MAXIM INTEGRATED PRODUCTS INC
Form 10-Q
September 30, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 29, 2008

or

¨ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Transition Period from _____ to _____

COMMISSION FILE NO. 0-16538

MAXIM INTEGRATED PRODUCTS, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE	**94-2896096**
(State or Other Jurisdiction of	**(I.R.S. Employer I.D. No.)**
Incorporation or Organization)	

120 SAN GABRIEL DRIVE,

SUNNYVALE, CALIFORNIA	**94086**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant s telephone number, including area code:

(408) 737-7600

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 x**

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 **x**	Accelerated Filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	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 x**

Class: Common Stock,	**Outstanding at September 1, 2008**
$0.001 par value	**320,553,460 shares**

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (Unaudited)

MAXIM INTEGRATED PRODUCTS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	March 29, 2008	June 30, 2007
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,189,051	$ 577,068
Short-term investments		722,286
Total cash, cash equivalents and short-term investments	1,189,051	1,299,354
Accounts receivable, net	269,292	244,998
Inventories	264,075	262,713
Deferred tax assets	241,114	247,953
Other current assets	45,696	15,555
Total current assets	2,009,228	2,070,573
Property, plant and equipment, net	1,497,461	1,431,273
Other assets	167,329	104,938
TOTAL ASSETS	$ 3,674,018	$ 3,606,784
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 77,499	$ 93,773
Income taxes payable	4,002	70,302
Accrued salary and related expenses	249,533	195,494
Accrued expenses	75,751	71,694
Deferred income on shipments to distributors	19,791	23,641
Total current liabilities	426,576	454,904
Other liabilities	31,427	19,946
Income taxes payable	101,945	
Total liabilities	559,948	474,850
Commitments and contingencies (Note 11)		
Stockholders equity:		
Preferred stock		
Common stock	321	321
Additional paid-in capital	226,731	292,603
Retained earnings	2,895,196	2,847,281
Accumulated other comprehensive loss	(8,178)	(8,271)

Total stockholders equity	3,114,070	3,131,934
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	$ 3,674,018	$ 3,606,784

See accompanying Notes to Condensed Consolidated Financial Statements.

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MAXIM INTEGRATED PRODUCTS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Three Months Ended		Nine Months Ended	
	March 29, 2008	**March 24, 2007**	**March 29, 2008**	**March 24, 2007**
	(Amounts in thousands, except per share data)			
Net revenues	$ 487,410	$ 476,556	$ 1,551,516	$ 1,476,754
Cost of goods sold	202,614	190,286	613,538	583,243
Gross margin	284,796	286,270	937,978	893,511
Operating expenses:				
Research and development	143,289	159,434	432,701	511,015
Selling, general and administrative	60,449	40,567	174,103	153,251
Total operating expenses	203,738	200,001	606,804	664,266
Operating income	81,058	86,269	331,174	229,245
Interest income and other, net	11,615	15,062	50,895	43,218
Income before provision for income taxes	92,673	101,331	382,069	272,463
Provision for income taxes	31,641	25,263	130,391	78,489
Net income	$ 61,032	$ 76,068	$ 251,678	$ 193,974
Earnings per share:				
Basic	$ 0.19	$ 0.24	$ 0.79	$ 0.61
Diluted	$ 0.19	$ 0.23	$ 0.77	$ 0.59
Shares used in the calculation of earnings per share:				
Basic	320,553	320,553	320,553	320,395
Diluted	322,480	330,365	327,000	329,575
Dividends declared per share	$ 0.19	$ 0.16	$ 0.56	$ 0.47

See accompanying Notes to Condensed Consolidated Financial Statements.

MAXIM INTEGRATED PRODUCTS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Nine Months Ended	
	March 29, 2008	March 24, 2007
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 251,678	$ 193,974
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	150,058	296,264
Depreciation and amortization	111,176	77,501
Deferred taxes	6,325	(76,009)
Gain from sale of PP&E	(9,827)	
Tax benefit related to stock-based compensation	(4,672)	14,493
Excess tax benefit related to stock-based compensation	(479)	(8,149)
Changes in assets and liabilities:		
Accounts receivable	(24,294)	46,582
Inventories	(3,735)	(40,310)
Other current assets	(14,591)	833
Accounts payable	(14,676)	(10,735)
Income tax payable	(10,018)	(41,253)
Deferred income on shipments to distributors	(3,850)	2,685
Accrued liabilities - goodwill payments above settlement date fair value	(27,085)	
Other accrued liabilities	(9,148)	(6,635)
Net cash provided by operating activities	396,862	449,241
Cash flows from investing activities:		
Additions to property, plant and equipment	(179,623)	(258,422)
Proceeds from sale of property, plant and equipment	15,635	
Restricted cash	(14,309)	
Other non-current assets	9,820	(16,121)
Acquisition	(64,123)	
Purchases of available-for-sale securities	(111,847)	(769,531)
Proceeds from sales/maturities of available-for-sale securities	835,764	757,675
Net cash provided by (used in) investing activities	491,317	(286,399)
Cash flows from financing activities:		
Excess tax benefit related to stock-based compensation	479	8,149
Payments on mortgage liability	(30)	
Settlement date fair value of goodwill payments	(72,604)	
Cash settlement of vested restricted stock units	(3,167)	(4,181)
Payouts under the RSU loan program	(20,563)	(20,865)
Issuance of common stock		25,674
Repurchase of common stock		(60,767)
Dividends paid	(180,311)	(150,124)
Net cash used in financing activities	(276,196)	(202,114)
Net increase (decrease) in cash and cash equivalents	611,983	(39,272)
Cash and cash equivalents:		

Beginning of period	577,068	422,333
End of period	$ 1,189,051	$ 383,061
Supplemental disclosures of cash flow information:		
Cash paid, net during the year for income taxes	$ 152,874	$ 179,776
Noncash investing and financing activities:		
Accounts payable related to property, plant and equipment purchases	$ 20,112	$ 47,181

See accompanying Notes to Condensed Consolidated Financial Statements.

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MAXIM INTEGRATED PRODUCTS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited condensed interim consolidated financial statements of Maxim Integrated Products, Inc. and all majority-owned subsidiaries (collectively, the Company or Maxim) included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles of the United States of America (GAAP) have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary for fair presentation have been included. The year-end condensed balance sheet data was derived from audited financial statements but does not include all disclosures required by GAAP. The results of operations for the three and nine months ended March 29, 2008 are not necessarily indicative of the results to be expected for the entire year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Annual Report on Form 10-K for the fiscal year ended June 30, 2007.

The Company has a 52-to-53-week fiscal year that ends on the last Saturday in June. Accordingly, every sixth or seventh fiscal year will be a 53-week fiscal year. Fiscal year 2008 is a 52-week fiscal year.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The accounting policy below represents an addition to the Company s significant accounting policies as disclosed in its Annual Report on Form 10-K for the year ended June 30, 2007.

Intangible Assets and Goodwill

The Company accounts for intangible assets, in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144), which requires impairment losses to be recorded on intangible assets used in operations when indicators of impairment, such as reductions in demand or significant economic slowdowns in the semiconductor industry, are present. Reviews are performed to determine whether the carrying value of an asset 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 Financial Accounting Standards Board (FASB) Concepts Statement No. 7, *Using Cash Flow Information and Present Value in Accounting Measurements* (Concepts Statement 7). 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 SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142), 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 fourth quarter 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 its 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 3: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48), which prescribes comprehensive guidelines for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on tax returns. FIN 48, effective for fiscal years beginning after December 15, 2006, seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. The Company adopted the provisions of FASB Interpretation No. 48 on July 1, 2007 and applied the provisions of FIN 48 to all income tax positions. The cumulative effect of applying FIN 48 was a $9.4 million and $19.2 million decrease in retained earnings and additional-paid-in-capital, respectively, at the beginning of fiscal year 2008.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosures about fair value measurements. The statement clarifies that the exchange price is the price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The statement emphasizes that fair value is a market-based measurement and not an entity-specific measurement. It also establishes a fair value hierarchy used in fair value measurements and expands the required disclosures of assets and liabilities measured at fair value. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. In addition, in February 2008, the FASB issued FSP No. 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13* (FSP 157-1) and FASB Staff Position (FSP) No. 157-2, *Effective Date of FASB Statement No. 157* (FSP 157-2). FSP 157-1 amends SFAS 157 to remove certain leasing transactions from its scope. FSP 157-2 delays the effective date of SFAS 157 for all non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting SFAS 157 on the Company s consolidated financial condition, results of operations and liquidity.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans* (SFAS 158). SFAS 158 amends SFAS No. 87, *Employers Accounting for Pensions*, SFAS No. 88, *Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*, SFAS No. 106, *Employers Accounting for Postretirement Benefits Other Than Pensions*, and SFAS No. 132 (revised 2003), *Employers Disclosures about Pensions and Other Postretirement Benefits*. SFAS 158 requires employers to recognize in the statement of financial position an asset for a plan s overfunded status or a liability for a plan s underfunded status. It also requires employers to measure plan assets and obligations that determine the funded status as of the end of the fiscal year. Lastly, employers are required to recognize changes in the funded status of a defined benefit postretirement plan in the year that the changes occur with the changes reported in comprehensive income. SFAS 158 is required to be adopted by entities with fiscal years ending after December 15, 2006. The adoption of SFAS 158 in fiscal year 2007 did not have a material impact on the Company s consolidated financial condition, results of operations or liquidity.

In September 2006, the SEC released Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108), which addresses how uncorrected errors in previous years should be considered when quantifying errors in current year financial statements. SAB 108 requires registrants to consider the effect of all carry over and reversing effects of prior-year misstatements when quantifying errors in current year financial statements. SAB 108 does not change the SEC staff s previous guidance on evaluating the materiality of errors. It allows registrants to record the effects of adopting SAB 108 guidance as a cumulative-effect adjustment to retained earnings. This adjustment must be reported in the annual financial statements of the first fiscal year ending after November 15, 2006. The adoption of this standard did not have a material impact on the Company s consolidated financial condition, results of operations or liquidity.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 159 permits companies to choose to measure certain financial instruments and

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MAXIM INTEGRATED PRODUCTS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

certain other items at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings. The Company is required to adopt the provisions of SFAS 159 as of the beginning of the fiscal year that begins after November 15, 2007, although earlier adoption is permitted. The adoption of SFAS 159 is not expected to have a material impact on the Company s consolidated financial position, results of operations or liquidity.

