarks and copyrights. In certain cases, there are limits on and exceptions to our potential liability for

indemnification relating to intellectual property infringement claims. We cannot estimate the amount of potential future payments, if any, that we might be required to make as a result of these agreements. To date, we have not been required to pay significant amounts for intellectual property indemnification claims. However, there can be no assurance that we will not have significant financial exposure under those intellectual property indemnification obligations in the future.

Business interruptions from natural disasters could harm our business

We operate our business in worldwide locations. Some of our facilities and those of our subcontractors are located in geologically unstable areas of the world and are susceptible to damage from natural disasters. In the event of a natural disaster, we may suffer a disruption in our operations that could adversely affect our results of operations.

Our financial condition, operations and liquidity may be materially adversely affected in the event of a catastrophic loss for which we are self-insured

We are primarily self-insured with respect to many of our commercial risks and exposures. Based on management's assessment and judgment, we have determined that it is generally more cost effective to self-insure these risks. The risks and exposures we self-insure include, but are not limited to, fire, property and casualty, natural disasters, product defects, political risk, general liability, theft, counterfeits, patent infringement, certain employment practice matters and medical benefits for many of our domestic (United States) employees. We also maintain insurance contracts with independent insurance companies that provide certain of our employees with health (medical and dental) benefits, worker's compensation coverage, long-term disability income coverage, life insurance coverage and fiduciary insurance coverage for employee and Company funds invested under the Employee Retirement Income and Security Act. In addition, we maintain officer and director liability coverage and certain property insurance contracts with independent insurance companies. Should there be catastrophic loss from events such as fires, explosions or earthquakes or other natural disasters, among many other risks, or adverse court or similar decisions in any area in which we are self-insured, our financial condition, results of operations and liquidity may be materially adversely affected.

Limitations in manufacturing capacity or delays in lead-time for delivery of products could adversely affect our future growth opportunities and results of operations

Limitations in manufacturing capacity and other supply constraints could impede our ability to grow revenues and meet increased customer demands for our products. Our results of operations may be adversely affected if we fail to meet such increase in demand for our products without significantly increasing the lead-time required for our delivery of such products. Any significant increase in the lead-time for delivery of products may negatively affect our customer relationships, reputation as a dependable supplier of products and ability to obtain future design wins, while potentially increasing order cancellations, aged, unsaleable or otherwise unrealized backlog, and the likelihood of our breach of supply agreement terms. Any of the foregoing factors could negatively affect our future revenue growth and results of operations.

We are subject to warranty claims and product liability

We face an inherent risk of exposure to product liability suits in connection with reliability problems or other product defects that may affect our customers. Our products are used by a variety of industries, including the transportation and medical industries. Failure of our products to perform to specifications, or other product defects, could lead to substantial damage to both the end product in which our device has been placed and to the user of such end product. Although we take measures to protect against product defects, if a product liability claim is brought against us, the cost of defending the claim could be significant and any adverse determination could have a material adverse effect on our results of operations.

We manufacture and sell products into many global jurisdictions where our efforts to contractually limit liability for certain damages, including consequential, indirect and non-proximately caused damages, may not be enforceable or may be found by a court to not apply in a particular situation. Likewise, as we continue to partner with certain customers we may be required to accept increasing exposure for liability, including product liability. We believe these relationships with key customers will continue to increase. While we attempt to structure our customer relationships to reduce such exposures, it is not always possible to limit or eliminate such liability. Should we choose to not enter into such relationships or limit the number of such relationships due to our inability to negotiate acceptable limits on liability, our revenues and financial operations could be materially adversely affected.

We may be liable for additional production costs and lost revenues to certain customers with whom we have entered into customer supply agreements if we are unable to meet certain product quantity and quality requirements

We enter into contracts with certain customers whereby we commit to supply quantities of specified parts at a predetermined scheduled delivery date. The number of such arrangements continues to increase as this practice becomes more commonplace. Should we be unable to supply the customer with the specific part at the quantity and product quality desired and on the scheduled delivery date, the customer may incur additional production costs. In addition, the customer may lose revenues due to a delay in receiving the parts necessary to have the end-product ready for sale to its customers or due to product quality issues. Under certain customer supply agreements, we may be liable for direct additional production costs or lost revenues. If products are not shipped on time or are quality deficient, we may be liable for penalties and resulting damages. Such liability, should it arise, and/or our inability to meet these commitments to our customers may have a material adverse impact on our results of operations and financial condition and could damage our relationships, reputation and goodwill with the affected customers.

We may pursue acquisitions and investments that could harm our operating results and may disrupt our business

Impairment of goodwill poses a financial risk for failed acquisitions. We have made and will continue to consider making strategic business investments, alliances and acquisitions we consider necessary or desirable to gain access to key technologies that we believe will augment our existing technical capability and support our business model objectives. Acquisitions, alliances and investments involve risks and uncertainties that may negatively impact our future financial performance. If integration of our acquired businesses is not successful, we may not realize the potential benefits of an acquisition or suffer other adverse effects that we currently do not foresee. We may also need to enter new markets in which we have no or limited experience and where competitors in such markets have stronger market positions.

Any of the foregoing, and other, factors could harm our ability to achieve anticipated levels of profitability from acquired businesses or to realize other anticipated benefits of acquisitions. In addition, because acquisitions of high technology companies are inherently risky, no assurance can be given that our previous or future acquisitions will be successful and will not adversely affect our business, operating results, or financial condition.

If we fail to enter into future vendor managed inventory arrangements or fail to supply the specific product or quantity under such arrangements, the results of our operations and financial condition may be materially adversely impacted

We enter into arrangements with certain original equipment manufacturers (“OEMs”) and Electronic Manufacturing Services (“EMS”) partners to consign quantities of certain products within close proximity of the OEMs and EMS partners’ manufacturing location. The inventory is physically segregated at these locations and we retain title and risk of loss related to this inventory until such time as the OEM or EMS partner pulls the inventory for use in its manufacturing process. Once the inventory is pulled by the OEM or EMS partner, title

and risk of loss pass to the customer, at which point we relieve inventory and recognize revenue and the related cost of goods sold. The specific quantities to be consigned are based on a forecast provided by the OEM or EMS partner. Generally, the arrangements with the OEMs and EMS partners provide for transfer of title and risk of loss once product has been consigned for a certain length of time.

We believe these arrangements will continue to grow in terms of number of customers and products and will increase in proportion to consolidated net revenues. Should we be unable or unwilling to enter into such agreements as requested by OEMs or EMS partners, our results of operations may be materially adversely impacted. In addition, should we be unable to supply the specific product in the quantity needed by the OEM or EMS partner as reflected in their forecast, we may be liable for damages, including, but not limited to, lost revenues and increased production costs which could have a material adverse impact on our results of operations and financial condition. Should we supply product in excess of the OEM or EMS partners actual usage, any inventory not consumed may become excess or obsolete, which would result in an inventory write off that could materially adversely affect our results of operations.

Our stock price may be volatile

The market price of our common stock has fluctuated significantly. In the future, the market price of our common stock could be subject to significant fluctuations due to general economic and market conditions and in response to quarter-to-quarter variations including, but not limited to, the following:

- our anticipated or actual results of operations;
- announcements or introductions of new products by us or our competitors;
- anticipated or actual operating results of our customers, peers or competitors;
- technological innovations or setbacks by us or our competitors;
- conditions in our four major markets;
- the commencement or outcome of litigation or governmental investigations;
- change in ratings and estimates of our performance by securities analysts;
- announcements of merger, acquisition or divestiture transactions;
- dividend changes;
- changes in our capital structure, including any decision we make in regard to the repurchase of our common stock;
- management changes;
- supply constraints;
- semiconductor industry cyclicity;
- our inclusion in certain stock indices;
- our ability to maintain compliance with the SEC reporting requirements; and
- other events or factors beyond our control.

The market prices and trading volumes of many high technology companies, including semiconductor companies, are subject to volatility due to a variety of microeconomic, macroeconomic, and other factors. In some instances, these fluctuations can be unrelated or disproportionate to the operating performance of the affected companies. Any such fluctuation could harm the market price of our common stock.

Our ability to service our debt obligations, including \$300 million of senior unsecured notes, requires sufficient cash flow from our future operations

In June 2010, the Company issued \$300 million in senior, unsecured debt due in 2013 with an effective interest rate of 3.49%. Interest is payable semi-annually on December 14 and June 14. The debt indenture includes covenants that limit the Company's ability to grant liens on its facilities and to enter into sale and leaseback transactions, which could limit the Company's ability to secure debt funding in the future. In circumstances involving a change of control of the Company followed by a downgrade of the rating of the Company's notes, the Company would be required to make an offer to repurchase these notes at a purchase price equal to 101% of the aggregate principal amount, plus accrued and unpaid interest. The Company's ability to repurchase the notes in such events may be limited by the Company's then-available financial resources or by the terms of other agreements to which the Company is a party. Although the Company currently has the funds necessary to retire this debt, funds might not be available to repay the notes when they become due in the future.

If the Company fails to pay interest when due, fails to repay the notes when due or materially breaches other loan covenants, it would constitute an event of default under the indenture governing the notes which, in turn, may also constitute an event of default under other obligations of the Company. Any event of default under the indenture or other obligations of the Company and any additional obligations and restrictions imposed as a result thereof could negatively impact our financial results.

Our financial results may be adversely affected by increased tax rates and exposure to additional tax liabilities

A number of factors may increase our future effective tax rates, including, but not limited to:

- the jurisdictions in which profits are determined to be earned and taxed;
- recent changes in our global structure that involve an increased investment in technology outside of the United States to better align asset ownership and business functions with revenues and profits;
- the resolution of issues arising from tax audits with various tax authorities;
- changes in the valuation of our deferred tax assets and liabilities;
- adjustments to estimated taxes upon finalization of various tax returns;
- increases in expenses not deductible for tax purposes, including impairments of goodwill in connection with acquisitions;
- changes in available tax credits;
- changes in share-based compensation;
- changes in tax laws or the interpretation of such tax laws, and changes in generally accepted accounting principles; and
- the repatriation of non-U.S. earnings for which we have not previously provided for U.S. taxes.

We are subject to taxation in various countries and jurisdictions. Significant judgment is required to determine tax liabilities on a worldwide basis. Any significant increase in our future effective tax rates could reduce net income for future periods and may have a material adverse impact on our results of operations.

We may be materially adversely affected by currency fluctuations or changes in trade policies

We conduct our manufacturing and other operations in various worldwide locations. A portion of our operating costs and expenses at foreign locations are paid in local currencies. Many of the materials used in our products and much of the manufacturing process for our products are supplied by foreign companies or by our

foreign operations, such as our test operations in the Philippines and Thailand. Approximately 88%, 85% and 85% of our net revenues in fiscal years 2012, 2011 and 2010, respectively, were from international sales. Accordingly, both manufacturing and sales of our products may be adversely affected by political or economic conditions abroad. In addition, various forms of protectionist trade legislation are routinely proposed in the United States and certain foreign countries. A change in current tariff structures or other trade policies could adversely affect our foreign manufacturing or marketing strategies. Currency exchange fluctuations could also decrease revenue and increase our operating costs, the cost of components manufactured abroad, and the cost of our products to foreign customers, or decrease the costs of products produced by our foreign competitors.

We are subject to a variety of domestic and international laws and regulations, including the U.S. Customs and Export Regulations

Among other laws and regulations, we are subject to U.S. Customs and Export Regulations, including U.S. International Traffic and Arms Regulations and similar laws, which collectively control import, export and sale of technologies by companies and various other aspects of the operation of our business. Failure to comply with such laws and regulations may result in civil and criminal enforcement, including monetary fines and possible injunctions against shipment of product or other activities of the Company, which could have a material adverse impact on our results of operations and financial condition.

If we fail to attract and retain qualified personnel, or fail to efficiently implement management organizational changes, our business may be harmed

Our success depends to a significant extent upon the continued service of our chief executive officer, our other executive officers, and key management and technical personnel, particularly our experienced engineers and business unit managers, and on our ability to continue to attract, retain, and motivate qualified personnel and our ability to identify and appropriately handle under-performing personnel. The loss of the services of one or several of our executive officers could have a material adverse effect on us. In addition, there could be a material adverse effect on us should the turnover rates for engineers and other key personnel increase significantly or should we be unable to continue to attract, motivate and retain qualified personnel through economic and other incentives or through other means. Should we lose one or more engineers who are key to a project's completion during the course of a particular project, the project's completion may be delayed. Such a delay could negatively affect customer relationships and goodwill and could have a material adverse effect on our results of operations. Further, we periodically implement changes to the organization of our management. Failure to implement such changes efficiently could have a material adverse effect on our results of operation.

Our certificate of incorporation contains certain anti-takeover provisions that may discourage, delay or prevent a hostile change in control of our Company

Our certificate of incorporation permits our Board of Directors to authorize the issuance of up to 2,000,000 shares of preferred stock and to determine the rights, preferences and privileges and restrictions applicable to such shares without any further vote or action by our stockholders. Any such issuance might discourage, delay or prevent a hostile change in control of our Company.

Generally Accepted Accounting Principles require us to utilize estimates which may lead to volatility in reported earnings and balances

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates relate to the useful lives and fair value of fixed assets, valuation allowance for deferred tax assets, reserves relating to uncertain tax positions, allowances for doubtful accounts, customer returns and allowances, inventory valuation, reserves

relating to litigation matters, assumptions about the fair value of reporting units, goodwill and other intangibles impairment, accrued liabilities and reserves and assumptions related to the calculation of stock-based compensation. The Company bases its estimates and judgments on its historical experience, knowledge of current conditions and its beliefs regarding what could occur in the future, given available information. Actual results may differ from those estimates, and such differences may be material to the financial statements. Additionally, new accounting pronouncements and guidance have been promulgated by the Financial Accounting Standards Board (“FASB”) that require companies to regularly attempt to determine or estimate the fair value of certain assets and liabilities and adjust those amounts to reflect the revised estimates. Recent pronouncements have broadened this trend to direct how to estimate and account for fair value measurements as well as give companies the option to apply fair value measurements more broadly to many financial assets and liabilities.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We relocated our principal executive offices to San Jose, California in June 2012. Manufacturing and other operations are conducted in several locations worldwide. The following table provides certain information regarding our principal owned and leased offices and manufacturing facilities at June 30, 2012:

<u>Owned Property Location</u>	<u>Use(s)</u>	<u>Approximate Floor Space</u> (sq. ft.)
San Jose, California	Corporate headquarters, office space, engineering, manufacturing, administration, customer services, shipping, and other	435,000
San Jose, California	Wafer fabrication, office space and administration	80,000
Sunnyvale, California	Office space and engineering space (not being utilized currently)	23,000
N. Chelmsford, Massachusetts	Engineering, office space and administration	30,000
Beaverton, Oregon	Wafer fabrication, engineering, office space and administration	226,000
Hillsboro, Oregon	Engineering, manufacturing, office space and administration	325,000
Farmers Branch, Texas	Office space, engineering, manufacturing, administration, bump facility, customer service, warehousing, shipping, and other (240,000 sq.ft. are not being utilized currently)	704,000
Irving, Texas	Wafer fabrication space, office space and administration (not being utilized currently)	622,000
San Antonio, Texas	Wafer fabrication, office space and administration	381,000
Cavite, the Philippines	Manufacturing, engineering, administration, office space, customer service, shipping, and other	479,000
Batangas, the Philippines	Manufacturing, engineering, office space and other	78,000
Chonburi Province, Thailand	Manufacturing, engineering, administration, office space, customer service, shipping, and other	144,000
Bangalore, India	Land	4.6 acres
Chandler, Arizona	Office space, engineering, and test	65,000

In addition to the property listed in the above table, we also lease sales, engineering, administration and manufacturing offices and other premises at various locations in the United States and overseas under operating leases, none of which are material to our future cash flows. These leases expire at various dates through 2025. We anticipate no difficulty in retaining occupancy of any of our manufacturing, office or sales facilities through lease renewals prior to expiration or through month-to-month occupancy or in replacing them with equivalent facilities.

We expect these facilities to be adequate for our business purposes through at least the next 12 months.

ITEM 3. LEGAL PROCEEDINGS

Legal Proceedings

We are party or subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business, including proceedings and claims that relate to intellectual property matters and acquisitions we have completed or to companies we have acquired or are attempting to acquire. While the outcome of these matters cannot be predicted with certainty, we do not believe that the outcome of any of these matters, individually or in the aggregate, will result in losses that are materially in excess of amounts already recognized or reserved, if any.

Indemnifications

The Company indemnifies certain customers, distributors, suppliers and subcontractors for attorney fees, damages and costs awarded against such parties in certain circumstances in which the Company's products are alleged to infringe third party intellectual property rights, including patents, registered trademarks or copyrights. The terms of the Company's indemnification obligations are generally perpetual from the effective date of the agreement. In certain cases, there are limits on and exceptions to the Company's potential liability for indemnification relating to intellectual property infringement claims.

Legal Fees Associated with Indemnification Obligations, Defense and Other Related Costs

Pursuant to the Company's charter documents and separate written indemnification agreements, the Company has certain indemnification obligations to its current officers and directors, as well as certain former officers and directors. Pursuant to such obligations, the Company has incurred expenses related to legal fees and expenses advanced to certain former officers of the Company who were subject to civil suits and civil charges by the SEC in connection with Maxim's historical stock option granting practices. The Company expenses such amounts as incurred.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the NASDAQ Global Select Market ("NASDAQ") under the symbol MXIM. At August 7, 2012, there were 872 stockholders of record of our common stock.

The following table sets forth the range of the high and low closing prices by quarter for fiscal years 2012 and 2011:

	<u>High</u>	<u>Low</u>
Fiscal Year ended June 30, 2012		
First Quarter	\$25.95	\$21.08
Second Quarter	\$27.08	\$22.92
Third Quarter	\$29.19	\$25.95
Fourth Quarter	\$29.86	\$24.41
	<u>High</u>	<u>Low</u>
Fiscal Year ended June 25, 2011		
First Quarter	\$18.54	\$15.87
Second Quarter	\$24.82	\$17.81
Third Quarter	\$28.10	\$23.58
Fourth Quarter	\$28.34	\$23.79

The following table sets forth the dividends paid per share for fiscal years 2012 and 2011:

	Fiscal Years	
	<u>2012</u>	<u>2011</u>
First Quarter	\$0.22	\$0.21
Second Quarter	\$0.22	\$0.21
Third Quarter	\$0.22	\$0.21
Fourth Quarter	\$0.22	\$0.21

Issuer Purchases of Equity Securities

The following table summarizes the activity related to stock repurchases for the three months ended June 30, 2012:

Issuer Repurchases of Equity Securities				
(in thousands, except per share amounts)				
	Total Number of Shares Purchased	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Amount That May Yet Be Purchased Under the Plans or Programs
Apr. 1, 2012 - Apr. 28, 2012	535	\$27.74	535	\$592,645
Apr. 29, 2012 - May 26, 2012	630	\$27.19	630	\$575,515
May 27, 2012 - Jun. 30, 2012	955	\$25.46	955	\$551,204
Total	<u>2,120</u>	\$26.55	<u>2,120</u>	\$551,204

In August 2011, the Board of Directors authorized the Company to repurchase up to \$750 million of the Company's common stock from time to time at the discretion of the Company's management. This stock repurchase authorization has no expiration date. All prior authorizations by the Company's Board of Directors for the repurchase of common stock were canceled and superseded by this authorization.

During fiscal year 2012, the Company repurchased approximately 9.9 million shares of its common stock for \$246.4 million. As of June 30, 2012, the Company had remaining authorization of \$551.2 million for future share repurchases. The number of shares to be repurchased and the timing of such repurchases will be based on several factors, including the price of the Company's common stock and liquidity and general market and business conditions.

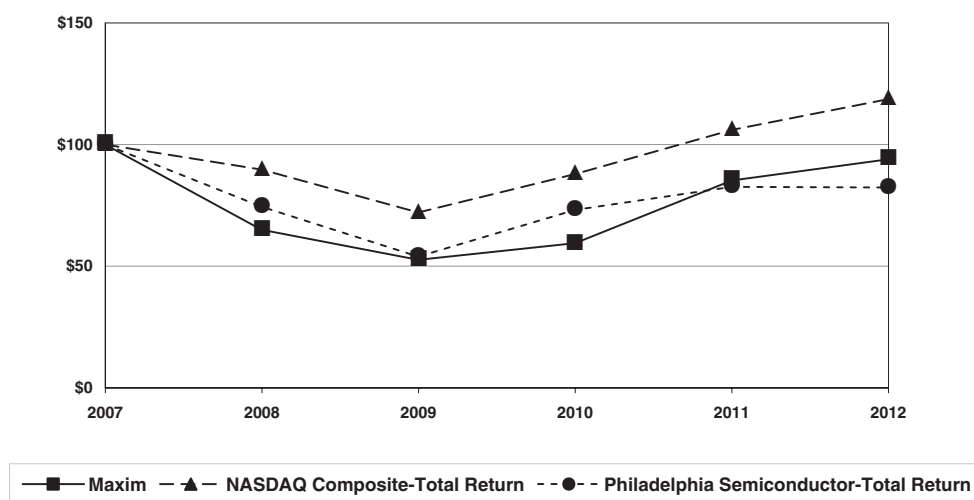
Equity Compensation Plan Information

For important information regarding our equity compensation plans, please see Note 6, "Stock-Based Compensation," in the Notes to the Consolidated Financial Statements included in this Annual Report.

Stock Performance Graph

The line graph below compares the cumulative total stockholder return on our common stock with the cumulative total return of the NASDAQ Composite Stock Index and the Philadelphia Semiconductor index for the five years ended June 30, 2012. The graph and table assume that \$100 was invested on June 29, 2007 (the last day of trading for the year ended June 30, 2007) in each of our common stock, the NASDAQ Composite Stock Index and the SPDR S&P Semiconductor Index, and that all dividends were reinvested. Cumulative total stockholder returns for our common stock, the NASDAQ Composite Stock Index and the Philadelphia Semiconductor index are based on our fiscal year.

