PARTICIPANTS

Corporate Participants

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Vincent T. Roche – President, Chief Executive Officer & Director, Analog Devices, Inc.
David A. Zinsner – Chief Financial Officer & Vice President, Finance, Analog Devices, Inc.

Other Participants

Steven Smigie – Analyst, Raymond James & Associates, Inc.
Romit J. Shah – Analyst, Nomura Securities International, Inc.
Aashish Subba Rao – Analyst, Merrill Lynch, Pierce, Fenner & Smith, Inc.
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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. My name is Rishanda and I'll be your conference facilitator. At this time, I would like to welcome everyone to the Analog Devices Fourth Quarter and Fiscal Year 2013 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the opening remarks, there will be a question-and-answer period with our analysts and investor participants. [Operator Instructions] Thank you.

Mr. Husain, you may begin your conference.

Ali Husain, Director of Investor Relations

Thanks, operator. Good afternoon, everyone. This is Ali Husain, Director of Investor Relations. If listeners haven't yet seen our fourth quarter and FY 2013 press release or our Form 10-K, they can be found on ADI's Investor Relations website at investor.analog.com, where you can also access this conference call. A recording of today's conference call will be available within two hours of this call's completion. It will remain available via telephone playback for two weeks and will also be archived on our Investor Relations website.

We've also updated the financial schedules on the IR website, which include the historical quarterly and annual summary P&Ls for continuing operations as well as for revenue from continuing operations by end market and product type.

Participating with me on today's call are Vincent Roche, ADI's President and CEO; Dave Zinsner, Vice President of Finance and CFO; and Maria Tagliaferro, Director of Corporate Communications. During the first part of the call, Vince and Dave will present our fourth quarter and FY 2013 results as well as our short-term outlook. The second part of our call will be devoted to answering questions from our analysts and investor participants.

During today's call, we may refer to non-GAAP financial measures that have been adjusted for certain non-recurring items in order to provide investors with useful information regarding our results. We have included reconciliations of these non-GAAP measures to their most directly comparable GAAP measures in today's earnings release, which is posted on our IR website.

Please note that the information we are about to discuss includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include risks and uncertainties, and our actual results could differ materially from those we will be discussing.

Factors that could contribute to such differences include, but are not limited to, those described in our SEC filings, including our most recent Annual Report on Form 10-K that we filed earlier today. The forward-looking information that's provided on this call represents our outlook as of today and we do not undertake any obligation to update the forward-looking statements made by us. Subsequent events and developments may cause our outlook to change. Therefore, this conference call will include time-sensitive information that may be accurate only as of the date of the live broadcast, which is today, November 26, 2013.

So now I'll turn the call over to Vincent Roche, ADI's President and CEO, for his opening remarks.

Vincent T. Roche, President, Chief Executive Officer & Director

Thanks, Ali, and hello, everyone. Thank you for joining our call today. As you've seen from our press release, revenue for the fourth quarter totaled $678 million, up about 1% from the previous quarter and within the range we have provided.

Diluted earnings per share excluding special items was $0.62, up 9% from the previous quarter and above the high-end of our range. Business conditions during the quarter were generally stable worldwide in spite of the U.S. government shutdown in the early part of October. So, while we did not see precipitous declines in our business as a result, we believe that the uncertainty created by such an event impacts our business, particularly in our industrial and communications infrastructure businesses, which together make up over 60% of our sales and are highly dependent on capital spending.

Let me take a moment to talk about our performance for the full-year of 2013. Reflecting the uncertain economic and political climate during the year, revenue declined 2% to about $2.6 billion. Overall, virtually all of our end markets were flat to down in fiscal 2013, with the exception of automotive, which grew 4% over the prior year. It was really a tale of two halves in fiscal 2013, with the second half of the year showing some good momentum and our industrial, automotive and communications infrastructure markets combining for 8% growth in the second half as compared to the first, which is a positive sign.

For the year, gross margins of 64.3%, operating margins of 30% excluding special items, and diluted EPS of $2.15 on the same basis, were incredible results in what was a challenging

environment. Our operating cash flow was over $90 million (sic) [$900 million] or 35% of sales, and free cash flow totaled $789 million or 30% of sales. In addition, we have enhanced shareholder returns with dividends and share repurchases that totaled over $460 million or 59% of free cash flow, and our total shareholder return for the year was 28%.

Turning to our performance by end market, during the fourth quarter, our growth was led by the automotive segment. Now revenues in this segment were better than expected, increasing 9% sequentially and 19% on a year-on-year basis on strength across infotainment, safety, and powertrain applications. Revenue was bolstered from new infotainment platforms that are moving into production and the ramp of our next-generation safety platforms, including ADAS Radar, that are seeing higher adoption rates.

In powertrain, our stop-start battery monitoring technology gained wider traction in more mainstream higher volume vehicles, further fueling potential growth. As the electrification of the car continues to gather momentum, ADI is aligning investments to provide increasing levels of content that enable lower emissions and higher fuel efficiency. The automotive sector continues to be a very good growth business for ADI with a 30-year revenue CAGR of 13%. This business totaled 19% of sales in the fourth quarter.

The industrial sector represented 46% of sales and grew 2% over the same quarter in the prior year, and was flat sequentially. The overall flat sequential performance masked some positive trends within industrial. Our automation and process control business saw a third consecutive quarter of growth, driven primarily by customers in North America and Asia.

As we projected last quarter, our defense and aerospace business recovered in the fourth quarter, growing by more than 10%. The instrumentation business, after growing strongly in the second and third quarters, declined sequentially due to lower revenue from automated test equipment customers primarily in the areas of smartphones, tablets, and other devices with wireless connectivity. The remainder of our instrumentation business serving a broad customer base was flat sequentially. Instrumentation was, however, stronger in the second half compared to the first as well as our total industrial business.

We are confident about the myriad opportunities within the industrial sector as customers take advantage of ADI's high-performance signal processing technology and system domain knowledge to create more intelligent, connected, and energy-efficient systems including robotics, textures, and other factory and process automation systems. We believe these trends in addition to the opportunities still ahead in areas like healthcare, smart grid, and motor control, should result in higher growth rates in our industrial business in the future.

Communications infrastructure, after growing 13% in the prior quarter, was flat in the fourth and represented 21% of total sales.

In wireless infrastructure, we saw modest sequential growth tied to deployments in North America and Asia, which was somewhat offset by inventory reductions at some base station customers. As a result, overall wireless revenue was flat sequentially and represented approximately two-thirds of our total communications infrastructure revenue. We continue to be optimistic about the prospects for our wireless infrastructure business and we expect growth to resume in 2014 as U.S. capacity deployments accelerate, China builds out its 4G network, and the European communications market, which is showing signs of a recovery, where the CapEx catch-up accelerates into 2014.