In March 2007, the FASB ratified Emerging Issues Task Force (EITF) Issue No. 06-10, *Accounting for Collateral Assignment Split-Dollar Life Insurance Agreements* (EITF 06-10). EITF 06-10 provides guidance for determining a liability for the post-retirement benefit obligation as well as recognition and measurement of the associated asset on the basis of the terms of the collateral assignment agreement. EITF 06-10 is effective for fiscal years beginning after December 15, 2007, although earlier adoption is permitted. The Company early adopted EITF 06-10 during the three months ended September 29, 2007 and recorded a cumulative effect adjustment as a net reduction to retained earnings of approximately $14.1 million. No corporate income tax benefit was netted against the charge to retained earnings because the liabilities being accrued are not deductible for corporate income tax purposes.

In June 2007, the FASB ratified EITF Issue No. 07-3, *Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities* (EITF 07-3). EITF 07-3 requires nonrefundable advance payments for goods or services that will be used or rendered for future research and development activities to be deferred and capitalized. Such amounts should be recognized as an expense as the related goods are delivered or the related services are performed. Entities should continue to evaluate whether they expect the goods to be delivered or services to be rendered. If an entity does not expect the goods to be delivered or services to be rendered, the capitalized advance payment should be charged to expense. EITF 07-3 applies prospectively for new contractual arrangements entered into in fiscal years beginning after December 15, 2007. Earlier adoption is not permitted. The adoption of EITF 07-3 is not expected to have a material effect on the Company s consolidated financial position or results of operations.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51* (SFAS 160). SFAS 160 amends Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 improves the relevance, comparability and transparency of financial statements and eliminates diversity in practice that currently exists in accounting for transactions between an entity and noncontrolling interests. This standard is effective for annual periods beginning after December 15, 2008. Earlier adoption is prohibited. The Company does not believe the adoption of SFAS 160 will have a material effect on its consolidated financial position, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141(R)) which replaces SFAS No. 141, *Business Combinations.* SFAS 141(R) requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose to investors and other users all of the information they need to evaluate and understand the nature and financial effect of the business combination. This standard is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company is currently evaluating the impact of adopting SFAS 141(R) on the Company s consolidated financial position or results of operations.

In December 2007, the FASB ratified EITF Issue No. 07-1, *Accounting for Collaborative Arrangements* (EITF 07-01). EITF 07-1 provides guidance on the classification, income statement presentation and disclosure associated with collaborative arrangements involving parties considered to be active participants to an activity and are exposed to significant risks and rewards which are dependent on the commercial success of the activity. EITF 07-1 is effective for fiscal years beginning after December 15, 2008. The adoption of EITF 07-01 is not expected to have a material impact on the Company s consolidated financial position, results of operations or cash flows.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of SFAS No. 133* (SFAS 161) which changes the disclosure requirements for derivative

MAXIM INTEGRATED PRODUCTS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

instruments and hedging activities. SFAS 161 requires the Company to provide enhanced disclosures about (a) how and why the Company uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities,* and its related interpretations, and (c) how derivative instruments and related hedged items affect the Company s financial position, financial performance and cash flows. These disclosure requirements are effective for fiscal years and interim periods beginning after November 15, 2008. The Company is currently evaluating the impact of adopting SFAS 161 on its consolidated financial position, results of operations and cash flows.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* (SFAS 162). SFAS 162 identifies the sources of accounting consistent with GAAP. SFAS 162 is effective sixty days following the SEC s approval of the Public Company Accounting Oversight Board s amendments to AU Section 411 on September 16, 2008, *The Meaning of Present fairly in conformity with generally accepted accounting principles.* The Company is currently evaluating the potential impact, if any, of the adoption of SFAS 162 on its consolidated financial statements.

NOTE 4: STOCK-BASED COMPENSATION

The following table shows total stock-based compensation expense by type of award, and resulting tax effect, included in the Condensed Consolidated Statements of Income for the three and nine months ended March 29, 2008 and March 24, 2007:

	Three Months Ended		Nine Months Ended	
	March 29, 2008	March 24, 2007	March 29, 2008	March 24, 2007
	(in thousands)			
Cost of goods sold				
Stock options	$ 7,728	$ 9,884	$ 26,835	$ 51,672
Employee stock purchase plan				1,431
Restricted stock units	2,807	4,900	11,030	13,925
	10,535	14,784	37,865	67,028
Research and development expense				
Stock options	12,737	20,820	58,879	141,923
Employee stock purchase plan				4,672
Restricted stock units	6,433	12,007	26,894	36,166
	19,170	32,827	85,773	182,761
Selling, general and administrative expense				
Stock options	4,002	(6,429)	18,937	36,391
Employee stock purchase plan				1,431
Restricted stock units	1,982	3,024	7,483	8,653
	5,984	(3,405)	26,420	46,475
Total Stock-based compensation expense				
Stock options	24,467	24,275	104,651	229,986
Employee stock purchase plan				7,534
Restricted stock units	11,222	19,931	45,407	58,744

Pre-tax stock-based compensation expense	35,689	44,206	150,058	296,264
Less: Income tax effect	12,424	15,337	52,571	102,538
Net stock-based compensation expense	$ 23,265	$ 28,869	$ 97,487	$ 193,726

Stock-based compensation cost capitalized as part of inventory was $10.9 million and $15.0 million at March 29, 2008 and June 30, 2007, respectively.

MAXIM INTEGRATED PRODUCTS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Statement of Financial Accounting Standards No. 123(R) Share-Based Payment (SFAS 123(R)) requires cash flows resulting from excess tax benefits to be classified as a part of cash flows from financing activities. Since the Company has adopted the alternative transition method, described in FSP SFAS 123(R)-3 *Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards*, 100% of the realized tax benefits generated by stock based employee awards that were fully vested and outstanding upon the adoption of SFAS 123(R) are classified as excess tax benefits. Stock-based employee awards partially vested upon, or granted after, the adoption of SFAS 123(R) generate excess tax benefits to the extent that realized tax benefits exceed the deferred tax asset and proforma deferred tax asset attributable to such awards. The Company recorded $0.5 million and $8.1 million of excess tax benefits as financing cash inflows for the nine months ended March 29, 2008 and March 24, 2007, respectively.

Share-Based Compensation and Other Adjustments Resulting From the Blackout Period

On September 8, 2006, the SEC was notified that the Company would delay filing its Annual Report on Form 10-K for the fiscal year ended June 24, 2006 due September 23, 2006 as a result of the ongoing stock option investigation into the Company s historical stock option granting practices. As a result of such delay, the Company has suspended the issuance of shares to employees upon exercise of stock options, vesting of restricted stock units or pursuant to planned purchases of stock under the Employee Stock Participation Plan until the Company becomes current with all of its required SEC filings and its registration statements on Form S-8 are declared effective (Blackout Period). The Company instituted multiple programs in an attempt to make employees whole during this period, as described below.

Restricted Stock Unit (RSU) Loan Program

In October 2006, the Company offered certain domestic employees an opportunity to receive cash in the form of a non-recourse loan (RSU Loan) for common stock that they would have otherwise been able to receive in settlement for RSUs that vested during the Blackout Period. The program was not offered to executive officers or the Board of Directors. Employees accepting the offer were also entitled to additional shares of common stock if the Company s stock price appreciates (SAR) between the vest date and the settlement date at the end of the Blackout Period. Employees foregoing the loan would receive shares of common stock at the conclusion of the Blackout Period. The Company also offered to cash-settle RSUs vesting during the Blackout Period held by foreign employees. These aforementioned loan offers were considered modifications of the RSUs triggering a change in the classification from equity to liability for all eligible awards vesting during the Blackout Period. In October 2006 the Company recorded a reclassification from additional paid in capital to accrued salary and related expenses of $19.4 million on the modification date and incremental compensation expenses of $2.2 million from the modifications. Vesting of eligible awards and changes in stock price will result in additional reclassifications from additional paid in capital to accrued salary and related expenses and additional compensation expenses in periods they occur. The Company made cash payments of $20.6 million pursuant to the RSU loan program and $3.2 million for settlement of RSUs held by foreign employees during the nine months ended March 29, 2008 as a result of this program.

During the nine months ended March 29, 2008 the Company recorded additional compensation expenses of $32.6 million and reclassifications from additional paid-in capital to accrued salary and related expenses of $1.7 million. The SAR given to domestic employees accepting the loan offer was valued using the Black-Scholes model at the date of grant. The Company recorded additional compensation expenses of $0.5 million and $3.6 million, respectively, from fully vested SARs issued in the three months and nine months ended March 29, 2008.

<u>*Other Modifications*</u>

Employee Stock Participation Plan (ESPP)

As a result of the aforementioned suspension of the issuance of shares under the Form S-8 registration statements, the September 30, 2006 planned stock purchases under the Company s ESPP did not occur and all employee contributions made during the September 30, 2006 purchase period were refunded on or about September 28, 2006. The Company ceased withholdings as no future stock purchases can be made until the Company is current with all of its required SEC filings.

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MAXIM INTEGRATED PRODUCTS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The Company had unrecognized compensation expenses of $6.2 million as of June 24, 2006 related to its ESPP. In addition, the Company began a new offering period on July 3, 2006 for new plan participants with a fair value of $1.3 million. The Company determined that the contribution refund results in a cancellation of all awards associated with the respective offerings without a concurrent offer to grant a replacement award, which is considered a repurchase for no consideration under SFAS 123(R). Accordingly, the Company recognized compensation expense including the acceleration of all unrecognized compensation expense totaling $7.5 million in the nine months ended March 24, 2007.