Comparison of Cumulative Five Year Total Return



	Base Year	Fiscal Year Ended				
	June 30, 2007	June 28, 2008	June 27, 2009	June 26, 2010	June 25, 2011	June 30, 2012
Maxim Integrated Products, Inc.	100.00	64.93	52.68	59.42	85.30	94.01
NASDAQ Composite-Total Return	100.00	89.69	71.94	87.84	105.90	118.54
Philadelphia Semiconductor-Total Return	100.00	74.33	53.98	73.22	82.65	82.31

ITEM 6. SELECTED FINANCIAL DATA

Set forth below is a summary of certain consolidated financial information with respect to the Company as of the dates and for the periods indicated. The data set forth below as of June 30, 2012 and June 25, 2011 and for each of the three years in the period ended June 30, 2012 are derived from and should be read in conjunction with, and are qualified by reference to, Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8 — Financial Statements and Supplementary Data, and notes thereto included elsewhere in this Annual Report. The following selected financial data as of June 26, 2010, June 27, 2009, and June 28, 2008 and for the two years in the period ended June 27, 2009 is derived from our consolidated financial statements not included herein. The historical results are not necessarily indicative of the results to be expected in any future period.

	Fiscal Year Ended				
	June 30, 2012	June 25, 2011	June 26, 2010	June 27, 2009	June 28, 2008
	(Amounts in thousands, except percentages and per share data)				
Consolidated Statements of					
Income Data:					
Net revenues	\$2,403,529	\$2,472,341	\$1,997,603	\$1,646,015	\$2,052,783
Cost of goods sold	952,677	942,377	804,537	797,138	804,083
Gross margin	\$1,450,852	\$1,529,964	\$1,193,066	\$ 848,877	\$1,248,700
Gross margin %	60.4%	61.9%	59.7%	51.6%	60.8%
Operating income	\$ 534,797	\$ 673,039	\$ 292,050	\$ 17,378	\$ 426,053
% of net revenues	22.3%	27.2%	14.6%	1.1%	20.8%
Income from continuing operations	\$ 354,918	\$ 489,009	\$ 125,139	\$ 10,455	\$ 317,725
Income from discontinued operations, net of tax	31,809	—	—	—	—
Net income	\$ 386,727	\$ 489,009	\$ 125,139	\$ 10,455	\$ 317,725
Earnings per share: basic					
From continuing operations	\$ 1.21	\$ 1.65	\$ 0.41	\$ 0.03	\$ 0.99
From discontinued operations	0.11	—	—	—	—
Basic net income per share ..	\$ 1.32	\$ 1.65	\$ 0.41	\$ 0.03	\$ 0.99
Earnings per share: diluted					
From continuing operations	\$ 1.18	\$ 1.61	\$ 0.40	\$ 0.03	\$ 0.98
From discontinued operations	0.11	—	—	—	—
Diluted net income per share	\$ 1.29	\$ 1.61	\$ 0.40	\$ 0.03	\$ 0.98
Shares used in the calculation of earnings per share:					
Basic	292,810	296,755	304,579	310,805	320,553
Diluted	300,002	303,377	310,016	311,479	325,846
Dividends paid per share	\$ 0.88	\$ 0.84	\$ 0.80	\$ 0.80	\$ 0.75

	As of				
	<u>June 30, 2012</u>	<u>June 25, 2011</u>	<u>June 26, 2010</u>	<u>June 27, 2009</u>	<u>June 28, 2008</u>
	(Amounts in thousands)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and short-term investments	\$ 956,386	\$1,012,887	\$ 826,512	\$ 913,403	\$1,218,198
Working capital	\$ 943,977	\$1,313,512	\$1,174,096	\$1,316,175	\$1,627,406
Total assets	\$3,737,946	\$3,527,743	\$3,482,325	\$3,081,775	\$3,708,390
Long-term debt	\$ 5,592	\$ 300,000	\$ 300,000	\$ —	\$ —
Stockholders' equity	\$2,538,277	\$2,510,818	\$2,352,958	\$2,594,465	\$3,147,811

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and notes thereto included in Part II, Item 8, the risk factors included in Part I, Item 1A, and the “forward-looking statements” and other risks described herein and elsewhere in this Annual Report before making an investment decision regarding our common stock.

Overview

We are a global company with manufacturing facilities in the United States, the Philippines and Thailand, and sales offices and design centers throughout the world. We design, develop, manufacture and market linear and mixed-signal integrated circuits, commonly referred to as analog circuits, for a large number of customers in diverse geographical locations. The analog market is fragmented and characterized by diverse applications, a great number of product variations and, with respect to many circuit types, relatively long product life cycles. The major end-markets in which we sell our products are the industrial, communications, consumer and computing markets. We are incorporated in the State of Delaware.

Critical Accounting Policies

The methods, estimates and judgments we use in applying our most critical accounting policies have a significant impact on the results we report in our financial statements. The SEC has defined the most critical accounting policies as the ones that are most important to the portrayal of our financial condition and results of operations, and that require us to make our most difficult and subjective accounting judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, our most critical accounting policies include revenue recognition, which impact the recording of revenues; valuation of inventories, which impacts costs of goods sold and gross margins; the assessment of recoverability of long-lived assets, which impacts write-offs of fixed assets; assessment of recoverability of intangible assets and goodwill, which impacts write-offs of goodwill and intangible assets; accounting for stock-based compensation, which impacts cost of goods sold, gross margins and operating expenses; accounting for income taxes, which impacts the income tax provision; and assessment of litigation and contingencies, which impacts charges recorded in cost of goods sold, selling, general and administrative expenses and income taxes. These policies and the estimates and judgments involved are discussed further below. We have other significant accounting policies that either do not generally require estimates and judgments that are as difficult or subjective, or it is less likely that such accounting policies would have a material impact on our reported results of operations for a given period. Our significant accounting policies are described in Note 2 to the Consolidated Financial Statements included in this Annual Report.

Revenue Recognition

The Company recognizes revenue for sales to direct customers and sales to certain distributors upon shipment, provided that persuasive evidence of a sales arrangement exists, the price is fixed or determinable, title and risk of loss has transferred, collectability of the resulting receivable is reasonably assured, there are no customer acceptance requirements and we do not have any significant post-shipment obligations. The Company estimates returns for sales to direct customers and certain distributors based on historical returns rates applied against current period gross revenues. Specific customer returns and allowances are considered within this estimate.

Sales to certain distributors are made pursuant to agreements allowing for the possibility of certain sales price rebates and for non-warranty product return privileges. The non-warranty product return privileges include allowing certain distributors to return a small portion of our products in their inventory based on their previous purchases. Given the uncertainties associated with the levels of non-warranty product returns and sales price

rebates that could be issued to certain distributors, the Company defers recognition of such revenue and related cost of goods sold until receipt of notification from these distributors that product has been sold to their end-customers.

Accounts receivable from direct customers and distributors are recognized and inventory is relieved upon shipment as title to inventories generally transfers upon shipment at which point the Company has a legally enforceable right to collection under normal terms. Accounts receivable related to consigned inventory is recognized when the customer takes title to such inventory from its consigned location at which point inventory is relieved, title transfers, and the Company has a legally enforceable right to collection under the terms of our agreement with the related customers.

The Company estimates potential future returns and sales allowances related to current period product revenue. Management analyzes historical returns, changes in customer demand and acceptance of products when evaluating the adequacy of returns and sales allowances. Estimates made by us may differ from actual returns and sales allowances. These differences may materially impact reported revenue and amounts ultimately collected on accounts receivable. Historically, such differences have not been material. At June 30, 2012 and June 25, 2011, the Company had \$11.4 million and \$16.0 million accrued for returns and allowances against accounts receivable, respectively. During fiscal years 2012 and 2011, the Company recorded \$61.0 million and \$74.5 million for estimated returns and allowances against revenues, respectively. These amounts were offset by \$65.6 million and \$73.5 million for actual returns and allowances given during fiscal years 2012 and 2011, respectively.

Inventories

Inventories are stated at the lower of (i) standard cost, which approximates actual cost on a first-in-first-out basis, or (ii) market value. Our standard cost revision policy is to continuously monitor manufacturing variances and quarterly revise standard costs. Because of the cyclical nature of the market, inventory levels, obsolescence of technology, and product life cycles, we generally write-down inventories to net realizable value based on 12 months forecasted product demand. Actual demand and market conditions may be lower than those projected by us. This difference could have a material adverse effect on our gross margin should inventory write-downs beyond those initially recorded become necessary. Alternatively, should actual demand and market conditions be more favorable than those estimated by us, gross margin could be favorably impacted. Historically, such differences have not been material. During fiscal years 2012, 2011 and 2010, we had inventory write-downs of \$26.1 million, \$13.8 million and \$3.7 million, respectively.

Long-Lived Assets

We evaluate the recoverability of property, plant and equipment in accordance with Accounting Standards Codification (“ASC”) No. 360, *Accounting for the Property, Plant, and Equipment* (“ASC 360”). We perform periodic reviews to determine whether facts and circumstances exist that would indicate that the carrying amounts of property, plant and equipment might not be fully recoverable. If facts and circumstances indicate that the carrying amount of property, plant and equipment might not be fully recoverable, we compare projected undiscounted net cash flows associated with the related asset or group of assets over their estimated remaining useful lives against their respective carrying amounts. In the event that the projected undiscounted cash flows are not sufficient to recover the carrying value of the assets, the assets are written down to their estimated fair values based on the expected discounted future cash flows attributable to the assets. Evaluation of impairment of property, plant and equipment requires estimates in the forecast of future operating results that are used in the preparation of the expected future undiscounted cash flows. Actual future operating results and the remaining economic lives of our property, plant and equipment could differ from our estimates used in assessing the recoverability of these assets. These differences could result in impairment charges, which could have a material adverse impact on our results of operations. We recorded impairment charges of \$30.1 million, \$0.0 million and \$8.3 million during fiscal years 2012, 2011 and 2010, respectively.

Intangible Assets and Goodwill

We account for intangible assets in accordance with ASC 360. We review goodwill and purchased intangible assets with indefinite lives for impairment annually and whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable, such as when reductions in demand or significant economic slowdowns in the semiconductor industry are present.

Intangible assets reviews are performed to determine whether the carrying value is impaired, based on comparisons to undiscounted expected future cash flows. If this comparison indicates that there is impairment, the impaired asset is written down to fair value, which is typically calculated using: (i) quoted market prices or (ii) discounted expected future cash flows utilizing a discount rate consistent with the guidance provided in FASB Concepts Statement No. 7, *Using Cash Flow Information and Present Value in Accounting Measurements*. Impairment is based on the excess of the carrying amount over the fair value of those assets.

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. In accordance with ASC No. 350, *Intangibles-Goodwill and Other* ("ASC 350"), we test goodwill for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis in the first quarter or more frequently if we believe indicators of impairment exist. The performance of the test involves a two-step process. The first step of the impairment test involves comparing the fair values of the applicable reporting units with their aggregate carrying values, including goodwill. We generally determine the fair value of our reporting units using the income approach methodology of valuation that includes the discounted cash flow method as well as other generally accepted valuation methodologies. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, we perform the second step of the goodwill impairment test to determine the amount of impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill. No impairment charges were recorded associated with our goodwill and intangible assets during fiscal years 2012, 2011, and 2010.

Stock-Based Compensation

We account for stock-based compensation in accordance with ASC 718, *Compensation in Stock Compensation* ("ASC 718"). ASC 718 requires the recognition of the fair value of stock-based compensation for all stock-based payment awards, including grants of stock options and other awards made to our employees and directors in exchange for services, in the income statement. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. Accordingly, stock-based compensation cost is measured at the grant date, based on the fair value of the awards ultimately expected to vest and is recognized as an expense, on a straight-line basis, over the requisite service period. We use the Black-Scholes valuation model to measure the fair value of our stock-based awards utilizing various assumptions with respect to expected holding period, risk-free interest rates, stock price volatility and dividend yield. ASC 718 also requires forfeitures to be estimated at the time of grant and revised if necessary in subsequent periods if actual forfeitures or vesting differ from those estimates. Such revisions could have a material effect on our operating results. The assumptions we use in the valuation model are based on subjective future expectations combined with management judgment. If any of the assumptions used in the Black-Scholes model changes significantly, stock-based compensation for future awards may differ materially compared to the awards granted previously.

Accounting for Income Taxes

We must make certain estimates and judgments in the calculation of income tax expense, determination of uncertain tax positions, and in the determination of whether deferred tax assets are more likely than not to be realized. The calculation of our income tax expense and income tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations.

ASC 740-10, *Income Taxes* (“ASC 740-10”), prescribes a recognition threshold and measurement framework for financial statement reporting and disclosure of tax positions taken or expected to be taken on a tax return. Under ASC 740-10, a tax position is recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination, including resolution of any related appeals or litigation processes. A tax position that meets the recognition threshold is then measured to determine the largest amount of the benefit that has a greater than 50% likelihood of being realized upon settlement. Although we believe that the Company’s computation of tax benefits to be recognized and realized are reasonable, no assurance can be given that the final outcome will not be different from what was reflected in our income tax provisions and accruals. Such differences could have a material impact on our net income and operating results in the period in which such determination is made. See Note 16 to the Consolidated Financial Statements accompanying this Annual Report for further information related to ASC 740-10.

We evaluate our deferred tax asset balance and record a valuation allowance to reduce the net deferred tax assets to the amount that is more likely than not to be realized. In the event it is determined that the deferred tax assets to be realized in the future would be in excess of the net recorded amount, an adjustment to the deferred tax asset valuation allowance would be recorded. This adjustment would increase income, or additional paid in capital, as appropriate, in the period such determination was made. Likewise, should it be determined that all or part of the net deferred tax asset would not be realized in the future, an adjustment to increase the deferred tax asset valuation allowance would be charged to income in the period such determination is made. In assessing the need for a valuation allowance, historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and practicable tax planning strategies are considered. Realization of our deferred tax asset is dependent primarily upon future U.S. taxable income. Our judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors. These changes, if any, may require material adjustments to the net deferred tax asset and an accompanying reduction or increase in net income in the period in which such determinations are made.

Litigation and Contingencies

From time to time, we receive notices that our products or manufacturing processes may be infringing the patent or other intellectual property rights of others, notices of stockholder litigation or other lawsuits or claims against us. We periodically assess each matter in order to determine if a contingent liability in accordance with ASC No. 450, *Accounting for Contingencies* (“ASC 450”), should be recorded. In making this determination, management may, depending on the nature of the matter, consult with internal and external legal counsel and technical experts. We expense legal fees associated with consultations and defense of lawsuits as incurred. Based on the information obtained, combined with management’s judgment regarding all of the facts and circumstances of each matter, we determine whether a contingent loss is probable and whether the amount of such loss can be estimated. Should a loss be probable and estimable, we record a contingent loss in accordance with ASC 450. In determining the amount of a contingent loss, we take into consideration advice received from experts in the specific matter, current status of legal proceedings, settlement negotiations which may be ongoing, prior case history and other factors. Should the judgments and estimates made by management be incorrect, we may need to record additional contingent losses that could materially adversely impact our results of operations.

Alternatively, if the judgments and estimates made by management are incorrect and a particular contingent loss does not occur, the contingent loss recorded would be reversed thereby favorably impacting our results of operations.

Pursuant to the Company’s charter documents and separate written indemnification agreements, we have certain indemnification obligations to our current officers and directors, as well as certain former officers and directors. Pursuant to such obligations, we have incurred substantial expenses related to legal fees for certain former officers of the Company subject to civil charges by the SEC and other governmental agencies in connection with Maxim’s historical stock option granting practices. During fiscal year 2010, the Company recorded a \$173.0 million charge in connection with an agreement to settle the class action complaint regarding

its historical stock option granting practices and on July 23, 2010, the Company paid such amount into an escrow fund in accordance with the terms of the settlement. Please refer to Note 13, “Commitments and Contingencies” in the Notes to Consolidated Financial Statements included elsewhere in this Annual Report for more information on the litigation and associated settlement.

Results of Operations

The following table sets forth certain Consolidated Statements of Income data expressed as a percentage of net revenues for the periods indicated:

	June 30, 2012	June 25, 2011	June 26, 2010
Net revenues	100%	100%	100%
Cost of goods sold	39.6%	38.1%	40.3%
Gross margin	60.4%	61.9%	59.7%
Operating expenses:			
Research and development	23.0%	21.2%	23.8%
Selling, general and administrative	13.4%	11.8%	12.1%
Intangible asset amortization	0.7%	0.8%	0.5%
Impairment of long-lived assets	1.3%	— %	0.4%
Severance and restructuring expenses	0.3%	0.1%	— %
Other operating (income) expenses, net	(0.5)%	0.8%	8.3%
Total operating expenses	38.2%	34.7%	45.1%
Operating income	22.2%	27.2%	14.6%
Interest (expense) income and other, net	(0.1)%	(0.5)%	0.4%
Income before provision for income taxes	22.1%	26.7%	15.0%
Provision for income taxes	7.4%	7.0%	8.8%
Income from continuing operations	14.7%	19.7%	6.2%
Income from discontinued operations, net of tax	1.3%	— %	— %
Net income	16.0%	19.7%	6.2%

The following table shows pre-tax stock-based compensation included in the components of the Consolidated Statements of Income reported above as a percentage of net revenues for the periods indicated:

	For the Year Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
Cost of goods sold	0.5%	0.6%	0.8%
Research and development	2.0%	2.2%	2.7%
Selling, general and administrative	1.1%	1.0%	1.2%
	3.6%	3.8%	4.7%

Net Revenues

We reported net revenues of \$2,403.5 million, \$2,472.3 million and \$1,997.6 million in fiscal years 2012, 2011 and 2010, respectively. Our net revenues in fiscal year 2012 decreased by 3% compared to our net revenues in fiscal year 2011. This decrease occurred primarily due to decreased demand for our products in three of our end markets. Revenue from communications products, computing products and industrial products were down 21%, 19% and 10%, respectively. These decreases were offset by increases in consumer products revenues of 21%, primarily from cell phones and smart phones.

Our net revenues in fiscal year 2011 increased by 24% compared to our net revenues in fiscal year 2010. This increase occurred in three of our end markets due to increased demand for our products, resulting in increased units shipped and increased average selling prices. Revenue from industrial products were up 35%, consumer products were up 28% and communications products were up 26%. Computing products were flat year over year mainly due to exiting certain notebook products with low gross margin and focusing on a better mix, which resulted in a 16% decrease in notebook revenue that offset the growth in other market segments.

Approximately 88%, 85% and 85% of the Company's net revenues in fiscal years 2012, 2011 and 2010, respectively, were derived from customers located outside the United States, primarily in the Pacific Rim, Europe, and Japan. While sales are primarily denominated in U.S. dollars, the Company enters into foreign currency forward contracts to mitigate its risks on firm commitments and net monetary assets denominated in foreign currencies. The impact of changes in foreign exchange rates on net revenues and the Company's results of operations for fiscal years 2012, 2011 and 2010 were immaterial.

Gross Margin

Our gross margin as a percentage of net revenue was 60.4% in fiscal year 2012 compared to 61.9% in fiscal year 2011. The year over year decrease in gross margin was primarily attributable to lower factory utilization and higher inventory reserves of \$13.1 million.

Our gross margin as a percentage of net revenue was 61.9% in fiscal year 2011 compared to 59.7% in fiscal year 2010. Year over year improvements in gross margin was primarily due to higher factory utilization, and decreased stock-based compensation as a percentage of revenue.

Research and Development

Research and development expenses were \$552.4 million and \$525.3 million for fiscal years 2012 and 2011, respectively, which represented 23.0% and 21.2% of net revenues, respectively. The increase in research and development expenses was largely attributable to an increase in salaries and fringe expenses of \$17.9 million, primarily related to annual salary adjustments and an extra week in fiscal year 2012.

Research and development expenses were \$525.3 million and \$474.7 million for fiscal years 2011 and 2010, respectively, which represented 21.2% and 23.8% of net revenues, respectively. The increase in research and development expenses was largely attributable to an increase in salaries and bonuses of \$28.1 million, primarily due to increased headcount and higher bonus levels in connection with increased profitability for fiscal year 2011.

The level of research and development expenditures as a percentage of net revenues will vary from period to period depending, in part, on the level of net revenues and on our success in recruiting the technical personnel needed for our new product introductions and process development. We view research and development expenditures as critical to maintaining a high level of new product introductions, which in turn are critical to our plans for future growth.

Selling, General and Administrative

Selling, general and administrative expenses were \$321.3 million and \$292.5 million in fiscal years 2012 and 2011, respectively, which represented 13.4% and 11.8% of net revenues, respectively. The increase in selling, general, and administrative expenses for fiscal year 2012 as compared to fiscal year 2011 was largely attributable to an increase in salaries and fringe expenses of \$14.2 million, primarily due to annual salaries adjustments and an extra week in fiscal 2012. In addition, legal expense increased by \$5.1 million.

Selling, general and administrative expenses were \$292.5 million and \$242.1 million in fiscal years 2011 and 2010, respectively, which represented 11.8% and 12.1% of net revenues, respectively. The increase in selling, general, and administrative expenses for fiscal year 2011 as compared to fiscal year 2010 was largely attributable to an increase in salaries, bonuses, and benefits of \$35.5 million, primarily due to increased headcount and higher bonus levels in connection with increased profitability for fiscal year 2011. In addition, travel and expensed equipment increased \$6.9 million due to our headcount and business growth requirements.

