UNITED STATES
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, 2008

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 Class

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☑ NO o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES o NO ☑

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 for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☑ NO o

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 a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES o NO ☑

The aggregate market value of the voting and non-voting common equity held by nonaffiliates of the registrant was approximately $6,911,000,000 based on the last reported sale of the Common Stock on the New York Stock Exchange Composite Tape reporting system on May 3, 2008. Shares of voting and non-voting stock beneficially owned by executive officers, directors and holders of more than 5% of the outstanding stock have been excluded from this calculation because such persons or institutions may be deemed affiliates. This determination of affiliate status is not a conclusive determination for other purposes.

As of November 1, 2008 there were 291,193,451 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 Shareholders to be held March 10, 2009	III

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PART I

ITEM 1. BUSINESS

Company Overview

We are a world leader in the design, manufacture and marketing of high-performance analog, mixed-signal and digital signal processing integrated circuits used in industrial, communication, computer and consumer applications. Since our inception in 1965, we have focused on solving the engineering challenges associated with signal processing in electronic equipment. Our signal processing products translate real-world phenomena such as light, sound, temperature, motion and pressure into electrical signals to be used in a wide array of electronic equipment. Used by over 60,000 customers worldwide, our products are embedded inside many types of electronic equipment including industrial process controls, factory automation systems, defense electronics, portable wireless communications devices, cellular basestations, central office networking equipment, computers, automobiles, medical imaging equipment, digital cameras and digital televisions. Signal processing technology is a critical element 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 signal processing and digital signal processing, or DSP, technology. We produce a wide range of products that are designed to meet the signal processing technology needs of a broad base of customers.

During the first quarter of fiscal 2008, we completed the sale of our baseband chipset business and related support operations, or Baseband Chipset Business, to MediaTek Inc. and the sale of our CPU voltage regulation and PC thermal monitoring business to certain subsidiaries of ON Semiconductor Corporation. Accordingly, these operations have been presented as discontinued operations within the consolidated financial statements in accordance with Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144)*. The financial statements and related footnote disclosures reflect the results of these businesses in discontinued operations, net of applicable income taxes for all reporting periods presented. Unless otherwise noted, the discussions contained in the Annual Report on Form 10-K relate only to results from continuing operations.

During our fiscal year ended November 1, 2008, or fiscal 2008, approximately 49% of our product 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.

Revenue from the communications market represented approximately 25% of our fiscal 2008 product revenue. Communications applications include basestations and wireless handsets, as well as products used for high-speed access to the Internet, including central office networking equipment.

Revenue from our products used in high-performance consumer electronics represented approximately 21% of our product revenue for fiscal 2008. Applications in this market include digital cameras and camcorders, flat-panel digital televisions, video game applications and surround sound audio systems.

We also serve the personal computer and network server markets with products that enable high-quality audio and products that monitor and manage power usage. In fiscal 2008, the computer market represented approximately 5% of our product revenue.

We sell our products worldwide through a direct sales force, third-party distributors and independent sales representatives and through our website. We have direct sales offices in 17 countries, including the United States.

We are headquartered near Boston, in Norwood, Massachusetts, and have manufacturing facilities in Massachusetts, Ireland and the Philippines. We were founded in 1965 and are incorporated in Massachusetts. As of November 1, 2008, we employed approximately 9,000 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 (including exhibits), 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. We also make available on our website our corporate governance guidelines, the charters for our audit committee, compensation committee, and nominating and corporate governance committee, our stock option granting policies, our code of business conduct and ethics which applies to our directors, officers and employees, and our related person transaction policy, and such information is available in print and free of charge to any shareholder of Analog Devices who requests it. 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 or 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 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. We refer to these manipulations and transformations as “real-world signal processing.”

Significant developments in semiconductor technology in recent years have substantially increased the performance and functionality of integrated circuits, or ICs, used in signal processing applications. These developments include: the ability to combine analog and digital signal processing capability on a single chip, thereby making possible more highly-integrated solutions; and the widespread application of low-cost, high-performance microprocessor-based systems, which motivate customers to convert analog information into digital information that can be managed by these microprocessors. At the same time, the ongoing transition to digital media for communications, music, photography, and video has increased the need for precise, high-speed signal conditioning interfaces between the analog world and digital electronics. The convergence of computing, communications, and consumer electronics has resulted in end products that incorporate state-of-the-art signal processing capability onto fewer chips and with less power consumption. 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 product portfolio 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 key target 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 more customized ICs, our standard products often provide the most cost-effective solution for many low to medium volume applications. However, 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 data conversion, amplification, power management, radio frequency and DSP, 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 and operate in one reporting segment. Our ten highest revenue products, in the aggregate, accounted for approximately 10% of our revenue for fiscal 2008. 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 over four decades, and we believe we are one of the world's largest suppliers of high-performance analog ICs. Our analog signal processing 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 products have versus competitors' products include higher accuracy, lower cost per function, smaller size, lower power consumption and fewer components resulting in improved reliability. The majority of our analog IC products are proprietary to us in their design and our product portfolio addresses a wide range of applications. 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.

We derive the majority of our analog signal processing IC product revenue from sales of data converters and amplifiers. We are the industry's leading supplier of data converter products. Data converters translate real-world analog signals into digital data and also translate digital data into analog signals. Amplifiers are used to condition analog signals and minimize noise. The data converter and amplifier product categories represented approximately 69% of our fiscal 2008 revenue, with converters representing 46% and amplifiers representing 23%.

Over the past several years we have been expanding our analog IC product offerings along the entire signal chain and into areas such as micro-electromechanical systems, or MEMS, radio frequency integrated circuits, or RF ICs, and power management.

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 us to build extremely small mechanical sensing elements 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 MEMS products is derived from accelerometers used by automotive manufacturers in airbag applications and in video game applications. However, opportunities from consumer and industrial customers are increasing as we develop products using this technology for applications in these end markets.

Our MEMS and RF products as well as other analog signal processing products such as high-speed clock ICs, are included in our "Other Analog" product category, which collectively represented 15% of our total revenue in fiscal 2008.

Power management and reference products contributed 6% of our total revenue in fiscal 2008. Whether the product is plugged into the wall or runs on batteries, every electronic device requires some form of power management, which can include converters, battery chargers, charge pumps, and regulators. We leverage our leading analog signal technology to devise innovative high-performance power management ICs, high-reliability infrastructure equipment and battery-operated portable medical, communications and consumer devices.

Digital Signal Processing Products

Digital Signal Processors (DSPs) are optimized for high-speed numeric calculations, which are essential for instantaneous, or real-time, processing of digital data generated, in most cases, from analog to digital signal conversion. DSP product revenue represented 10% of our fiscal 2008 revenue. 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 using software. Our general-purpose DSP IC customers typically write their own algorithms using software development tools that we provide and software development tools they obtain from third-party suppliers. 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 easy-to-use, low-cost development tools, which are designed to reduce our customers' product development costs and time-to-market.

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 applications, such as factory automation systems, automatic process control systems, robotics, environmental control systems and automatic test equipment. These applications 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, mixed-signal and DSP ICs are usually employed to achieve the necessary functionality.

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

Defense/Aerospace — The defense, 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 these 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, as well as for powertrain electronics. In response, we have developed products specifically for the automotive market. We supply a MEMS IC used as a crash sensor in airbag systems, roll-over sensing, global positioning satellite, or GPS, automotive navigation systems, anti-lock brakes and “smart” suspension systems. We offer a wide portfolio of analog ICs used in powertrain and body electronics applications to help improve fuel efficiency and lower emissions. In addition, our analog and DSP ICs have application in engine control, in-cabin electronics, audio and collision avoidance 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. 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 handsets, cellular basestation equipment, portable media devices, PBX switches, routers and remote access servers.

Consumer — Market demand for digital entertainment systems and the consumer demand for high quality voice, music, movies and photographs have allowed us to combine analog and digital design capability to provide solutions that meet the rigorous cost requirements of the consumer electronics market. The emergence of high-performance, feature-rich consumer products, such as digital camcorders and cameras, home theater systems, LCD digital televisions, video projectors, video game applications and high-definition DVD recorders/players, has created a market for our high-performance ICs with a high level of specific functionality.

Computer— We currently supply ICs used for high fidelity audio in desktop and notebook computers and for power management in server computers. Our products are also used in computer peripherals such as displays, printers and scanners.

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 manufacturing processes, and the improvement of existing products and manufacturing processes. We spent approximately $533 million during fiscal 2008 on the design, development and improvement of new and existing products and manufacturing processes, compared to approximately $510 million during fiscal 2007 and approximately $460 million during fiscal 2006.

Our research and development strategy focuses on building technical leadership in core technologies for signal sensing, conditioning, conversion and processing. In addition, we have been increasing our investment in analog products used for power management. In support of our research and development activities, we employ thousands of engineers involved in product and manufacturing process development at 40 design centers and manufacturing sites located throughout the world.

Patents and Other Intellectual Property Rights

We seek to establish and maintain our proprietary rights in our technology and products through the use of patents, copyrights, trademarks and trade secret laws. We have a program to file applications for and obtain patents, copyrights and trademarks in the United States and in selected foreign countries where we believe filing for such protection is appropriate. We also seek to maintain our trade secrets and confidential information by nondisclosure policies and through the use of appropriate confidentiality agreements. We have obtained a substantial number of patents and trademarks in the United States and in other countries. As of November 1, 2008, we held approximately 1,400 U.S. patents and approximately 550 non-provisional pending U.S. patent applications. There can be no assurance, however, that the rights obtained can be successfully enforced against infringing products in every jurisdiction. While our patents, copyrights, trademarks and trade secrets provide some advantage and protection, we believe our competitive position and future success is largely determined by such factors as the system and application knowledge, innovative skills, technological expertise and management ability and experience of our personnel; the range and success 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 we determine other protection, such as maintaining the invention as a trade secret, to be 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, which are akin to the blueprint for building an IC, under the Semiconductor Chip Protection Act of 1984.

Sales Channels

We sell our products in North America and internationally through a direct sales force, third-party distributors, independent sales representatives and via our worldwide website on the Internet.

We derived approximately 53% of our fiscal 2008 product revenue from sales made through distributors. 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. In all regions of the world, we defer revenue and the related cost of sales on shipments to distributors until the distributors resell the products to their customers. We make sales to distributors under agreements that allow distributors to receive price adjustment credits and to return qualifying products for credit, as determined by us, in order to reduce the amounts of slow-moving, discontinued or obsolete product from their inventory. These agreements limit such returns to a certain percentage of our shipments to that distributor during the prior quarter. In addition, distributors are allowed to return unsold products if we terminate the relationship with the distributor. Additional information relating to our sales to distributors is set forth in Note 2n. in the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K.

The categorization of sales into geographic regions is based upon the location of the customer.

We derived approximately 20% of our fiscal 2008 revenue from customers in the United States and approximately 4% from customers elsewhere in North and South America. As of November 1, 2008, we had 12 direct sales offices in the United States.

We derived approximately 26% of our fiscal 2008 revenue from customers in Europe. As of November 1, 2008, we had direct sales offices in Austria, Denmark, France, Germany, Israel, Italy, the Netherlands, Sweden and the United Kingdom.

We derived approximately 19% of our fiscal 2008 revenue from customers in Japan.

We derived approximately 16% of our fiscal 2008 revenue from customers in China and approximately 15% from customers elsewhere in Asia, principally Taiwan and Korea. As of November 1, 2008, we had direct sales offices in the Asia region in China, Hong Kong, India, Japan, Korea, Singapore, and Taiwan.

We also have sales representatives and/or distributors in over 40 countries outside North America, including countries where we also have direct sales offices. For further detail regarding revenue and financial information about our industry, segment and geographic areas, see our Consolidated Financial Statements and Note 4 in the related Notes contained in Item 8 of this Annual Report on Form 10-K.

We support our worldwide technical direct field sales efforts 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 product catalogs, applications guides, technical handbooks and detailed data sheets for individual products. We also provide this 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, excluding distributors, represented approximately 4% of our fiscal 2008 revenue. Our 20 largest customers, excluding distributors, accounted for approximately 32% of our fiscal 2008 revenue. These customers used hundreds of different types of our products in a wide range of applications spanning the industrial, computer, communication and consumer markets.

Seasonality

Sales to customers during our first fiscal quarter may be lower than other quarters due to plant shutdowns at some of our customers during the holiday season. In general, the seasonality for any specific period of time has not had a material impact on our results of operations. In addition, as explained in our risk factors included elsewhere in this report, our revenue is more likely to be influenced on a quarter to quarter basis by cyclicality in the semiconductor industry.

Foreign Operations

Through subsidiaries and affiliates, we conduct business in numerous countries outside the United States. During fiscal 2008, we derived approximately 80% of our revenue 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. Although we engage in hedging transactions to reduce our exposure to currency exchange rate fluctuations, our competitive position may 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 and ceramic and plastic used for packaging.

We develop and employ a wide variety of proprietary manufacturing processes that are specifically tailored for use in fabricating high-performance analog, DSP, mixed-signal and MEMS ICs. We also use bipolar and complementary metal-oxide semiconductor, or 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 wafer-fabrication foundries using sub-micron digital CMOS processes. Approximately 44%, 43% and 41% of our revenue in fiscal 2008, 2007 and 2006, respectively, was from products fabricated at third-party wafer-fabrication facilities, primarily Taiwan Semiconductor Manufacturing Company (TSMC). We operate wafer fabrication facilities in Wilmington and Cambridge, Massachusetts and Limerick, Ireland. We also operate test facilities located in the Philippines and use third-party subcontractors for the assembly and testing of our products.

Capital spending was $157.4 million in fiscal 2008, compared with $141.8 million in fiscal 2007. We currently plan to make capital expenditures of approximately $55 million in fiscal 2009.

Our products require a wide variety of components, raw materials and external foundry services, most of which we purchase from third-party suppliers. We have multiple sources for many of the components and materials that we purchase and incorporate into our products. However, a large portion of our external wafer purchases and foundry services are from a limited number of suppliers, primarily TSMC. If TSMC or any of our other key 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 significant expenses and disruptions or delays in manufacturing, product development and shipment of product to our customers. Although we have experienced shortages of components, materials and external foundry services from time to time, these items have generally been available to us as needed.

Backlog

Backlog at the end of fiscal 2008 was approximately $333 million, down from approximately $396 million at the end of fiscal 2007. We define backlog as of a particular date to mean firm orders with a customer or distributor with a 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 most orders to be cancelled or deliveries to be delayed by customers without significant penalty. Accordingly, we believe that our backlog at any time should not be used as an indication of our future revenue.

We typically do not have long-term sales contracts with our customers. In some of our 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. In other instances, we manufacture product based on forecasts of customer demands. As a result, we may incur inventory and manufacturing costs in advance of anticipated sales and are subject to the risk of cancellation of orders leading to a sharp reduction of sales and backlog. Further, those orders or forecasts may be for products that meet the customer’s unique requirements so that those cancelled 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 some of our products that are subject to these uncertainties, the amount of unsaleable product could be substantial.

Government Contracts

We estimate that approximately 3% of our fiscal 2008 product revenue was attributable to sales to the U.S. government and U.S. 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 U.S. government.

Acquisitions, Divestitures and Investments

An element of our business strategy involves expansion through the acquisition of businesses, assets, products or technologies that allow us to complement our existing product offerings, expand our market coverage, increase our engineering workforce or enhance our technological capabilities. From time to time, we consider acquisitions and divestitures that may strengthen our business.

Additional information relating to our acquisition and divestiture activities during fiscal 2008, fiscal 2007 and fiscal 2006 is set forth in Note 2u., Note 6 and Note 16 of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Competition

We compete with a number of semiconductor companies in markets that are highly competitive. Our competitors include Broadcom Corporation, Cirrus Logic, Inc., Freescale Semiconductor, Inc., Infineon Technologies, Intersil Corporation, Linear Technology Corporation, Maxim Integrated Products, Inc., Microchip Technology Inc., National Semiconductor Corporation, NXP Semiconductors, ST Microelectronics, Silicon Laboratories, Inc. and Texas Instruments, Inc.

We believe that competitive performance in the marketplace for real-world signal processing components depends upon several factors, including design and quality of products, product performance, features and functionality, and product pricing, availability and capacity, with the relative importance of these factors varying among products, markets and customers. 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. Some of our competitors may have better established supply or development relationships with our current and potential customers. Additionally, some formerly independent competitors have been purchased by larger companies. Our competitors also include emerging companies selling specialized products into 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.

Environment

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, to reduce our energy consumption and to strive towards continual improvement. We strive to achieve a standard of excellence in environmental, health and safety management practices as an integral part of our total quality management system.

In fiscal 2008, we became an applicant member of the Electronic Industry Citizenship Coalition (EICC).

Our manufacturing facilities are subject to numerous and increasingly strict environmental laws and regulations, particularly with respect to the transportation, storage, handling, use, emission, discharge and disposal of certain chemicals, gases and other substances used or produced in the semiconductor manufacturing process. Contracts with many of our customers reflect these and additional environmental compliance obligations. Compliance with these laws and regulations has not had a material impact on our capital expenditures, earnings, financial condition or competitive position. There can be no assurance, however, that current or future environmental laws and regulations will not impose costly requirements upon us. Any failure by us to comply with applicable environmental laws, regulations and contractual obligations could result in fines, suspension of production, alteration of fabrication processes and legal liability.

Employees

As of November 1, 2008, we employed approximately 9,000 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 design, support and manufacture of new and existing 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 personnel could have a material adverse impact on our results of operations and financial condition.

ITEM 1A. RISK FACTORS

Set forth below and elsewhere in this report and in other documents we file with the SEC are descriptions of the risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this report.

Our future revenue, gross margins, operating results and net income are difficult to predict and may materially fluctuate.

Our future revenue, gross margins, operating results and net income are difficult to predict and may be materially affected by a number of factors, including:

- the effects of adverse economic conditions in the United States and international markets, including the current crisis in global credit and financial markets;
- changes in customer demand for our products and for end products that incorporate our products;
- the effectiveness of our efforts to refocus our operations and reduce our cost structure;
- the timing of new product announcements or introductions by us, our customers or our competitors;
- competitive pricing pressures;
- fluctuations in manufacturing yields, adequate availability of wafers and other raw materials, and manufacturing, assembly and test capacity;
- any significant decline in our backlog;
- the timing, delay or cancellation of significant customer orders and our ability to manage inventory;
- our ability to hire, retain and motivate adequate numbers of engineers and other qualified employees to meet the demands of our customers;
- changes in geographic, product or customer mix;
- our ability to utilize our manufacturing facilities at efficient levels;
- potential significant litigation-related costs;
- the difficulties inherent in forecasting future operating expense levels, including with respect to costs associated with labor, utilities, transportation and raw materials;
- the costs related to compliance with increasing worldwide environmental regulations;
- changes in our effective tax rates in the United States, Ireland or worldwide; and
- the effects of public health emergencies, natural disasters, security risks, terrorist activities, international conflicts and other events beyond our control.

In addition, the semiconductor market has historically been cyclical and subject to significant economic upturns and 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 our 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 revenue, gross margins, operating results and net income on a quarterly or annual basis. In addition, if our revenue, gross margins, operating results and net income do not meet the expectations of securities analysts or investors, the market price of our common stock may decline.

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

We typically do not have long-term sales contracts with our customers. 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. In other instances, we manufacture product based on forecasts of customer demands. As a result, we may incur inventory and manufacturing costs in advance of anticipated sales and are subject to the risk of cancellations of orders, leading to a sharp reduction of sales and backlog. Further, orders or forecasts may be for products that meet the customer's unique requirements so that those cancelled or unrealized 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 that are subject to these uncertainties, the amount of unsaleable product could be substantial. Incorrect forecasts, or reductions, cancellations or delays in orders for our products could adversely affect our operating results.

The current crisis in global credit and financial markets could materially and adversely affect our business and results of operations.

As widely reported, global credit and financial markets have been experiencing extreme disruptions in recent months, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, and uncertainty about economic stability. There can be no assurance that there will not be further deterioration in credit and financial markets and confidence in economic conditions. These economic uncertainties affect businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities. The current tightening of credit in financial markets may lead consumers and businesses to postpone spending, which may cause our customers to cancel, decrease or delay their existing and future orders with us. In addition, financial difficulties experienced by our suppliers or distributors could result in product delays, increased accounts receivable defaults and inventory challenges. The volatility in the credit markets has severely diminished liquidity and capital availability. We are unable to predict the likely duration and severity of the current disruptions in the credit and financial markets and adverse global economic conditions, and if the current uncertain economic conditions continue or further deteriorate, our business and results of operations could be materially and adversely affected.

Our future success depends upon our ability to continue to innovate, improve our products, develop and market new products, and identify and enter new markets.

Our success significantly depends on our continued ability to improve our products and develop and market innovative new products. Product development, innovation and enhancement is often a complex, time-consuming and costly process involving significant investment in research and development, with no assurance of return on investment. There can be no assurance that we will be able to develop and introduce new and improved products in a timely or efficient manner or that new and improved products, if developed, will achieve market acceptance. Our products generally must conform to various evolving and sometimes competing industry standards, which may adversely affect our ability to compete in certain markets or require us to incur significant costs. In addition, our customers generally impose very high quality and reliability standards on our products, which often change and may be difficult or costly to satisfy. Any inability to satisfy such customer quality standards or comply with industry standards and technical requirements may adversely affect demand for our products and our results of operations. In addition, our growth is dependent on our continued ability to identify and penetrate new markets where we have limited experience and competition is intense. Also, some of our customers in these markets are less established, which could subject us to increased credit risk. 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 price reductions or take market share from us, or that we can achieve or maintain adequate gross margins or 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.

