SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended November 1, 2003
OR

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

(781) 329-4700

(Registrant's telephone number, including area code)

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

Common Stock $0.16 2/3 Par Value *Title of Each Class*	**New York Stock Exchange** *Name of Each Exchange on Which Registered*

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

None

Title of Each Class

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 ü NO

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). YES ü NO

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $12,146,757,233 based on the last reported sale of the Common Stock on the New York Stock Exchange Composite Tape reporting system on May 2, 2003.

As of November 28, 2003 there were 371,805,134 shares of Common Stock, $0.16 2/3 par value per share, outstanding.

Documents Incorporated by Reference

Document Description	Form 10-K Part
Portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held March 9, 2004	III

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PART I

ITEM 1. BUSINESS

Company Overview

We are a leader in the design, manufacture and marketing of high-performance analog, mixed-signal and digital signal processing integrated circuits. Since our inception in 1965, we have focused on solving the engineering challenges associated with signal processing in electronic equipment. Signal processing is where the analog and digital worlds meet to provide the advantages of digital technology to the real world.

Our products play a fundamental role in converting real-world phenomena such as temperature, motion, pressure, light and sound into electrical signals to be used in a wide array of electronic equipment ranging from industrial process control, factory automation equipment, security systems, defense electronics, base stations, central office equipment, wireless telephones, computers, automobiles, CAT scanners, digital cameras and DVD players. Signal processing is the cornerstone of high-speed communications, digital entertainment, and other consumer, computer and industrial applications. As new generations of digital applications evolve, they generate new needs for high-performance analog and digital signal processing, or DSP, technology.

We produce a wide range of products that are designed to meet the technology needs of a broad base of customers. Markets for our products include communications, computers and computer peripherals, consumer electronics and industrial applications.

During fiscal 2003, approximately 35% to 40% of our revenue came from the industrial market, which includes factory automation, medical equipment, scientific instrumentation, automatic test equipment, automotive electronics, security equipment and aerospace and defense systems.

Revenues from the communications market also represented approximately 35% to 40% of our fiscal 2003 revenues. Communications applications include wireless handsets and base stations, as well as products used for high-speed access to the Internet, including broadband modems and central office networking equipment.

We also serve the personal computer market with products that monitor and manage power usage, process signals used in flat panel displays and multimedia projectors and enable CD-quality audio. In fiscal 2003, the computer market accounted for approximately 15% of our revenue.

The demand for our products in high-performance consumer electronics has been increasing and represented approximately 10% of our revenue for fiscal 2003. Applications in this market include digital cameras and camcorders, DVD players, digital televisions and surround sound audio systems.

We sell our products worldwide through a direct sales force, third-party distributors and independent sales representatives. We have direct sales offices in 19 countries, including the United States.

We are headquartered near Boston, in Norwood, Massachusetts, and have manufacturing facilities in Massachusetts, California, North Carolina, Ireland and the Philippines. We were founded in 1965 and are incorporated in Massachusetts. As of November 1, 2003, we employed approximately 8,400 individuals worldwide. Our common stock is listed on the New York Stock Exchange under the symbol ADI and is included in the Standard & Poor’s 500 Index.

We maintain a website with the address www.analog.com. We are not including the information contained on our website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. We make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission. In addition, we intend to disclose on our website any amendments to, or waivers from, our code of business conduct and ethics that are required to be publicly disclosed pursuant to rules of the Securities and Exchange Commission and the New York Stock Exchange.

Industry Background

All electronic signals fall into one of two categories, analog or digital. Analog, also known as linear, signals represent real-world phenomena, such as temperature, pressure, sound, speed and motion. This information can be detected and measured using analog sensors, which represent real-world phenomena by generating continuously-varying voltages and currents. The signals from these sensors are initially processed using analog methods, such as amplification, filtering and shaping. They are then usually converted to digital form for storage or further manipulation. The further manipulation of the signals after conversion to digital form is called “digital signal processing.” Digital signals represent the “ones” and “zeros” of binary arithmetic and are either on or off. Digital signals are frequently converted back to analog form for functions such as video display, audio output or control. These manipulations and transformations from analog to digital and back to analog are known as “real-world signal processing” within the signal chain.

Significant advances in semiconductor technology in recent years have substantially increased the performance and functionality of integrated circuits, or ICs, used in signal processing applications. These advances include the ability to combine analog and digital signal processing capability on a single chip, thereby making possible more highly-integrated solutions. The widespread application of low-cost microprocessor-based systems and of digital communication technologies has increased the need for signal conditioning interfaces between the analog and digital world. At the same time, the convergence of computing and communications has resulted in end products that incorporate state-of-the-art signal processing capability onto as few chips as possible. Our products are designed to be used within electronic equipment to achieve higher performance, including greater speed, improved accuracy, more efficient signal processing and minimized power consumption.

Principal Products

We design, manufacture and market a broad line of high-performance ICs that incorporate analog, mixed-signal and digital signal processing technologies. Our ICs are designed to address a wide range of real-world signal processing applications. Across the entire range of our signal processing ICs are both general purpose products used by a broad range of customers and applications as well as application-specific products designed for specific clusters of customers in vertical markets. By using readily available, high-performance, general-purpose products in their systems, our customers can reduce the time they need to bring new products to market. Given the high cost of developing customized ICs, our standard products often provide the most cost-effective solution for many low to medium volume applications. In some communications, computer and consumer products, we focus on working with leading customers to design application-specific solutions. We begin with our existing core technologies in analog, DSP and mixed-signal, and devise a solution to more closely meet the needs of a specific customer or group of customers. Because we have already developed the core technology for our general-purpose products, we can create application-specific solutions quickly.

We produce and market several thousand products. Our ten highest revenue products accounted for approximately 18% of our revenue for fiscal 2003. The majority of our products are proprietary, meaning equivalent products are not available from competitors. A limited number of other companies may provide products with similar functions.

Analog Products

Our analog IC technology has been the foundation of our business for nearly four decades, and we believe we are one of the world’s largest suppliers of analog ICs. Our analog ICs are primarily high-performance devices, generally defined as devices that support a minimum of 10-bits of accuracy and a minimum of 50 megahertz of speed. The principal advantages these applications have versus competitors’ products include higher accuracy, lower cost per function, smaller size, lower weight and fewer components for improved reliability. The majority of our analog IC product revenue is attributable to sales of data converters and amplifiers. The data converter and amplifier product categories represented approximately 60% of our fiscal 2003 revenues. Other analog IC products include analog signal processing devices such as analog multipliers, switches, multiplexers and comparators. Over the past several years we have been expanding our analog IC product offerings along the entire analog signal chain and into product areas such as radio frequency integrated circuits, or RF ICs, power management and thermal monitoring ICs.

The majority of our analog IC products are proprietary to us in their design and general purpose in their application. This allows customers to incorporate our products into a wide variety of electronic equipment and systems. Our product portfolio includes several thousand analog ICs, any one of which can have as many as several hundred customers. Our analog ICs typically have long product life cycles. Our analog IC customers include both original equipment manufacturers, or OEMs, and customers who build electronic subsystems for integration into larger systems.

Our analog technology base also includes products using an advanced IC technology known in the industry as surface micromachining, which is used to produce semiconductor products known as micro-electromechanical systems, or MEMS. This technology enables extremely small mechanical structures to be built on the surface of a chip along with supporting circuitry. In addition to incorporating an electro-mechanical structure, these devices also have analog circuitry for conditioning signals obtained from the sensing element. The integration of signal conditioning and MEMS is a unique feature of our products which we call iMEMS®. Our iMEMS product portfolio includes accelerometers used to sense acceleration, and gyroscopes used to sense position. The majority of our current revenue from micromachined products is derived from accelerometers used by automotive manufacturers in airbag applications. Our next generation of inertial sensors for the airbag market will incorporate both silicon-on-insulator, or SOI, and MEMS technology. SOI MEMS is a process where one layer is used for the MEMS device and the other layer is used for the circuitry. This process will enable more signal processing circuitry to be integrated with the MEMS structure.

DSP Products

DSPs are processors that are optimized for high-speed numeric calculations, which are essential for real-time processing of digital data representing analog signals. Our DSP products are designed to be fully programmable and to efficiently execute specialized software programs, or algorithms, associated with processing digitized real-time, real-world data. Programmable DSPs provide the flexibility to modify the device's function quickly and inexpensively in software. We offer both general-purpose and application-specific DSP products. General-purpose DSP IC customers typically write their own algorithms using software tools that we provide and software tools they obtain from third-party suppliers. Our application-specific DSP products typically include analog and DSP technology and the DSPs are preprogrammed to execute software for applications such as wireless telecommunications or image processing. Our DSPs are designed in families of products that share a common architecture and therefore can execute the same software. We support these products with specialized applications and easy-to-use, low-cost development tools, which reduce our customers' product development costs and time-to-market.

Mixed-Signal Products

Our products also include multi-function mixed-signal devices and chipsets that incorporate combinations of analog and DSP technology. The growing technological demands associated with the use of audio and video in computers and consumer products as well as the networking of communications systems has created new opportunities for these mixed-signal products. Examples of these products include chipsets for communication applications such as global system for mobile cellular phones, or GSM, cable modems, and broadband modems. Other examples include audio input/ output devices for computer applications and electric motor control devices for industrial instrumentation.

Markets and Applications

The following describes some of the characteristics of, and customer products within, our major markets:

Industrial — Our industrial market includes the following areas:

Industrial Process Automation — Our industrial process automation market includes factory automation systems, automatic process control systems, robotics, environmental control systems and automatic test equipment. These products generally require ICs that offer performance greater than that available from commodity-level ICs, but generally do not have production volumes that warrant custom or application-specific ICs. Combinations of analog and mixed-signal ICs are usually employed to achieve the necessary functionality. Automatic test equipment applications have created opportunities for the design of system-level ICs that require a high level of electronic circuitry.

Instrumentation — Our instrumentation market includes engineering, medical and scientific instruments. These products are usually designed using the highest performance analog and mixed-signal ICs available. Customer products include oscilloscopes, logic analyzers, CAT scanners, MRI equipment, blood analyzers and microscopes.

Military/ Aerospace — The military, commercial avionics and space markets all require high-performance ICs that meet rigorous environmental and reliability specifications. Many of our analog ICs can be supplied in versions that meet appropriate military standards. In addition, many products can be supplied to meet the standards required for broadcast satellites and other commercial space applications. Most of our products sold in this market are specifically-tested versions of products derived from our standard product offering. Customer products include navigation systems, flight simulators, radar systems and security devices.

Automotive — Although the automotive market has historically been served with low-cost, low-performance ICs, demand has emerged for higher performance devices for a wide range of safety and entertainment applications. In response, we are developing products specifically for the automotive market. We supply a micromachined IC used as a crash sensor in airbag systems. We believe that other micromachined devices derived from this product may be suitable for other automotive applications, such as roll-over sensing, global positioning satellite, or GPS, automotive navigation systems, anti-lock brakes and “smart” suspension systems.

Communications — The development of broadband, wireless and Internet infrastructures around the world has created an important market for our communications products. Communications technology involves the acquisition of analog signals that are converted from analog to digital and digital to analog form during the process of transmitting and receiving data. The need for higher speed and reduced power consumption, coupled with more reliable, bandwidth-efficient communications, has been creating demand for our products, which are used in systems that include digital, analog and mixed-signal processing capability. Our products are used in the full spectrum of signal processing for audio, data, image and video communication. In wireless and broadband communication applications, our products are incorporated into cellular telephones, cellular base station equipment, digital subscriber line, or DSL, modems, pagers, PBX switches, routers and remote access servers.

Computers and Computer Peripherals — Increased interface between users and PCs through monitors, printers, scanners and audio devices and the increasing need for power and thermal management capability in PCs have provided opportunities in the computer market. The computer industry seeks to develop and market ever smaller and lighter personal computers. This need increases demand for high-performance ICs that monitor power usage, enabling manufacturers to use smaller batteries and extend battery life between charges. We currently supply a variety of ICs used in this market for functions such as graphic displays, interfaces between PCs and peripherals such as LCD monitors and projectors, power and battery management, and enhanced audio input and output capability for business and entertainment applications.

Consumer Electronics — Increased market demand for digital entertainment systems for acquisition, display and digital processing of signals has allowed us to combine analog and digital design capability to provide solutions that are designed to meet the rigorous cost, size and reliability constraints of the consumer electronics market. The emergence of high-performance, feature-rich consumer products, such as digital camcorders and cameras, home theater systems, digital television, video projectors and DVD recorders/ players, has led to the need for high-performance, system-level ICs with a high level of specific functionality.

Research and Development

Our markets are characterized by rapid technological changes and advances. Accordingly, we make substantial investments in the design and development of new products and processes, and the improvement of existing products and processes. We spent approximately $450 million during fiscal 2003 on the design, development and improvement of new and existing products and processes, compared to approximately $424 million during fiscal 2002 and approximately $465 million during fiscal 2001.

Our research and development strategy focuses on building technical leadership in core technologies for signal conditioning, conversion and processing. In support of our research and development activities, we employ thousands of engineers involved in product and process development at over 30 design centers and manufacturing sites located throughout the world.

Patents and Other Intellectual Property Rights

As of November 1, 2003, we held 817 United States patents and had 439 patent applications pending with the United States Patent and Trademark Office with expiration dates ranging from 2003 through 2022. We believe that while our patents may provide some advantage, our competitive position is largely determined by such factors as the system and application knowledge, ability and experience of our personnel, the range and number of new products being developed by us, our market brand recognition and ongoing marketing efforts, customer service and technical support. It is generally our policy to seek patent protection for significant inventions that may be patented, though we may elect, in certain cases, not to seek patent protection even for significant inventions, if other protection, such as maintaining the invention as a trade secret, is considered more advantageous. We also have trademarks that are used in the conduct of our business to distinguish genuine Analog Devices' products and we maintain cooperative advertising programs to promote our brands and identify products containing genuine Analog Devices' components. In addition, we have registered certain of our mask sets under the Semiconductor Chip Protection Act of 1984.

There can be no assurance that any patent will issue on pending applications or that any patent issued will provide substantive protection for the technology or product covered by it. There also can be no assurance that others will not develop or patent similar technology or reverse engineer our products or that our confidentiality agreements with employees, consultants, silicon foundries and other suppliers and vendors will be adequate to protect our interests. Moreover, the laws of countries in which we design, manufacture and market our products may afford little or no effective protection of our proprietary technology.

The semiconductor industry is characterized by frequent claims and litigation involving patent and other intellectual property rights, including claims arising under our contractual indemnification of our customers. We have received from time to time, and may receive in the future, claims from third parties asserting that our products or processes infringe their patents or other intellectual property rights. In the event a third party makes a valid intellectual property claim against us and a license is not available to us on commercially reasonable terms, or at all, we could be forced either to redesign or to stop production of products incorporating that intellectual property, and our operating results could be materially and adversely affected. Litigation may be necessary to enforce our patents or other of our intellectual property rights or to defend us against claims of infringement, and this litigation could be costly and divert the attention of our key personnel. See Note 12 in the Notes to our Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K for information concerning pending litigation that involves us. An adverse outcome in this or other litigation could have a material adverse effect on our consolidated financial position or on our consolidated results of operations or cash flows in the period in which the litigation is resolved.

Sales Channels

We sell our products in North America and internationally through a direct sales force, third-party distributors and independent sales representatives.

Approximately 26% of our fiscal 2003 net sales were to customers in North America. As of December 1, 2003, we had 12 sales offices in the United States and one in Canada.

Approximately 19% of our fiscal 2003 net sales were to customers in Europe. As of December 1, 2003, we had direct sales offices in Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands, Sweden and the United Kingdom.

Approximately 18% of our fiscal 2003 net sales were to customers in Japan and 37% to customers in other international markets, principally in Southeast Asia. As of December 1, 2003, we had direct sales offices in China, Hong Kong, India, Israel, Japan, Korea, Singapore and Taiwan.

We also had sales representatives and/or distributors in approximately 47 countries outside North America, including countries where we also have direct sales offices. For further detail regarding financial information about geographic areas, see Note 4 in the Notes to our Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K.

A significant portion of our fiscal 2003 revenue was derived from sales made through distributors. Revenue is deferred on sales made through distributors until the distributors resell the products to the end users. These distributors typically maintain an inventory of our products. Some of them also sell products competitive with our products, including those for which we are an alternate source. Sales to certain distributors are made under agreements that provide protection to the distributors for their inventory of our products against price reductions and products that are slow-moving or that we have discontinued, including limited product return privileges.

Our worldwide technical direct field sales efforts are supported by an extensive promotional program that includes editorial coverage and paid advertising in trade publications, direct mail programs, promotional brochures, technical seminars and participation in trade shows. We publish and distribute full-length databooks, product catalogs, applications guides, technical handbooks and detailed data sheets for individual products. We also provide product and application information and sell products via our worldwide website on the Internet. We maintain a staff of field application engineers who aid customers in incorporating our products into their products.

We have tens of thousands of customers worldwide. Our largest single customer represented approximately 3% of our net sales for fiscal 2003, and our 20 largest customers accounted for approximately 26% of our net sales in fiscal 2003.

See Note 4 “Industry and Geographic Segment Information” of the Notes to our Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K.

Foreign Operations

Through subsidiaries and affiliates, we conduct business in numerous countries outside the United States. During fiscal 2003, approximately 74% of our revenues were derived from customers in international markets. Our international business is subject to risks customarily encountered in foreign operations, including fluctuations in foreign currency exchange rates and controls, import and export controls, and other laws, policies and regulations of foreign governments.

We have manufacturing facilities outside the United States in Ireland and the Philippines. In addition to being exposed to the ongoing economic cycles in the semiconductor industry, we are also subject to the economic and political risks inherent in international operations and their impact on the United States economy in general, including the risks associated with ongoing uncertainties and political and economic instability in many countries around the world as well as the economic disruption from acts of terrorism, and the response to them by the United States and its allies. These risks include air transportation disruptions, expropriation, currency controls, currency exchange rate movement, and additional costs related to tax, tariff and freight rates. Although we engage in hedging transactions to reduce our exposure to currency exchange rate fluctuations, there can be no assurance that our competitive position will not be adversely affected by changes in the exchange rate of the United States dollar against other currencies.

Production and Raw Materials

Monolithic integrated circuit components are manufactured in a sequence of semiconductor production steps that include wafer fabrication, wafer testing, cutting the wafer into individual “chips,” or dice, assembly of the dice into packages and electrical testing of the devices in final packaged form. The raw materials used to manufacture these devices include silicon wafers, processing chemicals (including liquefied gases), precious metals, ceramic and plastic used for packaging.

We develop and employ a wide variety of proprietary processes that are specifically tailored for use in fabricating high-performance linear, mixed-signal and MEMS ICs. We also use bipolar and CMOS wafer fabrication processes.

Our IC products are fabricated both at our production facilities and by third-party wafer fabricators. Most of our analog products are manufactured in our own wafer fabrication facilities using proprietary processes. Our DSP products, and a portion of our analog products, are manufactured at third-party foundries using sub-micron digital CMOS processes. We operate wafer fabrication facilities in Wilmington and Cambridge, Massachusetts; Sunnyvale, California and Limerick, Ireland. We also operate assembly and test facilities located in the Philippines and use third-party subcontractors.

To respond to production capacity requirements, we significantly expanded our analog manufacturing capacity over the past several years. In the second quarter of fiscal 2002, we announced that we would transition products from our three older four-inch wafer fabrication facilities to our three six-inch and one eight-inch wafer fabrication facilities. The closure of our four-inch wafer fabrication facilities was completed in fiscal 2003. Capital spending in fiscal 2003 was $68 million, compared with $57 million incurred in fiscal 2002. We currently plan to make capital expenditures of approximately $130 million in fiscal 2004, which at 5% of annual revenues, is more in-line with historical capital expenditures. Capital expenditures are expected to remain at this level, as we believe we currently have ample installed capacity to significantly increase internal production levels.

Our products require a wide variety of components and raw materials, most of which we purchase from third-party suppliers. We have multiple sources for the majority of the components and materials we purchase and incorporate into our products. However, in some cases, we purchase components from sole-source suppliers, such as external foundries. If these sole-source suppliers are unable or unwilling to manufacture and deliver sufficient quantities of components to us on the time schedule and of the quality that we require, we may be forced to engage additional or replacement suppliers, which could result in additional expenses and delays in product development or shipment of product to our customers. Although we have experienced shortages of components from time to time, these items have generally been available to us as needed.

Backlog

Backlog at the end of fiscal 2003 was approximately $387 million, up from approximately $262 million at the end of fiscal 2002. This increase is the result of the strong demand for our products we experienced in the fourth quarter of fiscal 2003. We define backlog as of a particular date as firm orders with a customer requested delivery date within thirteen weeks. Backlog is impacted by the tendency of customers to rely on shorter lead times available from suppliers, including us, in periods of depressed demand. In periods of increased demand, there is a tendency towards longer lead times that has the effect of increasing backlog and, in some instances, we may not have manufacturing capacity sufficient to fulfill all orders. As is customary in the semiconductor industry, we allow orders to be canceled or deliveries delayed by customers without penalty. Accordingly, we believe that our backlog at any time should not be used as an indication of our future revenues.

Government Contracts

We estimate that approximately 3% of our fiscal 2003 total revenue was attributable to sales to the U.S. government and government contractors and subcontractors. Our government contract business is predominantly in the form of negotiated, firm fixed-price subcontracts. All such contracts and subcontracts contain standard provisions relating to termination at the election of the United States government.

Competition

We compete with a number of semiconductor companies in markets that are highly competitive. We believe we are one of the largest suppliers of high-performance analog, mixed-signal and linear signal processing components. Competitors for our analog, mixed-signal and DSP products include Cirrus Logic Inc., Linear Technology Corporation, Maxim Integrated Products, Inc., National Semiconductor Corporation, Phillips Semiconductor, ST Microelectronics and Texas Instruments, Inc. Sales of our micromachined products are currently comprised of acceleration sensors, and our main competitors in that market are Bosch, Motorola, Inc. and Denso Corporation.

We believe that competitive performance in the marketplace for real-world signal processing components depends upon several factors, including technical innovation, product quality and reliability, range of products, product price, customer service and technical support. We believe our technical innovation emphasizing product performance and reliability, supported by our commitment to strong customer service and technical support, enables us to compete in our chosen markets against both foreign and domestic semiconductor manufacturers.

Many other companies offer products that compete with our products, and some have greater financial, manufacturing, technical and marketing resources than we have. Additionally, some formerly-independent competitors have been purchased by larger companies. Our competitors also include emerging companies selling specialized products to markets we serve. There can be no assurances that we will be able to compete successfully in the future against existing or new competitors, or that our operating results will not be adversely affected by increased price competition.

Environment

Our manufacturing facilities are subject to numerous environmental laws and regulations, particularly with respect to industrial waste and emissions. Compliance with these laws and regulations has not had a material impact on our capital expenditures, earnings or competitive position.

We are committed to protecting the environment and the health and safety of our employees, customers and the public. We endeavor to adhere to the most stringent standards across all of our facilities, to encourage pollution prevention and to strive towards continual improvement. We strive to exceed compliance with regulatory standards in order to achieve a standard of excellence in environmental, health and safety management practices as an integral part of our total quality management system.

Employees

As of November 1, 2003, we employed approximately 8,400 individuals worldwide. Our future success depends in large part on the continued service of our key technical and senior management personnel, and on our ability to continue to attract, retain and motivate qualified employees, particularly those highly skilled design, process, test and applications engineers involved in the manufacture of existing products and the development of new products and processes. We believe that relations with our employees are good, however the competition for such personnel is intense, and the loss of key employees could have a material adverse effect on us.

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ITEM 2. PROPERTIES

Our corporate headquarters is located in Norwood, Massachusetts. Manufacturing and other operations are conducted in several locations worldwide. The following tables provide certain information about our principal general offices and manufacturing facilities:

Plant Locations Owned:	Use	Floor Space
Wilmington, MA	Wafer fabrication, testing, engineering, marketing and administrative offices	586,200 sq. ft.
Cavite, Philippines	Wafer probe, components testing, engineering and administrative offices	400,000 sq. ft.
Limerick, Ireland	Wafer fabrication, wafer probe and testing, engineering and administrative offices	375,000 sq. ft.
Westwood, MA	Engineering and administrative offices	100,500 sq. ft.
Greensboro, NC	Components and board assembly and testing, engineering and administrative offices	98,700 sq. ft.
Manila, Philippines	Components assembly and testing, engineering and administrative offices	74,000 sq. ft.

Principal Properties Leased:	Use	Floor Space	Lease Expiration	Renewals
			(fiscal year)	
Norwood, MA	Corporate headquarters, engineering, components testing, sales and marketing offices	135,000 sq. ft.	2007	3, five-yr. periods
Cambridge, MA	Wafer fabrication, components testing and assembly engineering, marketing and administrative offices	117,000 sq. ft.	2006	1, five-yr. period
Sunnyvale, CA	Wafer fabrication	63,100 sq. ft.	2010	1, five-yr. period
Santa Clara, CA	Engineering and administrative offices	43,500 sq. ft.	2007	2, five-yr. periods
Greensboro, NC	Engineering and administrative offices	41,900 sq. ft.	2006	2, one two-yr. period and one three-yr. period
Austin, TX	Engineering and administrative offices	40,000 sq. ft.	2006	1, five-yr. period

In addition to the principal leased properties listed in the previous table, we also lease sales offices and other premises at 25 locations in the United States and 33 locations overseas under operating lease agreements. These leases expire at various dates through the year 2012. We do not anticipate experiencing significant difficulty in retaining occupancy of any of our manufacturing, office or sales facilities through lease renewals prior to expiration or through month-to-month occupancy, or in replacing them with equivalent facilities. For information concerning our obligations under all operating leases see Note 11 in the Notes to our Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K.

ITEM 3. LEGAL PROCEEDINGS

On June 17, 2002, we received a letter from Plasma Physics Corporation attaching a courtesy copy of a complaint it had filed against us in the Eastern District of New York alleging infringement by certain of our products of two patents held by Plasma Physics. In the letter, Plasma Physics indicated that it would like to license the patents to us. The letter further stated that Plasma Physics would forego service of the complaint for a period of 120 days, provided that we would agree to undertake negotiations over terms for licensing the above-referenced patents. We met with Plasma Physics, and those negotiations are ongoing. On October 17, 2002, Plasma Physics served the complaint. We have answered the complaint denying the allegations. The case is proceeding through discovery and the ultimate outcome is unknown.

On October 7, 2002, Townshend Intellectual Property, L.L.C. commenced an action in the United States District Court for the Northern District of California against us, alleging that we infringed eight patents, alleged to be owned by Townshend. Townshend's complaint alleged that our Standalone Embedded Modems and Single Chip Internet Modems infringed those patents. The complaint sought injunctive relief and unspecified damages. By letter dated October 16, 2002, we sought indemnification from Lucent Technologies, Inc.. Lucent has denied that it has any indemnification obligations to us. We filed an answer to the complaint with the court, on or about December 12, 2002, denying infringement and liability. The parties have entered into a settlement agreement, and a stipulation of dismissal with prejudice was entered into on or about October 1, 2003 dismissing all claims with prejudice. This settlement did not have a material impact on our financial position or results of operations.

On March 4, 2003, Motorola, Inc. filed an action in the United States District Court for the Eastern District of Texas against us, alleging that we infringed five patents owned by Motorola relating to semiconductor processing and semiconductor chip design. On March 11, 2003, Motorola filed a first amended complaint asserting the same five patents. The first amended complaint seeks injunctive relief and unspecified damages. On April 17, 2003, we filed a motion under the Federal Rules of Civil Procedure for a more definite statement of Motorola's allegations. Motorola opposed that motion, and, by order dated July 18, 2003, the Court denied our motion. On August 5, 2003, we filed an answer and also counterclaimed against Motorola. In the counterclaim, we asserted that Motorola infringes six of our patents relating to semiconductor technology. Motorola responded to our counterclaims on September 10, 2003. The case is proceeding through discovery and the ultimate outcome is unknown.

On November 6, 2003, Enron Corporation commenced a proceeding in the United States Bankruptcy Court for the Southern District of New York. On December 1, 2003, Enron filed an amended complaint to add us as a defendant in such proceeding. The amended complaint alleges that transfers made by Enron in satisfaction of obligations it had under commercial paper are recoverable as preferential transfers and fraudulent transfers and are subject to avoidance under the United States Bankruptcy Code. It is alleged that payments made in premature satisfaction of obligations under commercial paper totaling approximately $20 million are recoverable from J.P. Morgan Securities, Inc., Fleet Capital Markets, Fleet National Bank and/or us. We sold $20 million of Enron commercial paper to Fleet and did not enter into any direct transactions with Enron. We intend to defend vigorously against these claims. Although we believe we have meritorious defenses to the asserted claims, we are in the process of preparing a response to the amended complaint and are unable at this time to predict the outcome of this proceeding.

We are currently under audit by the United States Internal Revenue Service for fiscal year 2001 and fiscal year 2002. The audit has not been completed and the IRS has not issued a report on its audit.

From time to time as a normal incidence of the nature of our business, various claims, charges and litigation are asserted or commenced against us arising from, or related to, contractual matters, patents, trademarks, personal injury, environmental matters, product liability, insurance coverage and personnel and employment disputes. As to such claims and litigation, including those items discussed above, we can give no assurance that we will prevail. However, we do not believe that these matters will have a material adverse effect on our consolidated financial position, although an adverse outcome of any of these matters could have a material adverse effect on our consolidated results of operations or cash flows in the quarter or annual period in which one or more of these matters are resolved.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of our security holders during the last quarter of the fiscal year ended November 1, 2003.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth (i) the name, age and position of each of our executive officers as of December 15, 2003, and (ii) the business experience of each person named in the table during at least the past five years. There is no family relationship among any of the named executive officers.

Executive Officer	Age	Position(s)	Business Experience
Ray Stata	69	Chairman of the Board	Chairman of the Board since 1973; Chief Executive Officer from 1973 to November 1996; President from 1971 to November 1991.
Jerald G. Fishman	58	President, Chief Executive Officer and Director	Chief Executive Officer since November 1996; President and Director since November 1991; Executive Vice President from 1988 to November 1991; Group Vice President — Components from 1982 to 1988.
Samuel H. Fuller	57	Vice President, Research and Development	Vice President, Research and Development since March 1998; Vice President of Research and Chief Scientist of Digital Equipment Corp. from 1983 to 1998.
William N. Giudice	49	Vice President and General Manager, Micromachined Products	Vice President and General Manager, Micromachined Products since January 2003; President, CEO and Chairman of the Board of Telephotonics from March 2001 to 2003; Vice President and General Manager of Conexant Systems from March 2000 to March 2001; Co-founder, CEO, President, and Chairman of the Board of Maker Communications from 1994 to March 2000.
Tracy S. Keogh	42	Vice President, Human Resources	Vice President, Human Resources since April 2003; Senior Vice President responsible for people-related strategy and operations for Sapient from January 1999 to April 2003; Director of Global Recruiting for Arthur D. Little from 1997 to January 1999.

Executive Officer	Age	Position(s)	Business Experience
Robert R. Marshall	49	Vice President, Worldwide Manufacturing	Vice President, Worldwide Manufacturing since February 1994; Vice President, Manufacturing, Limerick Site, Analog Devices, B.V. — Limerick, Ireland from November 1991 to February 1994; Plant Manager, Analog Devices, B.V. — Limerick, Ireland from January 1991 to November 1991.
William A. Martin	44	Treasurer	Treasurer since March 1993; Assistant Treasurer from October 1991 to March 1993; Manager of Treasury Finance from March 1987 to October 1991; Manager of International Treasury from October 1985 to March 1987.
Robert McAdam	53	Group Vice President, Analog Semiconductor Components	Group Vice President, Analog Semiconductor Components since February 1994; Vice President and General Manager, Analog Devices, B.V. — Limerick, Ireland from January 1991 to February 1994; Product Line Manager, Analog Devices, B.V. — Limerick, Ireland from October 1988 to January 1991.
Brian P. McAloon	53	Group Vice President, DSP and Systems Products Group	Group Vice President, DSP and Systems Products Group since March 2001; Vice President, Sales from May 1992 to March 2001; Vice President, Sales and Marketing — Europe and Southeast Asia from 1990 to 1992; General Manager, Analog Devices, B.V. — Limerick, Ireland from 1987 to 1990.
Joseph E. McDonough	56	Vice President, Finance and Chief Financial Officer	Vice President, Finance and Chief Financial Officer since November 1991; Vice President since 1988 and Treasurer from 1985 to March 1993; Director of Taxes from 1983 to 1985.
Vincent Roche	43	Vice President, Worldwide Sales	Vice President, Worldwide Sales since March 2001; Vice President and General Manager, Silicon Valley Business Units and Computer & Networking from 1999 to March 2001; Product Line Director from 1995 to 1999; Product Marketing Manager from 1988 to 1995.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our common stock is listed on the New York Stock Exchange under the symbol ADI. The table below sets forth the high and low sales prices per share of our common stock on the New York Stock Exchange for each quarterly period within our two most recent fiscal years.

	Fiscal 2003		Fiscal 2002	
Period	**High**	**Low**	**High**	**Low**
First Quarter	$32.60	$22.58	$48.84	$39.90
Second Quarter	$40.40	$22.82	$47.95	$34.25
Third Quarter	$40.33	$32.11	$40.50	$19.70
Fourth Quarter	$45.54	$35.20	$28.39	$17.88

No cash dividends were paid on our common stock in fiscal 2003 or fiscal 2002. On November 17, 2003, our Board of Directors declared a cash dividend of $0.04 per outstanding share of common stock. The dividend was paid on December 17, 2003 to all stockholders of record as at the close of business on November 28, 2003.

The number of holders of record of our common stock at November 28, 2003 was 4,867. This number does not include stockholders for whom shares are held in a "nominee" or "street" name. On November 28, 2003, the last reported sales price of our common stock on the New York Stock Exchange was $49.75 per share.