Our wireline business was also flat after a strong third quarter. We saw a good performance related to 100-gig optical systems for transmission and metro networking infrastructure, as well as backhaul systems for LTE networks, which was offset by declines in products sold into lower-speed networks.

Longer-term, the buildout of cloud connectivity and backhaul connections in response to high bandwidth data demands should drive good growth for our wireline business, where ADI's focus on precision control and timing is a key enabler of high-performance optical systems. This, together with our strong high-speed signal processing solutions delivering next-generation cable solutions, should also drive strong growth opportunities for ADI.

And finally, our consumer business, which was 14% of sales in the fourth quarter, decreased sequentially as a result of declines in areas within consumer where we no longer focus. We have spent many years refining our mix within consumer and refocusing our investment dollars. For example, during the fourth quarter, we completed the divestiture of our microphone product. Notably, consumer revenue outside of the microphone area increased sequentially.

I believe there are many good opportunities ahead for ADI in consumer where we can leverage our existing core technology and applications that make a demonstrable difference to the user experience. Our design activity is strong, particularly in the portable space, though the timing of revenue for ADI would primarily be a function of our customers' product cycles rather than seasonality.

So with that, I'll turn it over to Dave who will take you through some of the details of our financial results.

David A. Zinsner, Chief Financial Officer & Vice President, Finance

Thanks, Vince, and good afternoon, everyone. Fourth quarter revenue increased about 1% sequentially and declined 2% year-over-year to $678 million. Our gross margin was 65.6% in the fourth quarter and this was up 110 basis points from the third quarter primarily on higher factory utilization.

We continue to carefully manage production in our facilities. Utilization increased from the mid 60%s in the third quarter to the high 60%s in the fourth quarter. On a days basis, inventory increased by 2 days to 111 days in the fourth quarter and is in good position relative to our model. On a dollars basis, inventory on our balance sheet declined by $1 million and is now at its lowest level in 11 quarters.

We started the fiscal year by dropping our utilization rate down to the low 50%s and over the course of the year averaged low 60%s utilization rates, bringing our inventory on a dollars basis down by $30 million, or 10%, compared to the same time last year, while maintaining solid gross margins of 64%-plus and continuing high service levels to our customers.

Lead time for our direct OEM customers remain similar to last quarter and are in good control with virtually all of our shipments to OEMs occurring within four weeks. We plan to decrease utilization to the mid 60%s in the first quarter, which should keep our inventory on a dollars basis approximately flat to fourth quarter levels. Inventory distribution on a days basis was slightly above seven weeks, which was lower than the prior quarter.

Total end customer orders decreased in the fourth quarter compared to the third quarter and our book-to-bill was below 1 in advance of our seasonally lower first quarter. During the quarter, we recorded a $16 million restructuring charge redirecting resources to areas we believe have better ROIs. Excluding this charge, operating expenses were $229 million, up $2.5 million from the prior quarter. Operating profits before tax for the fourth quarter excluding the restructuring charge were $216 million or 31.8% of sales, up 90 basis points from the prior quarter.

Other expense of approximately $3 million in the fourth quarter, excluding any special items, was flat to the third quarter, and reflects the ongoing run rate of our net interest expense at current debt levels.

During the quarter, we recorded an accrual of approximately $37 million related to our pending petition with the Tax Court. While we believe our tax position is appropriate, a recent Tax Court ruling in a matter not involving ADI required recording of this accrual. Combined with the taxes related to the gain on the sale of our microphone product line, this has a result of a tax rate of 29% in the fourth quarter. Excluding these items, our tax rate in the fourth quarter was approximately 8%, which reflects an adjustment of our annual tax rate from 14.5% to 12.9%. Based on current assumptions, we expect our tax rate in the fiscal 2014 year to be approximately 13%.

Diluted earnings per share excluding the special items I mentioned was $0.62, and $0.04 of it related to the fourth quarter tax rate adjustments that I mentioned. For the year, diluted earnings per share excluding special items were $2.15, up 1% from the prior year. Cash flow in the fourth quarter was very strong with operating cash flow representing 42% of revenue or $282 million. CapEx was $49 million, resulting in free cash flow of $234 million or 34% of revenue. For the year, CapEx was $123 million and our fiscal 2014 plan is for CapEx to be around $150 million. Two-thirds of that relates to ongoing capital spend and about a third of it is for new facilities.

Our cash and short-term investment balance increased by about $233 million during the fourth quarter and now stands at $4.7 billion with $1.3 billion available domestically. At the end of the fourth quarter, we have approximately $870 million in debt outstanding, resulting in a net cash position of $3.8 billion. We also distributed approximately $106 million in dividends to our shareholders, and on November 25th, our Board of Directors declared a cash dividend of $0.34 per outstanding share of common stock, and that will be paid on December 17th to all shareholders of record as of December 6th. At the current stock price, this dividend represents an annual yield of 2.7%.

During the fourth quarter, we repurchased $43 million of our stock, with most of the repurchases occurring later in the quarter as a more aggressively tuned stock buyback program responded to lower stock prices. During the year, we increased our dividend 13%, and in the fourth quarter our combination of dividends and share repurchases represented 64% of our free cash flow.

So in summary, fourth quarter and fiscal 2013 delivered solid results in a pretty tough macroeconomic environment. We believe the portfolio and productivity actions we have taken during this cycle set us up for significant leverage of sales increase, factory utilization improved from current levels, and we continue to control operating expenses.

So now I will turn the call back over to Vince who will discuss ADI's outlook for the next quarter.

Vincent T. Roche, President, Chief Executive Officer & Director

Thanks, Dave. While we are starting the first quarter with lower opening backlog and order trends was stable overall in the fourth quarter, were lower than in the prior quarter. And in addition, many of our largest customers have plans for shutdowns during our fiscal first quarter to coincide with the Christmas and new year holidays, and plan to reduce inventories heading into their December year-ends, as it turns out as well the Lunar New Year in Asia falls in late January, which is also within our fiscal quarter.

In our distribution channel, the story is also quite similar, with our largest distributors calling for a seasonal or marginally down performance for their December quarter-ends. We are, therefore, planning for our sales in the first quarter to decrease in the range of minus-5% to minus-10%, which at the midpoint is in line with how our businesses performed over the last three years in the first

quarter, even when accounting for differences relating to the divestiture of our microphone business.

Based on this expectation of lower sales, we plan to reduce production levels in the first quarter, which we expect will reduce gross margins to between 64% and 65%. We plan to manage our expenses as always very carefully, and as a result, we expect our operating expenses to decline about $3 million to approximately $226 million in the first quarter.