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

We face intense technological and pricing competition in the semiconductor industry, and we expect such competition to increase 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. Some of our competitors may have better established supply or development relationships with our current and potential customers or suppliers. Our competitors also include emerging companies selling specialized products in markets we serve. Competition is generally based on design and quality of products, product performance, features and functionality, and product pricing, availability and capacity, with the relative importance of these factors varying among products, markets and customers. Existing or new competitors may develop products or technologies that more effectively address the demands of our customers and markets with enhanced performance, features and functionality, lower power requirements, greater levels of integration or lower cost. Increased competition in certain markets has resulted in and may continue to result in declining average selling prices, reduced gross margins and loss of market share in such markets. 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 competition.

We rely on third-party subcontractors and manufacturers for some industry-standard wafers and assembly and test services, and generally 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 availability, capacity utilization, delivery schedules, manufacturing yields, quality assurance and costs. Additionally, we utilize a limited number of third-party wafer fabricators, primarily Taiwan Semiconductor Manufacturing Company. These suppliers manufacture components in accordance with our proprietary designs and specifications. In addition, these suppliers often provide manufacturing services to our competitors and therefore periods of increased industry demand may result in capacity constraints. If these 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. Approximately 44% of our fiscal 2008 revenue was from products fabricated at third-party wafer-fabrication facilities, primarily TSMC.

The markets for semiconductor products are cyclical, and we may not be able to satisfy sufficiently the demand for our products, while increased production may lead to overcapacity and lower prices.

The cyclical nature of the semiconductor industry has resulted in periods when demand for our products has increased or decreased rapidly. During periods of rapid increases in demand, our available capacity may not be sufficient to satisfy the demand. In addition, we may not be able to expand our workforce and operations in a sufficiently timely manner, procure adequate resources, or locate suitable third-party suppliers, to respond effectively to changes in demand for our existing products or to the demand for new products requested by our customers, and our current or future business could be materially and adversely affected. Conversely, if we expand our operations and workforce too rapidly or procure excessive resources in anticipation of increased demand for our products, and such demand does not materialize at the pace at which we expect, or declines, our operating results may be adversely affected as a result of increased operating expenses, reduced margins, underutilization of capacity or asset impairment charges. These capacity expansions by us and other semiconductor manufacturers could also lead to overcapacity in our target markets which could lead to price erosion that would adversely impact our operating results.

Our semiconductor products are complex and we may be subject to product warranty and indemnity claims, which could result in significant costs and damage to our reputation and adversely affect the market acceptance of our products.

Semiconductor products are highly complex and may contain defects when they are first introduced or as new versions are developed. We generally warrant our products to our customers for one year from the date title passes from us. We invest significant resources in the testing of our products; however, if any of our products contain defects, we may be required to incur additional development and remediation costs, pursuant to warranty and indemnification provisions in our customer contracts and purchase orders. These problems may divert our technical and other resources from other product development efforts and could result in claims against us by our customers or others, including liability for costs associated with product recalls, which may adversely impact our operating results. We may also be subject to customer indemnity claims. Our customers have on occasion been sued, and may in the future be sued by third parties with respect to infringement or other product matters, and those customers may seek indemnification from us under the terms and conditions of our sales contracts with them. In certain cases, our potential indemnification liability may be significant. There can be no assurance that we are adequately insured to protect against all claims and potential liabilities. If any of our products contains defects, or has reliability, quality or compatibility problems, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers and could adversely affect our operating results.

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 operating results.

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

Our success depends, in part, on our ability to protect our intellectual property. We primarily rely on patent, mask work, copyright, trademark and trade secret laws, as well as nondisclosure agreements and other methods, to protect our proprietary technologies and processes. Despite our efforts to protect our proprietary technologies and processes, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose our technologies and processes. Moreover, the laws of foreign countries in which we design, manufacture, market and sell our products may afford little or no effective protection of our proprietary technology.

There can be no assurance that the claims allowed in our issued patents will be sufficiently broad to protect our technology. In addition, any of our existing or future patents may be challenged, invalidated or circumvented. As such, any rights granted under these patents may not provide us with meaningful protection. We may not have foreign patents or pending applications corresponding to our U.S. patents and applications. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. If our patents do not adequately protect our technology, our competitors may be able to offer products similar to ours. Our competitors may also be able to develop similar technology independently or design around our patents. Other companies or individuals 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.

We generally enter into confidentiality agreements with our employees, consultants and strategic partners. We also try to control access to and distribution of our technologies, documentation and other proprietary information. Despite these efforts, internal or external parties may attempt to copy, disclose, obtain or use our products or technology without our authorization. Also, former employees may seek employment with our business partners, customers or competitors, and there can be no assurance that the confidential nature of our proprietary information will be maintained in the course of such future employment.

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

The semiconductor industry is characterized by frequent claims and litigation involving patent and other intellectual property rights, including claims arising under our contractual obligations to indemnify our customers. From time to time, we receive 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. We could be subject to warranty or product liability claims that could lead to significant costs and expenses as we defend such claims or pay damage awards. There can be no assurance that we are adequately insured to protect against all claims and potential liabilities. We may incur costs and expenses relating to a recall of our customers' products due to an alleged failure of components we supply. See Note 12 in the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K for information concerning certain litigation that involves us. An adverse outcome in litigation could have a material adverse effect on our financial position or on our operating results 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 adversely affected.

Our continued success depends to a significant extent upon the recruitment, retention and effective succession of our executive officers and key management and technical personnel, particularly our experienced engineers. 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 our business 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.

To remain competitive, we may need to acquire other companies, purchase or license technology from third parties, or enter into other strategic transactions in order to introduce new products or enhance our existing products.

An element of our business strategy involves expansion through the acquisitions of businesses, assets, products or technologies that allow us to complement our existing product offerings, expand our market coverage, increase our engineering workforce or enhance our technological capabilities. We may not be able to find businesses that have the technology or resources we need and, if we find such businesses, we may not be able to purchase or license the technology or resources on commercially favorable terms or at all. Acquisitions and technology licenses are difficult to identify and complete for a number of reasons, including the cost of potential transactions, competition among prospective buyers and licensees, the need for regulatory approvals, and difficulties related to integration efforts. In order to finance a potential transaction, we may need to raise additional funds by issuing securities or borrowing money. We may not be able to find financing on favorable terms, and the sale of our stock may result in the dilution of our existing shareholders or the issuance of securities with rights that are superior to the rights of our common shareholders. Our current credit facility imposes restrictions on our ability to undertake certain transactions, to create certain liens on our assets and to incur certain subsidiary indebtedness, and requires us to maintain compliance with specified financial ratios. If we breach any of the covenants under our credit facility and do not obtain a waiver from the lenders, then, subject to applicable cure periods, our outstanding indebtedness thereunder could be declared immediately due and payable.

Acquisitions also involve a number of risks, including:

- difficulty integrating acquired technologies, operations and personnel with our existing businesses;
- diversion of management attention in connection with both negotiating the acquisitions and integrating the assets;
- strain on managerial and operational resources as management tries to oversee larger operations;
- the future funding requirements for acquired companies, which may be significant;
- potential loss of key employees;
- exposure to unforeseen liabilities of acquired companies; and
- increased risk of costly and time-consuming litigation.

If we are unable to successfully address these risks, we may not realize some or all of the expected benefits of the acquisition, which may have an adverse effect on our business plans and operating results.

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

We, like many companies in the semiconductor industry, rely on internal manufacturing capacity, wafer fabrication foundries 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, utilities and equipment and availability of key services, including transport of our products worldwide. Any prolonged inability to utilize one of our manufacturing facilities, or those of our subcontractors or third-party wafer fabrication foundries, as a result of fire, natural disaster, unavailability of utilities or otherwise, would have a material adverse effect on our results of operations and financial condition.

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

We have significant operations and manufacturing facilities outside the United States, including in Ireland and the Philippines. During fiscal 2008, approximately 80% of our product revenue was 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. Potential interest rate increases, as well as high energy costs, could have an adverse impact on industrial and consumer spending patterns and could adversely impact demand for our products. While a majority of our cash is generated outside the United States, we require a substantial amount of cash in the United Sates for operating requirements, stock repurchases, cash dividends and acquisitions. If we are unable to address our U.S. cash requirements through operations, by efficient and timely repatriations of overseas cash, through borrowings under our current credit facility or from other sources of cash obtained at an acceptable cost, our business strategies and operating results could be adversely affected.

In addition to being exposed to the ongoing economic cycles in the semiconductor industry, we are also subject to the economic, political and legal risks inherent in international operations, including the risks associated with the current crisis in global credit and financial markets, 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. Other business risks associated with international operations include increased managerial complexities, air transportation disruptions, expropriation, currency controls, currency exchange rate movement, additional costs related to foreign taxes, tariffs and freight rate increases, exposure to different business practices and legal standards, particularly with respect to price protection, intellectual property and environmental compliance, trade and travel restrictions, pandemics, import and export license requirements and restrictions, difficulties in staffing and managing worldwide operations, and accounts receivable collections.

We expect to continue to expand our business and operations in China. Our success in the Chinese markets may be adversely affected by China's continuously evolving laws and regulations, including those relating to taxation, import and export tariffs, currency controls, environmental regulations, and property rights. Enforcement of existing laws or agreements may be inconsistent, as there exists a high degree of fragmentation among regulatory authorities resulting in uncertainties as to which authorities have jurisdiction over particular parties or transactions. In addition, changes in the political environment, governmental policies or U.S.-China relations could result in revisions to laws or regulations or their interpretation and enforcement, increased taxation, restrictions on imports, import duties or currency revaluations, which could have an adverse effect on our business plans and operating results.

Our operating results are dependent on the performance of independent distributors.

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 operating results. Termination of a significant distributor, whether at our initiative or the distributor's initiative, could disrupt our current business, and if we are unable to find suitable replacements, our operating results could be adversely affected.

We are subject to increasingly strict environmental regulations, which could increase our expenses and affect our operating results.

Our industry is subject to increasingly strict environmental regulations that control and restrict the use, transportation, emission, discharge, storage and disposal of certain chemicals, gases and other substances used or produced in the semiconductor manufacturing process. Public attention on environmental controls has increased, and our customers routinely include stringent environmental standards in their contracts with us. Changes in environmental regulations may require us to invest in potentially costly remediation equipment or alter the way our products are made. In addition, we use hazardous and other regulated materials that subject us to risks of strict liability for damages caused by accidental releases, regardless of fault. Any failure to control such materials adequately or to comply with regulatory restrictions or contractual obligations could increase our expenses and adversely affect our operating results.

New climate change regulations could require us to change our manufacturing processes or obtain substitute materials that may cost more or be less available for our manufacturing operations. In addition, new restrictions on carbon dioxide or other greenhouse gas emissions could result in significant costs for us. Greenhouse gas legislation has been introduced in Massachusetts and the United States legislatures and we expect increased worldwide regulatory activity in the future. The cost of complying, or of failing to comply, with these and other climate change and emissions regulations could have an adverse effect on our business plans and operating results.

Our stock price may be volatile.

The market price of our common stock has been volatile in the past and may be volatile in the future, as it may be significantly affected by the following factors:

- actual or anticipated fluctuations in our revenue and operating results;
- the current crisis in global credit and financial markets;
- changes in financial estimates by securities analysts or our failure to perform in line with such estimates or our published guidance;
- changes in market valuations of other semiconductor companies;
- announcements by us or our competitors of significant new products, technical innovations, acquisitions or dispositions, litigation or capital commitments;
- departures of key personnel;
- actual or perceived noncompliance with corporate responsibility or ethics standards by us or any of our employees, officers or directors; and
- negative media publicity targeting us or our competitors.

The stock market has historically experienced volatility, especially within the semiconductor industry, that often has been unrelated to the performance of particular companies. These market fluctuations may cause our stock price to fall regardless of our operating results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

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:

Principal Properties Owned:	Use	Floor Space
Wilmington, MA	Wafer fabrication, testing, engineering, marketing and administrative offices	586,200 sq. ft.
Cavite, Philippines	Wafer probe and testing, warehouse, engineering and administrative offices	468,400 sq. ft.
Limerick, Ireland	Wafer fabrication, wafer probe and testing, engineering and administrative offices	446,500 sq. ft.
Westwood, MA	Engineering, administrative offices and warehouse	100,500 sq. ft.
Greensboro, NC	Product testing, engineering and administrative offices	98,700 sq. ft.
San Jose, CA	Engineering, administrative offices	76,000 sq. ft.
Manila, Philippines	Components assembly and testing, engineering and administrative offices	74,000 sq. ft.

Principal Properties Leased:	Use	Floor Space	Lease Expiration (fiscal year)	Renewals
Norwood, MA	Corporate headquarters, engineering, components testing, sales and marketing offices	130,000 sq. ft.	2022	2, five-yr. periods
Cambridge, MA	Wafer fabrication, components testing and assembly engineering, marketing and administrative offices	117,000 sq. ft.	2011	None
Greensboro, NC	Engineering and administrative offices	47,600 sq. ft.	2011	1, two-yr. period

In addition to the principal leased properties listed in the above table, we also lease sales offices and other premises at 26 locations in the United States and 36 locations overseas under operating lease agreements. These leases expire at various dates through the year 2022. 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 Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K.

ITEM 3. LEGAL PROCEEDINGS

Settlement of the SEC's Previously Announced Stock Option Investigation

On May 30, 2008, we and our President and CEO, Mr. Jerald G. Fishman, reached a settlement with the Securities and Exchange Commission, thereby concluding the Commission's investigation into our stock option granting practices. Neither we nor Mr. Fishman admitted or denied any of the Commission's allegations or findings.

As previously disclosed, the Commission concluded that: the appropriate grant date for the September 4, 1998 options should have been September 8, 1998 (which is one trading day later than the date that was used to price the options); the appropriate grant date for the November 30, 1999 options should have been November 29, 1999 (which is one trading day earlier than the date that was used to price the options); and the appropriate grant date for the July 18, 2001 options should have been July 26, 2001 (which is five trading days later than the date that was used to price the options).

In connection with the settlement, we consented to a cease-and-desist order under Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder, paid a civil money penalty of $3 million, and repriced options granted to Mr. Fishman in 1999 and 2001. No other options granted by us were affected by the settlement. Mr. Fishman consented to a cease-and-desist order under Sections 17(a)(2) and (3) of the Securities Act, paid a civil money penalty of $1 million, and made a disgorgement payment of $450,000 (plus interest) with respect to options granted in 1998.

We determined that no restatement of our historical financial results is necessary due to the settlement.

Other Legal Proceedings

On October 13, 2006, a purported class action complaint was filed in the United States District Court for the District of Massachusetts on behalf of participants in our Investment Partnership Plan from October 5, 2000 to the present. The complaint named us, certain of our officers and directors, and our Investment Partnership Plan Administration Committee as defendants. The complaint alleged purported violations of federal law in connection with our option granting practices during the years 1998, 1999, 2000, and 2001, including breaches of fiduciary duties owed to participants and beneficiaries of our Investment Partnership Plan under the Employee Retirement Income Security Act. The complaint sought unspecified monetary damages, as well as equitable and injunctive relief. On October 22, 2008, the parties filed a stipulation of dismissal with prejudice of this matter and each party agreed to dismiss its claims against the other party, thereby concluding this matter without any payment by us to the other party.

From time to time in the ordinary course 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, we can give no assurance that we will prevail.

While we do not believe that any current legal matters will have a material adverse effect on our financial position, an adverse outcome of any of these matters is possible and 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, 2008.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth (i) the name, age and position of each of our executive officers 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 our executive officers.

Executive Officer	Age	Position(s)	Business Experience
Ray Stata	74	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	62	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	62	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.
Robert R. Marshall	54	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 Matson	49	Vice President, Human Resources	Vice President, Human Resources since November 2006; Chief Human Resource Officer of Lenovo, an international computer manufacturer, from January 2005 to June 2006; General Manager of IBM Business Transformation Outsourcing from September 2003 to April 2005; Vice President, Human Resources of IBM Asia Pacific Region from December 1999 to September 2003.

Executive Officer	Age	Position(s)	Business Experience
Robert McAdam	57	Vice President, Analog Semiconductor Components	Vice President and General Manager, 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.
Joseph E. McDonough	61	Vice President, Finance and Chief Financial Officer	Vice President, Finance and Chief Financial Officer since November 1991; Vice President since 1988; Treasurer from 1985 to March 1993; Director of Taxes from 1983 to 1985.
Vincent Roche	48	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.
Margaret K. Seif	47	Vice President, General Counsel and Secretary	Vice President, General Counsel and Secretary since January 2006; Senior Vice President, General Counsel and Secretary of RSA Security Inc. from January 2000 to November 2005; Vice President, General Counsel and Secretary of RSA Security Inc. from June 1998 to January 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

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

	Fiscal 2008		Fiscal 2007	
Period	High	Low	High	Low
First Quarter	$ 33.83	$ 26.15	$ 34.53	$ 31.00
Second Quarter	$ 33.93	$ 26.54	$ 40.57	$ 32.53
Third Quarter	$ 36.35	$ 29.35	$ 41.10	$ 35.11
Fourth Quarter	$ 33.53	$ 18.02	$ 38.96	$ 32.23

Dividends Declared Per Outstanding Share of Common Stock

In fiscal 2007 and fiscal 2008, we paid a cash dividend in each quarter as follows:

Period	Fiscal 2008	Fiscal 2007
First Quarter	$ 0.18	$ 0.16
Second Quarter	$ 0.18	$ 0.18
Third Quarter	$ 0.20	$ 0.18
Fourth Quarter	$ 0.20	$ 0.18

During the first quarter of fiscal 2009, on November 20, 2008, our Board of Directors declared a cash dividend of $0.20 per outstanding share of common stock. The dividend will be paid on December 24, 2008 to all shareholders of record at the close of business on December 5, 2008. The payment of future dividends, if any, will be based on several factors including our financial performance, outlook and liquidity.

Information regarding our equity compensation plans and the securities authorized for issuance thereunder is set forth in Item 12 below.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased(a)	Average Price Paid Per Share(b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(c)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
August 3, 2008 through August 30, 2008	94,560	$ 30.38	94,560	$ 109,976,804
August 31, 2008 through September 27, 2008	210,641	$ 26.80	210,356	$ 104,338,268
September 28, 2008 through November 1, 2008	385,839	$ 23.24	385,572	$ 95,376,556
Total	691,040	$ 25.30	690,488	$ 95,376,556

(a) Includes 552 shares paid to us by employees to satisfy employee tax obligations upon vesting of restricted stock granted to our employees under our equity compensation plans.

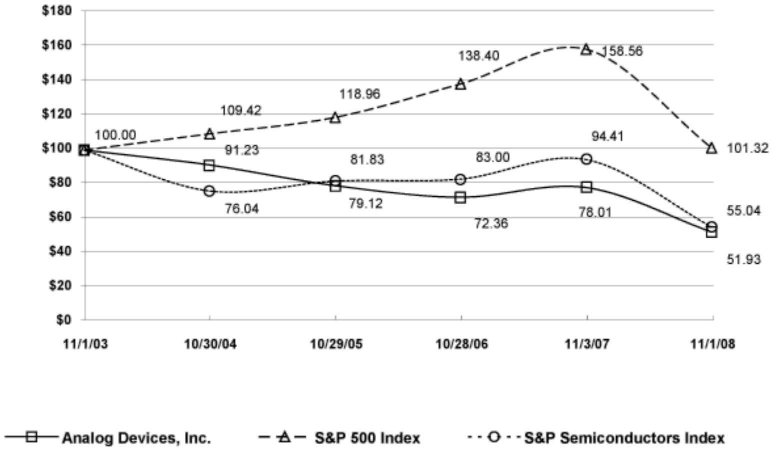
(b) The average price paid per share of stock repurchased under the stock repurchase program includes the commissions paid to the brokers.

(c) Repurchased pursuant to the stock repurchase program publicly announced on August 12, 2004. On June 6, 2007, our Board of Directors authorized the repurchase by us of an additional $1 billion of our common stock, increasing the total amount of our common stock we are authorized to repurchase under the program to $4 billion. Under the repurchase program, we may repurchase outstanding shares of our common stock from time to time in the open market and through privately negotiated transactions. Unless terminated earlier by resolution of our Board of Directors, the repurchase program will expire when we have repurchased all shares authorized for repurchase under the repurchase program.

The number of holders of record of our common stock at October 31, 2008 was 3,215. This number does not include shareholders for whom shares are held in a “nominee” or “street” name. On October 31, 2008, the last reported sales price of our common stock on the New York Stock Exchange was $21.36 per share.