Extension of Options that Expire after Reaching 10 Year Contractual Term and Cash Settlements of Such Expired Options

In September 2006, the Company approved the extension of the terms of vested stock options that expire during the Blackout Period as a result of the expiration of the 10 year contractual term. The extension was considered a modification under SFAS 123(R). The incremental compensation expense of the modification was based on the fair value of the option at the modification date after the extension compared to the fair value of the options prior to modification. The Company recognized additional compensation expense totaling $118.9 million for 8.3 million options in the three months ended September 23, 2006. The stock-based compensation expense adjustment was based on modified vested options held by employees that expired during the period from September 22, 2006 through the end of the Blackout Period.

In September 2007 as a result of changes in NASDAQ regulations the Company decided to cash settle all options expiring during the Blackout Period (goodwill payment) based on the price at which 10% of the daily close prices of the Company s common stock fall above this price for trading days from August 7, 2006 (the date on which the Company initiated a trading blackout on officers and other individuals) through the expiration date of the option. The cash payment is subject to the option holder executing a release of all claims relating to the option. The goodwill payment modification changed the classification of the associated awards from equity to liability instruments. The modification resulted in a reclassification from additional paid-in capital to accrued salaries and related expenses of $126.8 million and incremental compensation expenses of $27.5 million. At the end of each period, the Company will recognize any change in fair value of the options in its consolidated statements of income in the period of change until the options are settled.

Extension of Post-Termination Exercise Period

In September 2006, the Company also decided to extend the post-termination exercise period for employees holding vested options granted under the Dallas Semiconductor stock option plans, which were assumed by the Company as part of its acquisition of Dallas Semiconductor Corporation, who were terminated after September 22, 2006 and whose stock options would expire prior to reaching the 10 year contractual term during the Blackout Period. The extension provided these employees with 90 days to exercise vested options from the end of the Blackout Period. The Company calculated the incremental compensation expense of this modification in accordance with SFAS 123(R) and recognized compensation expense in the first quarter of its fiscal year 2007 totaling $0.8 million for 0.2 million options for the extension of the options held by these employees terminating employment during the Blackout Period.

Fair Value

The fair value of share-based awards granted to employees was estimated using a Black-Scholes option pricing model that used the following weighted-average assumptions:

	Stock Option Plan Three Months Ended		Stock Option Plan Nine Months Ended	
	March 29, 2008	March 24, 2007	March 29, 2008	March 24, 2007
Expected option holding period (in years)	5.9	6.2	6.3	6.2
Risk-free interest rate	3.3%	4.7%	4.3%	4.8%
Stock price volatility	40%	31%	39%	31%
Dividend yield	3.8%	2.0%	2.8%	2.0%

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The fair value of each option is estimated on the date of grant using the Black-Scholes option valuation model. Expected volatilities are based on the implied volatilities from traded options on the Company s stock except for the period during the Company s black-out where the Company used historical stock prices to calculate volatilities. The Company analyzes historical exercise patterns of relatively homogeneous groups of employees to estimate the expected holding period. The risk-free interest rate is based on the U.S. Treasury yield. The Company determines dividend yield by dividing the annualized dividends per share by the quarter s average stock price. The result is analyzed by the Company to decide whether it represents expected future dividend yield. Modification of the assumption is made as necessary. As required by SFAS 123(R), the Company also estimates forfeitures at the time of grant and makes revisions if the estimates change or the actual forfeitures differ from those estimates.

The weighted-average fair value of stock options granted during the third quarter and first nine months of fiscal year 2008 was $5.74 per share and $9.01 per share, respectively. The weighted-average fair value of stock options granted during the third quarter and first nine months fiscal year 2007 was $9.86 per share and $9.07 per share, respectively.

STOCK OPTION PLANS

Stock Options and Restricted Stock Units

The following table summarizes outstanding, exercisable and vested and expected to vest stock options and vested restricted stock units as of March 29, 2008 and their activity during the period then ended:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value(1)
Balance at June 30, 2007	87,072,099	$ 34.01		
Options Granted	1,428,243	27.08		
Options Exercised				
Options Cancelled	(9,164,296)	23.31		
Balance at March 29, 2008	79,336,046	35.12	4.8	$ 19,900,831
Exercisable, March 29, 2008	50,368,710	33.94	3.8	$ 19,259,396
Vested and expected to vest, March 29, 2008	77,501,460	34.09	4.7	$ 19,836,113

(1) Aggregate intrinsic value for stock options represents the difference between exercise price and the closing price per share of the Company s common stock on March 29, 2008, multiplied by the number of stock options outstanding, exercisable, or vested and expected to vest as of March 29, 2008.

As of March 29, 2008, there was $158.6 million of unrecognized stock compensation related to 29.0 million unvested stock options which is expected to be recognized over a weighted average period of approximately 1.8 years.

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The following table summarizes outstanding and vested RSUs as of March 29, 2008 and their activity during the period then ended:

	Number of Shares	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value(1)
Balance at June 30, 2007	6,657,429		
Restricted stock units granted	1,427,955		
Restricted stock units released			
Restricted stock units cancelled	(559,945)		
Balance at March 29, 2008	7,525,439	1.6	$ 152,540,649
Expected to vest, March 29, 2008	3,672,502	1.5	$ 74,441,619

(1) Aggregate intrinsic value for RSUs represents the closing price per share of the Company s stock on March 29, 2008, multiplied by the number of RSUs outstanding or expected to vest as of March 29, 2008.

As of March 29, 2008, there was $12.6 million of unrecognized compensation expense related to 4.0 million unvested RSUs, not subject to the RSU Loan Program, which is expected to be recognized over a weighted average period of approximately 2.7 years.

NOTE 5: INVENTORIES

The components of inventories consist of:

	March 29, 2008	June 30, 2007
	(in thousands)	
Raw material	$ 18,965	$ 24,117
Work-in-process	187,367	175,746
Finished goods	57,743	62,850
	$ 264,075	$ 262,713

Inventory write downs were $11.6 million and $11.0 million, and $28.5 million and $25.6 million for the three and nine months ended March 29, 2008 and March 24, 2007, respectively.

NOTE 6: 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 common shares excludes unvested RSUs. Diluted earnings per share incorporates the incremental shares issuable upon the assumed exercise of stock options, assumed release of unvested RSUs and assumed issuance of stock under the ESPP using the treasury stock method. As discussed in Note 4, the Company will cash settle options that are expected to expire (reach the ten year contractual term) during the Blackout Period and cash settle vested RSUs. These options and RSUs are considered liability instruments under SFAS 123(R) and as such are excluded from the diluted earnings per share calculation.

The following table sets forth the computation of basic and diluted earnings per share.

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	Three Months Ended		Nine Months Ended	
(Amounts in thousands, except per share data)	**March 29, 2008**	**March 24, 2007**	**March 29, 2008**	**March 24, 2007**
Numerator for basic earnings per share and diluted earnings per share				
Net income	$ 61,032	$ 76,068	$ 251,678	$ 193,974
Denominator for basic earnings per share	320,553	320,553	320,553	320,395
Effect of dilutive securities:				
Stock options, RSUs, and ESPP	1,927	9,812	6,447	9,180
Denominator for diluted earnings per share	322,480	330,365	327,000	329,575
Earnings per share:				
Basic	$ 0.19	$ 0.24	$ 0.79	$ 0.61
Diluted	$ 0.19	$ 0.23	$ 0.77	$ 0.59

Approximately 75.4 million and 64.5 million of the Company s stock options were excluded from the calculation of diluted earnings per share for the three months ended March 29, 2008 and March 24, 2007, respectively. Approximately 66.1 million and 63.6 million of the Company s stock options were excluded from the calculation of diluted earnings per share for the nine months ended March 29, 2008 and March 24, 2007, respectively. These options were excluded because they were determined to be antidilutive. However, such options could be dilutive in the future and, under those circumstances, would be included in the calculation of diluted earnings per share.

NOTE 7: SHORT-TERM INVESTMENTS

All short-term investments as of March 29, 2008 are classified as available-for-sale and consist primarily of U.S. Treasury and Federal Agency debt securities with original maturities beyond three months. Unrealized gains and losses, net of tax, on securities in this category are included in accumulated other comprehensive loss which is a separate component of stockholders equity. The cost of securities sold is based on the specific identification method. Interest earned on securities is included in Interest income and other, net in the Condensed Consolidated Statements of Income.

NOTE 8: SEGMENT INFORMATION

The Company operates and tracks its results as one reportable segment. The Company designs, develops, manufactures and markets a broad range of analog integrated circuits. The Chief Executive Officer has been identified as the Chief Operating Decision Maker as defined by SFAS 131, *Disclosures about Segments of an Enterprise and Related Information* (SFAS 131).

The Company has fifteen operating segments which aggregate into one reportable segment under SFAS 131. Under SFAS 131, 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 SFAS 131, 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 fifteen operating segments;

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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.

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 its 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 its 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 SFAS 131. Geographical revenue information is based on the 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 reporting period.