We are expecting our tax rates in the first quarter to be approximately 13%. So, given these assumptions, our diluted earnings per share should be in the range of $0.44 to $0.52 in the first quarter.

Our largest customers are approaching 2014 with guarded optimism about their growth prospects. Our industrial customers are talking about an impending upgrade cycle in automation and process control systems. In addition, as the secular growth opportunities in automotive and communications infrastructure continue to unfold, we also expect to benefit there.

Now as we close out fiscal 2013, I also think it's important to reflect upon our performance over a longer period of time. The last three years have been a slow growth environment, as you all know, with demand being constrained by deferred capital spending decisions. For ADI, where much of our business is tied to some form of capital spend, this has a very real impact on our revenue performance.

While we cannot control the macroeconomic environment, we can certainly control how we run our business relevant to it. Over the past three years, we've been very busy at ADI refocusing our R&D investments in technologies that target the most attractive growth opportunities, pushing the cutting edge of our signal processing technology also. We've been deepening and broadening our customer engagements while ensuring supply chain agility to respond to changing business conditions.

For example, in fiscal 2010, automotive made up only 12% of our sales. In 2013, we exit the year with automotive now making almost 20% of our total sales as we have continued to gain share of market in this space. Conversely, in 2010, our consumer business made up 22% of revenue compared to only 14% now, thus significantly improving the mix of our overall business. In addition, in our just-completed quarter, we sold our microphone business, which was primarily focused on consumer applications so that we can focus on managed investments on higher growth opportunities in industrial and automotive applications.

On the manufacturing side, we have efficiently manage the production levels in our fabs and responded quickly to business conditions, ramping utilization rates as high as the low-80s in the second quarter of fiscal 2011 at greater than 67% gross margins, but dropping utilization rates down to the low-50s in the first quarter of fiscal 2013 while still maintaining greater than 62% gross margins. During this time, we've maintained exceptional service levels for customers and kept inventory under very tight control.

We have not allowed this period of slow economic growth to slow our returns to shareholders. Earlier in the year, we committed to returning an average of 80% of our generated free cash flow to shareholders over the next five years, which is a significant increase from the 60% of free cash flow we have averaged in the prior three years. In addition, in that period of time, we've grown our dividend at a 16% CAGR and our total shareholder return is 17% on a three-year compounded annual basis.

Now, all of this puts ADI on a strong platform on which to build our future. At ADI, we have a deeply talented and committed workforce across all the functions in the company. We possess the broadest and deepest signal processing technology portfolio in the industry that we're bringing to

bear on our customers' greatest engineering challenges each and every day. As many of you know, we hold the leadership positions in the foundational technologies for signal processing, namely converters and high-performance linear products. Over two-thirds of our overall sales come from these two product areas where we are continuing to gain share.

The conversions of pervasive sensing, cloud and mobility, we expect will create a strong growth opportunity for ADI in the future. We continue to align our portfolio of choices with the most attractive opportunities and we continue to work hard to broaden and deepen our customer relationships. We remain flexible so that when the world recovers from its certain malaise, ADI will be better positioned than ever to drive top line growth, strong operating leverage, and earnings growth, and higher returns for our shareholders.

Ali Husain, Director of Investor Relations

Thank you, Vince. During today's Q&A period, please limit yourself to one primary question and one follow up question. We'll give you another opportunity to ask additional questions if we have time remaining.

So with that, operator, we can start taking questions now.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from Steve Smigie with Raymond James.

<Q – Steve Smigie – Raymond James & Associates, Inc.>: Great. Thanks a lot, guys, and congratulations on the strong cash flow and gross margin in a very tough environment. I was hoping – sure – I was hoping you could talk a little bit about the guidance in terms of the divested business. Vince, I think to your point, you were saying would been down about seasonally what you've been seeing over the past few years. So if you added back in that microphone business, could you talk about what that would be down and if that would even be potentially above seasonal, when you add that back in?

<A – Dave Zinsner – Analog Devices, Inc.>: Probably the easier way, Steve, to talk about it is to talk about how that impacted our guidance, rather than what would have happened had we hadn't now that we have visibility and the fact that we've sold it already. I think that we would have been kind of 1% better had it not been for the fact that that business kind of went away. So if the guidance is 5% to 10%, it would have been like 4% to 9%.

<Q – Steve Smigie – Raymond James & Associates, Inc.>: Okay, great. I was hoping you could talk a little about the comm market as well. I think there have been some fits and starts with some of the China rollouts here, and I'm just curious if you could talk about your dollar content. I think, let's say, you have several hundred dollar content on a particular base station, even at 200,000 base stations at least in this first phase, would that really be enough to significantly move the numbers here? Or is that just a piece of the puzzle and you've really got to have continuing 3G built out, you've got to continue to have other regions build out, and to keep – or to give you the opportunity for revenue growth over, say, 2014?

<A – Vince Roche – Analog Devices, Inc.>: Yeah, well, Steve, maybe the best way to answer that question, the ASP – the system ASP for the content that ADI provides into a 4G system, where the radio architectures are very, very complex, more complex than the prior generation, we're getting about 20% more ASP. And that varies from customer to customer in how the – how many channels are in the system and so on and so forth, but an average of 20% more ASP. Now obviously, the ultimate results depend on the – there is a certain amount of replacement value, of course, replacing 3G systems. We believe that we moved from something like 4G in our 2013 year business, fiscal 2013 being about 20% of the share to about 40% towards the end of FY 2014. So if the unit volumes even stay flat with FY 2013 on a system-level basis, just given the ASP increases, we will expect some level of uplift in our numbers.

<Q – Steve Smigie – Raymond James & Associates, Inc.>: Okay, great. Thank you.

<A – Ali Husain – Analog Devices, Inc.>: Thanks, Steve. And we'll go to the next caller, please.

Operator: The next question comes from Romit Shah with Nomura.

<Q – Romit Shah – Nomura Securities International, Inc.>: Okay. Thanks for taking my question. Just based on the guidance you've given us, it looks like fiscal 2014, at least at this point, is on track to be flattish, maybe I'm not sure how much growth, unless we get better than seasonal growth in the remaining quarters of the year. So given that backdrop – well, first, I guess I'm curious if you guys are more optimistic about next year. And second, under that assumption, how are you thinking about OpEx growth again in fiscal 2014?

<A – Dave Zinsner – Analog Devices, Inc.>: Yeah, well first, I probably would challenge that assumption. I mean, if you take away – the first quarter of last year had a pretty meaningful amount of microphone revenue in there. If you strip that out, I'd say at the midpoint of the guidance, which

is a tepid quarter for us, the first quarter will be up kind of mid-single-digits. So, and over the rest of 2013, the microphone business slowly became de minimis. So I think the likely conclusion is that we probably will have a growth year in 2014, although early to call what magnitude of that is.