On December 15, 2002, we issued and delivered an aggregate of 10,000 shares of our common stock to four individuals in partial fulfillment of the payment by us of consideration to the four former stockholders of Integrated Micro Instruments, Inc., which we acquired on December 15, 2000. We issued and delivered these shares in reliance upon an exemption from registration under Section 4(2) of the Securities Act of 1933.

On February 5, 2003, we issued and delivered an aggregate of 27,136 shares of our common stock to three individuals in partial fulfillment of the payment by us of consideration to the three former stockholders of White Mountain DSP, Inc., which we acquired on February 5, 1999. We issued and delivered these shares in reliance upon an exemption from registration under Section 4(2) of the Securities Act of 1933.

On December 15, 2003, we issued and delivered an aggregate of 10,000 shares of our common stock to four individuals in partial fulfillment of the payment by us of consideration to the four former stockholders of Integrated Micro Instruments, Inc., which we acquired on December 15, 2000. We issued and delivered these shares in reliance upon an exemption from registration under Section 4(2) of the Securities Act of 1933.

ITEM 6. SELECTED FINANCIAL DATA

(thousands except per share amounts)	2003	2002	2001	2000	1999
Statement of Operations data:					
Net sales	$2,047,268	$1,707,508	$2,276,915	$2,577,547	$1,450,379
Net income*	298,281	105,299	356,377	607,132	196,819
Net income per share*:					
Basic	0.82	0.29	1.00	1.71	0.58
Diluted	0.78	0.28	0.93	1.59	0.55
Balance Sheet data:					
Total assets	$4,092,877	$4,980,191	$4,884,863	$4,411,337	$2,218,354
Long-term debt and non-current obligations under capital leases	—	1,274,487	1,206,038	1,212,960	16,214

* Acquisition-related goodwill is no longer amortized effective November 3, 2002, in accordance with FAS 142.

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

Results of Operations

Fiscal Year 2003 Overview

Overall, fiscal 2003 was a better year for Analog Devices than we had anticipated at the beginning of the year. We recorded net sales of $2,047 million in fiscal 2003, which was a 20% increase over the amount recorded in fiscal 2002. Fiscal 2002 was the low point in the current cycle in the industry when revenues were down 25% from the levels recorded in fiscal 2001. However, the gradual recovery, which started for us in the second quarter of fiscal 2002, continued throughout fiscal 2003. Our gross margins improved to 54.9% in fiscal 2003 from 53% in fiscal 2002 and diluted earnings per share improved to $0.78 per share in fiscal 2003 from $0.28 per share in fiscal 2002. We generated $433 million in operating cash during the year and finished the year with $2,117 million of cash, cash equivalents and short-term investments after redeeming all of our $1,200 million outstanding debt.

Fiscal 2003 Results of Operations Compared to Fiscal 2002

Sales

Net sales were $2,047 million in fiscal 2003, an increase of 20% from net sales of $1,708 million in fiscal 2002. The increase in net sales in fiscal 2003 was attributable to increased demand for analog and DSP products used in wireless handsets, in desktop and laptop computers and for analog products used in consumer applications such as digital cameras and flat panel displays. Sales of analog and DSP products used in wireless infrastructure and broadband access grew slightly in fiscal 2003 and sales of broadband infrastructure applications decreased in fiscal 2003 from the levels recorded in the prior year. We experienced a slow steady improvement in demand for products used in industrial applications during fiscal 2003, particularly analog products used in automotive and automatic test equipment. In general, demand during fiscal 2003 was strongest for products that are used by consumers while demand for products used in applications that depend on industrial, enterprise or carrier capital spending were flat.

During fiscal 2003 analog product sales increased 16% from the levels recorded in fiscal 2002. DSP product sales increased by 35% from the prior year during fiscal 2003. In fiscal 2003, approximately 78% of our net sales were from analog products, down from 80% in the prior year. DSP product sales represented the remaining 22% and 20% respectively, of our net sales in fiscal 2003 and fiscal 2002.

Sales of new products, which we define as sales of products introduced in the prior six quarters, were 19% of net sales in fiscal 2003 as compared to 21% in fiscal 2002. The year-over-year dollar increase in sales of new products was 8% in fiscal 2003 and was attributable to design wins for some of our communications, consumer and computer products. This increase followed declines of 17% and 33% respectively, in fiscal 2002 and fiscal 2001 as we went through the down-turn of the current cycle in the semiconductor industry.

The percentage of sales by geographic region, based upon point of sale, for the last two years is as follows:

Region	Fiscal 2003	Fiscal 2002
North America	26%	30%
Europe	19%	21%
Japan	18%	17%
Southeast Asia	37%	32%

The fiscal 2003 decrease in North American sales and the increase in Southeast Asia sales as a percentage of total net sales were principally attributable to the ongoing transfer of customer manufacturing activity to Asia. Sales in dollars increased in fiscal 2003 by 38% and 29% in Southeast Asia and Japan, respectively, as a result of increased demand for products used in communications, consumer and computer applications as well as the ongoing transfer of manufacturing activity to locations primarily in Asia. Sales in dollars in fiscal 2003 increased by 12% in Europe as a result of the steady improvement in demand for our products during the year. The slight increase in North America sales in dollars was attributable to increased regional demand for our products that was largely offset by the transfer of customer manufacturing activity to locations in Asia.

Gross Margin

Gross margin improved in fiscal 2003 to $1,124 million, or 54.9% of net sales, up 190 basis points from fiscal 2002 gross margin of $905 million, or 53% of net sales. This improvement was primarily the result of spreading fixed manufacturing costs over an increasing sales level each quarter and, to a lesser extent, the impact of restructuring actions we took over the last two years and continued cost constraints at our manufacturing operations.

Research and Development

Research and development, or R&D, expenses amounted to $450 million in fiscal 2003, an increase of $26 million or 6% from the $424 million recorded in fiscal 2002. R&D expenses declined as a percentage of net sales to 22% in fiscal 2003 from 24.8% in fiscal 2002 as a result of the 20% year-to-year increase in revenue and only a 6% year-to-year increase in R&D expenses. The year-to-year increase in R&D expenses was limited to 6% as a result of acquisition-related expenses declining year-to-year by $5.6 million and the company limiting discretionary expenses including salary increases for higher paid employees and curtailing hiring to strategically important new hires and college hires. The reduction in acquisition-related expenses to $8.2 million in fiscal 2003 from $13.8 million in fiscal 2002 arose primarily because fiscal 2002 costs included expense related to fixed-value contingent compensation and the achievement of final performance-based criteria that did not recur in fiscal 2003.

R&D expense as a percentage of net sales will fluctuate from year-to-year depending on the amount of net sales and the success of new product development efforts, which we view as critical for future growth. At any point in time we have hundreds of R&D projects underway, and we believe that none of these projects is material on an individual basis. We expect to continue the development of innovative technologies and processes for new products and we believe that a continued commitment to R&D is essential in order to maintain product leadership with our existing products and to provide innovative new product offerings, and therefore, we expect to continue to make significant R&D investments in the future.

Selling, Marketing, General and Administrative

Selling, marketing, general and administrative, or SMG&A, expenses were $288 million in fiscal 2003, an increase of $31 million, or 12%, from the $257 million recorded in fiscal 2002. As a percentage of net sales, SMG&A declined to 14% for fiscal 2003 from 15% in fiscal 2002 primarily due to the increase in net sales. The increase in SMG&A expenses in dollars was primarily the result of increased commission expenses paid due to the 20% year-to-year increase in net sales, the decision to add additional field application engineers to assist customers and potential customers design products that incorporate ADI technology to address their specific requirements, as well as initiatives to publicize new products. These increases were offset by limiting discretionary expenses including salary increases for higher paid employees.

Amortization of Intangibles

Amortization of intangibles was $3 million for fiscal 2003 compared with $57 million for fiscal 2002. The decrease in amortization expense was the result of our fiscal 2003 adoption of Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets.”

Special Charges

During fiscal 2003, we recorded special charges of $9.5 million, and during fiscal 2002 we recorded special charges totaling $48.5 million. Special charges recorded over the last three fiscal years are more fully described under the heading “Special Charges” below.

Operating Income

Our operating income was $374 million, or 18.3% of net sales, in fiscal 2003, compared to $118 million, or 6.9% of net sales, in fiscal 2002.

Nonoperating Income and Expense

Interest expense was $32 million in fiscal 2003 compared to $44 million in fiscal 2002. Fiscal 2002 includes interest expense for 12 months and fiscal 2003 includes interest expense for only 11 months because we redeemed our 4.75% Convertible Subordinated Notes, or notes, on October 1, 2003. In addition, an interest rate swap agreement we entered into in January 2002 had the effect of swapping the 4.75% fixed rate of our notes into a LIBOR-based floating rate which was 1.61% as of November 6, 2002 and was 1.14% at the time we redeemed our notes on October 1, 2003. These two items resulted in the year-to-year decline in interest expense. Interest income was $41 million in fiscal 2003 compared to $65 million in fiscal 2002. The year-to-year decrease in interest income was attributable to less income earned on our invested cash balances due to the decline in interest rates during fiscal 2003 as a result of actions taken by the Federal Reserve Board and our decision to increase our holdings of higher credit quality yet lower interest-bearing investments.

Provision for Income Taxes

Our effective income tax rate decreased to 22% for fiscal 2003 as compared to 25% for fiscal 2002. The decrease was primarily the result of the discontinuance of goodwill amortization in the first quarter of fiscal 2003 as a result of our adoption of Financial Accounting Standards Board Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." Goodwill was treated as a permanent difference in prior years' tax provisions which had the effect of increasing our effective income tax rate.

Net Income

Fiscal 2003 net income was $298 million, or 14.6% of net sales, and diluted earnings per share was $0.78 compared to net income in fiscal 2002 of $105 million, or 6.2% of net sales, and diluted earnings per share of $0.28. The fiscal 2003 increase in net income from fiscal 2002 was primarily due to increased revenue levels and, to a lesser extent, the cessation of goodwill amortization and reduced expenses related to special charges.

The impact of inflation on our business during the past three fiscal years has not been significant.

Related Party Transactions

One of our directors, who has been a director since 1988, became a director of Taiwan Semiconductor Manufacturing Company, or TSMC, in fiscal 2002. We purchased approximately $232 million and $206 million of products from TSMC in fiscal 2003 and 2002, respectively. We believe that the terms and prices for the purchases of these products are at terms no less favorable than those obtained from unaffiliated parties. Approximately $14 million and $19 million was payable to TSMC as of November 1, 2003 and November 2, 2002, respectively. We anticipate that we will make similar purchases from TSMC in fiscal year 2004.

Liquidity and Capital Resources

Fiscal 2003 net cash flow provided by operations was $433 million, or 21% of net sales, an increase of $207 million over the prior year. The year-over-year increase was primarily due to an increase in net income of $193 million. In addition, we received $71 million in proceeds from our various employee stock programs. These cash inflows were offset by a net payment of $1,198 million related to the redemption of all of our outstanding notes together with the associated redemption premium and the termination of the related interest rate swap and loan agreement and capital expenditures of $68 million. Cash, cash equivalents and short-term investments decreased $781 million during fiscal 2003 to $2,117 million at November 1, 2003 from $2,898 million at November 2, 2002 primarily as a result of these activities.

Accounts receivable of $295 million at the end of fiscal 2003 increased $67 million, or 29%, from $228 million at the end of fiscal 2002. This increase resulted principally from a $102 million increase in net sales during the fourth quarter of fiscal 2003 as compared to the fourth quarter of fiscal 2002. Days sales outstanding increased from 46 days at the end of the fourth quarter of fiscal 2002 to 48 days at the end of the fourth quarter of fiscal 2003. The year-to-year increase in days sales outstanding was due to a higher level of sales in the latter part of the fourth quarter of fiscal 2003 as compared to the fourth quarter of fiscal 2002.

Inventories declined by $19 million, or 6%, from the end of fiscal 2002 to $288 million at the end of fiscal 2003. Days cost of sales in inventory declined by 29 days to 106 days as of the end of the fourth quarter of fiscal 2003. The decrease in inventory in dollars was attributable to tight control of inventory levels as well as increasing demand for our products as the year progressed.

In response to the slowdown in our served markets in fiscal 2001 and 2002, we have substantially reduced our capital spending in the last two years. Net additions to property, plant and equipment were $68 million in fiscal 2003 and $57 million in fiscal 2002, which represented approximately 3% of net sales for each of those years. Fiscal 2004 capital expenditures are expected to return to historical levels of 5% of annual net sales, or approximately $130 million.

In the fourth quarter of fiscal 2003, we redeemed for cash all of our outstanding notes. The redemption price was 101.90% of the principal amount of the notes, or $1,223 million. A net pre-tax loss of $0.2 million was recognized in other expense as a result of the redemption, comprised of a $10.8 million gain on the redemption of the notes which was offset by a write-off of $11 million of deferred financing costs. The gain on the redemption of the notes was due to the carrying value of the notes being greater than the redemption value as a result of the mark-to-market of the interest rate component of the notes to fair value. As a result, apart from operating lease obligations, we had no debt at the end of fiscal year 2003.

On November 17, 2003, our Board of Directors declared a cash dividend of $0.04 per outstanding share of common stock. The dividend was paid on December 17, 2003 and was approximately $15 million. The payment of future dividends will be based on our quarterly financial performance.

The table below summarizes our contractual obligations as of November 1, 2003:

			Payment due by period		
(thousands)	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Contractual obligations:					
Operating leases	$51,448	$15,322	$22,809	$8,953	$4,364

At November 1, 2003, our principal source of liquidity was $2,117 million of cash and cash equivalents and short-term investments. We believe that our existing sources of liquidity and cash expected to be generated from future operations, together with anticipated available long-term financing, will be sufficient to fund operations, capital expenditures and research and development efforts for at least the next twelve months and thereafter for the foreseeable future.

Outlook

Analog Devices is in a strong financial position entering fiscal 2004. We are planning for annual revenue growth of approximately 25%, with gross margins continuing to improve through the year. Similar to fiscal 2003, we anticipate that our operating expenses will grow at a rate well below our revenue growth rate. Our goal remains to increase our earnings at a rate that is twice the growth rate of our sales until we reach our model operating results. We currently plan to make capital expenditures of approximately $130 million in fiscal 2004. Depreciation expense is expected to decrease to $155 million in fiscal 2004 from $166 million in fiscal 2003. We anticipate that our effective tax rate will remain relatively flat year-to-year at approximately 22%.

As a result of increased demand for our products during the fourth quarter of fiscal 2003, we are planning for revenues to increase 5% from the fourth quarter of fiscal 2003 to the first quarter of fiscal 2004 and for diluted earnings per share to be in the range of $0.27 to $0.28 in the first quarter of fiscal 2004.

Fiscal 2002 Results of Operations Compared to Fiscal 2001

Fiscal 2002 was a challenging year for Analog Devices. The decrease in net sales from fiscal 2001 to fiscal 2002 was due to the declining demand in several markets that we serve, particularly the communications market, as well as an overall decline in the general economy. Quarterly sales reached $806 million in the fourth quarter of fiscal 2000 but declined rapidly throughout fiscal 2001 and reached the lowest point in this cycle in the first quarter of fiscal 2002, for which quarter we recorded sales of $393 million. In the last three quarters of fiscal 2002, we experienced a steady sequential improvement in demand and sales reached $456 million in the fourth quarter. During this downturn, we maintained gross margins at 53% in fiscal 2002 and, as a result of decisive cost containment measures we undertook, we reduced operating expenses year-to-year by 9%. Cash flow remained strong with cash increasing by over $100 million during fiscal 2002 to $2,900 million after we purchased $100 million of our common stock.

Profit and loss account year-to-year changes are summarized as follows:

- Net sales were $1,708 million, down 25% from $2,277 million in fiscal 2001 as a result of the cyclical downturn in the semiconductor market. The percentage of sales by geographic region, based upon point of sale, for fiscal years 2002 and 2001 is set out below. The decline in North American sales and increase in Southeast Asia sales as a percentage of total sales was primarily due to a decline in the communications market in fiscal 2002 combined with the transfer of customer manufacturing activity to other locations, primarily in Asia.

Region	Fiscal 2002	Fiscal 2001
North America	30%	39%
Europe	21%	24%
Japan	17%	15%
Southeast Asia	32%	22%

- Cost of sales was $803 million in fiscal 2002, down from $1,008 million in fiscal 2001. In the second quarter of fiscal 2002, we announced that we would transition products from our older four-inch wafer fabrication facilities to our six-inch and eight-inch wafer fabrication facilities that were then operating well below capacity. As a result, the remaining service lives of certain assets within our wafer fabrication facilities were shortened. Depreciation expense included in cost of sales included additional depreciation of approximately $8.7 million in fiscal 2002 associated with the shortened lives of some equipment in our older four-inch wafer fabrication facilities.

- Gross margin in fiscal 2002 was $905 million, or 53% of net sales, down from $1,269 million, or 55.7% of net sales, in the prior year. The reduction was primarily due to the year-to-year decrease in revenue and lower utilization of our internal manufacturing facilities.

- R&D expenses declined from $465 million in fiscal 2001 to $424 million in fiscal 2002. The decline was primarily the result of the elimination of bonuses and the temporary reduction of salaries for our more highly compensated employees partially offset by an increase in acquisition-related expenses and selective hiring of engineers. R&D expenses increased from 20.4% of net sales in fiscal 2001 to 24.8% of net sales in fiscal 2002 primarily as a result of the 25% decline in sales year-to-year.

- SMG&A expenses declined by $30 million to $257 million in fiscal 2002, from the $287 million recorded in fiscal 2001. The decline year-to-year was due to the elimination of bonuses, the temporary reduction in salaries for our highly compensated employees and tight control over all discretionary expenses. These reductions were offset by our decision to increase our field applications engineers in order to help our customers design in our newest products. SMG&A expenses increased from 12.6% of net sales in fiscal 2001 to 15% of net sales in fiscal 2002 primarily as a result of the reduced sales levels.

- Amortization of intangibles was $57 million in fiscal 2002, up from $53 million recorded in fiscal 2001. The increase in amortization expense in fiscal 2002 was primarily due to amortization of goodwill for the full year associated with acquisitions completed in fiscal 2001 where amortization commenced during fiscal 2001.

- Special charges recorded in fiscal 2002 and 2001 were $48 million and $47 million, respectively. Special charges recorded over the last three fiscal years are more fully described under the heading "Special Charges" below.

- Operating income was $118 million, or 6.9% of net sales, in fiscal 2002, compared to $408 million, or 17.9% of net sales, in fiscal 2001.

- Nonoperating Income and Expense

  - Interest expense was $44 million and $62 million in fiscal 2002 and 2001, respectively. The decrease year-to-year was the result of an interest rate swap agreement entered into in January 2002 that had the effect of swapping the 4.75% fixed rate of our $1,200 million convertible subordinated notes into a LIBOR-based floating rate (1.61% as of November 6, 2002).

  - Interest income declined from $133 million in fiscal 2001 to $65 million in fiscal 2002 as a result of less income earned on our invested cash balances due to a decline in interest rates during fiscal 2002.

  - Other income declined approximately $28 million from fiscal 2001 to fiscal 2002 due to a one-time gain on the sale of an investment in WaferTech recorded in the first quarter of fiscal 2001.

- Our effective income tax rate decreased from 29.7% for fiscal 2001 to 25% for fiscal 2002 as a result of a shift in the mix of worldwide profits.

- Net income decreased to $105 million, or 6.2% of net sales, in fiscal 2002 from $356 million, or 15.7% of net sales, in fiscal 2001. This decrease in net income was primarily due to reduced revenue levels.

Liquidity and Capital Resource changes year-to-year are summarized as follows:

- Cash, cash equivalents and short term investments amounted to $2,898 million at November 2, 2002, up $105 million from $2,793 million at November 3, 2001. The increase of $105 million was the result of operating cash inflows of $226 million (13% of fiscal 2002 net sales) and $37 million of proceeds from employee stock plans, offset by a $98 million repurchase of shares of our common stock and $57 million of capital expenditures.

- Accounts receivable increased by $10 million to $228 million from $218 million at the end of fiscal 2001, as a result of a $32 million increase in fourth quarter sales year-to-year. Days sales outstanding remained flat at 46 days for both fiscal year end 2001 and 2002.

- Inventory increased by $60 million, or 24%, to $306 million at the end of fiscal 2002. The inventory increase was primarily the result of a build in die bank inventory in preparation for the transfer of production from our four-inch wafer fabrication facilities to our six- and eight-inch wafer fabrication facilities and the purchase of external wafers in support of expected demand in our handset and consumer analog business.

- We acquired five companies during fiscal 2001, as more fully described below under the heading "Acquisitions." Total cash used to purchase these companies was approximately $38.5 million in 2001 and another $5.2 million was paid in fiscal 2002 as certain operational objectives were achieved, and these additional payments were accounted for as additional goodwill.

- Net additions to property, plant and equipment were $57 million in fiscal 2002, down from $297 million in fiscal 2001. The sharp year-to-year reduction in capital spending was in response to the cyclical downturn in the semiconductor industry worldwide.

Special Charges

Special Charges — Fiscal 2003

During the third quarter of fiscal 2003, we recorded a special charge of $0.3 million. The charge included a $2.0 million write-down of equipment to fair value due to a decision to outsource the assembly of products in plastic packages, which had been done internally at our facility in the Philippines. This amount was the net book value of the assets used in plastic assembly, net of proceeds received from the sale in the third quarter of a portion of the assets. We also decided to abandon efforts to develop a particular expertise in optical communications that resulted in the write-down of $2.7 million of equipment to fair value. During the quarter ended August 2, 2003, we determined that the costs remaining to be paid for certain restructuring charges would be less than the amount originally recorded. Accordingly, we recorded a change in estimate reducing the restructuring accruals by $4.4 million related to prior restructuring charges as more fully described below.

During the fourth quarter of fiscal 2003, we recorded a special charge of $9.2 million as a result of a decision to close a small manufacturing facility in Belfast, Northern Ireland that supplied foundry substrate services for optical applications. The charge included $2 million of severance costs for approximately 57 manufacturing employees and 14 engineering and administrative employees, none of whom had been terminated as of November 1, 2003. The charge also included $6 million related to the write-down of property, plant and equipment to fair value and $1.2 million related to the write-down of various other assets to fair values. The closure is anticipated to be completed during the first half of fiscal 2004. We anticipate annual savings from the above actions of approximately $7 million, of which half is in cost of sales and half is in operating expenses.

Of the $9.5 million of special charges recorded in fiscal 2003, $2 million related to separation costs remained accrued as of November 1, 2003. All remaining severance will be paid in the first half of fiscal 2004.

Special Charges — Fiscal 2002

During the second quarter of fiscal 2002, we recorded special charges of approximately $27.2 million. The second quarter charge was comprised of $25.7 million related to the planned transfer of production from our three older four-inch wafer fabrication facilities to our three six-inch and one eight-inch wafer fabrication facilities, and $3 million primarily related to the impairment of an investment, which was partially offset by an adjustment of $1.5 million related to equipment cancelation fees recorded in fiscal year 2001. The investment impairment, which was related to an equity investment in a private company, was due to our decision to abandon the product strategy for which the investment was made. Included in the $25.7 million special charge were severance and fringe benefit costs of $15.3 million for 509 manufacturing employees in the United States and Ireland, $2.3 million related to the write-down of equipment to be abandoned and $8.1 million of other charges, primarily related to lease termination and cleanup costs. The write-down of equipment was principally due to a decision to discontinue various product development strategies. In the third quarter of fiscal 2003, we reversed $2.9 million of the accrual primarily due to lower than previously expected severance costs. The lower severance costs were the result of a reduction in the number of separated employees and, to a lesser extent, the average tenure of separated employees differing from estimates. The 509 employees projected to be terminated at the time of the original charge was adjusted down to 439, and as of November 1, 2003, 397 employees had been terminated. The reduction in the number of employees to be terminated was due to the transfer of employees, which primarily occurred in the third quarter of fiscal 2003, to positions in our six-inch wafer fabrication facilities where we experienced an unexpected increase in demand for our products. The process of ceasing production in the four-inch wafer fabrication facilities is complete. The equipment disposition and clean-up activity is underway at each site and the related clean-up costs, which were included in the special charge, will be expended as this activity is completed. The remaining clean-up will be substantially complete by the end of the second quarter of fiscal 2004. Since severance costs are paid as income continuance at some locations, these amounts will be expended over time subsequent to the final termination of employment. We anticipate annual savings from the above actions of approximately $60 million, primarily in cost of sales, and the first full year's impact will be fiscal 2004.

In addition to the above special charges, the remaining service lives of certain assets within the older four-inch wafer fabrication facilities were shortened. As a result, cost of sales for the fiscal year 2002 included additional depreciation of approximately $8.7 million associated with the shortened lives.

During the third quarter of fiscal 2002, we recorded special charges of approximately $12.8 million. The charges included severance and fringe benefit costs of $3.7 million related to cost reduction actions taken in several product groups and, to a lesser extent, in manufacturing, $3.8 million related to the impairment of an investment, $3.4 million related to the impairment of goodwill associated with the closing of an Austrian design center acquired in fiscal 2001 and $1.9 million primarily related to the abandonment of equipment and lease cancelation fees. The investment impairment, which was related to an equity investment in a private company, was due to our decision to abandon the product strategy for which the investment was made. The severance and fringe benefit costs were for approximately 70 engineering employees in the United States, Europe and Canada, and approximately 30 manufacturing employees in the United States. All of the manufacturing employees and substantially all of the engineering employees had been terminated as of November 1, 2003. The workforce reductions are anticipated to result in annual savings of approximately $10 million, primarily in operating expenses.

During the fourth quarter of fiscal 2002, we recorded special charges of approximately $8.4 million. The charges included severance and fringe benefit costs of $2.5 million related to cost reduction actions taken in the sales group, several product groups and our manufacturing test operations for approximately 65 employees in the United States and Europe, all of which had been terminated as of November 1, 2003. The charges also included $2.1 million related to the impairment of investments, $1.8 million primarily related to the abandonment of equipment and lease cancelation fees and a change in estimate of $2.0 million for additional estimated clean-up costs originally recorded in the second quarter of fiscal 2002. The investment impairment charges were related to the decline in fair value of a publicly traded equity investment to less than its cost basis that was determined to be other-than-temporary, and to an equity investment in a private company. The private company equity investment was part of a product strategy that we decided to abandon. The workforce reductions are anticipated to result in annual savings of approximately $4 million, primarily in operating expenses.

Of the $48.5 million of special charges recorded in fiscal 2002, $3.2 million primarily related to clean-up costs and $4.7 million related to separation costs, primarily being paid as income continuance, remained accrued as of November 1, 2003.

Special Charges — Fiscal 2001

During fiscal 2001, we recorded special charges of approximately $47 million related to cost reduction actions taken in response to the economic climate at that time. The actions consisted of workforce reductions in manufacturing and, to a lesser extent, in selling, marketing and administrative areas as well as a decision to consolidate worldwide manufacturing operations and rationalize production planning and quality activities. The cost reductions included severance and fringe benefit costs of $29.6 million for approximately 1,200 employees in the U.S., Europe, Asia and the Philippines, substantially all of which had been terminated as of November 1, 2003. The special charges also included $11.6 million related to the abandonment of equipment resulting from the consolidation of worldwide manufacturing operations and $5.8 million of other charges primarily related to equipment and lease cancelation fees. Based on the results of negotiations with vendors regarding purchase order cancelation fees, the amount paid was $1.5 million less than the amount recorded for such charges and, accordingly, we adjusted the provision for purchase order cancelation fees by $1.5 million in the second quarter of fiscal 2002 to reflect this change in estimate. In the third quarter of fiscal 2003, we determined that the severance costs remaining to be paid would be $1.3 million less than the amount originally recorded for these charges and also determined that $0.2 million originally reserved for the termination of two leases would not be required. Therefore, we adjusted the provision for these severance and other costs in the third quarter of fiscal 2003 to reflect this change in estimate. The impact in fiscal 2002 of these cost savings was approximately $30 million, consisting of a $20 million reduction in cost of sales and a $10 million reduction in operating expenses.

Of the $47.0 million of special charges recorded in fiscal 2001, $1.4 million remained accrued as of November 1, 2003, and primarily represents severance payments being paid as income continuance to certain of the 1,200 terminated employees, predominantly in the U.S., substantially all of which will be paid by the end of fiscal 2004.

Acquisitions

During the first quarter of fiscal 2001, we completed the following acquisitions:

- In the first quarter of fiscal 2001, we completed the acquisitions of Thomas Neuroth AG, Signal Processing Associates Pty. Ltd. and Integrated Micro Instruments, Inc. The total amount paid for these acquisitions, as of November 1, 2003, was $10.2 million. As of November 1, 2003, the remaining contingent consideration was $1.1 million. In order to be entitled to receive the contingent consideration, the former shareholders of Integrated Micro Instruments, Inc., who are employed by Analog, must continue to be employed by Analog. As such, the contingent consideration will be recorded as compensation expense.

- On January 4, 2001, we acquired ChipLogic, Inc. of Santa Clara, California. ChipLogic is a developer of high-performance integrated circuits and software focused on the convergence of voice, broadband access and network protocol processing. The total purchase price of $68.3 million consisted of cash of approximately $4 million, approximately 1 million shares of our common stock valued at $60.2 million and the assumption of $4.1 million of outstanding ChipLogic vested stock options. The fair value of our common stock issued was determined based on the average market price of our common stock for the seven-day period, including three days before and after the date the acquisition was announced and the terms of the acquisition were agreed upon. Approximately $9.5 million represented the purchase price of in-process technology and was charged to operations during fiscal 2001 because the software project had not yet reached technological feasibility and had no alternative future use. The in-process technology related to software developed to handle voice processing, signaling, packet management and routing, quality of service and networking interface functions. This software is embedded in a network processor that provides for a wide area to local area network bridge. The fair value of the in-process technology was determined by a third party using the income forecast method, which is a discounted net cash flow approach. At the time of the acquisition, the in-process technology was approximately 40% complete. The in-process technology was completed in the second quarter of fiscal 2002. Expenditures to complete the in-process technology totaled $14 million, representing primarily personnel costs. An additional $8 million of cash consideration and 489,375 shares of common stock were due and payable in the event that the former shareholders and key employees remain employed at Analog and upon the achievement of certain operational objectives. Of these shares, 249,375 shares have been issued to the former shareholders and have a fixed value of $13 million. This amount is being charged ratably to operations over a five-year period based on continuing employment. Accordingly, the issuance of these shares is compensatory and is treated as compensation expense over the service period. The remaining 240,000 shares were subject to operational performance-based criteria and were only issuable to those former shareholders and key employees who remained employed at Analog at the time the operational milestones were met. Accordingly, the issuance of these shares was compensatory and was recorded as compensation expense when the achievement of each defined contractual milestone became probable. As of November 2, 2002, all of the operational milestones had been met and approximately $5.0 million and $4.2 million of expense was recorded related to the issuance of the shares in fiscal 2002 and 2001, respectively. As of November 1, 2003, there was approximately $4.9 million of contingent consideration remaining to be paid. An additional $2.8 million of compensation expense is being recorded annually through fiscal 2005 related to the assumption of unvested stock options.

- On January 16, 2001, we acquired Staccato Systems, Inc. of Mountain View, California. Staccato is in the field of audio synthesis technology. The total purchase price of $23.8 million consisted of $23 million in cash and the assumption of $0.8 million of vested outstanding Staccato stock options. We paid an additional $7 million to the selling shareholders related to the achievement of operational objectives. These payments were accounted for as additional purchase price and recorded to goodwill because the payments were not contingent on continued employment by the former shareholders of Staccato who became Analog employees. We paid contingent consideration payments to the former shareholders of $5 million and $2 million in fiscal 2002 and 2001, respectively. No additional contingent consideration payments will be made. An additional $0.2 million of compensation expense is being recorded annually through fiscal 2005 related to the assumption of unvested stock options.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141 (FAS 141), "Business Combinations," and No. 142 (FAS 142), "Goodwill and Other Intangible Assets." FAS 141 requires that all business combinations initiated after June 30, 2001 be accounted for using the purchase method of accounting. FAS 142, which became effective for our company in fiscal year 2003, prohibits the amortization of goodwill and intangible assets with indefinite useful lives. FAS 142 requires that these assets be reviewed for impairment at least annually, or more frequently if impairment indicators arise. Other intangible assets with finite lives will continue to be amortized over their estimated useful lives and assessed for impairment under FAS 144. We test goodwill for impairment using the two-step process prescribed by FAS 142. The first step is a screen for potential impairment, while the second step measures the amount of the impairment, if any. In the first step, if the fair value of the reporting unit(s) exceed(s) the carrying value, no impairment loss is recognized. If the carrying value of the reporting unit(s) exceed(s) the fair value, goodwill is potentially impaired and we must complete step two in order to measure the impairment loss. Step two compares the implied fair value of the goodwill with the carrying amount of that goodwill. If the carrying amount of goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. We adopted FAS 142 in the first quarter of fiscal 2003. Application of the nonamortization provisions of FAS 142 resulted in an increase in annual net income of $44 million in fiscal 2003. We completed the required impairment test of goodwill upon adoption of FAS 142 as of November 3, 2002 in the second quarter of fiscal 2003. The results of the impairment review indicated that there was no impairment of goodwill. We also performed the annual impairment test as of the beginning of the fourth quarter of fiscal 2003 and the results indicated that there was no impairment of goodwill. See further discussion under Note 2f. "Goodwill and Other Acquisition-related Intangibles."

Effective November 3, 2002, we adopted Statement of Financial Accounting Standards No. 143 (FAS 143), "Accounting for Asset Retirement Obligations," which addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The adoption of FAS 143 did not have a material effect on our financial position or results of operations.

