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 May 4, 1996

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. 1-7819

Analog Devices, Inc.
(Exact name of registrant as specified in its charter)

Massachusetts	04-2348234
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Technology Way, Norwood, MA	02062-9106
(Address of principal executive offices)	(Zip Code)

(617) 329-4700
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or 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 X NO

The number of shares outstanding of each of the issuer's classes of Common Stock as of June 3, 1996 was 116,136,741 shares of Common Stock.

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(thousands except per share amounts)

	Three Months Ended	
	May 4, 1996	April 29, 1995
Net sales	$ 303,328	$ 230,046
Cost of sales	150,362	113,652
Gross margin	152,966	116,394
Operating expenses:		
Research and development	44,848	33,266
Selling, marketing, general and administrative	50,017	45,592
	94,865	78,858
Operating income	58,101	37,536
Nonoperating expenses (income):		
Interest expense	3,040	1,022
Interest income	(4,807)	(1,991)
Other	417	732
	(1,350)	(237)
Income before income taxes	59,451	37,773
Provision for income taxes	15,458	9,066
Net income	$ 43,993	$ 28,707
Shares used to compute earnings per share	129,435	118,368
Earnings per share of common stock	$ 0.35	$ 0.24

See accompanying notes.

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(thousands except per share amounts)

	Six Months Ended	
	May 4, 1996	April 29, 1995
Net sales	$ 584,097	$ 438,051
Cost of sales	288,581	216,797
Gross margin	295,516	221,254
Operating expenses:		
Research and development	85,705	63,516
Selling, marketing, general and administrative	98,820	89,263
	184,525	152,779
Operating income	110,991	68,475
Nonoperating expenses (income):		
Interest expense	4,868	2,304
Interest income	(8,706)	(4,182)
Other	1,200	1,464
	(2,638)	(414)
Income before income taxes	113,629	68,889
Provision for income taxes	29,544	16,534
Net income	$ 84,085	$ 52,355
Shares used to compute earnings per share	126,810	118,007
Earnings per share of common stock	$ 0.68	$ 0.44

See accompanying notes.

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(thousands except share amounts)

Assets	May 4, 1996	October 28, 1995	April 29, 1995
Cash and cash equivalents	$ 224,903	$ 69,303	$ 66,320
Short-term investments	112,573	81,810	66,594
Accounts receivable, net	212,825	181,327	178,271
Inventories:			
Finished goods	55,078	44,109	42,203
Work in process	107,046	77,526	72,149
Raw materials	29,351	22,327	20,262
	191,475	143,962	134,614
Prepaid income taxes	42,000	39,650	24,000
Prepaid expenses	13,181	9,966	5,910
Total current assets	796,957	526,018	475,709
Property, plant and equipment, at cost:			
Land and buildings	140,740	139,718	127,206
Machinery and equipment	725,172	633,124	553,028
Office equipment	43,239	41,260	35,870
Leasehold improvements	58,482	42,165	40,032
	967,633	856,267	756,136
Less accumulated depreciation and amortization	452,225	424,305	399,351
Net property, plant and equipment	515,408	431,962	356,785
Intangible assets, net	16,214	17,230	18,246
Deferred charges and other assets	43,121	26,438	25,340
Total other assets	59,335	43,668	43,586
	$1,371,700	$1,001,648	$876,080

See accompanying notes.

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(thousands except share amounts)

Liabilities and Stockholders' Equity	May 4, 1996	October 28, 1995	April 29, 1995
Short-term borrowings and current portion of long-term debt	$ 4,013	$ 2,299	$ 3,081
Obligations under capital leases	8,422	60	133
Accounts payable	93,507	100,217	68,458
Deferred income on shipments to domestic distributors	35,931	27,588	21,075
Income taxes payable	29,632	50,086	31,133
Accrued liabilities	94,097	74,138	82,934
Total current liabilities	265,602	254,388	206,814
Long-term debt	310,000	80,000	80,000
Noncurrent obligations under capital leases	33,037	-	-
Deferred income taxes	6,500	5,039	4,000
Other noncurrent liabilities	9,418	6,255	5,583
Total noncurrent liabilities	358,955	91,294	89,583
Commitments and Contingencies			
Stockholders' equity:			
Preferred stock, $1.00 par value, 500,000 shares authorized, none outstanding	-	-	-
Common stock, $.16 2/3 par value, 450,000,000 shares authorized, 115,580,780 shares issued (114,583,932 in October 1995, 75,627,515 in April 1995)	19,264	19,098	12,605
Capital in excess of par value	157,455	149,775	146,756
Retained earnings	565,549	481,464	414,549
Cumulative translation adjustment	5,379	5,870	6,123
	747,647	656,207	580,033
Less 57,730 shares in treasury, at cost (51,876 in October 1995, and 14,221 in April 1995)	504	241	350
Total stockholders' equity	747,143	655,966	579,683
	$1,371,700	$1,001,648	$876,080

See accompanying notes.

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(thousands)	Six Months Ended May 4, 1996	Six Months Ended April 29, 1995
OPERATIONS		
Cash flows from operations:		
Net income	$ 84,085	$ 52,355
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	37,106	30,741
Deferred income taxes	1,477	658
Other noncash expenses	(674)	52
Changes in operating assets and liabilities	(76,235)	4,866
Total adjustments	(38,326)	36,317
Net cash provided by operations	45,759	88,672
INVESTMENTS		
Cash flows from investments:		
Additions to property, plant and equipment, net	(120,056)	(102,480)
Purchases of short-term investments available for sale	(154,258)	(68,330)
Purchases of short-term investments held to maturity	-	(2,200)
Maturities of short-term investments available for sale	118,495	76,588
Maturities of short-term investments held to maturity	5,000	-
Increase in other assets	(11,550)	(15,473)
Net cash used for investments	(162,369)	(111,895)
FINANCING ACTIVITIES		
Cash flows from financing activities:		
Net proceeds from issuance of long-term debt	224,385	-
Proceeds from equipment financing	44,028	-
Net increase (decrease) in variable rate borrowings	1,914	(10)
Payments on capital lease obligations	(2,629)	(164)
Proceeds from employee stock plans	2,661	1,457
Payments on long-term debt	-	(20,000)
Net cash provided by (used for) financing activities	270,359	(18,717)
Effect of exchange rate changes on cash	1,851	(853)
Net increase (decrease) in cash and cash equivalents	155,600	(42,793)
Cash and cash equivalents at beginning of period	69,303	109,113
Cash and cash equivalents at end of period	$224,903	$ 66,320
SUPPLEMENTAL INFORMATION		
Cash paid during the period for:		
Income taxes	$ 44,981	$ 11,608
Interest	$ 3,115	$ 2,611

See accompanying notes.

Analog Devices, Inc.
Notes to Condensed Consolidated Financial Statements
May 4, 1996

Note 1 - In the opinion of management, the information furnished in the accompanying financial statements reflects all adjustments, consisting only of normal recurring adjustments, which are necessary to a fair statement of the results for this interim period and should be read in conjunction with the most recent Annual Report to Stockholders.