Comparative Stock Performance Graph

The following graph compares cumulative total shareholder return on our common stock since November 1, 2003 with the cumulative total return of the Standard & Poor’s 500 Index and the Standard & Poor’s Semiconductors Index. This graph assumes the investment of $100 on November 1, 2003 in our common stock, the S&P 500 Index and the S&P Semiconductors Index and assumes all dividends are reinvested. Measurement points are the last trading day for each respective fiscal year.



ITEM 6. SELECTED FINANCIAL DATA

The following table includes selected financial data for each of our last five fiscal years and includes adjustments to reflect the classification of our Baseband Chipset Business and our CPU voltage regulation and PC thermal monitoring business as discontinued operations. See Note 2u. in the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K for information on discontinued operations.

(thousands except per share amounts)	2008	2007	2006	2005	2004
Statement of Operations data:					
Total revenue from continuing operations	$ 2,582,931	$ 2,464,721	$ 2,250,100	$ 2,037,154	$ 2,115,494
Income from continuing operations, net of tax*	525,177	502,123	519,175	365,328	476,317
Total income (loss) from discontinued operations, net of tax*	261,107	(5,216)	30,307	49,459	94,421
Net income*	786,284	496,907	549,482	414,787	570,738
Income per share from continuing operations, net of tax*:					
Basic	1.79	1.55	1.45	0.98	1.27
Diluted	1.77	1.51	1.40	0.95	1.21
Net income per share*					
Basic	2.69	1.54	1.53	1.12	1.52
Diluted	2.65	1.50	1.48	1.08	1.45
Cash dividends declared per common share	0.76	0.70	0.56	0.32	0.20
Balance Sheet data:					
Total assets	$ 3,090,992	$ 2,970,942	$ 3,986,851	$ 4,583,211	$ 4,723,271

* The Company includes the expense associated with stock options in the statement of income effective in fiscal 2006 upon the adoption of SFAS 123R.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (all tabular amounts in thousands except per share amounts)

This Management's Discussion and Analysis of Financial Condition and Results of Operations, including in particular the section entitled "Outlook" contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 (the "Securities Act") and the Securities Exchange Act of 1934 (the "Exchange Act"). These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "may," variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections regarding our future financial performance, particularly in light of the global credit and financial market crisis; our anticipated growth and trends in our businesses, our capital needs and capital expenditures; our market position and competitive changes in the marketplace for our products; our ability to innovate new products and technologies; the effectiveness of our efforts to refocus our operations and reduce our cost structure; our ability to access credit or capital markets; our ability to pay dividends or repurchase stock; our third-party suppliers; intellectual property and litigation matters; potential acquisitions or divestitures; key personnel; the effect of new accounting pronouncements and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified in Part I, Item 1A. Risk Factors and elsewhere in our Annual Report on Form 10-K. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

During the first quarter of fiscal 2008 we sold our baseband chipset business and related support operations, or Baseband Chipset Business, to MediaTek Inc. and sold our CPU voltage regulation and PC thermal monitoring business to certain subsidiaries of ON Semiconductor Corporation. The financial results of these businesses are presented as discontinued operations in the consolidated statements of income for all periods presented. The assets and liabilities related to these businesses are reflected as assets and liabilities of discontinued operations in the consolidated balance sheets as of November 1, 2008 and November 3, 2007. The historical results of operations of these businesses have been segregated from our consolidated financial statements and are included in income (loss) from discontinued operations, net of tax, in the consolidated statements of income. Unless otherwise noted, this Management's Discussion and Analysis relates only to financial results from continuing operations.

Results of Operations

Overview

	Fiscal Year		
	2008	2007	2006
Total Revenue	$ 2,582,931	$ 2,464,721	$ 2,250,100
Gross Margin %	61.1%	61.2%	61.9%
Net income from Continuing Operations	$ 525,177	$ 502,123	$ 519,175
Net income from Continuing Operations as a % of Total Revenue	20.3%	20.4%	23.1%
Diluted EPS from Continuing Operations	$ 1.77	$ 1.51	$ 1.40
Diluted EPS	$ 2.65	$ 1.50	$ 1.48

The year-to-year revenue changes by end market and product category are more fully outlined below under *Revenue Trends by End Market* and *Revenue Trends by Product*.

In fiscal year 2008, our product revenue increased 6% from fiscal 2007 and our diluted earnings per share from continuing operations increased by 17%. We sold two businesses during the year that resulted in net cash proceeds of $403 million and a $248 million net gain in fiscal 2008. We report these two businesses below as discontinued operations. Our fiscal 2008 cash flow from operations was $669 million, or 26% of revenue, and we had $1,310 million of cash and short-term investments and no debt as of November 1, 2008.

While we achieved good operating results for fiscal 2008, the global credit crisis and deteriorating economic conditions have resulted in more cautious customer spending behavior and generally lower demand for our products. We cannot predict the severity, duration or precise impact of the economic downturn on our future financial results. Consequently, our reported results for the fourth quarter and fiscal year 2008 may not be indicative of our future results.

Order rates slowed in late September 2008, and backlog declined significantly from the prior quarter, which limits our short-term visibility. Forecasting revenue in this environment is difficult. Therefore, as more fully described in the Outlook section below, our operating plan is for revenues to decline approximately 20% in the first quarter of fiscal 2009 from the amount recorded in the fourth quarter of fiscal 2008.

Revenue Trends by End Market

The categorization of revenue by end market is determined using a variety of data points including the technical characteristics of the product, the “sold to” customer information, the “ship to” customer information and the end customer product or application into which our product will be incorporated. As data systems for capturing and tracking this data evolve and improve, the categorization of products by end market can vary over time. When this occurs, we reclassify revenue by end market for prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each end market.

	2008			2007*		2006	
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue	Revenue	% of Total Product Revenue
Industrial	$ 1,274,924	49%	6%	$ 1,198,984	49%	$ 1,117,602	50%
Communications	637,277	25%	21%	527,287	22%	498,199	22%
Consumer	544,274	21%	(2)%	557,373	23%	449,754	20%
Computer	126,456	5%	(13)%	146,077	6%	184,545	8%
Total Product Revenue	**$ 2,582,931**	**100%**	**6%**	**$ 2,429,721**	**100%**	**$ 2,250,100**	**100%**
Revenue from one-time IP license	—			35,000		—	
Total Revenue	**$ 2,582,931**			**$ 2,464,721**		**$ 2,250,100**	

* The year ended November 3, 2007 was a 53-week year. We follow a 52-week, or 364-day fiscal calendar that results in a 53-week year approximately every seventh year, as occurred in fiscal 2007.

Industrial — The year-to-year increase from fiscal 2007 to fiscal 2008 was primarily the result of revenue growth in products sold into the instrumentation and automotive sectors and, to a lesser extent, the defense sector. These increases were partially offset by a decline in revenue from automatic test equipment. The year-to-year increase from fiscal 2006 to fiscal 2007 was primarily the result of revenue growth in products sold into the automotive area and to a lesser extent the instrumentation portion of the industrial end market. These sales increases were partially offset by a decline in sales to automatic test equipment customers.

Communications — The year-to-year increases from fiscal 2007 to fiscal 2008 and from fiscal 2006 to fiscal 2007 were primarily the result of revenue growth in sales of analog products used in basestations and wireless handsets. The increase in sales from fiscal 2006 to fiscal 2007 was partially offset by a decrease in sales to networking customers.

Consumer — The year-to-year decrease from fiscal 2007 to fiscal 2008 was primarily the result of an increase in revenue from advanced television and digital camera applications that was offset by a decline in revenue from other consumer applications, consistent with the global slowdown in consumer spending. The year-to-year increase from fiscal 2006 to fiscal 2007 was primarily the result of increased sales of our products used in video game applications, advanced television systems and digital home applications.

Computer — The year-to-year decreases from fiscal 2007 to fiscal 2008 and from fiscal 2006 to fiscal 2007 were primarily the result of broad-based declines in sales of our products into this end market.

Revenue from One-Time IP License — During the first quarter of fiscal 2007, we recorded revenue of $35 million received in exchange for licensing of certain intellectual property rights to a third party.

Revenue Trends by Product

The following table summarizes revenue by product categories. The categorization of our products into broad categories is based on the characteristics of the individual products, the specification of the products and in some cases the specific uses that certain products have within applications. The categorization of products into categories is therefore subject to judgment in some cases and can vary over time. In instances where products move between product categories we reclassify the amounts in the product categories for all prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each product category.

	2008			2007*		2006	
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue	Revenue	% of Total Product Revenue
Converters	$ 1,190,964	46%	8%	$ 1,104,842	46%	$ 1,021,174	45%
Amplifiers	590,275	23%	6%	557,515	23%	532,046	24%
Other analog	393,856	15%	(0)%	395,494	16%	312,401	14%
Subtotal analog signal processing	2,175,095	84%	6%	2,057,851	85%	1,865,621	83%
Power management & reference	143,702	6%	16%	124,101	5%	126,833	6%
Total analog products	**$ 2,318,797**	**90%**	**6%**	**$ 2,181,952**	**90%**	**$ 1,992,454**	**89%**
General purpose DSP	234,946	9%	10%	214,339	9%	205,483	9%
Other DSP	29,188	1%	(13)%	33,430	1%	52,163	2%
Total DSP products	**$ 264,134**	**10%**	**7%**	**$ 247,769**	**10%**	**$ 257,646**	**11%**
Total Product Revenue	**$ 2,582,931**	**100%**	**6%**	**$ 2,429,721**	**100%**	**$ 2,250,100**	**100%**
Revenue from one-time IP license	—			35,000		—	
Total Revenue	**$ 2,582,931**			**$ 2,464,721**		**$ 2,250,100**	

* The year ended November 3, 2007 was a 53-week year. We follow a 52-week, or 364-day fiscal calendar that results in a 53-week year approximately every seventh year, as occurred in fiscal 2007.

The increase in sales from fiscal 2007 to fiscal 2008 was the result of a broad-based increase in sales across many of our product categories. The increase in sales of converters and amplifiers was primarily attributable to an increase in demand for our products used in the industrial and communications end markets.

The significant changes in our revenue trends by product type from fiscal 2006 to fiscal 2007 were the year-to-year increases in our converters and amplifiers. In addition the other analog product category increased primarily as a result of increased sales of products used in video game applications. The year-to-year decrease from fiscal 2006 to fiscal 2007 in the other DSP product category was primarily attributable to the loss of revenue from our DSP-based DSL ASIC and network processor product line that we sold in fiscal 2006. This decrease was partially offset by an increase in revenues from our general purpose DSP products.

Revenue Trends by Geographic Region

The percentage of product sales from continuing operations by geographic region, based upon point of sale, for the last three years is as follows:

Region	Fiscal Year 2008	2007	2006
United States	20%	23%	24%
Rest of North and South America	4%	3%	4%
Europe	26%	24%	24%
Japan	19%	21%	21%
China	16%	13%	11%
Rest of Asia	15%	16%	16%

The predominant countries comprising "Rest of North and South America" are Canada and Mexico. The predominant countries comprising European operations are Germany, France and the United Kingdom. The predominant countries comprising "Rest of Asia" are Taiwan and Korea.

Revenue in the United States declined from 24% to 20% of total revenue over the past three fiscal years. This geographic shift of revenue reflects the increased manufacturing activity of our customers in locations outside the United States, primarily China and our success in markets located outside of the United States.

Gross Margin

	Fiscal Year 2008	2007	2006
Gross Margin	$1,577,275	$1,508,276	$1,393,601
Gross Margin %	61.1%	61.2%	61.9%

Gross margin percentage in fiscal 2008 was lower by 10 basis points from the gross margin recorded in fiscal 2007. Gross margin percentage in fiscal 2007 was higher primarily as a result of recording revenue of $35 million we received in exchange for the licensing of certain intellectual property rights to a third party with no associated cost of sales.

Gross margin percentage in fiscal 2007 decreased by 70 basis points from the gross margin recorded in fiscal 2006. This decrease was primarily the result of higher sales of products used in consumer electronics in fiscal 2007, which were primarily manufactured at external foundries where we earned lower gross margins compared to our average gross margin. This gross margin percentage decrease in fiscal 2007 was partially offset by the $35 million in revenue recorded in the first quarter of fiscal 2007 in exchange for licensing of certain intellectual property rights to a third party with no associated cost of sales. Fiscal year 2006 cost of sales also included approximately $20.3 million of restructuring-related expenses, of which $18.3 million was accelerated depreciation.

Stock-based Compensation Expense

During the first quarter of fiscal 2006, on October 30, 2005, we adopted the Financial Accounting Standards Board's Statement of Financial Accounting Standards, or SFAS, No. 123 (revised 2004), *Share-Based Payment*, or SFAS 123R, using the modified prospective transition method. We calculate compensation cost on the date of grant using the fair value of stock options as calculated using the Black-Scholes option pricing model. As of November 1, 2008, the total compensation cost related to unvested awards not yet recognized in the statement of income was approximately $116.7 million (before tax consideration), which will be recognized over a weighted average period of 1.7 years. See Note 3 in the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K for further information regarding our adoption of SFAS 123R.

Research and Development (R&D)

	Fiscal Year 2008	2007	2006
R&D Expenses	$533,480	$509,553	$459,846
R&D Expenses as a % of Product Revenue	20.7%	21.0%	20.4%

R&D expenses in fiscal 2008 increased by $23.9 million, or 5%, from the amount recorded in fiscal 2007. This increase was primarily the result of higher employee salary, benefit and bonus expenses, which were partially offset by one fewer week of operations in fiscal 2008 than in fiscal 2007 and lower employee stock option expenses.

R&D expenses in fiscal 2007 increased by $49.7 million, or 11%, from the amount recorded in fiscal 2006. The increase in R&D expenses was primarily the result of an increase in employee salary and benefit expense in fiscal 2007, primarily as a result of an increase in our employee population and to a lesser extent the impact of the extra week of operations in fiscal 2007. These increases were partially offset by lower employee bonus expenses during fiscal 2007 as compared to fiscal 2006.

R&D expenses as a percentage of revenue will fluctuate from year-to-year depending on the amount of revenue and the success of new product development efforts, which we view as critical to our 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 (SMG&A)

	Fiscal Year 2008	2007	2006
SMG&A Expenses	$415,682	$389,505	$384,051
SMG&A Expenses as a % of Product Revenue	16.1%	16.0%	17.1%

SMG&A expenses increased by $26.2 million, or 7%, in fiscal 2008 as compared to the amount recorded in fiscal 2007. This increase was primarily the result of higher employee salary, benefit and bonus expenses, which were partially offset by lower employee stock option expenses and one less week of operations in fiscal 2008 than in fiscal 2007. Fiscal 2007 also included $8.5 million related to the reimbursement of legal expenses we received as a result of the settlement of litigation in fiscal 2007.

SMG&A expenses for fiscal 2007 increased by $5.5 million, or 1%, from the amount recorded in fiscal 2006. The increase in SMG&A expenses was primarily the result of higher employee salary and benefit expenses and to a lesser extent an extra week of operations in fiscal 2007. These increases were partially offset by lower employee bonus expenses and $8.5 million related to the reimbursement of legal expenses we received as a result of the settlement of litigation in fiscal 2007.

Purchased In-process Research and Development

	Fiscal Year 2006
TTPCom Limited	$ 5,500
Integrant	11,124
AudioAsics	5,087
Total Purchased in-Process R&D	$ 21,711

We incurred charges totaling $21.7 million for the write-off of in-process technology that had not yet reached technological feasibility associated with our acquisitions in fiscal 2006. There were no charges for the write-off of in-process research and development in fiscal 2008 or 2007. See “Acquisitions” below for additional information regarding these acquisitions.

Special Charges

Closure of Wafer Fabrication Facility in Sunnyvale

During the fourth quarter of fiscal 2005, we recorded a special charge of $20.3 million as a result of a decision to close our California wafer fabrication operations and transfer virtually all of the production of products manufactured there to our facility in Wilmington, Massachusetts. The charge was for severance and fringe benefit costs that we recorded pursuant to SFAS 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*, or SFAS 88, under our ongoing benefit plan for 339 manufacturing employees and 28 general and administrative employees. The severance benefit is based on the length of past service, and employees had to continue to be employed until their employment was involuntarily terminated in order to receive the severance benefit. We completed the final cleanup and closure activities associated with this action during the second quarter of fiscal 2007.

In addition we recorded additional expense during fiscal 2006 related to the Sunnyvale facility closure, which consisted of $18.3 million of non-cash cost of sales expenses for additional depreciation due to shortened useful lives of certain manufacturing equipment and $2.0 million for stay-on bonuses for certain employees critical to facilitating the closure of this facility. We reversed approximately $2.0 million of the severance accrual during fiscal 2006 because some employees voluntarily left the company and other employees found alternative employment within the company. In addition, there was an over-accrual related to fringe benefits because severance payments, normally paid as income continuance, were paid in lump sum payments, which reduced the benefit costs associated with these payments. We have terminated the employment of all of the employees included in this action.

We ceased production at the wafer fabrication facility on November 9, 2006. During the first quarter of fiscal 2007, we recorded additional expense, in accordance with SFAS 146, *Accounting for Costs Associated with Exit or Disposal Activities* or, SFAS 146, which consisted of $3.2 million for clean-up and closure costs that were charged to expense as incurred and $0.4 million for lease obligation costs for a warehouse facility we ceased using during the first quarter of fiscal 2007. During the second quarter of fiscal 2007, we recorded a special charge, in accordance with SFAS 146, which included $5.0 million of expense for future lease obligation costs for the wafer fabrication facility that we ceased using during the second quarter of fiscal 2007. The lease obligation costs are being paid out on a monthly basis over the remaining lease term, which expires in 2010. Also included in this special charge was $1.7 million for facility clean-up and closure costs that were charged to expense as incurred. We completed the clean-up activity during the second quarter of fiscal 2007, and we do not expect to incur any additional charges related to this action.

The closure of this facility has resulted in annual cost savings of approximately $50 million per year beginning in fiscal 2007. These annual savings include: approximately $49 million in cost of sales, of which approximately $7 million relates to non-cash depreciation savings, and approximately $1 million in SMG&A expenses. At current demand levels, if this facility were still in operation, the capacity of the facility would be largely underutilized resulting in significant adverse manufacturing variances associated with the underutilization of our wafer fabrication facilities.

Reorganization of Product Development and Support Programs

During the fourth quarter of fiscal 2005, we recorded a special charge of $11.2 million as a result of our decision to reorganize our product development and support programs with the goal of providing greater focus on our analog and digital signal processing product programs. The charge was for severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan or statutory requirements at foreign locations for 60 manufacturing employees and 154 engineering and selling, marketing, general and administrative employees associated with these programs.

During fiscal 2006, we recorded an additional special charge of $3.8 million related to this reorganization action. Approximately $1.5 million of this charge was for lease obligation costs for a facility that we ceased using during the first quarter of fiscal 2006 and the write-off of property, plant and equipment and other items at this facility. The remaining $2.3 million related to the severance and fringe benefit costs recorded in the fourth quarter of fiscal 2006 pursuant to SFAS 88 under our ongoing benefit plan or statutory requirements at foreign locations for 46 engineering and selling, marketing, general and administrative employees associated with these programs.

During the first quarter of fiscal 2007, we recorded an additional special charge of $1.6 million related to this reorganization action. Approximately $0.6 million of this charge was for contract termination costs. The remaining $1.0 million relates to severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan for six engineering employees associated with these programs. During the second quarter of fiscal 2007, we recorded an additional special charge of $3.4 million related to this reorganization action. Approximately $3.2 million related to the severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan or minimum statutory requirements at foreign locations for 20 engineering and selling, marketing, general and administrative employees. The remaining $0.2 million of this charge was for lease obligation costs for a facility that we ceased using during the second quarter of fiscal 2007. During the fourth quarter of fiscal 2007, we reversed approximately $0.9 million of our severance accrual because some employees voluntarily left the company and other employees found alternative employment within the company, and were therefore no longer entitled to severance payments.

The employment of all employees associated with these programs has been terminated and amounts owed to employees for severance are being paid out as income continuance. We do not expect to incur any further charges related to this reorganization action. These organizational changes, which were fully implemented in the fourth quarter of fiscal 2007, have resulted in savings of approximately $30 million per year. These annual savings include: approximately $17 million in R&D expenses, approximately $10 million in SMG&A expenses and approximately $3 million in cost of sales. As this action was completed during fiscal 2007, a portion of these annual savings is reflected in our results for fiscal 2007 and all of the annual savings are reflected in our fiscal 2008 results.

Fourth Quarter of Fiscal 2007 Special Charges

Consolidation of a Wafer Fabrication Facility in Limerick

During the fourth quarter of fiscal 2007, we recorded a special charge of $13.7 million as a result of our decision to only use eight-inch technology at our wafer fabrication facility in Limerick. Certain manufacturing processes and products produced on the Limerick facility’s six-inch production line will transition to our existing eight-inch production line in Limerick while others will transition to external foundries. The charge is for severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan for 150 manufacturing employees associated with these action. As of November 1, 2008, 126 of the 150 employees included in this cost reduction action were still employed by us. We expect production to cease in the six-inch wafer fabrication facility during the first half of 2009, at which time the employment of the remaining affected employees will be terminated. These employees must continue to be employed by us until their employment is involuntarily terminated in order to receive the severance benefit. During the fourth quarter of 2008, we recorded an additional charge of $1.5 million related to this action, of which $1.2 million was an adjustment to our original estimate of the severance costs and $0.3 million was for clean-up and closure costs that were charged to expense as incurred. We expect to incur additional clean-up and closure costs related to this action over the next three quarters totaling approximately $1.5 million. In accordance with SFAS 146, we will expense these costs as incurred. We estimate that the closure of this facility will result in annual cost savings of approximately $25 million per year, expected to start during the second quarter of fiscal 2009. We expect these annual savings will be in cost of sales, of which approximately $1 million relates to non-cash depreciation savings.