Effective November 3, 2002, we adopted Statement of Financial Accounting Standards No. 144 (FAS 144), "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses the financial accounting and reporting for the impairment of long-lived assets. This statement supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and the accounting and reporting provisions for the disposal of a segment of a business of APB Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." The adoption of FAS 144 did not have a material effect on our financial position or results of operations.

Effective November 3, 2002, we adopted Statement of Financial Accounting Standards No. 145 (FAS 145), "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." Under FAS 145, gains and losses on extinguishments of debt are classified as income or loss from continuing operations rather than extraordinary items. The adoption of FAS 145 did not have a material impact on our financial position or results of operations.

In July 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146 (FAS 146), "Accounting for Costs Associated with Exit or Disposal Activities." The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Costs covered by FAS 146 include lease termination costs and certain one-time employee severance costs that are associated with a restructuring, plant closing, or other exit or disposal activity. This statement is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. FAS 146 may affect the timing of recognizing future exit or disposal costs, if any, as well as the amounts recognized.

Effective November 3, 2002, we adopted Statement of Financial Accounting Standards No. 148 (FAS 148), "Accounting for Stock-Based Compensation — Transitions and Disclosure." FAS 148 amends FAS 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition to FAS 123's fair value method of accounting for stock-based employee compensation. FAS 148 also amends the disclosure provisions of FAS 123 and APB Opinion No. 28, "Interim Financial Reporting," to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. While FAS 148 does not amend FAS 123 to require companies to account for employee stock options using the fair value method, the disclosure provisions of FAS 148 are applicable to all companies with stock-based employee compensation, regardless of whether they account for stock-based compensation using the fair value method of FAS 123 or the intrinsic value method of Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees," and related interpretations. We have adopted the disclosure requirements of FAS 148 and will continue to account for stock-based compensation plans in accordance with APB 25.

In April 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 149 (FAS 149), "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under FAS 133. FAS 149 is effective for contracts entered into or modified after June 30, 2003. The adoption of FAS 149 did not have a material effect on our financial position or results of operations.

In May 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 150 (FAS 150), "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". FAS 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) because that financial instrument embodies an obligation of the issuer. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of FAS 150 did not have a material effect on our financial position or results of operations.

In November 2002, the Financial Accounting Standards Board issued Financial Accounting Standards Board Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires that upon issuance of a guarantee, the guarantor must disclose and recognize a liability for the fair value of the obligation it assumes under that guarantee. The initial recognition and measurement requirement of FIN 45 is effective for guarantees issued or modified after December 31, 2002. As of November 1, 2003, the fair value of our guarantees that were issued or modified after December 31, 2002 was not material. The disclosure requirements of FIN 45, which are effective for interim and annual periods ending after December 15, 2002. Under the terms of the lease agreement, which was entered into prior to January 1, 2003, related to our headquarters facility in Norwood, Massachusetts, we have agreed to assume the note related to the property in the event of default by the lessor. Assumption of the note, which was approximately $8.8 million at November 1, 2003, would entitle us to a first lien on the property. The lease expires in May 2007. The guarantee was made by us to allow the lessor to obtain a lower cost of borrowing. We have also provided certain indemnities under which we may be required to make payments to an indemnified party in connection with certain transactions and agreements, in particular with respect to certain acquisitions and divestitures, we have provided customary indemnities for such matters as environmental, tax, product and employee liabilities. In addition, in connection with various other agreements, including subsidiary banking agreements, we may provide routine guarantees. Generally, because a maximum obligation is not explicitly stated, the potential amount of future maximum payments cannot be reasonably estimated, and therefore, we have not recorded any liability for these indemnities in the consolidated financial statements. The duration of the indemnities varies, and in many cases is indefinite.

In January 2003, the Financial Accounting Standards Board issued Financial Accounting Standards Board Interpretation No. 46 (FIN 46), “Consolidation of Variable Interest Entities.” FIN 46 requires that if an entity has a controlling financial interest in a variable interest entity, the assets, liabilities and results of activities of the variable interest entity should be included in the consolidated financial statements of the entity. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after December 15, 2003. We are required to adopt the provisions of FIN 46 in the second quarter of fiscal 2004 and do not expect the adoption to have a material impact on our financial position or results of operations.

Critical Accounting Policies and Estimates

Management’s discussion and analysis of the financial condition and results of operations is based upon the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience, knowledge of current conditions and beliefs of what could occur in the future given available information. We consider the following accounting policies to be both those most important to the portrayal of our financial condition and those that require the most subjective judgment. If actual results differ significantly from management’s estimates and projections, there could be a material effect on our financial statements.

Inventory Valuation

Inventories are valued at the lower of cost (first-in, first-out method) or market. Because of the cyclical nature of the semiconductor industry, changes in inventory levels, obsolescence of technology, and product life cycles, we write down inventories to net realizable value. We employ a variety of consistent methodologies to determine the amount of inventory reserves necessary. While a portion of the reserve is determined via reference to the age of inventory and lower of cost or market calculations, an element of the reserve is subject to significant judgments by us about future demand for our inventory. Additionally, we have built inventory in preparation for the transfer of production from our four-inch wafer fabrication facilities to our six- and eight-inch wafer fabrication facilities for both lifetime supply and transition inventory. We have recorded certain levels of reserves related to these inventory builds. Although we believe that we have used our best efforts and available information to estimate future demand, due to the uncertain economic times and the difficulty inherent in predicting future results, it is possible that actual demand for our products will differ from our estimates. If actual demand for our products is less than our estimates, additional reserves for existing inventories may need to be recorded in future periods.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts, when appropriate, for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, our actual losses may exceed our estimates, and additional allowances would be required.

Long-Lived Assets and Goodwill

We review property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amount to future undiscounted cash flows the assets are expected to generate over their remaining economic life. If such assets are considered to be impaired, the impairment to be recognized in earnings equals the amount by which the carrying value of the assets exceeds their fair market value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique. Although we have recognized no material impairment adjustments related to our property, plant, and equipment during the past three fiscal years, except those made in conjunction with restructuring actions, deterioration in our business in the future could lead to such impairment adjustments in future periods. Evaluation of impairment of long-lived assets requires estimates of future operating results that are used in the preparation of the expected future undiscounted cash flows. Actual future operating results and the remaining economic lives of our long-lived assets could differ from the estimates used in assessing the recoverability of these assets. These differences could result in impairment charges, which could have a material adverse impact on our results of operations.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, or FAS 142, “Goodwill and Other Intangible Assets.” In the first quarter of fiscal 2003, we adopted the new rules of FAS 142 for measuring and assessing goodwill for impairment. As required by FAS 142, all remaining and future acquired goodwill is subject to annual impairment tests, or earlier if indicators of potential impairment exist. The estimates and assumptions described above along with other factors such as discount rates will affect the amount of an impairment loss, if any, we recognize under FAS 142. We are required to test goodwill for impairment, which may result in impairment losses that could have a material adverse impact on our results of operations.

Accounting for Income Taxes

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, or FAS 109, “Accounting for Income Taxes,” which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. FAS 109 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. We evaluate the realizability of our deferred tax assets quarterly. At November 1, 2003, we had deferred tax assets of $144 million primarily resulting from temporary differences between the book and tax bases of assets and liabilities. While these assets are not assured of realization, we have conducted an assessment of the likelihood of realization and concluded that no significant valuation allowance is required. In reaching our conclusion, we evaluated certain relevant criteria including the existence of deferred tax liabilities that can be used to absorb deferred tax assets, the taxable income in prior carryback years that can be used to absorb net operating losses and taxable income in future years. Our judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors. These changes, if any, may require material adjustments to these deferred tax assets, resulting in a reduction in net income or an increase in net loss in the period when such determinations are made.

In addition, we have provided for potential liabilities due in various foreign jurisdictions. Judgment is required in determining our worldwide income tax expense provision. In the ordinary course of global business, there are many transactions and calculations where the ultimate tax outcome is uncertain. Some of these uncertainties arise as a consequence of cost reimbursement arrangements among related entities. Although we believe our estimates are reasonable, no assurance can be given that the final tax outcome of these matters will not be different than that which is reflected in our historical income tax provisions and accruals. Such differences could have a material impact on our income tax provision and operating results in the period in which such determination is made.

Contingencies

From time to time, we receive notices that our products or manufacturing processes may be infringing the patent or intellectual property rights of others. We periodically assess each matter in order to determine if a contingent liability in accordance with Statement of Financial Accounting Standards No. 5, or FAS 5, “Accounting for Contingencies,” should be recorded. In making this determination, we may, depending on the nature of the matter, consult with internal and external legal counsel and technical experts. Based on the information we obtain, combined with our judgment regarding all the facts and circumstances of each matter, we determine whether it is probable that a contingent loss may be incurred and whether the amount of such loss can be reasonably estimated. Should a loss be probable and reasonably estimable, we record a contingent loss in accordance with FAS 5. In determining the amount of a contingent loss, we consider advice received from experts in the specific matter, current status of legal proceedings, settlement negotiations that may be ongoing, prior case history and other factors. Should the judgments and estimates made by us be incorrect, we may need to record additional contingent losses that could materially adversely impact our results of operations. See Note 12 to our Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K.

Forward-Looking Statements

This Annual Report on Form 10-K contains or incorporates forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management's beliefs and assumptions. In addition, other written or oral statements that constitute forward-looking statements may be made by or on our behalf. Words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. We have included important factors in the cautionary statements below under the heading "Factors That May Affect Future Results" that we believe could cause our actual results to differ materially from the forward-looking statements we make. We do not intend to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Factors That May Affect Future Results

Our future operating results are difficult to predict and may materially fluctuate.

Our future operating results are difficult to predict and may be materially affected by a number of factors, including the timing of new product announcements or introductions by us or our competitors, competitive pricing pressures, fluctuations in manufacturing yields, adequate availability of wafers and manufacturing capacity, the risk that our backlog could decline significantly, our ability to hire, retain and motivate adequate numbers of engineers and other qualified employees to meet the demands of our customers, changes in product mix, and the effect of adverse changes in economic conditions in the United States and international markets. In addition, the semiconductor market has historically been cyclical and subject to significant economic downturns. Our business is subject to rapid technological changes and there can be no assurance, depending on the mix of future business, that products stocked in inventory will not be rendered obsolete before we ship them. As a result of these and other factors, there can be no assurance that we will not experience material fluctuations in future operating results on a quarterly or annual basis.

Long-term contracts are not typical for us and reductions, cancelations or delays in orders for our products could adversely affect our operating results.

In certain markets where end-user demand may be particularly volatile and difficult to predict, some customers place orders that require us to manufacture product and have it available for shipment, even though the customer is unwilling to make a binding commitment to purchase all, or even any, of the product. At any given time, this situation could affect a portion of our backlog. As a result, we are subject to the risk of cancelation of orders leading to a sharp fall-off of sales and backlog. Further, those orders may be for products that meet the customer's unique requirements so that those canceled orders would, in addition, result in an inventory of unsaleable products, resulting in potential inventory write-offs. As a result of lengthy manufacturing cycles for certain of the products subject to these uncertainties, the amount of unsaleable product could be substantial. Reductions, cancelations or delays in orders for our products could adversely affect our operating results.

Our future success depends upon our ability to develop and market new products and enter new markets.

Our success significantly depends on our continued ability to develop and market new products. There can be no assurance that we will be able to develop and introduce new products in a timely manner or that new products, if developed, will achieve market acceptance. In addition, our growth is dependent on our continued ability to penetrate new markets where we have limited experience and competition is intense. There can be no assurance that the markets we serve will grow in the future, that our existing and new products will meet the requirements of these markets, that our products will achieve customer acceptance in these markets, that competitors will not force prices to an unacceptably low level or take market share from us, or that we can achieve or maintain profits in these markets. Furthermore, a decline in demand in one or several of our end-user markets could have a material adverse effect on the demand for our products and our results of operations. Also, some of our customers in these markets are less established, which could subject us to increased credit risk.

We may not be able to compete successfully in the semiconductor industry in the future.

Many other companies offer products that compete with our products. Some have greater financial, manufacturing, technical and marketing resources than we have. Additionally, some formerly independent competitors have been purchased by larger companies. Our competitors also include emerging companies selling specialized products to markets we serve. There can be no assurance that we will be able to compete successfully in the future against existing or new competitors, or that our operating results will not be adversely affected by increased price competition.

We rely on third-party subcontractors and manufacturers for some industry-standard wafers and assembly/test services, and therefore cannot control their availability or conditions of supply.

We rely, and plan to continue to rely, on assembly and test subcontractors and on third-party wafer fabricators to supply most of our wafers that can be manufactured using industry-standard submicron processes. This reliance involves several risks, including reduced control over delivery schedules, manufacturing yields and costs. Additionally, we utilize third-party wafer fabricators as sole-source suppliers, primarily Taiwan Semiconductor Manufacturing Company. These suppliers manufacture components in accordance with our proprietary designs and specifications. We have no written supply agreements with these sole-source suppliers and purchase our custom components through individual purchase orders. If these sole-source suppliers are unable or unwilling to manufacture and deliver sufficient quantities of components to us, on the time schedule and of the quality that we require, we may be forced to seek to engage additional or replacement suppliers, which could result in additional expenses and delays in product development or shipment of product to our customers.

We may not be able to satisfy increasing demand for our products, and increased production may lead to overcapacity and lower prices.

The cyclical nature of the semiconductor industry has resulted in sustained and short-term periods when demand for our products has increased or decreased rapidly. During these periods of rapid increases in demand, our available capacity may not be sufficient to satisfy the available demand. We, and the semiconductor industry generally, expand production facilities and access to third-party foundries in response to these periods of increased demand. These capacity expansions by us and other semiconductor manufacturers has led to overcapacity in our target markets which could lead to price erosion that would adversely impact our operating results.

Our revenues may not increase enough to offset the expense of additional capacity.

We, and the semiconductor industry generally, expand production facilities and access to third-party foundries in response to periods of increased demand which can cause operating expenses to increase. Should customer demand fail to increase or should the semiconductor industry enter a period of reduced customer demand, our financial position and results of operations could be adversely impacted as a result of underutilization of capacity or asset impairment charges.

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

We rely primarily upon know-how, rather than on patents, to develop and maintain our competitive position. There can be no assurance that others will not develop or patent similar technology or reverse engineer our products or that the confidentiality agreements upon which we rely will be adequate to protect our interests. Other companies have obtained patents covering a variety of semiconductor designs and processes, and we might be required to obtain licenses under some of these patents or be precluded from making and selling the infringing products, if such patents are found to be valid. There can be no assurance that we would be able to obtain licenses, if required, upon commercially reasonable terms, or at all. Moreover, the laws of foreign countries in which we design, manufacture and market our products may afford little or no effective protection of our proprietary technology.

We are involved in frequent litigation regarding intellectual property rights, which could be costly to defend and could require us to redesign products or pay significant royalties.

There can be no assurance that any patent will issue on pending applications or that any patent issued will provide substantive protection for the technology or product covered by it. We believe that patent and mask set protection is of less significance in our business than experience, innovation and management skill. There also can be no assurance that others will not develop or patent similar technology, or reverse engineer our products, or that our confidentiality agreements with employees, consultants, silicon foundries and other suppliers and vendors will be adequate to protect our interests.

The semiconductor industry is characterized by frequent claims and litigation involving patent and other intellectual property rights, including claims arising under our contractual indemnification of our customers. We have received from time to time, and may receive in the future, claims from third parties asserting that our products or processes infringe their patents or other intellectual property rights. In the event a third party makes a valid intellectual property claim against us and a license is not available to us on commercially reasonable terms, or at all, we could be forced either to redesign or to stop production of products incorporating that intellectual property, and our operating results could be materially and adversely affected. Litigation may be necessary to enforce our patents or other of our intellectual property rights or to defend us against claims of infringement, and this litigation could be costly and divert the attention of our key personnel. See Note 12 in the Notes to our Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K for information concerning pending litigation that involves us. An adverse outcome in this or other litigation could have a material adverse effect on our consolidated financial position or on our consolidated results of operations or cash flows in the period in which the litigation is resolved.

If we do not retain our key personnel, our ability to execute our business strategy will be limited.

Our success depends to a significant extent upon the continued service of our executive officers and key management and technical personnel, particularly our experienced engineers, and on our ability to continue to attract, retain, and motivate qualified personnel. The competition for these employees is intense. The loss of the services of one or more of our key personnel could have a material adverse effect on our operating results. In addition, there could be a material adverse effect on us should the turnover rates for engineers and other key personnel increase significantly or if we are unable to continue to attract qualified personnel. We do not maintain any key person life insurance policy on any of our officers or employees.

We rely on manufacturing capacity located in geologically unstable areas, which could affect the availability of supplies and services.

We, and many companies in the semiconductor industry, rely on internal manufacturing capacity located in California as well as wafer fabrication foundries in Taiwan and other sub-contractors in geologically unstable locations around the world. This reliance involves risks associated with the impact of earthquakes on us and the semiconductor industry, including temporary loss of capacity, availability and cost of key raw materials and equipment and availability of key services including transport. In addition, California has experienced intermittent interruption in the availability of electricity. To date, the impact on us has been negligible. However, electricity is a critical resource for us, without which our products could not be manufactured at factories exposed to continued lengthy power interruptions. Any prolonged inability to utilize one of our manufacturing facilities as a result of fire, natural disaster, unavailability of electric power or otherwise, would have a material adverse effect on our results of operations and financial condition.

We are exposed to economic, political and other risks through our significant worldwide operations.

During fiscal year 2003, approximately 74% of our revenues were derived from customers in international markets. Although we engage in hedging transactions to reduce our exposure to currency exchange rate fluctuations, there can be no assurance that our competitive position will not be adversely affected by changes in the exchange rate of the United States dollar against other currencies. We have manufacturing facilities outside the United States in Ireland and the Philippines. In addition to being exposed to the ongoing economic cycles in the semiconductor industry, we are also subject to the economic and political risks inherent in international operations and their impact on the United States economy in general, including the risks associated with ongoing uncertainties and political and economic instability in many countries around the world as well as the economic disruption from acts of terrorism, and the response to them by the United States and its allies. These risks include air transportation disruptions, expropriation, currency controls, currency exchange rate movement, and additional costs related to tax, tariff and freight rates.

Our future operating results are dependent on the performance of independent distributors and sales representatives.

A significant portion of our sales are through independent distributors that are not under our control. These independent distributors generally represent product lines offered by several companies and thus could reduce their sales efforts applied to our products or terminate their representation of us. We generally do not require letters of credit from our distributors and are not protected against accounts receivable default or bankruptcy by these distributors. Our inability to collect open accounts receivable could adversely affect our results of operations. Termination of a significant distributor, whether at our initiative or the distributor's initiative, could disrupt our current business. If we are unable to find suitable replacements in the event of terminations by significant distributors or sales representatives, our operating results could be adversely affected.

Our manufacturing processes are highly complex and may be interrupted.

We have manufacturing processes that utilize a substantial amount of technology as the fabrication of integrated circuits is a highly complex and precise process. Minute impurities, contaminants in the manufacturing environment, difficulties in the fabrication process, defects in the masks used in the wafer manufacturing process, manufacturing equipment failures, wafer breakage or other factors can cause a substantial percentage of wafers to be rejected or numerous dice on each wafer to be nonfunctional. While we have significant expertise in semiconductor manufacturing, it is possible that some processes could become unstable. This instability could result in manufacturing delays and product shortages, which could have a material adverse effect on our financial position or results of operations.

Our transition of products to more modern facilities and related inventory builds may not progress as planned.

We are transitioning products from our older four-inch wafer fabrication facilities to our six-inch and eight-inch wafer fabrication facilities. We have built inventory in preparation for this transfer for both lifetime supply and transition inventory. We have recorded certain levels of reserves related to these inventory builds. Although we believe that we have used our best efforts and information to estimate future demand, due to the uncertain economic times and the difficulty inherent in predicting future results, it is possible that actual demand for our products will differ from our estimates. If actual demand for products included in our inventory builds is less than our estimates, our financial position and results of operations could be adversely impacted.

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Exposure

Our annual interest income would change by approximately $29 million in fiscal 2003 and fiscal 2002 for each 100 basis point increase or decrease in interest rates. The fair values of our investment portfolio at November 1, 2003 and November 2, 2002 would not be significantly impacted by either an increase or decrease in interest rates primarily due to the short-term nature of the major portion of our investment portfolio.

Foreign Currency Exposure

As more fully described in Note 2 (i) in the Notes to our Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K, we regularly hedge our non-U.S. dollar-based exposures by entering into forward exchange contracts. The terms of these contracts are for periods matching the duration of the underlying exposure and generally range from one month to six months. The short-term nature of these contracts has resulted in these instruments having insignificant fair values at November 1, 2003 and November 2, 2002. Currently, our largest foreign currency exposure is against the Euro, primarily because Europe has a higher proportion of our local currency denominated expenses. Relative to foreign currency exposures existing at November 1, 2003 and November 2, 2002, a 10% unfavorable movement in foreign currency exchange rates would not expose us to significant losses in earnings or cash flows or significantly diminish the fair value of our foreign currency financial instruments, primarily due to the short lives of the affected financial instruments that effectively hedge substantially all of our year-end exposures against fluctuations in foreign currency exchange rates. The calculation assumes that each exchange rate would change in the same direction relative to the U.S. dollar. In addition to the direct effects of changes in exchange rates, such changes typically affect the volume of sales or the foreign currency sales price as competitors' products become more or less attractive. Our sensitivity analysis of the effects of changes in foreign currency exchange rates does not factor in a potential change in sales levels or local currency selling prices.

ITEM 8.   FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF INCOME
Years ended November 1, 2003, November 2, 2002 and November 3, 2001

(thousands, except per share amounts)	2003	2002	2001
Revenue			
Net sales	$2,047,268	$1,707,508	$2,276,915
Costs and Expenses			
Cost of sales	923,160	802,980	1,008,095
Gross margin	1,124,108	904,528	1,268,820
Operating expenses:			
Research and development	450,232	423,869	464,686
Selling, marketing, general and administrative	288,009	257,054	287,146
Purchased in-process research and development	—	—	9,500
Amortization of intangibles	2,624	56,873	52,795
Special charges	9,534	48,494	47,007
	750,399	786,290	861,134
Operating income	373,709	118,238	407,686
Nonoperating (income) expenses:			
Interest expense	32,230	44,458	62,474
Interest income	(41,195)	(64,893)	(132,647)
Other, net	838	(1,677)	(29,385)
	(8,127)	(22,112)	(99,558)
Earnings			
Income before income taxes	381,836	140,350	507,244
Provision for income taxes:			
Payable currently	81,398	75,614	180,790
Deferred	2,157	(40,563)	(29,923)
	83,555	35,051	150,867
Net income	$ 298,281	$ 105,299	$ 356,377
Shares used to compute earnings per share — Basic	365,485	364,194	359,113
Shares used to compute earnings per share — Diluted	382,227	381,245	381,962
Earnings per share — Basic	$ 0.82	$ 0.29	$ 1.00
Earnings per share — Diluted	$ 0.78	$ 0.28	$ 0.93

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED BALANCE SHEETS
November 1, 2003 and November 2, 2002

(thousands, except share amounts)	2003	2002
ASSETS		
Current Assets		
Cash and cash equivalents	$ 517,874	$1,613,753
Short-term investments	1,598,869	1,284,270
Accounts receivable less allowances of $10,059 ($15,506 in 2002)	294,781	228,338
Inventories	287,502	306,391
Deferred tax assets	144,249	152,552
Prepaid expenses and other current assets	42,441	38,921
Total current assets	2,885,716	3,624,225
Property, Plant and Equipment, at Cost		
Land and buildings	294,349	294,037
Machinery and equipment	1,275,544	1,385,198
Office equipment	93,768	95,120
Leasehold improvements	118,054	131,113
	1,781,715	1,905,468
Less accumulated depreciation and amortization	1,110,575	1,124,564
Net property, plant and equipment	671,140	780,904
Other Assets		
Deferred compensation plan investments	304,008	277,595
Other investments	37,565	2,010
Goodwill, net	163,373	161,783
Other intangible assets, net	8,646	12,854
Other assets	22,429	120,820
Total other assets	536,021	575,062
	$4,092,877	$4,980,191
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings and current portion of obligations under capital leases	$ —	$ 3,745
Accounts payable	99,336	91,269
Deferred income on shipments to distributors	121,345	110,271
Income taxes payable	129,810	126,471
Accrued liabilities	112,986	151,879
Total current liabilities	463,477	483,635
Noncurrent Liabilities		
Long-term debt and obligations under capital leases	—	1,274,487
Deferred income taxes	16,562	22,612
Deferred compensation plan liability	308,435	283,210
Other noncurrent liabilities	16,329	16,231
Total noncurrent liabilities	341,326	1,596,540
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, $1.00 par value, 471,934 shares authorized, none outstanding	—	—
Common stock, $0.16 2/3 par value, 600,000,000 shares authorized, 374,274,656 shares issued (367,680,211 in 2002)	62,380	61,281
Capital in excess of par value, net of deferred compensation of $9,148 ($15,114 in 2002)	836,233	762,473
Retained earnings	2,477,900	2,179,619
Accumulated other comprehensive income	2,966	(1,908)

	3,379,479	3,001,465
Less 4,040,414 shares in treasury, at cost (4,493,186 in 2002)	91,405	101,449
Total stockholders’ equity	3,288,074	2,900,016
	$4,092,877	$4,980,191

See accompanying Notes.

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ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended November 1, 2003, November 2, 2002 and November 3, 2001

(thousands)	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock Shares	Treasury Stock Amount
BALANCE, OCTOBER 28, 2000	357,969	$59,663	$526,820	$1,717,943	$ 2,841	(45)	$ (3,617)
Activity in Fiscal 2001							
Net income — 2001				356,377			
Issuance of stock under stock plans and other, net of repurchases	3,923	654	19,664			358	20,371
Compensation recognized under Restricted Stock Plan			2,114				
Tax benefit-stock option exercises			90,581				
Issuance of common stock in connection with acquisitions	1,462	243	98,274				
Deferred stock-based compensation related to acquisitions (net of amortization of $8,884)			(24,026)				
Other comprehensive income (loss)					(3,045)		
Common stock repurchased						(417)	(21,831)
BALANCE, NOVEMBER 3, 2001	363,354	60,560	713,427	2,074,320	(204)	(104)	(5,077)
Activity in Fiscal 2002							
Net income — 2002				105,299			
Issuance of stock under stock plans and other, net of repurchases	4,306	718	36,369			(10)	94
Compensation recognized under Restricted Stock Plan			1,421				
Forfeitures of restricted stock						(66)	(519)
Tax benefit-stock option exercises			908				
Issuance of common stock in connection with acquisitions	20	3	991			37	1,803
Amortization of deferred stock-based compensation related to acquisitions			9,357				
Other comprehensive income (loss)					(1,704)		
Common stock repurchased						(4,350)	(97,750)
BALANCE, NOVEMBER 2, 2002	367,680	61,281	762,473	2,179,619	(1,908)	(4,493)	(101,449)
Activity in Fiscal 2003							
Net income — 2003				298,281			
Issuance of stock under stock plans and other, net of repurchases	6,595	1,099	61,340			418	9,257
Compensation recognized under Restricted Stock Plan			395				
Tax benefit-stock option exercises			6,137				
Issuance of common stock in connection with acquisitions			317			37	839
Amortization of deferred stock-based compensation related to acquisitions			5,571				
Other comprehensive income (loss)					4,874		
Common stock repurchased						(2)	(52)
BALANCE, NOVEMBER 1, 2003	374,275	$62,380	$836,233	$2,477,900	$ 2,966	(4,040)	$ (91,405)

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended November 1, 2003, November 2, 2002 and November 3, 2001

(thousands)	2003	2002	2001
Net income	$298,281	$105,299	$356,377
Foreign currency translation	3,047	950	(2,995)
Minimum pension liability adjustment (net of taxes of $218 in 2003 and $1,140 in 2002)	(404)	(2,117)	—
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the period (net of taxes of $1,477 in fiscal 2003, $2,105 in 2002 and $122 in 2001)	2,743	(3,908)	(226)
Less: reclassification adjustment for gains (losses) included in net Income	—	226	—
Net unrealized gains (losses) on securities	2,743	(3,682)	(226)
Derivative instruments designated as cash flow hedges:			
Cumulative effect of adopting FAS 133	—	—	(5,142)
Changes in fair value of derivatives	6,608	2,878	5,478
Less: reclassification into earnings	(7,120)	267	(160)
Net change in derivative instruments designated as cash flow hedges	(512)	3,145	176
Other comprehensive income (loss)	4,874	(1,704)	(3,045)
Comprehensive income	$303,155	$103,595	$353,332

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended November 1, 2003, November 2, 2002 and November 3, 2001

(thousands)	2003	2002	2001
Operations			
Cash flows from operations:			
Net income	$ 298,281	$ 105,299	$ 356,377
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	165,659	181,129	157,695
Amortization	2,624	56,873	52,795
Gain on sale of investments	—	—	(28,084)
Non-cash portion of special charges	11,845	15,841	14,073
Other non-cash expense	15,898	9,602	10,590
Purchased in-process research and development	—	—	9,500
Tax benefit — stock option exercises	6,137	908	90,581
Deferred income taxes	2,157	(40,563)	(29,923)
Change in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(63,070)	(10,771)	237,344
Decrease (increase) in inventories	18,202	(59,382)	82,267
(Increase) decrease in prepaid expenses and other current assets	(4,152)	4,018	(8,507)
Increase in investments — trading	(26,413)	(35,093)	(60,751)
Decrease in accounts payable, deferred income and accrued liabilities	(22,796)	(45,285)	(138,609)
Increase in income taxes payable	3,111	4,524	35,712
Increase in other liabilities	25,480	39,026	62,553
Total adjustments	134,682	120,827	487,236
Net cash provided by operations	432,963	226,126	843,613
Investments			
Cash flows from investments:			
Additions to property, plant and equipment, net	(67,735)	(57,412)	(297,236)
Purchases of short-term investments available-for-sale	(4,666,572)	(3,405,217)	(2,963,922)
Maturities of short-term investments available-for-sale	4,317,703	3,555,238	2,034,488
Proceeds from sale of investment	—	—	60,936
Proceeds from sale of fixed assets	1,500	—	—
Increase in long-term investments	—	—	(4,750)
Payments for acquisitions, net of cash acquired	—	(5,245)	(38,469)
Decrease (increase) in other assets	69,126	2,846	(11,427)
Net cash (used) provided by investments	(345,978)	90,210	(1,220,380)
Financing Activities			
Cash flows from financing activities:			
Payment of Convertible Subordinated Notes	(1,222,800)	—	—
Repurchase of common stock	(52)	(97,750)	(21,831)
Proceeds from employee stock plans	70,862	37,305	39,947
Payments on capital lease obligations	(4,178)	(7,830)	(10,746)
Net decrease in variable rate borrowings	(27,444)	(437)	(5,473)
Net cash (used) provided by financing activities	(1,183,612)	(68,712)	1,897
Effect of exchange rate changes on cash	748	1,180	3,398
Net (decrease) increase in cash and cash equivalents	(1,095,879)	248,804	(371,472)
Cash and cash equivalents at beginning of year	1,613,753	1,364,949	1,736,421
Cash and cash equivalents at end of year	$ 517,874	$ 1,613,753	$ 1,364,949

See accompanying Notes.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended November 1, 2003, November 2, 2002 and November 3, 2001
(all tabular amounts in thousands except per share amounts)

1. Description of Business

Analog Devices, Inc. ("Analog" or the "Company") is a world leader in the design, manufacture and marketing of high-performance analog, mixed-signal and digital signal processing integrated circuits used in signal processing for industrial, communication, computer and consumer applications. Since the Company's inception in 1965, it has focused on solving the engineering challenges associated with signal processing in electronic equipment. Signal processing is where the analog and digital worlds meet to provide the advantages of digital technologies to the real world. The Company's products play a fundamental role in converting real-world phenomena such as temperature, motion, pressure, light and sound into electrical signals to be used in a wide array of electronic equipment ranging from industrial process control, factory automation systems equipment, smart munitions, base stations, central office equipment, wireless telephones, computers, automobiles, CAT scanners, digital cameras and DVD players. Signal processing is the cornerstone of high-speed communications, digital entertainment, and other consumer, computer and industrial applications. As new generations of digital applications evolve, they generate new needs for high-performance analog and digital signal processing technology.

2. Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. Upon consolidation, all significant intercompany accounts and transactions are eliminated. The Company's fiscal year ends on the 52-week or 53-week period ending on the Saturday closest to the last day in October. Fiscal year 2003 and fiscal year 2002 were 52-week years, and fiscal year 2001 was a 53-week year.

Certain amounts reported in previous years have been reclassified to conform to the fiscal 2003 presentation, such reclassifications were immaterial.

b. Cash, Cash Equivalents and Short-term Investments

Cash and cash equivalents are highly liquid investments with insignificant interest rate risk and maturities of three months or less at the time of acquisition. The Company's investments, which generally have maturities between three and twelve months at time of acquisition, are considered short-term. Cash, cash equivalents and short-term investments consist primarily of corporate obligations such as commercial paper and corporate bonds, but also include government agency notes, certificates of deposit, bank time deposits and institutional money market funds.

The Company classifies its investments in readily marketable debt and equity securities as "held-to-maturity," "available-for-sale" or "trading" at the time of purchase. There were no transfers between investment classifications in any of the periods presented. Held-to-maturity securities, which are carried at amortized cost, include only those securities the Company has the positive intent and ability to hold to maturity. Securities, such as bank time deposits, which by their nature are typically held to maturity, are classified as such. The Company's other readily marketable investments are classified as available-for-sale. Available-for-sale securities are carried at fair value with unrealized gains and losses, net of related tax, if any, reported as a separate component of stockholders' equity. Realized gains and losses, as well as interest, and dividends on all securities, are included in earnings.