From an OpEx perspective, I think as Vince talked about, CEO on down, we've got a pretty hard rein on the OpEx level, and we're going to manage it pretty tightly until we start to see some revenue growth. And I think we've got all the dials in place to be able to do that. We did take a restructuring charge this quarter. It gave up – freed up some expense to enable us to double-down in the areas we wanted to and not have kind of a headwind in terms of expenses. On top of that, we sold the microphone business. That certainly carried some expenses and we'll utilize that capacity to be able to manage through this without too much trouble. So I think I feel pretty confident that we're going to be able to manage the OpEx to get leverage through the quarter or through the year, rather, assuming revenue has some growth to it.

<A – Vince Roche – Analog Devices, Inc.>: Yeah, let me add just one other comment to that, Romit. I would say looking into 2014, unless we have some major turbulence on the geopolitical or – I think, events out of our control, my sense is 2014 will be a year of growth. That's my own sense from talking to our customers, just looking at the cycles of our business. We've actually gone through two sequential years of revenue decline and that's extraordinarily very, very unusual in our business. We've been in this business almost 50 years so what we've seen is the macro malaise just dampening enthusiasm and people's willingness to spend CapEx. But my own sense is 2014 will see an improvement barring some geopolitical turbulence there.

<A – Ali Husain – Analog Devices, Inc.>: Did you have a follow-up, Romit?

<Q – Romit Shah – Nomura Securities International, Inc.>: Yeah. Thanks for that, Vince. Just, within OpEx, drilling into R&D as a percentage of sales, I'm sure you've noticed that it's about – R&D is about 7 to 8 points above your largest competitor in analog. And does TI have economies of scale for being larger? Or do you guys feel like the investment you're making in R&D actually positions you for better growth looking out over the next 12 to 24 months?

<A – Vince Roche – Analog Devices, Inc.>: Well, we believe that innovation – from the superior innovation brings superior results. We have the best signal processing story on the market. We have the broadest technology base and we are pushing the edge like hell to allow us to have the best building blocks, to allow us to have the best ability to integrate into complete signal processing solutions as we need. And my belief as well is that we will get – we've been making a lot of choices over the last three or four years in terms of the products that we've picked and the markets that we really care about. And we're going to see the benefit of those choices, I believe, over the next year or two years. So, I think if we can get this business into a 6%, 8% [indiscernible] (31:12), which is our expectation, by the way, 8% plus, I believe is possible, then that kind of spend where we're spending because we believe in the growth possibilities and we stick with that thesis.

<A – Ali Husain – Analog Devices, Inc.>: Thank you, Romit. And, operator, we'll go to the next caller, please. Operator, we'll go to the next caller...

Operator: Your next question comes from Aashish Rao with Bank of America.

<Q – Aashish Rao – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: Hi. Thanks for taking my question. Dave, within your Jan. quarter guidance of down 5% to 10%, I don't think I heard you say this on the call but could you provide some relative color on sales expectations in the four different end markets?

<A – Dave Zinsner – Analog Devices, Inc.>: I think Vince talked about it in his outlook but we expect that all end markets to be down sequentially. I would say usually every end market is down

in the first quarter sequentially. I think it has been over the last few years so pretty consistent with kind of the normal seasonal patterns we see for all end markets.

<A – Ali Husain – Analog Devices, Inc.>: Do have a follow up, Aashish?

<Q – Aashish Rao – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: Yeah. So I'm guessing, so you're basically saying everything is down roughly in that 5% to 10% kind of range?

<A – Dave Zinsner – Analog Devices, Inc.>: Yeah, I think consumer will be a little bit weaker because it definitely has a bigger seasonal headwind in the first quarter, but they all will be down.

<Q – Aashish Rao – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: Got it. And...

<A – Ali Husain – Analog Devices, Inc.>: Thanks, Aashish. And, operator, we'll go to the next caller, please.

Operator: Your next question comes from John Pitzer with Credit Suisse.

<Q – John Pitzer – Credit Suisse Securities (USA) LLC (Broker)>: Dave, just as a follow-up to that question, if you look at the seasonal patterns over the last three years, you guys are guiding this January quarter about in line with seasonal. If you go back further, seasonality was a little bit better for you guys, i.e., down less than January. So when we look at the guidance for Jan., are you characterizing this as sort of normal seasonality? Or do you think some of the macro issues that you've talked about are also weighing on the guidance?

<A – Dave Zinsner – Analog Devices, Inc.>: Three years is a pretty good history and I think we were down 10% the last two years and the year before that I think we were down 7% or something or 5%. So it's – I mean, it's kind of in the range of what we would normally expect. I mean, clearly the cyclical kind of tailwinds and headwinds have a big impact at times, and right now there is – it doesn't feel like a big updraft in our businesses. Typically in the second quarter we do see a lot stronger environment because of the industrial space. So we'll wait and see what happens, but I mean I think we guided last year down 6% to 12%, so down 5% to 10% is better than that. I think the year before we guided 5% to 10%, so it's relatively consistent with our guidance the year before. So this is all kind of plus or minus 1% or 2% is in the norm.

<Q – John Pitzer – Credit Suisse Securities (USA) LLC (Broker)>: And then, guys, Vince, maybe a little bit longer-term, so you guys talk about your industrial and communication exposure being reasons why the growth has been somewhat lackluster, but a lot of your peers have similar-type exposure albeit you might be a little bit on the high end, and if I look at the data, you continue to kind of under-grow the analog industry and many of your peers. And I'm kind of curious as to why you think that is and I guess more importantly, what's the catalyst to get you guys back into a position of outsized growth relative to peers?

<A – Vince Roche – Analog Devices, Inc.>: Well, I think you've got to take the measurement window into account. Nothing moves – let me tell you, share doesn't move rapidly in the industrial space and many of our competitors by the way lump a lot of different subsectors into industrial, such as automotive for example. So we separate automotive and focus our discussions always on the component parts of our industrial business, automation, instrumentation and aero, and energy. We have a growing position with our key customers. We've put in a lot of focus on the last five or six years into not only the long tail – augmenting the long tail of our business across the 50,000, 60,000 customers, but also committing R&D to applications and programs that the larger industrial customers care about.

So as I said earlier, we're starting to see the benefits of the design-in pipeline in those areas with a lot of new products that we've put in place over the last three, four years. And I think we will see –

as we've said before, there are some longer-term trends around energy efficiency, smart machines, smarter energy, that we will see the benefit of over the long term. So I think for us, it's both a focus on the customer, on the application, on the product, and focusing our investments very, very heavily, as being able to grasp the opportunity there.