Reduction of Overhead Infrastructure Costs

During the fourth quarter of fiscal 2007, we decided to either deemphasize or exit certain businesses or products and focus investments in products and end markets where we have better opportunities for profitable growth. In September 2007, we entered into a definitive agreement to sell our Baseband Chipset Business. As a result, we decided to reduce the support infrastructure in manufacturing, engineering and SMG&A to more appropriately reflect our required overhead structure. Consequently, during the fourth quarter of fiscal 2007, we recorded a special charge of $12.3 million, of which $10.7 million was for severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan or statutory requirements at foreign locations for 25 manufacturing employees and 127 engineering and selling, marketing, general and administrative employees associated with this action. The remaining $1.6 million was for contract termination costs related to a license agreement associated with products we will no longer develop and for which there is no future alternative use. As of November 1, 2008, we still employed 6 of the 152 employees included in this cost reduction action. These employees must continue to be employed by us until their employment is involuntarily terminated in order to receive the severance benefit. We expect these cost reduction actions, which were substantially completed in the second quarter of fiscal 2008, to result in savings of approximately $15 million per year. We expect these savings to be realized as follows: approximately $7 million in R&D expenses, approximately $6 million in SMG&A expenses and approximately $2 million in cost of sales. A portion of these savings is reflected in our results for fiscal 2008.

Fourth Quarter of 2008 Special Charge

During the fourth quarter of fiscal 2008, we decided to further reduce the operating cost structure of our company. Consequently, during the fourth quarter of fiscal 2008, we recorded a special charge of $1.6 million for severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan or statutory requirements at foreign locations for 19 engineering and SMG&A employees. As of November 1, 2008 we still employed, 14 of the 19 employees included in this cost reduction action. These employees must continue to be employed by us until their employment is involuntarily terminated in order to receive the severance benefit. We expect this cost reduction action, which we expect to complete during the first quarter of fiscal 2009, to result in savings of approximately $2.1 million per year. We expect these savings to be realized as follows: approximately $0.5 million in R&D expenses and approximately $1.6 million in SMG&A expenses.

Operating Income from Continuing Operations

	Fiscal Year		
	2008	2007	2006
Operating income from Continuing Operations	$625,025	$568,723	$526,203
Operating income from Continuing Operations as a % of Total Revenue	24.2%	23.1%	23.4%

The $56.3 million, or 10%, increase in operating income in fiscal 2008 as compared to fiscal 2007 was primarily the result of an increase in total revenue of $118.2 million and, to a lesser extent, a decrease in special charges of $37.4 million. This increase in operating income from continuing operations was partially offset by a 10 basis point decrease in gross margin percentage, an increase in operating expenses as more fully described above under the headings *Research and Development* and *Selling, Marketing, General and Administrative*, and the fact that fiscal 2007 included $35 million in non-product revenue that we received in exchange for the licensing of certain intellectual property rights to a third party with no associated cost of sales.

Operating income increased by $42.5 million, or 8%, in fiscal 2007 as compared to fiscal 2006. This increase was the result of a $214.6 million increase in revenue, which was partially offset by a 70 basis point decrease in gross margin percentage and a $72.2 million increase in operating expenses as more fully described above under the headings *Research and Development* and *Selling, Marketing, General and Administrative*, *Special Charges* and *Purchased In-process Research and Development*.

Nonoperating (Income) Expense

	Fiscal Year		
	2008	2007	2006
Interest income	(41,041)	(77,007)	(100,117)
Other, net	(36)	(15,727)	(10,472)
Total nonoperating income	$ (41,077)	$ (92,734)	$ (110,589)

Nonoperating income in fiscal 2008 was lower by $51.7 million as compared to fiscal 2007 primarily as a result of lower average invested cash balances and, to a lesser extent, lower interest rates in fiscal 2008 as compared to fiscal 2007. In addition, other income in fiscal 2007 included $10.5 million we received as part of a litigation settlement and a $7.9 million gain from the sale of an investment.

The $17.9 million decrease in nonoperating income in fiscal 2007 as compared to fiscal 2006 was a result of lower invested cash balances that were partially offset by the higher interest rates in fiscal 2007 as compared to fiscal 2006. This decrease in interest income was partially offset by a $7.9 million gain from the sale of an investment and a $10.5 million settlement we received in fiscal 2007. In fiscal 2006, we also recognized a $13.0 million gain on the sale of our DSP-based DSL ASIC and network processor product line.

Provision for Income Taxes

	Fiscal Year		
	2008	2007	2006
Provision for Income Taxes	$140,925	$159,553	$118,365
Effective Income Tax Rate	21.2%	24.1%	18.6%

Our effective tax rate reflects the applicable tax rate in effect in the various tax jurisdictions around the world where our income is earned.

Our effective tax rate for fiscal 2008 was lower by 290 basis points compared to our effective tax rate for fiscal 2007. The 2007 tax rate included the following transactions, which were taxed at the higher U.S. tax rate: the one-time receipt of $35 million associated with the licensing of intellectual property to a third party, $19 million we received from a settlement of litigation and the $7.9 million gain on the sale of an investment. In addition, the 2007 tax rate included tax expense related to the finalization of the accounting for a 2006 acquisition. These items, which had the effect of increasing the 2007 tax rate, were partially offset by a higher R&D credit in fiscal 2007 than in fiscal 2008. In addition to these isolated transactions that impacted our tax rate, a larger percentage of our profits were earned in lower tax jurisdictions during fiscal 2008, as compared to fiscal 2007 causing a decrease in our tax rate.

Our effective tax rate for fiscal 2007 was higher by 550 basis points compared to our effective tax rate for fiscal 2006. This increase was primarily attributable to the recording of tax benefits of $35.2 million associated with the completion of an Internal Revenue Service, or IRS, examination during fiscal 2006, including the reversal of penalty accruals and the filing of refund claims in other jurisdictions associated with the completion of the IRS audit. The increase was also attributable to the following fiscal 2007 transactions, which were taxed at the higher U.S. tax rate: the one-time receipt of $35 million associated with the licensing of intellectual property to a third party, the gain on the sale of an investment of $7.9 million and $19 million received from the settlement of litigation. In addition, we recorded an additional $4.4 million of taxes and penalties in fiscal 2007 for proposed adjustments related to the IRS examination of fiscal 2005 and fiscal 2004 and a $5.6 million tax adjustment related to the finalization of the accounting associated with a fiscal 2006 acquisition. These items were partially offset by a tax benefit of $4.7 million from the reinstatement of the U.S. federal research and development tax credit in fiscal 2007 and a $9.9 million cumulative adjustment recorded in fiscal 2007 related to the application of this credit to a portion of our fiscal 2006 results.

Income from Continuing Operations, Net of Tax

	Fiscal Year		
	2008	2007	2006
Income from Continuing Operations, net of tax	$ 525,177	$ 502,123	$ 519,175
Income from Continuing Operations, net of tax as a % of Total Revenue	20.3%	20.4%	23.1%
Diluted EPS from Continuing Operations	$ 1.77	$ 1.51	$ 1.40

Income from continuing operations, net of tax, in fiscal 2008 was higher than in fiscal 2007 by approximately $23.1 million primarily as a result of the $56.3 million increase in operating income from continuing operations that was partially offset by a $51.7 million decrease in nonoperating income and a lower provision for income taxes in fiscal 2008.

Income from continuing operations, net of tax, was lower in fiscal 2007 than in fiscal 2006 by approximately $17.1 million primarily as a result of the $17.9 million decrease in nonoperating income and the impact of a higher effective income tax rate in fiscal 2007. These items, which had the impact of decreasing 2007 income from continuing operations, net of tax, were partially offset by the $42.5 million increase in operating income from continuing operations.

The impact of inflation and foreign currency exchange rate movement on our results of operations during the past three fiscal years has not been significant.

Discontinued Operations

	Fiscal Year		
	2008	2007	2006
Income (loss) from Discontinued Operations, net of tax	$ 12,779	$ (5,216)	$ 30,307
Gain on sale of Discontinued Operations, net of tax	248,328	—	—
Total income (loss) from Discontinued Operations, net of tax	$ 261,107	$ (5,216)	$ 30,307
Diluted earnings (loss) per share from Discontinued Operations	$ 0.88	$ (0.02)	$ 0.08

We sold our Baseband Chipset Business to MediaTek Inc. and our CPU voltage regulation and PC thermal monitoring business to certain subsidiaries of ON Semiconductor Corporation during the first quarter of fiscal 2008. Accordingly, the results of the operations of these businesses have been presented as discontinued operations within the consolidated financial statements in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*.

Acquisitions

In fiscal 2006, we completed a transaction with TTPCom Limited (TTPCom), whereby TTPCom transferred to us intellectual property, engineering resources, and related assets associated with the support and customization of TTPCom's GSM/GPRS/EDGE modem software for use on our existing and future generations of SoftFone® baseband processors. We also acquired development rights for AJAR, TTPCom's advanced applications platform. As a result of this transaction, we became the single point of contact for both hardware and software support for our new and existing wireless handset customers, thus improving our ability to service the needs of individual customers. We paid TTPCom $11.9 million in initial cash payments. We allocated the purchase price to the tangible and intangible assets acquired based on their estimated fair values at the date of acquisition. The estimated fair values of the assets exceeded the initial payments by $7.8 million, resulting in negative goodwill. Pursuant to SFAS No. 141, *Business Combinations*, we recorded a liability for the contingent consideration that was accounted for as additional purchase price, up to the amount of the negative goodwill. As contingent payments became due, we applied the payments against the contingent liability. As of October 28, 2006, we had paid $6 million of contingent payments and the remaining contingent liability was $1.8 million. The purchase price included $5.5 million of in-process technology that had not yet reached technological feasibility, had no alternative future use and was charged to operations during fiscal 2006. The in-process technology related to software code developed for use in our semiconductor chipsets manufactured for devices that use both the 2G and 2.5G cellular wireless technology standards. We determined the fair value of the in-process technology with the assistance of a third party using the income approach. At the time of the acquisition, the in-process technology was approximately 56% complete. We completed the in-process research and development projects during fiscal 2007. During fiscal 2007, we paid an additional $6.1 million of contingent consideration, which resulted in reducing the $1.8 million liability and recording additional goodwill of $4.3 million. All technological milestones have been met and no additional payments will be made. The acquisition also included $13.2 million of intangible assets that we were amortizing over their estimated useful lives of five years using an accelerated amortization method that reflects the estimated pattern of economic use. As a result of the sale of our Baseband Chipset Business to MediaTek Inc., we reclassified $7.9 million of net intangible assets to assets of discontinued operations at November 3, 2007 and transferred them to MediaTek Inc. during the first quarter of fiscal 2008. See Note 2u. in the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K for additional information on assets of discontinued operations.

In fiscal 2006, we acquired substantially all the outstanding stock of privately-held Integrant Technologies, Inc. (Integrant) of Seoul, Korea. The acquisition enabled us to enter the mobile TV market and strengthened our presence in the Asian region. We paid $127.2 million in initial cash payments at closing and were obligated to make additional cash payments of up to an aggregate of $33 million upon the satisfaction of certain conditions. The initial cash payments included $4.2 million held in escrow for the purchase of the remaining non-founder outstanding shares. We purchased these shares during fiscal 2007 and recorded them as additional goodwill. We allocated the purchase price to the tangible and intangible assets acquired based on their estimated fair values at the date of acquisition. We completed the final purchase accounting for this transaction during fiscal 2007, which resulted in an additional $5.6 million of goodwill. The $33 million of potential cash payments is comprised of $25 million for the achievement of revenue-based milestones during the period from July 2006 through December 2007, none of which were met, and $8.4 million related to the purchase of shares from the founder of Integrant during the period from July 2007 through July 2009. We recorded or will record these payments as additional purchase price. We have paid $6.3 million to repurchase founder shares through November 1, 2008 and will make the remaining $2.1 million payment during fiscal 2009. The purchase price included $11.1 million of in-process technology that had not yet reached technological feasibility, had no alternative future use and was charged to operations during the fourth quarter of fiscal 2006. The in-process technology related to technologies currently in development for Dual DAB, T-DMB, DVB-H, RFID and WiBro applications. We determined the fair value of the in-process technology with the assistance of a third party using the income forecast approach. At the time of the acquisition, the in-process technology was approximately 74% complete. We completed the in-process research and development projects during fiscal 2007. The acquisition also included $21.6 million of intangible assets that we are amortizing over their estimated useful lives of two to five years using an accelerated amortization method that reflects the estimated pattern of economic use.

In fiscal 2006, we acquired all the outstanding stock of privately-held AudioAsics A/S (AudioAsics) of Roskilde, Denmark. The acquisition of AudioAsics allows us to continue developing low-power audio solutions, while expanding our presence in the Nordic and Eastern European regions. We paid $19.3 million in initial cash payments at closing and may be obligated to make additional cash payments of up to an aggregate of $8 million upon the satisfaction of certain conditions. We allocated the purchase price to the tangible and intangible assets acquired based on their estimated fair values at the date of acquisition. The $8 million of potential cash payments is comprised of $4.8 million for the achievement of revenue-based milestones that may be payable during the period from October 2006 through January 2009 and $3.2 million based on the achievement of technological milestones during the period from October 2006 through January 2009. If the revenue-based milestone is met by January 2009, it will be recorded as additional goodwill. The technological milestones required post-acquisition services to be rendered and, as such, we recorded them as compensation expense in fiscal 2008. These technological milestones were achieved during fiscal 2008 and will be paid during fiscal 2009. The purchase price included $5.1 million of in-process technology that had not yet reached technological feasibility, had no alternative future use and was charged to operations during the fourth quarter of fiscal 2006. The in-process technology related to technologies currently in development for analog and digital microphone pre-amplifiers. We determined the fair value of the in-process technology with the assistance of a third party using the income approach. At the time of the acquisition, the in-process technology was approximately 69% complete. We completed the in-process research and development projects during fiscal 2007. The acquisition also included $8.3 million of intangible assets that we are amortizing over their estimated useful lives of five years using an accelerated amortization method that reflects the estimated pattern of economic use.

We have not provided pro forma results of operations for TTPCom, Integrant and AudioAsics herein as they were not material to us on either an individual or an aggregate basis. We included the results of operations of each acquisition in our consolidated statement of income from the date of such acquisition.

Liquidity and Capital Resources

	Fiscal Year		
	2008	2007	2006
Net Cash Provided by Operations	$669,368	$820,365	$621,102
Net Cash Provided by Operations as a % of Total Revenue	25.9%	33.3%	27.6%

At November 1, 2008, cash, cash equivalents and short-term investments totaled $1,309.7 million, an increase of $228.5 million from the end of the fourth quarter of fiscal 2007. The primary sources of funds for fiscal 2008 were net cash generated from operating activities of $669.4 million, $403.2 million received from the sale of two businesses and proceeds of $94.2 million from the exercise of stock options. The principal uses of funds during fiscal 2008 were the repurchase of approximately 19.4 million shares of our common stock for an aggregate of $569.9 million, dividend payments of $222.5 million, and capital expenditures of $157.4 million. Included in the cash flow from operations is $110.4 million of tax payments related to the sale of the two businesses. Under SFAS No. 95, *Statement of Cash Flows*, all income tax payments are included in determining net cash flow from operating activities, but the cash received from the sale of the businesses must be reported as an investing cash inflow.

We sold our Baseband Chipset Business to MediaTek Inc. and our CPU voltage regulation and PC thermal monitoring business to certain subsidiaries of ON Semiconductor Corporation during the first quarter of fiscal 2008. The cash flows from these discontinued operations have been combined with the operating, investing and financing cash flows from continuing operations (i.e. no separate classification of cash flows from discontinued operations) for all periods presented. We believe the absence of the cash flows from these discontinued operations will not have a material impact on our future liquidity and financial position. Additionally, as a result of these dispositions, we reclassified certain assets and liabilities related to these businesses to assets or liabilities of discontinued operations. See Note 2u. in the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K for further information regarding these discontinued operations.

	Fiscal Year	
	2008	2007
Accounts Receivable	$ 315,290	$ 323,777
Days Sales Outstanding*	44	47
Inventory	$ 314,629	$ 324,373
Days Cost of Sales in Inventory*	112	119

* We use the annualized fourth quarter revenue in our calculation of days sales outstanding and we use the annualized fourth quarter cost of sales in our calculation of days cost of sales in inventory.

Accounts receivable at the end of fiscal 2008 decreased by $8.5 million, or 3%, from the amount at the end of fiscal 2007. This decrease was the result of lower product shipments in the last month of fiscal 2008 as compared to the last month of fiscal 2007.

Inventories at the end of fiscal 2008 decreased by $9.7 million, or 3%, from the amount at the end of fiscal 2007 and days cost of sales in inventory at the end of fiscal 2008 decreased by 7 days from the amount at the end of fiscal 2007. This decrease in inventory is primarily the result of lower revenue forecasted for the first quarter of fiscal 2009 as compared to the first quarter of fiscal 2008.

Current liabilities increased to $569.1 million at November 1, 2008, an increase of $21.0 million, or 4%, from $548.1 million at the end of fiscal 2007. This increase was primarily the result of an increase in accrued liabilities as a result of increases in compensation and benefit accruals and to a lesser extent an increase in deferred income on shipments to distributors as a result of our shipments to distributors in fiscal 2008 exceeding the distributors' sales to their end customers. These increases were partially offset by a decrease in accounts payable.

Net additions to property, plant and equipment including discontinued operations, were $157.4 million in fiscal 2008, $141.8 million in fiscal 2007 and $129.3 million in fiscal 2006. We expect fiscal 2009 capital expenditures to total approximately $55 million.

During fiscal 2008, our Board of Directors declared cash dividends totaling $0.76 per outstanding share of common stock resulting in dividend payments of $222.5 million. The payment of future dividends, if any, will be based on several factors, including our financial performance, outlook and liquidity. After the end of the fiscal year, on November 20, 2008, our Board of Directors declared a cash dividend of $0.20 per outstanding share of our common stock. The dividend is payable on December 24, 2008 to shareholders of record on December 5, 2008 and is expected to total approximately $58.2 million.

Our common stock repurchase program has been in place since August 2004. In the aggregate, the Board of Directors has authorized us to repurchase $4 billion of our common stock under the program. Under the program, we may repurchase outstanding shares of our common stock from time to time in the open market and through privately negotiated transactions. Unless terminated earlier by resolution of our Board of Directors, the repurchase program will expire when we have repurchased all shares authorized under the program. We repurchased approximately 19.4 million shares for approximately $569.9 million during fiscal 2008. As of November 1, 2008, we had repurchased a total of approximately 114.5 million shares of our common stock for approximately $3,904.7 million under this program and an additional $95.4 million remains under the current authorized program. The repurchased shares are held as authorized but unissued shares of common stock. We also from time to time repurchase shares in settlement of employee tax withholding obligations due upon the vesting of restricted stock or restricted stock units or the exercise of stock options. Any future common stock repurchases will be dependent upon the amount of cash we have available to us in the United States.

At November 1, 2008, our principal source of liquidity was $1,309.7 million of cash and cash equivalents and short-term investments. As of November 1, 2008, approximately $89.0 million of our cash and cash equivalents and short-term investments were held in the United States. The balance of our cash and cash equivalents and short-term investments was held outside the United States in various foreign subsidiaries. As we intend to reinvest certain of our foreign earnings indefinitely, this cash is not available to meet certain of our cash requirements in the United States, including for cash dividends and common stock repurchases. As a result, we entered into a five-year $165 million unsecured revolving credit facility in May 2008 in order to supplement our occasional cash requirements in the United States. To date, we have not borrowed under this credit facility but we may borrow in the future and use the proceeds for support of commercial paper issuance, stock repurchases, dividend payments, acquisitions, capital expenditures, working capital and other lawful corporate purposes.

The volatility in the credit markets has generally diminished liquidity and capital availability in worldwide markets. We are unable to predict the likely duration and severity of the current disruptions in the credit and financial markets and adverse global economic conditions. However, we believe that our existing sources of liquidity and cash expected to be generated from future operations, together with existing and anticipated available long-term financing, will be sufficient to fund operations, capital expenditures, research and development efforts, dividend payments (if any) and purchases of stock (if any) under our stock repurchase program for at least the next twelve months.

The table below summarizes our contractual obligations and the amounts we owe under these contracts in specified periods as of November 1, 2008:

	Payment due by period				
(thousands)	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years
Contractual obligations:					
Operating leases[a]	$ 83,492	$ 27,929	$ 36,201	$ 8,802	$ 10,560
Deferred compensation plan[b]	32,742	942	—	—	31,800
Pension funding[c]	7,624	7,624	—	—	—
Total	$ 123,858	$ 36,495	$ 36,201	$ 8,802	$ 42,360

(a) Certain of our operating lease obligations include escalation clauses. These escalating payment requirements are reflected in the table.