Substantially all of the Company's short-term investments have contractual maturities of twelve months or less at time of acquisition. Because of the short term to maturity, and hence relative price insensitivity to changes in market interest rates, amortized cost approximates fair value for all of these securities. No realized gains or losses were recorded during fiscal 2003, 2002 or 2001. Unrealized losses of $3.9 million, net of tax of

$2.1 million, were recorded in fiscal 2002. Unrealized gains and losses were not material in fiscal 2003 or fiscal 2001.

There were no cash equivalents or short-term investments classified as trading at November 1, 2003 and November 2, 2002. Cash equivalents and short-term investments classified as held-to-maturity were $162 million and $130 million at November 1, 2003 and November 2, 2002, respectively and were comprised solely of Euro time deposits. The components of the Company's available-for-sale securities as of November 1, 2003 and November 2, 2002 were as follows:

	2003	2002
Corporate obligations	$1,783,969	$2,588,483
U.S. Government agency and municipal	105,000	98,200
Institutional money market funds	11,396	42,111
Bankers' acceptances	—	5,352
Total available-for-sale securities	$1,900,365	$2,734,146

Cash balances included in cash and cash equivalents were $54 million and $34 million at November 1, 2003 and November 2, 2002, respectively.

c. *Supplemental Cash Flow Statement Information*

	2003	2002	2001
Cash paid during the fiscal year for:			
Income taxes	$72,378	$67,709	$52,353
Interest, net of capitalized interest	$29,790	$42,899	$51,720

The Company's primary non-cash financing activities in fiscal 2003 were the result of the restructuring of an interest rate swap in October 2002 (see Note 2i.). At the time of the restructuring of the swap, the fair value of the interest rate component of the debt was greater than the related carrying value. This difference was amortized over the remaining life of the swap as an adjustment to interest expense. As a result, the Company recognized $7.5 million of expense in fiscal year 2003. The remainder of the non-cash expense in fiscal 2003 resulted from the Company's 2001 acquisitions for which 1,462,066 shares of common stock were issued (valued at approximately $81.8 million) and unvested stock options with a fair value of approximately $11.9 million were assumed. As a result, the Company recognized approximately $6.1 million of stock-based compensation expense in fiscal 2003. The Company's primary non-cash financing activities in fiscal 2002 and fiscal 2001 were a result of fiscal 2001 acquisitions. The Company recognized approximately $11.1 million and $9.3 million of stock-based compensation expense in fiscal 2002 and fiscal 2001, respectively.

d. *Inventories*

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories at November 1, 2003 and November 2, 2002 were as follows:

	2003	2002
Raw materials	$ 7,864	$ 14,598
Work in process	217,963	225,680
Finished goods	61,675	66,113
Total inventories	$287,502	$306,391

e. *Property, Plant and Equipment*

Property, plant and equipment is recorded at cost less allowances for depreciation and amortization. The straight-line method of depreciation is used for all classes of assets for financial statement purposes; both straight-line and accelerated methods are used for income tax purposes. Capitalized leases and leasehold improvements are amortized based upon the lesser of the term of the lease or the useful life of the asset. Depreciation and amortization are based on the following useful lives:

Buildings & Building Equipment	Up to 25 years
Machinery & Equipment	3-10 years
Office Equipment	3-8 years

Total depreciation and amortization of property, plant and equipment was $166 million, $181 million and $158 million in fiscal 2003, 2002 and 2001, respectively. Property, plant and equipment included $77 million of capitalized leases in fiscal 2003 and fiscal 2002, net of $72 million and $68 million, respectively, of accumulated depreciation. The Company did not capitalize interest in fiscal 2003. During fiscal 2002 and fiscal 2001, the Company recorded $1.7 million and $6.5 million of capitalized interest, respectively.

The Company reviews property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amount to future undiscounted cash flows the assets are expected to generate over their remaining economic life. If such assets are considered to be impaired, the impairment to be recognized in earnings equals the amount by which the carrying value of the assets exceeds their fair market value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique.

f. *Goodwill and Other Acquisition-related Intangibles*

Beginning in fiscal 2003, the Company adopted Statement of Financial Accounting Standards No. 142 (FAS 142), “Goodwill and Other Intangible Assets.” As a result, the Company discontinued amortizing the remaining balances of goodwill beginning November 3, 2002. Instead, the Company annually evaluates goodwill for impairment as well as whenever events or changes in circumstances suggest that the carrying amount may not be recoverable from estimated future cash flows.

As required by FAS 142, intangible assets that do not meet the criteria for separate recognition must be reclassified into goodwill. As a result, a net balance of $1.6 million of acquired workforce intangibles was transferred to goodwill as of November 3, 2002. Amortization lives of intangibles range from five to ten years.

Other intangible assets at November 1, 2003 and November 2, 2002, which will continue to be amortized, consisted of the following:

	November 1, 2003		November 2, 2002	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Technology-based	$16,923	$ 8,994	$16,923	$ 6,620
Tradename	1,167	572	1,167	448
Other	6,147	6,025	6,147	5,905
Total	$24,237	$15,591	$24,237	$12,973

Amortization expense relating to goodwill and other acquisition-related intangibles was:

	2003	2002	2001
Goodwill	$ —	$53,861	$49,893
Other intangibles	2,624	3,012	2,902
Total	$2,624	$56,873	$52,795

The Company expects annual amortization expense for these intangible assets to be:

Fiscal Years	Amortization Expense
2004	$2,637
2005	2,306
2006	1,312
2007	1,312
2008	938
2009	141

The following table provides a reconciliation of reported net income to adjusted net income had FAS 142 been applied as of the beginning of fiscal 2001:

	2003	2002	2001
Reported net income	$298,281	$105,299	$356,377
Add back: Goodwill and workforce amortization (net of tax)	—	43,566	39,320
Adjusted net income	$298,281	$148,865	$395,697
Basic earnings per share:			
Reported net income	$ 0.82	$ 0.29	$ 1.00
Goodwill and workforce amortization (net of tax)	—	0.12	0.11
Adjusted net income	$ 0.82	$ 0.41	$ 1.11
Diluted earnings per share:			
Reported net income	$ 0.78	$ 0.28	$ 0.93
Goodwill and workforce amortization (net of tax)	—	0.11	0.10
Adjusted net income	$ 0.78	$ 0.39	$ 1.03

g. Grant Accounting

The Company’s manufacturing facility in Limerick, Ireland has received various grants from the Industrial Development Authority of the Republic of Ireland. These grants include capital, employment and research and development grants. Capital grants for the acquisition of property and equipment are netted against the related capital expenditures and amortized as a credit to depreciation expense over the useful life of the related asset. Employment grants, which relate to employee hiring and training, and research and development grants are recognized in earnings in the period in which the related expenditures are incurred by the Company.

h. Translation of Foreign Currencies

The functional currency for the Company’s foreign sales operations is the applicable local currency. Gains and losses resulting from translation of these foreign currencies into U.S. dollars are accumulated in other comprehensive income. Transaction gains and losses and remeasurement of foreign currency denominated assets and liabilities are included in income currently, including those at the Company's principal foreign manufacturing operations where the functional currency is the U.S. dollar. Foreign currency transaction gains or losses included in other expenses, net, were not material in fiscal 2003, 2002 and 2001.

i. Derivative Instruments and Hedging Agreements

The Company enters into forward foreign exchange contracts to offset certain operational and balance sheet exposures from the impact of changes in foreign currency exchange rates. Such exposures result from the portion of the Company's operations, assets and liabilities that are denominated in currencies other than the U.S. dollar, primarily the Japanese Yen, Euro, and British Pounds Sterling. These foreign exchange contracts are entered into to support product sales, purchases and financing transactions made in the normal course of business, and accordingly, are not speculative in nature.

The Company records all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of the derivative financial instruments are either recognized periodically in earnings or in stockholders' equity as a component of other comprehensive income (OCI) depending on whether the derivative financial instrument qualifies for hedge accounting as defined by FAS 133. Changes in fair values of derivatives not qualifying for hedge accounting are reported in earnings as they occur. While the adoption of FAS 133 on October 29, 2000 did not have a material impact on operations, it resulted in a $5 million loss recognized in OCI, which was reclassified into earnings during fiscal 2001.

Foreign Exchange Exposure Management — The Company has significant international sales and purchase transactions in foreign currencies and has a policy of hedging forecasted and actual foreign currency risk with forward foreign exchange contracts. The Company's forward foreign exchange contracts are denominated in Japanese Yen, British Pounds Sterling and the Euro and are for periods consistent with the terms of the underlying transactions, generally one year or less. Derivative instruments are employed to eliminate or minimize certain foreign currency exposures that can be confidently identified and quantified. In accordance with FAS 133, hedges related to anticipated transactions are designated and documented at the inception of the respective hedges as cash flow hedges and are evaluated for effectiveness monthly. As the terms of the contract and the underlying transaction are matched at inception, forward contract effectiveness is calculated by comparing the change in fair value of the contract to the change in the forward value of the anticipated transaction, with the effective portion of the gain or loss on the derivative instrument reported as a component of OCI in stockholders' equity and reclassified into earnings in the same period during which the hedged transaction affects earnings. Any residual change in fair value of the instruments, or ineffectiveness, is recognized immediately in other expense. No ineffectiveness was recognized in fiscal 2003, 2002 or 2001.

Additionally, the Company enters into foreign currency forward contracts that economically hedge the gains and losses generated by the remeasurement of certain recorded assets and liabilities in a non-functional currency. Changes in the fair value of these undesignated hedges are recognized in other expense immediately as an offset to the changes in the fair value of the asset or liability being hedged.

Interest Rate Exposure Management — In the fourth quarter of fiscal 2003, the Company terminated a swap agreement that had the effect of swapping the 4.75% fixed rate of the Company's Convertible Subordinated Notes (the "Notes") into a LIBOR-based floating rate. The swap was terminated due to the Company's decision to call for the redemption of the Notes (see Note 9). The terminated swap was originally entered into in January 2002 and hedged the benchmark interest rate of the $1,200 million Notes. The swap was a derivative instrument as defined by FAS 133 and was designated as a fair value hedge at inception. As the critical terms of the interest rate swap and the underlying interest component of the Company's Notes were matched at inception, effectiveness was calculated by comparing the change in the fair value of the contract to the change in the fair value of the interest rate component, with the effective portion of the gain or loss on the derivative instrument reported in other expense. The Company evaluated this fair value hedge for effectiveness quarterly, and restructured certain terms in October 2002 to provide for an even more highly effective hedge relationship with the Notes. The restructuring resulted in an interest rate swap with terms more favorable to the Company, offset by a promise to pay a fixed amount over time to the counterparty regardless of when the swap was terminated. The restructuring, which had no impact on earnings, increased the interest rate swap asset by $27 million, with an offsetting debt liability of an equal amount. The fair value hedge was determined to be highly effective during each quarter, and a minor amount of ineffectiveness was recorded in other expense during fiscal year 2003 and fiscal year 2002.

Derivative financial instruments involve, to a varying degree, elements of market and credit risk not recognized in the consolidated financial statements. The market risk associated with these instruments resulting from currency exchange rate or interest rate movements is expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. The counterparties to the agreements relating to the Company's foreign exchange and interest rate instruments consist of a number of major international financial institutions with high credit ratings. The Company does not believe that there is significant risk of nonperformance by these counterparties because the Company continually monitors the credit ratings of such counterparties, and limits the financial exposure with any one financial institution. While the contract or notional amounts of derivative financial instruments provide one measure of the volume of these transactions, they do not represent the amount of the Company's exposure to credit risk. The amounts potentially subject to credit risk (arising from the possible inability of counterparties to meet the terms of their contracts) are generally limited to the amounts, if any, by which the counterparties' obligations under the contracts exceed the obligations of the Company to the counterparties.

Accumulated Derivative Gains or Losses

The following table summarizes activity in other comprehensive income related to derivatives classified as cash flow hedges held by the Company during the period of November 4, 2001 through November 1, 2003:

	2003	2002
Balance at beginning of year	$ 3,321	$ 176
Changes in fair value of derivatives — gain (loss)	6,608	2,878
Reclassifications into earnings from other comprehensive income	(7,120)	267
Balance at end of year	$ 2,809	$3,321

All of the accumulated gain will be reclassified into earnings over the next twelve months.

j. Fair Values of Financial Instruments

The following estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

	November 1, 2003		November 2, 2002	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents	$ 517,874	$ 517,874	$ 1,613,753	$ 1,613,753
Short-term investments	1,598,869	1,598,869	1,284,270	1,284,270
Deferred compensation investments	304,008	304,008	277,595	277,595
Other investments	37,565	37,565	2,010	2,010
Liabilities:				
Short-term borrowings	—	—	(6)	(6)
Long-term debt, including current portion	—	—	(1,274,020)	(1,204,932)
Foreign Currency Instruments & Interest Rate Agreements:				
Interest rate swap and cap agreements	1,190	1,190	74,608	74,608
Forward foreign currency exchange contracts	1,861	1,861	573	573

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents and short-term investments — The carrying amounts of these items are a reasonable estimate of their fair value due to the short term to maturity and readily available market for these types of investments.

Deferred compensation plan investments and other investments — The fair value of these investments is based on quoted market values, with the exception of equity investments that are carried at cost.

Short-term borrowings — The carrying amounts of these variable-rate borrowings approximate fair value due to the short period of time to maturity.

Long-term debt — The fair value of long-term debt is based on quoted market values. The carrying amount is based on a FAS 133 valuation (see Note 2i. *Derivative Instruments and Hedging Agreements*).

Interest rate swap and cap agreements — The fair value of interest rate swap and cap agreements is obtained from dealer quotes. These values represent the estimated amount the Company would receive or pay to terminate the agreements taking into consideration current interest rates.

Forward foreign currency exchange contracts — The estimated fair value of forward foreign currency exchange contracts is based on the estimated amount at which they could be settled based on forward market exchange rates.

k. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates relate to the useful lives of fixed assets, allowances for doubtful accounts and customer returns, inventory reserves, potential reserves relating to litigation matters, accrued liabilities, accrued taxes and other reserves. Actual results could differ from those estimates, and such differences may be material to the financial statements.

l. Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of investments and trade accounts receivable.

The Company maintains cash, cash equivalents and short-term investments and long-term investments with high credit quality financial institutions and monitors the amount of credit exposure to any one financial institution.

The Company sells its products to distributors and original equipment manufacturers involved in a variety of industries including industrial automation, instrumentation, military/ aerospace, communications, computers and peripherals, and high-performance consumer electronics. The Company has adopted credit policies and standards to accommodate growth in these markets. The Company performs continuing credit evaluations of its customers' financial condition and although the Company generally does not require collateral, letters of credit may be required from its customers in certain circumstances. Reserves are provided for estimated amounts of accounts receivable that may not be collected.

m. Concentration of Other Risks

The semiconductor industry is characterized by rapid technological change, competitive pricing pressures and cyclical market patterns. The Company's financial results are affected by a wide variety of factors, including general economic conditions worldwide, economic conditions specific to the semiconductor industry, the timely implementation of new manufacturing technologies, the ability to safeguard patents and intellectual property in a rapidly evolving market and reliance on assembly and test subcontractors, third-party wafer fabricators and independent distributors. In addition, the semiconductor market has historically been cyclical and subject to significant economic downturns at various times. The Company is exposed to the risk of obsolescence of its inventory depending on the mix of future business. As a result, the Company may experience significant period-to-period fluctuations in future operating results due to the factors mentioned above or other factors.

n. Revenue Recognition

In fiscal 2001, the Company adopted the provisions of Securities and Exchange Commission Staff Accounting Bulletin 101. Accordingly, revenue from product sales to end-users is recognized when title passes, which for shipments to certain foreign countries is subsequent to product shipment. Title for these shipments ordinarily passes within a week of shipment. For all periods presented, revenue and the related cost of sales on shipments to distributors are deferred until the distributors resell the products to end-users. Deferred amounts are presented net and included as "Deferred income on shipments to distributors" in the Company's consolidated balance sheets. A reserve for sales returns and allowances for other customers is recorded based on historical experience or specific identification of an event necessitating a reserve.

The Company generally offers a 12-month warranty for its products. The Company's warranty policy provides for replacement of the defective product. Specific accruals are recorded for known product warranty issues. Product warranty expenses during fiscal 2003, 2002 and 2001 were not material.

o. Other Comprehensive Income

Components of other comprehensive income include certain transactions that have generally been reported in the consolidated statement of stockholders' equity. Other comprehensive income is comprised of currency translation adjustments, minimum pension liability adjustments, unrealized gains (losses) on available-for-sale securities, and net gain or loss on derivative instruments designated as cash flow hedges.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The components of accumulated other comprehensive income at November 1, 2003 and November 2, 2002 consisted of the following:

	2003	2002
Minimum pension liability adjustments	$(2,521)	$(2,117)
Unrealized gains (losses) on securities	(1,165)	(3,908)
Foreign currency translation	3,843	796
Derivative instruments designated as cash flow hedges	2,809	3,321
Total accumulated other comprehensive income	$ 2,966	$(1,908)

p. Advertising Expense

Advertising costs are expensed as incurred. Advertising expense was $13.6 million in fiscal 2003 and $10.4 million in both fiscal 2002 and fiscal 2001.

q. Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. Additionally, deferred tax assets and liabilities are separated into current and noncurrent amounts based on the classification of the related assets and liabilities for financial reporting purposes.

r. Earnings Per Share of Common Stock

Basic earnings per share is computed based only on the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common shares outstanding during the period, plus the dilutive effect of potential future issuances of common stock relating to stock option programs and other potentially dilutive securities. In calculating diluted earnings per share, the dilutive effect of stock options is computed using the average market price for the respective period. Potential shares related to convertible debt and certain of the Company’s outstanding stock options were excluded because they were anti-dilutive. Those potential shares related to the Company’s outstanding stock options could be dilutive in the future. The following table sets forth the computation of basic and diluted earnings per share:

	2003	2002	2001
Basic:			
Net income	$298,281	$105,299	$356,377
Weighted shares outstanding	365,485	364,194	359,113
Earnings per share	$ 0.82	$ 0.29	$ 1.00
Diluted:			
Net income	$298,281	$105,299	$356,377
Weighted shares outstanding	365,485	364,194	359,113
Assumed exercise of common stock equivalents	16,742	17,051	22,849
Weighted-average common and common equivalent shares	382,227	381,245	381,962
Earnings per share	$ 0.78	$ 0.28	$ 0.93
Weighted-average anti-dilutive shares related to:			
Outstanding stock options	35,487	25,877	7,533
Convertible debt	6,935	9,247	9,247
Employee stock purchase plan	—	113	—

s. Stock-Based Compensation

The Company has adopted the disclosure requirements of Statement of Financial Accounting Standards No. 148 (FAS 148), “Accounting for Stock-Based Compensation — Transition and Disclosure” effective November 3, 2002. FAS 148 amends Statement of Financial Accounting Standards No. 123 (FAS 123), “Accounting for Stock-Based Compensation,” to provide alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based compensation and also amends the disclosure requirements of FAS 123 to require prominent disclosures in both annual and interim financial statements about the methods of accounting for stock-based employee compensation and the effect of the method used on reported results. As permitted by FAS 148 and FAS 123, the Company continues to apply the accounting provisions of Accounting Principle Board Opinion No. 25, “Accounting for Stock Issued to Employees,” and related interpretations, with regard to the measurement of compensation cost for options granted under the Company’s equity compensation plans, consisting of the 2001 Broad-Based Stock Option Plan, the 1998 Stock Option Plan, the Restated 1994 Director Option Plan, the Restated 1988 Stock Option Plan, the 1992 Employee Stock Purchase Plan and the 1998 International Employee Stock Purchase Plan.

Pro forma information regarding net income and earnings per share is required by FAS 123 for awards granted after October 28, 1995 as if the Company had accounted for its stock-based awards to employees under the fair value method of FAS 123. The fair value of the Company’s stock-based awards to employees was estimated using the Black-Scholes option valuation model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company’s stock-based awards to employees have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management’s opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock-based awards to employees. The fair

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

value of the Company's stock-based awards to employees was estimated assuming no expected dividends and the following weighted average assumptions:

	Options			ESPP		
	2003	2002	2001	2003	2002	2001
Expected life (years)	5.2	5.2	5.3	1.0	1.0	1.0
Expected stock price volatility	72.2%	70.5%	65.4%	66.3%	65.0%	89.9%
Risk-free interest rate	2.7%	3.5%	5.7%	2.3%	3.9%	3.9%

The following is a summary of weighted average grant date values generated by application of the Black-Scholes model:

	Weighted Average Grant Date Value		
	2003	2002	2001
Stock option plans	$20.18	$18.89	$26.95
ESPP	$13.85	$17.40	$37.82

Had expense been recognized using the fair value method described in FAS 123, using the Black-Scholes option-pricing model, the Company would have reported the following results of operations:

	2003	2002	2001
Net income, as reported	$ 298,281	$ 105,299	$ 356,377
Add: Stock-based employee compensation expense included In reported net income, net of related tax effects	5,746	10,031	8,452
Deduct: total stock-based compensation expense determined under the fair value based method for all awards, net of related tax effects	(229,382)	(234,969)	(171,491)
Pro forma net income (loss)	$ 74,645	$(119,639)	$ 193,338
Earnings (loss) per share:			
Basic — as reported	$ 0.82	$ 0.29	$ 1.00
Basic — pro forma	$ 0.20	$ (0.33)	0.54
Diluted — as reported	$ 0.78	$ 0.28	$ 0.93
Diluted — pro forma	$ 0.20	$ (0.33)	$ 0.51

The effects of applying FAS 123 on pro forma disclosures are not likely to be representative of the effects on pro forma disclosures of future years.

t. New Accounting Standards

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141 (FAS 141), "Business Combinations," and No. 142 (FAS 142), "Goodwill and Other Intangible Assets." FAS 141 requires that all business combinations initiated after June 30, 2001 be accounted for using the purchase method of accounting. FAS 142, which became effective for the Company in fiscal year 2003, prohibits the amortization of goodwill and intangible assets with indefinite useful lives. FAS 142 requires that these assets be reviewed for impairment at least annually, or more frequently if impairment indicators arise. Other intangible assets with finite lives will continue to be amortized over their estimated useful lives and assessed for impairment under FAS 144. The Company tests goodwill for impairment using the two-step process prescribed by FAS 142. The first step is a screen for potential impairment, while the second step measures the amount of the impairment, if any. In the first step, if the fair value of the reporting unit(s) exceed(s) the carrying value, no impairment loss is recognized. If the carrying value of the reporting unit(s) exceed(s) the fair value, goodwill is potentially impaired and the Company must complete step two in order to measure the impairment loss. Step two compares the implied fair value of the goodwill with the carrying amount of that goodwill. If the carrying amount of goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The Company adopted FAS 142 in the first quarter of fiscal 2003. Application of the nonamortization provisions of FAS 142 resulted in an increase in annual net income of $44 million in fiscal 2003. The Company completed the required impairment test of goodwill upon adoption of FAS 142 as of November 3, 2002 in the second quarter of fiscal 2003. The results of the impairment review indicated that there was no impairment of goodwill. The Company also performed the annual impairment test as of the beginning of the fourth quarter of fiscal 2003 and the results indicated that there was no impairment of goodwill. See further discussion under Note 2f. *Goodwill and Other Acquisition-related Intangibles*.

Effective November 3, 2002, the Company adopted Statement of Financial Accounting Standards No. 143 (FAS 143), “Accounting for Asset Retirement Obligations,” which addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The adoption of FAS 143 did not have a material effect on the Company’s financial position or results of operations.

Effective November 3, 2002, the Company adopted Statement of Financial Accounting Standards No. 144 (FAS 144), “Accounting for the Impairment or Disposal of Long-Lived Assets,” which addresses the financial accounting and reporting for the impairment of long-lived assets. This statement supersedes Statement of Financial Accounting Standards No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of” and the accounting and reporting provisions for the disposal of a segment of a business of Accounting Principles Board Opinion No. 30, “Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions.” The adoption of FAS 144 did not have a material effect on the Company’s financial position or results of operations.

Effective November 3, 2002, the Company adopted Statement of Financial Accounting Standards No. 145 (FAS 145), “Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections.” Under FAS 145, gains and losses on extinguishments of debt are classified as income or loss from continuing operations rather than extraordinary items. The adoption of FAS 145 did not have a material impact on the Company’s financial position or results of operations.

In July 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146 (FAS 146), “Accounting for Costs Associated with Exit or Disposal Activities.” The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Costs covered by FAS 146 include lease termination costs and certain one-time employee severance costs that are associated with a restructuring, plant closing, or other exit or disposal activity. This statement is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. FAS 146 may affect the timing of recognizing future exit or disposal costs, if any, as well as the amounts recognized.

Effective November 3, 2002, the Company adopted Statement of Financial Accounting Standards No. 148 (FAS 148), “Accounting for Stock-Based Compensation — Transitions and Disclosure.” FAS 148 amends FAS 123, “Accounting for Stock-Based Compensation,” to provide alternative methods of transition to FAS 123’s fair value method of accounting for stock-based employee compensation. FAS 148 also amends the disclosure provisions of FAS 123 and APB Opinion No. 28, “Interim Financial Reporting,” to require disclosure in the summary of significant accounting policies of the effects of an entity’s accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. While FAS 148 does not amend FAS 123 to require companies to account for employee stock options using the fair value method, the disclosure provisions of FAS 148 are applicable to all companies with stock-based employee compensation, regardless of whether they account for stock-based compensation using the fair value method of FAS 123 or the intrinsic value method of Accounting Principles Board Opinion No. 25, (APB 25), "Accounting for Stock Issued to Employees," and related interpretations. The Company has adopted the disclosure requirements of FAS 148 and will continue to account for stock-based compensation plans in accordance with APB 25.

In April 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 149 (FAS 149), "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under FAS 133. FAS 149 is effective for contracts entered into or modified after June 30, 2003. The adoption of FAS 149 did not have a material effect on the Company's financial position or results of operations.

In May 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 150 (FAS 150), "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". FAS 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) because that financial instrument embodies an obligation of the issuer. FAS 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of FAS 150 did not have a material effect on the Company's financial position or results of operations.

In November 2002, the Financial Accounting Standards Board issued Financial Accounting Standards Board Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires that upon issuance of a guarantee, the guarantor must disclose and recognize a liability for the fair value of the obligation it assumes under that guarantee. The initial recognition and measurement requirement of FIN 45 is effective for guarantees issued or modified after December 31, 2002. As of November 1, 2003, the fair value of the Company's guarantees that were issued or modified after December 31, 2002 was not material. The disclosure requirements of FIN 45, which are effective for interim and annual periods ending after December 15, 2002. Under the terms of the lease agreement, which was entered into prior to January 1, 2003, related to the Company's headquarters facility in Norwood, Massachusetts, the Company has agreed to assume the note related to the property in the event of default by the lessor. Assumption of the note, which was approximately $8.8 million at November 1, 2003, would entitle the Company to a first lien on the property. The lease expires in May 2007. The guarantee was made by the Company to allow the lessor to obtain a lower cost of borrowing. The Company has also provided certain indemnities under which it may be required to make payments to an indemnified party in connection with certain transactions and agreements, in particular, with respect to certain acquisitions and divestitures, the Company has provided customary indemnities for such matters as environmental, tax, product and employee liabilities. In addition, in connection with various other agreements, including subsidiary banking agreements, the Company may provide routine guarantees. Generally, because a maximum obligation is not explicitly stated, the potential amount of future maximum payments cannot be reasonably estimated, and therefore, the Company has not recorded any liability for these indemnities in the consolidated financial statements. The duration of the indemnities varies, and in many cases is indefinite.

In January 2003, the Financial Accounting Standards Board issued Financial Accounting Standards Board Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." FIN 46 requires that if an entity has a controlling financial interest in a variable interest entity, the assets, liabilities and results of activities of the variable interest entity should be included in the consolidated financial statements of the entity. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied to the first interim or annual period beginning after December 15, 2003. The Company is required to adopt the provisions of FIN 46 in the second quarter of fiscal 2004 and does not expect the adoption to have a material impact on its financial position or results of operations.

3. Acquisitions

During the first quarter of fiscal 2001, the Company completed the following acquisitions, which were accounted for as purchases, and, generally, the excess of the purchase price over the fair value of the net assets acquired has been allocated to goodwill and is amortized over five years:

- In the first quarter of fiscal 2001, the Company completed the acquisitions of Thomas Neuroth AG (Neuroth), Signal Processing Associates Pty. Ltd. (SPA) and Integrated Micro Instruments, Inc. (IMI). The total amount paid for these acquisitions was $10.2 million. As of November 1, 2003, the remaining contingent consideration was $1.1 million. In order to be entitled to receive the contingent consideration, the former shareholders of IMI, who are employed by Analog, must continue to be employed by Analog. As such, the contingent consideration will be recorded as compensation expense.

- On January 4, 2001, the Company acquired ChipLogic, Inc. (ChipLogic) of Santa Clara, California. ChipLogic is a developer of high-performance integrated circuits and software focused on the convergence of voice, broadband access and network protocol processing. The total purchase price of $68.3 million consisted of cash of approximately $4 million, approximately 1 million shares of common stock valued at $60.2 million and the assumption of $4.1 million of outstanding ChipLogic vested stock options. The fair value of common stock issued was determined based on the average market price of common stock for the seven-day period, including three days before and after the date the acquisition was announced and the terms of the acquisition were agreed upon. Approximately $9.5 million represented the purchase price of in-process technology and was charged to operations during fiscal 2001 because the software project had not yet reached technological feasibility and had no alternative future use. The in-process technology related to software developed to handle voice processing, signaling, packet management and routing, quality of service and networking interface functions. This software is embedded in a network processor that provides for a wide area to local area network bridge. The fair value of the in-process technology was determined by a third party using the income forecast method, which is a discounted net cash flow approach. At the time of the acquisition, the in-process technology was approximately 40% complete. The in-process technology was completed in the second quarter of fiscal 2002. Expenditures to complete the in-process technology totaled $14 million, representing primarily personnel costs. An additional $8 million of cash consideration and 489,375 shares of common stock was due and payable in the event that the former shareholders and key employees remain employed at Analog and upon the achievement of certain operational objectives. Of these shares, 249,375 shares have been issued to the former shareholders and have a fixed value of $13 million. This amount is being charged ratably to operations over a five-year period based on continuing employment. Accordingly, the issuance of these shares is compensatory and is treated as compensation expense over the service period. The remaining 240,000 shares were subject to operational performance-based criteria and were only issuable to those former shareholders and key employees who remained employed at Analog at the time the operational milestones were met. Accordingly, the issuance of these shares was compensatory and was recorded as compensation expense when the achievement of each defined contractual milestone became probable. As of November 2, 2002, all of the operational milestones had been met and approximately $5.0 million and $4.2 million of expense was recorded related to the issuance of the shares in fiscal 2002 and 2001, respectively. As of November 1, 2003, there was approximately $4.9 million of contingent consideration remaining to be paid. An additional $2.8 million of compensation expense is being recorded annually through fiscal 2005 related to the assumption of unvested stock options.

• On January 16, 2001, the Company acquired Staccato Systems, Inc. (Staccato) of Mountain View, California. Staccato is in the field of audio synthesis technology. The total purchase price of $23.8 million consisted of $23 million in cash and the assumption of $0.8 million of vested outstanding Staccato stock options. The Company paid an additional $7 million to the selling shareholders related to the achievement of operational objectives. These payments were accounted for as additional purchase price and recorded to goodwill because the payments were not contingent on continued employment by the former shareholders of Staccato who became Analog employees. The Company paid contingent consideration payments to the former shareholders of $5 million and $2 million in fiscal 2002 and 2001, respectively. No additional contingent consideration payments will be made. An additional $0.2 million of compensation expense is being recorded annually through fiscal 2005 related to the assumption of unvested stock options.

Pro forma results of operations for Neuroth, SPA, IMI, ChipLogic and Staccato have not been provided herein as they were not material to the Company on either an individual or an aggregate basis. The results of operations of each acquisition are included in the Company’s consolidated statement of income from the date of each acquisition.

4. Industry and Geographic Segment Information

The Company operates and tracks its results in one reportable segment. The Company designs, develops, manufactures and markets a broad range of integrated circuits. The Chief Executive Officer has been identified as the Chief Operating Decision Maker as defined by Statement of Financial Accounting Standard No. 131 (SFAS 131), “Disclosures about Segments of an Enterprise and Related Information.”

Geographic Information

The Company operates in the following major geographic areas. Trade sales data is based upon point of sale and property, plant and equipment based upon physical location. The predominant countries comprising European operations are Ireland, England, France and Germany.