Note 2 - Certain amounts reported in the previous year have been reclassified to conform to the 1996 presentation.

Note 3 - Debt

On December 18, 1995 the Company completed a public offering of $230,000,000 of five-year 3-1/2% Convertible Subordinated Notes due December 1, 2000 with semiannual interest payments on June 1 and December 1 of each year, commencing June 1, 1996. The Notes are convertible, at the option of the holder, into the Company's common stock at any time after 60 days following the date of original issuance, unless previously redeemed, at a conversion price of $27.917 per share, subject to adjustment in certain events. The net proceeds of the offering were approximately $224 million after payment of the underwriting discount and expenses of the offering which will be amortized over the term of the Notes.

Note 4 - Commitments and Contingencies

As previously reported in the Company's Annual Report on Form 10-K for the fiscal year ended October 28, 1995, the Company is engaged in an enforcement proceeding brought by the International Trade Commission related to patent infringement litigation with Texas Instruments, Inc., and antitrust litigation with Maxim Integrated Products, Inc.

The Company was a defendant in two lawsuits brought in Texas by Texas Instruments, Inc. ("TI"), alleging patent infringement, including patent infringement arising from certain plastic encapsulation processes, and seeking an injunction and unspecified damages against the Company. The alleged infringement of one of these patents is also the subject matter of a proceeding brought by TI against the Company before the International Trade Commission ("ITC"). On January 10, 1994, the ITC brought an enforcement proceeding against the Company alleging that the Company had violated the ITC's cease and desist order of February 1992 (as modified in July 1993), which prohibited the Company's importation of certain plastic encapsulated circuits, and seeking substantial penalties against the Company for these alleged violations. If it is determined that the Company has violated the cease and desist order, the ITC could seek to impose penalties of up to $100,000 per day of violation from the date of the cease and desist order (February 1992) or a sum equal to twice the value of the goods determined to be sold in violation of the order. In addition, in June 1992, the Company commenced a lawsuit against TI in Massachusetts alleging certain TI digital signal processors infringed one of the Company's patents.

Note 4. Commitments and Contingencies (Continued)

Effective April 1, 1995, the Company and TI settled both Texas lawsuits and the Massachusetts lawsuit principally by means of a royalty-free cross license of certain of the Company's and TI's patents. On April 25, 1995, the Company filed with the ITC a motion to terminate the ITC enforcement proceeding on the grounds that further action by the ITC is unnecessary in light of the Company's settlement with TI. On May 8, 1995, an Administrative Law Judge issued a recommended determination to the ITC to grant the Company's motion to terminate the ITC proceeding. The investigative office of the ITC has opposed the motion, claiming that, notwithstanding the Company's settlement with TI, the Company's alleged violation of the ITC's cease and desist order warrants the imposition of substantial penalties. The Company's motion is pending before the ITC.

The Company is a defendant in a lawsuit brought by Maxim Integrated Products, Inc. ("Maxim") in the United States District Court for the Northern District of California seeking an injunction against, and claiming damages for, alleged antitrust violations and unfair competition in connection with distribution arrangements between the Company and certain distributors. Maxim alleged that certain distributors ceased doing business with Maxim as a result of shelf-sharing provisions in the distribution arrangements between the distributors and the Company, resulting in improper restrictions to Maxim's access to channels by which it distributed its products. Maxim asserted actual and consequential damages in the amount of $14.1 million and claimed restitution and punitive damages in an unspecified amount. Under applicable law, Maxim would receive three times the amount of any actual damages suffered as a result of any antitrust violation. On September 7, 1994, Maxim's claim was dismissed for lack of evidence. Maxim appealed this ruling and oral argument of the appeal was held in January 1996. On March 15, 1996, the Ninth Circuit issued its decision affirming in part and reversing in part the District Court's decision. The Ninth Circuit affirmed the District Court's decision dismissing the antitrust claims and the state law claims challenging the legality of the shelf-sharing provisions in the distribution arrangements between the Company and the distributors. The Ninth Circuit reversed the decision of the District Court with respect to the termination of Maxim by Pioneer Standard and certain activities related thereto. The District Court has scheduled a status conference on the Pioneer Standard claims for July 12, 1996.

Although the Company believes it should prevail in these matters, the Company is unable to determine their ultimate outcome or estimate the ultimate amount of liability, if any, at this time. An adverse resolution of these matters could have a material adverse effect on the Company's consolidated financial position or on its consolidated results of operations or cash flows in the period in which the matters are resolved.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Second Quarter of Fiscal 1996 Compared to the Second Quarter of Fiscal 1995

Net sales of $303.3 million for the second quarter of fiscal 1996 grew $73.3 million or 32% from net sales of $230.0 million for the second quarter of fiscal 1995. The sales increase was attributable to increases in sales volumes of both standard linear IC and system-level IC products. Revenues from standard linear IC products ("SLICs") increased 22% year over year, with strength in communications and industrial-related demand contributing to much of this growth. Revenues from system-level products, which include digital signal processing products ("DSPs"), grew 70% year over year, fueled by strong demand for ICs used in communications applications and for general-purpose DSPs. Revenues for both of these product groups more than doubled from the second quarter last year. SLIC products accounted for 58% of total sales in the second quarter of fiscal 1996 compared to 63% in the same period last year. System-level product sales accounted for 36% of total sales in the second quarter of fiscal 1996 compared to 28% in the second quarter of fiscal 1995.

Geographically, the strongest regions for sales were North America, Europe and Southeast Asia. In North America, OEM and distribution sales were strong compared to the year-ago quarter, both increasing approximately 32% over this period. Sales to European customers increased more than 50% from the year-earlier period with much of this growth resulting from the Company's increased penetration of applications in the communications market, particularly in handsets and basestations used in the GSM (Global System for Mobile Communications) digital cellular telephone system now widely deployed in Western Europe.

Gross margin of 50.4% for the second quarter of fiscal 1996 held approximately flat to 50.6% for the second quarter of fiscal 1995.

R&D expense was $44.8 million, an increase of $11.6 million or 35% from the second quarter of fiscal 1995, as the Company continued to increase its R&D investment in real-world-signal processing opportunities for linear, mixed signal and DSP products. At 14.8% of sales, the R&D-to-sales ratio remained within the Company's targeted range of 14 to 15%. Significant resource commitments to R&D efforts have yielded a continual flow of new products aimed at driving future sales growth. For the second quarter of fiscal 1996, new-product sales (sales of products introduced within the previous six quarters) totaled $71 million or 23% of total sales.

Selling, marketing, general & administrative ("SMG&A") expense of $50.0 million was reduced to 16.5% of sales compared to 19.8% for the year-ago quarter. This decline was achieved by holding year-to-year expense growth to 10%, in part due to the lower SMG&A-to-sales ratio associated with the Company's higher-volume system-level products.

Operating profit rose from $37.5 million for the second quarter of fiscal 1995 to $58.1 million for the second quarter of fiscal 1996, an increase of 55%. As a percentage of sales, operating income increased to 19.2% of sales compared to 16.3% for the second quarter of fiscal 1995. This improvement resulted primarily from maintaining the gross margin ratio on increased sales while lowering the SMG&A expense-to-sales ratio.