And again, in communications infrastructure, it depends very much on the window you're taking to make the measurements. But in the core areas, the core technology areas of converter and linear, we have gained share in the communications infrastructure space year-over-year for the past several years. I think it's really been a case of the environment being muted from a macro perspective and CapEx being dampened, that has hurt sales.

<Q – John Pitzer – Credit Suisse Securities (USA) LLC (Broker)>: Okay, thanks, guys.

<A – Ali Husain – Analog Devices, Inc.>: Thanks, John. Operator, we'll go to the next caller, please.

Operator: Your next question comes from Chris Danely with JPMorgan.

<Q – Chris Danely – JPMorgan Securities LLC>: Hey. Thanks, guys. A bit of a longer-term question here. So you're sort of giving out the seasonals over the last few years, and the overall – not just any environment but global demand environment has sucked for the last few years, and it doesn't seem like there's any change coming. So I guess my question is, you have a fair amount of cash offshore, but actually a lot of cash. What's the desire, the thoughts around using that cash in some way, shape or form to help either growth or performance of the stock, either bring it back and just pay the tax penalty, or lever up and do something with that, or make some sort of acquisition or something else? Can you just give us your thoughts on that, and if there's any urgency there?

<A – Dave Zinsner – Analog Devices, Inc.>: Yeah, it's a loaded question. Yeah, well, I mean first of all, we have a $1.3 billion domestically. We have plenty of options with the cash we have on the U.S. books. If we plow through that, then we'll decide what to do beyond that. The priorities for that cash are, of course, with our cash flow from operations generated in the U.S., we utilize mostly that to pay the dividend. And then the excess, we're looking to either buyback stock or do some small kind of tuck-in M&A deals to help kind of amp up the growth rate. And I think both of those you're going to see over the foreseeable future. You saw kind of the beginning of our share repurchase program start to kick in. I would tell you we had perhaps a – we probably [ph] boxed (38:41) ourselves a little bit and perhaps not quite the aggressive structure we wanted to put in place in order to get the stock buybacks to start percolating. We recognized that obviously and in the fourth quarter, towards actually the tail end of the fourth quarter, we tweaked the model to make sure we did buy back stock. That's starting to take effect and I think you'll see that going forward.

And we continue to look for opportunities to do M&A. We're very selective in what we look at. We have a high bar for what we're going to utilize our cash reserves for. And so they will be sporadic in nature for sure but they'll certainly be, I think, the opportunity for us to grow the top line through M&A and the bottom line through a combination of M&A and taking shares off the Street.

<A – Ali Husain – Analog Devices, Inc.>: Chris, did you have a follow up?

Operator: Your next question comes from the line of Ross Seymore with Deutsche Bank.

<Q – Ross Seymore – Deutsche Bank Securities, Inc.>: Hi, guys. First question is a near-term one; the second one is a longer-term one. On the near-term one, was there any change in linearity? And specifically, did the latter part, the month of October get weaker to lead to this guidance that's clearly below the Street is, regardless of how we want to define seasonality?

<A – Dave Zinsner – Analog Devices, Inc.>: Yeah, I wouldn't call it significantly weaker but I think we kind of track orders on a weekly basis kind of on a 13-week rolling average, and they came out of July pretty strong. So we had the benefit of that going into August, it looked pretty good. I'd say it did modestly trend downward over the course of the three months. And so that did, perhaps for us at least, kind of changed the dynamics of what we thought about it for the first quarter. Having said that, we can't quite understand exactly why the Street had us down at the level that they did because if you go back to history, it's pretty clear that we decline in the 5% to 10% range typically most years. So we were a little bit surprised that that had gotten disconnected. But we guide on a quarterly basis and so we're updating you guys to let you know that, yes, indeed it will be more from us, a seasonal pattern for us in the first quarter.

<Q – Ross Seymore – Deutsche Bank Securities, Inc.>: And I guess as my longer-term question on the follow up side is on the comm side of the equation. Any number of companies have talked about that being a great growth opportunity going forward because LTE, et cetera, but any number of those with that telecom exposure have continued to disappoint and ask investors to just wait until the goodness comes. It's just one quarter beyond the horizon over and over again. Do you believe there's any aspect where we have a substitution effect going on, where 3G spending is going down at the same time 4G is going up? And so, we all focused on the 4G side but the 3G side is something that's missed? Or what would you use as the explanation as to why that segment, maybe not ADI-specific, but overall has continued to be a relative challenge versus investor expectations?

<A – Vince Roche – Analog Devices, Inc.>: Well, you know, Ross, I mean the replacement cycle has been going on for two decades now between 1G, 2G, 2.5G, 3G and so on and so forth. And so there's nothing new there. And of course, as the technologies become a little more mature, customers get what they call productivity from year-to-year. So that's been a facet of the business. There's no question there is some replacement of 3G with 4G. But I think there are dynamics happening. I mean every system from generation to generation, the complexity increases. And the amount of technology that a supplier has got to have to be able to address the more integrated solutions that are taking place from generation to generation is a competitive differentiator. And we've been investing heavily over the past five years to bring out the most sophisticated radio architectures to allow our customers to build more complete transceiver technologies and to extend from the baseband right into the RF.

So I think there's a significant technology differentiation that you'll see the benefit of and that we will see the benefit of in the years ahead. And I think also on the customer side, there's a consolidation taking place. The bigger suppliers will become bigger and I think the smaller bit players will fall off the edge. And partnering is becoming a more distinct part of the activity between ourselves and many of our customers. So I think – and also, when you augment – sorry – you complement those incumbents with the fact that 4G systems are going to allow people to do things in terms of moving social media, mobile and video data in a much more user-friendly way, I think the future looks good at least from a technology and customer perspective for ADI from a market perspective.

<A – Ali Husain – Analog Devices, Inc.>: Thanks, Ross. I think that was your follow up. And folks, we're closing in pretty hard on the six o'clock hour here. We have a quite a few number of callers here still on the line, so I'd ask you at this stage to please limit yourself to one question. If you have a follow up question, you can reach our Investor team at 781-461-3282. And I take this quick opportunity here to also remind everyone that our Q1 FY 2014 earnings call is scheduled for February 18, 2014 at 5:00 p.m. Eastern Time. And, operator, with that, we'll go to our last few callers, and one question, please, at this stage. Thank you.

Operator: Your next question comes from Tristan Gerra with Baird.