Geographic Segment Information	2003	2002	2001
Sales			
North America	$ 523,124	$ 516,642	$ 885,584
Europe	400,666	358,951	553,928
Japan	373,753	288,686	340,951
Southeast Asia	749,725	543,229	496,452
Total sales	$2,047,268	$1,707,508	$2,276,915
Property, plant and equipment			
Ireland	$ 279,089	$ 299,061	$ 317,234
All other European Countries	3,195	12,085	12,941
Subtotal Europe	282,284	311,146	330,175
North America	318,385	391,145	490,574
Philippines	66,709	70,160	72,305
Japan	667	739	1,088
Southeast Asia	3,095	7,714	13,800
Total property, plant and equipment	$ 671,140	$ 780,904	$ 907,942

5. Special Charges

A summary of the Company's special charges is as follows:

	Fiscal 2003			Fiscal 2002				
Income Statement	**4th Quarter Special Charges**	**3rd Quarter Special Charges**	**Fiscal 2003 Total**	**2nd Quarter Special Charges**	**3rd Quarter Special Charges**	**4th Quarter Special Charges**	**Fiscal 2002 Total**	**Fiscal 2001 Special Charges**
Workforce reductions	$2,027		$ 2,027	$15,284	$ 3,676	$2,512	$21,472	$29,636
Abandonment of equipment	5,965	$ 4,694	10,659	2,327	700	859	3,886	11,573
Equipment/ lease cancelation and cleanup fees				8,076			8,076	3,298
Investment impairments				2,125	3,779	2,090	7,994	2,500
Other asset impairments	1,186		1,186					
Other	15		15	903	1,258	944	3,105	
Change in estimate		(4,353)	(4,353)	(1,465)		2,000	535	
Goodwill impairment					3,426		3,426	
Total Special Charges	$9,193	$ 341	$ 9,534	$27,250	$12,839	$8,405	$48,494	$47,007

A summary of the activity in accrued restructuring is as follows:

	Fiscal 2003		Fiscal 2002				
Accrued Restructuring	**4th Quarter Special Charges**	**3rd Quarter Special Charges**	**2nd Quarter Special Charges**	**3rd Quarter Special Charges**	**4th Quarter Special Charges**	**Fiscal 2001 Special Charges**	**Total**
Special charges						$ 47,007	$ 47,007
Severance payments						(6,178)	(6,178)
Non-cash impairment charge						(14,073)	(14,073)
Balance at November 3, 2001.						26,756	26,756
Special charges			$27,250	$12,839	$ 8,405		48,494
Severance payments			(583)	(680)	(110)	(16,824)	(18,197)
Other cash payments			(988)		(200)		(1,188)
Change in estimate			3,465		(2,000)	(1,465)	—
Non-cash impairment charge			(4,127)	(7,905)	(2,949)	(860)	(15,841)
Balance at November 2, 2002.			$25,017	$ 4,254	$ 3,146	$ 7,607	$ 40,024
Special charges	$ 9,193	$ 341					9,534
Severance payments			(8,845)	(1,714)	(2,073)	(4,204)	(16,836)
Other cash payments			(7,197)	(1,521)	(395)	(527)	(9,640)
Change in estimate		4,353	(2,900)			(1,453)	—
Non-cash impairment charge	(7,151)	(4,694)					(11,845)
Effect of foreign currency translation on accrual				95			95
Balance at November 1, 2003	$ 2,042	$ —	$ 6,075	$ 1,114	$ 678	$ 1,423	$ 11,332

Fiscal 2003 Charges

During the third quarter of fiscal 2003, the Company recorded a special charge of $0.3 million. The charge included a $2.0 million write-down of equipment to fair value due to a decision to outsource the assembly of products in plastic packages, which had been done internally at the Company's facility in the Philippines. This amount was the net book value of the assets used in plastic assembly, net of proceeds received from the sale in the third quarter of a portion of the assets. The Company also decided to abandon efforts to develop a particular expertise in optical communications that resulted in the write-down of $2.7 million of equipment to fair value. During the quarter ended August 2, 2003, the Company determined that the costs remaining to be paid for certain restructuring charges would be less than the amount originally recorded. Accordingly, the Company recorded a change in estimate reducing the restructuring accruals by $4.4 million related to prior restructuring charges as more fully described below.

During the fourth quarter of fiscal 2003, the Company recorded a special charge of $9.2 million as a result of a decision to close a small manufacturing facility in Belfast, Northern Ireland that supplied foundry substrate services for optical applications. The charge included $2.0 million of severance and fringe benefit costs for approximately 57 manufacturing employees and 14 engineering and administrative employees, none of whom had been terminated as of November 1, 2003. The charge also included $6 million related to the write-down of property, plant and equipment to fair value and $1.2 million related to the write-down of various other assets to fair values. The closure is anticipated to be completed during the first half of fiscal 2004.

Of the $9.5 million of special charges recorded in fiscal 2003, $2 million related to separation costs remained accrued as of November 1, 2003. All remaining severance will be paid in the first half of fiscal 2004.

Fiscal 2002 Charges

During the second quarter of fiscal 2002, the Company recorded special charges of approximately $27.2 million. The second quarter charge was comprised of $25.7 million related to the planned transfer of production from the Company's three older four-inch wafer fabrication facilities to the Company's three six-inch and one eight-inch wafer fabrication facilities, and $3 million primarily related to the impairment of an investment, which was partially offset by an adjustment of $1.5 million related to equipment cancelation fees recorded in fiscal year 2001. The investment impairment, which was related to an equity investment in a private company, was due to the Company's decision to abandon the product strategy for which the investment was made. Included in the $25.7 million special charge were severance and fringe benefit costs of $15.3 million for 509 manufacturing employees in the United States and Ireland, $2.3 million related to the write-down of equipment to be abandoned and $8.1 million of other charges, primarily related to lease termination and cleanup costs. The write-down of equipment was principally due to a decision to discontinue various product development strategies. In the third quarter of fiscal 2003, the Company reversed $2.9 million of the accrual primarily due to lower than previously expected severance costs. The lower severance costs were the result of a reduction in the number of separated employees and, to a lesser extent, the average tenure of separated employees differing from estimates. The 509 employees projected to be terminated at the time of the original charge was adjusted down to 439 and as of November 1, 2003, 397 employees had been terminated. The reduction in the number of employees to be terminated was due to the transfer of employees, which primarily occurred in the third quarter of fiscal 2003, to positions in the Company's six-inch wafer fabrication facilities where the Company experienced an unexpected increase in demand for its products. The process of ceasing production in the four-inch wafer fabrication facilities is complete. The equipment disposition and clean-up activity is underway at each site and the related clean up costs, which were included in the special charge, will be expended as this activity is completed. The remaining clean-up will be substantially complete by the end of the second quarter of fiscal 2004. Since severance costs are paid as income continuance at some locations, these amounts will be expended over time subsequent to the final termination of employment.

In addition to the above special charges, the remaining service lives of certain assets within the older four-inch wafer fabrication facilities were shortened. As a result, cost of sales for the fiscal year 2002 included additional depreciation of approximately $8.7 million associated with the shortened lives.

During the third quarter of fiscal 2002, the Company recorded special charges of approximately $12.8 million. The charges included severance and fringe benefit costs of $3.7 million related to cost reduction actions taken in several product groups and, to a lesser extent, in manufacturing, $3.8 million related to the impairment of an investment, $3.4 million related to the impairment of goodwill associated with the closing of an Austrian design center acquired in fiscal 2001 and $1.9 million primarily related to the abandonment of equipment and lease cancelation fees. The investment impairment, which was related to an equity investment in a private company, was due to the Company's decision to abandon the product strategy for which the investment was made. The severance and fringe benefit costs were for approximately 70 engineering employees in the United States, Europe and Canada, and approximately 30 manufacturing employees in the United States. All of the manufacturing employees and substantially all of the engineering employees had been terminated as of November 1, 2003.

During the fourth quarter of fiscal 2002, the Company recorded special charges of approximately $8.4 million. The charges included severance and fringe benefit costs of $2.5 million related to cost reduction actions taken in the sales group, several product groups and the Company's manufacturing test operations for approximately 65 employees in the United States and Europe, all of which had been terminated as of November 1, 2003. The charges also included $2.1 million related to the impairment of investments, $1.8 million primarily related to the abandonment of equipment and lease cancelation fees and a change in estimate of $2.0 million for additional estimated clean-up costs originally recorded in the second quarter of fiscal 2002. The investment impairment charges were related to the decline in fair value of a publicly traded equity investment to less than its cost basis that was determined to be other-than-temporary, and to an equity investment in a private company. The private company equity investment was part of a product strategy that the Company decided to abandon.

Of the $48.5 million of special charges recorded in fiscal 2002, $3.2 million primarily related to clean-up costs and $4.7 million related to separation costs, primarily being paid as income continuance, remained accrued as of November 1, 2003.

Fiscal 2001 Charges

During fiscal 2001, the Company recorded special charges of approximately $47 million related to cost reduction actions taken in response to the economic climate at that time. The actions consisted of workforce reductions in manufacturing and, to a lesser extent, in selling, marketing and administrative areas as well as a decision to consolidate worldwide manufacturing operations and rationalize production planning and quality activities. The cost reductions included severance and fringe benefit costs of $29.6 million for approximately 1,200 employees in the U.S., Europe, Asia and the Philippines, substantially all of which had been terminated as of November 1, 2003. The special charges also included $11.6 million related to the abandonment of equipment resulting from the consolidation of worldwide manufacturing operations and $5.8 million of other charges primarily related to equipment and lease cancelation fees. Based on the results of negotiations with vendors regarding purchase order cancelation fees, the amount paid was $1.5 million less than the amount recorded for such charges and, accordingly, the Company adjusted the provision for purchase order cancelation fees by $1.5 million in the second quarter of fiscal 2002 to reflect this change in estimate. In the third quarter of fiscal 2003, the Company determined that the severance costs remaining to be paid would be $1.3 million less than the amount originally recorded for these charges and also determined that $0.2 million originally reserved for the termination of two leases would not be required. Therefore, the Company adjusted the provision for these severance and other costs in the third quarter of fiscal 2003 to reflect this change in estimate.

Of the $47.0 million of special charges recorded in fiscal 2001, $1.4 million remained accrued as of November 1, 2003, and primarily represents severance payments being paid as income continuance to certain of the 1,200 terminated employees, predominantly in the U.S., substantially all of which will be paid by the end of fiscal 2004.

6. Deferred Compensation Plan Investments

Deferred compensation plan investments are classified as trading and were $304 million and $278 million at November 1, 2003 and November 2, 2002, respectively. The values of these investments are based on published market quotes on November 1, 2003 and November 2, 2002, respectively. Adjustments to fair value of, and income pertaining to, deferred compensation plan investments are recorded in operating expense. Gross realized and unrealized gains and losses from trading securities were not material in fiscal 2003, fiscal 2002 and fiscal 2001.

Investments consist primarily of long-term investments in mutual funds, commercial paper, equity securities and institutional money market funds, which are offset by a corresponding noncurrent liability to the plan participants (see Note 10). These investments are specifically designated as available to the Company solely for the purpose of paying benefits under the Company's deferred compensation plan. However, in the event the Company became insolvent, the investments would be available to all unsecured general creditors.

7. Other Investments

Other investments consist of equity securities, auction-rate securities and other long-term investments. Investments are stated at fair value, which is based on market quotes, interest rates or management estimates, as appropriate. Adjustments to fair value of investments classified as available-for-sale are recorded as an increase or decrease in other comprehensive income, which is included as a component of stockholders' equity.

There were no realized gains or losses recorded in fiscal 2003. Realized losses of $6.9 million were recorded in fiscal 2002. Net realized gains of $25.5 million were recorded in fiscal 2001 primarily related to a $28 million gain on the sale of the Company's investment in Wafertech.

Unrealized gains of $4.2 million ($2.7 million net of tax) were recorded in fiscal 2003, unrealized losses of $1.1 million ($0.7 million net of tax) were recorded in fiscal 2002 and unrealized losses of $0.3 million ($0.2 million net of tax) were recorded in fiscal 2001.

Long-term investments classified as available-for-sale were approximately $37.6 million and $2.0 million at November 1, 2003 and November 2, 2002, respectively.

8. Accrued Liabilities

Accrued liabilities at November 1, 2003 and November 2, 2002 consisted of the following:

	2003	2002
Accrued compensation and benefits	$ 56,082	$ 55,703
Special charges	11,332	40,024
Other	45,572	56,152
Total accrued liabilities	$112,986	$151,879

9. Debt and Credit Facilities

Long-term debt at November 1, 2003 and November 2, 2002 consisted of the following:

	2003	2002
4.75% Convertible Subordinated Notes due October 1, 2005	$ —	$1,246,576
Other	—	27,444
Total long-term debt	$ —	$1,274,020

On October 1, 2000, the Company issued $1,200 million of 4.75% Convertible Subordinated Notes due October 1, 2005 (the “2005 Notes”) with semiannual interest payments on April 1 and October 1 of each year. The 2005 Notes were convertible, at the option of the holder, into the Company’s common stock at any time unless previously redeemed or repurchased, at a conversion price of $129.78 per share, subject to adjustment in certain events. The net proceeds of the offering were $1,172 million after payment of the underwriting discount and expenses of the offering, which were amortized over the term of the 2005 Notes. On October 1, 2003, the Company redeemed the 2005 Notes. The redemption price was 101.90% of the principal amount of the notes or $1,223 million. The Company recognized a net loss on debt extinguishment of $0.2 million, which was comprised of a gain on bond redemption of $10.8 million due to the carrying value of the 2005 Notes being greater than the redemption value as a result of the mark-to-market of the interest rate component of the 2005 Notes to fair value. This gain was offset by a write-off of $11.0 million of deferred financing fees. The net loss is included in Other, net in the consolidated statements of income.

Other long-term debt of $27.4 million at November 2, 2002 was due to a third-party counterparty and was related to the interest rate swap on the 2005 Notes entered into in fiscal 2002 (see Note 2i.). The swap agreement was terminated in the fourth quarter of fiscal 2003. As consideration for the restructuring of the interest rate swap agreement in the Company’s favor in October 2002, the Company agreed to pay a fixed amount to the counterparty that was due regardless of when the interest rate swap agreement terminated. The obligation was payable, plus interest at the LIBOR-based floating rate (1.61% as of November 6, 2002), on a quarterly basis over the same term as that of the interest rate swap, but the full amount was accelerated upon termination of the related swap agreement in September 2003.

There were no short-term borrowings outstanding at November 1, 2003. There were $6 thousand of other short-term borrowings outstanding at November 2, 2002, which were at prevailing market rates for the respective currencies. Borrowings under the Company’s lines of credit are generally due within six months. Total availability under these short-term lines of credit is not material.

10. Deferred Compensation Plan Liability and Other Noncurrent Liabilities

The deferred compensation plan liability relates to obligations due under the Analog Devices, Inc. Deferred Compensation Plan (the “Deferred Compensation Plan”). The Deferred Compensation Plan allows certain members of management and other highly-compensated employees and non-employee directors to defer receipt of all or any portion of their compensation and gains on stock options and restricted stock granted before July 23, 1997. The balance represents Deferred Compensation Plan participant accumulated deferrals, and earnings thereon, since the inception of the Deferred Compensation Plan, net of withdrawals. The Company’s liability under the Deferred Compensation Plan is an unsecured general obligation of the Company. The other items included in other noncurrent liabilities primarily relate to pension liabilities.

11. Lease Commitments

The Company leases certain of its facilities and equipment under various operating leases that expire at various dates through 2012. The lease agreements frequently include renewal and escalation clauses and require the Company to pay taxes, insurance and maintenance costs. Total rental expense under operating leases was approximately $21 million in fiscal 2003, fiscal 2002 and fiscal 2001.

The following is a schedule of future minimum rental payments required under long-term operating leases at November 1, 2003:

Fiscal Years	Operating Leases
2004	$15,322
2005	14,119
2006	8,690
2007	5,173
2008	3,780
Later Years	4,364
Total	$51,448

12. Commitments and Contingencies

Litigation

On June 17, 2002, the Company received a letter from Plasma Physics Corporation (“Plasma Physics”) attaching a courtesy copy of a complaint it had filed against the Company in the Eastern District of New York alleging infringement by certain of the Company’s products of two patents held by Plasma Physics. In the letter, Plasma Physics indicated that it would like to license the patents to the Company. The letter further stated that Plasma Physics would forego service of the complaint for a period of 120 days, provided that the Company would agree to undertake negotiations over terms for licensing the above-referenced patents. The Company met with Plasma Physics, and those negotiations are ongoing. On October 17, 2002, Plasma Physics served the complaint. Analog has answered the complaint denying the allegations. The case is proceeding through discovery and the ultimate outcome is unknown.

On October 7, 2002, Townshend Intellectual Property, L.L.C. (“Townshend”) commenced an action in the United States District Court for the Northern District of California against the Company, alleging that the Company infringed eight patents, alleged to be owned by Townshend. Townshend’s complaint alleged that the Company’s Standalone Embedded Modems and Single Chip Internet Modems infringed those patents. The complaint sought injunctive relief and unspecified damages. By letter dated October 16, 2002, the Company sought indemnification from Lucent Technologies, Inc. (“Lucent”). Lucent has denied that it has any indemnification obligations to the Company. The Company filed an answer to the complaint with the court, on or about December 12, 2002, denying infringement and liability. The parties have entered into a settlement agreement, and a stipulation of dismissal with prejudice was entered into on or about October 1, 2003 dismissing all claims with prejudice. This settlement did not have a material effect on the Company’s financial position or results of operations.

On March 4, 2003, Motorola, Inc. filed an action in the United States District Court for the Eastern District of Texas against the Company, alleging that the Company infringed five patents owned by Motorola relating to semiconductor processing and semiconductor chip design. On March 11, 2003, Motorola filed a first amended complaint asserting the same five patents. The first amended complaint seeks injunctive relief and unspecified damages. On April 17, 2003, the Company filed a motion under the Federal Rules of Civil Procedure for a more definite statement of Motorola’s allegations. Motorola opposed that motion, and, by order dated July 18, 2003, the Court denied the Company’s motion. On August 5, 2003, the Company filed an answer and also counterclaimed against Motorola. In the counterclaim, the Company asserted that Motorola infringes six of the Company's patents relating to semiconductor technology. Motorola responded to the Company's counterclaims on September 10, 2003. The case is proceeding through discovery.

On November 6, 2003, Enron Corporation commenced a proceeding in the United States Bankruptcy Court for the Southern District of New York. On December 1, 2003, Enron filed an amended complaint to add the Company as a defendant in such proceeding. The amended complaint alleges that transfers made by Enron in satisfaction of obligations it had under commercial paper are recoverable as preferential transfers and fraudulent transfers and are subject to avoidance under the United States Bankruptcy Code. It is alleged that payments made in premature satisfaction of obligations under commercial paper totaling approximately $20 million are recoverable from J.P. Morgan Securities, Inc., Fleet Capital Markets, Fleet National Bank and/or the Company. The Company sold $20 million of Enron commercial paper to Fleet and did not enter into any direct transactions with Enron. The Company intends to defend vigorously against these claims. Although the Company believes it has meritorious defenses to the asserted claims, it is in the process of preparing a response to the amended complaint and is unable at this time to predict the outcome of this proceeding.

The Company is currently under audit by the United States Internal Revenue Service (the "IRS") for fiscal year 2001 and fiscal year 2002. The audit has not been completed and the IRS has not issued a report on its audit.

From time to time as a normal incidence of the nature of the Company's business, various claims, charges and litigation are asserted or commenced against the Company arising from, or related to, contractual matters, patents, trademarks, personal injury, environmental matters, product liability, insurance coverage and personnel and employment disputes. As to such claims and litigation, including those items discussed above, the Company can give no assurance that it will prevail. However, the Company does not believe that these matters will have a material adverse effect on the Company's consolidated financial position, although an adverse outcome of any of these matters could have a material adverse effect on the Company's consolidated results of operations or cash flows in the quarter or annual period in which one or more of these matters are resolved.

13. Stockholders' Equity

Stock Plans

On December 5, 2001, the Board of Directors approved the 2001 Broad-Based Stock Option Plan (2001 Plan), which provides for the issuance of stock options to purchase up to 50 million shares of common stock. The 2001 Plan provides for the issuance of stock options to non-officer employees, consultants and advisors at a price not less than 100% of the fair market value of the common stock at the time the option is granted. The Company cannot grant options under the 2001 Plan to directors or officers.

In fiscal 1998, the stockholders approved the 1998 Stock Option Plan (1998 Plan), which provides for the issuance of nonstatutory and incentive stock options to purchase up to 30 million shares of common stock. In March 2000, the stockholders approved an amendment to the 1998 Plan to increase the shares reserved for issuance by an additional 34 million shares. Officers, employees, directors, consultants and advisors of the Company and its subsidiaries are eligible to be granted options under this plan at a price not less than 100% (110% in the case of incentive stock options granted to 10% or greater stockholders) of the fair market value of the common stock at the time the option is granted. The Company's 1988 Stock Option Plan (1988 Plan) was terminated upon adoption of the 1998 Plan; however, options to purchase common stock remain outstanding under the 1988 Plan.

While the Company may grant to employees options that become exercisable at different times or within different periods, the Company has generally granted to employees options that are exercisable on a cumulative basis in annual installments of 33 1/3% on each of the third, fourth and fifth anniversaries of the date of grant or in annual installments of 25% on each of the second, third, fourth and fifth anniversaries of the date of grant.

The Board of Directors authorized that from and after March 14, 2000, all options granted to non-employee directors will be granted under the 1998 Plan, under which each non-employee director is granted annually a non-statutory stock option to purchase 20,000 shares (18,000 shares beginning in fiscal year 2004) of common stock at an exercise price equal to the fair market value on the date of grant. The options granted to directors under the 1998 Plan are exercisable on a cumulative basis in annual installments of 33 1/3% on each of the first, second and third anniversaries of the date of grant. The Company's 1994 Director Option Plan, which was restated in 1998, was terminated effective March 14, 2000; however, options to purchase shares of common stock remain outstanding under the 1994 Director Option Plan.

Information with respect to activity under the stock option plans is set forth below:

Stock Option Activity	Shares Available for Grant	Options Outstanding: Number	Options Outstanding: Weighted Average Price Per Share
Balance, October 28, 2000	37,610	52,250	$14.31
Options granted	(17,041)	17,041	44.00
Options exercised	—	(3,939)	6.74
Options canceled	1,615	(1,615)	24.37
Balance, November 3, 2001	22,184	63,737	$22.28
Shares authorized for 2001 Broad-Based Stock Option Plan	50,000	—	—
Shares canceled upon termination of expired stock plans	(2,196)	—	—
Options granted	(28,127)	28,127	30.57
Options exercised	—	(3,869)	6.51
Options canceled	2,144	(2,144)	34.24
Balance, November 2, 2002	44,005	85,851	$25.41
Shares canceled upon termination of expired stock plans	(83)	—	6.42
Options granted	(1,422)	1,422	33.10
Options exercised	—	(6,617)	8.87
Options canceled	2,092	(2,092)	36.06
Balance, November 1, 2003	44,592	78,564	$26.66

The following table summarizes information about options outstanding at November 1, 2003:

Range of Exercise Price	Outstanding Options: Number Outstanding At 11/01/03	Outstanding Options: Weighted Average Remaining Contractual Life (Years)	Outstanding Options: Weighted Average Exercise Price	Options Exercisable: Number Exercisable at 11/01/03	Options Exercisable: Weighted Average Exercise Price
$ 3.52-$ 9.93	20,880	3.8	$ 7.01	20,857	$ 7.01
$ 9.94-$19.85	732	4.8	13.48	552	13.46
$19.86-$29.78	27,032	7.5	24.31	4,340	28.47
$29.79-$59.55	29,345	7.7	42.26	3,178	41.55
$59.56-$99.25	575	6.6	73.27	170	74.88
$ 3.52-$99.25	78,564	6.6	$26.66	29,097	$14.50

Options exercisable at November 2, 2002 and November 3, 2001 were 19,625,000 and 13,135,000, respectively.

The Company has an employee stock purchase plan (ESPP) that allows eligible employees to purchase, through payroll deductions, shares of the Company's common stock at 85% of the fair market value at specified dates. Employees purchased a total of 414,382 shares of common stock under this plan in fiscal 2003 (436,885 shares and 390,719 shares in fiscal 2002 and fiscal 2001, respectively) for a total purchase price of $12.9 million ($13.6 million and $15.2 million in fiscal 2002 and fiscal 2001, respectively). At November 1, 2003, a total of 2,139,600 common shares, net of retirements, remained available for issuance under the ESPP.

Under the 1991 Restricted Stock Plan, which expired in December 2000, a maximum of 5,400,000 shares of common stock were authorized for awards by the Company to key employees for nominal consideration. Shares awarded under the plan were restricted as to transfer, usually for a period of five years and, under certain conditions, were subject to repurchase by the Company at the original purchase price per share. During fiscal 2003, 2002 and 2001, $0.4 million, $0.9 million and $2.1 million, respectively, of compensation expense was recorded in connection with grants made under this plan. As of November 1, 2003, approximately 4,000 common shares were outstanding under the 1991 Restricted Stock Plan.

As of November 1, 2003, a total of 125,295,641 common shares were reserved for issuance under the Company's stock plans.

Common Stock Repurchase

In August 2002, the Company's Board of Directors approved the repurchase of up to 15 million shares of common stock. As of November 1, 2003, the Company had repurchased 4,351,751 shares of its common stock at an average purchase price of $22.47 per share. The repurchased shares are held as treasury shares and are being used for the employee stock purchase plan and other benefit plans.

Preferred Stock

The Company has 471,934 authorized shares of $1.00 par value preferred stock. The Board of Directors is authorized to fix designations, relative rights, preferences and limitations on the preferred stock at the time of issuance. An aggregate of 300,000 shares of preferred stock have been designated as Series A Junior Participating Preferred Stock for issuance in connection with the Company's Stockholder Rights Plan.

Common Stock Purchase Rights

In March 1998, the Board of Directors adopted a Stockholder Rights Plan (the Stockholder Rights Plan) that replaced a plan adopted by the Board in 1988. Pursuant to the Stockholder Rights Plan, after giving effect to the Company's two-for-one stock split effected on March 15, 2000, each share of the Company's common stock currently has an associated one-half of a right. Under certain circumstances, each whole right would entitle the registered holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock at a purchase price of $180 in cash, subject to adjustment.

The rights are not exercisable and cannot be transferred separately from the common stock until ten business days (or such later date as may be determined by the Board of Directors) after (i) the public announcement that a person or group of affiliated or associated persons has acquired (or obtained rights to acquire) beneficial ownership of 15% or more of common stock or (ii) the commencement of a tender offer or exchange offer that would result in a person or group beneficially owning 20% or more of the outstanding common stock. If and when the rights become exercisable, each holder of a right shall have the right to receive, upon exercise, that number of shares of common stock (or in certain circumstances, cash, property or other securities of the Company) that equals the exercise price of the right divided by 50% of the current market price (as defined in the Stockholder Rights Plan) per share of common stock at the date of the occurrence of such event. In the event that at any time after any person becomes an acquiring person, (i) the Company is consolidated with, or merged with and into, another entity and the Company is not the surviving entity of such consolidation or merger or if the Company is the surviving entity, but shares of its outstanding common stock are changed or exchanged for stock or securities or cash or any other property, or (ii) 50% or more of the Company's assets or earning power is sold or transferred, each holder of a right shall thereafter have the right to receive upon exercise, that number of shares of common stock of the acquiring company that equals the exercise price of the right divided by 50% of the current market price of such common stock at the date of the occurrence of the event.

The rights have certain anti-takeover effects, in that they would cause substantial dilution to a person or group that attempts to acquire a significant interest in the Company on terms not approved by the Board of Directors. The rights expire on March 17, 2008 but may be redeemed by the Company for $.001 per right at any time prior to the tenth day following a person's acquisition of 15% or more of the Company's common stock. So long as the rights are not separately transferable, each new share of common stock issued will have one-half of a right associated with it.

14. Retirement Plans

The Company and its subsidiaries have various savings and retirement plans covering substantially all employees. The Company maintains a defined contribution plan for the benefit of its eligible United States employees. This plan provides for Company contributions of up to 5% of each participant's total eligible compensation. In addition, the Company contributes an amount equal to each participant's pre-tax contribution, if any, up to a maximum of 3% of each participant's total eligible compensation. The Company also has various defined benefit pension and other retirement plans for certain non-U.S. employees that are consistent with local statutes and practices. The total expense related to all of the Company's retirement plans was approximately $31 million in fiscal 2003 and $28 million in each of fiscal 2002 and fiscal 2001, which primarily consisted of costs related to the U.S. defined contribution plan. Also included in total expense is pension expense related to non-U.S. defined benefit plans of approximately $5 million in fiscal 2003, $4 million in fiscal 2002 and $3 million in fiscal year 2001.

Non-U.S. Plan Disclosures

The Company's funding policy for its foreign defined benefit pension plans is consistent with the local requirements of each country. The plans' assets consist primarily of U.S. and non-U.S. equity securities, bonds, property and cash.

Net annual periodic pension cost of non-U.S. plans is presented in the following table:

	2003	2002	2001
Service cost	$ 5,794	$ 5,144	$ 4,334
Interest cost	4,680	4,023	3,689
Expected return on plan assets	(5,833)	(5,115)	(4,534)
Amortization of prior service cost	161	136	131
Amortization of transitional (asset) or obligation	(114)	(81)	(56)
Recognized actuarial (gain) or loss	362	359	(87)
Net periodic pension cost	$ 5,050	$ 4,466	$ 3,477

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Obligation and asset data of the plans at each fiscal year end is presented in the following table:

	2003	2002
Change in Benefit Obligation		
Benefit obligation at beginning of year	$ 79,411	$ 69,059
Service cost	5,794	5,144
Interest cost	4,680	4,023
Curtailment (gain)/loss	—	(1,218)
Participant contributions	1,916	1,499
Actuarial (gain)/loss	3,143	(3,255)
Benefits paid	(1,915)	(2,157)
Exchange rate adjustment	12,093	6,316
Benefit obligation at end of year	$105,122	$ 79,411
Change in Plan Assets		
Fair value of plan assets at beginning of year	$ 55,043	$ 58,282
Actual return on plan assets	5,050	(9,852)
Employer contributions	3,559	2,415
Participant contributions	1,916	1,499
Benefits paid	(1,915)	(2,157)
Exchange rate adjustment	8,218	4,856
Fair value of plan assets at end of year	$ 71,871	$ 55,043
Reconciliation of Funded Status		
Funded status	$ (33,251)	$(24,368)
Contribution between September 30 and fiscal year end	544	204
Unrecognized transition obligation or (asset)	79	13
Unrecognized actuarial loss or (gain)	22,838	16,820
Unrecognized prior service cost	470	551
Net amount recognized	$ (9,320)	$ (6,780)
Amounts Recognized in the Balance Sheet Consist of		
Prepaid benefit cost	$ —	$ 60
Accrued benefit liability	(13,576)	(10,404)
Intangible asset	377	307
Accumulated other comprehensive income	3,879	3,257
Net amount recognized	$ (9,320)	$ (6,780)
Other comprehensive income attributable to change in additional minimum liability recognition	$ 622	$ 3,257

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for non-U.S. pension plans with accumulated benefit obligation in excess of plan assets were $28.7 million, $24.2 million and $12.0 million respectively, at September 30, 2003 and $20.8 million, $17.8 million and $9.4 million, respectively, at September 30, 2002.

The range of assumptions used for the non-U.S. defined benefit plans reflects the different economic environments within the various countries. The projected benefit obligation was determined using the following assumptions:

	2003	2002
Discount rate	5.21%	5.50%
Rate of increase in compensation levels	3.70%	3.80%
Expected long-term return on plan assets	7.34%	7.67%

15. Income Taxes

The reconciliation of income tax computed at the U.S. federal statutory rates to income tax expense is as follows:

	2003	2002	2001
U.S. federal statutory tax rate	35.0%	35.0%	35.0%
Income tax provision reconciliation:			
Tax at statutory rate	$133,642	$ 49,123	$177,535
Irish income subject to lower tax rate	(46,169)	(23,882)	(22,265)
State income taxes, net of federal benefit	365	260	3,225
Research and development tax credits	(7,000)	(3,764)	(9,650)
Extraterritorial/ income exclusion	—	—	(7,700)
Amortization of goodwill/ intangibles	1,169	11,746	8,628
Net foreign tax in excess of U.S. federal statutory tax rate	1,185	960	497
Other, net	363	608	597
Total income tax provision	$ 83,555	$ 35,051	$150,867

For financial reporting purposes, income before income taxes includes the following components:

	2003	2002	2001
Pretax income (loss):			
Domestic	$ 9,679	$(123,461)	$217,457
Foreign	372,157	263,811	289,787
Total income before income taxes	$381,836	$ 140,350	$507,244

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The components of the provision for income taxes are as follows:

	2003	2002	2001
Current:			
Federal	$28,136	$ 27,147	$113,334
Foreign	52,700	48,067	62,494
State	562	400	4,962
Total current	$81,398	$ 75,614	$180,790
Deferred (prepaid):			
Federal	$ 1,922	$(41,868)	$ (28,448)
Foreign	235	1,305	(1,475)
Total deferred (prepaid)	$ 2,157	$(40,563)	$ (29,923)

The Company's practice is to reinvest indefinitely the earnings of certain international subsidiaries. Accordingly, no U.S. income taxes have been provided for approximately $1,306 million of unremitted earnings of international subsidiaries. As of November 1, 2003, the amount of unrecognized deferred tax liability on these unremitted earnings was $264 million. At November 1, 2003, the Company had general business credit carryovers of approximately $20.7 million that begin to expire in 2016, and a foreign tax credit of approximately $3.9 million that will expire in 2007.

The significant components of the Company's deferred tax assets and liabilities for the fiscal years ended November 1, 2003 and November 2, 2002 are as follows:

	2003	2002
Deferred tax assets:		
Inventory reserves	$ 37,955	$ 41,204
Deferred income on shipments to distributors	20,415	26,250
Reserves for compensation and benefits	58,137	60,200
Tax credit carryovers	24,600	22,554
FAS 115 mark-to-market adjustment	(459)	1,983
Accrued liabilities	831	1,895
Other	2,770	4,817
Total gross deferred tax assets	144,249	158,903
Deferred tax liabilities:		
Depreciation	(11,836)	(19,966)
Undistributed earnings of foreign subsidiaries	(4,358)	(6,768)
Other	(368)	(2,229)
Total gross deferred tax liabilities	(16,562)	(28,963)
Net deferred tax assets	$127,687	$129,940

The Company has provided for potential liabilities due in various foreign jurisdictions. Judgment is required in determining the worldwide income tax expense provision. In the ordinary course of global business, there are many transactions and calculations where the ultimate tax outcome is uncertain. Some of these uncertainties arise as a consequence of cost reimbursement arrangements among related entities. Although the Company believes its estimates are reasonable, no assurance can be given that the final tax outcome of these

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

matters will not be different than that which is reflected in the historical income tax provisions and accruals. Such differences could have a material impact on the Company's income tax provision and operating results in the period in which such determination is made.