Interest expense increased $2.0 million from the second quarter of fiscal 1995 while interest income increased $2.8 million over this same period, as the sale of $230,000,000 of 3 1/2% Convertible Notes in December 1995 had the effect of creating additional interest income from investment of the net proceeds and additional interest expense. In total, nonoperating income increased $1.1 million from the year-ago period.

The effective income tax rate increased from 24.0% of sales for the second quarter of fiscal 1995 to 26.0% for the second quarter of fiscal 1996 due to a shift in the mix of worldwide profits.

The growth in sales and operating leverage gained on maintaining tight control on SMG&A expenses together with an increase in nonoperating income resulted in a 53% increase in net income to $44.0 million or 14.5% of sales for the second quarter of fiscal 1996. Earnings per share increased to $.35 from $.24 for last year's second quarter. Shares used to compute earnings per share increased significantly compared to the second quarter of fiscal 1995 principally due to the inclusion of common stock equivalents under the "if converted" method for the Company's $230,000,000 3 1/2% Convertible Subordinated Notes which were issued in the first quarter of fiscal 1996.

Second Quarter of Fiscal 1996 Compared to the First Quarter of Fiscal 1996

Net sales increased from $280.8 million for the first quarter of fiscal 1996 to $303.3 million for the second quarter of fiscal 1996, an increase of $22.6 million or 8%. SLIC sales for the thirteen-week second quarter of fiscal 1996 increased slightly from the unusually strong fourteen-week first quarter. Sales of SLIC products remained strongest in proprietary high-speed and communications products. The Company experienced some spot order slowdown in SLIC products, particularly in the OEM channel, as lead times were reduced for many of the Company's products. Sales of system-level IC products rose 18% from the prior quarter as the Company continued to benefit from increased demand and broader participation in growing application markets for its general-purpose DSPs and mixed-signal ICs, including GSM handsets, basestations, and other communications segments. Increased sales of system-level IC products was largely volume-based. Orders for audio codecs used in PCs remained sluggish, and the Company experienced some slowdown in the rapid growth of products used in ATE applications in response to overall weakness in the semiconductor test equipment market, although design win activity in ATE remains strong.

Sales through the distribution channel strengthened from the first quarter, particularly in the U.S. and in Europe for SLIC and DSP products. Communications sales of GSM handset products were particularly strong in Europe. Sales to customers in Japan decreased from the previous quarter primarily due to inventory corrections resulting in some semiconductor demand weakness in this region in the second quarter of fiscal 1996.

Gross margin decreased slightly from 50.8% of sales for the prior quarter to 50.4% of sales for the second quarter of fiscal 1996 due to a continuing mix shift to higher-volume, lower margin system-level products and additional expenses incurred as a result of capacity additions. The effect of these factors, however, was offset somewhat by an improvement in gross margins for both SLIC and system-level products.

R&D expenses for the second quarter of fiscal 1996 of $44.8 million were $4.0 million or 9.8% higher than $40.9 million for the first quarter, in line with the Company's commitment to pursue the best opportunities for ICs in real-world signal-processing applications.

SMG&A expenses increased only 2.5% from the preceding quarter, leading to a quarter-to-quarter decrease in the SMG&A expense-to-sales ratio from 17.4% to 16.5%. As a result of this expense control coupled with stable gross margins, operating profit increased 10% to 19.2% of sales versus 18.8% of sales for the immediately prior quarter.

After nonoperating income of $1.4 million and an unchanged effective income tax rate of 26%, the Company recorded a 10% increase in net income to $44.0 million or 14.5% of sales compared to $40.1 million or 14.3% of sales for the first quarter of fiscal 1996. Earnings per share increase from $.33 to $.35 over this same period.

First Six Months of Fiscal 1996 Compared to the First Six Months of Fiscal 1995

Net sales of $584.1 million rose $146.0 million or 33% from the same period of fiscal 1995. The increase in sales was mainly attributable to an increase in sales volumes of both the Company's standard linear and system-level IC products which grew 27% and 64%, respectively, over the same period of fiscal 1995. For the first six months of fiscal 1996, sales growth for SLIC products was strongest in the industrial and instrumentation markets and in high-growth applications in the communications market while sales of system-level ICs were strongest in wireless communications, pin electronics for automatic test equipment and both fixed-point and floating-point general-purpose DSPs. The Company experienced some spot order slowdown in SLIC products in the second quarter of fiscal 1996, particularly in the OEM channel, as lead times were reduced for many of the Company's products. In the system-level IC product group, orders for audio codecs for the PC market were sluggish for the first six months of fiscal 1996. Also, orders for pin electronics components for ATE slowed during the second quarter of fiscal 1996 in response to overall weakness in the semiconductor equipment sector. Weakness in these end markets, however, has been offset by the significant growth experienced in communications and DSP. Assembled product sales were down slightly in comparison to the first six months of fiscal 1995 as newer multichip modules, primarily for communications customers, continue to replace older military hybrids.

For the first half of fiscal 1996, sales to North American and international customers increased 35% and 32%, respectively, over the same period of fiscal 1995. Internationally, the largest year-to-year sales gains were registered in Europe, particularly for the Company's communications products. Sales in Japan increased from the year-earlier period primarily due to increased sales of SLICs for factory automation and other industrial automation applications. Most of this increase occurred in the first quarter of fiscal 1996 as semiconductor demand softened in Japan during the second quarter primarily due to inventory corrections made by equipment manufacturers. The distributor channel had a positive effect on sales growth in North America, Europe and Japan for the overall six-month period, especially for SLIC products, as worldwide sales through distribution increased 36% compared to the year-ago period. For the first six months of fiscal 1996, approximately 41% of the Company's sales were derived from sales through distributors.

Gross margin of 50.6% of sales for the first six months of fiscal 1996 was essentially flat compared to 50.5% for the comparable period of fiscal 1995 as improvement in gross margin for both SLIC and system-level IC products was offset by a shift in the mix of products sold to a greater proportion of lower-margin system-level products, and the commencement of startup costs associated with wafer fab expansion.

R&D expenses increased $22.2 million or 35% over the prior year, reflecting continued investment in new product and process development.

SMG&A expenses grew only 10.7%, as the Company constrained spending growth to a rate significantly below sales growth. As a result, SMG&A expense as a percentage of sales fell more than three points to 16.9% from 20.4% for the year-earlier period.

Operating profit reached $111.0 million or 19.0% of sales for the first half of fiscal 1996, an increase of 62% from $68.5 million for the first half of fiscal 1995. This performance gain reflected the growth in sales, stable gross margin and a slower rate of SMG&A expense growth versus sales.

Interest expense increased $2.6 million and interest income increased $4.5 million year-over-year, both resulting from the sale of $230,000,000 of 3 1/2% Convertible Subordinated Notes during the first quarter of fiscal 1996.

The effective income tax rate increased to 26.0% from 24.0% for the year-ago period due to a change in the mix of worldwide profits to higher tax rate jurisdictions including the U.S.