<Q – Tristan Gerra – Robert W. Baird & Co. Equity Capital Markets>: Hi. Good afternoon. Just as a follow up to LTE question, I think recently 3G revenue was about 70% of your mix on the

communication infrastructure side. Is that 3G portion of revenue declining, and specifically, since we're assuming LTE is less than 10% despite the 20% increase in content that you mentioned earlier on the call, is it fair to say that 3G decline could actually at least offset that LTE ramp currently?

<A – Vince Roche – Analog Devices, Inc.>: Well, clearly 4G is growing as a proportion of the overall total. The 2G system builds are very, very small now. So it really is a case of our wireless communications infrastructure business being driven by 3G and 4G deployment. So my sense is, who knows exactly how the share will tally at the end of 2014, but I believe that today we are at around 20% in terms of our total mix being 4G; I think by the end of 2014 we will see 4G being somewhere between 30% and probably closer to 40% of our total.

<A – Ali Husain – Analog Devices, Inc.>: Thanks, Tristan. And, operator, we'll go to the next caller, please?

Operator: Your next question comes from David Wong with Wells Fargo.

<Q – David Wong – Wells Fargo Securities LLC>: Thanks very much. With the planned production levels you have for the coming quarter, what will your utilization rate be and what percentage of the products will be manufactured at foundries?

<A – Dave Zinsner – Analog Devices, Inc.>: Yeah, I think we're going to be in the mid- to low-60s in terms of utilization. I'm sorry, David, what was the other question you said?

<Q – David Wong – Wells Fargo Securities LLC>: And with that, what percent of your total product will be manufactured at foundries in the coming quarter?

<A – Dave Zinsner – Analog Devices, Inc.>: Oh, probably about 50% will be manufactured in foundry.

<Q – David Wong – Wells Fargo Securities LLC>: Great. Thanks.

<A – Ali Husain – Analog Devices, Inc.>: Thanks, David. We'll go to the next caller. Thank you.

Operator: Your next question comes from Blayne Curtis with Barclays.

<Q – Blayne Curtis – Barclays Capital, Inc.>: Hey, guys. I just want to follow up; you talked about inventory reductions in base stations. That's obviously after the strong July. So was that China Mobile-related? And then if you could just talk about whether you're getting any indications of when that will work through?

<A – Dave Zinsner – Analog Devices, Inc.>: I don't know specifically what region of the world they were selling it to. It was really one OEM and they expected to be done by – I think their goal was to have it cleaned up, in their minds, by the end of the calendar year, probably for reporting purposes. So my expectation is we'll be done here pretty shortly and we'll be back to normal pretty quickly.

<A – Ali Husain – Analog Devices, Inc.>: Thanks, Blayne. And we'll go to the next caller, please.

Operator: Your next question comes from Craig Hettenbach with Morgan Stanley.

<Q – Craig Hettenbach – Morgan Stanley & Co. LLC>: Yes. Thank you. Vince, just following up on the 4% growth in autos last year and your comments on start-stop, just anything from a design perspective what you're seeing as we go into fiscal 2014 and what you're thinking for automotive growth?

<A – Vince Roche – Analog Devices, Inc.>: Well, look, I believe it will be a growth year. You know, what we saw this year was strength gaining throughout the, from quarter to quarter and the second half was quite a bit stronger than the first half. And our fourth quarter saw a 19% gain over the fourth quarter in the prior year. So we're seeing good strength overall in all the sectors of powertrain, safety, and infotainment. So we have a lot of exciting things happening in terms of being able to drive that growth further. We're seeing, I think if you look over the last three or four years, each of those three sectors has been growing at a double-digit compounded rate, and I think over the next few years we can probably look at a 10% growth rate for that business given that the denominator is as big as it is now.

So but I think we have a lot of new programs that are coming into play. We have lot of exciting new technologies that are at the early stages of adoption. And as I've mentioned before as well, our business has been very centered, at least in the early stages it's very centered on European and American customers, so we've been able to complement that over the last couple of years with good designing activity and design traction in Asia as well, Japan and Asia. So I'm very optimistic given that car companies still differentiate their offerings with electronics technology, of which semiconductors is the foundation. So more and more sensing, all good stuff for ADI, and I feel optimistic this year coming as well as over the longer-term.

<A – Ali Husain – Analog Devices, Inc.>: Thank you, Craig. And we'll move on. Thank you.

Operator: Your next question comes from Terence Whalen with Citi.

<Q – Terence Whalen – Citigroup Global Markets Inc. (Broker)>: Hi. Thanks for fitting me in. This question has to do with the comment that you made about Chinese New Year and the January 31st date. I was wondering, to what degree quantitatively in terms of percentage of revenue, do you think that's an impact versus, say, if we got a later Chinese New Year in mid-February? Thanks.

<A – Dave Zinsner – Analog Devices, Inc.>: I have no idea, Terence. It would be a complete guess. I mean, it's probably – certainly that whole area shut-down for a good solid week. And certainly some part of our revenue fills directly into Asia, but a lot of the – our customers, even in North America and Europe, are shipping into Asia and can be impacted by that. It's not insignificant; it's a meaningful impact.

<A – Ali Husain – Analog Devices, Inc.>: Thanks, Terence. And we'll move on to the next caller, please.

Operator: Your next question comes from Jim Covello with Goldman Sachs.

<Q – Jim Covello – Goldman Sachs & Co.>: Great. Thanks for taking the question. Dave, relative to your comment before about kind of why the Street was modeling what it was modeling, you guys have been under-growing your peers overall somewhere between 5% and 10%, and in industrial specifically between 10% and 15% this year. Could we be modeling a catch-up, or should we just assume that's kind of gone and we should be kind of modeling in line with peer growth here? I think that catch-up dynamic was some of the reason that folks might have been modeling more than what would have been seasonal. Thanks.

<A – Dave Zinsner – Analog Devices, Inc.>: Yeah, I think if you look at this over a couple of years, I don't think there was any difference between any of us, quite honestly. There may be in the short term some perturbations because of revenue recognition, and the period of the quarter we're talking about, a lot of these guys obviously report as of the end of September, we report at the end of October, and so there's some dynamics around that. There's no way market share changes in the industrial business. The cycles are 20 years, nothing – very little comes off in any one year, it's just not plausible.

I mean on a more aggregate basis, as you look at ADI versus other peers out there, we have made a concerted effort to shift away to some extent from the consumer market. And there is no doubt that has caused a headwind in our business; we will definitely acknowledge that fact. It's been that those investments have been put forth into areas in the industrial space, in the wireless space, in the comm infrastructure space more broadly, in the automotive space, and so forth. And a lot of those do have three- or four-year design cycles, so it takes a while for those designs, that the design effort to show up on the revenue side. So, could there be that dynamic in there vis-à-vis the consumer? I certainly acknowledge that fact. But I think on the industrial space relative to the peer group, it's – that's all just timing around quarters and how companies recognize revenue and so forth.