The level of selling, general and administrative expenditures as a percentage of net revenues will vary from period to period, depending on the level of net revenues and our success in recruiting sales and administrative personnel needed to support our operations.

Intangible Asset Amortization Expenses

Intangible asset amortization expenses were \$16.7 million and \$18.8 million in fiscal years 2012 and 2011, respectively. The decrease in intangible asset amortization expenses was attributable primarily to fiscal year 2011 amortization of customer related intangibles pertaining to the acquisition of Teridian Semiconductor, Inc (“Teridian”) in May 2010, which did not recur in fiscal year 2012.

Intangible asset amortization expenses were \$18.8 million and \$10.5 million in fiscal years 2011 and 2010, respectively. The increase in intangible asset amortization expenses was primarily attributable to the acquisition of Teridian in the fourth quarter of fiscal year 2010 and Phyworks in the first quarter of fiscal year 2011.

Impairment of Long-lived Assets

Impairment of long lived assets was \$30.1 million in fiscal year 2012 and \$0.0 million in fiscal year 2011. The increase in impairments during fiscal year 2012 was due primarily to write-downs of certain buildings classified in the period as held for sale and certain assets identified as excess, including wafer fabrication and certain end of line manufacturing equipment.

Impairment of long lived assets was \$0.0 million in fiscal year 2011 and \$8.3 million in fiscal year 2010. The decrease in impairments during fiscal year 2011 was mainly due to \$5.0 million end of line sorting and testing equipment write-down to its estimated fair value and a \$3.3 million write-down of Oregon fabrication facility equipment in fiscal year 2010.

Other Operating Income (Expenses), Net

Other operating expenses, net include legal and accounting fees directly attributable to the restatement of our previously filed financial statements completed in fiscal year 2009, cost reductions due to the reversal of accruals established in prior years for payroll taxes, interest and penalties related to the misdating of option grants and exercises and losses associated with our sale of the Maxim headquarters.

Other operating (income) expenses, net were \$(11.2) million and \$19.1 million in fiscal years 2012 and 2011, respectively, which represented (0.5)% and 0.8% of net revenues, respectively. The decrease in other operating (income) expenses, net was attributable to the gain of \$6.5 million from sale of one of our facilities in the third quarter of fiscal year 2012, the loss of \$14.3 million incurred in the second quarter of fiscal year 2011 on the sale of the Sunnyvale headquarters and a decrease in payroll tax and related adjustments of \$11.0 million.

Other operating (income) expenses, net were \$19.1 million and \$166.2 million in fiscal years 2011 and 2010, respectively, which represented 0.8% and 8.3% of net revenues, respectively. The decrease in other operating (income) expenses, net was attributable to a \$173.0 million fiscal year 2010 charge in connection with an agreement to settle the class action complaint. See Note 13: Commitments and Contingencies. This was partially offset by a \$14.3 million loss on the sale of our Sunnyvale headquarters in the second quarter of fiscal year 2011.

Interest income (expense) and Other, Net

Interest (expense) income and other, net were \$(2.1) million in fiscal year 2012 and \$(11.4) million in fiscal year 2011, which represented (0.1)% and (0.5)% of net revenues, respectively. The lower expense was attributable to more gain on derivatives, disposal of fixed assets and foreign currency translation of \$3.5 million, \$2.7 million and \$1.7 million, respectively.

Interest (expense) income and other, net were \$(11.4) million in fiscal year 2011 and \$8.0 million in fiscal year 2010, which represented (0.5)% and 0.4% of net revenues, respectively. The change was partially attributable to an increase of interest expense of \$10.7 million related to our \$300 million long-term debt issued in June 2010, a \$4.6 million increase in foreign exchange losses in 2011 as compared to foreign exchange gains in 2010, and a reduction in interest income of \$2.9 million resulting from lower average interest rates and reduced average cash and short term investment balances.

Provision for Income Taxes

Our annual income tax expense from continuing operations was \$177.8 million, \$172.7 million, and \$174.9 million, in fiscal years 2012, 2011, and 2010, respectively. The effective tax rate from continuing operations was 33.4%, 26.1% and 58.3% for fiscal years 2012, 2011, and 2010, respectively. The Company's federal statutory tax rate is 35%.

The Company's fiscal year 2012 effective tax rate was lower than the statutory tax rate primarily because of earnings of foreign subsidiaries taxed at lower tax rates, partially offset by stock-based compensation for which no tax benefit is expected.

The Company's fiscal year 2011 effective tax rate was lower than the statutory tax rate primarily because of a \$39.4 million benefit for the realization of unrecognized tax benefits, including related interest, and earnings of foreign subsidiaries taxed at lower tax rates, partially offset by \$8.1 million relating to fiscal year 2010 adjustments for differences between our finalized tax return and the tax provision originally recorded. The income tax provision for the fiscal year 2011 also included a \$3.6 million one-time benefit for the retroactive extension of the U.S. federal research tax credit to January 1, 2010 by legislation that was signed into law on December 17, 2010.

The fiscal year 2010 effective tax rate was higher than the statutory tax rate primarily because of losses of a foreign subsidiary for which no tax benefit was available. These foreign losses represent costs of ongoing research and development efforts as well as licensing rights to preexisting intangibles.

Discontinued operations

In the third quarter of fiscal year 2012, the Company sold its clock synchronization business for a total sale price of approximately \$44.0 million. The Company also sold certain future technologies, including die types that will result in future products, in the storage area. The total sale price for this transaction was approximately \$15.0 million. As a result of these two transactions, the Company recognized a gain on sale of discontinued operations of \$31.8 million, net of income taxes.

Recently Issued Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-08 relating to Intangibles-Goodwill and Other (Topic 350)-Testing Goodwill for Impairment ("ASU 2011-08"). The ASU allows an entity to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that it is more likely than not, an entity is required to perform the currently prescribed two-step goodwill impairment test. Otherwise, the two-step goodwill impairment test is not required. ASU 2011-08 is effective for Maxim in fiscal year 2013 and earlier adoption is permitted.

In June 2011, the FASB issued ASU No. 2011-05 relating to Comprehensive Income (Topic 220)-Presentation of Comprehensive Income, which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The ASU is effective for Maxim in fiscal year 2013 and should be applied retrospectively.

Financial Condition, Liquidity and Capital Resources

Financial Condition

Cash flows were as follows:

	<u>June 30, 2012</u>	<u>June 25, 2011</u>	<u>June 26, 2010</u>
		(in thousands)	
Net cash provided by operating activities	\$ 756,722	\$ 861,454	\$ 490,953
Net cash used in investing activities	(384,765)	(278,334)	(241,648)
Net cash used in financing activities	(453,438)	(447,091)	(132,141)
Net (decrease) increase in cash and cash equivalents	<u>\$ (81,481)</u>	<u>\$ 136,029</u>	<u>\$ 117,164</u>

Operating activities

Cash provided by operating activities is net income adjusted for certain non-cash items and changes in certain assets and liabilities.

Cash from operations for the year 2012 decreased by approximately \$104.7 million compared with fiscal year 2011. This was due to a decrease in net income of \$102.3 million, a decrease in deferred taxes of \$109.3 million and a decrease in other accrued liabilities, other current assets, accounts receivables and gain from discontinued operations of \$263.5 million over fiscal year 2012. These decreases were offset by an increase in income tax payable of \$180.3 million over fiscal year 2012 and the payment of \$173.0 million in July, 2010 relating to the litigation settlement, which was accrued for in fiscal year 2010.

Cash from operations for fiscal year 2011 increased by approximately \$370.5 million compared with fiscal year 2010. This was due to an increase in net income of \$363.9 million, a reduction in the receivables by \$167.5 million and a reduction in other current assets by \$132.6 million, during fiscal year 2011, as compared to fiscal year 2010. These increases were offset by the payment of \$173.0 million in July, 2010 relating to the litigation settlement, which was accrued for in fiscal year 2010. (For more information on contingencies, see Note 13 to the Consolidated Financial Statements accompanying this Annual Report).

Investing activities

Investing cash flows consist primarily of capital expenditures, net investment purchases and maturities and acquisitions.

Cash used in investing activities increased by \$106.4 million for fiscal year 2012 compared with fiscal year 2011. The increase was due primarily to an increase in net capital expenditures relating to property, plant and equipment of \$99.8 million and an increase of \$87.6 million relating to increased level of acquisitions. These increases were offset by \$56.6 million in proceeds from sale of discontinued operations and a \$24.7 million reduction in purchases of short-term investments.

Cash used in investing activities increased by \$36.7 million for fiscal year 2011 compared with fiscal year 2010. The increase was due primarily to \$200.2 million proceeds from maturity of short-term investments in the fiscal year ended 2010, that did not recur in fiscal year 2011, \$49.8 million relating to purchase of short-term

investments and an increase of \$26.5 million in net capital expenditures relating to property, plant and equipment, including the proceeds from the sale of our Sunnyvale headquarters. The increase was offset by \$235.9 million representing less cash used for acquisitions.

Financing activities

Financing cash flows consist primarily of repurchases of common stock, payment of dividends to stockholders and withholding tax payments associated with net share settlements of equity awards.

Net cash used in financing activities increased by approximately \$6.3 million for fiscal year 2012 compared with fiscal year 2011. This increase was due primarily to higher repayments of notes payable of \$19.4 million and greater repurchases of common stock of \$15.4 million. These increases were offset by \$25.1 million of higher proceeds received from exercise of stock options.

Net cash used in financing activities increased by approximately \$315.0 million for fiscal year 2011 compared with fiscal year 2010. This increase was due primarily to cash proceeds from issuance of debt in 2010 of \$298.6 million which did not reoccur in 2011.

Liquidity and Capital Resources

Debt Levels

On June 17, 2010, we completed a public offering of \$300 million aggregate principal amount of the Company's 3.45% senior unsecured and unsubordinated notes due on June 14, 2013. In addition, on July 18, 2011, we acquired certain fixed and floating rate notes in conjunction with our acquisition of SensorDynamics. (Please refer to Note 5: Financial Instruments to the Consolidated Financial Statements).

Outstanding debt increased to \$309 million as of June 30, 2012 as compared to \$300 million at June 25, 2011, bearing weighted average interest rates of 3.45% and 3.49% for the year ended June 30, 2012 and June 25, 2011, respectively. The increase was driven by the debt assumed in and still outstanding from the SensorDynamics acquisition.

Available borrowing resources

As of June 30, 2012, the Company had the capacity to issue an unspecified amount of additional debt securities, common stock, preferred stock, warrants, rights and units under the 2010 Shelf Registration Statement.

On October 13, 2011, the Company entered into a \$250 million senior unsecured revolving credit facility with certain institutional lenders that expires on October 13, 2016. The Company has agreed to pay the lenders a facility fee at a rate per annum that varies based on the Company's index debt rating. Any advances under the credit agreement will accrue interest at a base rate plus a margin based on the Company's index debt rating. The credit agreement requires the Company to comply with certain covenants, including a requirement that the Company maintain a ratio of debt to EBITDA (earnings before interest, taxes, depreciation, and amortization) of not more than 3 to 1 and a minimum interest coverage ratio (EBITDA divided by interest expense) greater than 3.5 to 1. As of June 30, 2012, the Company had not borrowed any amounts from this credit facility and was in compliance with all debt covenants.

As of June 30, 2012, our available funds consisted of \$956 million in cash, cash equivalents and short-term investments. We anticipate that the available funds and cash generated from operations will be sufficient to meet cash and working capital requirements, including the anticipated level of capital expenditures, common stock repurchases, debt repayments and dividend payments for at least the next twelve months.

Contractual Obligations

The following table summarizes the Company's significant contractual obligations at June 30, 2012, and the effect such obligations are expected to have on the Company's liquidity and cash flows in future periods. This table excludes amounts already recorded on our Consolidated Balance Sheet as current liabilities at June 30, 2012:

	Total	Less than 1 year	2-3 years	4-5 years	More than 5 years
(Amounts in thousands)					
Operating lease obligations (1)	\$ 40,390	\$ 10,993	\$14,625	\$ 9,951	\$ 4,821
Royalty obligations (2)	10,000	10,000	—	—	—
Long-term debt obligations (3)	309,088	303,496	2,028	2,599	965
Interest payments associated with long-term debt obligations (4)	10,806	10,554	168	79	5
Capital equipment and inventory related purchase obligations (5)	19,258	2,162	4,564	4,564	7,968
Total	<u>\$389,542</u>	<u>\$337,205</u>	<u>\$21,385</u>	<u>\$17,193</u>	<u>\$13,759</u>

- (1) The Company leases some facilities under non-cancelable operating lease agreements that expire at various dates through 2025.
- (2) Royalty obligations represent payments for licensed patents.
- (3) Long-term debt represents amounts due for the Company's \$300 million notes due 2013 and other notes acquired through the SensorDynamics acquisition.
- (4) Interest payments associated with the Company's \$300 million notes due 2013 and other notes acquired through the SensorDynamics acquisition.
- (5) Capital equipment purchase obligations represent commitments for purchase of property, plant and equipment. The Company orders some materials and supplies in advance or with minimum purchase quantities. The Company is obligated to pay for the materials and supplies when received.

Purchase orders for the purchase of the majority of our raw materials and other goods and services are not included above. Our purchase orders generally allow for cancellation without significant penalties. We do not have significant agreements for the purchase of raw materials or other goods specifying minimum quantities or set prices that exceed our expected short-term requirements.

As of June 30, 2012, our gross unrecognized income tax benefits were \$228.9 million, which excludes \$10.6 million of accrued interest and penalties. At this time, we are unable to make a reasonably reliable estimate of the timing of payments of these amounts, if any, in individual years due to uncertainties in the timing or outcomes of either actual or anticipated tax audits. As a result, these amounts are not included in the table above.

Off-Balance-Sheet Arrangements

As of June 30, 2012, the Company did not have any material off-balance-sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's cash and cash equivalents, short term investments and notes payable. See Note 5 "Financial Instruments" to the Consolidated Financial Statements included in this Annual Report. The Company does not use derivative

financial instruments to hedge the risk of interest rate volatility. At June 30, 2012, the Company maintained a significant portfolio of money market fund investments, which are included in cash and cash equivalents. These money market funds are all available on a daily basis.

Foreign Currency Risk

The Company generates revenues in various global markets based on orders obtained in non-U.S. currencies, primarily the Japanese Yen, the Euro and the British Pound. Maxim incurs expenditures denominated in non-U.S. currencies, principally the Philippine Pesos and Thai Baht associated with the Company's manufacturing activities in the Philippines and Thailand, respectively, and expenditures for sales offices and research and development activities undertaken outside of the U.S. Maxim is exposed to fluctuations in foreign currency exchange rates primarily on orders and accounts receivable from sales in these foreign currencies and cash flows for expenditures in these foreign currencies. Maxim has established risk management strategies designed to reduce the impact of volatility of future cash flows caused by changes in the exchange rate for these currencies. These strategies reduce, but do not entirely eliminate, the impact of currency exchange rates movements. Maxim does not use derivative financial instruments for speculative or trading purposes. The Company routinely hedges its exposures to certain foreign currencies with various financial institutions in an effort to minimize the impact of certain currency exchange rate fluctuations. If a financial counterparty to any of the Company's hedging arrangements experiences financial difficulties or is otherwise unable to honor the terms of the foreign currency hedge, the Company may experience financial losses.

For derivative instruments that are designated and qualify as cash flow hedges under ASC No. 815-*Derivatives and Hedging* ("ASC 815"), the effective portion of the gain or loss on the derivative is reported as a component of accumulated other comprehensive loss and reclassified into earnings into the same financial statement line as the item being hedged, and in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in interest and other expense, net.

For derivative instruments that are not designated as hedging instruments under ASC 815, gains and losses are recognized in interest and other expense, net. All derivatives are foreign currency forward contracts to hedge certain foreign currency denominated assets or liabilities. The gains and losses on these derivatives largely offset the changes in the fair value of the assets or liabilities being hedged.

Foreign exchange contracts

The net unrealized gain or loss, if any, is potentially subject to market and credit risk as it represents appreciation (decline) of the hedge position against the spot exchange rates. The net realized and unrealized gains or losses from hedging foreign currency denominated assets and liabilities were immaterial during the year ended June 30, 2012 and June 25, 2011.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by this Item are set forth at the pages indicated in Item 15(a) of this Annual Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer (“CEO”) and our chief financial officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of June 30, 2012. The purpose of these controls and procedures is to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules, and that such information is accumulated and communicated to our management, including our CEO and our CFO, to allow timely decisions regarding required disclosures. Based on the evaluation, our management, including our CEO and our CFO, concluded that our disclosure controls and procedures were effective as of June 30, 2012.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, the Company’s CEO and CFO and effected by the Company’s Board of Directors, management, and others to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our management, with the participation of our CEO and our CFO, assessed the effectiveness of our internal control over financial reporting as of June 30, 2012. Management’s assessment of internal control over financial reporting was conducted using the criteria in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our management has concluded that, as of June 30, 2012, our internal control over financial reporting was effective, in all material respects, based on these criteria. Deloitte & Touche LLP, an Independent Registered Public Accounting Firm, audited the effectiveness of the Company’s internal control over financial reporting, as stated within their report which is included herein.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2012 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on the Effectiveness of Internal Controls

A system of internal control over financial reporting is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP and no control system, no matter how well designed and operated, can provide absolute assurance. The design of any control system is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of its inherent limitations, internal control over financial reporting may not prevent or detect financial statement errors and misstatements. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Maxim Integrated Products, Inc.
San Jose, California

We have audited the internal control over financial reporting of Maxim Integrated Products, Inc. and subsidiaries (the “Company”) as of June 30, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended June 30, 2012 of the Company and our report dated August 17, 2012 expressed an unqualified opinion on those financial statements and financial statement schedule.

DELOITTE & TOUCHE LLP
San Jose, California
August 17, 2012

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Other than as follows, the information required by this Item is incorporated by reference from the Company's Proxy Statement for the 2012 Annual Meeting of Stockholders under the headings "Audit Committee and Audit Committee Financial Expert," "Proposal 1 — Election of Directors" and "Compliance with Section 16(a) of the Securities Exchange Act of 1934."

Executive Officers of the Registrant

The following is information regarding our executive officers, including their positions and ages as of June 30, 2012.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Tunc Doluca	54	President and Chief Executive Officer
Bruce E. Kiddoo	51	Senior Vice President and Chief Financial Officer
David A. Caron	52	Vice President and Principal Accounting Officer
Vivek Jain	52	Senior Vice President of Manufacturing Operations
Chae Lee	47	Senior Vice President, Mobility Group
Edwin Medlin	55	Vice President, General Counsel
Matthew J. Murphy	39	Senior Vice President, Communications and Automotive Solutions Group
Christopher J. Neil	46	Senior Vice President, Industrial and Medical Solutions Group
Pirooz Parvarandeh	52	Chief Technology Officer
Walter Sangalli	55	Vice President, Worldwide Sales and Marketing
Steven Yamasaki	57	Vice President of Human Resources

Mr. Doluca has served as a director of Maxim as well as the President and Chief Executive Officer since January 2007. He joined Maxim in October 1984 and served as Vice President from 1994 to 2004. He was promoted to Senior Vice President in 2004 and Group President in May 2005. Prior to 1994, he served in a number of integrated circuit development positions.

Mr. Kiddoo joined Maxim in September 2007 as Vice President of Finance. On October 1, 2008, immediately following the completion of Maxim's restatement of previously filed financial statements, Mr. Kiddoo was appointed Chief Financial Officer and Principal Accounting Officer of Maxim and was appointed Senior Vice President in September 2009. Prior to joining Maxim, Mr. Kiddoo held various positions at Broadcom Corporation, a global semiconductor company, beginning in December 1999. Mr. Kiddoo served as Broadcom's Corporate Controller and Principal Accounting Officer from July 2002 and served as Vice President from January 2003. He also served as Broadcom's Acting Chief Financial Officer from September 2006 to March 2007.

Mr. Caron has served as Maxim's Corporate Controller since July 2003 and, prior to that, served as Maxim's Director of Accounting from December 1998 to July 2003. Mr. Caron was appointed Vice President and Principal Accounting Officer in August 2010. Mr. Caron is a Certified Public Accountant in the state of California and holds a Bachelor of Science in Accounting from San Jose State University.

Mr. Jain joined Maxim in April 2007 as Vice President responsible for our wafer fabrication operations. In June 2009 Mr. Jain was promoted to Senior Vice President with expanded responsibility for managing test and assembly operations in addition to wafer fabrication operations. Prior to joining Maxim, Mr. Jain was Plant Manager for several years at Intel Corporation's Technology Development and Manufacturing facility in Santa Clara, California responsible for 65nm flash manufacturing/transfer and development of 45nm flash technology. Mr. Jain has published over 30 papers and holds over 10 patents in the field of semiconductor technology.

Mr. Lee joined Maxim in 1999 and was promoted to Vice President in 2007. He was promoted to Senior Vice President in May 2012. Prior to 2007, he served in a number of business unit and engineering positions.

Mr. Medlin joined Maxim in November 1999 as Director and Associate General Counsel. He was promoted to Vice President and Senior Counsel in April 2006 and appointed General Counsel in August 2010. Prior to joining Maxim, he was with the law firm of Ropers, Majeski, Kohn and Bentley from 1987 to 1994 where he held various positions, including director. From 1994 to 1997 he was with Fox Factory, Inc., a privately held manufacturing company where he held the positions of General Counsel, and later, General Manager. From 1997 to 1999 he was with RockShox, Inc., a publicly traded corporation, where he held the positions of General Counsel and then Vice President of Global Sales and Marketing.

Mr. Murphy joined Maxim in July 1994 and was promoted to Vice President of Sales in November 2006. He was promoted to Senior Vice President in September 2011. In October 2011 he assumed responsibility for the Communications and Automotive Group. Prior to 2006, he served in a number of business unit and executive management positions.

