

## **INTERNATIONAL RECTIFIER REPORTS DECEMBER QUARTER RESULTS**

EL SEGUNDO, CA. - January 23, 2003 - For the quarter ended December, International Rectifier Corporation (IRF/NYSE) today reported net income of \$10.0 million (or \$0.16 per share), excluding charges, on revenues of \$209.5 million, compared to net income of \$10.8 million (or \$0.17 per share) on revenues of \$172.1 million in the prior-year quarter. Including charges of \$179.8 million related to the company's previously-announced restructuring, IR reported a net loss of \$121.3 million (or \$1.90 per share). Revenues increased 22 percent year-over-year, led by 38 percent growth in proprietary products (analog ICs, power systems, and advanced-circuit devices). Compared to the immediately preceding quarter, total revenues were down one percent and proprietary product revenues were up 3 percent. Demand was strong in the consumer, defense, and PC sectors. Revenues from sales to original equipment manufacturers (OEMs) rose 36 percent year-over-year, while revenues from sales to distributors grew 6 percent. Compared to the immediately preceding quarter, OEM revenues were up slightly and distributor revenues declined 4 percent. Proprietary products comprised 56 percent of shipments in the latest period. Orders grew 33 percent year-over-year and 7 percent sequentially, reflecting continued strength in proprietary products.

Before charges, December-quarter gross margin declined to 32.5 from 35 percent in the prior quarter, reflecting planned reductions in factory utilization to reduce inventory and continued price pressure on multi-market components. Including a \$6 million charge against raw material and work-in-process inventories associated with plant closures, the gross margin was 29.6 percent. The company reported gross margin of 35.2 percent in the year-earlier quarter.

In December, IR announced that restructuring activities designed to accelerate the company's transition to proprietary products are expected to reduce annual costs by \$80 to \$85 million when completed. Chief Executive Officer Alex Lidow commented, "This restructuring positions IR to more rapidly realize the full potential of our proprietary products, which grew 40 percent year-over-year in the first half of fiscal 2003. The steps we are now taking will concentrate the company's resources on proprietary products, reduce our development and manufacturing cycle times, and improve our cost structure. Over the next several quarters, we will upgrade equipment and processes in designated facilities and close down a number of others. We expect the restructuring to accelerate our transition to proprietary products, stepping up their contribution to revenues by 5 percentage points to 65 to 70 percent of our total sales by the quarter ending June 2004."

In the December quarter, the company recorded charges related to its restructuring program totaling \$179.8 million, of which \$4.8 million was for severances, \$6 million of raw material and work-in-process inventory, and \$169.0 million for asset impairment, plant closure costs, and related charges. An additional \$25 million in severance charges will be taken and expensed as incurred over the next eight quarters. Cash charges associated with the restructuring are expected to total less than \$40 million. The company generated \$20 million of cash from operations in the December quarter and closed the period with approximately \$670 million in cash and cash investments.

In the quarter ended December, IR won significant new business in target markets:

- Proprietary products including X-Phase, DirectFET, and iPOWIR took leading positions in new designs for the top three PC suppliers, the top three server companies, the top two graphics card manufacturers, and two global leaders in telecom and networking.
- Both Samsung and LG Electronics chose proprietary analog ICs and advanced-circuit devices from IR to power their new large-screen plasma TV displays.
- Just last quarter, IR secured 14 new designs for proprietary products in defense programs, including applications on F22, F16 and F15 fighter jets from Boeing, Northrop Grumman, and British Aerospace.
- IR won new designs for proprietary products going into energy-efficient appliances from makers such as Matsushita, Merloni, and Fisher & Paykel.
- Delphi, Bosch, and Siemens selected analog ICs and advanced-circuit devices from IR to power new engine controls, diesel fuel injection systems, and advanced braking systems.

Alex Lidow noted, "These and other design-ins secured in the last three months are expected to generate incremental revenues of more than \$100 million annualized within the next 4-6 quarters. We continue to strengthen IR's leadership in power management, but industry conditions remain challenging, and global economic uncertainties are limiting near-term visibility. In the quarter ending March, IR expects revenues to remain sequentially flat, plus-or-minus 3 percent, with gross margin up about a percentage point. For fiscal 2003 overall, the company is on track to achieve our target revenue growth of 17 to 23 percent."

Unaudited Consolidated Statement of Income  
Consolidated Balance Sheet

International Rectifier is a world leader in power management technology that improves functionality, speed, compactness, and portability in information technology and other end products. IR's analog ICs, advanced-circuit devices, power systems, and components enable Internet hardware to gain speed and reliability, allow portable electronics to run longer off a single charge, improve automotive fuel efficiency, and cut energy consumption in home appliances and industrial motors. The company is the pioneer and market leader in the \$4 billion power MOSFET industry, and over 20 companies are licensed under its power MOSFET patents. IR serves market leaders around the world, and more than half its revenues come from outside the United States.

The foregoing material includes some forward-looking statements made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We caution that such statements are subject to a number of uncertainties, and actual results may differ materially. Factors that could affect the company's actual results include greater than expected costs of implementing company restructuring plans; changes in assumptions or events that adversely affect the timing and realization of anticipated cost savings from restructuring plans and the amount of anticipated charges; the failure of market demand to materialize as anticipated; the effectiveness of cost controls and cost reductions; the ability to initiate manufacturing changes without disruption of current operations; pricing pressures; litigation and other unexpected costs associated with cost-reduction efforts, including reductions in force and the transfer and consolidation of product lines and equipment (including, without limitation, those associated with the company's restructuring initiatives); the accuracy of customers' forecasts; product claims, returns and recalls; market and sector conditions that affect our customers, licensees and suppliers; introduction, acceptance, availability, and continued demand and growth of new and high-performance products; delays in transferring and ramping production lines or completing customer qualifications (including, without limitation, those associated with the company's restructuring initiatives); company and market impact due to the cancellation or delays in customer and/or industry programs and/or orders; unfavorable changes in industry and competitive conditions; economic conditions in the company's markets around the world and the timing of changes in market conditions; the company's mix of product shipments; the success of working capital management programs; failure of suppliers and subcontractors to meet their delivery commitments; impact of any disruption in, or increased cost of, electricity and/or other critical supplies; changes in interest and investment rates; impacts on our business or financial condition due to changes in currency valuation; impact of changes in accounting methods; the impact of changes in laws and regulations, including tax, trade and export regulations and policies; the actual results of any outstanding patent and other litigation; and other uncertainties disclosed in the company's reports filed with the Securities and Exchange Commission, including its most recent report on form 10-K. To the foregoing factors should be added the financial and other disruptive effects of terrorist actions.