Net revenues from unaffiliated customers by geographic region were as follows:

	Three Months Ended		Nine Months Ended	
	March 29, 2008	March 24, 2007	March 29, 2008	March 24, 2007
	(in thousands)			
United States	$ 108,231	$ 114,455	$ 315,610	$ 339,258
China	141,069	135,755	504,077	413,700
Japan	39,334	82,554	126,218	183,671
Rest of Asia	87,417	83,923	293,125	279,682
Europe	100,481	46,227	278,369	221,442
Rest of World	10,878	13,642	34,117	39,001
	$ 487,410	$ 476,556	$ 1,551,516	$ 1,476,754

Net long-lived assets by geographic region were as follows:

	March 29, 2008	June 30, 2007
	(in thousands)	
United States	$ 1,146,941	$ 1,107,743
Philippines	205,401	204,354
Rest of World	145,119	119,176
	$ 1,497,461	$ 1,431,273

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 9: COMPREHENSIVE INCOME

Comprehensive income consists of net income and net unrealized gains (losses) on available-for-sale investments and forward exchange contracts, and deferred income taxes on unrealized exchange gains (losses) on intercompany receivables. The components of comprehensive income and related tax effects were as follows:

	Three Months Ended		Nine Months Ended	
	March 29, 2008	March 24, 2007	March 29, 2008	March 24, 2007
	(in thousands)			
Net income, as reported	$ 61,032	$ 76,068	$ 251,678	$ 193,974
Change in unrealized gains (losses) on investments, net of tax benefit (expense) of $89, $(684), $(442) and $(3,367), respectively	(153)	1,189	770	5,696
Change in unrealized losses on forward exchange contracts, net of tax benefit (expense) of $35, $158, $44 and $145, respectively	(61)	(274)	(77)	(249)
Deferred tax on unrealized exchange gain (loss) on intercompany receivables	1,704	(4,572)	(600)	(6,350)
Total comprehensive income	$ 62,522	$ 72,411	$ 251,771	$ 193,071

Accumulated other comprehensive gain (loss) presented in the Condensed Consolidated Balance Sheets as of March 29, 2008 and June 30, 2007 consist of net unrealized gains (losses) on available-for-sale investments of $0.4 million and $(0.4) million, respectively, net unrealized gains (losses) on forward exchange contracts of $0.0 million and $0.1 million, respectively, net foreign currency translation gain (loss) adjustments of $(1.5) million and $(1.5) million, respectively, and deferred income tax of $(7.1) million and $(6.5) million, respectively on unrealized exchange gains related to an intercompany receivable that is of a long-term investment nature.

NOTE 10: INCOME TAXES

The effective income tax rate for the three months ended March 29, 2008 and March 24, 2007 was 34.1% and 24.9%, respectively. The effective income tax rate for the nine months ended March 29, 2008 and March 24, 2007 was 34.1% and 28.8%, respectively. The increase in the effective tax rate for three and nine months ended March 29, 2008 compared to the three and nine months ended March 24, 2007 was primarily due to the final phase out of the extraterritorial income exclusion by the American Jobs Creation Act of 2004, the expiration of the Federal research tax credit on December 31, 2007, and the nonrecurring tax reserve release in the third quarter of fiscal 2007 due to the expiration of the statute of limitations. The effective rates were lower than the U.S. federal and state combined statutory rate primarily due to tax benefits generated by the research and development credit and the domestic production activities deduction.

The Company s net deferred tax asset at March 29, 2008 was $318.8 million. The Company believes it is more likely than not that the net deferred tax assets will be realized based on historical earnings and expected levels of future taxable income. Levels of future taxable income are subject to the various risks and uncertainties as described in this Report and in the Company s Annual Report on Form 10-K for the fiscal year ended June 30, 2007. An increase in the valuation allowance against net deferred tax assets may be necessary if it becomes more likely than not that all or a portion of the net deferred tax assets will not be realized. The Company periodically assesses the need for increases to the deferred tax asset valuation allowance.

On July 1, 2007, the Company adopted FASB Interpretation No. 48, or FIN 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109.* The Company has historically classified unrecognized tax benefits as income taxes payable, which was included within the current liabilities section of the Company s Condensed Consolidated Balance Sheet or as a reduction to deferred tax assets to the extent that the unrecognized tax benefits related to net operating loss or tax credit carryforwards. As a result of the adoption of FIN 48, the Company now classifies unrecognized tax benefits as a current liability to the extent that settlement is anticipated within one year, as a non-current liability to the extent that settlement is anticipated beyond one year, or 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.

The Company evaluated and assessed its tax positions under the recognition and measurement guidelines of FIN 48. The adoption of FIN 48 resulted in an increase to the Company s contingent tax liability reserves of $28.6 million.

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Of this amount, approximately $9.4 million was accounted for as a reduction to beginning retained earnings and approximately $19.2 million as a reduction to additional paid-in capital. The amount of unrecognized tax benefits at the beginning of fiscal year 2008 was $123.6 million, excluding interest and penalties of $9.8 million. Of this amount, $61.3 million relates to unrecognized tax benefits that, if recognized, would impact the Company s effective tax rate and the remaining $62.3 million relates to unrecognized tax benefits that, if recognized, would be credited to additional paid-in capital. The Company reports interest and penalties related to unrecognized tax benefits as a component of income tax expense, which is consistent with its methodology prior to the adoption of FIN 48. The amount of interest and penalties accrued as of the beginning of fiscal year 2008 was $9.8 million. The amount of interest and penalties accrued during the three and nine months ended March 29, 2008 was $1.6 million and $4.8 million, respectively.

A summary of the tax years that remain subject to examination, as of March 29, 2008, for the Company s major jurisdictions are:

United States - Federal	2004 - forward
United States - Various States	2003 - forward
Japan	2007 - forward
Philippines	2005 - forward
Thailand	2003 - forward
United Kingdom	2007 - forward

The Company has various state income tax returns that are currently being examined by the state taxing authorities. Management expects that these examinations will conclude within the next 12 months and that as a result unrecognized tax benefits could reasonably be expected to decline by between $4.1 million and $5.1 million within the next 12 months.

In the third quarter of fiscal year 2008, the Internal Revenue Service (IRS) commenced an examination of the Company s federal corporate income tax returns for the fiscal years 2005 and 2006. As part of this audit the IRS has requested information related to our stock option investigation. Management believes that it has adequately provided for any adjustments that may result from the IRS examination. However, the outcome of tax audits cannot be predicted with certainty. Should any issues addressed in the Company s tax audits be resolved in a manner not consistent with management s expectations, the Company could be required to adjust its provision for income tax in the period such resolution occurs.

NOTE 11: 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. These derivative lawsuits were filed in: (1) the U.S. District Court for the Northern District of California, as In re Maxim Integrated Products, Inc. Derivative Litigation, Lead Case No. 5:06-cv-03344-JW, which consolidates McKinney v. Beck, et al. (Case No. 06-3344) and Horkay v. Beck, et al. (Case No. 06-3395), City of Pontiac Policemen s and Firemen s Retirement System v. Hood, et al. (Case No. 06-03754) and Corey v. Gifford, et al. (Case No. 06-03755); (2) the California Superior Court, Santa Clara County, as Louisiana Sheriffs Pension & Relief Fund v. Gifford et al. (Case No. 1-06-CV-065626); and (3) the Delaware Court of Chancery, as Ryan v. Gifford, et al. (Case No. Civ 2213-N). The complaints allege, among other things, that certain of Maxim s current and former executive officers and directors breached their fiduciary duties to the Company by engaging in alleged wrongful conduct of back-dating stock options as well as violating Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The Company is named solely as a nominal defendant against whom the plaintiffs seek no recovery.

The parties to the Delaware derivative litigation entered into a stipulated settlement agreement on September 16, 2008, conditioned upon approval of the Delaware Court of Chancery and subject to dismissal of all other pending derivative lawsuits. Currently, there is no trial date scheduled in any of the other actions.

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On February 6, 2008, a class action lawsuit was filed in the United States District Court for the Northern District of California against Maxim and its former chief executive officer and former chief financial officer. The complaint alleges that the Company and certain of its officers and directors violated the federal securities laws by making false and misleading statements and omissions relating to the grants of stock options. The complaint seeks, on behalf of persons who purchased the Company s common stock during the period from April 29, 2003 to January 17, 2008, unspecified damages, interest and costs and expenses, including attorneys fees and disbursements. The action has been stayed pending completion of the restatement of the Company s consolidated financial statements.

Stock Option Inquiry by Regulatory Authorities

On June 6, 2006, the Company was contacted by the SEC regarding an informal inquiry relating to the Company s past stock options grants and practices. On December 4, 2007, the Company settled the matter with the SEC without admission of any guilt or wrongdoing and without any assessment of penalties against the Company. On June 29, 2006, the Company received a subpoena from the U.S. Attorney for the Northern District of California (U.S. Attorney) requesting documents relating to its stock option grants and practices. The Company cooperated with the U.S. Attorney and was informed that the U.S. Attorney s office does not intend to pursue the matter.

Other Legal Proceedings

In the third quarter of fiscal year 2007, the Company settled ongoing litigation involving trade secret allegations brought by Analog Devices, Inc. (ADI) against the Company, and certain of its employees, relating to analog to digital converters. Under the terms of the settlement agreement, the Company paid ADI $19.0 million in fiscal 2007, which amount was accrued in the fourth quarter of fiscal year 2006. The Company also agreed that for a four year period from the date of settlement, the Company will not develop new standalone analog to digital converters having certain specified resolutions, speeds and purposes. This restriction does not include the use of analog to digital converters when embedded on the same die with a more comprehensive device, system or functionality.

In December 2005, Master Chips bvba (Master Chips), a former distributor of the Company s products in Belgium, filed a demand for arbitration against the Company before the International Court of Arbitration of the International Chamber of Commerce alleging that the Company failed to give adequate advance notice to Master Chips of termination of the distribution agreement under Belgian law and that the Company failed to pay Master Chips commissions on part sales (Case No. 14 123 RCH/JHN). Master Chips sought the recovery of the alleged value of their entire business at the time of termination which they claimed exceeded $12 million and an unspecified amount for the alleged underpayment of commissions. In response to the arbitration demand, the Company asserted a claim against Master Chips alleging that it over-paid commissions on part sales. In July 2008, the arbitrator issued a final award awarding Master Chips approximately $9.1 million on all claims. The Company accrued for this award in fiscal year 2006.

Following the issuance of the partial arbitration award and before the issuance of the final award, in March 2008 the Company filed a petition to vacate the arbitration award in the U.S. District Court for the Northern District of California alleging that the interim award, along with the final award when so issued, should be vacated (C 08-00721 JW). In its answer, Master Chips asserted that the partial award (along with any final award) should not be vacated and filed a cross-petition to confirm the arbitration award. In August 2008, the Court denied the Company s petition to vacate the arbitration award and confirmed the arbitration award.

In addition to the above, the Company is subject to other legal proceedings and claims that arise in the normal course of business. The Company does not believe that the ultimate outcome of matters arising in the normal course of business will have a material adverse effect on the financial position of the Company.