<A – Ali Husain – Analog Devices, Inc.>: Thank you, Jim. And, operator, we'll move to the next caller, please.

Operator: The next question comes from Stephen Chin with UBS.

<Q – Stephen Chin – UBS Securities LLC>: Hi. Thanks for taking my questions. Vince, I just wanted to follow up on a comment you made in your prepared remarks regarding investments in the consumer area. Did you mention portables, and if so is that just a reference to the computers, or is that smartphones and tablets? And just if you could talk about the thinking behind that, and the timing of when some of those investments might pay off? Thanks.

<A – Vince Roche – Analog Devices, Inc.>: Yeah, so we made a very determined move out of PCs several years ago, and we have no dependence on PCs at all for our revenue in the consumer space. So when we talk about portables, we're really talking about the smartphones and tablets in particular. So we have a pretty – it's fairly modest relative to the overall spend, but nonetheless we have a pretty significant spend in developing audio subsystems, sensing subsystems and some other particular functions that are devices that make a big, big difference in the user experience. And we've made very, very good progress, as Dave said, in terms of getting the products, getting the underlying technologies and products ready and we have a heavy – we've got some good design-ins and we have good design activity taking place. So I think we'll start to see the benefit on the portable side over this year and into 2015.

Operator: Your next question comes from Craig Ellis with B. Riley.

<Q – Craig Ellis – B. Riley & Co. LLC>: Thanks for taking the question. Vincent, you had remarked in a question that was asked by Romit that you thought fiscal 2014 could be a year of growth. Can you identify what gives you confidence that the year can be one of growth, whether it be things that you're seeing on an end market basis, a geographic basis, or a channel basis? Thank you.

<A – Vince Roche – Analog Devices, Inc.>: When we talk to industrial customers, for example, we have a customer roster of 50,000 or 60,000 total. So I spend a lot of time talking to our largest customers in particular from all different regions, all different market segments. And I think if you talk to industrial customers, they see – as I said on the automation side, actually we've seen some decent growth over the past couple of quarters. And our belief is that will continue. There will be an upgrade cycle as capacity's expanded in industrial machines and plants. There's a lot of – as you know in America, for example, there's a lot of activity in gas exploration and energy in general. So we're benefiting from that I believe in the process controls sector. Instrumentation outside of ATE is doing well. ATE has become a notoriously cyclical business. It's got basically two buying cycles in a given year.

And so I think between what we read in terms of our design activity at our larger customers – what our larger customers are telling us about their beliefs in terms of the economics of the businesses

and the demand for the technologies, we think that will be a contributor to growth in 2014. As I said, I believe automotive will continue to grow. I don't see any reasons why, for a number of reasons unless there's a big slowdown in the demand for cars there but and communications infrastructure – the buildout of 3G and 4G in China will – in China and America and the upgrade cycle in Europe, I believe will contribute to growth in 2014. So that's the lion's share of ADI these days, those three businesses I described to you. That's around 90% – 88%-90% of our total business.

<A – Ali Husain – Analog Devices, Inc.>: Thank you, Craig. And we'll move onto the next caller, please.

Operator: The next question comes from Stacy Rasgon with Sanford Bernstein.

<Q – Stacy Rasgon – Sanford C. Bernstein & Co. LLC>: Hi, guys. Thanks for squeezing me in. I want to revisit the guidance again briefly. I want to put aside questions of share gain or under-growing or over-growing the competition. But this is the ninth quarter in a row that you guys have guided your forward revenue below expectations. And I know you said you were surprised at where the Street was this quarter, but again, this is nine quarters in a row. Is this just a continual problem with managing Street expectations or has something else changed versus where it used to be in terms of I guess more accurately forecasting? I'm just trying to figure out what's different now versus where the Street has been on this.

<A – Dave Zinsner – Analog Devices, Inc.>: Well, Stacy, we don't give guidance past one quarter. So what you guys put in your model is what you put in your model, first of all. Second of all, I think in an environment where it's been tepid, I think that most of the Street wants the world to be a better place and so I think they create guidance that has some expectation around wanting it to be a better place and it's just not. I mean the macro world is not improving that much. It's growing at a very tepid rate right now. And so I think that that's the fundamental challenge. I think you guys want to believe that things are off to the races and it's just – the macro world is just not there yet.

So I hope in 2014, that environment does get better and industrial companies start to spend some capital and the communications companies start to invest in infrastructure and if that happens, it's going to be a very good year and we'll be doing the opposite. We'll be beating your expectations. But at the moment, that hasn't happened, so we can't give you any visibility into a brighter day, but I think at some point it does have to get better and we're going to plug along. We're going to continue to invest in the areas that we think have the best opportunity to grow and I think over time, you'll see that work out for us.

<A – Ali Husain – Analog Devices, Inc.>: Thanks, Stacy, for that question. And we'll move on to the next caller, please.

Operator: The next question comes from Vijay Rakesh with Sterne, Agee.

<Q – Vijay Rakesh – Sterne, Agee & Leach, Inc.>: Hi, guys. Just looking at ADI's comm side, if you look – I'm wondering what your exposure is to telecom versus enterprise? And as you look at January quarter, how do you see those two sub-segments trend?

<A – Vince Roche – Analog Devices, Inc.>: Well, most of our sales would be into telecom as you call it rather than enterprise. I don't know what the exact split is but I imagine it's 80% or greater in telecom, metro and transmission networks, EDGE networks, and much small proportion into enterprise. But I really don't know what the split is going to be, what – how is it going to perform in the first quarter I really don't have any idea with that.

<A – Ali Husain – Analog Devices, Inc.>: All right. Thanks, Vijay. And we'll move on to next caller, please.

Operator: The next question comes from Ambrish Srivastava with BMO.

<Q – Ambrish Srivastava – BMO Capital Markets (United States)>: Hey, Dave. I'll take the accolade. I was one guy who is living in a dark world for the quarter. But coming back to the consumer...

<A – Dave Zinsner – Analog Devices, Inc.>: [indiscernible] (1:00:04).

<Q – Ambrish Srivastava – BMO Capital Markets (United States)>: I have my moments. But just on the consumer side, you guys have been very forthcoming over the last several quarters on how you're deemphasizing it. But just looking out ahead, I'm not able to understand why chase after the portable market? The world is full of people. I mean look at Maxim and their focus there and you get a design win and you guys had that yourselves a few quarters ago, you got that win and then...

<A – Dave Zinsner – Analog Devices, Inc.>: Yeah.