16. Related Party Transactions

Certain of the Company's directors are affiliated with companies that sell products to the Company. Management believes the terms and prices for the purchases of these products are no less favorable than those obtained from unaffiliated parties. One of the Company's directors became a director of Taiwan Semiconductor Manufacturing Company (TSMC) during fiscal 2002. The Company purchased approximately $232 million and $206 million of product from TSMC in fiscal year 2003 and 2002, respectively, and approximately $14 million and $19 million was payable to TSMC as of November 1, 2003 and November 2, 2002, respectively. Management anticipates the Company will make similar purchases in fiscal year 2004.

17. Subsequent Event

On November 17, 2003, the Board of Directors of the Company declared a cash dividend of $0.04 per outstanding share of common stock. The dividend was paid on December 17, 2003 to all stockholders of record at the close of business on November 28, 2003.

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REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders

Analog Devices, Inc.

We have audited the accompanying consolidated balance sheets of Analog Devices, Inc. as of November 1, 2003 and November 2, 2002, and the related consolidated statements of income, stockholders' equity, comprehensive income and cash flows for each of the three years in the period ended November 1, 2003. Our audits also included the financial statement schedule listed in the Index at Item 15(d). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Analog Devices, Inc. at November 1, 2003 and November 2, 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended November 1, 2003, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2f to the consolidated financial statements, effective November 3, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*.

/s/ Ernst & Young LLP

Boston, Massachusetts

November 17, 2003, except for the fourth
paragraph of Note 12, as to which the date
is December 19, 2003

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ANALOG DEVICES, INC.

SUPPLEMENTARY FINANCIAL INFORMATION
(Unaudited)

Quarterly financial information for fiscal 2003 and fiscal 2002 (thousands, except per share amounts and as noted):

	4Q03	3Q03	2Q03	1Q03	4Q02	3Q02	2Q02	1Q02
Net sales	557,517	520,445	501,883	467,423	455,718	445,448	413,368	392,974
Cost of sales	246,605	233,846	228,423	214,286	213,084	208,182	192,537	189,177
Gross margin	310,912	286,599	273,460	253,137	242,634	237,266	220,831	203,797
% of sales	56%	55%	55%	54%	53%	53%	53%	52%
Operating expenses:								
Research and development	114,422	113,672	112,829	109,309	109,299	107,040	102,821	104,709
Selling, marketing, general and administrative	75,007	72,178	71,509	69,315	69,204	67,138	62,354	58,358
Amortization of intangibles*	660	656	656	652	14,207	14,327	14,234	14,105
Special charges	9,193	341	—	—	8,405	12,839	27,250	—
Total operating expenses	199,282	186,847	184,994	179,276	201,115	201,344	206,659	177,172
% of sales	36%	36%	37%	38%	44%	45%	50%	45%
Operating income	111,630	99,752	88,466	73,861	41,519	35,922	14,172	26,625
% of sales	20%	19%	18%	16%	9%	8%	3%	7%
Nonoperating (income) expenses:								
Interest expense	7,669	7,763	8,005	8,793	10,286	10,847	9,542	13,783
Interest income	(8,679)	(9,999)	(10,554)	(11,963)	(14,610)	(14,566)	(15,358)	(20,359)
Other, net	361	762	(403)	118	(517)	(21)	(48)	(1,091)
Total nonoperating (income) expense	(649)	(1,474)	(2,952)	(3,052)	(4,841)	(3,740)	(5,864)	(7,667)
Income before income taxes	112,279	101,226	91,418	76,913	46,360	39,662	20,036	34,292
% of sales	20%	19%	18%	16%	10%	9%	5%	9%
Provision for income taxes	24,252	22,270	20,112	16,921	11,590	8,249	5,610	9,602
Net income	88,027	78,956	71,306	59,992	34,770	31,413	14,426	24,690
% of sales	16%	15%	14%	13%	8%	7%	4%	6%
Per share — basic	.24	.22	.20	.17	.10	.09	.04	.07
Per share — diluted	.23	.21	.19	.16	.09	.08	.04	.06
Shares used to compute earnings per share (in thousands)								
Basic	368,511	366,025	364,267	363,138	364,019	365,065	364,545	363,147
Diluted	387,381	384,166	379,163	378,197	377,285	380,770	383,455	383,471

* Acquisition-related goodwill is no longer amortized effective November 3, 2002, in accordance with FAS 142.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) *Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) as of November 1, 2003. In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and our management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our CEO and CFO concluded that, as of November 1, 2003, our disclosure controls and procedures were (1) designed to ensure that material information relating to us, including our consolidated subsidiaries, is made known to our CEO and CFO by others within those entities, particularly during the period in which this report was being prepared and (2) effective, in that they provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

(b) *Changes in Internal Controls.* No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) occurred during the fiscal quarter ended November 1, 2003 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The response to this item is contained in part under the caption “EXECUTIVE OFFICERS OF THE COMPANY” in Part I of this Annual Report on Form 10-K, and the remainder is contained in our proxy statement for the Annual Meeting of Stockholders to be held on March 9, 2004 under the caption “Proposal 1 — Election of Directors,” and is incorporated herein by reference. Information relating to certain filings on Forms 3, 4, and 5 is contained in our 2004 proxy statement under the caption “Section 16(a) Beneficial Ownership Reporting Compliance,” and is incorporated herein by reference. Information required by this item pursuant to Item 402(h) and 402(i) of Regulation S-K relating to an audit committee financial expert and identification of the audit committee of our board of directors is contained in our 2004 proxy statement under the caption “Corporate Governance” and is incorporated herein by reference.

We have adopted a written code of business conduct and ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. We intend to disclose any amendments to, or waivers from, our code of business conduct and ethics on our website which is located at www.analog.com.

ITEM 11. EXECUTIVE COMPENSATION

The response to this item is contained in our 2004 proxy statement under the captions “Directors’ Compensation,” “Information About Executive Compensation,” “Severance and Other Agreements” and “Compensation Committee Interlocks and Insider Participation,” and is incorporated herein by reference.

The sections entitled “Report of the Compensation Committee” and “Comparative Stock Performance Graph” in our 2004 proxy statement are not incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The response to this item is contained in our 2004 proxy statement under the caption “Security Ownership of Certain Beneficial Owners and Management,” and “Securities Authorized for Issuance Under Equity Compensation Plans,” and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The response to this item is contained in our 2004 proxy statement under the caption “Certain Relationships and Related Transactions,” and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The response to this item is contained in our 2004 proxy statement under the caption “Independent Auditors Fees and Other Matters,” and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following are filed as part of this Annual Report on Form 10-K:

1. Financial Statements

The following consolidated financial statements are included in Item 8:

— Consolidated Statements of Income for the years ended November 1, 2003, November 2, 2002 and November 3, 2001

— Consolidated Balance Sheets as of November 1, 2003 and November 2, 2002

— Consolidated Statements of Stockholders’ Equity for the years ended November 1, 2003, November 2, 2002 and November 3, 2001

— Consolidated Statements of Comprehensive Income for the years ended November 1, 2003, November 2, 2002 and November 3, 2001

— Consolidated Statements of Cash Flows for the years ended November 1, 2003, November 2, 2002 and November 3, 2001

(b) Reports on Form 8-K

On August 14, 2003, we furnished a Current Report on Form 8-K under Item 9 (pursuant to Item 12) containing a press release announcing our financial results for the fiscal quarter ended August 2, 2003.

On September 3, 2003, we filed a Current Report on Form 8-K under Item 5 containing a press release announcing that we called for the redemption on October 1, 2003 of our 4.75% Convertible Subordinated Notes due 2005.

(c) Exhibits

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed as part of this Annual Report on Form 10-K.

(d) Financial Statement Schedules

The following consolidated financial statement schedule is included in Item 15(d):

Schedule II — Valuation and Qualifying Accounts

All other schedules have been omitted since the required information is not present, or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or the Notes thereto.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ANALOG DEVICES, INC.

By: /s/ JERALD G. FISHMAN

Jerald G. Fishman
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: December 23, 2003

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ RAY STATA Ray Stata	Chairman of the Board	December 23, 2003
/s/ JERALD G. FISHMAN Jerald G. Fishman	President, Chief Executive Officer and Director (Principal Executive Officer)	December 23, 2003
/s/ JOSEPH E. MCDONOUGH Joseph E. McDonough	Vice President-Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	December 23, 2003
/s/ JAMES A. CHAMPY James A. Champy	Director	December 23, 2003
/s/ JOHN L. DOYLE John L. Doyle	Director	December 23, 2003
/s/ CHRISTINE KING Christine King	Director	December 23, 2003
/s/ F. GRANT SAVIERS F. Grant Saviers	Director	December 23, 2003
/s/ KENTON J. SICCHITANO Kenton J. Sicchitano	Director	December 23, 2003
/s/ LESTER C. THUROW Lester C. Thurow	Director	December 23, 2003

ANALOG DEVICES, INC.

ANNUAL REPORT ON FORM 10-K
YEAR ENDED NOVEMBER 1, 2003
ITEM 15(d)
FINANCIAL STATEMENT SCHEDULE

ANALOG DEVICES, INC.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Years ended November 1, 2003, November 2, 2002 and November 3, 2001

(Thousands)

Description	Balance at Beginning of Period	Additions Charged to Income Statement	Deductions	Balance at End of Period
Accounts Receivable Reserves and Allowances:				
Year ended November 3, 2001	$13,156	$8,163	$5,921	$15,398
Year ended November 2, 2002	$15,398	$6,285	$6,177	$15,506
Year ended November 1, 2003	$15,506	$2,835	$8,282	$10,059

Exhibit Index

Exhibit No.	Description
3.1	Restated Articles of Organization of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Quarterly Report on Form 10-Q (File No. 1-7819) for the quarterly period ended January 30, 1999 as filed with the Commission on March 15, 1999 and incorporated herein by reference.
3.2	By-Laws of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 2, 2002 (File No. 1-7819) as filed with the Commission on January 29, 2003 and incorporated herein by reference.
4.1	Rights Agreement, dated as of March 18, 1998 between Analog Devices Inc. and BankBoston, N.A., as Rights Agent, filed as an exhibit to Analog Devices Inc.'s Current Report on Form 8-K (File No. 1-07819) as filed with the Commission on March 19, 1998, as amended by Amendment No. 1 filed as an exhibit to the Company's Form 8-K/A (File No. 1-07819) as filed with the Commission on November 11, 1999 and incorporated herein by reference.
*†10.1	Analog Devices, Inc. Deferred Compensation Plan, as amended by Amendment No. 1 dated December 3, 1996, Amendment No. 2 dated March 11, 1997, Amendment No. 3 dated November 5, 1997 and Amendment No. 4 dated September 10, 2003.
*10.2	1998 Stock Option Plan of Analog Devices Inc., as amended, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 2, 2002 (File No. 1-7819) as filed with the Commission on January 29, 2003 and incorporated herein by reference.
*10.3	Analog Devices BV (Ireland) Employee Stock Option Program, as amended, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 2, 2002 (File No. 1-7819) as filed with the Commission on January 29, 2003 and incorporated herein by reference.
*10.4	Restated 1988 Stock Option Plan of Analog Devices, Inc., filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 3, 1997 (File No. 1-7819) as filed with the Commission on June 17, 1997 and incorporated herein by reference.
*10.5	1991 Restricted Stock Plan of Analog Devices, Inc., filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 1, 1997 (File No. 1-7819) as filed with the Commission on January 28, 1998 and incorporated herein by reference.
*10.6	1994 Director Option Plan of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 2, 2002 (File No. 1-7819) as filed with the Commission on January 29, 2003 and incorporated herein by reference.
10.7	BCO Technologies plc Unapproved Share Option Scheme, filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-50092) as filed with the Commission on November 16, 2000 and incorporated herein by reference.
10.8	BCO Technologies plc Approved Share Option Scheme, filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-50092) as filed with the Commission on November 16, 2000 and incorporated herein by reference.
10.9	ChipLogic, Inc. Amended and Restated 1998 Stock Plan, filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-53314) as filed with the Commission on January 5, 2001 and incorporated herein by reference.
10.10	Staccato Systems, Inc. 1998 Stock Plan, filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-53828) as filed with the Commission on January 17, 2001 and incorporated herein by reference.
10.11	Various individual stock restriction and similar agreements between the registrant and employees thereof relating to ChipLogic, Inc., filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-57444) as filed with the Commission on March 22, 2001, as amended by Amendment No. 1 filed as an exhibit to the Company's Post-Effective Amendment to Registration Statement on Form S-8 (File No. 333-57444) as filed with the Commission on March 23, 2001 and incorporated herein by reference.

Exhibit No.	Description
10.12	Analog Devices, Inc. 2001 Broad-Based Stock Option Plan, as amended, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 2, 2002 (File No. 1-7819) as filed with the Commission on January 29, 2003 and incorporated herein by reference.
10.13	Amended and restated lease agreement dated May 1, 1992 between Analog Devices, Inc. and the trustees of Everett Street Trust relating to the premises at 3 Technology Way, Norwood, Massachusetts, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 1997 (File No. 1-7819) as filed with the Commission on January 28, 1998 and incorporated herein by reference.
10.14	Guaranty dated as of May 1, 1994 between Analog Devices, Inc. and Metropolitan Life Insurance Company relating to the premises at 3 Technology Way, Norwood, Massachusetts, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 28, 2000 (File No. 1-7819) as filed with the Commission on January 28, 2000 and incorporated herein by reference.
10.15	Letter Agreement dated as of May 18, 1994 between Analog Devices, Inc. and Metropolitan Life Insurance Company relating to the premises at 3 Technology Way, Norwood, Massachusetts, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 28, 2000 (File No. 1-7819) as filed with the Commission on January 28, 2000 and incorporated herein by reference.
10.16	Reimbursement Agreement dated May 18, 1992 between Analog Devices, Inc. and the trustees of Everett Street Trust, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 1997 (File No. 1-7819) as filed with the Commission on January 28, 2002 and incorporated herein by reference.
10.17	Lease agreement dated August 8, 1990 between Precision Monolithics, Inc. and Bourns, Inc. relating to the premises at 1525 Comstock Road, Santa Clara, California, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2001 (File No. 1-7819) as filed with the Commission on January 28, 2002 and incorporated herein by reference.
10.18	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, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2001 (File No. 1-7819) as filed with the Commission on January 28, 2002 and incorporated herein by reference.
*10.19	Form of Employee Retention Agreement, as amended, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 1997 (File No. 1-7819) as filed with the Commission on January 28, 1998 and incorporated herein by reference.
*10.20	Employee Change in Control Severance Policy of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 30, 1999 (File No. 1-7819) as filed with the Commission on January 28, 2000 and incorporated herein by reference.
*10.21	Employee Change in Control Severance Policy of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 30, 1999 (File No. 1-7819) as filed with the Commission on January 28, 2000 and incorporated herein by reference.
*10.22	Senior Management Change in Control Severance Policy of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 30, 1999 (File No. 1-7819) as filed with the Commission on January 28, 2000 and incorporated herein by reference.

Exhibit No.	Description
*10.23	Letter agreement between Analog Devices Inc. and Jerald G. Fishman dated June 21, 2000 relating to acceleration of stock options upon the occurrence of certain events, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2001 (File No. 1-7819) as filed with the Commission on January 28, 2002 and incorporated herein by reference.
10.24	Lease Agreement dated June 16, 1995 between Analog Devices, Inc. and Ferrari Brothers, relating to the premises at 610 Weddell Drive, Sunnyvale, California, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2001 (File No. 1-7819) as filed with the Commission on January 28, 2002 and incorporated herein by reference.
10.25	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 Weddell Drive, Sunnyvale, California, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2001 (File No. 1-7819) as filed with the Commission on January 28, 2002 and incorporated herein by reference.
10.26	Lease amendment dated March 21, 2000 to the Lease Agreement dated June 16, 1995 between Analog Devices, Inc. and Ferrari Brothers, relating to premises located at 610 Weddell Drive, Sunnyvale, California, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2001 (File No. 1-7819) as filed with the Commission on January 28, 2002 and incorporated herein by reference.
10.27	Lease Agreement dated February 8, 1996 between Analog Devices, Inc. and Massachusetts Institute of Technology, relating to premises located at 21 Osborn Street, Cambridge, Massachusetts, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2001 (File No. 1-7819) as filed with the Commission on January 28, 2002 and incorporated herein by reference.
*†10.28	Trust Agreement for Deferred Compensation Plan dated as of October 1, 2003 between Analog Devices, Inc. and Fidelity Management Trust Company.
14	Analog Devices, Inc. Code of Business Conduct and Ethics, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 2, 2002 (File No. 1-7819) as filed with the Commission on January 29, 2003 and incorporated herein by reference.
†21	Subsidiaries of the Company.
†23	Consent of Ernst & Young LLP.
†31.1	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
†31.2	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).
†32.1	Certification Pursuant to 18 U.S.C. Section 1350 (Chief Executive Officer).
†32.2	Certification Pursuant to 18 U.S.C. Section 1350 (Chief Financial Officer).

† Filed Herewith.

* Management contracts and compensatory plan or arrangements required to be filed as an Exhibit pursuant to Item 15(c) of Form 10-K.

EXHIBIT 10.1

[ANALOG LOGO]

DEFERRED COMPENSATION PLAN

Effective - December 1, 1995

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ANALOG DEVICES, INC.
DEFERRED COMPENSATION PLAN

Table of Contents

ARTICLE I

1.1 Statement of Purpose

This is the Analog Devices, Inc. Deferred Compensation Plan (the "Plan") made in the form of this Plan and in related agreements between the Employer and certain management or highly compensated employees. The purpose of the Plan is to provide management and highly compensated employees of the Employer with the option to defer the receipt of portions of their compensation payable for services rendered to the Employer. It is intended that the Plan will assist in attracting and retaining qualified individuals to serve as officers and managers of the Employer. The Plan is effective as of December 1, 1995.

ARTICLE II
DEFINITIONS

When used in this Plan and initially capitalized, the following words and phrases shall have the meanings indicated:

2.1 Account.

"Account" means the sum of a Participant's Deferral Account and Company Contribution Account.

2.2 Base Salary.

"Base Salary" means a Participant's base earnings paid by an Employer to a Participant without regard to any increases or decreases in base earnings as a result of (i) an election to defer base earnings under this Plan or (ii) an election between benefits or cash provided under a Plan of an Employer maintained pursuant to Section 125 or 401(k) of the Code and as limited in Exhibit B attached hereto.

2.3 Beneficiary.

"Beneficiary" means the person or persons designated or deemed to be designated by the Participant pursuant to Article VII to receive benefits payable under the Plan in the event of the Participant's death.

2.4 Board.

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

2.5 Bonus.

"Bonus" means a Participant's bonus or sales commission paid by the Employer to a Participant under the plans listed in Exhibit B attached hereto and to the degree limited in Exhibit B, as applicable, without regard to any decreases as a result of (i) an election to defer all or any portion of a bonus under this Plan or (ii) an election between benefits or cash provided under a plan of the Employer maintained pursuant to Section 401(k) of the Code.

2.6 Change in Control.

A "Change in Control" shall occur or be deemed to have occurred only if any of the following events occur: (i) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportion as their ownership of stock of the Company) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities; (ii) individuals who, as of the date hereof, constitute the Board (as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election context relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A under the Exchange Act) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 80% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a recapitalization of the Company, (or similar transaction) in which no "person" (as herein above defined) acquires more than 50% of the combined voting power of the Company's then outstanding securities; or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

2.7 Code.

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

2.8 Committee.

"Committee" has the meaning set forth in Section 8.1.

2.9 Compensation.

"Compensation" means the Base Salary and Bonus payable with respect to an Eligible Employee for each plan year.

2.10 Company Contribution Account.

"Company Contribution Account" means the account maintained on the books of the Employer for the purpose of accounting for the Company Contribution Amount and for the amount of investment return credited thereto for each Participant pursuant to Article V.

2.11 Company Contribution Amount.

"Company Contribution Amount" means the amount credited to a Participant's Company Contribution Account under Section 4.2.

2.12 Company.

"Company" means Analog Devices, Inc. (Analog) and any successor thereto.

2.13 Credited Service.

"Credited Service" means the sum of all periods of a Participant's employment by the Company or a Selected Affiliate for which service credit is given under the Analog TIP Plan.

2.14 Deferral Account.

"Deferral Account" means the account maintained on the books of the Employer for the purpose of accounting for the amount of Compensation that each Participant elects to defer under the Plan and for the amount of investment return credited thereto for each Participant pursuant to Article V.

2.15 Deferral Benefit.

"Deferral Benefit" means the benefit payable to a Participant or his or her Beneficiary pursuant to Article VI.

2.16 Deferral Election.

"Deferral Election" means the written election made by a Participant to defer Compensation pursuant to Article IV.

2.17 Disability.

"Disability" means a Participant's Disability as defined under the Company's Long Term Disability Plan or its successors.

2.18 Early Retirement.

"Early Retirement" will be as granted by the Committee at its sole discretion.

2.19 Eligible Employee.

"Eligible Employee" means a highly compensated or management employee of the Company who is designated by the Committee, by name or group or description, in accordance with Section 3.1 as eligible to participate in the Plan.

2.20 Employer.

"Employer" means, with respect to a Participant, the Company or the Selected Affiliate which pays such Participant's Compensation.

2.21 Hardship Withdrawal.

"Hardship Withdrawal" has the meaning set forth in Section 6.5.

2.22 Investment Return Rate.

"Investment Return Rate" means:

(a) In the case of an investment named in Exhibit C of a fixed income nature, the interest deemed to be credited,

(b) In the case of an investment named in Exhibit C of an equity investment nature, the increase and decrease in deemed value and dividends deemed to be credited.

2.23 Participant.

"Participant" means any Eligible Employee who elects to participate by filing a Participation Agreement or who is automatically enrolled as provided in Section 3.2.

2.24 Participation Agreement.

"Participation Agreement" means the agreement filed by a Participant, in the form prescribed by the Committee, pursuant to Section 3.2.

2.25 Plan.

"Plan" means the Analog Devices, Inc. Deferred Compensation Plan, as amended from time to time.

2.26 Plan Year.

"Plan Year" means a twelve-month period commencing January 1 and ending the following December 31, provided that the first Plan year shall commence December 1, 1995, and end December 31, 1996.

2.27 TIP.

"TIP" means, with respect to a Participant, the Analog Devices, Inc. "The Investment Partnership", or its successor, as Amended and Restated December 31, 1994, or as may be amended from time to time.

2.28 Selected Affiliate.

"Selected Affiliate" means (1) any Company in an unbroken chain of companies beginning with the Company if each of the companies other than the last company in the chain owns or controls, directly or indirectly, stock possessing not less than 50 percent of the total combined voting power of all classes of stock in one of the other companies, or (2) any partnership or joint venture in which one or more of such companies is a partner or venturer, each of which shall be selected by the Committee.

2.29 Retirement

"Retirement" means the termination of a Participant who has reached age 65.

2.30 Valuation Date.

"Valuation Date" means a date on which the amount of a Participant's Account is valued as provided in Article V. The Valuation Date shall be the end of the Plan year and any other date determined by the Committee.

ARTICLE III

Eligibility and Participation

3.1 Eligibility.

Eligibility to participate in the Plan is limited to Eligible Employees. From time to time, and subject to Section 3.4, the Committee shall prepare, and attach to the Plan as Exhibit A, a complete list of the Eligible Employees, by individual name or by reference to an identifiable group of persons or by descriptions of the components of compensation of an individual which would qualify individuals which are eligible to participate and all of whom shall be a select group of management or highly compensated employees.

3.2 Participation.

Participation in the Plan shall be limited to Eligible Employees who elect to participate in the Plan by filing a Participation Agreement with the Committee. An Eligible Employee shall commence participation in the Plan upon the first day of his or her first payroll period following the receipt of his or her Participation Agreement by the Committee.

3.3 Change in Participation Status.

A Participant may change a previously elected percentage of deferral of Base Salary or elect to terminate his or her participation in the Plan at any time by filing a written notice thereof with the Committee. Changes will only become effective as of the beginning of the next payroll period in the month following receipt of the change in election by the Committee and in accordance with the Company's prevailing administrative procedures. Amounts credited to such Participant's Account with respect to periods prior to the effective date of such termination shall continue to be payable pursuant to, receive investment credit on, and otherwise be governed by, the terms of the Plan. A participant may change a previously elected percentage of deferral of Bonus, or elect to terminate future Bonus deferrals, by filing a written notice thereof with the Committee prior to the start of the next Bonus measurement period.

3.4 Ineligible Participant.

Notwithstanding any other provisions of this Plan to the contrary, if the Committee determines that any Participant may not qualify as a "management or highly compensated employee" within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or regulations thereunder, the Committee may determine, in its sole discretion, that such Participant shall cease to be eligible to participate in this Plan. Upon such determination, the Employer shall make a sum payment to the Participant equal to the vested amount credited to his Account as soon as administratively practicable. Upon such payment, no benefit shall thereafter be payable under this Plan either to the Participant or any Beneficiary of the Participant, and all of the Participant's elections as to the time and manner of payment of his Account will be deemed to be canceled.

ARTICLE IV
DEFERRAL OF COMPENSATION

4.1 Amount of Deferral.

With respect to each Plan Year, a Participant may elect to defer a specified percentage of his or her Compensation up to the percentage of compensation defined and the terms described in Exhibit B attached hereto.

4.2 Crediting Deferred Compensation and Company Contribution Amounts.

The amount of Compensation that a Participant elects to defer under the Plan shall be credited by the Employer to the Participant's Deferral Account periodically, the frequency of which will be determined by the Committee. To the extent that the Employer is required to withhold any taxes or other amounts from a Participant's deferred Compensation pursuant to any state, federal or local law, such amounts shall be withheld only from the Participant's compensation before such amounts are credited. The Company Contribution Amount under the Plan for each Participant shall be credited by the Employer periodically, the frequency of which will be determined by the Committee. For each Plan Year, the Company shall credit the account of each Participant with an amount (the "Company Contribution Amount") equal to 7% multiplied by the greater of (i) the amount credited to the Participant's Deferral Account in such Plan Year pursuant to Section 4.1; or (ii) the amount by which the Participant's compensation in such Plan Year exceeds the dollar amount currently in effect for such Plan Year under Section 401(a)(17) of the Code.

ARTICLE V
BENEFIT ACCOUNTS

5.1 Valuation of Account.

As of each Valuation Date, a Participant's Account shall consist of the balance of the Participant's Account as of the immediately preceding Valuation Date, plus the Participant's Deferred Compensation and Company Contribution Amount credited pursuant to Section 4.2 since the immediately preceding Valuation Date, plus investment return credited as of such Valuation Date pursuant to Section 5.2, minus the aggregate amount of distributions, if any, made from such Account since the immediately preceding Valuation Date.

5.2 Crediting of Investment Return.

As of each Valuation Date, each Participant's Deferral Account and Company Contribution shall be increased by the amount of investment return earned since the immediately preceding Valuation Date. Investment return shall be credited at the Investment Return Rate as of such Valuation Date based on the average balance of the Participant's Deferral Account and Company Contribution, respectively, since the immediately preceding Valuation Date, but after such Accounts have been adjusted for any contributions or distributions to be credited or deducted for such period. Investment return for the period prior to the first Valuation Date applicable to a Deferral Account or an Company Contribution shall be deemed earned ratably over such period. Until a Participant or his or her Beneficiary receives his or her entire Account, the unpaid balance thereof shall earn an investment return as provided in this Section 5.2.

5.3 Statement of Accounts.

The Committee shall provide to each Participant, within 30 days after the close of each calendar quarter, a statement setting forth the balance of such Participant's Account as of the last day of the preceding calendar quarter and showing all adjustments made thereto during such calendar quarter.

5.4 Vesting of Account.

Except as provided in Sections 10.1 and 10.2, a Participant shall be 100% vested in his or her Deferral Account at all times. A Participant's interest in his or her Company Contribution Account shall be 100% vested as of a Change in Control. Prior to this event, a Participant's interest in his or her Company Contribution Account shall vest under the vesting schedule for the employer contributions under TIP.

Any nonvested portion of a Participant's Company Contribution Account shall be forfeited at termination. Forfeitures under the Plan shall be for the benefit of the Employer and shall not be credited to other Participants.

5.5 Investment Vehicles.

The Company may select investment vehicles owned as general assets by the Company or as assets of a trust described in Section 10.1 to establish the Investment Return Rate. The deemed investment vehicles are set forth in Exhibit C, which the Company may amend from time to time in its sole discretion.

A Participant may request the Company to make deemed investments of the credit balance of his Deferral Account in one or more of such investment vehicles. A Participant may change the deemed investment of his Deferral Account or change the deemed investment of future credits to his Deferral Account and the deemed investment of his existing Deferral Account balance may differ from the deemed investment of future amounts credited to the Deferral Account. Such changes shall be made in accordance with procedures as the Committee may establish from time to time. Such procedures may regulate the frequency of such changes and the form of notice required to make such election or changes. The Committee may also establish a deemed investment which shall apply if the Participant makes no election.

The effective date of any change shall be the date for which the appropriate direction to the Company or its designee has been properly received in accordance with the procedures established by the Committee. The Committee shall have the right to refuse to honor any Participant direction related to investments or withdrawals, including transfers among investment options, where necessary or desirable to assure compliance with applicable law including U.S. and other securities laws. However, neither the Company nor the Committee assumes any responsibility for compliance by officers or others with any such laws, and any failure by the Company or the Committee to delay or dishonor any such direction shall not be deemed to increase the Company's legal obligations to the Participant or third parties.

5.6 Transfers from Other Plan.

The Plan may accept the transfer of amounts previously deferred by a Participant under another arrangement sponsored by the Company. Any amount so transferred shall be credited to the Participant's Deferred Account as of the date of the transfer.

ARTICLE VI
PAYMENT OF BENEFITS

6.1 Payment of Deferral Benefit upon Death, Disability or Retirement.

Upon the death, Disability, Early Retirement, or Retirement of a Participant, the Employer shall pay to the Participant or his Beneficiary a Deferral Benefit equal to the balance of his or her vested Account determined pursuant to Article V, less any amounts previously distributed, based on his written election pursuant to Section 6.6

6.2 Payment of Deferral Benefit upon Termination.

Upon the termination of service of the Participant as an employee of the Employer and all Selected Affiliates for reasons other than death, Disability, or Retirement, the Employer shall pay to the Participant a Deferral Benefit in a lump sum equal to the balance of his or her vested Account determined pursuant to Article V, less any amounts previously distributed, as soon as administratively practical.

6.3 Payments to Beneficiaries.

In the event of the Participant's death prior to his or her receipt of all elected annual installments, his or her Beneficiary will receive the remaining annual installments at such times as such installments would have become distributable to the Participant.

6.4 In-Service Distribution

A participant may elect to receive an in-service distribution of a portion or all of his or her Deferral Account only beginning at any time not less than one year after the end of the Plan Year in which such Compensation was deferred. A Participant's election for an in-service distribution shall be filed annually in writing with the Committee at the same time his or her Deferral Election is made. The Participant may elect to receive such Compensation as an in-service distribution in lump sum only, the amount of which will be the lesser of the distribution election for that year or the Deferral Account balance attributable to that year's deferral. Any benefits paid to the Participant as an in-service distribution shall reduce the amount of Deferral Benefit otherwise payable to the Participant under the Plan.

6.5 Hardship Withdrawal.

In the event that the Committee, under written request of a Participant, determines, in its sole discretion, that the Participant has suffered an unforeseeable financial emergency, the Employer shall pay to the Participant, as soon as practicable following such determination, an amount necessary to meet the emergency (the "Hardship Withdrawal"), but not exceeding the aggregate balance of such Participant's Deferral Account as of the date of such payment. For purposes of this Section 6.5, an "unforeseeable financial emergency" shall mean an event that the Committee determines to give rise to an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal or other such unforeseeable occurrence. Amounts of Hardship

Withdrawal may not exceed the amount the Committee reasonably determines to be necessary to meet such emergency needs (including taxes incurred by reason of a taxable distribution). The amount of the Deferral Benefit otherwise payable under the Plan to such Participant shall be adjusted to reflect the early payment of the Hardship Withdrawal.

6.6 Form of Payment.

The Deferral Benefit payable pursuant to Section 6.1 shall be paid in one of the following forms, as elected by the Participant in his or her Participant Agreement on file as of one (1) year and one (1) day prior to the date of termination or death:

(a) Annual payments of a fixed amount which shall amortize the vested Account balance of the payment commencement date over a period not to exceed ten (10) years (together, in the case of each annual payment, with interest thereon credited after the payment commencement date pursuant to Section 5.2).

(b) A lump sum as soon as administratively practical. In the event a Participant fails to make a distribution election, his or her vested Account Balance shall be distributed as a lump sum distribution as soon as administratively practical after his or her termination, death or Disability.

6.7 Commencement of Payments.

Commencement of payments under Section 6.1 of the Plan shall begin within 60 days following receipt of written notice by the Committee of an event which entitles a Participant (or a Beneficiary) to payments under the Plan.

6.8 Small Benefit.

In the event the Committee determines that the balance of a Participant's Account is less than $3,500 at the time of commencement of payments, or the portion of the balance of the Participant's Account payable to any Beneficiary is less than $3,500 at the time of commencement of payments, the Committee may inform the Employer and the Employer, in its discretion, may choose to pay the benefit in the form of a lump sum payment, notwithstanding any provision of the Plan or a Participant election to the contrary. Such lump sum payment shall be equal to the balance of the Participant's Account or the portion thereof payable to a Beneficiary.

ARTICLE VII
BENEFICIARY DESIGNATION

7.1 Beneficiary Designation.

Each Participant shall have the sole right, at any time, to designate any person or persons as his Beneficiary to whom payment under the Plan shall be made in the event of his or her death prior to complete distribution to the Participant of his or her Account. Any Beneficiary designation shall be made in a written instrument provided by the Committee. All Beneficiary designations must be filed with the Committee and shall be effective only when received in writing by the Committee. In the event that a Beneficiary form has not been filed, the Beneficiary to whom payment has been designated under TIP plan shall be used.