Potential Tax Liabilities Under Section 409A of the Internal Revenue Code and Other Tax Penalties

As a result of the Company s investigation into its historical stock option granting practices, the Company has determined that a number of its outstanding stock option awards were granted at exercise prices below the fair market value of its stock on the appropriate accounting measurement date. A significant adverse tax consequence is that the re-measured options vesting after October 31, 2004, or options that are materially modified after October 3, 2004, are potentially subject to option holder excise tax under Section 409A of the Internal Revenue Code (and, as

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applicable, similar excise taxes under state law) (Section 409A). Maxim option holders who hold options which are determined to have been granted with exercise prices below the fair market value of the underlying shares of common stock on the appropriate measurement date would be subject to taxes, penalties and interest under Section 409A if no action is taken to cure the options from exposure under Section 409A before December 31, 2008. The Company took action in fiscal year 2008 to cure certain options from exposure under Section 409A. There can be no assurance that Maxim s action cured all potential circumstances in which Section 409A would apply. Should it be found that excise taxes under Section 409A apply to option holders subsequent to the Company s ability to cure the options from exposure to Section 409A, and the Company decides to reimburse its option holders for such taxes, the Company s results of operations may be materially adversely affected.

Also as a result of the Company s investigation into equity awards, the Company has determined that certain payroll taxes, interest and penalties apply under various sections of the Internal Revenue Code, various state tax statutes, and tax statutes in various foreign jurisdictions. Maxim has reviewed these potential liabilities and accrued estimated probable amount of the liability. There can be no assurance that Maxim s accruals covered all potential circumstances in which additional payroll taxes, interest and penalties would apply. Should it be found that additional payroll taxes, interest and penalties would apply, the Company s results of operations may be materially adversely affected.

Indemnifications

The Company indemnifies certain customers, distributors, suppliers, and subcontractors for attorney fees and damages and costs awarded against these 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 indemnification agreements, the Company has certain indemnification obligations to its officers, directors, and 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 are subject to pending civil charges by the SEC and other governmental agencies in connection with Maxim s historical stock option granting practices. The Company expenses such amounts as incurred.

NOTE 12: SELF-INSURANCE ACCRUALS

The Company is self-insured with respect to defective product claims, employment practice claims and general liability. Accruals are primarily based on the actuarially estimated, undiscounted cost of claims, which includes incurred-but-not-reported claims. Amounts accrued for defective product claims, employment practice claims, workers compensation claims and general liability in the amount of $15.2 million and $14.5 million, are included in accrued expenses in the Condensed Consolidated Balance Sheets as of March 29, 2008 and June 30, 2007, 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 included in accrued salary and salary related expenses in the Condensed Consolidated Balance Sheets were immaterial as of March 29, 2008 and June 30, 2007, respectively.

NOTE 13: COMMON STOCK REPURCHASES

From fiscal years 2002 through 2006, the Board of Directors authorized the Company to repurchase up to 53.5 million shares of the Company s common stock from time to time at the discretion of the Company s management. As of March 29, 2008, approximately 5.7 million shares remained available for repurchase under the repurchase authorization approved by the Board of Directors, which has no expiration date.

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The Company repurchased 2.1 million shares of its common stock for $60.8 million during the first quarter of fiscal year 2007. Common stock repurchased is retired and is not held as treasury stock.

In connection with the stock options investigation, the Company suspended repurchases of stock under this program as of September 23, 2006.

NOTE 14: BENEFITS

The Company and the former Chief Executive Officer (CEO) entered into a deferred compensation plan, pursuant to which the CEO deferred receipt of a portion of his cash compensation. Deferred compensation bears interest and was payable to the CEO over a stipulated period. On December 31, 2006, John F. Gifford retired from his positions as Company President, Chief Executive Officer, and Chairman of the Board of Directors. On January 5, 2007, the Company and Mr. Gifford entered into a Binding Memorandum of Understanding (MOU) which superseded the employment agreement and amended the deferred compensation plan previously entered into between the Company and Mr. Gifford. He remained with the Company on a part-time basis as a strategic advisor until January 26, 2007. In connection with the MOU, the Company recorded a $3.1 million post-retirement obligation for Mr. Gifford. In addition, in January 2007 and May 2008, the Company paid Mr. Gifford $22.4 million and $7.1 million, respectively, representing the vested balance of his deferred compensation account. As of March 29, 2008 and June 30, 2007, the deferred compensation balances, including interest thereon, totaled $7.1 million and $6.9 million, respectively, which is included in accrued salary and related expenses in the Condensed Consolidated Balance Sheets.

The Company s former CEO resigned in fiscal year 2007. As part of his resignation, he was provided with certain retirement benefits which included office space, administrative assistance, and health benefits. In accordance with SFAS No. 112*, Employers Accounting for Postemployment Benefit (SFAS 112)*, the Company recorded a charge for the net present value of these benefits of $3.1 million in fiscal year 2007. Accrued in other liabilities in the Consolidated Balance Sheet at March 29, 2008 and June 30, 2007 was $2.8 million and $3.0 million for such benefits.

As a result of the Company s historical acquisition of Dallas Semiconductor, 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. As a result of the adoption of EITF 06-10, *Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements*, during the first quarter of 2008, the Company recognized a $14.1 million cumulative effect adjustment to retained earnings. The Company had $6.6 million included in other assets as of March 29, 2008 associated with the limited collateral assignment to the policies. The Company had a $13.6 million obligation included in other liabilities as of March 29, 2008 and related to the anticipated continued funding associated with these policies.

NOTE 15: OTHER ASSETS

The components of other assets consist of:

	March 29, 2008	June 30, 2007
	(in thousands)	
Deferred tax assets	$ 77,693	$ 61,027
Intangible assets	61,364	4,934
Deposits for property, plant and equipment		17,709
Other	28,272	21,268
	$ 167,329	$ 104,938

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 16: RESTRUCTURING ACTIVITY

In quarter ended March 29, 2008, the Company continued to transfer certain wafer manufacturing production from its San Jose, California wafer manufacturing facility to Epson s Sakata, Japan facility. The Company recorded and paid approximately $2.4 million consisting principally of severance and benefit payments during the first quarter of fiscal year 2008 related to its San Jose, California fab transfer. In addition, the Company announced the wind down and eventual closure of its wafer manufacturing facility located in Dallas, Texas over an 18-month time period. The Company anticipates that the total costs associated with the Dallas wafer fab closure will approximate $6.2 million consisting principally of severance and benefit payments over the 18-month period. A substantial amount of the costs associated with this activity will be paid upon the closure of the facility which is anticipated to occur in the last quarter of fiscal year 2009. During three months ended March 29, 2008, the Company recognized and accrued restructuring charges of $1.0 million for severance and benefits associated with the Dallas fab restructuring activities and such costs are included in cost of goods sold in the Condensed Consolidated Statements of Income.

Activity and liability balances related to the restructuring activity for the three months ended March 29, 2008 follows:

	Nine Months Ended March 29, 2008 (in thousands)	
Balance, December 29, 2007	$	
Restructuring accrual		3,392
Cash payments		(2,179)
Balance, March 29, 2008	$	1,213

The Company has included this amount in accrued salary and related expenses in the Condensed Consolidated Balance Sheets.

In connection with the anticipated closure of the Dallas facility, the Company evaluated the recoverability of the facilities manufacturing assets and concluded that there was no impairment. The Company also reevaluated the useful lives and salvage values of the fixed assets used in this manufacturing facility based on the new period of intended use. As a result of this review, the Company changed its depreciable lives and salvage values and recognized additional depreciation expense of $11.3 million during the three months and nine months ended March 29, 2008 related to this change in accounting estimate.

NOTE 17: ACQUISITIONS

On October 29, 2007 the Company acquired the Storage products division of Vitesse Semiconductor. The total cash consideration associated with the acquisition was $64.1 million consisting of $62.8 million in cash, $0.8 million in direct legal costs associated with the acquisition, $0.5 million related to the buyout of an existing arrangement between Vitesse and a vendor. The Company also assumed $2.0 million of liabilities. The Company will pay additional cash consideration of up to $12 million based on product shipments of the acquired business. The contingent consideration will be payable on a quarterly basis and such amounts will be recorded as goodwill. The Company allocated the acquisition cost to assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The acquired assets included $4.9 million in tangible assets, $0.9 million in customer order backlog, $28.4 million in intellectual property, $22.2 million in customer relationships and $9.6 million in goodwill.

The unaudited condensed consolidated financial statements for the nine months ended March 29, 2008 include the operations of Vitesse s Storage Products Division commencing as of the acquisition date. 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.

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MAXIM INTEGRATED PRODUCTS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 18: GOODWILL AND INTANGIBLE ASSETS

The Company classifies goodwill and acquired intangible assets within other assets in the Condensed Consolidated Balance Sheets.

The Company s carrying value of goodwill as of March 29, 2008 is $9.6 million which relates to the acquisition described in Note 17. In connection with the Company s acquisition of the Storage products division of Vitesse Semiconductor the Company obtained $28.4 million in intellectual property, $22.2 million in customer relationships, $0.9 million in customer order backlog, and $9.6 million in goodwill. The useful lives of the significant definite lived intangible assets are as follows:

Asset	Life
Intellectual Property	5 years
Customer Relationships	10 years

Intangible assets consisted of the following:

	March 29, 2008		
	Original Cost	Accumulated Amortization (in thousands)	Net
Intellectual property	$ 28,430	$ 2,369	$ 26,061
Customer relationships	22,230	926	21,304
Total intangible assets	$ 50,660	$ 3,295	$ 47,365

Amortization expense of $1.4 million and $2.4 million associated with intellectual property was recorded in cost of goods sold during the three and nine month ended March 29, 2008. Amortization expense of $0.6 million and $0.9 million associated with customer relationships was recorded in selling, general and administrative expenses during the three and nine months ended March 29, 2008.