<Q – Ambrish Srivastava – BMO Capital Markets (United States)>: ...why not just walk away from that segment and stick with your really sticky businesses where you're doing a great job?

<A – Dave Zinsner – Analog Devices, Inc.>: Well, I think – yeah, I think we are definitely [indiscernible] (60:40) I think we are certainly focused a lot in other areas that are stickier but our fundamental premise is about innovation. It's about areas where we think we can innovate way better than anybody else in the industry and believe it or not there are pockets within the consumer space where that can happen, where the innovation is so mind blowing, let's say, that there's really no one else can do what we can do and we can be in several generations. Now can we be in the generation for eight different versions year in and year out? Maybe not, but I think if we can be in a consumer application for several generations doing something fairly innovative, we'll make a good ROI on that and a lot of times we take that capability and we learn from it and port it back into the other markets and that also has some leverage opportunity. So that's why we keep our toes in the water I think in the consumer space. I don't know if you have anything to add, Vince?

<A – Vince Roche – Analog Devices, Inc.>: Yeah, so let me just add one other comment to what Dave has just said. There's another part to our consumer business. One part is portable but we have a business in consumer that is in areas like broadcast studios, high-quality enterprise audio and video and in those areas the lifecycles of those products and the margin structures of those products actually look a lot like a horizontal business in the industrial space, so that's the foundation of our consumer business. And, as Dave said, if we can find certain areas to supplement that business in the portable space where our technology we believe makes a real difference and we can make that difference for several generations then we will invest so it's really a segment with two very, very different businesses within and we're very, very careful about how we spend our money and where we select the investments in both places.

<A – Ali Husain – Analog Devices, Inc.>: Thanks, Ambrish. And we'll get to our next caller, please. Operator, we'll get to our next caller, please.

Operator: Yes. Your next question comes from William Stein with SunTrust.

<Q – Will Stein – SunTrust Robinson Humphrey>: Gentlemen, thank you for taking my question. I'm hoping you address the normal seasonal view one more time if I might, especially relative to the last three years. If we look at just that timeframe, there's been approximately zero growth and so if we hone in on that to calculate our view of normal seasonal for the rest of this coming fiscal year, I don't think the result is consistent with your growth view longer term. So maybe either help us understand what management will use the typical seasonality pattern would be later in the year or maybe you could give us an updated view on the long-term revenue growth opportunity?

<A – Dave Zinsner – Analog Devices, Inc.>: I think Vince talked about that his goal is to have 8% or there in the ZIP code growth and we've got the team behind him on that. So that's our goal. I think what happens is the second quarter generally has got a pretty good growth environment to it. It's up in the high-single-digits. And then what we need to see in order to have year-over-year solid growth is we're going to have to have a couple of years, couple of quarters in the back half where it's consequentially better.

The other thing which I talked about in one of the prior conversations is that for the last several years, we have been deemphasizing parts the consumer business, and that has been a headwind and we divested one of the key parts of the business, which is the microphone business. I think we think that that's pretty much behind us and that we've kind of leveled off and we think we have some opportunities in the consumer space that will drive some growth, the timing of which is a little uncertain, but we have pretty good confidence that there will be designs won here in the not-too-distant future. And so we think this is it. Once that's no longer a headwind, that, in fact, might be a tailwind for us. The other businesses, we have some investments in that we think from a design view print or viewpoint look pretty good for the next rest of the year. And if the macro does okay, we should have a really solid 2014. I think it's early to say. We're not even a month into 2014. We've got to see how it goes. We'll update you in a quarter and let you know how things are progressing.

<A – Ali Husain – Analog Devices, Inc.>: Thanks, Will. And we'll move on to the next caller, please.

Operator: Your next question comes from Ian Ing with MKM Partners.

<Q – Ian Ing – MKM Partners LLC>: Yes, thanks. I've actually got a non-revenue question for Dave. This $3 million OpEx decline in January, could you talk about the contributions of shutdowns at the factory or company level, and given less holidays in April, should we expect some related increase related to that effort?

<A – Dave Zinsner – Analog Devices, Inc.>: So I mean I think the reduction in the OpEx has not as much to do with shutdowns as it does to do with just kind of the variable component coming off and kind of our normal operating expense management in the first quarter, given it tends to be a little bit slower period. There is certainly a benefit on a spend level in the manufacturing because we are shutting down the factories and that helps us because obviously we expect our wafer production to be down and this way we can reduce some of the overhead costs by shutting down for some period of time. So that has some benefits, the magnitude of which I'll have to kind of go back and pencil out. But – and I'm sorry, was there another part of the question?

<A – Ali Husain – Analog Devices, Inc.>: All right. Thanks, Ian, and welcome on board. And we'll move on to our next caller.

Operator: Your next question comes from Doug Freedman with RBC Capital Markets.

<Q – Doug Freedman – RBC Capital Markets LLC>: Great. Thanks, guys, for taking my question. Dave, if you could give us a sense of what range of gross margins the company presently has. And given the lower growth, what's it going to take for you to have utilization move up by about 10 points? Is there a way to do that with your factory base?

<A – Dave Zinsner – Analog Devices, Inc.>: Well, as you might expect, we have a fairly wide range of products in the portfolio and so we certainly have margins up into the 90s with certain products, and in certain cases, we have products in the 50s. And that's kind of – I'd say that's generally the range. There's probably some outliers to that spectrum as well. I think in – I can't remember exactly the period of time we were running at, but I think we were in the mid-2012 range running in the mid-70s in terms of utilization. And we were in the upper 600s for a sustained period

of time, probably shipping at a little bit of a higher level. Inventory was being built at distribution. So it wasn't too long ago that we were actually 10 points above. So in the right environment where the growth is back into that range, you could see the utilization start cranking up.

I mean one of the things we did this time around, which I'd say in previous, let's call these mini-cycles we didn't do is, we really took an active effort to reduce the inventory levels. I think I mentioned in the prepared remarks that we reduced inventory by $30 million and that had a pretty meaningful impact on our margins and we still have 64-plus-percent margin in that period. But the good news is we really kind of cleaned the deck. So as the demand starts to go up, the production is kind of instantaneously moving up as well. We should see that margins move up pretty quickly along with that. So I think we've set ourselves up on a gross margin basis to have really good leverage.

Ali Husain, Director of Investor Relations

Thanks, Doug, and I believe you were capstoning our evening here so I think we all did a pretty good job keeping good time. So just a reminder, our first quarter FY 2014 earnings call is scheduled for February 18, 2014, beginning at 5:00 p.m. Eastern Time. So thanks again, everyone, for tuning in, and have a good night.

Operator: This concludes today's Analog Devices' conference call. You may now disconnect.