Net income grew 61% to $84.1 million or $.68 per share compared to $52.4 million or $.44 per share for the first six months of fiscal 1995. As a percentage of sales, net income improved to 14.4% from 12.0% for the year-earlier period.

Liquidity and Capital Resources

At May 4, 1996, cash, cash equivalents and short-term investments totaled $337.5 million, an increase of $204.6 million from the second quarter of fiscal 1995 and an increase of $186.4 million from the fourth quarter of fiscal 1995. The increase in cash, cash equivalents and short-term investments from the second and fourth quarters of fiscal 1995 was largely attributable to the sale of $230,000,000 of 3 1/2% Convertible Subordinated Notes during the first quarter of fiscal 1996, the net proceeds from which were approximately $224 million.

The Company's operating activities generated net cash of $45.8 million, or 7.8% of sales, for the first six months of fiscal 1996 compared to $88.7 million, or 20.2% of sales, for the first six months of fiscal 1995. The $42.9 million decrease in operating cash flows from the year-earlier period was principally due to an increase in working capital requirements associated with growth in accounts receivable and inventories and the payment of income taxes. These changes were offset in part by higher net income and an increase in accounts payable and accrued liabilities. Cash flow from operations generated for the second quarter of fiscal 1996 was $12.5 million or 4.1% of sales versus $33.2 million or 11.8% of sales for the prior quarter and $38.6 million or 16.8% of sales for the second quarter of fiscal 1995. The decrease in operating cash flows compared to both of these quarters was mainly due to greater net working capital requirements in the second quarter of fiscal 1996, as increased net income was more than offset by growth in accounts receivable and inventories. The noncash effect of depreciation and amortization expense was $37.1 million for the first half of fiscal 1996 and $19.8 million for the second quarter of fiscal 1996, higher than the $30.7 million and $15.7 million for the comparable periods of fiscal 1995, primarily as a result of increased capital expenditures related to the Company's internal capacity expansion programs. As a percentage of sales, depreciation and amortization expense was 6.4% for the first six months of fiscal 1996 compared to 7.0% for the first six months of fiscal 1995.

Accounts receivable of $212.8 million increased $22.4 million or 11.8%, $31.5 million or 17.4% and $34.6 million or 19.4% from the end of the first quarter of fiscal 1996, the fourth quarter of fiscal 1995 and the second quarter of fiscal 1995, respectively. These increases were primarily the result of the higher sales level in comparison to these periods. As a percentage of annualized quarterly sales, accounts receivable was 17.5% at the end of the second quarter of fiscal 1996 compared to 17.0%, 17.6% and 19.4% for the previous quarter and the fourth and second quarters of fiscal 1995, respectively.

Inventories of $191.5 million at the end of the first six months of fiscal 1996 rose $33.7 million, $47.5 million and $56.9 million from the end of the first quarter of fiscal 1996, the fourth quarter of fiscal 1995 and the second quarter of fiscal 1995, respectively. Inventories also increased as a percentage of annualized quarterly sales to 15.8% compared to 14.0% for both the first quarter of fiscal 1996 and the fourth quarter of fiscal 1995 and 14.6% for the second quarter of fiscal 1995. The growth in inventories over the past year was principally due to a build in inventory levels needed to service increasing sales volumes, as well as improve customer response times. In addition, the increase in inventories in the second quarter of fiscal 1996 reflects the ramping of new internal manufacturing capacity and greater availability to the Company of externally purchased foundry CMOS wafers used to serve the Company's DSP and communications product lines. As additional wafer capacity becomes available, inventories are expected to continue to increase in support of demand in faster growing product areas.

Accounts payable and accrued liabilities increased $36.2 million or 24% compared to the balance at the end of the second quarter of fiscal 1995 due principally to increased expense activity related to the higher revenue level and increased capital expenditures associated with wafer fabrication capacity expansion.

Net additions to property, plant and equipment of $120.1 million or 20.6% of sales for the first six months of fiscal 1996 and $58.0 million or 19.1% of sales for the second quarter of fiscal 1996, were funded with a combination of cash on hand, cash generated from financing activities and internally generated cash flow from operations. The majority of these expenditures in fiscal 1996 were related to capacity expansion including the addition of six-inch wafer capacity to the Company's existing wafer fabrication facilities in Wilmington, Massachusetts and Limerick, Ireland, continued upgrading and modernization of the Company's wafer fabrication module in Sunnyvale, California and construction of a new assembly and test facility in the Philippines. Also, during the second quarter of fiscal 1996, the Company commenced an accelerometer dedicated fab project at its newly leased facility in Cambridge, Massachusetts.

In January 1996, in accordance with a previous agreement, the Company made an additional $7.0 million equity investment in Chartered Semiconductor Manufacturing Pte., Ltd. ("CSM") in Singapore for a total equity investment of $21.0 million, in exchange for a less than 5% ownership interest. This investment is structured to provide access to CSM's eight inch 0.5 micron wafer fabrication facility through wafer supply and pricing commitments beginning in 1996. The investment in CSM is classified in the balance sheet line item, "Deferred Charges and Other Assets."

The Company entered into an additional agreement with CSM during January 1996, whereby the Company will provide a total deposit of approximately $20.0 million to be paid in several installments in 1996 and 1997. Under the terms of this agreement, the deposit will guarantee access to certain quantities of sub-micron wafers through fiscal 2000.

The Company currently plans to make capital expenditures of approximately $275 million during fiscal 1996, primarily in connection with the continued expansion of it manufacturing facilities. In addition, the Company is continuing to explore various options for further increasing its manufacturing capacity, including joint ventures, acquisitions, equity investments in, or loans to, wafer suppliers and construction of additional facilities.

Cash generated by financing activities of $270.4 million for the first six months of fiscal 1996 resulted primarily from the completion on December 18, 1995 of the public sale of $230,000,000 of five-year 3 1/2% Convertible Subordinated Notes due December 1, 2000. See Note 3 - "Debt," to the Condensed Consolidated Financial Statements contained in this Form 10-Q for the fiscal quarter ended May 4, 1996 for additional information concerning these notes. In addition, during the first six months of fiscal 1996, the Company obtained $44.0 million of financing related to the sale-leaseback of certain machinery and equipment.

At May 4, 1996, the Company's principal sources of liquidity included $224.9 million of cash and cash equivalents and $112.6 million of short-term investments. Short-term investments at the end of the second quarter of fiscal 1996 consisted of commercial paper, banker's acceptances, certificates of deposit and Euro time deposits with maturities greater than three months and less than six months at time of acquisition. The Company also has various lines of credit both in the U.S. and overseas, including a $60 million credit facility in the U.S. which expires in 1998, all of which were substantially unused at May 4, 1996. At May 4, 1996, the Company's debt-to-equity ratio was 48%.

The Company believes that its existing sources of liquidity and cash expected to be generated from future operations, together with current and anticipated available long-term financing, will be sufficient to fund operations, capital expenditures and research and development efforts for the foreseeable future.