The following table presents the amortization expense of intangible assets:

	Three Months Ended		Nine Months Ended	
	March 29, 2008	March 24, 2007	March 29, 2008	March 24, 2007
	(in thousands)			
Intellectual property	$ 1,421	$	$ 2,369	$
Customer relationships	555		$ 926	
Total	$ 1,976	$	$ 3,295	$

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MAXIM INTEGRATED PRODUCTS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The following table represents the estimated future amortization expense of intangible assets as of March 29, 2008:

Fiscal Year	**Amount (in thousands)**
2008 (remaining 3 months)	$ 1,976
2009	7,909
2010	7,909
2011	7,909
2012	7,909
2013	4,118
Thereafter	9,635
Total intangible assets	$ 47,365

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company disclaims any duty to and undertakes no obligation to update any forward-looking statement, whether as a result of new information relating to existing conditions, future events or otherwise or to release publicly the results of any future revisions it may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events except as required by federal securities laws. Readers are cautioned not to place undue reliance on such statements, which speak only as of the date of this Quarterly Report on Form 10-Q. Readers should carefully review future reports and documents that the Company files from time to time with the SEC, such as its annual reports on Form 10-K (particularly Management s Discussion and Analysis of Financial Condition and Results of Operations), its quarterly reports on 10-Q (particularly Management s Discussion and Analysis of Financial Condition and Results of Operations), and any current reports on Form 8-K.

Overview

Maxim Integrated Products, Inc. (Maxim or the Company and also referred to as we, our or us) designs, develops, manufactures, and mark broad range of linear and mixed-signal integrated circuits, commonly referred to as analog circuits, for a large number of geographically diverse customers and is incorporated in the state of Delaware. The Company also provides a range of high-frequency process technologies and capabilities that can be used in custom designs. The analog market is fragmented and characterized by many diverse applications, a great number of product variations and, with respect to many circuit types, relatively long product life cycles. The Company 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. The major end-markets the Company s products are sold in are the communications, computing, consumer and industrial markets.

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 and accounts receivable allowances, 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, 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 contingencies, which impacts charges recorded in cost of goods sold and selling, general and administrative expenses. 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. The accounting policy below represents an addition to the Company s significant accounting policies as disclosed in our Annual Report on Form 10-K for the year ended June 30, 2007.

Intangible Assets and Goodwill

We account for intangible assets, in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* or (SFAS 144), which requires impairment losses to be recorded on intangible assets used in operations when indicators of impairment, such as reductions in demand or significant economic slowdowns in the semiconductor industry, are present. Reviews are performed to determine whether the carrying value of an asset 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* or (Concepts Statement 7). 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 SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142), 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 fourth 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.

RESULTS OF OPERATIONS

Net Revenues

Net revenues were $487.4 million and $476.6 million for the three months ended March 29, 2008 and March 24, 2007, respectively, an increase of 2.3%. Net revenues for the nine months ended March 29, 2008 and March 24, 2007, were $1,551.5 million and $1,476.8 million, respectively, an increase of 5.1%. The increase in net revenues for the three and nine months ended March 29, 2008 as compared to the three and nine months ended March 24, 2007 was primarily due to increased unit shipments of approximately 5% and 9%, respectively. The increases in unit shipments was offset somewhat by a change in product mix related to increased sales of products with lower average selling prices.

During the three months ended March 29, 2008 and March 24, 2007, approximately 78% and 76%, respectively, of net revenues were derived from customers outside of the United States. During the nine months ended March 29, 2008 and March 24, 2007, approximately 80% and 77%, respectively, of net revenues were derived from customers outside of the United States. While the majority of these sales are denominated in U.S. dollars, we enter into foreign currency forward contracts to mitigate our risks on firm commitments and net monetary assets denominated in foreign currencies. The impact of changes in foreign exchange rates on revenue and our results of operations for the three months and nine months ended March 29, 2008 and March 24, 2007 was immaterial.

Gross Margin

Our gross margin as a percentage of net revenues was 58.4% and 60.1% for the three months ended March 29, 2008 and March 24, 2007, respectively. The gross margin percentage decreased for the three months ended March 29, 2008 as compared to the three months ended March 24, 2007 primarily due to $11.3 million of accelerated depreciation expense recorded due to our decision to ramp down and eventually close our wafer fab in Dallas, Texas and $3.8 million recorded for severance charges related to the Dallas fab closure and headcount reductions at other manufacturing locations. Our inventory write downs for inventories in excess of demand increased by $0.6 million during the three months ended March 29, 2008 as compared to the three months ended March 24, 2007. Inventory write downs were $11.6 million and $11.0 million for the three months ended March 29, 2008 and March 24, 2007, respectively. In addition, product mix combined with decreased average unit selling prices contributed to an unfavorable impact on gross margin percentage for the three months ended March 29, 2008 as compared to the three months ended March 24, 2007. The above was offset by decreased stock-based compensation of $4.2 million for the three months ended March 29, 2008 as compared to the three months ended March 24, 2007.

Our gross margin percentage was 60.5% and 60.5% for the nine months ended March 29, 2008 and March 24, 2007, respectively. The gross margin percentage for the nine months ended March 29, 2008 stayed flat as compared to gross margin percentage for the nine months ended March 24, 2007. Stock-based compensation decreased $29.2 million resulted from recording charges during the nine months ended March 24, 2007 related to our decision to modify all stock options expiring as a result of the expiration of the 10 year contractual term during Blackout Period. The above was offset by $11.3 million of accelerated depreciation expense recorded due to our decision to the ramp down and eventually closure our wafer fab in Dallas, Texas and $6.2 million of severance charges recorded related to the Dallas fab closure, San Jose fab transfer and headcount reductions at other manufacturing locations for

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the nine months ended March 29, 2008. Our inventory write downs for inventory in excess of demand increased by $2.8 million during the nine months ended March 29, 2008 as compared to the nine months ended March 24, 2007. Inventory write downs were $28.5 million and $25.6 million for the nine months ended March 29, 2008 and March 24, 2007, respectively. In addition, product mix combined with decreased average unit selling prices contributed to an unfavorable impact on gross margin percentage for the nine months ended March 29, 2008 as compared to the nine months ended March 24, 2007.

Research and Development

Research and development expenses were $143.3 million and $159.4 million for the three months ended March 29, 2008 and March 24, 2007, respectively, which represented 29.4% and 33.5% of net revenues, respectively. The decrease in research and development expenses in absolute dollars was primarily due to an $18.8 million decrease in payroll and related withholding taxes recorded in the three months ended March 24, 2007 due to improper accounting for stock option grants and cash exercises. In addition, stock-based compensation decreased by $13.7 million for the three months ended March 29, 2008 as compared to three month ended March 24, 2007. These above decreases were offset by a $9.8 million increase in salary and related expenses from salary increases and hiring additional engineers to support our research and development and process development efforts for the three months ended March 29, 2008 as compared to the three months ended March 24, 2007. In addition, we recorded $4.6 million in severance charges related to reductions in headcount during the three months ended March 29, 2008.

Research and development expenses were $432.7 million and $511.0 million for the nine months ended March 29, 2008 and March 24, 2007 respectively, which represented 27.9% and 34.6% of net revenues, respectively. The decrease in research and development expenses was primarily due to decreased stock-based compensation and related expenses. Stock based compensation decreased by $97.0 million primarily due to charges recorded in the nine months ended March 24, 2007, due to our decision to modify all stock options expiring as a result of the expiration of the 10 year contractual term during the Blackout Period. In addition, we recorded during the nine months ended March 24, 2007, $19.1 million for payroll and related withholding tax liabilities due to improper accounting for stock option grants and cash exercises. The above decreases were offset by a $32.3 million increase in salary and related expenses primarily from salary increase and hiring additional engineers to support our research and development and process development efforts and a $4.6 million in severance charges related to reductions in headcount during the nine months ended March 29, 2008.

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, in part, on our success in recruiting the technical personnel needed for its new product introductions and process development, and on the level of stock-based compensation expense. 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 $60.4 million and $40.6 million for the three months ended March 29, 2008 and March 24, 2007, respectively, which represented 12.4% and 8.5% of net revenues, respectively. The increase in selling, general, and administrative expenses for the three months ended March 29, 2008 as compared to the three months ended March 24, 2007 was primarily due to an increase of $5.5 million in legal expenses and an increase of $6.3 million in accounting fees associated with our stock option investigation, subsequent restatement of our previously filed financial statements, private litigation and other associated activities. In addition, stock-based compensation increased by $22.1 million primarily due to our decision to modify all stock options expiring as a result of the expiration of the 10 year contractual term during the Blackout Period offset by a reversal of the reversal of $12.7 million of previously recognized stock-based compensation during the three months ended March 24, 2007 due to the forfeiture of our former Chief Executive Officer s unvested stock options upon his retirement. The above increases were offset by $3.1 million recorded during the three months ended March 24, 2007 to reflect the net present value of termination benefits given our former Chief Executive Officer upon his retirement.

Selling, general and administrative expenses were $174.1 million and $153.3 million for the nine months ended March 29, 2008 and March 24, 2007, respectively, which represented 11.2% and 10.4% of net revenues, respectively. The increase in selling, general, and administrative expenses for the nine months ended March 29, 2008 as compared to the nine months ended March 24, 2007 was primarily due to an increase of $16.9 million in legal expenses and an increase of $17.2 million in accounting fees associated with our stock option investigation,

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subsequent restatement of our previously filed financial statements, private litigation and other associated activities. Salary and related expenses increased by $4.7 million during the nine months ended March 29, 2008 as compared to the nine months ended March 24, 2007 due to salary increases and hiring additional headcount to support our growth. In addition, depreciation expenses increased by approximately $1.6 million and intangible asset amortization related to customer relationships purchased from Vitesse increased by $0.9 million during the nine months ended March 29, 2008 as compared to the nine months ended March 24, 2007. The above increases were offset by a decrease of $32.8 million of stock-based compensation expenses during the nine months ended March 29, 2008 as compared to the nine months ended March 24, 2007 primarily due to our decision to modify all stock options expiring as a result of the expiration of the 10 year contractual term during the Blackout Period. This decrease was offset somewhat by the reversal of $12.7 million of previously recognized stock-based compensation during the nine months ended March 24, 2007 due to the forfeiture of our former Chief Executive Officer s unvested stock options upon his retirement. In addition, during the nine months ended March 24, 2007, we recorded a $3.1 million charge to reflect the net present value of termination benefits given our former Chief Executive Officer upon his retirement.