Mr. Neil joined Maxim in September 1990 and was promoted to Vice President in April 2006. He was promoted to Senior Vice President in September 2011. Prior to 2006, he held several engineering and executive management positions.

Mr. Parvarandeh joined Maxim in July 1987 and served as Vice President from 1997 to 2004. He was promoted to Senior Vice President in 2004 and Group President in May 2005. In September 2010, Mr. Parvarandeh was also appointed Chief Technical Officer. Prior to 1997, he served in a number of integrated circuit development positions.

Mr. Sangalli joined Maxim in 1992 as a senior field applications engineer and was promoted to Vice President of Worldwide Sales and Marketing in October 2011. Prior to his promotion to Vice President, he managed all sales and application functions in Europe since 2002.

Mr. Yamasaki joined Maxim in April 2010 as Vice President of Human Resources. Prior to joining Maxim, he was Corporate Vice President of Human Resources of Applied Materials from 2008 to 2010, and was Executive Vice President of Human Resources of YRC Worldwide from 2004 to 2008. Before joining YRC Worldwide, Mr. Yamasaki was Vice President of Human Resources at ConAgra Foods Inc. and Honeywell International.

Code of Business Conduct and Ethics

We have a Code of Business Conduct and Ethics (the “Code of Ethics”), which applies to all directors and employees, including, but not limited to, our principal executive officer, principal financial officer and principal accounting officer. The Code of Ethics is designed to promote: (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest arising from personal and professional relationships, (ii) full, fair, accurate, timely and understandable disclosure in reports and documents that we are required to file with the SEC and in other public communications, (iii) compliance with applicable governmental laws, rules and regulations, (iv) the prompt internal reporting of violations of the Code of Ethics to an appropriate person or group, and (v) accountability for adherence to the Code of Ethics. A copy of the Code of Ethics is available on our website at <http://www.maxim-ic.com/company/policy>. A hard copy of the Code of Ethics will be sent free of charge upon request.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from the Company’s Proxy Statement for the 2012 Annual Meeting of Stockholders under the headings “Director Compensation,” “Compensation Discussion and Analysis,” “Report of Compensation Committee” and “Executive Compensation.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference from the Company's Proxy Statement for the 2012 Annual Meeting of Stockholders under the heading "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference from the Company's Proxy Statement for the 2012 Annual Meeting of Stockholders under the headings "Corporate Governance" and "Certain Relationships and Related Transactions."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference from the Company's Proxy Statement for the 2012 Annual Meeting of Stockholders under the headings "Report of the Audit Committee" and "Principal Accountant Fees and Services."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following are filed as part of this Report:

	<u>Page</u>
(1) <i>Financial Statements.</i>	
Consolidated Balance Sheets at June 30, 2012 and June 25, 2011	42
Consolidated Statements of Income for each of the three years in the period ended June 30, 2012 . . .	43
Consolidated Statements of Stockholders' Equity for each of the three years in the period ended June 30, 2012	44
Consolidated Statements of Cash Flows for each of the three years in the period ended June 30, 2012	45
Notes to Consolidated Financial Statements	46
Report of Independent Registered Public Accounting Firm	82

(2) *Financial Statement Schedule.*

The following financial statement schedule is filed as part of this Annual Report on Form 10-K and should be read in conjunction with the financial statements.

Schedule II — Valuation and Qualifying Accounts	83
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All other schedules are omitted because they are not applicable, or because the required information is included in the consolidated financial statements or notes thereto.

(3) The Exhibits filed as a part of this Report are listed in the attached Index to Exhibits.

(b) *Exhibits.*

See attached Index to Exhibits.

MAXIM INTEGRATED PRODUCTS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

	June 30, 2012	June 25, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 881,060	\$ 962,541
Short-term investments	75,326	50,346
Total cash, cash equivalents and short-term investments	956,386	1,012,887
Accounts receivable, net of allowances of \$12,529 in 2012 and \$17,697 in 2011	317,461	297,632
Inventories	242,162	237,928
Deferred tax assets	98,180	113,427
Other current assets	85,177	65,978
Total current assets	1,699,366	1,727,852
Property, plant and equipment, net	1,353,606	1,308,850
Intangible assets, net	208,913	204,263
Goodwill	423,073	265,125
Other assets	52,988	21,653
TOTAL ASSETS	<u>\$3,737,946</u>	<u>\$3,527,743</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 147,086	\$ 110,153
Income taxes payable	22,589	3,912
Accrued salary and related expenses	191,846	215,627
Accrued expenses	64,092	47,767
Current portion of long-term debt	303,496	—
Deferred income on shipments to distributors	26,280	36,881
Total current liabilities	755,389	414,340
Long term debt	5,592	300,000
Income taxes payable	212,389	96,099
Deferred tax liabilities	198,502	183,715
Other liabilities	27,797	22,771
Total liabilities	<u>1,199,669</u>	<u>1,016,925</u>
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$0.001 par value		
Authorized: 2,000 shares, issued and outstanding: none	—	—
Common stock, \$0.001 par value		
Authorized: 960,000 shares		
Issued and outstanding: 292,732 in 2012 and 295,780 in 2011	293	296
Additional paid-in capital	—	—
Retained earnings	2,553,418	2,524,790
Accumulated other comprehensive loss	(15,434)	(14,268)
Total stockholders' equity	<u>2,538,277</u>	<u>2,510,818</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$3,737,946</u>	<u>\$3,527,743</u>

See accompanying Notes to Consolidated Financial Statements.

MAXIM INTEGRATED PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	For the Years Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
Net revenues	\$2,403,529	\$2,472,341	\$1,997,603
Cost of goods sold	952,677	942,377	804,537
Gross margin	1,450,852	1,529,964	1,193,066
Operating expenses:			
Research and development	552,379	525,308	474,652
Selling, general and administrative	321,273	292,494	242,144
Intangible asset amortization	16,737	18,752	10,477
Impairment of long-lived assets	30,095	—	8,291
Severance and restructuring expenses	6,785	1,247	(699)
Other operating (income) expenses, net	(11,214)	19,124	166,151
Total operating expenses	916,055	856,925	901,016
Operating income	534,797	673,039	292,050
Interest (expense) income and other, net	(2,064)	(11,368)	8,013
Income before provision for income taxes	532,733	661,671	300,063
Provision for income taxes	177,815	172,662	174,924
Income from continuing operations	354,918	489,009	125,139
Income from discontinued operations, net of tax	31,809	—	—
Net income	\$ 386,727	\$ 489,009	\$ 125,139
Earnings per share: basic			
From continuing operations	\$ 1.21	\$ 1.65	\$ 0.41
From discontinued operations	0.11	—	—
Basic	\$ 1.32	\$ 1.65	\$ 0.41
Earnings per share: diluted			
From continuing operations	\$ 1.18	\$ 1.61	\$ 0.40
From discontinued operations	0.11	—	—
Diluted	\$ 1.29	\$ 1.61	\$ 0.40
Shares used in the calculation of earnings per share:			
Basic	292,810	296,755	304,579
Diluted	300,002	303,377	310,016
Dividends paid per share	\$ 0.88	\$ 0.84	\$ 0.80

See accompanying Notes to Consolidated Financial Statements.

MAXIM INTEGRATED PRODUCTS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(In thousands)	Common Stock		Additional	Retained	Accumulated Other Comprehensive	Total
	Shares	Par Value	Paid-In Capital	Earnings	Loss	Stockholders' Equity
Balance, June 27, 2009	306,019	\$306	\$ 21,205	\$2,580,610	\$ (7,656)	\$2,594,465
Components of comprehensive income:						
Net income				125,139		125,139
Unrealized actuarial loss on post-retirement benefits, net of tax					(896)	(896)
Tax effect of the unrealized exchange gain on long-term intercompany receivable					(1,893)	(1,893)
Unrealized loss on available-for-sale investments, net of tax					(1,346)	(1,346)
Unrealized loss on forward-exchange contracts, net of tax					(150)	(150)
Total comprehensive income						120,854
Repurchase of common stock	(10,303)	(10)	(93,499)	(97,396)		(190,905)
Common stock issued under stock plans, net of shares withheld for employee taxes	3,295	3	(29,475)			(29,472)
Stock based compensation			90,440			90,440
Tax shortfall on settlement of equity instruments			(15,748)			(15,748)
Derivative settlement, net of tax			3,512			3,512
Modification of equity instruments to liability			(1,205)			(1,205)
Common stock issued under Employee Stock Purchase Plan	1,837	2	24,770			24,772
Dividends paid				(243,755)		(243,755)
Balance, June 26, 2010	300,848	\$301	\$ —	\$2,364,598	\$(11,941)	\$2,352,958
Components of comprehensive income:						
Net income				489,009		489,009
Unrealized actuarial loss on post-retirement benefits, net of tax					(289)	(289)
Tax effect of the unrealized exchange gain on long-term intercompany receivable					(2,369)	(2,369)
Unrealized gain on available-for-sale investments, net of tax					331	331
Total comprehensive income						486,682
Repurchase of common stock	(10,880)	(11)	(151,329)	(79,672)		(231,012)
Common stock issued under stock plans, net of shares withheld for employee taxes	2,660	3	(28,839)			(28,836)
Stock options exercised	1,461	1	24,829			24,830
Stock based compensation			93,623			93,623
Tax benefit on settlement of equity instruments			30,546			30,546
Modification of liability instruments to equity			2,350			2,350
Common stock issued under Employee Stock Purchase Plan	1,691	2	28,820			28,822
Dividends paid				(249,145)		(249,145)
Balance, June 25, 2011	295,780	\$296	\$ —	\$2,524,790	\$(14,268)	\$2,510,818
Components of comprehensive income:						
Net income				386,727		386,727
Unrealized actuarial loss on post-retirement benefits, net of tax					(2,603)	(2,603)
Tax effect of the unrealized exchange loss on long-term intercompany receivable					1,612	1,612
Unrealized loss on available-for-sale investments, net of tax					(129)	(129)
Unrealized loss on foreign exchange forward contracts, net of tax					(46)	(46)
Total comprehensive income						385,561
Repurchase of common stock	(9,920)	(10)	(146,034)	(100,368)		(246,412)
Net issuance of restricted stock units	2,357	2	(29,650)			(29,648)
Stock options exercised	2,843	3	49,903			49,906
Stock based compensation			88,958			88,958
Tax benefit on settlement of equity instruments			3,112			3,112
Common stock issued under Employee Stock Purchase Plan	1,672	2	33,711			33,713
Dividends paid				(257,731)		(257,731)
Balance, June 30, 2012	292,732	\$293	\$ —	\$2,553,418	\$(15,434)	\$2,538,277

See accompanying Notes to Consolidated Financial Statements.

MAXIM INTEGRATED PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Years Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
Cash flows from operating activities:			
Net income	\$ 386,727	\$ 489,009	\$ 125,139
Adjustments to reconcile net income to net cash provided by operating activities:			
Stock-based compensation	89,867	94,297	93,525
Depreciation and amortization	211,096	205,062	167,523
Deferred taxes	30,759	140,084	29,090
In process research & development	1,600	—	—
(Gain) loss from sale of property, plant and equipment	(7,648)	12,946	272
(Gain) loss from sale of investments in privately-held companies	(1,811)	—	148
Tax benefit (shortfall) related to stock-based compensation	3,112	30,546	(15,748)
Excess tax benefit related to stock-based compensation	(17,482)	(12,869)	(7,005)
Impairment of long lived assets	30,645	—	8,291
Gain on sale of discontinued operations	(45,372)	—	—
Changes in assets and liabilities:			
Accounts receivable	(19,262)	43,256	(124,258)
Inventories	(432)	(29,435)	22,681
Other current assets	(16,757)	53,255	(79,319)
Accounts payable	25,515	(4,746)	41,191
Income taxes payable	134,967	(45,318)	17,384
Deferred income on shipments to distributors	(10,601)	11,102	9,020
Accrued liabilities — litigation settlement	—	(173,000)	173,000
All other accrued liabilities	(38,201)	47,265	30,019
Net cash provided by operating activities	756,722	861,454	490,953
Cash flows from investing activities:			
Purchases of property, plant and equipment	(264,348)	(175,253)	(123,901)
Proceeds from sale of property, plant, and equipment	16,883	27,624	2,802
Acquisitions	(168,544)	(80,918)	(316,784)
Proceeds from sale of discontinued operations	56,607	—	—
Other non-current assets	—	—	(3,998)
Purchases of available-for-sale securities	(25,108)	(49,787)	—
Investments in privately-held companies	(3,480)	—	—
Proceeds from sale/maturities of available-for-sale securities	—	—	200,233
Proceeds from sale of investments in privately-held companies	3,225	—	—
Net cash used in investing activities	(384,765)	(278,334)	(241,648)
Cash flows from financing activities:			
Excess tax benefit from stock-based compensation plans	17,482	12,869	7,005
Mortgage liability	—	(3,237)	(40)
Proceeds from derivative litigation settlement	—	—	2,460
Repayment of notes payable	(20,806)	(1,422)	—
Issuance of notes payable, net of issuance costs	—	—	298,578
Net issuance of common stock	54,029	24,856	(5,484)
Repurchase of common stock	(246,412)	(231,012)	(190,905)
Dividends paid	(257,731)	(249,145)	(243,755)
Net cash used in financing activities	(453,438)	(447,091)	(132,141)
Net (decrease) increase in cash and cash equivalents	(81,481)	136,029	117,164
Cash and cash equivalents:			
Beginning of year	962,541	826,512	709,348
End of year	\$ 881,060	\$ 962,541	\$ 826,512
Supplemental disclosures of cash flow information:			
Cash paid (refunded), net during the year for income taxes	\$ 39,827	\$ (15,529)	\$ 217,140
Cash paid for interest	10,890	10,264	—
Noncash financing and investing activities:			
Accounts payable related to property, plant and equipment purchases	\$ 26,079	\$ 22,841	\$ 6,894

See accompanying Notes to Consolidated Financial Statements.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS

Maxim Integrated Products, Inc. (“Maxim,” the “Company,” “we,” “us” or “our”), incorporated in Delaware, designs, develops, manufactures, and markets a broad range of linear and mixed-signal integrated circuits, commonly referred to as analog circuits, for a large number of customers in diverse geographical locations. The Company also provides a range of high-frequency process technologies and capabilities for use in custom designs. The analog market is fragmented and characterized by diverse applications, a great number of product variations and, with respect to many circuit types, relatively long product life cycles. Maxim is a global company with manufacturing facilities in the United States, testing facilities in the Philippines and Thailand, and sales and circuit design offices throughout the world. Integrated circuit assembly is performed by foreign assembly subcontractors, located in the Philippines, Malaysia, Thailand, China, Taiwan, Singapore, Indonesia, South Korea and Japan, where wafers are separated into individual integrated circuits and assembled into a variety of packages. The major end-markets the Company’s products are sold in are the communications, computing, consumer and industrial markets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year

The Company has a 52-to-53-week fiscal year that ends on the last Saturday of June. Accordingly, every fifth or sixth year will be a 53-week fiscal year. Fiscal year 2012 was a 53-week fiscal year. Fiscal years 2011 and 2010 were 52-week fiscal years.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates relate to the useful lives and fair value of fixed assets, valuation allowance for deferred tax assets, reserves relating to uncertain tax positions, allowances for doubtful accounts, customer returns and allowances, inventory valuation, reserves relating to litigation matters, assumptions about the fair value of reporting units, accrued liabilities and reserves and assumptions related to the calculation of stock-based compensation. The Company bases its estimates and judgments on its historical experience, knowledge of current conditions and its beliefs of what could occur in the future, given available information. Actual results may differ from those estimates, and such differences may be material to the financial statements.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The condition for control of entities is the ownership of a majority voting interest and ability to otherwise exercise control over the entity.

Cash Equivalents and Short-term Investments

The Company considers all highly liquid financial instruments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents consist of demand accounts and money market funds. Short-term investments consist primarily of U.S. Agency debt securities with original maturities beyond three months at the date of purchase.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's short-term investments are considered available-for-sale. Such securities are carried at fair market value based on market quotes and other observable inputs. Unrealized gains and losses, net of tax, on securities in this category are reported as a separate component of stockholders' equity. Realized gains and losses on sales of investment securities are determined based on the specific identification method and are included in "Interest (expense) income and other, net" in the Consolidated Statements of Income.

Derivative Instruments

The Company generates revenues in various global markets based on orders obtained in non-U.S. currencies, primarily the Japanese Yen, the British Pound and the Euro. Maxim incurs expenditures denominated in non-U.S. currencies, principally Philippine Pesos and Thai Baht associated with the Company's manufacturing activities in the Philippines and Thailand, respectively. Maxim is exposed to fluctuations in foreign currency exchange rates primarily on orders and accounts receivable from sales in these foreign currencies and cash flows for expenditures in these foreign currencies. Maxim has established risk management strategies designed to reduce the impact of volatility of future cash flows caused by changes in the exchange rates for these currencies. These strategies reduce, but do not entirely eliminate, the impact of currency exchange rates movements.

Currency forward contracts are used to offset the currency risk of non-U.S. dollar-denominated assets and liabilities. The Company typically enters into currency forward contracts quarterly to hedge exposures associated with its expenditures denominated in Philippine Pesos and Thai Baht. The Company enters into contracts each quarter for its accounts receivable and backlog denominated in Japanese Yen, British Pound and Euro. Changes in fair value of the underlying assets and liabilities are generally offset by the changes in fair value of the related currency forward contract.

The Company uses currency forward contracts to hedge exposure to variability in anticipated non-U.S. dollar denominated cash flows. These contracts are designated as cash flow hedges and recorded on the Consolidated Balance Sheets at their fair market value. The maturities of these instruments are generally less than 6 months. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of accumulated other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. For derivative instruments that are not designated as hedging instruments, gains and losses are recognized in "Interest income (expense) and other, net" in the Consolidated Statements of Income.

Fair Value of Financial Instruments

Maxim measures certain financial assets and liabilities at fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. See Note 5: "Financial Instruments" of these Notes to Consolidated Financial Statements for a further discussion on fair value of financial instruments.

Inventories

Inventories are stated at the lower of (i) standard cost, which approximates actual cost on a first-in-first-out basis, or (ii) market value. Because of the cyclical nature of the market, inventory levels, obsolescence of technology, and product life cycles, the Company generally writes down inventories to net realizable value based on 12 months forecasted product demand.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is primarily computed on the straight-line method over the estimated useful lives of the assets, which range from 2 to 15 years for machinery and equipment and up to 40 years for buildings and building improvements. Leasehold improvements are amortized over the lesser of their useful lives or the remaining term of the related lease. When assets are retired or otherwise disposed of, the cost and accumulated depreciation or amortization is removed from the accounts and any resulting gain or loss is reflected in operating expense or Interest (expense) income and other, net in the Consolidated Statements of Income in the period recognized. The classification is based mainly on whether the asset is operating or not.

The Company evaluates the recoverability of property, plant and equipment in accordance with Accounting Standards Codification (“ASC”) No. 360, *Accounting for the Property, Plant, and Equipment*. (“ASC 360”). The Company performs periodic reviews to determine whether facts and circumstances exist that would indicate that the carrying amounts of property, plant and equipment exceeds their fair values. If facts and circumstances indicate that the carrying amount of property, plant and equipment might not be fully recoverable, projected undiscounted net cash flows associated with the related asset or group of assets over their estimated remaining useful lives are compared against their respective carrying amounts. In the event that the projected undiscounted cash flows are not sufficient to recover the carrying value of the assets, the assets are written down to their estimated fair values. All long-lived assets to be disposed of are reported at the lower of carrying amount or fair market value, less expected selling costs.

Intangible Assets and Goodwill

The Company accounts for intangible assets in accordance with ASC 360. The Company reviews goodwill and purchased intangible assets with indefinite lives for impairment annually and whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable, such as when reductions in demand or significant economic slowdowns in the semiconductor industry are present.

Intangible assets reviews are performed to determine whether the carrying value is impaired, based on comparisons to undiscounted expected future cash flows. If this comparison indicates that there is impairment, the impaired asset is written down to fair value, which is typically calculated using: (i) quoted market prices or (ii) discounted expected future cash flows utilizing a discount rate consistent with the guidance provided in FASB Concepts Statement No. 7, *Using Cash Flow Information and Present Value in Accounting Measurements*. Impairment is based on the excess of the carrying amount over the fair value of those assets.

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. In accordance with ASC No. 350, *Intangibles-Goodwill and Other*, (“ASC 350”), the Company tests goodwill for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis in the first quarter of each fiscal year or more frequently if the Company believes indicators of impairment exist. The performance of the test involves a two-step process. The first step of the impairment test involves comparing the fair values of the applicable reporting units with their aggregate carrying values, including goodwill. The Company generally determines the fair value of the Company’s reporting units using the income approach methodology of valuation that includes the discounted cash flow method as well as other generally accepted valuation methodologies. If the carrying amount of a reporting unit exceeds the reporting unit’s fair value, the Company performs the second step of the goodwill impairment test to determine the amount of impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the affected reporting unit’s goodwill with the carrying value of that goodwill. No impairment charges were recorded associated with our goodwill and intangible assets during fiscal years 2012, 2011, and 2010.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Product Warranty

The Company warrants its products to its customers generally for one year from the date of shipment, but in certain cases for longer periods. In certain other cases, the Company's product warranty may include significant financial responsibility beyond the cost of replacing the product. If there is a material increase in the rate of customer claims or the Company's estimates of probable losses relating to specifically identified warranty exposures are inaccurate, the Company may record a charge against future cost of sales. Warranty expense has historically been immaterial to the Company's financial statements.