Litigation

As set forth in Note 4 to the Condensed Consolidated Financial Statements and Part II, Item 1., "Legal Proceedings," contained in this Form 10-Q for the fiscal quarter ended May 4, 1996, the Company is engaged in an enforcement proceeding brought by the International Trade Commission related to patent infringement litigation with Texas Instruments, Inc., and antitrust litigation with Maxim Integrated Products, Inc.

Although the Company believes it should prevail in these matters, the Company is unable to determine their ultimate outcome or estimate the ultimate amount of liability, if any, at this time. An adverse resolution of these matters could have a material adverse effect on the Company's consolidated financial position or on its consolidated results of operations or cash flows in the period in which the matters are resolved.

Factors Affecting Future Results

The Company's future operating results are difficult to predict and may be affected by a number of factors including the timing of new product announcements or introductions by the Company and its competitors, competitive pricing pressures, fluctuations in manufacturing yields, adequate availability of wafers and manufacturing capacity, changes in product mix and economic conditions in the United States and international markets. In addition, the semiconductor market has historically been cyclical and subject to significant economic downturns at various times. As a result of these and other factors, there can be no assurance that the Company will not experience material fluctuations in future operating results on a quarterly or annual basis.

The Company's success depends in part on its continued ability to develop and market new products. There can be no assurance that the Company will be able to develop and introduce new products in a timely manner or that such products, if developed, will achieve market acceptance. In addition, the Company's growth is dependent on its continued ability to penetrate new markets such as the communications, computer and automotive segments of the electronics market, where the Company has limited experience and competition is intense. There can be no assurance that the markets being served by the Company will continue to grow; that the Company's existing and new products will meet the requirements of such markets; that the Company's products will achieve customer acceptance in such markets; that competitors will not force prices to an unacceptably low level or take market share from the Company; or that the Company can achieve or maintain profits in these markets. Also, some of the customers in these markets are less well established which could subject the Company to increased credit risk.

The semiconductor industry is intensely competitive. Certain of the Company's competitors have greater technical, marketing, manufacturing and financial resources than the Company. The Company's competitors also include emerging companies attempting to sell products to specialized markets such as those served by the Company. Competitors of the Company have, in some cases, developed and marketed products having similar design and functionality as the Company's products. There can be no assurance that the Company will be able to compete successfully in the future against existing or new competitors or that the Company's operating results will not be adversely affected by increased price competition.

The Company is planning in fiscal 1996 to increase substantially its manufacturing capacity through both expansion of its production facilities and increased access to third-party foundries; there can be no assurance that the Company will complete the expansion of its production facilities or secure increased access to third party foundries in a timely manner; or that the Company will not encounter unanticipated production problems at either its own facilities or at third-party foundries. The Company relies, and plans to continue to rely, on third-party wafer fabricators to supply most of its wafers that can be manufactured using industry-standard digital processes, and such reliance involves several risks, including the absence of adequate guaranteed capacity and reduced control over delivery schedules, manufacturing yields and costs. In addition, the Company's capacity additions will result in a significant increase in operating expenses and, if revenue levels do not increase to offset these additional expense levels, the Company's future operating results could be adversely affected. The Company also believes that other semiconductor manufacturers are also expanding or planning to expand their production capacity over the next several years, and there can be no assurance that the expansion by the Company and its competitors will not lead to overcapacity in the Company's target markets, which could lead to price erosion that would adversely affect the Company's operating results.

For the first six months of fiscal 1996, 57% of the Company's revenues were derived from customers in international markets. The Company has manufacturing facilities in Ireland, the Philippines and Taiwan. The Company is therefore subject to the economic and political risks inherent in international operations, including expropriation, air transportation disruptions, currency controls and changes in currency exchange rates, tax and tariff rates and freight rates. Although the Company engages in certain hedging transactions to reduce its exposure to currency exchange rate fluctuations, there can be no assurance that the Company's competitive position will not be adversely affected by changes in the exchange rate of the U.S. dollar against other currencies.

The semiconductor industry is characterized by frequent claims and litigation involving patent and other intellectual property rights. The Company has from time to time received, and may in the future receive, claims from third parties asserting that the Company's products or processes infringe their patents or other intellectual property rights. In the event a third party makes a valid intellectual property claim and a license is not available on commercially reasonable terms, the Company's operating results could be materially and adversely affected. Litigation may be necessary to enforce patents or other intellectual property rights of the Company or to defend the Company against claims of infringement, and such litigation can be costly and divert the attention of key personnel. See Part II, Item 1 - "Legal Proceedings," contained in this Form 10-Q for the fiscal quarter ended May 4, 1996 and Part I, Item 3 - "Legal Proceedings," contained in the Company's Annual Report on Form 10-K for the fiscal year ended October 28, 1995 for information concerning pending litigation involving the Company. An adverse resolution of such litigation, may, in certain cases, have a material adverse effect on the Company's consolidated financial position or on its consolidated results of operations or cash flows in the period in which the litigation is resolved.

Because of these and other factors, past financial performance should not be considered an indicator of future performance. Investors should not use historical trends to anticipate future results and should be aware that the trading price of the Company's common stock may be subject to wide fluctuations in response to quarter-to-quarter variations in operating results, general conditions in the semiconductor industry, changes in earnings estimates and recommendations by analysts or other events.

PART II - OTHER INFORMATION
ANALOG DEVICES, INC.

Item 1. Legal Proceedings

Maxim Litigation

As previously reported in the Company's Annual Report on Form 10-K for the fiscal year ended October 28, 1995, the Company is a defendant in a lawsuit brought by Maxim Integrated Products, Inc. ("Maxim") in the United States District Court for the Northern District of California seeking an injunction against, and claiming damages for, alleged antitrust violations and unfair competition in connection with distribution arrangements between the Company and certain distributors. Maxim alleged that certain distributors ceased doing business with Maxim as a result of shelf-sharing provisions in the distribution arrangements between the distributors and the Company, resulting in improper restrictions to Maxim's access to channels by which it distributed its products. Maxim asserted actual and consequential damages in the amount of $14.1 million and claimed restitution and punitive damages in an unspecified amount. Under applicable law, Maxim would receive three times the amount of any actual damages suffered as a result of any antitrust violation. On September 7, 1994, Maxim's claim was dismissed for lack of evidence. Maxim appealed this ruling and oral argument of the appeal was held in January 1996. On March 15, 1996, the Ninth Circuit issued its decision affirming in part and reversing in part the District Court's decision. The Ninth Circuit affirmed the District Court's decision dismissing the antitrust claims and the state law claims challenging the legality of the shelf-sharing provisions in the distribution arrangements between the Company and the distributors. The Ninth Circuit reversed the decision of the District Court with respect to the termination of Maxim by Pioneer Standard and certain activities related thereto. The District Court has scheduled a status conference on the Pioneer Standard claims for July 12, 1996.

Item 6. Exhibits and reports on Form 8-K

(a) See Exhibit Index
(b) There were no reports on Form 8-K filed for the three months ended May 4, 1996.

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.

Analog Devices, Inc.

(Registrant)

Date: June 18, 1996

By:/s/ Ray Stata

Ray Stata
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: June 18, 1996

By:/s/ Joseph E. McDonough

Joseph E. McDonough
Vice President-Finance
and Chief Financial Officer
(Principal Financial and
Accounting Officer)

EXHIBIT INDEX
Analog Devices, Inc.