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, our success in recruiting sales and administrative personnel needed to support our operations, and the level of stock-based compensation expense. We expect a significant increase in selling, general and administrative expenditures in fiscal years 2007 and 2008 for expenses associated with our restatement, related private litigation and other associated activities, particularly, for accounting, legal and other professional service fees.

Stock-based Compensation

The following table shows total stock-based compensation expense by type of award, and resulting tax effect, included in the Condensed Consolidated Statements of Income for the three and nine months ended March 29, 2008 and March 24, 2007:

	Three Months Ended		Nine Months Ended	
	March 29, 2008	March 24, 2007	March 29, 2008	March 24, 2007
	(in thousands)			
Cost of goods sold				
Stock options	$ 7,728	$ 9,884	$ 26,835	$ 51,672
Employee stock purchase plan				1,431
Restricted stock units	2,807	4,900	11,030	13,925
	10,535	14,784	37,865	67,028
Research and development expense				
Stock options	12,737	20,820	58,879	141,923
Employee stock purchase plan				4,672
Restricted stock units	6,433	12,007	26,894	36,166
	19,170	32,827	85,773	182,761
Selling, general and administrative expense				
Stock options	4,002	(6,429)	18,937	36,391
Employee stock purchase plan				1,431
Restricted stock units	1,982	3,024	7,483	8,653
	5,984	(3,405)	26,420	46,475
Total Stock-based compensation expense				
Stock options	24,467	24,275	104,651	229,986
Employee stock purchase plan				7,534
Restricted stock units	11,222	19,931	45,407	58,744
Pre-tax stock-based compensation expense	35,689	44,206	150,058	296,264

Less: Income tax effect	12,424	15,337	52,571	102,538
Net stock-based compensation expense	$ 23,265	$ 28,869	$ 97,487	$ 193,726

Interest Income and Other, Net

Interest income and other, net was $11.6 million and $15.1 million for the three months ended March 29, 2008 and March 24, 2007, respectively. This decrease was mainly due to lower average interest rates combined with lower average invested cash, cash equivalents, and short-term investments balances.

Interest income and other, net was $50.9 million and $43.2 million for the nine months ended March 29, 2008 and March 24, 2007, respectively. This increase was primarily due to a $9.6 million gain on sale of land. This increase was offset slightly by decreased interest income due to lower average interest rates combined with lower invested cash, cash equivalents, and short-term investments balances.

Provision for Income Taxes

The effective income tax rate for the three months ended March 29, 2008 and March 24, 2007 was 34.1% and 24.9%, respectively. The effective income tax rate for the nine months ended March 29, 2008 and March 24, 2007 was 34.1% and 28.8%, respectively. The increase in the effective tax rate for three and nine months ended March 29, 2008 compared to the three and nine months ended March 24, 2007 was primarily due to the final phase out of the extraterritorial income exclusion by the American Jobs Creation Act of 2004, the expiration of the Federal research tax credit on December 31, 2007, and the nonrecurring tax reserve release in the third quarter of fiscal 2007 due to the expiration of the statute of limitations. The effective rates were lower than the U.S. federal and state combined statutory rate primarily due to tax benefits generated by the research and development credit and the domestic production activities deduction.

The Company s net deferred tax asset at March 29, 2008 was $318.8 million. The Company believes it is more likely than not that the net deferred tax assets will be realized based on historical earnings and expected levels of future taxable income. Levels of future taxable income are subject to the various risks and uncertainties as described in this report. An increase in the valuation allowance against net deferred tax assets may be necessary if it becomes more likely than not that all or a portion of the net deferred tax assets will not be realized. The Company periodically assesses the need for increases to the deferred tax asset valuation allowance.

On July 1, 2007, the Company adopted FASB Interpretation No. 48, or FIN 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109.* The Company has historically classified unrecognized tax benefits as income taxes payable, which was included within the current liabilities section of our Condensed Consolidated Balance Sheet or as a reduction to deferred tax assets to the extent that the unrecognized tax benefits related to net operating loss or tax credit carryforwards. As a result of the adoption of FIN 48, the Company now classifies unrecognized tax benefits as a current liability to the extent that settlement is anticipated within one year; as a non current liability to the extent that settlement is anticipated beyond one year; or 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.

The Company evaluated and assessed its tax positions under the recognition and measurement guidelines of FIN 48. The adoption of FIN 48 resulted in an increase to our contingent tax liability reserves of $28.6 million. Of this amount, approximately $9.4 million was accounted for as a reduction to beginning retained earnings and approximately $19.2 million as a reduction to additional paid-in capital. The amount of unrecognized tax benefits at the beginning of fiscal year 2008 was $123.6 million, excluding interest and penalties of $9.8 million. Of this amount, $61.3 million relates to unrecognized tax benefits that, if recognized, would impact our effective tax rate and the remaining $62.3 million relates to unrecognized tax benefits that, if recognized, would be credited to additional paid in capital.

The Company reports interest and penalties related to unrecognized tax benefits as a component of income tax expense, which is consistent with its methodology prior to the adoption of FIN 48. The amount of interest and penalties accrued as of the beginning of fiscal year 2008 was $9.8 million. The amount of interest and penalties accrued during the three and nine months ended March 29, 2008 was $1.6 million and $4.8 million, respectively.

In the third quarter of fiscal year 2008, the Internal Revenue Service (IRS) commenced an examination of the Company s federal corporate income tax returns for the fiscal years 2005 and 2006. As part of this audit the IRS has requested information related to our stock option investigation. Management believes that it has adequately provided for any adjustments that may result from the IRS examination. However, the outcome of tax audits cannot be predicted with certainty. Should any issues addressed in the Company s tax audits be resolved in a manner not consistent with management s expectations, the Company could be required to adjust its provision for income tax in the period such resolution occurs.

Recently Issued Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48), which prescribes comprehensive guidelines for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on tax returns. FIN 48, effective for fiscal years beginning after December 15, 2006, seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. The Company adopted the provisions of FASB Interpretation No. 48 on July 1, 2007 and applied the provisions of FIN 48 to all income tax positions. The cumulative effect of applying FIN 48 was a $9.4 million and $19.2 million decrease in retained earnings and additional-paid-in-capital, respectively, at the beginning of fiscal year 2008.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosures about fair value measurements. The statement clarifies that the exchange price is the price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The statement emphasizes that fair value is a market-based measurement and not an entity-specific measurement. It also establishes a fair value hierarchy used in fair value measurements and expands the required disclosures of assets and liabilities measured at fair value. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. In addition, in February 2008, the FASB issued FSP No. 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13* (FSP 157-1) and FSP No.157-2, *Effective Date of FASB Statement No. 157* (FSP 157-2). FSP 157-1 amends SFAS 157 to remove certain leasing transactions from its scope. FSP 157-2 delays the effective date of SFAS 157 for all non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting SFAS 157 on the Company s consolidated financial condition, results of operations and liquidity.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans* (SFAS 158). SFAS 158 amends SFAS No. 87, *Employers Accounting for Pensions*, SFAS No. 88, *Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*, SFAS No. 106, *Employers Accounting for Postretirement Benefits Other Than Pensions*, and SFAS No. 132 (revised 2003), *Employers Disclosures about Pensions and Other Postretirement Benefits*. SFAS 158 requires employers to recognize in the statement of financial position an asset for a plan s overfunded status or a liability for a plan s underfunded status. It also requires employers to measure plan assets and obligations that determine the funded status as of the end of the fiscal year. Lastly, employers are required to recognize changes in the funded status of a defined benefit postretirement plan in the year that the changes occur with the changes reported in comprehensive income. SFAS 158 is required to be adopted by entities with fiscal years ending after December 15, 2006. The adoption of SFAS 158 in fiscal year 2007 did not have a material impact on the Company s consolidated financial condition, results of operations or liquidity.

In September 2006, the SEC released Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108), which addresses how uncorrected errors in previous years should be considered when quantifying errors in current year financial statements. SAB 108 requires registrants to consider the effect of all carry over and reversing effects of prior-year misstatements when quantifying errors in current year financial statements. SAB 108 does not change the SEC staff s previous guidance on evaluating the materiality of errors. It allows registrants to record the effects of adopting SAB 108 guidance as a cumulative-effect adjustment to retained earnings. This adjustment must be reported in the annual financial statements of the first fiscal year ending after November 15, 2006. The adoption of this standard did not have a material impact on the Company s consolidated financial condition, results of operations or liquidity.

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In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 159 permits companies to choose to measure certain financial instruments and certain other items at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings. The Company is required to adopt the provisions of SFAS 159 as of the beginning of the fiscal year that begins after November 15, 2007, although earlier adoption is permitted. The adoption of SFAS 159 is not expected to have a material impact on the Company s consolidated financial position, results of operations or liquidity.

In March 2007, the FASB ratified Emerging Issues Task Force (EITF) Issue No. 06-10, *Accounting for Collateral Assignment Split-Dollar Life Insurance Agreements* (EITF 06-10). EITF 06-10 provides guidance for determining a liability for the post-retirement benefit obligation as well as recognition and measurement of the associated asset on the basis of the terms of the collateral assignment agreement. EITF 06-10 is effective for fiscal years beginning after December 15, 2007, although earlier adoption is permitted. We early adopted EITF 06-10 during the three months ended September 29, 2007 and recorded a cumulative effect adjustment as a net reduction to retained earnings of approximately $14.1 million. No corporate income tax benefit was netted against the charge to retained earnings because the liabilities being accrued are not deductible for corporate income tax purposes.