(b) These payments relate to obligations under our 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. Prior to January 1, 2005, participants could also defer gains on stock options and restricted stock granted before July 23, 1997. The amount in the "More than 5 Years" column of the table represents the remaining total balance under the deferred compensation plan to be paid to participants who have not terminated employment. Since we cannot reasonably estimate the timing of withdrawals for participants who have not yet terminated employment we have included the future obligation to these participants in the "More than 5 Years" column of the table. All other columns represent installment payments to be made to those employees who have retired or are on long-term disability.

(c) Our funding policy for our foreign defined benefit plans is consistent with the local requirements of each country. The payment obligations in the table are estimates of our expected contributions to these plans for fiscal year 2009. The actual future payments may differ from the amounts presented in the table and reasonable estimates of payments beyond one year are not practical because of potential future changes in variables such as plan asset performance, interest rates and the rate of increase in compensation levels.

Purchase orders for the purchase of raw materials and other goods and services are not included in the table above. We are not able to determine the total amount of these purchase orders that represent contractual obligations, as purchase orders may represent authorizations to purchase rather than binding agreements. In addition, our purchase orders generally allow for cancellation without significant penalties. We do not have significant agreements for the purchase of raw materials or other goods specifying minimum quantities or set prices that exceed our expected short-term requirements.

As of November 1, 2008, our total liabilities associated with uncertain tax positions under FIN 48 was $20.2 million, which are included in "Other non-current liabilities" in our Consolidated Balance Sheet contained in Item 8 of this Annual Report on Form 10-K as a result of our adoption of FIN 48. Due to the complexity associated with our tax uncertainties, we cannot make a reasonably reliable estimate of the period in which we expect to settle the non-current liabilities associated with these uncertain tax positions. Therefore, we have not included these uncertain tax positions in the above contractual obligations table.

The expected timing of payments and the amounts of the obligations discussed above are estimated based on current information.

Off-balance Sheet Financing

As of November 1, 2008, we had no off-balance sheet financing arrangements.

Outlook

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. Unless specifically mentioned, these statements do not give effect to the potential impact of any mergers, acquisitions, divestitures, or business combinations that may be announced or closed after the date of filing this report. These statements supersede all prior statements regarding business outlook made by us.

The global credit crisis and deteriorating economic conditions have resulted in more cautious customer spending behavior and generally lower demand. Order rates slowed in late September 2008, and backlog declined significantly from the prior quarter, which limits our short-term visibility into future revenues. Forecasting revenue in this environment is difficult. Our operating plan is for revenue to decline approximately 20% in the first quarter of fiscal 2009 from revenue in the fourth quarter of fiscal 2008. We are planning to take steps to avoid a large inventory buildup by significantly reducing manufacturing output, which we expect will temporarily impact our gross margin by approximately 3 to 4 percentage points. We are therefore planning for gross margin to be approximately 57% to 58% in the first quarter of fiscal 2009, depending on the actual product mix and level of sales we achieve. Further, we are planning to take actions in the first quarter of fiscal 2009 that we expect will result in operating expense reductions from fourth quarter levels of approximately 10%, or $25 million. We expect to realize over half of that savings in the first quarter of fiscal 2009 and the balance in the second quarter of fiscal 2009. As a result of these anticipated actions, we plan to record a restructuring charge in the first quarter of fiscal 2009. We are currently in the process of finalizing our plans to reduce costs and are unable to determine the amount of the restructuring charge at this point. Assuming these levels of sales and resulting gross margin, anticipated cost reductions, and an effective tax rate of 22%, we expect diluted earnings per share from continuing operations in the first quarter of fiscal 2009 to be approximately $0.22 to $0.23, excluding restructuring charges.

We are responding to the current economic environment by taking actions that we expect will reduce expenses in the short-term while strengthening our position for the long-term. We anticipate that our variable and discretionary cost reductions will fluctuate with general economic conditions, while the actions related to realigning our product portfolio and streamlining our manufacturing infrastructure will result in short-term savings as well as a lower cost structure. While we believe that we have taken steps to mitigate the short-term reduction in our earnings and position ourselves for significant earnings leverage when growth resumes, there can be no assurances that market conditions will improve or that our actions will be sufficient to counteract those market conditions.

New Accounting Pronouncements

Derivative Instruments and Hedging Activities

In March 2008, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 161, *Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133* (SFAS 161). SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities. SFAS 161 requires entities to provide enhanced disclosures about how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations; and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. We are currently evaluating the impact, if any, that SFAS 161 may have on our financial condition and results of operations. The adoption of SFAS 161 will change our disclosures for derivative instruments and hedging activities beginning in the second quarter of fiscal year 2009.

Business Combinations

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141R). SFAS 141R requires an acquiring entity in a business combination to recognize the assets acquired, liabilities assumed and any noncontrolling interest in the acquiree at their fair value on the acquisition date. It further requires that acquisition-related costs and restructuring costs be recognized separately from the acquisition. SFAS 141R is effective for fiscal years beginning after December 15, 2008, which is our fiscal year 2010. We are currently evaluating the impact, if any, that SFAS 141R may have on our financial condition and results of operations. The adoption of SFAS 141R will change our accounting treatment for business combinations on a prospective basis beginning in the first quarter of fiscal year 2010.

Noncontrolling Interests

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (SFAS 160). SFAS 160 clarifies that a noncontrolling or minority interest in a subsidiary is considered an ownership interest and, accordingly, requires all entities to report such interests in subsidiaries as equity in the consolidated financial statements. SFAS 160 is effective for fiscal years beginning after December 15, 2008, which is our fiscal year 2010. We are currently evaluating the impact, if any, that SFAS 160 may have on our financial condition and results of operations.

Accounting for Financial Assets and Financial Liabilities

In February 2007, the FASB, issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115* (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective for fiscal years beginning after November 15, 2007, which is our fiscal year 2009. We are currently evaluating the impact, if any, that SFAS 159 may have on our financial condition and results of operations.

Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 provides enhanced guidance for using fair value to measure assets and liabilities. The standard also provides for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require or permit assets or liabilities to be measured at fair value. This standard does not expand the use of fair value in any new circumstances. SFAS 157 is effective for fiscal years beginning after November 15, 2007, which is our fiscal year 2009. The adoption of SFAS 157 in the first quarter of fiscal 2009 will not materially impact our financial condition and results of operations. The adoption of SFAS 157 will expand our disclosures pertaining to the measurement of assets and liabilities beginning in the first quarter of fiscal year 2009.

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 U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue 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 based on 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. We also have other policies that we consider key accounting policies, such as our policy for revenue recognition, including the deferral of revenue on sales to distributors until the products are sold to the end user; however, the application of these policies does not require us to make significant estimates or judgments that are difficult or subjective.

Inventory Valuation

We value inventories 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 methodologies to determine the net realizable value of inventory. While a portion of the calculation is determined via reference to the age of inventory and lower of cost or market calculations, an element of the calculation is subject to significant judgments made by us about future demand for our inventory. If actual demand for our products is less than our estimates, additional adjustments to existing inventories may need to be recorded in future periods. To date our actual results have not been materially different than our estimates, and we do not expect them to be materially different in the future.

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. To date our actual results have not been materially different than our estimates, and we do not expect them to be materially different in the future.

Long-Lived Assets

We review property, plant, and equipment and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. Recoverability of these assets is measured by comparison of their carrying value to future undiscounted cash flows that the assets are expected to generate over their remaining economic lives. 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 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 and identified intangible assets 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 addition, in certain instances, assets may not be impaired but their estimated useful lives may have decreased. In these situations, we amortize the remaining net book values over the revised useful lives.

Goodwill

In accordance with SFAS 142, *Goodwill and Other Intangible Assets*, goodwill is subject to annual impairment tests, or earlier if indicators of potential impairment exist and suggest that the carrying value of goodwill may not be recoverable from estimated discounted future cash flows. Because we have one reporting segment under SFAS 142, we utilize the entity-wide approach to assess goodwill for impairment and compare our market value to our net book value to determine if an impairment exists. These impairment tests may result in impairment losses that could have a material adverse impact on our results of operations.

Accounting for Income Taxes

We must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, benefits, and deductions, and in the calculation of certain tax assets and liabilities, which arise from differences in the timing of the recognition of revenue and expense for tax and financial statement purposes, as well as the interest and penalties relating to these uncertain tax positions. We assessed the likelihood of the realization of deferred tax assets and concluded that a valuation allowance is needed to reserve the amount of the deferred tax assets that may not be realized due to the expiration of certain state credit carryovers. 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 in the impacted state jurisdictions 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, which in turn, may result in an increase or decrease to our tax provision in a subsequent period.

On November 4, 2007 (the first day of our 2008 fiscal year), we adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 differs from the prior standards in that it requires companies to determine that it is “more likely than not” that a tax position will be sustained by the appropriate taxing authorities before any benefit can be recorded in the financial statements. An uncertain income tax position is not recognized if it has less than a 50% likelihood of being sustained. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50 percent likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. We reevaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in known facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. A change in these factors would result in the recognition of a tax benefit or an additional charge to the tax 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 and royalty 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. In the event our assumptions are incorrect, the differences could have a material impact on our income tax provision and operating results in the period in which such determination is made.

Stock-Based Compensation

The adoption of SFAS 123R in the first quarter of fiscal 2006 required that stock-based compensation expense associated with stock options and related awards be recognized in the statement of income, rather than being disclosed in a pro forma footnote to the consolidated financial statements. Determining the amount of stock-based compensation to be recorded requires us to develop estimates to be used in calculating the grant-date fair value of stock options. We calculate the grant-date fair values using the Black-Scholes valuation model. The use of valuation models requires us to make estimates of the following assumptions:

Expected volatility — We are responsible for estimating volatility and have considered a number of factors, including third-party estimates, when estimating volatility. We currently believe that the exclusive use of implied volatility results in the best estimate of the grant-date fair value of employee stock options because it reflects the market's current expectations of future volatility. In evaluating the appropriateness of exclusively relying on implied volatility, we concluded that: (1) options in the Company's common stock are actively traded with sufficient volume on several exchanges; (2) the market prices of both the traded options and the underlying shares are measured at a similar point in time to each other and on a date close to the grant date of the employee share options; (3) the traded options have exercise prices that are both near-the-money and close to the exercise price of the employee share options; and (4) the maturities of the traded options used to estimate volatility are at least one year.

Expected term — We use historical employee exercise and option expiration data to estimate the expected term assumption for the Black-Scholes grant-date valuation. We believe that this historical data is currently the best estimate of the expected term of a new option, and that generally, all of our employees exhibit similar exercise behavior. In general, the longer the expected term used in the Black-Scholes valuation model, the higher the grant-date fair value of the option.

Risk-free interest rate — The yield on zero-coupon U.S. Treasury securities for a period that is commensurate with the expected term assumption is used as the risk-free interest rate.

Expected dividend yield — Expected dividend yield is calculated by annualizing the cash dividend declared by our Board of Directors for the current quarter and dividing that result by the closing stock price on the date of grant of the option. Until such time as our Board of Directors declares a cash dividend for an amount that is different from the current quarter's cash dividend, the current dividend will be used in deriving this assumption. Cash dividends are not paid on options, restricted stock or restricted stock units.

The amount of stock-based compensation expense recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. SFAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered option. Based on an analysis of our historical forfeitures, we have applied an annual forfeiture rate of 4.3% to all unvested stock-based awards as of November 1, 2008. The rate of 4.3% represents the portion that is expected to be forfeited each year over the vesting period. This analysis is re-evaluated quarterly and the forfeiture rate is adjusted as necessary. Ultimately, the actual expense recognized over the vesting period will only be for those awards that vest.

Contingencies

From time to time, we receive notices that our products or manufacturing processes allegedly infringe the patent or intellectual property rights of others. We periodically assess each matter to determine if a contingent liability should be recorded in accordance with SFAS 5, *Accounting for Contingencies*. 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. If a loss is probable and reasonably estimable, we record a contingent loss in accordance with SFAS 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. If the judgments and estimates made by us are incorrect, we may need to record additional contingent losses that could materially adversely impact our results of operations. See Note 12 in the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K for additional information regarding our commitments and contingencies.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Exposure

Based on our marketable securities and short term investments outstanding as of November 1, 2008 and November 3, 2007, our annual interest income would change by approximately $14 million and $9 million, respectively, for each 100 basis point increase or decrease in interest rates. The fair values of our investment portfolio at November 1, 2008 and November 3, 2007 would each change by approximately $2 million for each 100 basis point increase or decrease in rates.

Foreign Currency Exposure

As more fully described in Note 2i. in the Notes to 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 foreign currency exchange contracts. The terms of these contracts are for periods matching the duration of the underlying exposure and generally range from one month to twelve months. Currently, our largest foreign currency exposure is the Euro, primarily because our European operations have the highest proportion of our local currency denominated expenses. Relative to foreign currency exposures existing at November 1, 2008 and November 3, 2007, a 10% unfavorable movement in foreign currency exchange rates would not expose us to significant losses in earnings or cash flows because we hedge substantially all of our year-end exposures against fluctuations in foreign currency exchange rates.

The market risk associated with our derivative instruments results from currency exchange rate or interest rate movements that are expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. The counterparties to the agreements relating to our foreign exchange instruments consist of a number of major international financial institutions with high credit ratings. We do not believe that there is significant risk of nonperformance by these counterparties because we continually monitor the credit ratings of such counterparties, and limit 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 our 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 our obligations to the counterparties.

The following table illustrates the effect that a 10% unfavorable or favorable movement in foreign currency exchange rates, relative to the U.S. dollar, would have on the fair value of our forward exchange contracts as of November 1, 2008 and November 3, 2007:

	November 1, 2008	November 3, 2007
Fair value of forward exchange contracts (liability) asset	$ (23,158)	$ 6,924
Fair value of forward exchange contracts after a 10% unfavorable movement in foreign currency exchange rates (liability) asset	$ (9,457)	$ 24,414
Fair value of forward exchange contracts after a 10% favorable movement in foreign currency exchange rates liability	$ (38,294)	$ (9,233)

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, 2008, November 3, 2007 and October 28, 2006

(thousands, except per share amounts)	2008	2007	2006
Revenue			
Product revenue	$ 2,582,931	$ 2,429,721	$ 2,250,100
Revenue from one-time IP license	—	35,000	—
Total revenue	2,582,931	2,464,721	2,250,100
Costs and Expenses			
Cost of sales(1)	1,005,656	956,445	856,499
Gross margin	1,577,275	1,508,276	1,393,601
Operating expenses:			
Research and development(1)	533,480	509,553	459,846
Selling, marketing, general and administrative(1)	415,682	389,505	384,051
Purchased in-process research and development	—	—	21,711
Special charges	3,088	40,495	1,790
	952,250	939,553	867,398
Operating income from continuing operations	625,025	568,723	526,203
Nonoperating (income) expenses:			
Interest income	(41,041)	(77,007)	(100,117)
Other, net	(36)	(15,727)	(10,472)
	(41,077)	(92,734)	(110,589)
Earnings			
Income from continuing operations before income taxes and minority interest	666,102	661,457	636,792
Provision for income taxes:			
Payable currently	152,294	162,403	146,819
Deferred	(11,369)	(2,850)	(28,454)
	140,925	159,553	118,365
Minority interest	—	219	748
Income from continuing operations, net of tax	525,177	502,123	519,175
Discontinued operations, net of tax:			
Income (loss) from discontinued operations	12,779	(5,216)	30,307
Gain on sale of discontinued operations	248,328	—	—
Total income (loss) from discontinued operations, net of tax	261,107	(5,216)	30,307
Net income	$ 786,284	$ 496,907	$ 549,482
Shares used to compute earnings per share — Basic	292,688	323,255	358,762
Shares used to compute earnings per share — Diluted	297,110	332,301	370,964
Earnings per share — Basic			
Income from continuing operations, net of tax	$ 1.79	$ 1.55	$ 1.45
Net income	$ 2.69	$ 1.54	$ 1.53
Earnings per share — Diluted			
Income from continuing operations, net of tax	$ 1.77	$ 1.51	$ 1.40
Net income	$ 2.65	$ 1.50	$ 1.48
Dividends declared per share	$ 0.76	$ 0.70	$ 0.56
(1) Includes stock-based compensation expense as follows:			
Cost of sales	$ 7,806	$ 10,591	$ 7,630
Research and development	23,768	29,347	30,663
Selling, marketing, general and administrative	20,970	27,329	32,433

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED BALANCE SHEETS
November 1, 2008 and November 3, 2007

(thousands, except per share amounts)	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	$ 593,599	$ 424,972
Short-term investments	716,087	656,235
Accounts receivable less allowances of $5,501 ($3,611 in 2007)	315,290	323,777
Inventories(1)	314,629	324,373
Deferred tax assets	102,676	110,675
Deferred compensation plan investments	942	1,233
Prepaid expenses and other current assets	40,460	50,130
Current assets of discontinued operations	5,894	87,457
Total current assets	2,089,577	1,978,852
Property, Plant and Equipment, at Cost		
Land and buildings	378,187	372,162
Machinery and equipment	1,512,984	1,412,913
Office equipment	63,071	76,684
Leasehold improvements	65,247	62,883
	2,019,489	1,924,642
Less accumulated depreciation and amortization	1,452,050	1,368,567
Net property, plant and equipment	567,439	556,075
Other Assets		
Deferred compensation plan investments	31,099	35,210
Other investments	955	1,692
Goodwill	235,175	279,469
Intangible assets, net	12,300	24,153
Deferred tax assets	65,949	52,491
Other assets	26,461	43,000
Non-current assets of discontinued operations	62,037	—
Total other assets	433,976	436,015
	$ 3,090,992	$ 2,970,942
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 130,451	$ 156,192
Deferred income on shipments to distributors	175,358	151,423
Income taxes payable	52,546	65,690
Deferred compensation plan liability	942	1,233
Accrued liabilities	191,307	149,360
Current liabilities of discontinued operations	18,454	24,153
Total current liabilities	569,058	548,051
Noncurrent Liabilities		
Deferred income taxes	14,310	10,146
Deferred compensation plan liability	31,800	35,320
Other noncurrent liabilities	55,561	40,291
Total noncurrent liabilities	101,671	85,757
Commitments and contingencies (Note 12)		
Shareholders' Equity		
Preferred stock, $1.00 par value, 471,934 shares authorized, none outstanding	—	—
Common stock, $0.16 2/3 par value, 1,200,000,000 shares authorized, 291,193,451 shares issued and outstanding (303,354,180 on November 3, 2007)	48,533	50,560
Capital in excess of par value	—	—
Retained earnings	2,419,908	2,253,483
Accumulated other comprehensive (loss) income	(48,178)	33,091
Total shareholders' equity	2,420,263	2,337,134
	$ 3,090,992	$ 2,970,942

(1) Includes $2,632 and $3,371 related to stock-based compensation at November 1, 2008 and November 3, 2007, respectively.

See accompanying Notes.

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ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years ended November 1, 2008, November 3, 2007 and October 28, 2006

(thousands)	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive (Loss) Income
BALANCE, OCTOBER 29, 2005	366,832	$ 61,139	$ 380,206	$ 3,269,420	$ (18,698)
Activity in Fiscal 2006					
Net Income — 2006				549,482	
Dividends declared and paid				(201,451)	
Issuance of stock under stock plans and other, net of repurchases	5,824	971	94,408		
Tax benefit-stock options			228,258		
Stock-based compensation expense			77,573		
Issuance of common stock in connection with acquisitions	10	2	541		
Amortization of deferred stock-based compensation related to acquisitions			433		
Other comprehensive income					18,437
Common stock repurchased	(30,666)	(5,111)	(781,419)	(238,452)	—
BALANCE, OCTOBER 28, 2006	342,000	57,001	—	3,378,999	(261)
Activity in Fiscal 2007					
Net Income — 2007				496,907	
Dividends declared and paid				(228,281)	
Issuance of stock under stock plans and other, net of repurchases	7,291	1,215		107,934	
Tax benefit-stock options				65,131	
Stock-based compensation expense				72,349	
Adoption of FAS 158					10,361
Other comprehensive income					22,991
Common stock repurchased	(45,937)	(7,656)	—	(1,639,556)	—
BALANCE, NOVEMBER 3, 2007	303,354	50,560	—	2,253,483	33,091
Activity in Fiscal 2008					
Net Income — 2008				786,284	
Dividends declared and paid				(222,530)	
Issuance of stock under stock plans and other, net of repurchases	7,256	1,209		92,946	
Tax benefit-stock options				26,095	
Stock-based compensation expense				50,247	
Other comprehensive loss					(81,269)
Common stock repurchased	(19,417)	(3,236)	—	(566,617)	—
BALANCE, NOVEMBER 1, 2008	291,193	$ 48,533	$ —	$ 2,419,908	$ (48,178)

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended November 1, 2008, November 3, 2007 and October 28, 2006

(thousands)	2008	2007	2006
Income from continuing operations, net of tax	$ 525,177	$ 502,123	$ 519,175
Foreign currency translation adjustment	(42,370)	10,640	5,838
Net unrealized gains (losses) on securities:			
Net unrealized holding gains (net of taxes of $372 in 2008, $2,746 in 2007 and $4,034 in 2006) on securities classified as short-term investments	2,508	5,094	7,492
Net unrealized holding gains (losses) (net of taxes of $217 in 2008, $100 in 2007 and $235 in 2006) on securities classified as other investments	400	(185)	(436)
Net unrealized gains on securities	2,908	4,909	7,056
Derivative instruments designated as cash flow hedges:			
Changes in fair value of derivatives (net of taxes of $1,622 in 2008, $846 in 2007 and $634 in 2006)	(10,663)	5,282	4,242
Realized (gain) loss reclassification (net of taxes of $2,420 in 2008, $107 in 2007 and $14 in 2006)	(15,912)	665	(97)
Net change in derivative instruments designated as cash flow hedges	(26,575)	5,947	4,145
Minimum pension liability adjustment (net of taxes of $0 in 2008, $640 in 2007 and $753 in 2006)	—	1,495	1,398
Accumulated other comprehensive (loss) income — pension plans:			
Transition obligation (net of taxes of $4 in 2008)	(43)	—	—
Net actuarial loss (net of taxes of $1,971 in 2008)	(15,197)	—	—
Net prior service income (net of taxes of $4 in 2008)	8	—	—
Net change in accumulated other comprehensive (loss) income — pension plans (net of taxes of $1,963 in 2008)	(15,232)	—	—
Other comprehensive (loss) income	(81,269)	22,991	18,437
Comprehensive income from continuing operations	443,908	525,114	537,612
Income (loss) from discontinued operations, net of tax	261,107	(5,216)	30,307
Comprehensive income	$ 705,015	$ 519,898	$ 567,919

As a result of adopting the recognition principles of SFAS 158 on November 3, 2007, the Company recorded a $10.4 million adjustment, net of tax of $1.4 million, to accumulated other comprehensive income. In accordance with the requirements of SFAS 158, this adjustment has been excluded from the above presentation of comprehensive income for fiscal year 2007.