Item	
10-1	Restated Articles of Organization of the Registrant, as amended (incorporated herein by reference to the Registrant's Form S-8 filed on May 30, 1996 relating to the 1988 Stock Option Plan).
10-2	Lease amendment dated March 1, 1996 to the Lease Agreement dated June 16, 1995 between Analog Devices, Inc. and Ferrari Brothers, relating to premises located at 610 Wendall Drive, Sunnyvale, California.
10-3	Lease amendment dated May 1, 1996 to the Lease Agreement dated August 8, 1990 between Analog Devices, Inc. and Bourns, Inc., relating to premises located at 1525 Comstock Road, Santa Clara, California.
10-4	Lease amendment dated May 1, 1996 to the Lease Agreement dated August 8, 1990 between Analog Devices, Inc. and Bourns, Inc., relating to premises located at 1500 Space Park Drive, Santa Clara, California.
11-1	Computation of Earnings per Share.
27	Financial Data Schedule

Exhibit 10-2

FIRST AMENDMENT OF LEASE
(Analog Devices, Inc.)

This First Amendment of Lease (the or this "Agreement") is executed as of March 1, 1996 (the "Effective Date") by and between Ferrari Brothers, a California general partnership, as "Landlord," and Analog Devices, Inc., a Massachusetts corporation, as "Tenant."

RECITALS:

A. Landlord and Tenant have entered into that certain Lease dated June 16, 1995 (the "Lease") respecting premises commonly known as 610 Weddell Drive, Sunnyvale, California and more particularly described in the Lease (the "Premises").

B. The Premises are comprised of approximately 27,379 square feet of space in a larger building (the "Building"). The balance of the space in the Building is leased by Performance Semiconductor Corporation ("PSC").

C. Analog desires to add to the Premises a portion of the space in the Building which is currently leased by PSC. The space that Analog desires to so lease is comprised of approximately 12,404 square feet of space, and is shown and described on Exhibit "A" attached hereto and incorporated herein by this reference (the "Additional Analog Space"). Concurrently with the execution of this Agreement, PSC is entering into an agreement with Landlord to terminate its right to lease the Additional Analog Space so that Landlord can lease the same to Analog.

D. The parties now desire to document the terms upon which Tenant shall lease the Additional Analog Space.

NOW, THEREFORE, in consideration of the mutual covenants set forth below, and for other good and valuable consideration the receipt and adequacy of which are acknowledged, the parties hereby amend the Lease as follows:

AGREEMENT:

1. Undefined Terms. Terms used in this Agreement which are not defined herein shall have the same meaning ascribed to them in the Lease.

2. Expansion of Premises. Effective as of the Effective Date, the Premises are hereby expanded to include the Additional Analog Space. Accordingly, the area of the Premises, as set forth on the Lease Summary, and as specified in Paragraph 1 of the Lease, is hereby deemed increased as of the Effective Date to approximately 39,783 square feet. Exhibit "A" of the Lease is hereby deemed modified such that the premises described thereon shall be deemed to include the space shown as Spaces A, B, and C on Exhibit "A" hereto.

3. Rent. As of the Effective Date, the monthly Base Rent shall be increased by $13,900.76 (i.e. to a total of $48,900.76 per month for the entire Premises including the Additional Analog Space).

4. Late Payment Charge and Security Deposit. As of the Effective Date, the amount of the late payment charge specified in Paragraph 3.4 of the Lease shall be increased to $978.02 (2% of Base Rent). As of the Effective Date, Analog shall increase the

amount of the Certificate of Deposit held by Landlord as a security deposit pursuant to Paragraph 4 of the Lease to $28,142.13 (i.e. 63.08% of original deposit for entire building of $44,613.40). Tenant shall effectuate such increase in the security deposit by depositing with Landlord a new Certificate of Deposit in the amount of such increase, or at Tenant's election, by cancellation of the original Certificate of Deposit and deposit with Landlord of a new Certificate of Deposit in such total amount.

5. Tenant's Share. Tenant's Share of the Building, as set forth in the Lease Summary and Paragraph 1 of the Lease, is increased as of the Effective Date to 63.08% (39,783 square feet divided by total of 63,072 square feet = 63.08%). The amount estimated by Landlord pursuant to Paragraph 9.2 of the Lease for the portion of monthly Operating Expenses to be borne by Tenant is hereby increased from $2,387 to $3,468.42 (i.e. 39,783 s.f. divided by 27,379 s.f., or 1.453, times old estimate of $2,387 = $3,468.42). The reference to 43.4% set forth in Paragraph 10.4 respecting HVAC replacement costs and Major Resurfacing costs is hereby increased to Tenant's Share (i.e. 63.08%), as specified above in this paragraph.

6. Interior Improvements. Landlord shall have no obligation to construct, modify, or repair any improvements in the Additional Analog Space. Analog has thoroughly inspected the Additional Analog Space, and agrees that the same are in good physical condition and that all building systems servicing such space are in good working order and condition. Tenant agrees to take possession of the Additional Analog Space on the Effective Date (or as soon thereafter as Tenant is able to arrange with PSC to take possession of such space) in such physical condition as may then exist. Prior to Tenant's occupancy of the Additional Analog Space, or promptly thereafter, Tenant at no expense to Landlord shall separately meter all utilities serving the Additional Analog Space such that Tenant and PSC are not sharing any meters for space within the Building. Tenant represents to Landlord that in accordance with Paragraph 12 of the Lease, as of the Effective Date, Tenant has already completed the separate metering of all portions of the Premises other than the Additional Analog Space.

7. Memorandum of Lease. The parties shall execute a short form memorandum of this Agreement and such memorandum shall be recorded promptly after the Effective Date.

8. Non-Disturbance Agreement. Landlord shall use reasonable efforts to obtain promptly after the Effective Date an amendment of the Non-disturbance Agreement with Coast Federal Bank in form reasonably satisfactory to Landlord and Tenant.

9. Remainder of Lease Unaffected. Except to the extent modified by this Agreement, the Lease shall remain unchanged. The parties ratify the Lease and agree that the Lease, as modified by this Agreement, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the first date hereinabove set forth.

LANDLORD:	TENANT:
FERRARI BROTHERS, a California general partnership	ANALOG DEVICES, INC., a Massachusetts corporation

3

By: ----------------------	By: -------------------------
Its ----------------------	Its -------------------------
Dated: ----------------------	Dated: -------------------------

Exhibit 10.3

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE is made as of May 1, 1996, by and between BOURNS, INC., a California ("LANDLORD"), and ANALOG DEVICES, INC., a Massachusetts corporation ("TENANT"), successor by merger to Precision Monolithics, Inc.

WITNESSETH:

WHEREAS, Landlord and Tenant entered into a certain Lease dated August 8, 1990 (the "LEASE"), whereby Tenant leased from Landlord approximately 43,500 rentable square feet of office space in the building known as 1525 Comstock Road, Santa Clara, California, as such space is more particularly described in the Lease (the "PREMISES"); and

WHEREAS, Landlord and Tenant desire to extend the term of the Lease, to modify the rental to be paid for the Premises by Tenant pursuant to the Lease and to make certain other modifications to the Lease, all as set forth herein.