In June 2007, the FASB ratified EITF Issue No. 07-3, *Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities* (EITF 07-3). EITF 07-3 requires nonrefundable advance payments for goods or services that will be used or rendered for future research and development activities to be deferred and capitalized. Such amounts should be recognized as an expense as the related goods are delivered or the related services are performed. Entities should continue to evaluate whether they expect the goods to be delivered or services to be rendered. If an entity does not expect the goods to be delivered or services to be rendered, the capitalized advance payment should be charged to expense. EITF 07-3 applies prospectively for new contractual arrangements entered into in fiscal years beginning after December 15, 2007. Earlier adoption is not permitted. The adoption of EITF 07-3 is not expected to have a material effect on the Company s consolidated financial position or results of operations.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51* (SFAS 160). SFAS 160 amends Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 improves the relevance, comparability and transparency of financial statements and eliminates diversity in practice that currently exists in accounting for transactions between an entity and noncontrolling interests. This standard is effective for annual periods beginning after December 15, 2008. Earlier adoption is prohibited. We do not believe the adoption of SFAS 160 will have a material effect on our consolidated financial position, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141(R)) which replaces SFAS No. 141, *Business Combinations.* SFAS 141(R) requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose to investors and other users all of the information they need to evaluate and understand the nature and financial effect of the business combination. This standard is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company is currently evaluating the impact of adopting SFAS 141(R) on the Company s consolidated financial position or results of operations.

In December 2007, the FASB ratified EITF Issue No. 07-1, *Accounting for Collaborative Arrangements* (EITF 07-01). EITF 07-1 provides guidance on the classification, income statement presentation and disclosure associated with collaborative arrangements involving parties considered to be active participants to an activity and are exposed to significant risks and rewards which are dependent on the commercial success of the activity. EITF 07-1 is effective for fiscal years beginning after December 15, 2008. The adoption of EITF 07-01 is not expected to have a material impact on our consolidated financial position, results of operations or cash flows.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of SFAS No. 133* (SFAS 161) which changes the disclosure requirements for derivative instruments and hedging activities. SFAS 161 requires the Company to provide enhanced disclosures about (a) how and why the Company uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities,* and its related interpretations, and (c) how derivative instruments and related hedged items affect our financial position, financial performance and cash flows. These disclosure requirements are effective for fiscal years and interim periods beginning after November 15, 2008. We are currently evaluating the impact of adopting SFAS 161 on our consolidated financial position, results of operations and cash flows.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* (SFAS 162). SFAS 162 identifies the sources of accounting consistent with GAAP. SFAS 162 is effective sixty days following the SEC s approval of the Public Company Accounting Oversight Board s amendments to AU Section 411 on September 16, 2008, *The Meaning of Present fairly in conformity with generally accepted accounting principles.* We are currently evaluating the potential impact, if any, of the adoption of SFAS 162 on our consolidated financial statements.

BACKLOG

At the end of the third quarter of fiscal year 2008, backlog shippable within the next 12 months was approximately $370.0 million, including approximately $323.4 million requested for shipment in the fourth quarter of fiscal year 2008. The Company s previous quarter ending backlog shippable within the next 12 months was approximately $356.3 million, including approximately $303.5 million that was requested for shipment in the third quarter of fiscal year 2008.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company s primary sources of funds for the nine month period ended March 29, 2008 were net cash generated from operating activities of $396.9 million.

The principal uses of funds for the nine month period ended March 29, 2008 included dividends paid of approximately $180.3 million, $179.6 million for property, plant and equipment additions, $152.9 million for income tax payments, $64.1 million for the acquisition of the storage products division from Vitesse Semiconductor Corporation, $99.7 million of payments to cash settle expiring options and $23.7 million to cash settle vested RSUs and payouts under the RSU loan program.

As of March 29, 2008, the Company s available funds consisted of $1,189.1 million in cash, cash equivalents, and short-term investments. This amount represents a decrease of $110.3 million from $1,299.4 million as of June 30, 2007. The Company anticipates that the available funds and cash generated from operations will be sufficient to meet cash and working capital requirements, including its anticipated level of capital expenditures and dividend payments for the next twelve months.

Significant Cash Outlays Resulting From the Restatement of Previously Reported Financial Statements

Since the beginning of the stock option investigation through June 28, 2008, we have incurred significant cash outlays as noted below:

- We have incurred $91.9 million for expenses associated with the investigation, subsequent restatement of our previously filed financial statements, private litigation and other associated activities, particularly, for accounting, legal and other professional service fees. We will incur significant expenses for these in fiscal year 2009.

- We have paid $117.3 million to individual option holders to compensate them for stock options that contractually expired subsequent to the suspension of the Company s S-8 Registration Statements at which time employees were no longer able to exercise their vested stock options (the Blackout Period). We will incur significant cash payments subsequent to June 28, 2008 for additional options that expire during the Blackout Period.

We have issued $54.8 million in non-recourse loans to individuals holding RSUs that vested during the Blackout Period. We will loan additional amounts subsequent to June 28, 2008 for RSUs that vest during the Blackout Period and such amounts may be significant.

We have paid $10.0 million to international employees for RSUs which vested during the Blackout Period for which we were unable to deliver shares of common stock. We will pay additional amounts subsequent to June 28, 2008 to certain international employees for RSUs which vest during the Blackout Period.

In addition to the above, while we intend to vigorously defend against lawsuits related to our past stock options granting practices, we do not presently know whether we will be successful in such lawsuits. If we are not successful, we may be required to pay substantial cash settlement expenses which could have a material adverse impact on our results of operations and liquidity.

Off-Balance-Sheet Arrangements

As of March 29, 2008, 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 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company s market risk has not changed materially from the interest rate and foreign currency risks disclosed in Item 7A of the Company s Annual Report on Form 10-K for the fiscal year ended June 30, 2007.

ITEM 4: CONTROLS AND PROCEDURES

Stock Option Investigation

As described in the Explanatory Note, in Management s Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 and in Note 2 of our Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K for the fiscal year ended June 24, 2006, we have restated certain of our historical consolidated financial statements to record additional stock-based compensation expense as a result of errors identified in connection with our independent stock option review. We have also included in the restatement certain other adjustments to these historical consolidated financial statements.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our current chief executive officer (CEO) and our interim 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 March 29, 2008. 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 s 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.

Our management, including the CEO and the CFO, has concluded that the Company s disclosure controls and procedures were not effective as of March 29, 2008 due to the presence of the material weaknesses in our internal control over financial reporting relating to deficiencies in our (1) control environment, due to the Company s failure to maintain proper tone and control consciousness at the executive management level, effective policies and procedures for monitoring our stock administration department, effective monitoring controls to detect or prevent non-compliance with the Company s policies regarding option grants, and proper lines of communication regarding identification and processing of stock option transactions; and (2) controls over stock option practices and the related accounting for stock option transactions, due to the Company s failure to maintain sufficient procedures and controls over granting and accounting for stock options, lack of sufficient staffing, accounting knowledge and training among the personnel dealing with stock options, and lack of complete and consistent documentation for stock option transactions. These material weaknesses are more fully described in our Annual Report on Form 10-K for the fiscal year ended June 24, 2006, and continue to exist as of March 29, 2008.

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Changes in Internal Control over Financial Reporting

Other than the remedial actions described in Item 9A in our Annual Report on Form 10-K for the fiscal year ended June 24, 2006 that took place or were ongoing during the three months ended March 29, 2008, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the three months ended March 29, 2008 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Implementation of Remedial Actions of Material Weaknesses

Throughout the second half of fiscal year 2007 and fiscal year 2008, the Company has implemented the remedial actions described above and in Item 9A of our Annual Report on Form 10-K for the fiscal year ended June 24, 2006.

As of the date of this filing, the Company has completed its evaluation of such remedial actions, including the design of the new policies, procedures and controls it has instituted, which have been in place for a sufficient period of time, and has tested their operating effectiveness. The Company considers that the corrective steps as of the date of this filing have improved the effectiveness of the Company s internal control over financial reporting and have remediated the material weaknesses discussed above.

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.

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PART II. OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

The information set forth above under Note 11 contained in the Notes to Condensed Consolidated Financial Statements is incorporated herein by reference.

ITEM 1A: RISK FACTORS

A description of risks associated with our business, financial condition and results of operations is set forth in Item 1A Risk Factors of our Annual Report on Form 10-K for the fiscal year ended June 30, 2007, which is herein incorporated by reference. We have no material changes in our risks from such description.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

NOT APPLICABLE

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

NOT APPLICABLE

ITEM 4: SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS

NOT APPLICABLE

ITEM 5: OTHER INFORMATION

NOT APPLICABLE

ITEM 6: EXHIBITS

(a) Exhibits

3.1	Restated Certificate of Incorporation of the Company (1)
3.3	Amendments to Restated Certificate of Incorporation of the Company (2)
3.4	Amended and Restated Bylaws of the Company (3)
3.4(a)	Certificate of Amendment to the Bylaws of the Company effective December 21, 2006 (4)
3.4(b)	Certificate of Amendment to the Bylaws of the Company effective November 15, 2007 (5)
4.1	Reference is made to Exhibits 3.1, 3.3 and 3.4

31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
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
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

(1) Incorporated by reference to exhibit 3.1 in the Company s Annual Report on Form 10-K for the fiscal year ended June 30, 1995.
(2) Incorporated by reference to exhibit number 3.3 in the Company s Annual Report on Form 10-K for the fiscal year ended June 30, 1997, to exhibit 3.3 in the Company s Annual Report on Form 10-K for the fiscal year ended June 30, 1998, to exhibit number 3.3 in the Company s Quarterly Report on Form 10-Q for the three months ended December 25, 1999, and to exhibit number 3.3 in the Company s Quarterly Report on Form 10-Q for the three months ended December 30, 2000.
(3) Incorporated by reference to exhibit 3.4 in the Company s Annual Report on Form 10-K for the fiscal year ended June 29, 2002.
(4) Incorporated by reference to exhibit 3.4(b) in the Company s Current Report on Form 8-K filed December 22, 2006.
(5) Incorporated by reference to exhibit 3.1 in the Company s Current Report on Form 8-K filed November 21, 2007.

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SIGNATURES

Pursuant to the requirements 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.

September 30, 2008	MAXIM INTEGRATED PRODUCTS, INC.
	By: /s/ Alan P. Hale Vice President, Interim Chief Financial Officer and Principal Accounting Officer

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Exhibit Index

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