Self-Insurance Accruals

The Company is self-insured with respect to defective product claims, employment practice claims, property and casualty and general liability. The Company's workers' compensation insurance has a \$1.0 million deductible per case. Accruals are primarily based on the estimated, undiscounted cost of claims, which includes incurred-but-not-reported claims. Amounts accrued for defective product claims, employment practice claims, workers' compensation claims, property and casualty and general liability of \$4.3 million and \$4.7 million are included in accrued expenses as of June 30, 2012 and June 25, 2011, respectively.

In addition to the above, the Company is primarily self-insured with respect to healthcare benefits for most of its domestic employees. Accruals are primarily based on estimated incurred-but-not-reported claims. Amounts accrued for employee healthcare claims of \$5.6 million and \$5.9 million are included in accrued salary and related expenses as of June 30, 2012 and June 25, 2011, respectively.

Retirement Benefits

The Company provides medical benefits to certain former and current employees pursuant to certain retirement agreements. The Company accounts for medical benefits to individuals pursuant to a documented plan under ASC No. 715, *Compensation- Retirement Benefits* ("ASC 715"). The Company amortizes unrecognized actuarial gains and losses and prior service cost on straight-line basis over the remaining estimated service period of participants. The measurement date for the plan is fiscal year end.

Income Taxes

The Company accounts for income taxes using an asset and liability approach as prescribed in ASC 740-10, *Income Taxes* ("ASC 740-10"). The Company records the amount of taxes payable or refundable for the current and prior years and deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. A valuation allowance is recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

ASC 740-10 prescribes a recognition threshold and measurement framework for the financial statement reporting and disclosure of an income tax position taken or expected to be taken on a tax return. Under ASC 740-10, a tax position is recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination, including resolution of any related appeals or litigation processes. A tax position that meets the recognition threshold is then measured to determine the largest amount of the benefit that has a greater than 50% likelihood of being realized upon settlement.

The calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws across multiple tax jurisdictions. Although ASC 740-10 provides

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

clarification on the accounting for uncertainty in income taxes recognized in the financial statements, the recognition threshold and measurement framework will continue to require significant judgment by management. Resolution of these uncertainties in a manner inconsistent with the Company's expectations could have a material impact on the Company's results of operations.

Revenue Recognition

The Company recognizes revenue for sales to direct customers and sales to certain distributors upon shipment, provided that persuasive evidence of a sales arrangement exists, the price is fixed or determinable, title and risk of loss has transferred, collectability of the resulting receivable is reasonably assured, there are no customer acceptance requirements and we do not have any significant post-shipment obligations. The Company estimates returns for sales to direct customers and certain distributors based on historical returns rates applied against current period gross revenues. Specific customer returns and allowances are considered within this estimate.

Sales to certain distributors are made pursuant to agreements allowing for the possibility of certain sales price rebates and for non-warranty product return privileges. The non-warranty product return privileges include allowing certain distributors to return a small portion of our products in their inventory based on their previous purchases. Given the uncertainties associated with the levels of non-warranty product returns and sales price rebates that could be issued to certain distributors, the Company defers recognition of such revenue and related cost of goods sold until receipt of notification from these distributors that product has been sold to their end-customers.

Accounts receivable from direct customers and distributors are recognized and inventory is relieved upon shipment as title to inventories generally transfers upon shipment, at which point the Company has a legally enforceable right to collection under normal terms. Accounts receivable related to consigned inventory is recognized when the customer takes title to such inventory from its consigned location, at which point inventory is relieved, title transfers, and the Company has a legally enforceable right to collection under the terms of our agreement with the related customers.

The Company estimates potential future returns and sales allowances related to current period product revenue. Management analyzes historical returns, changes in customer demand and acceptance of products when evaluating the adequacy of returns and sales allowances. Estimates made by the Company may differ from actual returns and sales allowances. These differences may materially impact reported revenue and amounts ultimately collected on accounts receivable. Historically, such differences have not been material. At June 30, 2012 and June 25, 2011, the Company had \$11.4 million and \$16.0 million reserved for returns and allowances against accounts receivable, respectively. During fiscal years 2012 and 2011, the Company recorded \$61.0 million and \$74.5 million for estimated returns and allowances against revenues, respectively. These amounts were offset by \$65.6 million and \$73.5 million actual returns and allowances given during fiscal years 2012 and 2011, respectively.

Research and Development Costs

Research and development costs are expensed as incurred. Such costs consist primarily of expenditures for labor and benefits, masks, prototype wafers and depreciation.

Advertising

Advertising costs are expensed as incurred and included in selling, general and administrative expenses in the Consolidated Statements of Income. Advertising expenses were immaterial in fiscal years 2012, 2011, and 2010.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Shipping Costs

Shipping costs billed to customers are included in net revenues and the related shipping costs are included in cost of goods sold.

Stock-Based Compensation

Stock-based compensation cost is measured at the grant date, based on the fair value of the awards ultimately expected to vest and is recognized as an expense, on a straight-line basis, over the requisite service period. The Company uses the Black-Scholes valuation model to measure the fair value of its stock-based awards utilizing various inputs with respect to expected holding period, risk-free interest rates, stock price volatility and dividend yield.

ASC 718 also requires forfeitures to be estimated at the time of grant and revised if necessary in subsequent periods if actual forfeitures or vesting differ from those estimates. Such revisions could have a material effect on the Company's operating results. The assumptions the Company uses in the valuation model are based on subjective future expectations combined with management judgment. If any of the assumptions used in the Black-Scholes model changes, stock-based compensation for future awards may differ materially compared to the awards granted previously.

Restructuring

Post-employment benefits accrued for workforce reductions related to restructuring activities in the United States are accounted for under ASC No. 712, *Compensation-Nonretirement Postemployment Benefits* ("ASC 712"). A liability for post-employment benefits is recorded when payment is probable, the amount is reasonably estimable, and the obligation relates to rights that have vested or accumulated. In accordance with ASC No. 420, *Exit or Disposal Cost Obligations*, generally costs associated with restructuring activities initiated outside the United States have been recognized when they are incurred.

The Company continually evaluates the adequacy of the remaining liabilities under its restructuring initiatives. Although the Company believes that these estimates accurately reflect the costs of its restructuring plans, actual results may differ, thereby requiring the Company to record additional provisions or reverse a portion of such provisions.

Foreign Currency Translation and Remeasurement

The U.S. dollar is the functional currency for the Company's foreign operations. Using the U.S. dollar as the functional currency, monetary assets and liabilities are remeasured at the year-end exchange rates. Certain non-monetary assets and liabilities are remeasured using historical rates. Statements of Income are remeasured at the average exchange rates during the year.

Earnings Per Share

Basic earnings per share are computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share incorporate the potentially dilutive incremental shares issuable upon the assumed exercise of stock options, the assumed vesting of outstanding restricted stock units, and the assumed issuance of common stock under the stock purchase plan. The number of incremental shares from the assumed issuance of stock options is calculated by applying the treasury stock method. See Note 7 "Earnings Per Share" of these Notes to Consolidated Financial Statements.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Litigation and Contingencies

From time to time, the Company receives notices that its products or manufacturing processes may be infringing the patent or other intellectual property rights of others, notices of stockholder litigation or other lawsuits or claims against the Company. The Company periodically assesses each matter in order to determine if a contingent liability in accordance with ASC 450, should be recorded. In making this determination, management may, depending on the nature of the matter, consult with internal and external legal counsel and technical experts. The Company expenses legal fees associated with consultations and defense of lawsuits as incurred. Based on the information obtained, combined with management's judgment regarding all of the facts and circumstances of each matter, the Company determines whether a contingent loss is probable and whether the amount of such loss can be estimated. Should a loss be probable and estimable, the Company records a contingent loss in accordance with ASC 450. In determining the amount of a contingent loss, the Company takes into consideration advice received from experts in the specific matter, current status of legal proceedings, settlement negotiations which may be ongoing, prior case history and other factors. Should the judgments and estimates made by management be incorrect, the Company may need to record additional contingent losses that could materially adversely impact its results of operations. Alternatively, if the judgments and estimates made by management are incorrect and a particular contingent loss does not occur, the contingent loss recorded would be reversed thereby favorably impacting the Company's results of operations.

Pursuant to the Company's charter documents and separate written indemnification agreements, the Company has certain indemnification obligations to its current officers and directors, as well as certain former officers and directors. Pursuant to such obligations, the Company has incurred substantial expenses related to legal fees and expenses to certain former officers of the Company subject to civil charges by the SEC in connection with Maxim's historical stock option granting practices. The Company has also incurred substantial expenses related to legal fees and expenses advanced to certain current and former officers and directors who were defendants in the civil actions described above. The Company expenses such amounts as incurred.

Concentration of Credit Risk

Due to the Company's credit evaluation and collection process, bad debt expenses have not been significant. Credit risk with respect to trade receivables is limited because a large number of geographically diverse customers make up the Company's customer base, thus spreading the credit risk. The Company derived approximately 29% of its fiscal year 2012 revenue from sales made through distributors. Our primary distributor is Avnet Electronics. Avnet, like our other distributors, is not an end customer, but rather serves as a channel of sale to many end users of the Company's products. Avnet accounted for 13%, 14% and 12% of revenues in fiscal years 2012, 2011 and 2010, respectively, and 11%, 11% and 10% of accounts receivable in fiscal years 2012, 2011 and 2010, respectively. Samsung, our largest single customer, accounted for approximately 20%, 12% and 12% of net revenues in fiscal years 2012, 2011 and 2010, respectively, and 31%, 18% and 13% of accounts receivable as of June 30, 2012, June 25, 2011 and June 26, 2010, respectively.

The Company maintains cash, cash equivalents, and short-term investments with various high credit quality financial institutions, limits the amount of credit exposure to any one financial institution or instrument, and is exposed to credit risk in the event of default by these institutions to the extent of amounts recorded at the balance sheet date. To date, the Company has not incurred losses related to these investments.

Concentration of Other Risks

The semiconductor industry is characterized by rapid technological change, competitive pricing pressures, and cyclical market patterns. The Company's results of operations are affected by a wide variety of factors,

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

including general economic conditions, both in the United States and abroad; economic conditions specific to the semiconductor industry and to the analog and mixed signal portion of that industry; demand for the Company's products; the timely introduction of new products; implementation of new manufacturing technologies; manufacturing capacity; the ability to manufacture efficiently; the availability of materials, supplies, machinery and equipment; competition; the ability to safeguard patents and other intellectual property in a rapidly evolving market; and reliance on assembly and, to a small extent, wafer fabrication subcontractors and on independent distributors and sales representatives. As a result, the Company may experience substantial period-to-period fluctuations in future operating results due to the factors mentioned above or other factors.

Recently Issued Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-08 relating to Intangibles-Goodwill and Other (Topic 350)-Testing Goodwill for Impairment ("ASU 2011-08"). ASU 2011-08 allows an entity to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that it is more likely than not, an entity is required to perform the currently prescribed two-step goodwill impairment test. Otherwise, the two-step goodwill impairment test is not required. ASU 2011-08 is effective for Maxim in fiscal year 2013 and earlier adoption is permitted.

In June 2011, the FASB issued ASU No. 2011-05 relating to Comprehensive Income (Topic 220)-Presentation of Comprehensive Income ("ASU 2011-05"), which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 is effective for Maxim in fiscal year 2013 and should be applied retrospectively.

NOTE 3: BALANCE SHEET COMPONENTS

Accounts receivables, net consist of:

	June 30, 2012	June 25, 2011
	(in thousands)	
Accounts receivable	\$329,990	\$315,329
Returns and allowances	(12,529)	(17,697)
	<u>\$317,461</u>	<u>\$297,632</u>

The components of inventories consist of:

	June 30, 2012	June 25, 2011
	(In thousands)	
Inventory:		
Raw materials	\$ 11,922	\$ 18,419
Work-in-process	149,603	162,245
Finished goods	80,637	57,264
	<u>\$242,162</u>	<u>\$237,928</u>

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property, plant and equipment, net, consist of:

	<u>June 30, 2012</u>	<u>June 25, 2011</u>
	(In thousands)	
Property and equipment:		
Land	\$ 65,007	\$ 86,257
Buildings and building improvements	348,727	313,642
Machinery and equipment	<u>2,105,905</u>	<u>1,978,827</u>
	2,519,639	2,378,726
Less accumulated depreciation	<u>(1,166,033)</u>	<u>(1,069,876)</u>
	<u>\$ 1,353,606</u>	<u>\$ 1,308,850</u>

The Company recorded \$155.4 million, \$156.3 million and \$146.1 million of depreciation expense in fiscal years 2012, 2011 and 2010, respectively.

NOTE 4: FAIR VALUE MEASUREMENTS

The FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Three levels of inputs that may be used to measure fair value are as follows:

Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities.

The Company's Level 1 assets consist of money market funds.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

The Company's Level 2 assets and liabilities consist of certificates of deposit, government agency securities and foreign currency forward contracts.

Level 3 — Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's Level 3 liabilities consist of contingent consideration related to certain acquisitions. For details on inputs used in measuring fair value, please refer to Note 9: "Acquisitions" of these Notes to Consolidated Financial Statements.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Assets and liabilities measured at fair value on a recurring basis were as follows:

	As of June 30, 2012				As of June 25, 2011			
	Fair Value Measurements Using			Total Balance	Fair Value Measurements Using			Total Balance
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	(in thousands)							
Assets								
Money market funds (1)	\$602,462	\$ —	\$ —	\$602,462	\$603,180	\$ —	\$ —	\$603,180
Certificates of deposit (1)	—	6,182	—	6,182	—	3,457	—	3,457
Government agency securities (2)	—	75,326	—	75,326	—	50,346	—	50,346
Foreign currency forward contracts (3)	—	642	—	642	—	326	—	326
Total Assets	<u>\$602,462</u>	<u>\$82,150</u>	<u>\$ —</u>	<u>\$684,612</u>	<u>\$603,180</u>	<u>\$54,129</u>	<u>\$ —</u>	<u>\$657,309</u>
Liabilities								
Foreign currency forward contracts (4)	\$ —	\$ 507	\$ —	\$ 507	\$ —	\$ 309	\$ —	\$ 309
Contingent Consideration (4)	—	—	17,737	17,737	—	—	8,800	8,800
Total Liabilities	<u>\$ —</u>	<u>\$ 507</u>	<u>\$17,737</u>	<u>\$ 18,244</u>	<u>\$ —</u>	<u>\$ 309</u>	<u>\$8,800</u>	<u>\$ 9,109</u>

- (1) Included in Cash and cash equivalents in the accompanying Consolidated Balance Sheets.
(2) Included in Short-term investments in the accompanying Consolidated Balance Sheets.
(3) Included in Other current assets in the Consolidated Balance Sheets.
(4) Included in Accrued expenses in the Consolidated Balance Sheets.

The tables below present reconciliations for liabilities measured and recorded at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2012 and for the year ended June 25, 2011:

Fair Value Measured and Recorded Using Significant Unobservable Inputs (Level 3)		
	June 30, 2012	June 25, 2011
	(in thousands)	
Contingent Consideration		
Beginning balance	\$ 8,800	\$ —
Total gains or losses (realized and unrealized):		
Included in earnings	1,670	—
Additions	11,354	8,800
Payments	(4,087)	—
Ending balance	<u>\$17,737</u>	<u>\$8,800</u>
Changes in unrealized losses or (gains) included in earnings related to liabilities still held as of period end	\$ 1,670	\$ —

MAXIM INTEGRATED PRODUCTS, INC.
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The valuation of contingent consideration is based on a probability weighted earnouts model which relies primarily on estimates of milestone achievements and discount rates applicable for the period expected payout. The most significant unobservable input used in the determination of estimated fair value of contingent consideration is the estimates on the likelihood of milestone achievements, which directly correlates to the fair value recognized in the Consolidated Balance Sheets.

The fair value of this liability is estimated quarterly by management based on inputs received from the Company's engineering and finance personnel. The determination of the milestone achievement is performed by the Company's engineering department and reviewed by the accounting department. Potential valuation adjustments are made as the progress toward achieving milestones becomes determinable with the impact of such adjustments being recorded through Other operating expenses (income), net.

As of June 30, 2012 and June 25, 2011, there were no transfers in or out of level 3 from other levels in the fair value hierarchy.

Assets measured at fair value on a non-recurring basis were as follows:

As of June 30, 2012, long-lived assets held for sale were written down to their fair value, less cost to sell of \$24.0 million, resulting in an impairment loss of \$22.4 million, which was included in earnings for the period. The impairment charge was measured using level 3 inputs. The Company reached its conclusion regarding the asset impairment after conducting an evaluation of assets fair values. The fair value of the buildings was determined mainly after consideration of evidence such as appraisals and offers received. Please refer to Note 10: "Impairment of long-lived assets" of these Notes to Consolidated Financial Statements.

As of June 25, 2011, none of the Company's assets and liabilities was measured at fair value on a non-recurring basis.

NOTE 5: FINANCIAL INSTRUMENTS

Short-term investments

Fair values were as follows:

	June 30, 2012				June 25, 2011			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value
	(in thousands)							
Available-for-sale investments								
Government agency securities	\$75,007	\$319	\$—	\$75,326	\$49,826	\$520	\$—	\$50,346
Total available-for-sale investments	<u>\$75,007</u>	<u>\$319</u>	<u>\$—</u>	<u>\$75,326</u>	<u>\$49,826</u>	<u>\$520</u>	<u>\$—</u>	<u>\$50,346</u>

In the fiscal years ended June 30, 2012 and June 25, 2011, Maxim did not recognize any impairment charges on short-term investments.

The government agency securities have maturity dates between February 26, 2013 and December 18, 2013.

MAXIM INTEGRATED PRODUCTS, INC.
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Derivative instruments and hedging activities

Foreign Currency Risk

The Company generates revenues in various global markets based on orders obtained in non-U.S. currencies, primarily the Japanese Yen, the Euro and the British Pound. Maxim incurs expenditures denominated in non-U.S. currencies, principally the Philippine Pesos and Thai Baht associated with the Company's manufacturing activities in the Philippines and Thailand, respectively, and expenditures for sales offices and research and development activities undertaken outside of the U.S. Maxim is exposed to fluctuations in foreign currency exchange rates primarily on orders and accounts receivable from sales in these foreign currencies and cash flows for expenditures in these foreign currencies. Maxim has established risk management strategies designed to reduce the impact of volatility of future cash flows caused by changes in the exchange rate for these currencies. These strategies reduce, but do not entirely eliminate, the impact of currency exchange rates movements. Maxim does not use derivative financial instruments for speculative or trading purposes. The Company routinely hedges its exposures to certain foreign currencies with various financial institutions in an effort to minimize the impact of certain currency exchange rate fluctuations. If a financial counterparty to any of the Company's hedging arrangements experiences financial difficulties or is otherwise unable to honor the terms of the foreign currency hedge, the Company may experience financial losses.

For derivative instruments that are designated and qualify as cash flow hedges under ASC No. 815-Derivatives *and Hedging* ("ASC 815"), the effective portion of the gain or loss on the derivative is reported as a component of accumulated other comprehensive loss and reclassified into earnings into the same financial statement line as the item being hedged, and in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in interest and other expense, net.

For derivative instruments that are not designated as hedging instruments under ASC 815, gains and losses are recognized in interest and other expense, net. All derivatives are foreign currency forward contracts to hedge certain foreign currency denominated assets or liabilities. The gains and losses on these derivatives largely offset the changes in the fair value of the assets or liabilities being hedged.

Fair Value of Derivative Instruments in the Consolidated Balance Sheets

Maxim estimates the fair value of derivatives primarily based on pricing models using current market rates and records all derivatives on the balance sheet at fair value. The gross notional and the recorded fair value of derivative financial instruments in the Consolidated Balance Sheets were as follows:

	As of June 30, 2012			As of June 25, 2011		
	Gross Notional (1)	Other Current Assets	Accrued Expenses	Gross Notional (1)	Other Current Assets	Accrued Expenses
	(in thousands)					
Derivatives designated as hedging instruments						
Cash flow hedges:						
Foreign exchange contracts	\$37,955	\$150	\$459	\$35,629	\$ 53	\$287
Derivatives not designated as hedging instruments						
Foreign exchange contracts	35,105	492	48	26,342	273	22
Total derivatives	<u>\$73,060</u>	<u>\$642</u>	<u>\$507</u>	<u>\$61,971</u>	<u>\$326</u>	<u>\$309</u>

(1) Represents the face amounts of contracts that were outstanding as of June 30, 2012 and June 25, 2011, as applicable.

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Derivatives designated as hedging instruments

The following table provides the balances and changes in the accumulated other comprehensive income (loss) related to derivative instruments during the fiscal year ended June 30, 2012 and the fiscal year ended June 25, 2011.

	<u>June 30, 2012</u>	<u>June 25, 2011</u>
	<u>(in thousands)</u>	
Beginning balance	\$(234)	\$(235)
Loss reclassified to income	653	514
Loss recorded in other comprehensive loss	<u>(110)</u>	<u>(513)</u>
Ending balance	<u>\$ 309</u>	<u>\$(234)</u>

Maxim expects to reclassify an estimated net accumulated other comprehensive gain of \$0.2 million, net of taxes, to earnings in the next twelve months along with the earnings effects of the related forecasted transactions in association with cash flow hedges.