7.2 Change of Beneficiary Designation.

Any Beneficiary designation may be changed by a Participant by the filing of a new Beneficiary designation, which will cancel all Beneficiary designations previously filed. The designation of a Beneficiary may be made or changed at any time without the consent of any person.

7.3 No Designation.

If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant, then the Participant's designated Beneficiary shall be deemed to be the Participant's estate.

7.4 Effect of Payment.

Payment to a Participant's Beneficiary (or, upon the death of a primary Beneficiary, to the contingent Beneficiary or, if none, to the Participant's estate) shall completely discharge the Employer's obligations under the Plan.

ARTICLE VIII
ADMINISTRATION

8.1 Committee.

The administrative committee for the Plan (the "Committee") shall be those members of the Compensation Committee of the Board who are not Participants, as long as there are at least three such members. If there are not at least three such non-participating persons on the Compensation Committee, the Chief Executive Officer of the Company shall appoint other non-participating Directors or Company officers to serve on the Committee. The Committee shall have complete discretion to i) supervise the administration and operation of the Plan, ii) adopt rules and procedures governing the Plan from time to time and iii) shall have authority to give interpretive rulings with respect to the Plan. The Committee hereby delegates all of its duties as they apply to Participants who are not corporate officers of the Company to a management committee of the Company comprised of the President and Chief Operating Officer, the Vice President of Finance and Chief Financial Officer, and the Vice President of Human Resources.

8.2 Agents.

The Committee may appoint an individual, who may be an employee of the Company, to be the Committee's agent with respect to the day-to-day administration of the Plan. In addition, the Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

8.3 Binding Effect of Decisions.

Any decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan shall be final and binding upon all persons having any interest in the Plan.

8.4 Indemnification of Committee.

The Company shall indemnify and hold harmless the members of the Committee and their duly appointed agents under Section 8.2 against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to the Plan, except in the case of gross negligence or willful misconduct by any such member or agent of the Committee.

ARTICLE IX
AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment.

The Company, on behalf of itself and of each Selected Affiliate may at any time amend, suspend or reinstate any or all of the provisions of the Plan, except that no such amendment, suspension or reinstatement may adversely affect any Participant's Account, as it existed as of the day before the effective date of such amendment, suspension or reinstatement, without such Participant's prior written consent. The Committee or its delegatee as the case may be, in its sole discretion, may accelerate the date of payment of a Participant's Account. Written notice of any amendment or other action with respect to the Plan shall be given to each Participant.

9.2 Termination.

The Company, on behalf of itself and of each Selected Affiliate, in its sole discretion, may terminate this Plan at any time and for any reason whatsoever. Upon termination of the Plan, the Committee shall take those actions necessary to administer any Accounts existing prior to the effective date of such termination; provided, however, that a termination of the Plan shall not adversely affect the value of a Participant's Account, as it existed as of the day before the effective date of such termination, or the timing or method of distribution of a Participant's Account, without the Participant's prior written consent. Notwithstanding the foregoing, a termination of the Plan shall not give rise to accelerated or automatic vesting of any Participant's Account.

ARTICLE X
MISCELLANEOUS

10.1 Funding.

Participants, their Beneficiaries, and their heirs, successors and assigns, shall have no secured interest or claim in any property or assets of the Employer. The Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Employer to pay money in the future. Notwithstanding the foregoing, in the event of a Change in Control, the Company shall create an irrevocable trust, or before such time the Company may create an irrevocable or revocable trust, to hold funds to be used in payment of the obligations of Employers under the Plan. In the event of a Change in Control or prior thereto, the Employers shall fund such trust in an amount equal to not less than the total value of the Participants' Accounts under the Plan as of the Valuation Date immediately preceding the Change in Control, provided that any funds contained therein shall remain liable for the claims of the respective Employer's general creditors.

10.2 Nonassignability.

No right or interest under the Plan of a Participant or his or her Beneficiary (or any person claiming through or under any of them) shall be assignable or transferable in any manner or be subject to alienation, anticipation, sale, pledge, encumbrance or other legal process or in any manner be liable for or subject to the debts or liabilities of any such Participant or Beneficiary. If any Participant or Beneficiary shall attempt to or shall transfer, assign, alienate, anticipate, sell, pledge or otherwise encumber his or her benefits hereunder or any part thereof, or if by reason of his or her bankruptcy or other event happening at any time such benefits would devolve upon anyone else or would not be enjoyed by him or her, then the Committee, in its discretion, may terminate his or her interest in any such benefit (including the Deferral Account) to the extent the Committee considers necessary or advisable to prevent or limit the effects of such occurrence. Termination shall be effected by filing a written "termination declaration" with the Clerk of the Company and making reasonable efforts to deliver a copy to the Participant or Beneficiary whose interest is adversely affected (the "terminated participant"). As long as the terminated participant is alive, any benefits affected by the termination shall be retained by the Employer and, in the Committee's sole and absolute judgment, may be paid to or expended for the benefit of the terminated participant, his or her spouse, his or her children or any other person or persons in fact dependent upon him or her in such a manner as the Committee shall deem proper. Upon the death of the terminated participant, all benefits withheld from him or her and not paid to others in accordance with the preceding sentence shall be disposed of according to the provisions of the Plan that would apply if he or she died prior to the time that all benefits to which he or she was entitled were paid to him or her.

10.3 Legal Fees and Expenses.

It is the intent of the Company and each Selected Affiliate that no Eligible Employee or former Eligible Employee be required to incur the expenses associated with the enforcement of his or her rights under this Plan by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to an Eligible Employee hereunder. Accordingly, if after a Change in Control it should appear that the Employer has failed to comply with any of its obligations under this Plan or in the event that the Employer or any other person takes any action to declare this Plan void or unenforceable, or institutes any litigation designed to deny, or to recover from, the Eligible Employee the benefits intended to be provided to such Eligible Employee hereunder, the Employer irrevocably authorizes such Eligible Employee from time to time to retain counsel of his or her choice, at the expense of the Employer as hereafter provided, to represent such Eligible Employee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Employer or any director, officer, stockholder or other person affiliated with the Employer in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Employer and such counsel, the Employer irrevocably consents to such Eligible Employee's entering into an attorney-client relationship with such counsel, and in that connection the Employer and such Eligible Employee agree that a confidential relationship shall exist between such Eligible Employee and such counsel. The Employer shall pay and be solely responsible for any and all attorneys' and related fees and expenses incurred by such Eligible Employee as a result of the Employer's failure to perform under this Plan or any provision thereof; or as a result of the Employer or any person contesting the validity or enforceability of this Plan or any provision thereof.

10.4 Captions.

The captions contained herein are for convenience only and shall not control or affect the meaning or construction hereof.

10.5 Governing Law.

The provisions of the Plan shall be construed and interpreted according to the laws of the Commonwealth of Massachusetts.

10.6 Successors.

The provisions of the Plan shall bind and inure to the benefit of the Company, its Selected Affiliates, and their respective successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Company or a Selected Affiliate and successors of any such Company or other business entity.

10.7 Right to Continued Service.

Nothing contained herein shall be construed to confer upon any Eligible Employee the right to continue to serve as an Eligible Employee of the Employer or in any other capacity.

Executed this 29th day of November, 1995.

Analog Devices, Inc.

By: Joseph E. McDonough

Title: Vice President - Finance and
Chief Financial Officer

EXHIBIT A

Re: Section 3.1 - Eligible Employees
Date: , 19 .

The Committee has determined that the following named individuals or groups of persons or descriptions of the components of compensation of an individual which would qualify individuals which are eligible to participate in the Plan as Eligible Employees:

ELIGIBLE FOR COMPANY CONTRIBUTION AMOUNTS:

Employees whose annual compensation in any calendar year exceeds the dollar amount currently in effect for such calendar year under Section 401(a)(17) of the Code. The Company reserves the right to make cash payments to individuals of Company Contribution Amounts that are less than or equal to $500.

ELIGIBLE FOR DEFERRAL BENEFITS:

The following select group of highly compensated, management employees:

EXHIBIT B

Re: Section 4.1 - Amount of Deferral
Dated: , 19__

As of the date above, and effective until this Exhibit is Modified by the Committee, the table below indicates the types of compensation which are eligible for income deferral at the assigned percentages as noted:

Type of Compensation	Maximum Percentage that can be deferred	Other Limitations
Base Salary	100%	
Bonus	100%	

EXHIBIT C

Re: Section 2.18 - Investment Return Rate
Date: , 19 .

The following indicate the investment account equivalents available as of the date indicated that are used in determining the Investment Return Rate.

Account Name	Effective Date
Fidelity Income Fund	12/1/95
Fidelity Equity Income Fund	12/1/95
Fidelity Magellan Fund	12/1/95
Fidelity Intermediate Bond Fund	12/1/95
Fidelity Growth Company Fund	12/1/95
Fidelity Overseas Fund	12/1/95
Moody's Baa	12/1/95
Moody's Baa Index + 3%	12/1/95

ANALOG DEVICES, INC.
DEFERRED COMPENSATION PLAN

Amendment No. 1

December 3, 1996

1. Section 2.9 is hereby amended to read as follows: "Compensation means the Base Salary, Bonus, Director's fees and meeting fees, income recognized upon exercise of stock options and income recognized upon vesting of restricted stock payable with respect to an Eligible Employee for each plan year."

2. Section 2.19 is hereby amended by adding the following sentence at the end thereof: "The term 'Eligible Employee' shall include any director of the Company."

3. Section 5.6 of the Company's Deferred Compensation Plan is hereby amended to read in its entirety as follows:

> "5.6 The Plan may accept the transfer of amounts or assets deferred by a Participant under any other deferral arrangement provided by the Company, including without limitation, any shares of Company Common Stock which but for such deferral, would (i) be issued to the Participant upon exercise of stock options granted by the Company or (ii) be vested and nonforfeitable in the case of restricted stock issued to the Participant. In the case of amounts deferred in the form of units of Company Common Stock pursuant to a stock option exercise, where shares of Company Common Stock have been issued to a trust established by the Company to provide a source of funds to assist it in meeting its obligations under the Plan, a change in the investment measurement medium from units of Company Common Stock to another form of investment measurement medium shall not be effective until such stock has been disposed of by such trust. Notwithstanding the preceding provisions of this Article V, any amounts deferred in the form of units of Company Common Stock shall be accounted for on a share by share basis until a change in the investment measurement medium is made pursuant to Section 5.5 above."

4. The Table on Exhibit B is hereby amended to read in its entirety as follows:

TYPE OF COMPENSATION	MAXIMUM PERCENTAGE THAT CAN BE DEFERRED	OTHER LIMITATIONS
Base Salary........................	100%	
Bonus..............................	100%	
Director's fees and meeting fees....	100%	
Shares otherwise issuable upon stock option exercise...............	100%	
Restricted shares that would otherwise vest and be nonforfeitable....................	100%	

5. The following line is added to the Table on Exhibit C:

"Analog Devices, Inc. Common Stock December 1, 1996."

ANALOG DEVICES, INC.
DEFERRED COMPENSATION PLAN

Amendment No. 2

March 11, 1997

1. The list of "Eligible Employees" on Exhibit A is hereby amended in its entirety as follows:

Bowers, Derek
Brennan, Russell
Brokaw, A. Paul
Brown, Ross E.
Buss, Dennis D.
Counts, Lewis
Fishman, Jerald
French, David D.
Gilbert, Barrie
Johnsen, Russell K.
Lapham, Jerome F.
Mapplebeck, Fred
Martin, William A.
McAloon, Brian
McDonough, Joseph E.
Memishian, John
Mercer, Doug
Nasser, Mohammad S.
Norton, Mark R.
Palmer, Wyn T.
Payne, Richard S.
Roberts Jr., Carl M.
Ruggerio, Paul
Scharf, Brad W.
Stata, Ray
Suttler, Henry Goodloe
Thomas, Geoffrey R.
Timko, Michael P.
Tsang, Wei Kong
Weigold, Franklin
Wilson, James
Doyle, John
Fuller, Samuel
Holliday Jr., Charles O.
Lowe, Philip L.
McKeague, Gordon C.
Moses, Joel
Thurow, Lester C.

2. The table on Exhibit C is hereby amended in its entirety as follows:

ACCOUNT NAME	EFFECTIVE DATE
Fidelity Income Fund	12/1/95
Fidelity U.S. Bond Index	3/11/97
Fidelity Equity Income	12/1/95
Fidelity U.S. Equity Index	3/11/97
Fidelity Growth & Income	3/11/97
Fidelity Magellan	12/1/95
Fidelity Growth Company	12/1/95
Fidelity Low Priced Stock	3/11/97
Templeton Foreign I	3/11/97
Moody's Baa Index	12/1/95
Moody's Baa Index + 3%*	12/1/95
Analog Common Stock	12/1/96

ANALOG DEVICES, INC.
DEFERRED COMPENSATION PLAN

AMENDMENT NO. 3

November 5, 1997

Section 5.6 of the Company's Deferred Compensation Plan is amended to read in its entirety as follows:

> "5.6 The Plan may accept the transfer of amounts or assets deferred by a Participant under any other deferral arrangement provided by the Company, including without limitation, any shares of Company Common Stock which, but for such deferral, (i) would be issued to the Participant upon exercise of stock options granted by the Company or (ii) be vested and nonforfeitable in the case of restricted stock issued to the Participant. In the case of amounts deferred in the form of units of Company Common Stock pursuant to a stock option exercise, where shares of Company Common Stock have been issued to a trust established by the Company to provide a source of funds to assist it in meeting its obligations under the Plan, a change in the investment measurement medium from units of Company Common Stock to another form of investment measurement medium shall not be effective until such stock has been disposed of by such trust. Notwithstanding the preceding provisions of this Article V, any amounts deferred in the form of units of Company Common Stock shall be accounted for on a share by share basis until a change in the investment measurement medium is made pursuant to Section 5.5, above, and no change in the investment medium may be made with respect to amounts deferred in the form of units of Company Common Stock arising out of stock options or restricted stock granted or issued by the Company after July 23, 1997."

ANALOG DEVICES, INC.
DEFERRED COMPENSATION PLAN

Amendment No. 4

September 10, 2003

The Analog Devices, Inc. Deferred Compensation Plan is hereby amended as follows, effective as of the above date, except as otherwise provided:

1. Section 2.17 is hereby amended to read in its entirety as follows:

   "Disability" means a Participant's Disability as defined by the Company.

2. Section 2.29 is hereby amended to read in its entirety as follows:

   "Retirement" means the termination of a Participant who has reached age 62 and completed 10 years of vesting service under the Company's The Investment Partnership Plan.

3. Section 6.4 is hereby deleted; provided, however, that the deletion of Section 6.4 shall have no effect on any election to receive an in-service distribution that had been made prior to the above effective date.

4. Section 6.6 is hereby amended by inserting the following sentences at the end thereof, to be effective with respect to Participants who terminate due to Retirement, Disability, or death after January 31, 2004:

   Notwithstanding any provision of this Plan to the contrary, the Moody's Baa investment vehicle shall not be available to be elected by a Participant who is receiving payment in the form of annual payments under this Section 6.6(a). From and after the date payment begins under this Section 6.6(a), an election of the Moody's Baa investment vehicle shall be deemed to be an election of the Fidelity Retirement Money Market Portfolio.

EXHIBIT 10.28

TRUST AGREEMENT

BETWEEN

ANALOG DEVICES, INC.

AND

FIDELITY MANAGEMENT TRUST COMPANY

ANALOG DEVICES, INC. DEFERRED COMPENSATION PLAN

TRUST

DATED AS OF OCTOBER 1, 2003

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TRUST AGREEMENT, dated as of the first day of October 2003, between ANALOG DEVICES, INC., a Massachusetts corporation, having an office at Three Technology Way, Norwood, MA 02062 (the "Sponsor"), and FIDELITY MANAGEMENT TRUST COMPANY, a Massachusetts trust company, having an office at 82 Devonshire Street, Boston, Massachusetts 02109 (the "Trustee").

WITNESSETH:

WHEREAS, the Sponsor is the sponsor of the Analog Devices, Inc. Deferred Compensation Plan (the "Plan"); and

WHEREAS, the Sponsor wishes to establish an irrevocable trust and to contribute to the trust assets that shall be held therein, subject to the claims of Sponsor's creditors in the event of Sponsor's Insolvency, as herein defined, until paid to Participants and their beneficiaries in such manner and at such times as specified in the Plan; and

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA"); and

WHEREAS, it is the intention of the Sponsor to make contributions to the trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plan; and

WHEREAS, the Trustee is willing to hold and invest the aforesaid plan assets in trust among several investment options selected by the Sponsor; and

WHEREAS, the Sponsor wishes to have the Trustee perform certain ministerial recordkeeping and administrative functions under the Plan; and

WHEREAS, the Sponsor (the "Administrator") is the administrator of the Plan; and

WHEREAS, the Trustee is willing to perform recordkeeping and administrative services for the Plan if the services are purely ministerial in nature and are provided within a framework of plan provisions, guidelines and interpretations conveyed in writing to the Trustee by the Administrator.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements set forth below, the Sponsor and the Trustee agree as follows:

SECTION 1. DEFINITIONS. The following terms as used in this Trust Agreement have the meaning indicated unless the context clearly requires otherwise:

(a) "Administrator" shall mean, with respect to the Plan, the person or entity which is the "administrator" of such Plan.

(b) "Agreement" shall mean this Trust Agreement, as the same may be amended and in effect from time to time.

(c) "Code" shall mean the Internal Revenue Code of 1986, as it has been or may be amended from time to time.

(d) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it has been or may be amended from time to time.

(e) "Fidelity Mutual Fund" shall mean any investment company advised by Fidelity Management & Research Company or any of its affiliates.

(f) "Mutual Fund" shall refer both to Fidelity Mutual Funds and Non-Fidelity Mutual Funds.

(g) "Non-Fidelity Mutual Fund" shall mean certain investment companies not advised by Fidelity Management & Research Company or any of its affiliates.

(h) "Participant" shall mean, with respect to the Plan, any employee (or former employee) with an account under the Plan, which has not yet been fully distributed and/or forfeited, and shall include the beneficiary(ies) with respect to the account of any deceased employee (or deceased former employee) until such account has been fully distributed and/or forfeited.

(i) "Participant Recordkeeping Reconciliation Period" shall mean the period beginning on the date of the initial transfer of assets to the Trust and ending on the date of the completion of the reconciliation of Participant records.

(j) "Plan" shall mean the Analog Devices, Inc. Deferred Compensation Plan.

(k) "Plan Administration Manual" shall mean the document which sets forth the administrative and recordkeeping duties and procedures to be followed by the Trustee in administering the Plan, as such document may be amended and in effect from time to time.

(l) "Reporting Date" shall mean the last day of each fiscal quarter, the date as of which the Trustee resigns or is removed pursuant to Section 9 hereof and the date as of which this Agreement terminates pursuant to Section 11 hereof.

(m) "Sponsor" shall mean Analog Devices, Inc., a Massachusetts corporation, or any successor to all or substantially all of its businesses which, by agreement, operation of law or otherwise, assumes the responsibility of the Sponsor under this Agreement.

(n) "Trust" shall mean the Analog Devices, Inc. Deferred Compensation Plan Trust, being the trust established by the Sponsor and the Trustee pursuant to the provisions of this Agreement.

(o) "Trustee" shall mean Fidelity Management Trust Company, a Massachusetts trust company and any successor to all or substantially all of its trust business. The term Trustee shall also include any successor trustee appointed pursuant to this agreement to the extent such successor agrees to serve as Trustee under this Agreement.

SECTION 2. TRUST.

(a) Establishment. The Sponsor hereby establishes the Trust, with the Trustee. The Trust hereby established shall be irrevocable. The Trust shall consist of an initial contribution of money or other property acceptable to the Trustee in its sole discretion, made by the Sponsor or transferred from a previous trustee under the Plan, such additional sums of money as shall from time to time be delivered to the Trustee under the Plan, all investments made therewith and proceeds thereof, and all earnings and profits thereon, less the payments that are made by the Trustee as provided herein, without distinction between principal and income. The Trustee hereby accepts the Trust on the terms and conditions set forth in this Agreement. In accepting this Trust, the Trustee shall be accountable for the assets received by it, subject to the terms and conditions of this Agreement.

(b) Grantor Trust. The Trust is intended to be a grantor trust, of which the Sponsor is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(c) Trust Assets. The principal of the Trust, and any earnings thereon shall be held separate and apart from other funds of the Sponsor and shall be used exclusively for the uses and purposes of Participants and general creditors as herein set forth. Participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Agreement shall be mere unsecured contractual rights of Participants and their beneficiaries against the Sponsor. Any assets held by the Trust will be subject to the claims of the Sponsor's general creditors under federal and state law in the event of Insolvency, as defined in Section 13(a).

(d) Non-Assignment. Benefit payments to Participants and their beneficiaries funded under this Trust may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered, or subjected to attachment, garnishment, levy, execution, or other legal or equitable process.

(e) Change in Control. Upon a Change in Control, the Sponsor shall, as soon as possible, but in no event longer than thirty (30) days following the Change in Control, as defined herein, make an irrevocable contribution to the Trust in an amount that is sufficient to pay each Participant the benefits to which Participants would be entitled pursuant to the terms of the Plan as of the date on which the Change in

Control occurred. The Sponsor shall also provide additional funding in such amounts as are reasonably estimated to cover any expenses of the Trust for five (5) years after such Change in Control.

SECTION 3. PAYMENTS TO SPONSOR. Except as provided under Section 13, the Sponsor shall have no right to retain or divert to others any of the Trust assets before all payment of benefits have been made to the Participants and their beneficiaries pursuant to the terms of the Plan.

SECTION 4. DISBURSEMENTS.

(a) Directions from Administrator. The Trustee shall disburse monies to the Sponsor for benefit payments in the amounts that the Administrator directs from time to time in writing. The Trustee shall have no responsibility to ascertain whether the Administrator's direction complies with the terms of the Plan or any applicable law. Notwithstanding any other agreements between the Sponsor and any affiliates of the Trustee as documented in the Plan Administration Manual, the Trustee shall not be responsible for: (i) making benefit payments to Participants under the Plan, (ii) any Federal, State or local income tax reporting or withholding with respect to such Plan benefits, and (iii) FICA (Social Security and Medicare) or any Federal or State unemployment tax with respect to Plan distributions.

(b) Limitations. The Trustee shall not be required to make any disbursement in excess of the net realizable value of the assets of the Trust at the time of the disbursement. The Trustee shall not be required to make any disbursement in cash unless the Administrator has provided a written direction as to the assets to be converted to cash for the purpose of making the disbursement.

SECTION 5. INVESTMENT OF TRUST.

(a) Selection of Investment Options. The Trustee shall have no responsibility for the selection of investment options under the Trust and shall not render investment advice to any person in connection with the selection of such options.

(b) Available Investment Options. The Sponsor shall direct the Trustee as to what investment options the Trust shall be invested in (i) during the Participant Recordkeeping Reconciliation Period, and (ii) following the Participant Recordkeeping Reconciliation Period, subject to the following limitations. The Sponsor may determine to offer as investment options to Participants only (i) Mutual Funds and (ii) Benchmark Funds identified on Schedule "A" attached hereto; provided, however, that the Trustee shall not be considered a fiduciary with investment discretion. The Trust shall be invested in Mutual Funds or other registered securities as directed by the Sponsor, however, the Trustee shall not be considered a fiduciary with investment discretion. The Sponsor may add or remove investment options with the consent of the Trustee and upon mutual amendment of this Agreement and the Schedules thereto to reflect such additions.

(c) Investment Directions. In order to provide for an accumulation of assets comparable to the contractual liabilities accruing under the Plan, the Sponsor may direct the Trustee in writing to invest the assets held in the Trust to correspond to the hypothetical investments made for Participants under the Plan. Such directions may be made by Participants by use of a Participant service representative, the Voice Response System ("VRS"), the internet or such other electronic means as may be agreed upon from time to time by the Sponsor and the Trustee, maintained for such purposes by the Trustee or its agents, in accordance with Schedule "E." In the event that the Trustee fails to receive a proper direction from the Sponsor or from Participants regarding investments for Participant deferrals, the deferrals shall be invested in the Moody's Baa Index until the Trustee receives a proper direction. However for assets in the TIP Restoration source, in the event that the Trustee fails to receive a proper direction from the Sponsor or from Participants, regarding investments for Participant deferrals, the deferrals shall be invested in the Fidelity Money Market Trust: Retirement Money Market Portfolio until the Trustee receives a proper direction. All assets received into the Trust for which no direction has been received by the Trustee shall be invested in Fidelity Institutional Money Market: Portfolio Class I.

The Sponsor's designation of available investment options under paragraphs (a) and (b) above, the maintenance of accounts for each Participant and the crediting of investments to such accounts, the giving of investment directions by Participants under this paragraph (c), and the exercise by Participants of any other powers relating to investments under this Section 5 are solely for the purpose of providing a mechanism for measuring the obligation of the Sponsor to any particular Participant under the applicable Plan. As provided in Section 2(c) above, no Participant or beneficiary will have any preferential claim to or beneficial ownership interest in any asset or investment, and the rights of any Participant and his or her beneficiaries under the applicable Plan and this Agreement are solely those of an unsecured general creditor of the Sponsor with respect to the benefits of the Participant under the Plan.

(d) Mutual Funds. On the effective date of this Agreement, in lieu of receiving a printed copy of the prospectus for each Fidelity Mutual Fund selected by the Sponsor as a Plan investment option or short-term investment fund, the Sponsor hereby consents to receiving such documents electronically. The Sponsor shall access each prospectus on the internet after receiving notice from the Trustee that a current version is available online at a website maintained by the Trustee or its affiliate. Trustee represents that on the effective date of this Agreement, a current version of each such prospectus is available at https://www.fidelity.com or such successor website as Trustee may notify the Sponsor of in writing from time to time. Named Fiduciary represents that it has accessed/will access each such prospectus at https://www.fidelity.com or such successor website as Trustee may notify the Sponsor of in writing from time to time as of the effective date of this Agreement. Trust investments in Mutual Funds shall be subject to the following limitations:

(i) Execution of Purchases and Sales. Purchases and sales of Fidelity Mutual Funds (other than for Exchanges) for both Participant activity and those necessary for assetizing the Trust shall be made on the date on which the Trustee receives from the Sponsor in good order all information and documentation necessary to accurately effect such purchases and sales (or in the case of a purchase, the subsequent date on which the Trustee has received a wire transfer of funds necessary to make such purchase). Transactions involving Mutual Funds not advised by Fidelity Management & Research Company shall be executed in accordance with the operating procedures set forth in Schedule "D" attached hereto. Exchanges of Mutual Funds shall be done in accordance with Schedule "E" attached hereto.

(ii) Voting. At the time of mailing of notice of each annual or special stockholders' meeting of any Mutual Fund, the Trustee shall send a copy of the notice and all proxy solicitation materials to the Sponsor for the shares of the Mutual Fund held in the Trust together with a voting direction form for return to the Trustee or its designee. The Sponsor shall have the right to direct the Trustee as to the manner in which the Trustee is to vote the shares held in the Trust. The Trustee shall vote the shares held in the Trust in the same manner as directed by the Sponsor under the Plan. The Trustee shall not vote shares for which it has received no corresponding directions from the Sponsor. With respect to all rights other than the right to vote, the Trustee shall follow the directions of the Sponsor. The Trustee shall have no duty to solicit directions from the Sponsor.

(e) Trustee Powers. The Trustee shall have the following powers and authority:

(i) Subject to paragraphs (b), (c) and (d) of this Section 5, to sell, exchange, convey, transfer, or otherwise dispose of any property held in the Trust, by private contract or at public auction. No person dealing with the Trustee shall be bound to see to the application of the purchase money or other property delivered to the Trustee or to inquire into the validity, expediency, or propriety of any such sale or other disposition.

(ii) To cause any securities or other property held as part of the Trust to be registered in the Trustee's own name, in the name of one or more of its nominees, or in the Trustee's account with the Depository Trust Company of New York and to hold any investments in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the Trust.

(iii) To keep that portion of the Trust in cash or cash balances as the Sponsor or Administrator may, from time to time, deem to be in the best interest of the Trust.

(iv) To make, execute, acknowledge, and deliver any and all documents of transfer or conveyance and to carry out the powers herein granted.

(v) With the prior consent of the Sponsor, to settle, compromise, or submit to arbitration any claims, debts, or damages due to or arising from the Trust; to commence or defend suits or legal or administrative proceedings; to represent the Trust in all suits and legal and administrative hearings; and to pay all reasonable expenses arising from any such action, from the Trust if not paid by the Sponsor.

(vi) With the prior consent of the Sponsor, to employ legal, accounting, clerical, and other assistance as may be required in carrying out the provisions of this Agreement and to pay their reasonable expenses and compensation from the Trust if not paid by the Sponsor.

(vii) With notice to the Sponsor, to do all other acts although not specifically mentioned herein, as the Trustee may deem necessary to carry out any of the foregoing powers and the purposes of the Trust.

Trustee will file an annual fiduciary return to the extent required by law.

SECTION 6. RECORDKEEPING AND ADMINISTRATIVE SERVICES TO BE PERFORMED.

(a) General. The Trustee shall perform those recordkeeping and administrative functions described in Schedule "A" attached hereto. These recordkeeping and administrative functions shall be performed within the framework of the Administrator's written directions regarding the Plan's provisions, guidelines and interpretations.

(b) Accounts. The Trustee shall keep accurate accounts of all investments, receipts, disbursements, and other transactions hereunder, and shall report the value of the assets held in the Trust as of the last day of each fiscal quarter of the Plan and, if not on the last day of a fiscal quarter, the date on which the Trustee resigns or is removed as provided in Section 9 of this Agreement or is terminated as provided in Section 11. Within three (3) Business Days following each Reporting Date the Trustee shall file with the Administrator a written account setting forth all investments, receipts, disbursements, and other transactions effected by the Trustee between the Reporting Date and the prior Reporting Date, and setting forth the value of the Trust as of the Reporting Date. Except as otherwise required under applicable law, upon the expiration of six (6) months from the date of filing such account with the Administrator, the

Trustee shall have no liability or further accountability to anyone with respect to the propriety of its acts or transactions shown in such account, except with respect to such acts or transactions as to which the Sponsor shall within such six (6) month period file with the Trustee written objections.

(c) Inspection and Audit. All records generated by the Trustee in accordance with paragraphs (a) and (b) shall be open to inspection and audit, during the Trustee's regular business hours prior to the termination of this Agreement, by the Administrator or any person designated by the Administrator. Upon the resignation or removal of the Trustee or the termination of this Agreement, the Trustee shall provide to the Administrator, at no expense to the Sponsor, in the format regularly provided to the Administrator, a statement of each Participant's accounts as of the resignation, removal, or termination, and the Trustee shall provide to the Administrator or the Plan's new recordkeeper such further records as are reasonable, at the Sponsor's expense.

(d) Effect of Plan Amendment. The Trustee's provision of the recordkeeping and administrative services set forth in this Section 6 shall be conditioned on the Sponsor delivering to the Trustee a copy of any amendment to the Plan as soon as administratively feasible following the amendment's adoption, and on the Administrator providing the Trustee on a timely basis with all the information the Administrator deems necessary for the Trustee to perform the recordkeeping and administrative services and such other information as the Trustee may reasonably request.

(e) Returns, Reports and Information. The Administrator shall be responsible for the preparation and filing of all returns, reports, and information required of the Trust or Plan by law, except for Form 1041 which shall be prepared by the Trustee. The Trustee shall provide the Administrator with such information as the Administrator may reasonably request to make these filings. The Administrator shall also be responsible for making any disclosures to Participants required by law.

SECTION 7. COMPENSATION AND EXPENSES. Sponsor shall pay to Trustee, within thirty (30) days of receipt of the Trustee's bill, the fees for services in accordance with Schedule "B". All fees for services are specifically outlined in Schedule "B" and are based on any assumptions identified therein. However, in the event that the Plan characteristics referenced in the assumptions outlined in Schedule "B" change significantly by either falling below or exceeding current or projected levels, such fees shall be subject to revision. To reflect increased operating costs, Trustee may once each calendar year, amend Schedule "B" without the Sponsor's consent upon ninety (90) days prior notice to the Sponsor.

SECTION 8. DIRECTIONS AND INDEMNIFICATION.

(a) Identity of Administrator. The Trustee shall be fully protected in relying on the fact that the Administrator under the Plan is the individual or persons named as such above or such other individuals or persons as the Sponsor may notify the Trustee in writing.

(b) Directions from Administrator. Whenever the Administrator provides a direction to the Trustee, the Trustee shall not be liable for any loss, or by reason of any breach, arising from the direction if the direction is contained in a writing (or is oral and immediately confirmed in a writing) signed by any individual whose name and signature have been submitted (and not withdrawn) in writing to the Trustee by the Administrator in the form attached hereto as Schedule "C", provided the Trustee reasonably believes the signature of the individual to be genuine. Such direction may be made via electronic data transfer ("EDT") in accordance with procedures agreed to by the Administrator and the Trustee; provided, however, that the Trustee shall be fully protected in relying on such direction as if it were a direction made in writing by the Administrator. The Trustee shall have no responsibility to ascertain any direction's (i) accuracy, (ii) compliance with the terms of the Plan or any applicable law, or (iii) effect for tax purposes or otherwise.

(c) Directions from Participants. The Trustee shall not be liable for any loss which arises from any Participant's exercise or non-exercise of rights under Section 5 over the assets in the Participant's accounts.

(d) Indemnification. The Sponsor shall indemnify the Trustee against, and hold the Trustee harmless from, any and all loss, damage, penalty, liability, cost, and expense, including without limitation, reasonable attorneys' fees and disbursements, that may be incurred by, imposed upon, or asserted against the Trustee by reason of any claim, regulatory proceeding, or litigation arising from any act done or omitted to be done by any individual or person with respect to the Plan or Trust, excepting only any and all loss, etc., arising solely from the Trustee's negligence or bad faith.