NOW, THEREFORE, in consideration of the sum of TEN AND NO/100 DOLLARS ($10.00) in hand paid to Landlord by Tenant and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Landlord, and in further consideration of the mutual agreements by and between the parties hereto, Landlord and Tenant agree as follows:

1. Unless otherwise defined herein, all capitalized terms used in this First Amendment to Lease shall have the meaning given to them in the Lease.

1. Subject to the terms and provisions of the Lease, as modified hereby, Landlord and Tenant hereby extend the Initial Term of the Lease for a period of seven (7) years, commencing August 8, 1995 and expiring August 7, 2002. Tenant shall continue to have the option to extend the term of the Lease for three (3) successive terms of five (5) years each pursuant to Article 2.2 of the Lease, the first of such option periods to commence, if so elected by Tenant, on August 8, 2002.

1. Notwithstanding the provisions of Article 3.1 of the Lease, Base Rent during the portion of the Initial Term commencing August 8, 1995 and expiring August 7, 2002 shall be in the amounts set forth in Exhibit A attached hereto and shall be payable in accordance with the terms of the Lease. Tenant previously has paid to Landlord Base Rent for the Premises for

the period August 8, 1995 through May 31, 1996 in the amount of $31,637.50 per month. Such payments exceed by $1,187.50 per month the Base Rent payable by Tenant for such period in accordance with the Lease, as amended hereby. Accordingly, Tenant shall receive a credit in the amount of $11,875.00 towards Base Rent payable for June 1996.

I. Article 3.2 of the Lease is deleted in its entirety and the following is inserted in lieu thereof:

> Base Rent for each Option Term shall be the fair rental value of the Premises at the inception of such Option Term based on the terms and conditions of this Lease. The fair rental value for each Option Term shall be determined by the following process: At least six (6) months prior to the commencement of an Option Term, Tenant and Landlord each shall obtain an appraisal of the fair rental value of the Premises, prepared by an MAI appraiser familiar with commercial rental rates for properties similar to the Premises in the Santa Clara, California area. Such appraisal shall determine the fair rental value of the Premises based on the terms and conditions of this Lease without, however, taking into account any improvements or alterations to the Premises constructed at the expense, exclusive of insurance proceeds, of Tenant. Each party shall notify the other of the fair rental value of the Premises, as determined by the appraiser retained by such party. If at least five (5) months prior to the commencement of an Option Term, the parties have not agreed in writing on a Base Rent amount, the two appraisers retained by Landlord and Tenant shall select a third appraiser (the "INDEPENDENT APPRAISER") to conduct an independent MAI appraisal, to be conducted by Coldwell Banker, or mutually agreeable equivalent, to determine the fair rental value of the Premises. The Base Rent for such Option Term shall be the average of the two closest appraisals of the fair rental value, as determined by the three appraisals, provided that, if one determination of the fair rental value equals the average of the other two determinations, such average shall be the Base Rent during such Option Term. For example, assume Tenant's appraiser believes that the fair rental value of the Premises is $8.50 per rentable square foot and Landlord's appraiser believes that the fair rental value is $10.00 per rentable square foot. If the Independent Appraiser indicates that the fair rental value of the Premises equals (i)$8.00, the Base Rent shall be $8.25, (ii)$9.00, the Base Rent shall be $8.75, (iii)$9.25, the Base Rent shall be $9.25, (iv)$9.50, the

Base Rent shall be $9.75, and (v)$10.50, the Base Rent shall be $10.25. Neither Landlord's appraiser nor Tenant's appraiser shall disclose to the Independent Appraiser their estimates of the fair rental value. Tenant and Landlord each shall pay the fees and expenses of the appraiser they retain to conduct an appraisal of the fair rental value of the Premises. The fees and reimbursable expenses of the Independent Appraiser shall be shared equally by Landlord and Tenant. If for any reason the Base Rent has not been ascertained by the commencement of the Option Term, Tenant shall pay on account of Base Rent an amount equal to the average of Landlord's appraiser's and Tenant's appraiser's determinations of the fair rental value of the Premises, until such time as the actual Base Rent shall have been established in accordance with the terms of this paragraph.

1. This First Amendment may be executed in multiple counterpart copies, each of which together shall constitute a single instrument, and exchange of counterparts by facsimile transmission shall be equivalent to exchange of original counterparts.

1. As expressly modified hereby, the Lease continues in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this First Amendment to Lease, as of the date first written above.

BOURNS, INC.

By:

W.P. McKenna
Vice President

ANALOG DEVICES, INC.

By:

Name:
Title:

EXHIBIT A

1525 Comstock Road
Santa Clara, California

Lease Year	Base Rent Per Annum
August 8, 1995 through August 7, 1997	$365,400
August 8, 1997 through August 7, 1999	$391,500
August 8, 1999 through August 7, 2001	$417,600
August 8, 2001 through August 7, 2002	$443,700

Exhibit 10.4

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE is made as of May 1, 1996, by and between BOURNS, INC., a California ("LANDLORD"), and ANALOG DEVICES, INC., a Massachusetts corporation ("TENANT"), successor by merger to Precision Monolithics, Inc.

WITNESSETH:

WHEREAS, Landlord and Tenant entered into a certain Lease dated August 8, 1990 (the "LEASE"), whereby Tenant leased from Landlord approximately 72,800 rentable square feet of space in two buildings known as 1500 Space Park Drive, Santa Clara, California, as such space is more particularly described in the Lease (the "PREMISES"); and

WHEREAS, Landlord and Tenant desire to extend the term of the Lease, to modify the rental to be paid for the Premises by Tenant pursuant to the Lease and to make certain other modifications to the Lease, all as set forth herein.

NOW, THEREFORE, in consideration of the sum of TEN AND NO/100 DOLLARS ($10.00) in hand paid to Landlord by Tenant and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Landlord, and in further consideration of the mutual agreements by and between the parties hereto, Landlord and Tenant agree as follows:

I. Unless otherwise defined herein, all capitalized terms used in this First Amendment to Lease shall have the meaning given to them in the Lease.

I. Subject to the terms and provisions of the Lease, as modified hereby, Landlord and Tenant hereby extend the Initial Term of the Lease for a period of seven (7) years, commencing August 8, 1995 and expiring August 7, 2002. Tenant shall continue to have the option to extend the term of the Lease for three (3) successive terms of five (5) years each pursuant to Article 2.2 of the Lease, the first of such option periods to commence, if so elected by Tenant, on August 8, 2002.