The before-tax effect of cash flow derivative instruments for the fiscal years ended June 30, 2012 and June 25, 2011 was as follows:

		<u>Gain (Loss) Reclassified from Accumulated OCI into Income (Effective portion)</u>	
		<u>Years Ended</u>	
	<u>Location</u>	<u>June 30, 2012</u>	<u>June 25, 2011</u>
		<u>(in thousands)</u>	
Cash Flow hedges:			
Foreign exchange contracts	Net Revenues	\$(312)	\$(1,152)
Foreign exchange contracts	Cost of goods sold	187	638
Foreign exchange contracts	Operating Expense	<u>(528)</u>	<u>—</u>
Total cash flow hedges		<u>\$(653)</u>	<u>\$ (514)</u>

The before-tax effect of derivative instruments not designated as hedging instruments on the Consolidated Statements of Income for the fiscal years ended June 30, 2012 and June 25, 2011 was as follows:

		<u>Gain (Loss) Recognized in Income on Derivative Instrument</u>		
		<u>Years Ended</u>		
	<u>Location</u>	<u>June 30, 2012</u>	<u>June 25, 2011</u>	<u>June 26, 2010</u>
		<u>(in thousands)</u>		
Foreign exchange contracts	Interest income (expense) and other, net	<u>\$1,653</u>	<u>\$(1,893)</u>	<u>\$1,444</u>
Total		<u>\$1,653</u>	<u>\$(1,893)</u>	<u>\$1,444</u>

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Volume of Derivative Activity

Total net U.S. Dollar notional amounts for foreign currency forward contracts, presented by net currency purchase (sell), are as follows:

<u>In United States Dollars</u>	<u>June 30, 2012</u>	<u>June 25, 2011</u>
	(in thousands)	
Euro	\$(10,686)	\$ 1,542
Japanese Yen	(2,254)	(5,156)
British Pound	(575)	(10,928)
Philippine Peso	15,443	17,140
Thai Baht	4,264	3,523
Total	<u>\$ 6,192</u>	<u>\$ 6,121</u>

Long-term debt

The following table summarizes the Company's long-term debt:

	<u>June 30, 2012</u>	<u>June 25, 2011</u>
	(in thousands)	
3.45% fixed rate notes due June 2013	\$ 300,000	\$300,000
SensorDynamics Debt (Denominated in Euro)		
Term fixed rate notes (2.0%-2.5%) due March 2013 to September 2015	6,285	—
Amortizing fixed rate notes (1.5%-2.75%) due up to June 2014	1,127	—
Amortizing floating rate notes (EURIBOR plus 1.5%) due up to June 2014	1,676	—
Total	309,088	300,000
Less: Current portion of long-term debt	(303,496)	—
Total long-term debt	<u>\$ 5,592</u>	<u>\$300,000</u>

On June 17, 2010, the Company completed a public offering of \$300 million aggregate principal amount of the Company's 3.45% senior unsecured notes due on June 14, 2013 ("300 million notes"), with an effective interest rate of 3.49%. Interest is payable semi-annually in arrears on June 14 and December 14 of each year. The \$300 million notes are governed by base and supplemental indentures dated June 10, 2010 and June 17, 2010, respectively, between the Company and Wells Fargo Bank, National Association, as trustee.

In conjunction with the SensorDynamics acquisition as discussed in Note 9: "Acquisitions" of these Notes to Consolidated Financial Statements, Maxim acquired certain fixed and floating rate notes as detailed in the table above.

The Company accounts for all the notes above based on their amortized cost. The discount and expenses are being amortized to Interest and other expense, net over the life of the Notes. Interest expense associated with the Notes was \$11.2 million and \$10.4 million during the years ended June 30, 2012 and June 25, 2011, respectively. The interest expense is recorded in Interest income (expense) and other, net in the Consolidated Statements of Income.

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The estimated fair value of Maxim's debt was approximately \$317 million at June 30, 2012. The estimated fair value of the debt is based primarily on an income approach utilizing market observable input such as interest rate.

As of June 30, 2012, the Company had the capacity to issue an unspecified amount of additional debt securities, common stock, preferred stock, warrants, rights and units under its 2010 Shelf Registration Statement.

Credit Facility

On October 13, 2011, the Company entered into a \$250 million senior unsecured revolving credit facility with certain institutional lenders that expires on October 13, 2016. The Company agreed to pay the lenders a facility fee at a rate per annum that varies based on the Company's index debt rating. Any advances under the credit agreement will accrue interest at a base rate plus a margin based on the Company's debt index rating. The credit agreement requires the Company to comply with certain covenants, including a requirement that the Company maintain a ratio of debt to EBITDA (earnings before interest, taxes, depreciation, and amortization) of not more than 3 to 1 and a minimum interest coverage ratio (EBITDA divided by interest expense) greater than 3.5 to 1. As of June 30, 2012, the Company had not borrowed any amounts from this credit facility and was in compliance with all debt covenants.

Other Financial Instruments

For the balance of Maxim's financial instruments, cash equivalents, accounts receivable, accounts payable and other accrued liabilities, the carrying amounts approximate fair value due to their short maturities.

NOTE 6: STOCK-BASED COMPENSATION

At June 30, 2012, the Company had five stock option plans and one employee stock purchase plan, including the Company's 1996 Stock Incentive Plan (the "1996 Plan"), 1993 Officer and Director Stock Option Plan, 1987 Stock Option Plan, 1987 Supplemental Stock Option Plan, Supplemental Non-employee Stock Option Plan and 2008 Employee Stock Purchase Plan ("2008 ESPP").

The following tables present stock-based compensation expense by type of award and resulting tax effect included in the Consolidated Statements of Income for fiscal years 2012, 2011, and 2010:

	For the Year Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
	(in thousands)		
Stock options	\$16,294	\$20,070	\$26,545
Restricted stock units	64,579	65,689	59,715
Employee stock purchase plan	8,994	8,538	7,265
Pre-tax stock-based compensation expense	89,867	94,297	93,525
Less: Income tax effect	20,215	25,457	25,041
Net stock-based compensation expense	<u>\$69,652</u>	<u>\$68,840</u>	<u>\$68,484</u>

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The following table shows pre-tax stock-based compensation expense by income statement classification:

	For the Year Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
	(in thousands)		
Cost of goods sold	\$13,139	\$14,001	\$15,220
Research and development	49,068	53,686	54,065
Selling, general and administrative	27,660	26,610	24,240
	<u>\$89,867</u>	<u>\$94,297</u>	<u>\$93,525</u>

Modifications and Settlements

2009 Goodwill Program

In January 2009, the Company approved a program (“Goodwill Program”) wherein non-officer employees holding options that were outstanding as of November 1, 2008 and which reached or will reach their contractual 10-year expiration term between November 2008 and December 2009 would be eligible for a payment in the form of cash or restricted stock units (“RSUs”). Payments exceeding \$5,000 would be settled in restricted stock units that vest over three quarters and are contingent upon continued employment, while amounts below \$5,000 would be settled in cash in a lump sum payment. A similar program was extended to officers in May 2009, except that payments exceeding \$5,000 to officers were settled in restricted stock units vesting over six quarters rather than three quarters.

The Company recorded a liability for the options settling in cash under the Goodwill Program. Options associated with payments being made in the form of restricted stock units under the Goodwill Program, which contain market and service conditions, are accounted for under the provisions of ASC 718. The Company recognized \$0.0 million, \$0.2 million and \$5.4 million in stock based compensation expense related to this program during fiscal years 2012, 2011 and 2010, respectively.

Fair Value

The fair value of share-based awards granted to employees under the Company’s 1996 Plan and 2008 ESPP is estimated on the date of grant using the Black-Scholes option valuation model. Expected volatilities are based on the historical volatilities from its traded common stock over a period equal to the expected term. The Company is utilizing the simplified method under ASC 718 to estimate expected holding periods. The risk-free interest rate is based on the U.S. Treasury yield. The Company determines the dividend yield by dividing the annualized dividends per share by the prior quarter’s average stock price. The result is analyzed by the Company to decide whether it represents expected future dividend yield. As required by ASC 718, the Company also estimates forfeitures at the time of grant and makes revisions to forfeitures on a quarterly basis.

The fair value of each award granted in fiscal years 2012, 2011 and 2010 has been estimated at the date of grant using the Black-Scholes option valuation model and the following weighted-average assumptions:

	Stock Option Plan For the Year Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
Expected holding period (in years)	5.1	5.2	5.2
Risk-free interest rate	1.2%	1.7%	2.3%
Expected stock price volatility	36.9%	37.1%	38.0%
Dividend yield	3.2%	4.2%	4.5%

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	ESP Plan For the Year Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
Expected holding period (in years)	0.5	0.5	0.7
Risk-free interest rate	0.1%	0.1%	0.3%
Expected stock price volatility	25.0%	24.7%	35.0%
Dividend yield	3.2%	3.3%	4.4%

The weighted-average fair value of stock options granted was \$5.91, \$4.02 and \$4.23 per share for fiscal years 2012, 2011 and 2010, respectively. The weighted-average fair value of RSUs granted was \$20.80, \$16.61 and \$16.20 per share for fiscal years 2012, 2011 and 2010, respectively.

Stock Option Plans

1996 Stock Incentive Plan

The Company's 1996 Plan, which was previously approved by the Company's stockholders, permits the grant of up to 120.1 million shares. The 1996 Plan provides for the grant of stock options, restricted stock units and restricted stock. To date, the Company has only issued stock options and restricted stock units. Under the 1996 Plan, the exercise price for all stock options will not be less than the fair market value of the Company's common stock on the date of grant. Options granted under the 1996 Plan, as well as under the Company's other stock plans described above, generally vest over a period of up to four years and expire from five to ten years from the date of the grant or such shorter term as may be provided in the agreement.

At June 30, 2012, the Company had 19.1 million shares of its common stock available for issuance to employees and other option recipients under its 1996 Stock Incentive Plan, 1993 Officer and Director Stock Option Plan, 1987 Stock Option Plan, 1987 Supplemental Stock Option Plan, and Supplemental Non-employee Stock Option Plan.

MAXIM INTEGRATED PRODUCTS, INC.
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The following table summarizes stock options outstanding, exercisable and vested and expected to vest as of June 30, 2012:

	Options		Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value (1)
	Number of Shares	Weighted Average Exercise Price		
Balance at June 27, 2009	29,599,916	\$28.83		
Options Granted	3,671,459	18.08		
Options Exercised	(47,327)	12.86		
Options Cancelled	(4,061,541)	32.38		
Balance at June 26, 2010	29,162,507	27.05		
Options Granted	3,559,132	17.61		
Options Exercised	(1,460,652)	17.22		
Options Cancelled	(2,928,501)	33.67		
Balance at June 25, 2011	28,332,486	25.62		
Options Granted	3,353,017	23.14		
Options Exercised	(2,843,444)	16.55		
Options Cancelled	(4,607,065)	31.62		
Balance at June 30, 2012	<u>24,234,994</u>	<u>25.20</u>	<u>3.5</u>	<u>\$108,906,939</u>
Exercisable at June 30, 2012	<u>13,945,087</u>	<u>\$30.02</u>	<u>2.3</u>	<u>\$ 40,690,170</u>
Vested and expected to vest, June 30, 2012	<u>23,169,056</u>	<u>\$25.43</u>	<u>3.4</u>	<u>\$103,363,007</u>

- (1) Aggregate intrinsic value represents the difference between the exercise price and the closing price per share of the Company's common stock on June 29, 2012, the last business day preceding the fiscal year end, multiplied by the number of option outstanding, exercisable or vested and expected to vest as of June 30, 2012.

The following table summarizes information about stock options that were outstanding and exercisable at June 30, 2012:

Range of Exercise Prices	Outstanding Options			Options Exercisable	
	Number Outstanding at June 30, 2012	Weighted Average Remaining Contractual Term (In years)	Weighted Average Exercise Price	Number Exercisable at June 30, 2012	Weighted Average Exercise Price
\$12.00 - \$18.04	7,181,461	4.13	\$14.29	2,875,727	\$13.01
\$18.11 - \$27.22	7,100,505	4.67	\$20.88	1,423,354	\$21.13
\$27.24 - \$40.96	8,445,771	2.12	\$34.69	8,138,749	\$34.92
\$41.92 - \$51.00	1,507,257	2.00	\$44.37	1,507,257	\$44.37
	<u>24,234,994</u>			<u>13,945,087</u>	

During fiscal year 2012, the Company granted approximately 3.4 million stock options from its 1996 Plan with an estimated total grant date fair value of \$19.8 million. The total intrinsic value of options exercised during fiscal years 2012 and 2011 were \$30.7 million and \$11.8 million, respectively, and insignificant for fiscal year 2010. The total fair value of options vested during fiscal years 2012 and 2011 were \$14.7 million and \$23.0 million, respectively and insignificant for fiscal year 2010. As of June 30, 2012, there was \$31.3 million of total unrecognized compensation costs related to 10.3 million unvested stock options expected to be recognized over a weighted average period of approximately 2.6 years.

MAXIM INTEGRATED PRODUCTS, INC.
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Restricted Stock Units

Restricted stock units (“RSUs”) generally vest on a quarterly basis over a service period of up to four years from the grant date. The restricted stock units represent a promise by the Company to the employees to issue shares of its common stock in the future, provided the vesting criteria are satisfied. RSUs granted reduce the total number of shares available for issuance under the 1996 Plan by a factor of two. To the extent RSUs are returned back to the 1996 Plan, for example, due to cancellations, such RSUs would increase the number of shares available to grant by a factor of two.

The following table summarizes outstanding and expected to vest RSUs as of June 30, 2012 and their activity during fiscal years 2012, 2011 and 2010:

	Number of Shares	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value (1)
Balance at June 27, 2009	11,867,329		
Restricted stock units granted	4,259,756		
Restricted stock units released	(4,813,738)		
Restricted stock units cancelled	(737,930)		
Balance at June 26, 2010	10,575,417		
Restricted stock units granted	4,171,372		
Restricted stock units released	(3,922,768)		
Restricted stock units cancelled	(823,283)		
Balance at June 25, 2011	10,000,738		
Restricted stock units granted	3,645,864		
Restricted stock units released	(3,433,989)		
Restricted stock units cancelled	(1,289,159)		
Balance at June 30, 2012	8,923,454	2.5	\$223,759,831
Expected to vest at June 30, 2012	7,854,496	2.5	\$197,619,128

- (1) Aggregate intrinsic value for RSUs represents the closing price per share of the Company’s common stock on June 29, 2012, the last business day preceding the fiscal year end, multiplied by the number of RSUs outstanding, or expected to vest as of June 30, 2012.

The Company withheld shares worth \$29.6 million related to employee withholding taxes based on the value of the RSUs on their vesting date as determined by the Company’s closing stock price during the fiscal year ended June 30, 2012. The total payments for the employees’ tax obligations to the taxing authorities are reflected as financing activities within the Consolidated Statements of Cash Flows.

As of June 30, 2012, there was \$114.0 million of unrecognized compensation cost related to 8.9 million unvested RSUs, which is expected to be recognized over a weighted average period of approximately 2.5 years.

2008 Employee Stock Purchase Plan

Under the 2008 ESPP, the Company has reserved to date 10.0 million shares of its common stock for future issuance. The 2008 ESPP permits two purchases over a twelve month offer period. Pursuant to the terms of the 2008 ESPP, eligible employees may elect withholdings of up to 25% of eligible compensation to purchase shares of common stock at the lower of (i) 85% of the fair market value of the shares on the offer date or (ii) 85% of the

MAXIM INTEGRATED PRODUCTS, INC.
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fair market value of the shares on the purchase date. The 2008 ESPP does not permit employees to buy more than \$25,000 worth of stock annually or 1,600 shares during an offer period.

The Company issued 1.7 million shares of its common stock for total consideration of \$33.7 million related to the ESPP plan during the fiscal year ended June 30, 2012. As of June 30, 2012, the Company had 4.3 million shares of its common stock reserved and available for future issuance under the 2008 ESPP.

NOTE 7: EARNINGS PER SHARE

Basic earnings per share are computed using the weighted average number of common shares outstanding during the period. For purposes of computing basic earnings per share, the weighted average number of outstanding shares of common stock excludes unvested RSUs. Diluted earnings per share incorporates the incremental dilutive shares issuable upon the assumed exercise of stock options, assumed release of unvested RSUs and assumed issuance of common stock under the employee stock purchase plans using the treasury stock method.

The following table sets forth the computation of basic and diluted earnings per share:

	For the Year Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
	(In thousands, except per share data)		
Numerator for basic earnings per share and diluted earnings per share			
Income from continuing operations	\$354,918	\$489,009	\$125,139
Income from discontinued operations	31,809	—	—
Net income	<u>\$386,727</u>	<u>\$489,009</u>	<u>\$125,139</u>
Denominator for basic earnings per share	292,810	296,755	304,579
Effect of dilutive securities:			
Stock options, ESPP and RSUs	7,192	6,622	5,437
Denominator for diluted earnings per share	<u>300,002</u>	<u>303,377</u>	<u>310,016</u>
Earnings per share-basic:			
From continuing operations	\$ 1.21	\$ 1.65	\$ 0.41
From discontinued operations	<u>0.11</u>	<u>—</u>	<u>—</u>
Basic	<u>\$ 1.32</u>	<u>\$ 1.65</u>	<u>\$ 0.41</u>
Earnings per share-diluted:			
From continuing operations	\$ 1.18	\$ 1.61	\$ 0.40
From discontinued operations	<u>0.11</u>	<u>—</u>	<u>—</u>
Diluted	<u>\$ 1.29</u>	<u>\$ 1.61</u>	<u>\$ 0.40</u>

Approximately 13.8 million, 14.9 million, and 21.1 million of the Company's stock awards were excluded from the calculation of diluted earnings per share for fiscal years 2012, 2011, and 2010, respectively. These options were excluded, as they were antidilutive. However, such options could be dilutive in the future.

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NOTE 8: GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Company classifies goodwill and acquired intangible assets within other assets in the Consolidated Balance Sheets. The Company's carrying value of goodwill was \$423.1 million and \$265.1 million at June 30, 2012 and June 25, 2011, respectively.

	<u>Goodwill</u>
Balance at June 25, 2011	\$265,125
Acquisitions	160,299
Divestitures	(9,728)
Adjustments	<u>7,377</u>
Balance at June 30, 2012	<u><u>\$423,073</u></u>

In fiscal year 2012, the Company adjusted the carrying values of certain acquired assets and liabilities primarily related to fiscal year 2011 and 2012 acquisitions in process research and development ("IPR&D"), intangibles and taxes related balances.

Intangible Assets

The useful lives of the significant definite lived intangible assets are as follows:

<u>Asset</u>	<u>Life</u>
Intellectual Property	5-10 years
Customer Relationships	5-10 years
Tradename	3 years
Backlog	1 year

Intangible assets consisted of the following:

	<u>June 30, 2012</u>			<u>June 25, 2011</u>		
	<u>Original Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Original Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
	(in thousands)					
Intellectual property	\$227,912	\$102,501	\$125,411	\$195,912	\$64,996	\$130,916
Customer relationships	95,230	39,583	55,647	88,630	24,915	63,715
Backlog	6,400	6,400	—	6,400	5,687	713
Tradename	<u>2,100</u>	<u>1,525</u>	<u>575</u>	<u>1,700</u>	<u>981</u>	<u>719</u>
Total amortizable purchased intangible assets	331,642	150,009	181,633	292,642	96,579	196,063
IPR&D	<u>27,280</u>	<u>—</u>	<u>27,280</u>	<u>8,200</u>	<u>—</u>	<u>8,200</u>
Total purchased intangible assets	<u><u>\$358,922</u></u>	<u><u>\$150,009</u></u>	<u><u>\$208,913</u></u>	<u><u>\$300,842</u></u>	<u><u>\$96,579</u></u>	<u><u>\$204,263</u></u>

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The following table presents the amortization expense of intangible assets and its presentation in the Consolidated Statements of Income:

	For the Year Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
	(in thousands)		
Cost of goods sold	\$36,693	\$30,164	\$10,999
Intangible Asset Amortization	16,737	18,752	10,477
Total Intangible Asset Amortization Expenses	<u>\$53,430</u>	<u>\$48,916</u>	<u>\$21,476</u>

The following table represents the estimated future amortization expense of amortizable purchased intangible assets as of the end of fiscal year 2012:

<u>Fiscal Year</u>	<u>Amount</u>
	(in thousands)
2013	\$ 52,399
2014	41,495
2015	40,452
2016	27,661
2017	17,983
Thereafter	<u>1,643</u>
Total intangible assets	<u>\$181,633</u>

NOTE 9: ACQUISITIONS

Acquisitions completed in fiscal year 2012

The purchase price allocation for acquisitions completed in fiscal year 2012 is set forth in the table below and reflects various preliminary fair value estimates and analysis, including preliminary work performed by third-party valuation specialists, which are subject to change within the measurement period (up to one year from the acquisition date) as valuations are finalized. The primary areas of the preliminary purchase price allocation that are not yet finalized are the determination of the deferred tax assets and liabilities and residual goodwill.

Pro forma results of operations for these acquisitions have not been presented because they are not material to Maxim's consolidated results of income, either individually or in the aggregate. Revenue and earnings per share for the acquired businesses since the date of acquisition through June 30, 2012 were not provided as they are not material. Goodwill, which represents the excess of the purchase price over the net tangible and intangible assets acquired, is not expected to be deductible for tax purposes. Acquisition costs for fiscal year 2012 were not material.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Aggregate preliminary purchase price allocation for acquisitions made by Maxim during fiscal year 2012 is as follows:

	<u>SensorDynamics</u>	<u>Other acquisitions</u> (in thousands)	<u>Total</u>
Tangible assets	\$ 18,692	\$ 1,159	\$ 19,851
Debt assumed	(29,078)	—	(29,078)
Other liabilities assumed	(37,559)	(4,729)	(42,288)
Net liabilities assumed	(47,945)	(3,570)	(51,515)
Amortizable intangible assets	20,900	17,840	38,740
IPR&D	19,600	—	19,600
Goodwill (1)	130,594	38,392	168,986
Total purchase price (1)	<u>\$123,149</u>	<u>\$52,662</u>	<u>\$175,811</u>

(1) Includes \$11.4 million of contingent consideration relating to the other acquisitions discussed further below.