The Trustee shall indemnify the Sponsor against, and hold the Sponsor harmless from, any and all loss, damage, penalty, liability, cost and expense, including without limitation, reasonable attorneys' fees and disbursements, that may be incurred by, imposed upon, or asserted against the Sponsor by reason of any claim, regulatory proceeding, or litigation arising from Trustee's negligence or bad faith.

(e) Survival. The provisions of this Section 8 shall survive the termination of this Agreement.

SECTION 9. RESIGNATION OR REMOVAL OF TRUSTEE AND TERMINATION.

(a) Resignation and Removal. The Trustee may resign at any time in accordance with the notice provisions set forth below. The Sponsor may remove the Trustee at any time in accordance with the notice provisions set forth below. However, upon a Change in Control, the Trustee may not be removed by the Sponsor for five (5) years after such Change in Control.

(b) Termination. This Agreement may be terminated in full, or with respect to only a portion of the Plan (i.e., a "partial deconversion") at any time by the Sponsor upon prior written notice to the Trustee in accordance with the notice provisions set forth below.

(c) Notice Period. In the event either party desires to terminate this Agreement or any Services hereunder, the party shall provide at least sixty (60) days prior written notice of the termination date to the other party; provided, however, that the receiving party may agree, in writing, to a shorter notice period.

(d) Transition Assistance. In the event of termination of this Agreement, if requested by Sponsor, Fidelity shall assist Sponsor in developing a plan for the orderly transition of the Plan data, cash and assets then constituting the Trust and services provided by Fidelity hereunder to Sponsor or its designee. Fidelity shall provide such assistance for a period not extending beyond sixty (60) days from the termination date of this Agreement. Fidelity shall provide to Sponsor, or to any person designated by Sponsor, at a mutually agreeable time, one file of the Plan data prepared and maintained by Fidelity in the ordinary course of business, in Fidelity's format. Fidelity may provide other or additional transition assistance as mutually determined for additional fees, which shall be due and payable by the Sponsor prior to any termination of this Agreement.

(e) Failure to Appoint Successor. If, by the termination date, the Sponsor has not notified the Trustee in writing as to the individual or entity to which the assets and cash are to be transferred and delivered, the Trustee may bring an appropriate action or proceeding for leave to deposit the assets and cash in a court of competent jurisdiction. The Trustee shall be reimbursed by the Sponsor for all costs and expenses of the action or proceeding including, without limitation, reasonable attorneys' fees and disbursements.

SECTION 10. SUCCESSOR TRUSTEE.

(a) Appointment. If the office of Trustee becomes vacant for any reason, the Sponsor may in writing appoint a successor trustee under this Agreement. The successor trustee shall have all of the rights, powers, privileges, obligations, duties, liabilities, and immunities granted to the Trustee under this

Agreement. The successor trustee and predecessor trustee shall not be liable for the acts or omissions of the other with respect to the Trust.

(b) Acceptance. When the successor trustee accepts its appointment under this Agreement, title to and possession of the Trust assets shall immediately vest in the successor trustee without any further action on the part of the predecessor trustee. The predecessor trustee shall execute all instruments and do all acts that reasonably may be necessary or reasonably may be requested in writing by the Sponsor or the successor trustee to vest title to all Trust assets in the successor trustee or to deliver all Trust assets to the successor trustee.

(c) Corporate Action. Any successor of the Trustee or successor trustee, through sale or transfer of the business or trust department of the Trustee or successor trustee, or through reorganization, consolidation, or merger, or any similar transaction, shall, upon consummation of the transaction, become the successor trustee under this Agreement.

SECTION 11. RESIGNATION, REMOVAL, AND TERMINATION NOTICES. All notices of resignation, removal, or termination under this Agreement must be in writing and mailed to the party to which the notice is being given by certified or registered mail, return receipt requested, to the Sponsor c/o Assistant Treasurer, Three Technology Way, Norwood, MA 02062, and to the Trustee c/o FESCo Business Compliance, Contracts Administration, 82 Devonshire Street, MM3H, Boston, Massachusetts 02109, or to such other addresses as the parties have notified each other of in the foregoing manner.

SECTION 12. DURATION. This Trust shall continue in effect without limit as to time, subject, however, to the provisions of this Agreement relating to amendment, modification, and termination thereof.

SECTION 13. INSOLVENCY OF SPONSOR.

(a) Trustee shall cease disbursement of funds for payment of benefits to Participants and their beneficiaries if the Sponsor is Insolvent. Sponsor shall be considered "Insolvent" for purposes of this Trust Agreement if (i) Sponsor is unable to pay its debts as they become due, or (ii) Sponsor is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b) All times during the continuance of this Trust, the principal and income of the Trust shall be subject to claims of general creditors of the Sponsor under federal and state law as set forth below.

(i) The Board of Directors and the Chief Executive Officer of the Sponsor shall have the duty to inform Trustee in writing of Sponsor's Insolvency. If a person claiming to be a creditor of the

Sponsor alleges in writing to Trustee that Sponsor has become Insolvent, Trustee shall determine whether Sponsor is Insolvent and, pending such determination, Trustee shall discontinue disbursements for payment of benefits to Participants or their beneficiaries.

(ii) Unless Trustee has actual knowledge of Sponsor's Insolvency, or has received notice from Sponsor or a person claiming to be a creditor alleging that Sponsor is Insolvent, Trustee shall have no duty to inquire whether Sponsor is Insolvent. Trustee may in all events rely on such evidence concerning Sponsor's solvency as may be furnished to Trustee and that provides Trustee with a reasonable basis for making a determination concerning Sponsor's solvency.

(iii) If at any time Trustee has determined that Sponsor is Insolvent, Trustee shall discontinue disbursements for payments to Participants or their beneficiaries and shall hold the assets of the Trust for the benefit of Sponsor's general creditors. Nothing in this Agreement shall in any way diminish any rights of Plan Participants or their beneficiaries to pursue their rights as general creditors of Sponsor with respect to benefits due under the Plan or otherwise.

(iv) Trustee shall resume disbursement for the payment of benefits to Participants or their beneficiaries in accordance with Section 4 of this Agreement only after Trustee has determined that Sponsor is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if Trustee discontinues the payment of benefits from the Trust pursuant to (a) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Participants or their beneficiaries under the terms of the Plan for the period of such discontinuance, less the aggregate amount of any payments made to Participants or their beneficiaries by Sponsor in lieu of the payments provided for hereunder during any such period of discontinuance.

SECTION 14. AMENDMENT OR MODIFICATION. This Agreement may be amended or modified at any time and from time to time only by an instrument executed by both the Sponsor and the Trustee.

SECTION 15. ELECTRONIC SERVICES.

(a) The Trustee may provide communications and services ("Electronic Services") and/or software products ("Electronic Products") via electronic media, including, but not limited to Fidelity Plan Sponsor WebStation. The Sponsor and its agents agree to use such Electronic Services and Electronic Products only in the course of reasonable administration of or participation in the Plan and to keep confidential and not publish, copy, broadcast, retransmit, reproduce, commercially exploit or otherwise redisseminate the Electronic Products or Electronic Services or any portion thereof without the Trustee's written consent, except, in cases where Trustee has specifically notified the Sponsor that the Electronic Products or Services are suitable for delivery to Sponsor's Participants, for non-commercial personal use by Participants or beneficiaries with respect to their participation in the plan or for their other retirement planning purposes.

(b) The Sponsor shall be responsible for installing and maintaining all Electronic Products, (including any programming required to accomplish the installation) and for displaying any and all content associated with Electronic Services on its computer network and/or Intranet so that such content will appear exactly as it appears when delivered to Sponsor. All Electronic Products and Services shall be clearly identified as originating from the Trustee or its affiliate. The Sponsor shall promptly remove Electronic Products or Services from its computer network and/or Intranet, or replace the Electronic Products or Services with updated products or services provided by the Trustee, upon written notification (including written notification via facsimile) by the Trustee.

(c) All Electronic Products shall be provided to the Sponsor without any express or implied legal warranties or acceptance of legal liability by the Trustee, and all Electronic Services shall be provided to the Sponsor without acceptance of legal liability related to or arising out of the electronic nature of the delivery or provision of such Services. Except as otherwise stated in this Agreement, no rights are conveyed to any property, intellectual or tangible, associated with the contents of the Electronic Products or Services and related material. The Trustee hereby grants to the Sponsor a non-exclusive, non-transferable revocable right and license to use the Electronic Products and Services in accordance with the terms and conditions of this Agreement.

(d) To the extent that any Electronic Products or Services utilize Internet services to transport data or communications, the Trustee will take, and Sponsor agrees to follow, reasonable security precautions, however, except as provided in Section 8(d), the Trustee disclaims any liability for interception of any such data or communications. The Trustee reserves the right not to accept data or communications transmitted via electronic media by the Sponsor or a third party if it determines that the media does not provide adequate data security, or if it is not administratively feasible for the Trustee to use the data security provided. The Trustee shall not be responsible for, and makes no warranties regarding access, speed or availability of Internet or network services, or any other service required for electronic communication. The Trustee shall not be responsible for any loss or damage related to or resulting from any changes or modifications to the Electronic Products or Services after delivering it to the Sponsor.

SECTION 16. CHANGE IN CONTROL.

(a) Definition. A "Change in Control" shall occur or be deemed to have occurred only if any of the following events occur: (i) any "person" as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (other than the Sponsor, any trustee or other fiduciary holding securities under an employee benefit plan of the Sponsor, or any corporation owned directed or indirectly by the stockholders of the Sponsor in substantially the same proportion as their ownership of stock of the Sponsor) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Sponsor representing 30% or more of the combined voting power of the Sponsor's then outstanding securities; (ii) individuals who, as the date hereof, constitute the Board of Directors (as of the effective date of this Agreement, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors, provided that any person becoming a director subsequent to the effective date of this Agreement whose election, or nomination for election by the Sponsor's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Sponsor, as such terms are used in Rule 14a-11 of Regulation 14A under the Exchange Act) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or (iii) the stockholders of the Sponsor approve a merger or a consolidation of the Sponsor with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Sponsor outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 80% of the combined voting power of the voting securities of the Sponsor or such surviving entity outstanding immediately after such merger or consolidation or (B) as merger or consolidation effected to implement a recapitalization of the Sponsor, (or similar transaction) in which no "person" (as herein above defined) acquires more than 50% of the combined voting power of the Sponsor's then outstanding securities; or (iv) the stockholders of the Sponsor approve a plan of complete liquidation of the Sponsor or an agreement for the sale or disposition by the Sponsor of all or substantially all of the Sponsor's assets.

(b) Notification. The Sponsor shall notify the Trustee when a Change in Control has occurred. The Trustee shall have no responsibility in determining whether said Change in Control has in fact occurred.

(c) Duty. The Trustee shall have no additional responsibility under this Agreement as result of a Change in Control.

SECTION 17. GENERAL.

(a) Performance by Trustee, its Agents or Affiliates. The Sponsor acknowledges and authorizes that the services to be provided under this Agreement shall be provided by the Trustee, its agents or affiliates, including Fidelity Investments Institutional Operations Company, Inc. or its successor, and that certain of such services may be provided pursuant to one or more other contractual agreements or relationships.

(b) Entire Agreement. This Agreement contains all of the terms agreed upon between the parties with respect to the subject matter hereof.

(c) Waiver. No waiver by either party of any failure or refusal to comply with an obligation hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply.

(d) Successors and Assigns. The stipulations in this Agreement shall inure to the benefit of, and shall bind, the successors and assigns of the respective parties.

(e) Partial Invalidity. If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(f) Section Headings. The headings of the various sections and subsections of this Agreement have been inserted only for the purposes of convenience and are not part of this Agreement and shall not be deemed in any manner to modify, explain, expand or restrict any of the provisions of this Agreement.

SECTION 18. GOVERNING LAW.

(a) Massachusetts Law Controls. This Agreement is being made in the Commonwealth of Massachusetts, and the Trust shall be administered as a Massachusetts trust. The validity, construction, effect, and administration of this Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts, except to the extent those laws are superseded under Section 514 of ERISA.

(b) Trust Agreement Controls. The Trustee is not a party to the Plan, and in the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of this Agreement shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

ANALOG DEVICES, INC.	FIDELITY MANAGEMENT TRUST COMPANY
By: ________________________________	By: ________________________________ FMTC Authorized Signatory
Name: ______________________________	Name: ______________________________
Title: _____________________________	Date: ______________________________
Date: ______________________________	

SCHEDULE "A"

RECORDKEEPING AND ADMINISTRATIVE SERVICES

* The Trustee will provide only the recordkeeping and administrative services set forth on this Schedule "A" and as documented in the Plan Administration Manual and no others.

Administration

* Establishment and maintenance of Participant account and election percentages, including distribution elections and beneficiary designations.

* Maintenance of the following Plan investment options:

  - Fidelity Growth & Income Portfolio
  - Fidelity Magellan(R) Fund
  - Fidelity Equity-Income Fund
  - Fidelity Growth Company Fund
  - Fidelity Low-Priced Stock Fund
  - Fidelity U.S. Bond Index Fund
  - Fidelity Spartan(R) U.S. Equity Index Fund
  - Fidelity Mid-Cap Stock Fund
  - Fidelity OTC Portfolio
  - Fidelity Money Market Trust: Retirement Money Market Portfolio
  - Ariel Appreciation Fund - Investor Class
  - Merrill Lynch Semiconductor Holder Fund (priced in accordance with Schedule "G")
  - Templeton Foreign Fund - Class A
  - Moody's Baa Index (priced in accordance with Schedule "F")

* Maintenance of the following money classifications:

  - Salary
  - Company Match
  - Stock Option Deferral
  - Director Fees
  - Bonus
  - TIP Restoration DCP
  - TIP Restoration
  - Restricted Stock Option

Processing

* Processing of mutual fund trades.

* Maintain and process changes to Participants' prospective investment mix elections.

* Process exchanges between investment options on a daily basis.

* Provide processing consolidated payroll contribution data via a consolidated magnetic tape.

* Provide reconciliation and processing of Participant withdrawal requests as approved and directed by the Sponsor. All withdrawal requests will be based on the current market values of the Participants' accounts, not advances or estimated values. The "current market value" of a Participant's account

shall be the account value on the business day that direction is received from the Sponsor in good order by the Trustee, if such direction is confirmed before 4:00 p.m. (E.T.). If direction from the Sponsor is confirmed by the Trustee after 4:00 p.m. (E.T.) on a business day, then the current market value of a Participant's account shall be the account value on the next business day.

Other

* Prepare, reconcile and deliver a monthly Trial Balance Report presenting all money classes and investments. This report is based on the market value as of the last business day of the month.

* Prepare and mail to the Participant, a confirmation of the transactions exchanges and changes to investment mix elections) within five (5) business days of the Participants instructions.

* Provide access to Plan Sponsor Webstation (PSW). PSW is a graphical, Windows-based application that provides current plan and Participant-level information, including indicative data, account balances, activity and history.

* Prepare employee communications describing available investment options, including multimedia informational materials and group presentations, including communications for annual open enrollment and second half bonus enrollment.

ANALOG DEVICES, INC.

By: ___________________________ Date

FIDELITY MANAGEMENT TRUST COMPANY

By: _________________________________ FMTC Authorized Signatory Date

SCHEDULE "B"

FEE SCHEDULE

Annual Recordkeeping and Trustee Fees:	Fee Waived.
Non-Fidelity Mutual Funds:	Fees paid directly to Fidelity Investments Institutional Operations Company, Inc. ("FIIOC") or its affiliates by Non-Fidelity Mutual Fund vendors shall be posted and updated quarterly on Plan Sponsor Webstation at https://psw.fidelity.com or a successor site.
Other Fees:	Separate charges for extraordinary expenses resulting from large numbers of simultaneous manual transactions, from errors not caused by Fidelity, reports not contemplated in this Agreement, corporate actions, or the provision of communications materials in hard copy which are also accessible to Participants via electronic services in the event that the provision of such material in hard copy would result in an additional expense deemed to be material. Fees for corporate actions will be negotiated separately based on the characteristics of the project as well as the overall relationship at the time of the project.

ANALOG DEVICES, INC.	FIDELITY MANAGEMENT TRUST COMPANY
By: ________________________ Date	By: _________________________________ FMTC Authorized Signatory Date

SCHEDULE "C"

[ADMINISTRATOR'S LETTERHEAD]

Ms. Rebecca Hays
FESCo Business Compliance
Contracts Administration
82 Devonshire Street, MM3H
Boston, Massachusetts 02109

[NAME OF PLAN]

*** NOTE: THIS SCHEDULE SHOULD CONTAIN NAMES AND SIGNATURES FOR ALL INDIVIDUALS WHO WILL BE PROVIDING DIRECTIONS TO FIDELITY REPRESENTATIVES IN CONNECTION WITH THE PLAN.

FIDELITY REPRESENTATIVES WILL BE UNABLE TO ACCEPT DIRECTIONS FROM ANY INDIVIDUAL WHOSE NAME DOES NOT APPEAR ON THIS SCHEDULE.***

Dear Ms. Hays:

This letter is sent to you in accordance with Section 8(b) of the Trust Agreement, dated as of [date], between [name of Plan Sponsor] and Fidelity Management Trust Company. [I or We] hereby designate [name of individual], [name of individual], and [name of individual], as the individuals who may provide directions upon which Fidelity Management Trust Company shall be fully protected in relying. Only one such individual need provide any direction. The signature of each designated individual is set forth below and certified to be such.

You may rely upon each designation and certification set forth in this letter until [I or we] deliver to you written notice of the termination of authority of a designated individual.

Very truly yours,

[ADMINISTRATOR]

By

[signature of designated individual]
[name of designated individual]

[signature of designated individual]
[name of designated individual]

[signature of designated individual]
[name of designated individual]

SCHEDULE "D"

OPERATIONAL GUIDELINES FOR NON-FIDELITY MUTUAL FUNDS

Pricing

By 7:00 p.m. Eastern Time ("ET") each Business Day, the Non-Fidelity Mutual Fund Vendor ("Fund Vendor") will input the following information ("Price Information") into the Fidelity Participant Recordkeeping System ("FPRS") via the remote access price screen that Fidelity Investments Institutional Operations Company, Inc. ("FIIOC"), an affiliate of the Trustee, has provided to the Fund Vendor: (1) the net asset value for each Fund at the Close of Trading, (2) the change in each Fund's net asset value from the Close of Trading on the prior Business Day, and (3) in the case of an income fund or funds, the daily accrual for interest rate factor ("mil rate"). FIIOC must receive Price Information each Business Day (a "Business Day" is any day the New York Stock Exchange is open). If on any Business Day the Fund Vendor does not provide such Price Information to FIIOC, FIIOC shall pend all associated transaction activity in the Fidelity Participant Recordkeeping System ("FPRS") until the relevant Price Information is made available by Fund Vendor.

Trade Activity and Wire Transfers

By 7:00 a.m. ET each Business Day following Trade Date ("Trade Date Plus One"), FIIOC will provide, via facsimile, to the Fund Vendor a consolidated report of net purchase or net redemption activity that occurred in each of the Funds up to 4:00 p.m. ET on the prior Business Day. The report will reflect the dollar amount of assets and shares to be invested or withdrawn for each Fund. FIIOC will transmit this report to the Fund Vendor each Business Day, regardless of processing activity. In the event that data contained in the 7:00 a.m. ET facsimile transmission represents estimated trade activity, FIIOC shall provide a final facsimile to the Fund Vendor by no later than 9:00 a.m. ET. Any resulting adjustments shall be processed by the Fund Vendor at the net asset value for the prior Business Day.

The Fund Vendor shall send via regular mail to FIIOC transaction confirms for all daily activity in each of the Funds. The Fund Vendor shall also send via regular mail to FIIOC, but no later than the fifth Business Day following calendar month close, a monthly statement for each Fund. FIIOC agrees to notify the Fund Vendor of any balance discrepancies within twenty (20) Business Days of receipt of the monthly statement.

For purposes of wire transfers, FIIOC shall transmit a daily wire for aggregate purchase activity and the Fund Vendor shall transmit a daily wire for aggregate redemption activity, in each case including all activity across all Funds occurring on the same day.

Prospectus Delivery

FIIOC shall be responsible for the timely delivery of Fund prospectuses and periodic Fund reports ("Required Materials") to Participants, and shall retain the services of a third-party vendor to handle such mailings. The Fund Vendor shall be responsible for all materials and production costs, and hereby agrees to provide the Required Materials to the third-party vendor selected by FIIOC. The Fund Vendor shall bear the costs of mailing annual Fund reports to Participants. FIIOC shall bear the costs of mailing prospectuses to Participants.

Proxies

The Fund Vendor shall be responsible for all costs associated with the production of proxy materials. FIIOC shall retain the services of a third-party vendor to handle proxy solicitation mailings and vote tabulation. Expenses associated with such services shall be billed directly the Fund Vendor by the third-party vendor.

Participant Communications

The Fund Vendor shall provide internally prepared fund descriptive information approved by the Funds' legal counsel for use by FIIOC in its written Participant communication materials. FIIOC shall utilize historical performance data obtained from third-party vendors (currently Morningstar, Inc., FACTSET Research Systems and Lipper Analytical Services) in telephone conversations with plan Participants and in quarterly Participant statements. The Sponsor hereby consents to FIIOC's use of such materials and acknowledges that FIIOC is not responsible for the accuracy of third-party information. FIIOC shall seek the approval of the Fund Vendor prior to retaining any other third-party vendor to render such data or materials under this Agreement.

Compensation

FIIOC shall be entitled to fees as set forth in a separate agreement with the Fund Vendor.

SCHEDULE "E"

EXCHANGE GUIDELINES

The following exchange procedures are currently employed by Fidelity Investments Institutional Operations Company, Inc. ("FIIOC").

Exchange hours, via a Fidelity Participant service representative, are 8:30 a.m. (ET) to 12:00 midnight (ET) on each Business Day. A "Business Day" is any day on which the New York Stock Exchange (NYSE) is open.

Exchanges via the internet may be made virtually 24 hours a day.

Exchanges via VRS may be made virtually 24 hours a day.

FIIOC reserves the right to change these Exchange Guidelines at its discretion.

Note: The NYSE's normal closing time is 4:00 p.m. (ET); in the event the NYSE alters its closing time, all references below to 4:00 p.m. (ET) shall mean the NYSE closing time as altered.

INVESTMENT OPTIONS

EXCHANGES BETWEEN INVESTMENT OPTIONS

In accordance with this Agreement, the Sponsor may direct that Participants contact Fidelity on any day to exchange between investment options. If the request is confirmed before the close of the market (generally, 4:00 p.m. ET) on a Business Day, it will receive that day's trade date. Requests confirmed after the close of the market on a Business Day (or on any day other than a Business Day) will be processed on a next day basis.

EXCHANGE RESTRICTIONS

Exchanges into the Moody's Baa Index are not permitted for assets held in the TIP Restoration source.

ANALOG DEVICES, INC.

By ____
Date

SCHEDULE "F"
OPERATING PROCEDURES FOR THE MOODY'S BAA INDEX IN THE
ANALOG DEVICES, INC. DEFERRED COMPENSATION PLAN

THESE PROCEDURES, dated as of October 1, 2003, are among Analog Devices, Inc. (the "Sponsor"), and FIDELITY INVESTMENTS INSTITUTIONAL OPERATIONS COMPANY, INC. ("FIIOC").

FIIOC shall provide the recordkeeping services set forth in these Operating Procedures for the Cash Account ("the Fund").

SECTION 1. DEFINITIONS.

(a) "Business Day" shall mean any day the New York Stock Exchange ("NYSE") is open for business.

(b) "Initial Fund Pricing Date" shall mean October 1, 2003, whereby the Sponsor shall provide a letter to FIIOC detailing the daily mil rate for the Funds that shall be in effect for the upcoming annual period.

(c) "Fund Pricing Date" shall mean the first calendar day of each year, beginning in January 2004, whereby the Sponsor shall provide a letter to FIIOC detailing the daily mil rate for the Fund that shall be in effect for the upcoming annual period. The aforementioned letter shall be provided by the Sponsor to FIIOC no later than five (5) Business Days prior to any Fund Pricing Date.

SECTION 2. FUND PRICING.

FIIOC shall maintain a fixed unit value price of $1.00 for the Funds.

(a) A daily mil rate for the Fund shall be calculated by the Sponsor and communicated to FIIOC via facsimile on the Sponsor's letterhead to (859) 491-9167 (primary) or (859) 291-6196 (back-up) no later than five (5) Business Days prior to any Funds Pricing Date. The original letter shall be sent to FIIOC as soon as practicable thereafter.

(b) FIIOC shall use the daily mil rates as calculated and provided by the Sponsor, unless instructed otherwise by the Sponsor, in order to distribute unfunded accrued income monthly to participants. In the event of a change in the interest rate or daily mil rates prior to the end of any calendar year, the Sponsor shall notify FIIOC via FIIOC's electronic spreadsheet as soon as practicable and preferably at least five (5) Business Days prior to any such change.

(c) The Sponsor agrees to compensate FIIOC for the cost of any adjustments made to participant accounts due to the Sponsor's failure to provide the correct annual simple interest rate or failure to provide the annual simple interest rate in a timely manner to FIIOC for any Funds Pricing Date.

SECTION 3. INCOME ALLOCATION.

FIIOC shall reinvest unfunded accrued income on the last calendar day of each month in additional units of the Funds at that Business Day's unit value.

The above Procedures and conditions are hereby confirmed by all parties.

FIDELITY INVESTMENTS INSTITUTIONAL OPERATIONS COMPANY, INC.

By: _______________________________

Name: _____________________________

Title: ____________________________

Date: _____________________________

ANALOG DEVICES, INC.

By: _______________________________

Name: _____________________________

Title: ____________________________

Date: _____________________________

SCHEDULE "G"

OPERATING PROCEDURES FOR THE MERRILL LYNCH
SEMICONDUCTOR HOLDRS(SW) FUND IN THE ANALOG DEVICES, INC.
DEFERRED COMPENSATION PLAN

THESE PROCEDURES, dated as of October 1, 2003, are among ANALOG DEVICES, INC. (the "Sponsor"), and FIDELITY INVESTMENTS INSTITUTIONAL OPERATIONS COMPANY, INC. ("FIIOC").

FIIOC shall provide the recordkeeping services set forth herein for the Merrill Lynch Semiconductor HOLDRS(sw) (the "Fund"):

SECTION 1. DEFINITIONS.

(a) "Business Day" shall mean any day the New York Stock Exchange ("NYSE") is open for business.

(b) "Price Information" shall mean the 4:00 P.M. ET NYSE price for the Merrill Lynch Semiconductor HOLDRS(sw) exchange traded mutual fund.

SECTION 2. FUND PRICING.

(a) Each Business Day by 7:00 P.M. ET, FIIOC shall download the Price Information which will be used for all unfunded valuations and transactions involving the Fund.

(b) The Sponsor agrees to indemnify and hold harmless FIIOC for any adjustments to Participant accounts as a result of the Sponsor's failure to notify FIIOC of any change to the manner in which the Price Information is determined.

THIS SECTION INTENTIONALLY LEFT BLANK

The above procedures and conditions are hereby confirmed by all parties.

FIDELITY INVESTMENTS INSTITUTIONAL OPERATIONS COMPANY, INC.

By: _____________________________________

Name: ___________________________________

Title: __________________________________

Date: ___________________________________

ANALOG DEVICES, INC.

By: _____________________________________

Name: ___________________________________

Title: __________________________________

Date: ___________________________________

SAMPLE DIRECTION LETTER

[EMPLOYER'S LETTERHEAD]

Ms. Rebecca Hays
FESCo Business Compliance
Contracts Administration
82 Devonshire Street, MM3H
Boston, Massachusetts 02109

RE: INVESTMENT INSTRUCTIONS FOR RABBI TRUST ASSETS

Dear Ms. Hays:

The Participants under the ______________________________ Plan ("Plan") have the right to direct the investment of their Plan account in hypothetical investment options, which are currently based on a number of registered investment companies advised by Fidelity Management & Research Company ("Fidelity Mutual Funds") (OPTIONAL LANGUAGE TO BE USED IF NON-FIDELITY MUTUAL FUNDS ARE INVESTMENT OPTIONS UNDER THE PLAN: AND CERTAIN INVESTMENT COMPANIES NOT ADVISED BY FIDELITY MANAGEMENT & RESEARCH COMPANY ("NON-FIDELITY MUTUAL FUNDS"). Fidelity Management Trust Company has agreed pursuant to a Trust Agreement with ____________________________ dated ____________, to receive such Participant directions.

The Sponsor hereby directs the Trustee to invest funds contributed to the rabbi trust in a manner which corresponds directly to elections made by Participants under the plan.

This procedure will remain in effect until a revised instruction letter is provided by the Sponsor and accepted by the Trustee.

Sincerely,

____

____________________ (W/ENC.)

EXHIBIT 21

SUBSIDIARIES

The following is a list of the Company’s subsidiaries:

		Organized Under Law of	Percentage of Voting Securities Owned by Registrant as of November 1, 2003
	Analog Devices Limited	United Kingdom	100%
	Analog Devices, GmbH	Germany	100%
	Analog Devices, SAS	France	100%
	Analog Devices, K.K.	Japan	100%
	Analog Devices APS	Denmark	100%
	Analog Devices Nederland, B.V.	The Netherlands	100%
	Analog Devices International, Inc.	Massachusetts	100%
	Analog Devices Israel, Ltd.	Israel	100%
*	Analog Devices A.B.	Sweden	100%
	Analog Devices SRL	Italy	100%
	Analog Devices, GMBH	Austria	100%
	Analog Devices Korea, Ltd.	Korea	100%
	Analog Devices, B.V.	The Netherlands	100%
	Analog Devices Holdings, B.V.	The Netherlands	100%
	Analog Devices Research & Development Ltd.	Ireland	100%
	Analog Devices (Philippines), Inc.	The Philippines	100%
	Analog Devices Foundry Services, Inc.	Delaware	100%
	Analog Devices Asian Sales, Inc.	Delaware	100%
	Analog Devices Taiwan, Ltd.	Taiwan	100%
	Analog Devices Ireland, Ltd.	Ireland	100%
	Analog Devices Hong Kong, Ltd.	Hong Kong	100%
	Analog Devices Pty, Ltd.	Australia	100%
	Analog Devices India Private Limited	India	100%
	Analog Devices Gen. Trias, Inc.	The Philippines	100%
	Analog Devices International Financial Services Company	Ireland	100%
	Analog Development (Israel) 1996 Ltd.	Israel	100%
	Analog Devices (China) Co. Ltd.	China	100%
	Analog Devices Canada, Ltd.	Canada	100%
	Edinburgh Portable Compilers Limited	Scotland	100%
	ADI Micromachines, Inc.	Delaware	100%
	Analog Devices Micromachines, Ltd.	United Kingdom	100%
	BCO Technologies Limited	United Kingdom	100%
	Analog Devices Belfast, Ltd.	United Kingdom	100%
	Analog Devices IMI, Inc.	California	100%
	Analog Devices ChipLogic, Inc.	California	100%
	Staccato Systems, Inc.	California	100%
	Analog Devices Australia Pty. Ltd.	Australia	100%
	ChipLogic India Private Limited	India	100%
	Analog/NCT Supply Ltd.	Delaware	50%
	Analog Devices Realty Holdings, Inc.	The Philippines	40%
	Analyzed Investments, Ltd.	Ireland	7.4%

* Also doing business as Analog Devices Aktiebolag, Suomen sivuliike

Exhibit 23

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 2-63561, 2-90023, 2-95495, 33-2502, 33-4067, 33-22604, 33-22605, 33-29484, 33-39851, 33-39852, 33-43128, 33-46520, 33-46521, 33-60642, 33-60696, 33-61427, 33-64849, 333-04771, 333-04819, 333-04821, 333-08493, 333-40222, 333-40224, 333-47787, 333-47789, 333-48243, 333-56529, 333-57444, 333-69359, 333-79551, 333-87055, 333-50092, 333-53314, 333-53828 and 333-75170, and Form S-3 Nos. 333-08505, 333-08509, 333-17651, 333-87053, 333-48928, 333-51530 and 333-53660) of Analog Devices, Inc. and in the related Prospectuses of our report dated November 17, 2003 (except for the fourth paragraph of Note 12, as to which the date is December 19, 2003), with respect to the consolidated financial statements and schedule of Analog Devices, Inc. included in this Annual Report (Form 10-K) for the year ended November 1, 2003.

/s/ Ernst & Young LLP

Boston, Massachusetts

December 19, 2003

Exhibit 31.1

CERTIFICATION

I, Jerald G. Fishman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Analog Devices, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b) [Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986]

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 23, 2003

/s/ JERALD G. FISHMAN

Jerald G. Fishman
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Joseph E. McDonough, certify that:

1. I have reviewed this Annual Report on Form 10-K of Analog Devices, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) [Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986]

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 23, 2003

/s/ JOSEPH E. MCDONOUGH

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

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350,

As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Analog Devices, Inc. (the “Company”) for the period ended November 1, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Jerald G. Fishman, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JERALD G. FISHMAN

Jerald G. Fishman
Chief Executive Officer

Dated: December 23, 2003

A signed original of this written statement required by Section 906 has been provided to Analog Devices, Inc. and will be retained by Analog Devices, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification Pursuant to 18 U.S.C. Section 1350,

As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Analog Devices, Inc. (the “Company”) for the period ended November 1, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Joseph E. McDonough, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOSEPH E. MCDONOUGH

Joseph E. McDonough
Chief Financial Officer

Dated: December 23, 2003

A signed original of this written statement required by Section 906 has been provided to Analog Devices, Inc. and will be retained by Analog Devices, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.