I. Notwithstanding the provisions of Article 3.1 of the Lease, Base Rent during the portion of the Initial Term commencing August 8, 1995 and expiring August 7, 2002 shall be in the amounts set forth in EXHIBIT A attached hereto and shall be payable in accordance with the terms of the Lease. Tenant previously has paid to Landlord Base Rent for the Premises for the period August 8, 1995 through May 31, 1996 in the amount of $73,482.09 per month. Such payments exceed by $15,242.09 per month the Base Rent payable by Tenant for such period in accordance with the Lease, as amended hereby. Accordingly, Tenant shall receive a credit in the amount of $152,420.85 against Base Rent, which equals all Base Rent payable for the Premises for June and July 1996 and a credit of $35,940.85 towards Base Rent payable for August 1996.

I. Article 3.2 of the Lease is deleted in its entirety and the following is inserted in lieu thereof:

Base Rent for each Option Term shall be the fair rental value of the Premises at the inception of such Option Term based on the terms and conditions of this Lease. The fair rental value for each Option Term shall be determined by the following process: At least six (6) months prior to the commencement of an Option Term, Tenant and Landlord each shall obtain an appraisal of the fair rental value of the Premises, prepared by an MAI appraiser familiar with commercial rental rates for properties similar to the Premises in the Santa Clara, California area. Such appraisal shall determine the fair rental value of the Premises based on the terms and conditions of this Lease without, however, taking into account any improvements or alterations to the Premises constructed at the expense, exclusive of insurance proceeds, of Tenant. Each party shall notify the other of the fair rental value of the Premises, as determined by the appraiser retained by such party. If at least five (5) months prior to the commencement of an Option Term, the parties have not agreed in writing on a Base Rent amount, the two appraisers retained by Landlord and Tenant shall select a third appraiser (the "INDEPENDENT APPRAISER") to conduct an independent MAI appraisal, to be conducted by Coldwell Banker, or mutually agreeable equivalent, to determine the fair rental value of the Premises. The Base Rent for such Option Term shall be the average of the two closest appraisals of the fair rental value, as determined by the three appraisals, provided that, if one determination of the fair rental value equals the average of the other two determinations, such average shall be the Base Rent during such Option Term. For example, assume Tenant's appraiser believes that the fair rental value of the Premises is $8.50 per rentable square foot and Landlord's appraiser believes that the fair rental value is $10.00 per rentable square foot. If the Independent Appraiser indicates that the fair rental value of the Premises equals (i)$8.00, the Base Rent shall be $8.25, (ii)$9.00, the Base Rent shall be $8.75, (iii)$9.25, the Base Rent shall be $9.25, (iv)$9.50, the Base Rent shall be $9.75, and (v)$10.50, the Base Rent shall be $10.25. Neither Landlord's appraiser nor Tenant's appraiser shall disclose to the Independent Appraiser their estimates of the fair rental value. Tenant and Landlord each shall pay the fees and expenses of the appraiser they retain to conduct an appraisal of the fair rental value of the Premises. The fees and reimbursable expenses of the Independent Appraiser shall be shared equally by Landlord and Tenant. If for any reason the Base Rent has not been ascertained by the commencement of the Option Term, Tenant shall pay on account of Base Rent an amount equal to the average of Landlord's appraiser's and Tenant's appraiser's determinations of the fair rental value of the Premises, until such time as the actual Base Rent shall have been established in accordance with the terms of this paragraph.

I. This First Amendment may be executed in multiple counterpart copies, each of which together shall constitute a single instrument, and exchange of counterparts by facsimile transmission shall be equivalent to exchange of original counterparts.

I. As expressly modified hereby, the Lease continues in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this First Amendment to Lease, as of the date first written above.

BOURNS, INC.

By:

W.P. McKenna
Vice President

ANALOG DEVICES, INC.

By:------------------------
Name:
Title:

EXHIBIT A

1500 Space Park Drive
Santa Clara, California

LEASE YEAR	BASE RENT PER ANNUM
August 8, 1995 through August 7, 1997	$698,880
August 8, 1997 through August 7, 1999	$742,560
August 8, 1999 through August 7, 2001	$786,240
August 8, 2001 through August 7, 2002	$829,920

Exhibit 11-1

Analog Devices, Inc.
Computation of Earnings Per Share (Unaudited)
(in thousands, except per share data)

	Three Months Ended May 4, 1996	Three Months Ended April 29, 1995
PRIMARY EARNINGS PER SHARE:		
Weighted average common and common equivalent shares:		
Weighted average common shares outstanding	113,943	111,480
Assumed exercise of common stock equivalents (1)	7,253	6,888
Assumed conversion of subordinated notes	8,239	-
Weighted average common and common equivalent shares	129,435	118,368
Net income	$ 43,993	$ 28,707
Interest related to convertible subordinated notes, net of tax	1,401	-
Earnings available for common stock	$ 45,394	$ 28,707
PRIMARY EARNINGS PER SHARE	$ 0.35	$ 0.24
FULLY DILUTED EARNINGS PER SHARE:		
Weighted average common and common equivalent shares:		
Weighted average common shares outstanding	113,943	111,480
Assumed exercise of common stock equivalents (1)	7,459	7,235
Assumed conversion of subordinated notes	8,239	-
Weighted average common and common equivalent shares	129,641	118,715
Net income	$ 43,993	$ 28,707
Interest related to convertible subordinated notes, net of tax	1,401	-
Earnings available for common stock	$ 45,394	$ 28,707
FULLY DILUTED EARNINGS PER SHARE	$ 0.35	$ 0.24

(1) Computed based on the treasury stock method.

Exhibit 11-1(Cont'd)

Analog Devices, Inc.
Computation of Earnings Per Share (Unaudited)
(in thousands, except per share data)

	Six Months Ended	
	May 4, 1996	April 29, 1995
PRIMARY EARNINGS PER SHARE:		
Weighted average common and common equivalent shares:		
Weighted average common shares outstanding	113,665	111,360
Assumed exercise of common stock equivalents (1)	7,050	6,647
Assumed conversion of subordinated notes	6,095	-
Weighted average common and common equivalent shares	126,810	118,007
Net income	$ 84,085	$ 52,355
Interest related to convertible subordinated notes, net of tax	2,120	-
Earnings available for common stock	$ 86,205	$ 52,355
PRIMARY EARNINGS PER SHARE	$ 0.68	$ 0.44
FULLY DILUTED EARNINGS PER SHARE:		
Weighted average common and common equivalent shares:		
Weighted average common shares outstanding	113,665	111,360
Assumed exercise of common stock equivalents (1)	7,222	6,831
Assumed conversion of subordinated notes	6,095	-
Weighted average common and common equivalent shares	126,982	118,191
Net income	$ 84,085	$ 52,355
Interest related to convertible subordinated notes, net of tax	2,120	-
Earnings available for common stock	$ 86,205	$ 52,355
FULLY DILUTED EARNINGS PER SHARE	$ 0.68	$ 0.44

(1) Computed based on the treasury stock method.

5
1,000
U.S. DOLLARS

6-MOS
NOV-02-1996
OCT-29-1995
MAY-4-1996
1
224,903
112,573
212,825
0
191,475
796,957
967,633
452,225
1,371,700
265,602
310,000
19,264
0
0
727,879
1,371,700
584,097
584,097
288,581
288,581
184,525
0
4,868
113,629
29,544
84,085
0
0
0
84,085
0.68
0.68

Asset value represents net amount