The following table presents details of the Company's intangible assets acquired through business combinations completed during fiscal year 2012 (in thousands, except years):

	<u>Intellectual Property</u>		<u>Customer Relationships</u>		<u>Trademark</u>		<u>Total</u>
	<u>Weighted Average Useful Life (in Years)</u>	<u>Amount</u>	<u>Weighted Average Useful Life (in Years)</u>	<u>Amount</u>	<u>Weighted Average Useful Life (in Years)</u>	<u>Amount</u>	
SensorDynamics	7.0	\$ 16,400	7.0	\$ 4,100	3.0	\$ 400	\$20,900
Other acquisitions	9.2	15,340	3.0	2,500	—	—	17,840
Total		<u>\$ 31,740</u>		<u>\$ 6,600</u>		<u>\$ 400</u>	<u>\$38,740</u>
Weighted Average (in Years)	8.1		5.5		3.0		

SENSORDYNAMICS

On July 18, 2011, the Company acquired SensorDynamics, a semiconductor company that develops proprietary sensor and microelectromechanical solutions. SensorDynamics is based in Lebring, near Graz, Austria. The purpose of the acquisition was to allow Maxim to combine sensors with analog products. The total cash consideration associated with the acquisition was approximately \$123.1 million. The Company expects that none of the goodwill associated with the acquisition will be deductible for tax purposes.

OTHER ACQUISITIONS

The Company acquired three other companies during fiscal year 2012, the biggest of which is a company that develops low power high performance analog circuits. The total cash consideration associated with the acquisition was approximately \$41.3 million.

Maxim also recorded \$11.4 million, representing the fair value of contingent consideration that would be payable in the future should certain specified project milestones be met. Total contingent consideration that could be paid out under the agreement amounts to \$16.0 million. The contingent consideration was calculated based on probabilities that were developed regarding the likelihood that the product development milestones would be met and when the contingent payments would occur. Based on these factors, a probability weighted earnout amount was calculated and discounted (at the cost of debt) to present value.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Acquisitions in fiscal year 2011

Aggregate purchase price allocation for Maxim's fiscal year 2011 acquisitions:

	<u>Phyworks</u>	<u>Other acquisitions (In thousands)</u>	<u>Total</u>
Tangible assets	\$ 5,676	\$ 662	\$ 6,338
Liabilities assumed	(17,524)	(818)	(18,342)
Net liabilities assumed	(11,848)	(156)	(12,004)
Amortizable intangible assets	50,800	1,750	52,550
IPR&D	5,800	2,580	8,380
Goodwill (1)	26,606	14,187	40,793
Total purchase price (1)	<u>\$ 71,358</u>	<u>\$18,361</u>	<u>\$ 89,719</u>

- (1) Includes \$8.8 million of contingent consideration relating to one of the other acquisitions discussed further below

The following table presents details of the Company's intangible assets acquired through business combinations completed during fiscal year 2011 (in thousands, except years):

	<u>Intellectual Property</u>		<u>Customer Relationships</u>		<u>Backlog</u>		<u>Trademark</u>		<u>Total</u>
	<u>Weighted Average Useful Life (in Years)</u>	<u>Amount</u>	<u>Weighted Average Useful Life (in Years)</u>	<u>Amount</u>	<u>Weighted Average Useful Life (in Years)</u>	<u>Amount</u>	<u>Weighted Average Useful Life (in Years)</u>	<u>Amount</u>	
Phyworks	5.0	\$47,100	5.0	\$1,600	1.3	\$1,900	1.0	\$200	\$50,800
Other acquisitions	3.0	1,750	—	—	—	—	—	—	1,750
Total		<u>\$48,850</u>		<u>\$1,600</u>		<u>\$1,900</u>		<u>\$200</u>	<u>\$52,550</u>
Weighted Average (in Years)	4.9		5.0		1.3		1.0		

PHYWORKS

On September 7, 2010, the Company acquired Phyworks Limited, a developer of high-speed communications integrated circuits. The Company expects that none of the goodwill associated with the acquisition will be deductible for tax purposes. No supplemental pro forma information is presented for the acquisition due to the immaterial effect of the acquisition on the Company's results of operations.

OTHER ACQUISITIONS

During fiscal year 2011, the Company completed two other acquisitions, the biggest of which is a developer of highly integrated, analog, mixed-signal solutions, as well as design methods and flows for analog system-on-a-chip (SoCs). The total cash consideration associated with the acquisition was \$8.2 million. The acquired assets included cash of \$0.4 million. Maxim also recorded \$8.8 million, representing the fair value of contingent consideration that would be payable in the future should certain specified project milestones be met. Total contingent consideration that could be paid out under the agreement amounts to \$12.5 million. As of June 30, 2012, Maxim has paid \$4.1 million relating to contingent consideration.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10: IMPAIRMENT OF LONG-LIVED ASSETS

Fiscal year 2012 impairments:

During the fourth quarter of fiscal year 2012, the Company identified certain idle facilities that needed impairment. In connection with these circumstances, the Company recorded a charge for the write-down of buildings to its estimated fair value, less cost to sell. The total charge of \$22.4 million was included in impairment of long-lived assets in the Company's Consolidated Statements of Income. The Company reached its conclusion regarding the asset impairment after conducting an evaluation of assets fair values. The fair value of the buildings was determined mainly after consideration of evidence such as appraisals and offers received.

During the third quarter of fiscal year 2012, the Company identified certain assets as excess primarily attributable to changes in certain manufacturing technology. These assets included fabrication used tools and certain end of line manufacturing equipment. In connection with these circumstances, the Company recorded a charge for the write down of equipment to its estimated fair value, less cost to sell. The total charge of \$7.7 million was included in impairment of long-lived assets in the Company's Consolidated Statements of Income. The Company reached its conclusion regarding the asset impairment after conducting an evaluation of the recoverability of the related manufacturing assets in accordance with ASC 360-Property, *Plant, and Equipment*. The fair value of the equipment was determined mainly after consideration of quoted market prices of similar equipment adjusted for equipment specifications and condition in addition to the current market demand and size.

The Company has ceased depreciation and classified the above assets as held for sale based on its intentions to sell the assets and has included the lower of fair value less cost to sell and net book value in other assets in the Consolidated Balance Sheet as of June 30, 2012.

Fiscal year 2011 impairments: None

Fiscal year 2010 impairments:

End-of-Line Sorting and Testing Facilities

During the first quarter of fiscal year 2010, the Company identified certain assets as excess or obsolete, primarily due to changes in certain manufacturing technology. In connection with these circumstances, the Company recorded a charge for the write-down of equipment to its estimated fair value. The total charge of \$5.0 million was included in impairment of long-lived assets in the Company's Consolidated Statements of Income. The Company has ceased depreciation and classified these assets as held for sale based on its intentions to sell the assets and has included \$0.6 million in other assets in the Consolidated Balance Sheet as of June 26, 2010.

Wafer Fabrication Facility, Oregon

During the first quarter of fiscal year 2010, as a result of reduced future wafer output requirements associated with equipment utilizing certain process technologies, the Company recorded a write-down of equipment to be sold to the equipment's estimated fair value. This charge of \$3.3 million was included in impairment of long-lived assets in the Company's Consolidated Statements of Income. The Company has ceased depreciation and classified these assets as held for sale based on its intentions to sell the assets and has included \$0.5 million in other assets in the Consolidated Balance Sheet as of June 26, 2010.

NOTE 11: DISCONTINUED OPERATIONS

In January 2012, the Company sold its clock synchronization business for approximately \$44.0 million. No further proceeds from the sale are expected. The clock synchronization business formed part of the Company's Comm Timing operating segment.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In February 2012, the Company also sold certain future technologies, including die types that will result in future products, in the storage area. The total sale price for this transaction was approximately \$15.0 million. No further proceeds from the sale are expected. The technologies and die types sold formed part of the Company's Storage operating segment.

As a result of these two transactions, the Company recognized a gain on sale of discontinued operations of \$31.8 million, net of income taxes. This gain reflects cash received, less transaction costs and the net carrying value of assets and liabilities transferred.

The Company has not disclosed and included in discontinued operations the impact of historical revenue, pre- or post- tax profit or loss related to discontinued operations for any of the prior periods presented as the impact was immaterial to the Company's consolidated financial statements.

Selected financial information related to discontinued operations follows:

	<u>June 30, 2012</u>
	<u>(in thousands)</u>
Gain on sale of discontinued operations	\$ 45,372
Income tax expense	<u>(13,563)</u>
Gain on discontinued operations, net of tax	<u>\$ 31,809</u>

NOTE 12: SEGMENT INFORMATION

The Company operates and tracks its results in one reportable segment. The Company designs, develops, manufactures and markets a broad range of linear and mixed signal integrated circuits. The Chief Executive Officer has been identified as the Chief Operating Decision Maker as defined by ASC No. 280, *Disclosures about Segments Reporting* ("ASC 280").

In 2012, the Company identified three operating segments which aggregate into one reportable segment. Under ASC 280, two or more operating segments may be aggregated into a single operating segment for financial reporting purposes if aggregation is consistent with the objective and basic principles of ASC 280, if the segments have similar economic characteristics, and if the segments are similar in each of the following areas:

- the nature of products and services;
- the nature of the production processes;
- the type or class of customer for their products and services; and
- the methods used to distribute their products or provide their services.

The Company meets each of the aggregation criteria for the following reasons:

- the sale of analog and mixed signal integrated circuits is the primary source of revenue for each of the Company's three operating segments;
- the integrated circuits sold by each of the Company's operating segments are manufactured using similar semiconductor manufacturing processes;
- the integrated circuits marketed by each of the Company's operating segments are sold to the same types of customers; and
- all of the Company's integrated circuits are sold through a centralized sales force and common wholesale distributors.

MAXIM INTEGRATED PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All of the Company's operating segments share similar economic characteristics as they have a similar long term business model. The causes for variation among the Company's operating segments are the same and include factors such as (i) life cycle and price and cost fluctuations, (ii) number of competitors, (iii) product differentiation and (iv) size of market opportunity. Additionally, each operating segment is subject to the overall cyclical nature of the semiconductor industry. The number and composition of employees and the amounts and types of tools and materials required are similar for each operating segment. Finally, even though the Company periodically reorganizes the Company's operating segments based upon changes in customers, end-markets or products, acquisitions, long-term growth strategies, and the experience and bandwidth of the senior executives in charge, the common financial goals for each operating segment remain constant.

Enterprise-wide information is provided in accordance with ASC 280. Geographical revenue information is based on customers' ship-to location. Long-lived assets consist of property, plant and equipment. Property, plant and equipment information is based on the physical location of the assets at the end of each fiscal year.

Net revenues from unaffiliated customers by geographic region were as follows:

	For the Year Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
	(in thousands)		
United States	\$ 287,174	\$ 360,310	\$ 291,539
China	1,040,833	915,628	685,908
Japan	149,770	163,061	131,513
Korea	201,819	294,006	311,928
Rest of Asia	356,636	283,121	223,786
Europe	302,373	379,173	288,675
Rest of World	64,924	77,042	64,254
	<u>\$2,403,529</u>	<u>\$2,472,341</u>	<u>\$1,997,603</u>

Net long-lived assets by geographic region were as follows:

	Fiscal Year Ended	
	June 30, 2012	June 25, 2011
	(in thousands)	
United States	\$ 957,982	\$ 972,380
Philippines	247,681	204,581
Thailand	99,308	120,838
Rest of World	48,635	11,051
	<u>\$1,353,606</u>	<u>\$1,308,850</u>

NOTE 13: COMMITMENTS AND CONTINGENCIES

Stock Option Litigation

Beginning on or about May 22, 2006, several derivative actions were filed against certain current and former executive officers and directors of the Company alleging, among other things, wrongful conduct of back-dating stock options as well as securities law violations, and named the Company as a nominal defendant against whom the plaintiffs sought no recovery.

MAXIM INTEGRATED PRODUCTS, INC.
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The parties to the derivative litigation in the Delaware Court of Chancery entered into a stipulated settlement agreement, which was approved by the Delaware Court of Chancery on September 16, 2008. All derivative actions pending in the California Superior Court have since been dismissed, with prejudice. Net settlement proceeds of \$18.9 million were received by the Company on September 10, 2009. The Company recognized an increase to additional paid in capital of \$2.5 million related to excess gains while the remainder of the proceeds of \$16.4 million was recorded as a reduction to other operating (income) expenses, net.

On February 6, 2008, a putative class action complaint was filed against the Company and certain former officers and employees in the U.S. District Court for the Northern District of California alleging claims under the federal securities laws based on certain alleged misrepresentations and omissions in the Company's public disclosures concerning its stock option accounting practices. On June 18, 2010, lead plaintiffs and the Company entered into a stipulation of settlement settling the action and providing for the payment of \$173.0 million in cash by the Company. The Company made the payment in July, 2010. On September 29, 2010, the Court issued a Final Order and Judgment approving the settlement.

Legal Proceedings

We are party or subject to various other legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business, including proceedings and claims that relate to intellectual property matters, and acquisitions we have completed or to companies we have acquired or are attempting to acquire. While the outcome of these matters cannot be predicted with certainty, we do not believe that the outcome of any of these matters, individually or in the aggregate, will result in losses that are materially in excess of amounts already recognized or reserved, if any.

Commitments

The Company leases certain of its facilities under various operating leases that expire at various dates through June 2025. The lease agreements generally include renewal provisions and require the Company to pay property taxes, insurance, and maintenance costs.

Future annual minimum payments for all commitments are as follows:

	Total	Less than 1 year	2-3 years	4-5 years	More than 5 years
	(Amounts in thousands)				
Operating lease obligations (1)	\$ 40,390	\$ 10,993	\$14,625	\$ 9,951	\$ 4,821
Royalty obligations (2)	10,000	10,000	—	—	—
Long-term debt obligations (3)	309,088	303,496	2,028	2,599	965
Interest payments associated with long-term debt obligations (4)	10,806	10,554	168	79	5
Capital equipment and inventory related purchase obligations (5)	19,258	2,162	4,564	4,564	7,968
Total	<u>\$389,542</u>	<u>\$337,205</u>	<u>\$21,385</u>	<u>\$17,193</u>	<u>\$13,759</u>

- (1) The Company leases some facilities under non-cancelable operating lease agreements that expire at various dates through 2025.
- (2) Royalty obligations represent payments for licensed patents.
- (3) Long-term debt represents amounts due for the Company's \$300 million notes due 2013 and other notes acquired through the SensorDynamics acquisition.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (4) Interest payments associated with the Company's \$300 million notes due 2013 and other notes acquired through the SensorDynamics acquisition.
- (5) Capital equipment purchase obligations represent commitments for purchase of property, plant and equipment. The Company orders some materials and supplies in advance or with minimum purchase quantities. The Company is obligated to pay for the materials and supplies when received.

Purchase orders for the purchase of the majority of our raw materials and other goods and services are not included in the table. Our purchase orders generally allow for cancellation without significant penalties. We do not have significant agreements for the purchase of raw materials or other goods specifying minimum quantities or set prices that exceed our expected short-term requirements.

Rental expense amounted to approximately \$17.4 million, \$12.7 million, and \$8.2 million in fiscal years 2012, 2011 and 2010, respectively.

Indemnifications

The Company indemnifies certain customers, distributors, suppliers and subcontractors for attorney fees and damages and costs awarded against such parties in certain circumstances in which the Company's products are alleged to infringe third party intellectual property rights, including patents, registered trademarks or copyrights. The terms of the Company's indemnification obligations are generally perpetual from the effective date of the agreement. In certain cases, there are limits on and exceptions to the Company's potential liability for indemnification relating to intellectual property infringement claims.

Legal fees associated with indemnification obligations, defense and other related costs

Pursuant to the Company's charter documents and separate written indemnification agreements, the Company has certain indemnification obligations to its current officers and directors, as well as certain former officers and directors. Pursuant to such obligations, the Company has incurred expenses related to legal fees and expenses advanced to certain former officers of the Company subject to civil charges by the SEC in connection with Maxim's historical stock option granting practices. The Company expenses such amounts as incurred.

NOTE 14: COMPREHENSIVE INCOME

The changes in the components of OCI, net of taxes, were as follows:

	For the Year Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
	(in thousands)		
Net income, as reported	\$386,727	\$489,009	\$125,139
Unrealized gain (loss) on post-retirement benefits, net of tax benefit (expense) of \$1,788 in 2012, \$(132) in 2011 and \$515 in 2010	(2,603)	(289)	(896)
Tax effect of the unrealized exchange gain (loss) on long-term intercompany receivables	1,612	(2,369)	(1,893)
Unrealized gains (losses) on investments, net of tax benefit (expense) of \$74 in 2012, \$(189) in 2011, and \$770 in 2010	(129)	331	(1,346)
Unrealized gains (losses) on foreign exchange contracts, net of tax benefit (expense) of \$26 in 2012, \$(1) in 2011, and \$85 in 2010	(46)	—	(150)
Total comprehensive income	<u>\$385,561</u>	<u>\$486,682</u>	<u>\$120,854</u>

MAXIM INTEGRATED PRODUCTS, INC.
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The components of Accumulated Other Comprehensive Loss, were as follows:

	June 30, 2012	June 25, 2011
	(in thousands)	
Tax effect of the unrealized exchange loss on long-term intercompany receivables	\$ (6,469)	\$ (8,081)
Unrealized loss on post-retirement benefits	(7,444)	(4,841)
Cumulative translation adjustment	(1,527)	(1,527)
Unrealized loss on cash flow hedges	(196)	(150)
Unrealized gain on available-for-sale securities	202	331
Accumulated Other Comprehensive Loss	<u>\$(15,434)</u>	<u>\$(14,268)</u>

NOTE 15: COMMON STOCK REPURCHASES

In August 2011, the Board of Directors authorized the Company to repurchase up to \$750 million of the Company's common stock from time to time at the discretion of the Company's management. This stock repurchase authorization has no expiration date. All prior authorizations by the Company's Board of Directors for the repurchase of common stock were canceled and superseded by this authorization.

During fiscal year 2012 and fiscal year 2011, the Company repurchased approximately 9.9 million, and 10.9 million shares of its common stock for \$246.4 million and \$231.0 million, respectively. As of June 30, 2012, the Company had remaining authorization of \$551.2 million for future share repurchases. The number of shares to be repurchased and the timing of such repurchases will be based on several factors, including the price of the Company's common stock and general market and business conditions.

NOTE 16: INCOME TAXES

The provision for income taxes from continuing operations consisted of the following:

	For the Year Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
	(in thousands)		
Federal			
Current	\$143,903	\$ 44,579	\$151,786
Deferred	16,767	118,351	12,340
State			
Current	2,877	781	4,092
Deferred	3,523	4,204	(1,464)
Foreign			
Current	14,757	2,810	14,345
Deferred	(4,012)	1,937	(6,175)
	<u>\$177,815</u>	<u>\$172,662</u>	<u>\$174,924</u>

In addition, the Company recorded income tax of \$13.6 million related to discontinued operations that was netted against income from discontinued operations.

Pretax income (loss) from continuing operations for the Company's foreign subsidiaries was approximately \$348.3 million, \$285.0 million and \$(95.5) million for fiscal years ended June 30, 2012, June 25, 2011 and June 26, 2010, respectively.

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The Company has tax holidays with respect to certain operations in Thailand that will expire at various dates between the fiscal years 2013 and 2020. The impact of the tax holidays on net income was not material for fiscal years 2012, 2011, and 2010.

As of June 30, 2012, the Company's foreign subsidiaries have accumulated undistributed earnings of approximately \$58.5 million that are intended to be indefinitely reinvested outside the U.S. and, accordingly, no provision for U.S. federal and state tax has been made for the distribution of these earnings. At June 30, 2012 the amount of the unrecognized deferred tax liability on the indefinitely reinvested earnings was \$8.7 million.

The provision for income taxes for continuing operations differs from the amount computed by applying the statutory rate as follows:

	For the Year Ended		
	June 30, 2012	June 25, 2011	June 26, 2010
Federal statutory rate	35.0%	35.0%	35.0%
State tax, net of federal benefit	1.1	0.7	0.4
General business credits	(0.5)	(1.5)	(1.2)
Domestic production deduction benefit	—	(0.1)	(2.1)
Foreign earnings and losses taxed or benefitted at different rates	(3.9)	(4.6)	21.0
Stock-based compensation	2.3	1.3	3.0
Executive compensation	—	0.1	0.1
Release of unrecognized tax benefits	(0.4)	(4.1)	—
Interest accrual for unrecognized tax benefits	0.6	(1.6)	0.9
Other	(0.8)	0.9	1.2
Income tax rate	<u>33.4%</u>	<u>26.1%</u>	<u>58.3%</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The components of the Company's deferred tax assets and liabilities are as follows:

	For the Year Ended	
	June 30, 2012	June 25, 2011
	(in thousands)	
Deferred tax assets:		
Inventory valuation and reserves	\$ 8,160	\$ 11,768
Distributor related accruals and sales return and allowance accruals	16,426	21,334
Deferred revenue	1,475	2,233
Accrued compensation	44,524	56,467
Stock-based compensation	59,524	73,295
Net operating loss carryovers	40,750	20,827
Tax credit carryovers	43,005	43,285
Other reserves and accruals not currently deductible for tax purposes	17,225	10,608
Other	8,102	8,940
Total deferred tax assets	<u>\$239,191</u>	<u>\$248,757</u>

MAXIM INTEGRATED PRODUCTS, INC.
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	For the Year Ended	
	June 30, 2012	June 25, 2011
	(in thousands)	
Deferred tax liabilities:		
Fixed assets cost recovery, net	(260,374)	(257,647)
Other	(11,822)	(12,168)
Net deferred tax assets /(liabilities) before valuation allowance	(33,005)	(21,058)
Valuation allowance	(61,550)	(44,562)
Net deferred tax assets/(liabilities)	<u>\$ (94,555)</u>	<u>\$ (65,620)</u>

The valuation allowance increased by \$17.0 million in fiscal year 2012. The increase was primarily due to a valuation allowance that was established for net operating loss carryforwards of companies acquired during the fiscal year 2012. \$37.3 million of the valuation allowance is attributable to the tax benefits of income tax deductions generated by the exercise of stock options that, when realized, will be recorded as a credit to additional paid-in-capital.