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended November 1, 2008, November 3, 2007 and October 28, 2006

(thousands)	2008	2007	2006
Operations			
Cash flows from operations:			
Net income	$ 786,284	$ 496,907	$ 549,482
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	144,222	142,173	166,851
Amortization of intangibles	9,250	12,610	5,312
Stock-based compensation expense	50,247	72,652	75,429
Gain on sale of business	(248,328)	—	—
Gain on sale of investments	—	(7,919)	—
Minority interest	—	(219)	(748)
Non-cash portion of special charges	—	438	459
Gain on sale of product line	—	—	(13,027)
Purchased in-process research and development	—	—	21,711
Other non-cash expense	310	853	784
Excess tax benefit — stock options	(18,586)	(40,871)	(181,178)
Deferred income taxes	(11,369)	(2,850)	(28,454)
Change in operating assets and liabilities:			
Decrease (increase) in accounts receivable	48,903	(27,011)	(6,705)
Decrease (increase) in inventories	16,784	16,549	(52,043)
Decrease (increase) in prepaid expenses and other current assets	6,557	34,890	(17,327)
Decrease (increase) in deferred compensation plan investments	4,401	(4,755)	245,629
(Decrease) increase in accounts payable, deferred income and accrued liabilities	(60,736)	53,693	5,682
(Decrease) increase in deferred compensation plan liability	(3,811)	4,811	(247,291)
Income tax payments related to gain on sale of businesses	(110,401)	—	—
Increase in income taxes payable	41,443	53,119	96,336
Increase in other liabilities	14,198	15,295	200
Total adjustments	(116,916)	323,458	71,620
Net cash provided by operations	669,368	820,365	621,102
Investing Activities			
Cash flows from investing:			
Additions to property, plant and equipment, net	(157,408)	(141,810)	(129,297)
Purchases of short-term available-for-sale investments	(1,831,363)	(1,807,476)	(2,483,123)
Maturities of short-term available-for-sale investments	1,774,391	2,943,468	2,788,717
Proceeds from sale of investment	—	8,003	—
Proceeds from sale of property, plant and equipment	—	—	1,735
Proceeds from sale of product line	—	—	23,070
Proceeds from sale of business	403,181	—	—
Payments for acquisitions	(3,146)	(9,160)	(157,017)
Decrease (increase) in other assets	2,708	(8,438)	723
Net cash provided by investing activities	188,363	984,587	44,808
Financing Activities			
Cash flows from financing activities:			
Dividend payments to shareholders	(222,530)	(228,281)	(201,451)
Repurchase of common stock	(569,853)	(1,647,212)	(1,024,982)
Proceeds from employee stock plans	94,155	109,149	94,392
Increase in liability from stock repurchase	234	—	—
Credit facility fees	(600)	—	—
Excess tax benefit — stock options	18,586	40,871	181,178
Net cash used by financing activities	(680,008)	(1,725,473)	(950,863)
Effect of exchange rate changes on cash	(9,096)	1,546	1,309
Net increase (decrease) in cash and cash equivalents	168,627	81,025	(283,644)
Cash and cash equivalents at beginning of year	424,972	343,947	627,591
Cash and cash equivalents at end of year	$ 593,599	$ 424,972	$ 343,947

See accompanying Notes.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended November 1, 2008, November 3, 2007 and October 28, 2006
(all tabular amounts in thousands except per share amounts)

1. Description of Business

Analog Devices, Inc. (“Analog Devices” 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 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. The Company’s signal processing products convert real-world phenomena such as light, sound, temperature, motion and pressure into electrical signals to be used in a wide array of electronic equipment. Used by over 60,000 customers worldwide, the Company’s products are embedded inside many types of electronic equipment including industrial process controls, factory automation systems, defense electronics, portable wireless communications devices, cellular basestations, central office networking equipment, computers, automobiles, medical imaging equipment, digital cameras and digital televisions. Signal processing technology is a critical element of high-speed communications, digital entertainment, and other consumer, computer and industrial applications. As new generations of digital applications evolve, they require new needs for high-performance analog signal processing and digital signal processing, or DSP, technology. The Company produces a wide range of products that are designed to meet the signal processing technology needs of a broad base of customers.

2. Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Upon consolidation, all intercompany accounts and transactions are eliminated. Amounts pertaining to the non-controlling ownership interest held by a third party in the operating results and financial position of the Company’s majority-owned subsidiaries are reported as “minority interest.” The Company’s fiscal year is the 52-week or 53-week period ending on the Saturday closest to the last day in October. Fiscal year 2008 was a 52-week period, fiscal year 2007 was a 53-week period and fiscal 2006 was 52-week period. Certain amounts reported in previous years have been reclassified to conform to the fiscal 2008 presentation. Such reclassifications were immaterial.

During the first quarter of fiscal 2008, the Company sold its baseband chipset business and related support operations (Baseband Chipset Business) to MediaTek Inc. and sold its CPU voltage regulation and PC thermal monitoring business to certain subsidiaries of ON Semiconductor Corporation. The Company has reflected the financial results of these businesses as discontinued operations in the consolidated statements of income for all periods presented. The assets and liabilities of these businesses are reflected as assets and liabilities of discontinued operations in the consolidated balance sheets as of November 1, 2008 and November 3, 2007. The historical results of operations of these businesses have been segregated from the Company’s consolidated financial statements and are included in income (loss) from discontinued operations, net of tax, in the consolidated statements of income.

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. Cash, cash equivalents and short-term investments consist primarily of corporate obligations such as commercial paper and corporate bonds and institutional money market funds. They also include bank time deposits and U.S. Government Treasury bonds.

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 fiscal years 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 cash equivalents and short-term 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, reported in accumulated other comprehensive (loss) income. The Company's deferred compensation plan investments are classified as trading. See Note 7 for additional information on the Company's deferred compensation plan investments. Realized gains and losses, as well as interest, and dividends on all securities, are included in earnings. No realized gains or losses were recorded during any of the fiscal years presented.

The Company periodically evaluates these investments for impairment in accordance with EITF Issue No. 03-01, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*. When a decline in fair value is deemed to be other-than-temporary, the Company records an impairment adjustment in the statement of income. There were no other-than-temporary impairments of short-term investments in any of the fiscal years presented.

Unrealized gains and losses on available-for-sale securities classified as short-term investments at November 1, 2008 and November 3, 2007 were as follows:

	2008	2007
Unrealized gains	$ 2,807	$ 6
Unrealized losses	—	(79)
Net unrealized gains (losses) on securities classified as short term investments	$ 2,807	$ (73)

Unrealized gains and losses in 2008 relate to corporate obligations, and in 2006 and 2007 relate to U.S. Government Treasury and agency bonds.

There were no cash equivalents or short-term investments classified as trading at November 1, 2008 and November 3, 2007. All of the Company's short-term investments were classified as available-for-sale. At November 3, 2007 short-term investments with maturities in excess of one year were classified as short-term as they were available-for-sale securities and available to be used in current operations. All short-term securities at November 1, 2008 have maturities less than one year. The components of the Company's cash, cash equivalents and short-term investments as of November 1, 2008 and November 3, 2007 were as follows:

	2008	2007
Cash and cash equivalents:		
Cash	$ 27,910	$ 30,034
Available-for-sale:		
Institutional money market funds	197,735	152,013
Corporate obligations	321,200	89,250
Held-to-maturity:		
Euro time deposits	46,754	153,675
Total cash and cash equivalents	$ 593,599	$ 424,972
Short-term investments:		
Securities with one year or less to maturity:		
Corporate obligations	$ 716,087	$ 527,278
U.S. Government Treasury, agency and municipal notes	—	128,957
Total maturities less than 1 year	716,087	656,235
Total short-term investments	$ 716,087	$ 656,235

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c. Supplemental Cash Flow Statement Information

	2008	2007	2006
Cash paid during the fiscal year for:			
Income taxes	$ 201,974	$ 102,349	$ 61,099
Interest	$ —	$ —	$ 32

d. Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market. The valuation of inventory requires the Company to estimate obsolete or excess inventory as well as inventory that is not of saleable quality. The Company employs a variety of methodologies to determine the net realizable value of its inventory. While a portion of the calculation to record inventory at its net realizable value is based on the age of the inventory and lower of cost or market calculations, a key factor in estimating obsolete or excess inventory requires the company to estimate the future demand for its products. If actual demand is less than the Company's estimates, impairment charges, which are recorded to cost of sales, may need to be recorded in future periods. Inventory in excess of saleable amounts is not valued, and the remaining inventory is valued at the lower of cost or market.

Inventories at November 1, 2008 and November 3, 2007 were as follows:

	2008	2007
Raw materials	$ 15,350	$ 14,655
Work in process	200,436	224,211
Finished goods	98,843	85,507
Total inventories	$ 314,629	$ 324,373

e. Property, Plant and Equipment

Property, plant and equipment is recorded at cost less allowances for depreciation. 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. Leasehold improvements are amortized based upon the lesser of the term of the lease or the useful life of the asset. Repairs and maintenance charges are expensed as incurred. Depreciation and amortization are based on the following useful lives:

Buildings & building equipment	Up to 25 years
Machinery & equipment	3-8 years
Office equipment	3-8 years

Depreciation expense from continuing operations of property, plant and equipment was $144 million, $139 million and $165 million in fiscal 2008, 2007 and 2006, 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 the future undiscounted cash flows the assets are expected to generate over their remaining economic lives. 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 value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique. If such assets are not impaired, but their useful lives have decreased, the remaining net book value is amortized over the revised useful life.

f. *Goodwill and Intangible Assets*

Goodwill

The Company annually evaluates goodwill for impairment as well as whenever events or changes in circumstances suggest that the carrying value of goodwill may not be recoverable. Because the Company has one reporting segment under Statement of Financial Accounting Standards (SFAS) 142, the Company utilizes the entity-wide approach for assessing goodwill for impairment and compares its market value to its net book value to determine if an impairment exists. No impairment of goodwill resulted from the Company's most recent evaluation of goodwill for impairment, which occurred in the fourth quarter of fiscal 2008. No impairment of goodwill resulted in any of the fiscal years presented. The Company's next annual impairment assessment will be made in the fourth quarter of fiscal 2009 unless indicators arise that would require the Company to reevaluate at an earlier date. The following table presents the changes in goodwill during fiscal 2008 and 2007:

	2008	2007
Balance at beginning of year	$ 279,469	$ 256,209
Acquisition of TTPCom(1)	—	4,273
Acquisition of Integrant Technologies(2)	2,988	13,282
Goodwill allocated to sale of businesses(3)	(12,649)	—
Foreign currency translation adjustment	(34,633)	5,705
Balance at end of year	$ 235,175	$ 279,469

(1) The Company made its final milestone payment related to this acquisition in the second quarter of fiscal 2007.

(2) The Company completed the final purchase accounting for this transaction during the first quarter of fiscal 2007, which resulted in an additional $5.6 million of goodwill. The Company purchased additional outstanding minority shares related to this acquisition during fiscal 2007 and fiscal 2008, which resulted in an additional $7.7 million and $3.0 million, respectively, of goodwill.

(3) The Company allocated $12.6 million of goodwill in connection with the sale of its Baseband Chipset Business to MediaTek Inc. and the sale of its CPU voltage regulation and PC thermal monitoring business to ON Semiconductor Corporation in fiscal 2008.

Intangible Assets

The Company reviews identified intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. Recoverability of these assets is measured by comparison of their carrying value to future undiscounted cash flows the assets are expected to generate over their remaining economic lives. 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 value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique.

In connection with the sale of the Baseband Chipset Business to MediaTek Inc., net intangible assets of $7.9 million were reclassified to assets of discontinued operations in fiscal 2007. See Note 2u. for additional information on assets of discontinued operations and Note 6 for additional information on the Company's recent acquisitions.

Intangible assets, which will continue to be amortized, consisted of the following:

	November 1, 2008		November 3, 2007	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Technology-based	$ 36,516	$ 25,731	$ 43,626	$ 23,303
Tradename	1,438	1,430	1,687	1,403
Customer relationships	4,529	3,022	5,798	2,470
Other	6,534	6,534	6,582	6,364
Total	$ 49,017	$ 36,717	$ 57,693	$ 33,540

Intangible assets acquired prior to fiscal 2006 continue to be amortized on a straight-line basis over their estimated useful lives, which range from five to ten years. The intangible assets acquired during fiscal 2006 are being amortized over their estimated useful lives of two to five years using an accelerated method of amortization that is expected to reflect the estimated pattern of economic use. The remaining amortization expense will be recognized over a weighted-average period of approximately 1.3 years.

Amortization expense from continuing operations, related to intangibles was $9.3 million, $9.2 million and $3.5 million in fiscal 2008, 2007 and 2006, respectively.

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

Fiscal Years	Amortization Expense
2009	$ 6,192
2010	$ 4,133
2011	$ 1,846
2012	$ 129

g. Grant Accounting

Certain of the Company's foreign subsidiaries have received various grants from governmental agencies. 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 and research and development operations is the applicable local currency. Gains and losses resulting from translation of these foreign currencies into U.S. dollars are recorded in accumulated other comprehensive (loss) 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 2008, 2007 or 2006.

i. Derivative Instruments and Hedging Agreements

The Company enters into forward foreign currency 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 Euro; other exposures include Philippine Peso and British Pounds Sterling. These foreign currency exchange contracts are entered into to support purchases and financing transactions made in the normal course of business, and accordingly, are not speculative in nature. In accordance with Statement of Financial Accounting Standards No. 133 (SFAS 133), *Accounting for Derivative Instruments and Hedging Activities*, 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.

The Company records all derivative financial instruments in the consolidated financial statements in other current assets or accrued liabilities, depending on their net position, at fair value regardless of the purpose or intent for holding the derivative contract. Changes in the fair value of the derivative financial instruments are either recognized periodically in earnings or in shareholders' equity as a component of accumulated other comprehensive (loss) income (OCI) depending on whether the derivative financial instrument qualifies for hedge accounting as defined by SFAS 133. Changes in fair values of derivatives not qualifying for hedge accounting are reported in earnings as they occur.

Foreign Exchange Exposure Management — The Company has international sales and purchase transactions in foreign currencies and has a policy of hedging forecasted and actual foreign currency risk with forward foreign currency exchange contracts. The Company's forward foreign currency exchange contracts are denominated primarily in Euro and other currencies including Philippine Peso and British Pounds Sterling. The contracts 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 SFAS 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 shareholders' 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 income/expense. Ineffectiveness was immaterial in all fiscal years reported.

Additionally, the Company enters into forward foreign currency 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 income/expense immediately as an offset to the changes in the fair value of the asset or liability being hedged.

The market risk associated with the Company's derivative instruments results from currency exchange rate or interest rate movements that are 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 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 accumulated other comprehensive (loss) income related to derivatives classified as cash flow hedges held by the Company during the period from October 29, 2006 through November 1, 2008:

	2008	2007
Balance at beginning of year	$ 6,312	$ 365
Changes in fair value of derivatives — (loss) gain, net of tax	(10,663)	5,282
Reclassifications into earnings from other comprehensive (loss) income, net of tax	(15,912)	665
Balance at end of year	$ (20,263)	$ 6,312

All of the accumulated loss 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. The estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

	November 1, 2008		November 3, 2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents	$ 593,599	$ 593,599	$ 424,972	$ 424,972
Short-term investments	716,087	716,087	656,235	656,235
Deferred compensation investments	32,041	32,041	36,443	36,443
Other investments	955	955	1,692	1,692
Foreign Currency Instruments:				
Forward foreign currency exchange contracts	(23,158)	(23,158)	6,924	6,924

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 — These investments, except for those classified as held-to-maturity, which are carried at amortized cost, are adjusted to fair value based on quoted market prices or are determined using a yield curve model based on current market rates.

Deferred compensation plan investments and other investments — The fair value of these investments is based on quoted market prices, with the exception of private-company equity investments that are carried at cost, adjusted for impairment charges.

Forward foreign currency exchange contracts — The estimated fair value of forward foreign currency exchange contracts, which includes derivatives that are accounted for as cash flow hedges and those that are not designated as cash flow hedges, 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 and identified intangible assets, allowances for doubtful accounts and customer returns, the net realizable value of inventory, potential reserves relating to litigation matters, accrued liabilities, accrued taxes, deferred tax valuation allowances, assumptions pertaining to share-based payments and other reserves. Actual results could differ from those estimates, and such differences may be material to the financial statements.

l. Concentrations of 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 and issuer.

The Company sells its products to distributors and original equipment manufacturers involved in a variety of industries including industrial process automation, instrumentation, defense/aerospace, automotive, communications, computers and computer peripherals and 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, the Company may require letters of credit from customers in certain circumstances. The Company provides reserves 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. Additionally, a large portion of the Company's external wafer purchase and foundry services are from a limited number of suppliers, primarily Taiwan Semiconductor Manufacturing Company (TSMC). If TSMC or any of the Company's other key suppliers are unable or unwilling to manufacture and deliver sufficient quantities of components, on the time schedule and of the quality that the Company requires, the Company may be forced to engage additional or replacement suppliers, which could result in significant expenses and disruptions or delays in manufacturing, product development and shipment of product to the Company's customers. Although the Company has experienced shortages of components, materials and external foundry services from time to time, these items have generally been available to the Company as needed.

n. Revenue Recognition

Revenue from product sales to customers is generally 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. A reserve for sales returns and allowances for customers is recorded based on historical experience or specific identification of an event necessitating a reserve.

In all regions of the world, the Company defers revenue and the related cost of sales on shipments to distributors until the distributors resell the products to their customers. Therefore, the Company's product revenue fully reflects end customer purchases and is not impacted by distributor inventory levels. Sales to distributors are made under agreements that allow distributors to receive price adjustment credits, as discussed below, and to return qualifying products for credit, as determined by the Company, in order to reduce the amounts of slow-moving, discontinued or obsolete product from their inventory. These agreements limit such returns to a certain percentage of the value of the Company's shipments to that distributor during the prior quarter. In addition, distributors are allowed to return unsold products if the Company terminates the relationship with the distributor.

Distributors are granted price-adjustment credits related to many of their sales to their customers. Price adjustment credits are granted when the distributor's standard cost (i.e., the Company's sales price to the distributor) does not provide the distributor with an appropriate margin on its sales to its customers. As distributors negotiate selling prices with their customers, the final sales price agreed to with the customer will be influenced by many factors, including the particular product being sold, the quantity ordered, the particular customer, the geographic location of the distributor, and the competitive landscape. As a result, the distributor may request and receive a price adjustment credit from the Company to allow the distributor to earn an appropriate margin on the transaction.

Distributors are also granted price adjustment credits in the event of a price decrease subsequent to the date the product was shipped and billed to the distributor. Generally, the Company will provide a credit equal to the difference between the price paid by the distributor (less any prior credits on such products) and the new price for the product multiplied by the quantity of such product in the distributor's inventory at the time of the price decrease.

Given the uncertainties associated with the levels of price adjustment credits to be granted to distributors, the sales price to the distributor is not fixed or determinable until the distributor resells the products to their customers. Therefore, the Company defers revenue recognition from sales to distributors until the distributors have sold the products to their customers.