As of June 30, 2012, the Company has \$28.6 million of federal net operating loss carryforwards expiring at various dates between fiscal years 2024 and 2031, \$63.9 million of state net operating loss carryforwards expiring at various dates through the fiscal years 2031, \$102.8 million of foreign net operating losses with no expiration date, \$8.1 million of state tax credit carryforwards expiring at various dates between fiscal years 2013 and 2027 and \$67.3 million of state tax credit carryforwards with no expiration date.

The Company classifies unrecognized tax benefits as (i) a current liability to the extent that payment is anticipated within one year; (ii) a non-current liability to the extent that payment is not anticipated within one year; or (iii) as a reduction to deferred tax assets to the extent that the unrecognized tax benefit relates to deferred tax assets such as operating loss or tax credit carryforwards.

A reconciliation of the change in gross unrecognized tax benefits, excluding interest, penalties and the federal benefit for state unrecognized tax benefits, is as follows:

	For the Year Ended	
	June 30, 2012	June 25, 2011
	(in thousands)	
Balance as of beginning of year	\$117,413	\$151,464
Tax positions related to current year:		
Addition	56,257	59,345
Tax positions related to prior year:		
Addition	60,221	7,935
Reduction	(2,979)	(21,399)
Settlements	—	(16,636)
Lapses in statutes of limitations	(2,005)	(63,296)
Balance as of end of year	<u>\$228,907</u>	<u>\$117,413</u>

The total amount of gross unrecognized tax benefits as of June 30, 2012 that, if recognized, would affect the effective tax rate and additional paid in capital is \$218.8 million and \$10.1 million, respectively.

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Consistent with prior years, the Company reports interest and penalties related to unrecognized tax benefits as a component of income tax expense. The gross amount of interest and penalties recognized in income tax expense during fiscal years ended June 30, 2012, June 25, 2011, and June 26, 2010 was \$7.3 million, \$(17.1) million and \$4.4 million, respectively, and the total amount of interest and penalties accrued as of June 30, 2012, June 25, 2011, and June 26, 2010 was \$10.6 million, \$3.3 million, and \$20.4 million, respectively. The fiscal year 2011 interest and penalty net benefit of \$17.1 million was primarily due to a \$19.5 million reversal of prior year interest and penalties due to the expiration of the statute of limitations.

In fiscal year 2012 the U.S. Internal Revenue Service commenced an audit of the Company's federal corporate income tax returns for fiscal years 2009 through 2011, which is still ongoing. Management believes that it has adequately provided for any adjustments that may result from this audit.

A summary of the fiscal tax years that remain subject to examination, as of June 30, 2012, for the Company's major tax jurisdictions are:

United States - Federal	2009 - forward
United States - Various States	2008 - forward
Japan	2006 - forward
Philippines	2009 - forward
Thailand	2002 - forward
United Kingdom	2010 - forward
Ireland	2010 - forward

NOTE 17: BENEFITS

Defined contribution plan:

Starting January 1, 2011, Maxim reinstated its 401(k) employer matching contribution for U.S. employees. U.S. employees are automatically enrolled in the plan when they meet eligibility requirements, unless they decline participation. Under the terms of the plan Maxim matches 100% of the employee contributions up to 3% of employee eligible compensation and 50% of additional employee contributions up to 5% of employee eligible compensation, up to the IRS Annual Compensation Limits. Total defined contribution expense was \$6.8 million and \$6.0 million in fiscal years 2012 and 2011, respectively.

Non-U.S. Pension Benefits

We provide defined-benefit pension plans in certain countries. Consistent with the requirements of local law, we deposit funds for certain plans with insurance companies, with third-party trustees, or into government-managed accounts, and/or accrue for the unfunded portion of the obligation.

Post-Employment Benefits

The Company has outstanding obligations associated with certain former Maxim employees to provide post-employment medical benefits. The total amount of this obligation was \$4.8 million and included in other liabilities in the Consolidated Balance Sheet as of June 25, 2011. The Company accounted for this obligation in accordance with ASC 712.

As a result of the Company's acquisition of Dallas Semiconductor in 2001, the Company assumed the obligation to continue medical coverage for certain former officers and directors. The total amount of this obligation was \$10.0 million and included in other liabilities in the Consolidated Balance Sheet as of June 25, 2011. The Company accounted for the obligation under ASC 715.

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the fourth quarter of fiscal year 2012, the Company formalized a post-retirement benefits plan merging the former and current Maxim employees with the Dallas Semiconductor participants under one pool. The plan gained the proper approvals and, accordingly, the Company has accounted for both plans as of June 30, 2012 under ASC 715.

Medical Expense & Funded Status Reconciliation

	<u>June 25, 2011</u>	<u>Fiscal Year 2012 Expense</u>	<u>June 30, 2012</u>	<u>Estimated Fiscal Year 2013 Expense</u>
	(in thousands, except percentages)			
Accumulated Postretirement Benefit Obligation [APBO]:				
Retirees and beneficiaries	\$ (9,989)		\$(20,427)	
Active participants	—		(1,780)	
Funded status	<u>\$ (9,989)</u>		<u>\$(22,207)</u>	
Actuarial loss	—		\$ 1,507	
Prior service cost	—		3,100	
Amounts Recognized in Accumulated Other Comprehensive Income:				
Net actuarial loss	\$ 7,484		\$ 8,603	
Prior service cost	—		3,100	
Total	<u>\$ 7,484</u>		<u>\$ 11,703</u>	
Net Periodic Postretirement Benefit Cost/(Income):				
Interest cost		500		877
Amortization:				
Prior service cost		—		356
Net actuarial loss (1)		<u>388</u>		<u>734</u>
Total net periodic postretirement benefit cost		<u>\$888</u>		<u>\$1,967</u>
Employer contributions		<u>\$150</u>		<u>\$ 581</u>
Economic Assumptions:				
Discount rate	5.1%		4.0%	
Medical trend	9.5%-5%		9%-5%	

(1) Unrecognized losses are amortized over average remaining service period of active participants of 8.7 years at June 30, 2012.

The following benefit payments are expected to be paid:

	<u>Non-Pension Benefits</u>
2013	\$ 581
2014	631
2015	682
2016	738
2017	799
Thereafter	<u>18,776</u>
	<u>\$22,207</u>

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dallas Semiconductor Split-Dollar Life Insurance

As a result of the Company's acquisition of Dallas Semiconductor in 2001, the Company assumed responsibility associated with certain split-dollar life insurance policies held by certain former Dallas Semiconductor officers and directors. The policies are owned by the individuals with the Company maintaining a limited collateral assignment on each policy.

The Company had \$3.0 million and \$2.9 million included in Other Assets as of June 30, 2012 and June 25, 2011, respectively, associated with the limited collateral assignment to the policies. The Company had a \$4.6 million and \$4.4 million obligation included in Other Liabilities as of June 30, 2012 and June 25, 2011, respectively, related to the anticipated continued funding associated with these policies.

NOTE 18: QUARTERLY FINANCIAL DATA (UNAUDITED)

<u>Fiscal Year 2012</u>	<u>Quarter Ended</u>			
	<u>6/30/2012</u>	<u>3/31/2012</u>	<u>12/31/2011</u>	<u>9/24/2011</u>
	(In thousands, except percentages and per share data)			
Net revenues	\$604,956	\$571,212	\$591,359	\$636,002
Cost of goods sold	232,967	235,782	243,399	240,529
Gross margin	\$371,989	\$335,430	\$347,960	\$395,473
Gross margin %	61.5%	58.7%	58.8%	62.2%
Operating income	\$136,021	\$111,886	\$114,510	\$172,380
% of net revenues	22.5%	19.6%	19.4%	27.1%
Income from continuing operations	\$110,634	\$ 22,708	\$ 88,130	\$133,446
Income from discontinued operations	—	31,809	—	—
Net income	\$110,634	\$ 54,517	\$ 88,130	\$133,446
Earnings per share: basic				
From continuing operations	\$ 0.38	\$ 0.08	\$ 0.30	\$ 0.45
From discontinued operations	—	0.11	—	—
Basic	\$ 0.38	\$ 0.19	\$ 0.30	\$ 0.45
Earnings per share: diluted				
From continuing operations	\$ 0.37	\$ 0.07	\$ 0.29	\$ 0.44
From discontinued operations	—	0.11	—	—
Diluted	\$ 0.37	\$ 0.18	\$ 0.29	\$ 0.44
Shares used in the calculation of earnings per share:				
Basic	292,757	292,276	291,824	294,475
Diluted	299,793	300,221	299,290	301,076
Dividends paid per share	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22

MAXIM INTEGRATED PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<u>Fiscal Year 2011</u>	<u>Quarter Ended</u>			
	<u>6/25/2011</u>	<u>3/26/2011</u>	<u>12/25/2010</u>	<u>9/25/2010</u>
	<u>(In thousands, except percentages and per share data)</u>			
Net revenues	\$626,491	\$606,775	\$612,936	\$626,139
Cost of goods sold	<u>235,666</u>	<u>234,125</u>	<u>232,661</u>	<u>239,925</u>
Gross margin	\$390,825	\$372,650	\$380,275	\$386,214
Gross margin %	<u>62.4%</u>	<u>61.4%</u>	<u>62.0%</u>	<u>61.7%</u>
Operating income	\$177,922	\$163,995	\$151,999	\$179,123
% of net revenues	<u>28.4%</u>	<u>27.0%</u>	<u>24.8%</u>	<u>28.6%</u>
Net income	<u>\$125,593</u>	<u>\$136,276</u>	<u>\$109,590</u>	<u>\$117,550</u>
Earnings per share:				
Basic	<u>\$ 0.42</u>	<u>\$ 0.46</u>	<u>\$ 0.37</u>	<u>\$ 0.39</u>
Diluted	<u>\$ 0.41</u>	<u>\$ 0.45</u>	<u>\$ 0.36</u>	<u>\$ 0.39</u>
Shares used in the calculation of earnings (loss) per share:				
Basic	<u>295,751</u>	<u>296,511</u>	<u>296,550</u>	<u>298,216</u>
Diluted	<u>303,944</u>	<u>304,515</u>	<u>303,260</u>	<u>301,688</u>
Dividends paid per share	<u>\$ 0.21</u>	<u>\$ 0.21</u>	<u>\$ 0.21</u>	<u>\$ 0.21</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Maxim Integrated Products, Inc.
San Jose, California

We have audited the accompanying consolidated balance sheets of Maxim Integrated Products, Inc. and subsidiaries (the “Company”) as of June 30, 2012 and June 25, 2011, and the related consolidated statements of income, stockholders’ equity, and cash flows for each of the three years in the period ended June 30, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Maxim Integrated Products, Inc. and subsidiaries at June 30, 2012 and June 25, 2011, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of June 30, 2012, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 17, 2012 expressed an unqualified opinion on the Company’s internal control over financial reporting.

DELOITTE & TOUCHE LLP

San Jose, California
August 17, 2012

MAXIM INTEGRATED PRODUCTS, INC.
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

	<u>Balance at Beginning of Period</u>	<u>Additions (Deductions) Charged (Credited) to Costs and Expenses</u>	<u>Deductions (1)</u>	<u>Balance at End of Period</u>
	(In thousands)			
Doubtful accounts				
Year ended June 30, 2012	\$ 1,705	\$ (504)	\$ 46	\$ 1,155
Year ended June 25, 2011	\$ 2,446	\$ (362)	\$ 379	\$ 1,705
Year ended June 26, 2010	\$ 2,831	\$ 457	\$ 842	\$ 2,446
	<u>Balance at Beginning of Period</u>	<u>Additions (Deductions) Charged (Credited) to Costs and Expenses</u>	<u>Deductions</u>	<u>Balance at End of Period</u>
	(In thousands)			
Returns and Allowances				
Year ended June 30, 2012	\$15,992	\$60,989	\$65,607	\$11,374
Year ended June 25, 2011	\$14,992	\$74,456	\$73,456	\$15,992
Year ended June 26, 2010	\$10,332	\$67,505	\$62,845	\$14,992

(1) Uncollectible accounts written off.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

August 17, 2012

MAXIM INTEGRATED PRODUCTS, INC.

By: /s/ BRUCE E. KIDDOO
Bruce E. Kiddoo
Senior Vice President, Chief Financial Officer

August 17, 2012

MAXIM INTEGRATED PRODUCTS, INC.

By: /s/ DAVID A. CARON
David A. Caron
Vice President and Principal Accounting Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Tunc Doluca and Bruce Kiddoo as his true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, the report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ TUNC DOLUCA</u> Tunc Doluca	President and Chief Executive Officer (Principal Executive Officer)	August 17, 2012
<u>/s/ JAMES R. BERGMAN</u> James R. Bergman	Director	August 17, 2012
<u>/s/ JOSEPH R. BRONSON</u> Joseph R. Bronson	Director	August 17, 2012
<u>/s/ ROBERT E. GRADY</u> Robert E. Grady	Director	August 17, 2012
<u>/s/ B. KIPLING HAGOPIAN</u> B. Kipling Hagopian	Director and Chairman of the Board	August 17, 2012
<u>/s/ WILLIAM D. WATKINS</u> William D. Watkins	Director	August 17, 2012
<u>/s/ A.R. WAZZAN</u> A.R. Wazzan	Director	August 17, 2012

CORPORATE DATA AND STOCKHOLDER INFORMATION

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
San Jose, California

Registrar/Transfer Agent

Computershare Canton,
Massachusetts

Corporate Headquarters

160 Rio Robles
San Jose, California 95134
(408) 601-1000

Stock Listing

At August 7, 2012, there were 872 stockholders of record of the Company's common stock as reported by Computershare. Maxim common stock is traded on the Nasdaq Global Select Market under the symbol "MXIM".

<u>Exhibit Number</u>	<u>Description</u>
3.1 (1)	Restated Certificate of Incorporation of the Company
3.2 (2)	Amendments to Restated Certificate of Incorporation of the Company
3.3 (3)	Amended and Restated Bylaws of the Company, as amended
4.1	Reference is made to Exhibits 3.1, 3.2, and 3.3
10.1 (4)	The Company's Forms of Indemnity Agreement (A)
10.2 (5)	The Company's 1987 Supplemental Stock Option Plan, as amended (A)
10.3 (6)	The Company's 1996 Stock Incentive Plan, as amended and restated (A)
10.4 (7)	Assumption Agreement, dated April 11, 2001, relating to Dallas Semiconductor Corporation Executives Retiree Medical Plan (A)
10.5 (7)	Dallas Semiconductor Corporation Executives Retiree Medical Plan (A)
10.6 (7)	Form of Indemnification Agreement between Dallas Semiconductor Corporation and its directors and officers (A)
10.7 (8)	Form of Non-Statutory Option Agreement, as amended and restated, under the Company's 1996 Stock Incentive Plan, for U.S. Option Optionees
10.8 (8)	Form of Restricted Stock Unit Agreement under the Company's 1996 Stock Incentive Plan, for U.S. Holders
10.9 (9)	Employment Agreement between the Company and Tunc Doluca dated as of September 30, 1993 (A)
10.10 (9)	Employment Agreement between the Company and Vijay Ullal dated as of April 1, 1995 (A)
10.11 (9)	Employment Agreement between the Company and Pirooz Parvarandeh dated as of November 1, 1994 (A)
10.12 (10)	Employment Letter Agreement between the Company and Bruce Kiddoo dated as of August 6, 2007 (A)
10.13 (3)	Form of Non-Statutory Option Agreement, as amended and restated, under the Company's 1996 Stock Incentive Plan, for Non-U.S. Option Optionees
10.14 (3)	Form of Restricted Stock Unit Agreement under the Company's 1996 Stock Incentive Plan, for Non-U.S. Holders
10.15 (11)	The Company's 2008 Employee Stock Purchase Plan, as amended (A)
10.16 (12)	Release of Claims and Vesting Agreement for Officer Goodwill Payment (A)
10.17 (13)	Amendment to Dallas Semiconductor Corporation Executives Retiree Medical Plan (A)
10.18 (14)	Agreement and Plan of Merger dated April 12, 2010, relating to the acquisition of Teridian Semiconductor Corp. by the Company
10.19 (15)	Underwriting Agreement, dated June 10, 2010, between the Company and J.P. Morgan Securities Inc. and Goldman, Sachs & Co.
10.20 (16)	Supplemental Indenture, dated as of June 17, 2010, between the Company and Wells Fargo Bank, National Association, as trustee
10.21 (17)	Change In Control Employee Severance Plan for U.S. Based Employees
10.22 (17)	Change In Control Employee Severance Plan for Non-U.S. Based Employees

<u>Exhibit Number</u>	<u>Description</u>
10.23 (17)	Equity Award Policy Acceleration Of Vesting In The Event of A Change In Control For Employees Based Outside The U.S.
10.24 (18)	Credit Agreement, dated October 13, 2011, by and among the Company, as borrower, JPMorgan Chase Bank, N.A. as Administrative Agent, Bank of America, N.A., Wells Fargo Bank, National Association and Morgan Stanley MUFG Loan Partners, LLC, as Co-Documentation Agents, and the lenders party thereto
12.1	Statement of Ratio of Income to Fixed Charges PDF provided as a courtesy
14 (17)	Code of Business Conduct and Ethics
21.1	Subsidiaries of the Company PDF provided as a courtesy
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm PDF provided as a courtesy
24.1	Power of Attorney (see page 75)
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 PDF provided as a courtesy
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 PDF provided as a courtesy
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 PDF provided as a courtesy
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 PDF provided as a courtesy
<hr/>	
(A)	Management contract or compensatory plan or arrangement.
<hr/>	
(1)	Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended June 30, 1995.
(2)	Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended June 30, 1997, to the Company's Annual Report on Form 10-K for the year ended June 30, 1998, to the Company's Quarterly Report on Form 10-Q for the quarter ended December 25, 1999, and to the Company's Quarterly Report on Form 10-Q for the quarter ended December 30, 2000.
(3)	Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 27, 2008.
(4)	Incorporated by reference to the Company's Registration Statement on Form S-1 No. 33-19561 and to the Company's Annual Report on Form 10-K for the year ended June 25, 2005.
(5)	Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended June 27, 1998.
(6)	Incorporated by reference to the Company's Current Report on Form 8-K filed on November 24, 2009.
(7)	Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended June 30, 2001.
(8)	Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 26, 2009.
(9)	Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended June 24, 2006.
(10)	Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 29, 2007.
(11)	Incorporated by reference as Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed on October 26, 2009.

- (12) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 28, 2009.
- (13) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended June 27, 2009.
- (14) Incorporated by reference to the Company's Current Report on Form 8-K filed on April 14, 2010.
- (15) Incorporated by reference to the Company's Current Report on Form 8-K filed on June 16, 2010.
- (16) Incorporated by reference to the Company's Current Report on Form 8-K filed on June 18, 2010.
- (17) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended June 26, 2010.
- (18) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 2011.

CERTIFICATION

I, Tunc Doluca, certify that:

1. I have reviewed this Annual Report on Form 10-K of Maxim Integrated Products, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 17, 2012

/s/ TUNC DOLUCA

Tunc Doluca
President and Chief Executive Officer

CERTIFICATION

I, Bruce E Kiddoo, certify that:

1. I have reviewed this Annual Report on Form 10-K of Maxim Integrated Products, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 17, 2012

/s/ BRUCE E. KIDDOO

Bruce E. Kiddoo
Senior Vice President and Chief Financial Officer

CERTIFICATE OF CHIEF EXECUTIVE OFFICER

In connection with the periodic report of Maxim Integrated Products, Inc. (the “Company”) on Form 10-K for the period ended June 30, 2012 as filed with the Securities and Exchange Commission (the “Report”), I, Tunc Doluca, Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Date: August 17, 2012

By: /s/ TUNC DOLUCA
Tunc Doluca
President and Chief Executive Officer

This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended.

CERTIFICATE OF CHIEF FINANCIAL OFFICER

In connection with the periodic report of Maxim Integrated Products, Inc. (the “Company”) on Form 10-K for the period ended June 30, 2012 as filed with the Securities and Exchange Commission (the “Report”), I, Bruce E. Kiddoo, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Date: August 17, 2012

By: /s/ BRUCE E. KIDDOO
Bruce E. Kiddoo
Senior Vice President and Chief Financial Officer

This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended.

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Directions

From the San Jose Airport/South Bay: Take CA-87 North toward Highway 101 North to the North First Street exit. Merge onto Charcot Ave, turn left onto North First Street and turn left on Rio Robles.

From San Francisco Airport/North Bay: Take Highway 101 South and take exit 396B to merge onto CA-237 E towards Alviso/Milpitas. Take the exit toward North First Street, turn left on North First Street. Turn right at the 3rd cross street onto Vista Montana, turn left onto W. Tasman Dr. Turn right onto Rio Robles.

From the East Bay: Take Highway 880 South to CA-237 West, exit Zanker Rd and turn left. Turn right onto E. Tasman Dr., turn left onto Rio Robles.

From the Los Gatos Area: Take Highway 85 North toward Exit 9. Take the exit toward CA-17 N, keep right at the fork, follow signs for State Route 17/San Jose/Santa Cruz/CA-17 N and merge onto CA-17 N. Continue onto Highway 880 North, exit Montague Expy, keep left at the fork, and follow signs for Montague Expy. Turn right onto North First St, turn left onto Rio Robles.

Parking

There will be reserved parking for all visitors.

Security

Please be advised that Maxim policy forbids weapons, cameras and audio/video recording devices inside Maxim buildings. All bags will be subject to search upon entry into the building.