Title to the inventory transfers to the distributor at the time of shipment or delivery to the distributor, and payment from the distributor is due in accordance with the Company's standard payment terms. These payment terms are not contingent upon the distributors' sale of the products to their customers. Upon title transfer to distributors, inventory is reduced for the cost of goods shipped, the margin (sales less cost of sales) is recorded as "deferred income on shipments to distributors, net" and an account receivable is recorded.

The deferred costs of sales to distributors have historically had very little risk of impairment due to the margins the Company earns on sales of its products and the relatively long life-cycle of the Company's products. Product returns from distributors that are ultimately scrapped have historically been immaterial. In addition, price protection and price adjustment credits granted to distributors historically have not exceeded the margins the Company earns on sales of its products. The Company continuously monitors the level and nature of product returns and is in continuous contact with the distributors to ensure reserves are established for all known material issues.

As of November 1, 2008 and November 3, 2007, the Company had gross deferred revenue of $279.3 million and $250.6 million, respectively, and gross deferred cost of sales of $103.9 million and $99.2 million, respectively. Deferred income on shipments to distributors increased by $23.9 million in fiscal 2008 as a result of the Company's shipments to its distributors in fiscal 2008 exceeding the distributors' sales to their customers during this same time period.

Shipping costs are charged to cost of sales as incurred.

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 2008, 2007 and 2006 were not material.

During the first quarter of fiscal 2007, the Company recorded revenue of $35 million received in exchange for licensing of certain intellectual property rights to a third party.

o. Accumulated Other Comprehensive (Loss) Income

Other comprehensive (loss) income includes certain transactions that have generally been reported in the consolidated statement of shareholders' equity. The components of accumulated other comprehensive (loss) income at November 1, 2008 and November 3, 2007 consisted of the following:

	2008	2007
Accumulated other comprehensive (loss) income — pension plans:		
Prior service income	$ (5)	$ (13)
Transition (obligation) asset	(15)	28
Net actuarial (loss) gain	(8,025)	7,172
Unrealized gain (loss) on available-for-sale securities	2,446	(462)
Foreign currency translation	(22,316)	20,054
Unrealized (losses) gains on derivative instruments	(20,263)	6,312
Total accumulated other comprehensive (loss) income	$ (48,178)	$ 33,091

p. Advertising Expense

Advertising costs are expensed as incurred. Advertising expense was $10.0 million in fiscal 2008, $10.2 million in fiscal 2007 and $10.9 million in fiscal 2006.

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 using the treasury stock method. In calculating diluted earnings per share, the dilutive effect of stock options is computed using the average market price for the respective period. In addition, under Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share-Based Payment* (SFAS 123R), the assumed proceeds under the treasury stock method include the average unrecognized compensation expense of stock options that are in-the-money. This results in the "assumed" buyback of additional shares, thereby reducing the dilutive impact of stock options. Potential shares related to certain of the Company's outstanding stock options were excluded because they were anti-dilutive. Those potential shares, determined based on the weighted average exercise prices during the respective years, related to the Company's outstanding stock options could be dilutive in the future.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	2008	2007	2006
Income from continuing operations, net of tax	$ 525,177	$ 502,123	$ 519,175
Total income (loss) from discontinued operations, net of tax	261,107	(5,216)	30,307
Net income	$ 786,284	$ 496,907	$ 549,482
Basic shares:			
Weighted-average shares outstanding	292,688	323,255	358,762
Earnings per share-basic:			
Income from continuing operations, net of tax	$ 1.79	$ 1.55	$ 1.45
Total income (loss) from discontinued operations, net of tax	0.89	(0.02)	0.08
Net income(1)	$ 2.69	$ 1.54	$ 1.53
Diluted shares:			
Weighted-average shares outstanding	292,688	323,255	358,762
Assumed exercise of common stock equivalents	4,422	9,046	12,202
Weighted-average common and common equivalent shares	297,110	332,301	370,964
Earnings per share-diluted:			
Income from continuing operations, net of tax	$ 1.77	$ 1.51	$ 1.40
Total income (loss) from discontinued operations, net of tax	0.88	(0.02)	0.08
Net income(1)	$ 2.65	$ 1.50	$ 1.48
Weighted-average anti-dilutive shares related to:			
Outstanding stock options	57,364	49,915	52,054

(1) The sum of the individual per share amounts may not equal due to rounding.

s. Stock-Based Compensation

On December 16, 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share-Based Payment* (SFAS 123R). SFAS 123R supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and amends SFAS No. 95, *Statement of Cash Flows*. Generally, the approach in SFAS 123R is similar to the approach described in SFAS 123 *Accounting for Stock-Based Compensation*. However, SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement over their vesting period based on their fair values at the date of grant. Pro forma disclosure is no longer an alternative.

On October 30, 2005 (the first day of its 2006 fiscal year), the Company adopted SFAS 123R using the modified prospective method as permitted under SFAS 123R. Under this transition method, compensation cost recognized in the statements of income includes: (a) compensation cost for all share-based payments granted prior to but not yet vested as of October 29, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123, and (b) compensation cost for all share-based payments granted subsequent to October 29, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R.

See Note 3 for additional information relating to stock-based compensation.

t. New Accounting Standards

Derivative Instruments and Hedging Activities

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133* (SFAS 161). SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities. SFAS 161 requires entities to provide enhanced disclosures about how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations; and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company is currently evaluating the impact, if any, that SFAS 161 may have on the Company's financial condition and results of operations. The adoption of SFAS 161 will change the Company's disclosures for derivative instruments and hedging activities beginning in the second quarter of fiscal year 2009.

Business Combinations

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141R). SFAS 141R requires an acquiring entity in a business combination to recognize the assets acquired, liabilities assumed and any noncontrolling interest in the acquiree at their fair value on the acquisition date. It further requires that acquisition-related costs and restructuring costs be recognized separately from the acquisition. SFAS 141R is effective for fiscal years beginning after December 15, 2008, which is the Company's fiscal year 2010. The Company is currently evaluating the impact, if any, that SFAS 141R may have on the Company's financial condition and results of operations. The adoption of SFAS 141R will change the Company's accounting treatment for business combinations on a prospective basis beginning in the first quarter of fiscal year 2010.

Noncontrolling Interests

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (SFAS 160). SFAS 160 clarifies that a noncontrolling or minority interest in a subsidiary is considered an ownership interest and, accordingly, requires all entities to report such interests in subsidiaries as equity in the consolidated financial statements. SFAS 160 is effective for fiscal years beginning after December 15, 2008, which is the Company's fiscal year 2010. The Company is currently evaluating the impact, if any, that SFAS 160 may have on the Company's financial condition and results of operations.

Accounting for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115* (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective for fiscal years beginning after November 15, 2007, which is the Company's fiscal year 2009. The Company is currently evaluating the impact, if any, that SFAS 159 may have on the Company's financial condition and results of operations.

Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 provides enhanced guidance for using fair value to measure assets and liabilities. The standard also provides for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require or permit assets or liabilities to be measured at fair value. This standard does not expand the use of fair value in any new circumstances. SFAS 157 is effective for fiscal years beginning after November 15, 2007, which is the Company's fiscal year 2009. The adoption of SFAS 157 in the first quarter of fiscal 2009 will not materially impact the Company's financial condition and results of operations. The adoption of SFAS 157 will expand the Company's disclosures pertaining to the measurement of assets and liabilities beginning in the first quarter of fiscal year 2009.

u. Discontinued Operations

In November 2007, the Company entered into a purchase and sale agreement with certain subsidiaries of ON Semiconductor Corporation to sell the Company's CPU voltage regulation and PC thermal monitoring business which consists of core voltage regulator products for the central processing unit in computing and gaming applications and temperature sensors and fan-speed controllers for managing the temperature of the central processing unit. During the first quarter of fiscal 2008, the Company completed the sale of this business for net cash proceeds of $138 million, which was net of other cash payments of approximately $1.4 million. The Company made final additional cash payments of approximately $2.2 million in the second quarter of fiscal 2008. In connection with the purchase and sale agreement, $7.5 million was placed into escrow and was excluded from the gain calculations. The Company recorded a pre-tax gain in the first quarter of fiscal 2008 of $78 million, or $43 million net of tax, which was recorded as a gain on sale of discontinued operations. During the third quarter of fiscal 2008, additional proceeds were released from escrow and an additional pre-tax gain of $6.6 million, or $3.8 million net of tax, was recorded as a gain on sale of discontinued operations. Additionally, at the time of the sale, the Company entered into a one-year manufacturing supply agreement with a subsidiary of ON Semiconductor Corporation for an additional $37 million. The Company has allocated the proceeds from this arrangement based on the fair value of the two elements of this transaction: 1) the sale of a business and 2) the obligation to manufacture product for a one-year period. As a result, $85 million was recorded as a liability related to the manufacturing supply agreement, of which approximately $10.3 million remained as a liability as of November 1, 2008. The liability is included in current liabilities of discontinued operations on the Company's consolidated balance sheet. The Company is recording the revenue associated with this manufacturing supply agreement in discontinued operations. As a result, the Company has classified inventory for this arrangement as a current asset of discontinued operations. The Company may receive additional proceeds of up to $1 million, currently held in escrow, upon the resolution of certain contingent items, which would be recorded as additional gain from the sale of discontinued operations.

In September 2007, the Company entered into a definitive agreement to sell its Baseband Chipset Business to MediaTek Inc. The decision to sell the Baseband Chipset Business was due to the Company's decision to focus its resources in areas where its signal processing expertise can provide unique capabilities and earn superior returns. On January 11, 2008, the Company completed the sale of its Baseband Chipset Business for net cash proceeds of $269 million. The cash proceeds received were net of a refundable withholding tax of $62 million and other cash payments of approximately $9 million. The Company made additional cash payments of $7.8 million during fiscal 2008, primarily related to transaction fees and retention payments to employees that transferred to MediaTek Inc. The Company expects to make additional cash payments of approximately $2.5 million, related to retention payments to employees that transferred to MediaTek Inc. and intellectual property license fees incurred by MediaTek Inc. The Company recorded a pre-tax gain in fiscal 2008 of $278 million, or $202 million net of tax, which is recorded as a gain on sale of discontinued operations. The Company may receive additional proceeds of up to $10 million, currently held in escrow, upon the resolution of certain contingent items, which would be recorded as additional gain from the sale of discontinued operations.

During fiscal 2008, the Company made income tax payments of $110.4 million related to the gain on the sale of these businesses. These tax payments are reflected in the statement of cash flows as a decrease in net cash provided by operating activities. Under SFAS No. 95, *Statement of Cash Flows*, all income tax payments are included in determining net cash flow from operating activities but the cash received from the sale of the businesses must be reported as an investing cash flow.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company will receive additional amounts under various transition service agreements entered into in connection with these dispositions over the next two quarters. The transition service agreements include manufacturing, engineering support and certain human resource services and information technology systems support. The Company has evaluated the nature of the transition services and has concluded the services will be primarily completed within the one-year assessment period, and the Company does not have the ability to exert significant influence over the disposed businesses' operating and financial policies. Accordingly, the Company has concluded that it does not have a significant continuing involvement with the disposed businesses and has presented the disposition of these businesses as discontinued operations pursuant to SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.*

The following amounts related to the CPU voltage regulation and PC thermal monitoring and Baseband Chipset businesses have been segregated from continuing operations and reported as discontinued operations. These amounts also include the revenue and costs of sales provided under the manufacturing supply agreement between the Company and a subsidiary of ON Semiconductor Corporation.

	2008	2007	2006
Total revenue	$ 115,600	$ 275,106	$ 323,076
Cost of sales	95,070	197,965	210,537
Operating expenses:			
Research and development	12,639	80,977	76,901
Selling, marketing, general and administrative	2,312	10,639	10,035
Gain on sale of discontinued operations	362,594	—	—
Income (loss) before income taxes	368,173	(14,475)	25,603
Provision for (benefit from) income taxes	107,066	(9,259)	(4,704)
Income (loss) from discontinued operations, net of tax	$ 261,107	$ (5,216)	$ 30,307

	November 1, 2008	November 3, 2007
Accounts receivable, net	$ —	$ 34,575
Inventory	5,894	37,602
Property, plant and equipment, net	—	7,360
Intangibles, net	—	7,920
Total assets reclassified to current assets of discontinued operations	$ 5,894	$ 87,457
Refundable foreign withholding tax	$ 62,037	$ —
Total assets reclassified to non-current assets of discontinued operations	$ 62,037	$ —
Accounts payable	$ 1,540	$ 14,011
Income taxes payable	4,105	—
Deferred income on shipments to distributors	—	966
Accrued liabilities	12,809	9,176
Total liabilities reclassified to current liabilities of discontinued operations	$ 18,454	$ 24,153

3. Stock-Based Compensation and Shareholders' Equity

Equity Compensation Plans

The Company grants, or has granted, stock options and other stock and stock-based awards under the following equity compensation plans:

2006 Stock Incentive Plan (2006 Plan) — The 2006 Plan was approved by the Company's Board of Directors on January 23, 2006 and was approved by shareholders on March 14, 2006 and subsequently amended in March 2006. The 2006 Plan provides for the grant of up to 15 million shares of the Company's common stock, plus such number of additional shares that were subject to outstanding options under the Company's 1998 Stock Option Plan and the 2001 Broad-Based Stock Option Plan as of January 23, 2006 that are not issued because the applicable option award subsequently terminates or expires without being exercised. The 2006 Plan provides for the grant of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards. Employees, officers, directors, consultants and advisors of the Company and its subsidiaries are eligible to be granted awards under the 2006 Plan. No award may be made under the 2006 Plan after March 13, 2016, but awards previously granted may extend beyond that date. The Company will not grant further options under the 1998 Plan or the 2001 Plan.

2001 Broad-Based Stock Option Plan (2001 Plan) — The 2001 Plan was adopted by the Company's Board of Directors in December 2001 and subsequently amended in December 2002. The 2001 Plan provides for the issuance of options to purchase up to 50 million shares of common stock to employees, consultants or advisors of the Company and its subsidiaries, other than executive officers and directors. Following the approval of the 2006 Plan, no further grants have or will be made under the 2001 Plan.

The 1998 Stock Option Plan (1998 Plan) — The 1998 Plan was approved by shareholders in fiscal 1998 and subsequently amended in December 2001 and December 2002. The 1998 Plan provides for the issuance of nonstatutory and incentive stock options to purchase up to 30 million shares of common stock. In March 2000, the Company's shareholders approved an amendment to the 1998 Plan to increase the shares reserved for issuance under the 1998 Plan by an additional 34 million shares. Following the approval of the 2006 Plan, no further grants have or will be made under the 1998 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 vest over five years and become exercisable in annual installments of 20% on each of the first, second, third, fourth and fifth anniversaries of the date of grant; $33^1/_3$% 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 maximum contractual term of all options is ten years.

Grant-Date Fair Value

The Company uses the Black-Scholes option pricing model to calculate the grant-date fair value of an award. The fair values of options granted were calculated using the following estimated weighted-average assumptions:

	2008	2007	2006
Options granted (in thousands)	5,827	7,691	8,752
Weighted-average exercise prices stock options	$ 29.79	$ 33.52	$ 38.65
Weighted-average grant date fair-value stock options	$ 7.90	$ 9.50	$ 11.60
Assumptions:			
Weighted-average expected volatility	32.39%	30.45%	28.7%
Weighted-average expected term (in years)	5.1	5.1	5.0
Risk-free interest rate	3.24%	4.61%	4.4%
Expected dividend yield	2.4%	2.2%	1.3%

Expected volatility — The Company is responsible for estimating volatility and has considered a number of factors, including third-party estimates, when estimating volatility. The Company currently believes that the exclusive use of implied volatility results in the best estimate of the grant-date fair value of employee stock options because it reflects the market's current expectations of future volatility. In evaluating the appropriateness of exclusively relying on implied volatility, the Company concluded that: (1) options in the Company's common stock are actively traded with sufficient volume on several exchanges; (2) the market prices of both the traded options and the underlying shares are measured at a similar point in time to each other and on a date close to the grant date of the employee share options; (3) the traded options have exercise prices that are both near-the-money and close to the exercise price of the employee share options; and (4) the maturities of the traded options used to estimate volatility are at least one year.

Expected term — The Company uses historical employee exercise and option expiration data to estimate the expected term assumption for the Black-Scholes grant-date valuation. The Company believes that this historical data is currently the best estimate of the expected term of a new option, and that generally its employees exhibit similar exercise behavior.

Risk-free interest rate — The yield on zero-coupon U.S. Treasury securities for a period that is commensurate with the expected term assumption is used as the risk-free interest rate.

Expected dividend yield — Expected dividend yield is calculated by annualizing the cash dividend declared by the Company's Board of Directors for the current quarter and dividing that result by the closing stock price on the date of grant. Until such time as the Company's Board of Directors declares a cash dividend for an amount that is different from the current quarter's cash dividend, the current dividend will be used in deriving this assumption. Cash dividends are not paid on options, restricted stock or restricted stock units.

Stock-based Compensation Expense

The Company used the graded attribution method to recognize expense for all stock-based awards prior to the adoption of SFAS 123R. Upon adoption of SFAS 123R on October 30, 2005, the Company changed to the straight-line attribution method to recognize expense for stock-based awards granted after October 29, 2005. The change to the straight-line attribution method was made so that the expense associated with each stock-based award is recognized ratably over the vesting period. The expense associated with the unvested portion of the pre-adoption grants will continue to be expensed using the graded attribution method.

The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. SFAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered stock-based award. Based on an analysis of its historical forfeitures, the Company has applied an annual forfeiture rate of 4.3% to all unvested stock-based awards as of November 1, 2008. The rate of 4.3% represents the portion that is expected to be forfeited each year over the vesting period. This analysis will be re-evaluated quarterly and the forfeiture rate will be adjusted as necessary. Ultimately, the actual expense recognized over the vesting period will only be for those shares that vest.

The Company's stock option agreements historically provided for retirement-related continued vesting for a portion, or all, of certain stock options based on the optionee's age and years of service (the retirement provision) in that regardless of whether the employee continues to provide services, the optionee receives the benefit of the stock option. SFAS 123R clarifies the timing for recognizing stock-based compensation expense for awards subject to continued vesting upon meeting this retirement provision. This compensation expense must be recognized over the period from the date of grant to the date retirement eligibility is met if it is shorter than the requisite service period. Upon adoption of SFAS 123R in the first quarter of fiscal 2006, the Company changed its policy regarding the timing of option expense recognition for optionees meeting the criteria of the retirement provision to recognize compensation cost over the period through the date that the optionee is no longer required to provide service to earn the award. Prior to the adoption of SFAS 123R, the Company's policy was to recognize these compensation costs over the vesting term. Effective during the third fiscal quarter of fiscal 2006, new grants do not include a provision that provides for retirement-related continued vesting.

Stock-Based Compensation Activity

A summary of the activity under the Company's stock option plans as of November 1, 2008 and changes during the fiscal year then ended is presented below:

	Options Outstanding	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Options outstanding at November 3, 2007	80,158	$ 35.39		
Options granted	5,827	$ 29.79		
Options exercised	(7,418)	$ 13.56		
Options forfeited	(2,583)	$ 36.23		
Options expired	(5,644)	$ 42.41		
Options outstanding at November 1, 2008	70,340	$ 36.63	4.9	$ 10,787
Options exercisable at November 1, 2008	49,853	$ 37.42	3.7	$ 10,241
Options vested or expected to vest at November 1, 2008(1)	69,199	$ 36.68	4.8	$ 11,460

(1) In addition to the vested options, the Company expects a portion of the unvested options to vest at some point in the future. Options expected to vest is calculated by applying an estimated forfeiture rate to the unvested options.

The total intrinsic value of options exercised (i.e. the difference between the market price at exercise and the price paid by the employee to exercise the options) during fiscal 2008 was $121.7 million and the total amount of cash received by the Company from exercise of these options was $100.6 million. Proceeds from stock option exercises pursuant to employee stock plans in the Company's statement of cash flows of $94.2 million is net of the value of shares surrendered by employees to satisfy employee tax obligations upon vesting of restricted stock or restricted stock units and in connection with the exercise of stock options granted to the Company's employees under the Company's equity compensation plans. The withholding amount is based on the Company's minimum statutory withholding requirement pursuant to SFAS 123R. The total grant-date fair value of stock options that vested during fiscal 2008 was approximately $77.6 million.

The total intrinsic value of options exercised (i.e. the difference between the market price at exercise and the price paid by the employee to exercise the options) during fiscal 2007 was $152.6 million and the total amount of cash received by the Company from exercise of these options was $109.1 million. The total grant-date fair value of stock options that vested during fiscal 2007 was approximately $72.8 million.

The total intrinsic value of options exercised (i.e. the difference between the market price at exercise and the price paid by the employee to exercise the options) during fiscal 2006 was $113.6 million and the total amount of cash received by the Company from exercise of these options was $82.4 million. The total grant-date fair value of stock options that vested during fiscal 2006 was approximately $145.5 million.

A summary of the Company’s restricted stock and restricted stock unit award activity as of November 1, 2008 and changes during the year then ended is presented below:

	Restricted Shares or Units Outstanding	Weighted-Average Grant Date Fair Value Per Share
Restricted shares and units outstanding at November 3, 2007	79	$ 34.97
Awards granted	35	$ 27.06
Restrictions lapsed	(20)	$ 35.86
Awards forfeited	(2)	$ 31.09
Restricted shares and units outstanding at November 1, 2008	92	$ 31.80

As of November 1, 2008, there was $116.7 million of total unrecognized compensation cost related to unvested share-based awards comprised of stock options and restricted shares. That cost is expected to be recognized over a weighted-average period of 1.7 years.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

Stock Award Activity	Shares Available for Grant	Restricted Awards Outstanding: Number	Restricted Awards Outstanding: Weighted-Average Grant Date Fair-Value Per Share	Options Outstanding: Number	Options Outstanding: Weighted-Average Price Per Share
Balance, October 29, 2005	23,457	—	$ —	85,489	$ 32.75
Shares authorized for 2006 Stock Incentive Plan	15,000	—	—	—	—
Shares cancelled upon termination of stock plans	(15,968)	—	—	—	—
Restricted awards granted(1)	(165)	55	35.35	—	—
Options granted	(8,752)	—	—	8,752	38.65
Options exercised	—	—	—	(5,382)	15.32
Options cancelled	4,398	—	—	(4,398)	40.04
Balance, October 28, 2006	17,970	55	$ 35.35	84,461	$ 34.09
Shares cancelled upon termination of stock plans	(5)	—	—	—	—
Restricted awards granted(1)	(118)	39	34.89	—	—
Restrictions lapsed	—	(15)	36.12	—	—
Options granted	(7,691)	—	—	7,691	33.52
Options exercised	—	—	—	(7,252)	15.06
Options cancelled	4,742	—	—	(4,742)	40.42
Balance, November 3, 2007	14,898	79	$ 34.97	80,158	$ 35.39
Shares cancelled upon termination of stock plans	(34)	—	—	—	—
Restricted awards granted(1)	(106)	35	27.06	—	—
Restrictions lapsed	—	(20)	35.86	—	—
Restricted awards forfeited	—	(2)	31.09	—	—
Options granted	(5,827)	—	—	5,827	29.79
Options exercised	—	—	—	(7,418)	13.56
Options cancelled	8,227	—	—	(8,227)	40.47
Balance, November 1, 2008	17,158	92	$ 31.80	70,340	$ 36.63

(1) The 2006 Plan provides that for purposes of determining the number of shares available for issuance under the 2006 Plan, any restricted stock award, restricted stock unit or other stock-based award with a per share or per unit price lower than the fair market value of our common stock on the date of grant (a "Full-Value Award") will be counted as three shares for each share subject to the Full-Value Award.

As of November 1, 2008, a total of 87,590,148 common shares were reserved for issuance under the Company's stock option plans.

Common Stock Repurchase Program

The Company's common stock repurchase program has been in place since August 2004. In the aggregate, the Board of Directors has authorized the Company to repurchase $4 billion of the Company's common stock under the program. Under the program, the Company may repurchase outstanding shares of its common stock from time to time in the open market and through privately negotiated transactions. Unless terminated earlier by resolution of the Company's Board of Directors, the repurchase program will expire when the Company has repurchased all shares authorized under the program. The Company repurchased approximately 19.4 million shares for approximately $569.9 million during fiscal 2008. As of November 1, 2008, the Company had repurchased a total of approximately 114.5 million shares of its common stock for approximately $3,904.7 million under this program and an additional $95.4 million remains under the current authorized program. The repurchased shares are held as authorized but unissued shares of common stock. The Company also from time to time repurchases shares in settlement of employee tax withholding obligations due upon the vesting of restricted stock or restricted stock units, or the exercise of stock options. Any future common stock repurchases will be dependent upon the amount of cash available to the Company in the United States.

Preferred Stock

The Company has 471,934 authorized shares of $1.00 par value preferred stock, none of which is issued or outstanding. The Board of Directors is authorized to fix designations, relative rights, preferences and limitations on the preferred stock at the time of issuance.

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 had an associated one-half of a right. Under certain circumstances, each whole right would have entitled 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.

On January 23, 2006, the Company, by vote of its Board of Directors, terminated its Stockholder Rights Plan. All rights outstanding under the Stockholder Rights Plan were redeemed at a redemption price of $0.0005 per right (as adjusted to reflect the two-for-one split of the Company's common stock on March 15, 2000) (as adjusted, the Redemption Price) and paid on March 15, 2006 to the holders of record of the Company's common stock on February 24, 2006. All rights to exercise rights issued under the Stockholder Rights Plan terminated on January 23, 2006 and the only right thereafter of the holders of rights issued under the Stockholder Rights Plan was to receive the Redemption Price.

4. Industry, Segment and Geographic 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 SFAS 131, *Disclosures about Segments of an Enterprise and Related Information.*

Revenue Trends by End Market

The categorization of revenue by end market is determined using a variety of data points including the technical characteristics of the product, the "sold to" customer information, the "ship to" customer information and the end customer product or application into which the Company's product will be incorporated. As data systems for capturing and tracking this data evolve and improve, the categorization of products by end market can vary over time. When this occurs, the Company reclassifies revenue by end market for prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each end market.

	2008			2007*		2006	
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue	Revenue	% of Total Product Revenue
Industrial	$ 1,274,924	49%	6%	$ 1,198,984	49%	$ 1,117,602	50%
Communications	637,277	25%	21%	527,287	22%	498,199	22%
Consumer	544,274	21%	(2)%	557,373	23%	449,754	20%
Computer	126,456	5%	(13)%	146,077	6%	184,545	8%
Total Product Revenue	**$ 2,582,931**	**100%**	**6%**	**$ 2,429,721**	**100%**	**$ 2,250,100**	**100%**
Revenue from one-time IP license	—			35,000		—	
Total Revenue	**$ 2,582,931**			**$ 2,464,721**		**$ 2,250,100**	

* The year ended November 3, 2007 was a 53-week year. We follow a 52-week, or 364-day fiscal calendar that results in a 53-week year approximately every seventh year, as occurred in fiscal 2007.

Revenue Trends by Product

The following table summarizes revenue by product categories. The categorization of the Company's products into broad categories is based on the characteristics of the individual products, the specification of the products and in some cases the specific uses that certain products have within applications. The categorization of products into categories is therefore subject to judgment in some cases and can vary over time. In instances where products move between product categories the Company reclassifies the amounts in the product categories for all prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each product category.

	2008			2007*		2006	
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue	Revenue	% of Total Product Revenue
Converters	$ 1,190,964	46%	8%	$ 1,104,842	46%	$ 1,021,174	45%
Amplifiers	590,275	23%	6%	557,515	23%	532,046	24%
Other analog	393,856	15%	(0)%	395,494	16%	312,401	14%
Subtotal analog signal processing	2,175,095	84%	6%	2,057,851	85%	1,865,621	83%
Power management & reference	143,702	6%	16%	124,101	5%	126,833	6%
Total analog products	**$ 2,318,797**	**90%**	**6%**	**$ 2,181,952**	**90%**	**$ 1,992,454**	**89%**
General purpose DSP	234,946	9%	10%	214,339	9%	205,483	9%
Other DSP	29,188	1%	(13)%	33,430	1%	52,163	2%
Total DSP products	**$ 264,134**	**10%**	**7%**	**$ 247,769**	**10%**	**$ 257,646**	**11%**
Total Product Revenue	**$ 2,582,931**	**100%**	**6%**	**$ 2,429,721**	**100%**	**$ 2,250,100**	**100%**
Revenue from one-time IP license	—			35,000		—	
Total Revenue	**$ 2,582,931**			**$ 2,464,721**		**$ 2,250,100**	

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

* The year ended November 3, 2007 was a 53-week year. We follow a 52-week, or 364-day fiscal calendar that results in a 53-week year approximately every seventh year, as occurred in fiscal 2007.

Geographic Information

The Company operates in the following major geographic areas. Product revenue data is based upon customer location and property, plant and equipment data is based upon physical location. The predominant countries comprising "Rest of North and South America" are Canada and Mexico. The predominant countries comprising European operations are Germany, France and the United Kingdom. The predominant countries comprising "Rest of Asia" are Taiwan and Korea.

	2008	2007	2006
Product Revenue from continuing operations			
United States	$ 524,197	$ 551,177	$ 546,294
Rest of North and South America	97,449	82,761	81,726
Europe	679,778	598,334	552,882
Japan	503,059	506,514	465,388
China	401,060	310,211	252,586
Rest of Asia	377,388	380,724	351,224
Subtotal all foreign countries	2,058,734	1,878,544	1,703,806
Total product revenue	$ 2,582,931	$ 2,429,721	$ 2,250,100
Property, plant and equipment			
United States	$ 251,616	$ 226,137	
Ireland	186,487	182,344	
Philippines	116,622	133,388	
All other countries	12,714	14,206	
Subtotal all foreign countries	315,823	329,938	
Total property, plant and equipment	$ 567,439	$ 556,075	

5. Special Charges

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

Income Statement	Closure of Wafer Fabrication Facility in Sunnyvale	Reorganization of Product Development and Support Programs	Consolidation of a Wafer Fabrication Facility in Limerick(1)	Reduction of Overhead Infrastructure Costs	Reduction of Operating Costs	Total Special Charges
Fiscal 2005 Charges:						
Workforce reductions	$ 20,315	$ 11,165	$ —	$ —	$ —	$ 31,480
Total Fiscal 2005 Charges	$ 20,315	$ 11,165	$ —	$ —	$ —	$ 31,480
Fiscal 2006 Charges:						
Facility closure costs	—	554	—	—	—	554
Abandonment of equipment	—	459	—	—	—	459
Other items	—	462	—	—	—	462
Change in estimate	(2,029)	—	—	—	—	(2,029)
Workforce reductions	—	2,344	—	—	—	2,344
Total Fiscal 2006 Charges	$ (2,029)	$ 3,819	$ —	$ —	$ —	$ 1,790
Fiscal 2007 Charges:						
Facility closure costs	10,288	—	—	—	—	10,288
Workforce reductions	—	4,165	13,748	10,711	—	28,624
Other items	—	859	—	1,637	—	2,496
Change in estimate	—	(913)	—	—	—	(913)
Total Fiscal 2007 Charges	$ 10,288	$ 4,111	$ 13,748	$ 12,348	$ —	$ 40,495
Fiscal 2008 Charges:						
Workforce reductions	—	—	—	—	1,627	1,627
Change in estimate	—	—	1,461	—	—	1,461
Total Fiscal 2008 Charges	$ —	$ —	$ 1,461	$ —	$ 1,627	$ 3,088

Accrued Restructuring	Closure of Wafer Fabrication Facility in Sunnyvale	Reorganization of Product Development and Support Programs	Consolidation of a Wafer Fabrication Facility in Limerick	Reduction of Overhead Infrastructure Costs(1)	Reduction of Operating Costs	Total Special Charges
Balance at October 29, 2005	$ 20,315	$ 10,708	$ —	$ —	$ —	$ 31,023
Fiscal 2006 special charges	(2,029)	3,819	—	—	—	1,790
Severance payments	(12,383)	(8,175)	—	—	—	(20,558)
Non-cash impairment charge	—	(459)	—	—	—	(459)
Facility closure costs	—	(455)	—	—	—	(455)
Other items	—	(462)	—	—	—	(462)
Balance at October 28, 2006	$ 5,903	$ 4,976	$ —	$ —	$ —	$ 10,879
Fiscal 2007 special charges	10,288	4,111	13,748	12,348	—	40,495
Severance payments	(5,573)	(4,717)	—	(767)	—	(11,057)
Facility closure costs	(6,616)	(23)	—	—	—	(6,639)
Non-cash impairment charge	—	—	—	(438)	—	(438)
Other payments	—	(596)	—	—	—	(596)
Effect of foreign currency on accrual	—	18	—	3	—	21
Balance at November 3, 2007	$ 4,002	$ 3,769	$ 13,748	$ 11,146	$ —	$ 32,665
Fiscal 2008 special charges	—	—	1,461	—	1,627	3,088
Severance payments	(253)	(2,178)	(1,727)	(8,085)	(126)	(12,369)
Facility closure costs	(2,002)	(45)	(279)	—	—	(2,326)
Other payments	—	(155)	—	(1,200)	—	(1,355)
Effect of foreign currency on accrual	—	24	(1,449)	(97)	—	(1,522)
Balance at November 1, 2008	$ 1,747	$ 1,415	$ 11,754	$ 1,764	$ 1,501	$ 18,181

(1) Production is expected to cease in the six-inch wafer fabrication facility during the first half of fiscal year 2009. Therefore, the severance benefits for this action were recorded as other non-current liabilities in the consolidated balance sheet as of November 3, 2007. The severance benefits for this action are recorded as current liabilities in the consolidated balance sheet as of November 1, 2008.

Special Charges

Closure of Wafer Fabrication Facility in Sunnyvale

During the fourth quarter of fiscal 2005, the Company recorded a special charge of $20.3 million as a result of its decision to close its California wafer fabrication operations and transfer virtually all of the production of products manufactured there to its facility in Wilmington, Massachusetts. The charge was for severance and fringe benefit costs that the Company recorded pursuant to SFAS 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*, or SFAS 88, under the Company's ongoing benefit plan for 339 manufacturing employees and 28 general and administrative employees. The severance benefit is based on the length of past service, and employees had to continue to be employed until their employment was involuntarily terminated in order to receive the severance benefit. The Company completed the final cleanup and closure activities associated with this action during the second quarter of fiscal 2007.

In addition the Company recorded additional expense during fiscal 2006 related to the Sunnyvale facility closure, that consisted of $18.3 million of non-cash cost of sales expenses for additional depreciation due to shortened useful lives of certain manufacturing equipment and $2.0 million for stay-on bonuses for certain employees critical to facilitating the closure of this facility. The Company reversed approximately $2.0 million of the severance accrual during fiscal 2006 because some employees voluntarily left the Company and other employees found alternative employment within the Company. In addition, there was an over-accrual related to fringe benefits because severance payments, normally paid as income continuance, were paid in lump sum payments, which reduced the benefit costs associated with these payments. The Company has terminated the employment of all of the employees included in this action.

The Company ceased production at the wafer fabrication facility on November 9, 2006. During the first quarter of fiscal 2007, the Company recorded additional expense, in accordance with SFAS 146, *Accounting for Costs Associated with Exit or Disposal Activities* or, SFAS 146, which consisted of $3.2 million for clean-up and closure costs that were charged to expense as incurred and $0.4 million for lease obligation costs for a warehouse facility the Company ceased using during the first quarter of fiscal 2007. During the second quarter of fiscal 2007, the Company recorded a special charge, in accordance with SFAS 146, which included $5.0 million of expense for future lease obligation costs for the wafer fabrication facility that the Company ceased using during the second quarter of fiscal 2007. The lease obligation costs are being paid out on a monthly basis over the remaining lease term, which expires in 2010. Also included in this special charge was $1.7 million for facility clean-up and closure costs that were charged to expense as incurred. The Company completed the clean-up activity during the second quarter of fiscal 2007, and does not expect to incur any additional charges related to this action.

Reorganization of Product Development and Support Programs

During the fourth quarter of fiscal 2005, the Company recorded a special charge of $11.2 million as a result of its decision to reorganize its product development and support programs with the goal of providing greater focus on its analog and digital signal processing product programs. The charge was for severance and fringe benefit costs recorded pursuant to SFAS 88 under the Company's ongoing benefit plan or statutory requirements at foreign locations for 60 manufacturing employees and 154 engineering and selling, marketing, general and administrative employees associated with these programs.

During fiscal 2006, the Company recorded an additional special charge of $3.8 million related to this reorganization action. Approximately $1.5 million of this charge was for lease obligation costs for a facility that the Company ceased using during the first quarter of fiscal 2006 and the write-off of property, plant and equipment and other items at this facility. The remaining $2.3 million related to the severance and fringe benefit costs recorded in the fourth quarter of fiscal 2006 pursuant to SFAS 88 under the Company's ongoing benefit plan or statutory requirements at foreign locations for 46 engineering and selling, marketing, general and administrative employees associated with these programs.

During the first quarter of fiscal 2007, the Company recorded an additional special charge of $1.6 million related to this reorganization action. Approximately $0.6 million of this charge was for contract termination costs. The remaining $1.0 million relates to severance and fringe benefit costs recorded pursuant to SFAS 88 under the Company's ongoing benefit plan for six engineering employees associated with these programs. During the second quarter of fiscal 2007, the Company recorded an additional special charge of $3.4 million related to this reorganization action. Approximately $3.2 million related to the severance and fringe benefit costs recorded pursuant to SFAS 88 under the Company's ongoing benefit plan or minimum statutory requirements at foreign locations for 20 engineering and selling, marketing, general and administrative employees. The remaining $0.2 million of this charge was for lease obligation costs for a facility that the Company ceased using during the second quarter of fiscal 2007. During the fourth quarter of fiscal 2007, the Company reversed approximately $0.9 million of its severance accrual because some employees voluntarily left the Company and other employees found alternative employment within the Company, and were therefore no longer entitled to severance payments.

The employment of all employees associated with these programs has been terminated and amounts owed to employees for severance are being paid out as income continuance. The Company does not expect to incur any further charges related to this reorganization action.

Fourth Quarter of Fiscal 2007 Special Charges

Consolidation of a Wafer Fabrication Facility in Limerick

During the fourth quarter of fiscal 2007, the Company recorded a special charge of $13.7 million as a result of its decision to only use eight-inch technology at its wafer fabrication facility in Limerick. Certain manufacturing processes and products produced on the Limerick facility's six-inch production line will transition to the Company's existing eight-inch production line in Limerick while others will transition to external foundries. The charge is for severance and fringe benefit costs recorded pursuant to SFAS 88 under the Company's ongoing benefit plan for 150 manufacturing employees associated with this action. As of November 1, 2008, 126 of the 150 employees included in this cost reduction action were still employed by the Company. The Company expects production to cease in the six-inch wafer fabrication facility during the first half of 2009, at which time the employment of the remaining affected employees will be terminated. These employees must continue to be employed by the Company until their employment is involuntarily terminated in order to receive the severance benefit. During the fourth quarter of 2008, the Company recorded an additional charge of $1.5 million related to this action, of which $1.2 million was an adjustment to the original estimate of the severance costs and $0.3 million was for clean-up and closure costs that were charged to expense as incurred. The Company expects to incur additional clean-up and closure costs related to this action over the next three quarters totaling approximately $1.5 million. In accordance with SFAS 146, the Company will expense these costs as incurred.

Reduction of Overhead Infrastructure Costs

During the fourth quarter of fiscal 2007, the Company decided to either deemphasize or exit certain businesses or products and focus investments in products and end markets where it has better opportunities for profitable growth. In September 2007, the Company entered into a definitive agreement to sell its Baseband Chipset Business. As a result, the Company decided to reduce the support infrastructure in manufacturing, engineering and SMG&A to more appropriately reflect its required overhead structure. Consequently, during the fourth quarter of fiscal 2007, the Company recorded a special charge of $12.3 million, of which $10.7 million was for severance and fringe benefit costs recorded pursuant to SFAS 88 under the Company's ongoing benefit plan or statutory requirements at foreign locations for 25 manufacturing employees and 127 engineering and selling, marketing, general and administrative employees associated with this action. The remaining $1.6 million was for contract termination costs related to a license agreement associated with products the Company will no longer develop and for which there is no future alternative use. As of November 1, 2008, 6 of the 152 employees included in this cost reduction action were still employed by the Company. These employees must continue to be employed by the Company until their employment is involuntarily terminated in order to receive the severance benefit.

Fourth Quarter of 2008 Special Charge

During the fourth quarter of fiscal 2008, the Company decided to further reduce its operating cost structure. Consequently, during the fourth quarter of fiscal 2008, the Company recorded a special charge of $1.6 million for severance and fringe benefit costs recorded pursuant to SFAS 88 under its ongoing benefit plan or statutory requirements at foreign locations for 19 engineering and SMG&A employees. As of November 1, 2008 14 of the 19 employees included in this cost reduction action were still employed by the Company. These employees must continue to be employed by the Company until their employment is involuntarily terminated in order to receive the severance benefit.

6. Acquisitions

In fiscal 2006, the Company completed a transaction with TTPCom Limited (TTPCom), whereby TTPCom transferred to the Company intellectual property, engineering resources, and related assets associated with the support and customization of TTPCom's GSM/GPRS/EDGE modem software for use on the Company's existing and future generations of SoftFone® baseband processors. The Company also acquired development rights for AJAR, TTPCom's advanced applications platform. As a result of this transaction, the Company became the single point of contact for both hardware and software support for its new and existing wireless handset customers, thus improving the Company's abilities to service the needs of individual customers. The Company paid TTPCom $11.9 million in initial cash payments. The Company allocated the purchase price to the tangible and intangible assets acquired based on their estimated fair values at the date of acquisition. The estimated fair values of the assets exceeded the initial payments by $7.8 million, resulting in negative goodwill. Pursuant to SFAS No. 141, *Business Combinations*, the Company recorded a liability for the contingent consideration that was accounted for as additional purchase price, up to the amount of the negative goodwill. As contingent payments became due, the Company applied the payments against the contingent liability. As of October 28, 2006, the Company had paid $6 million of contingent payments and the remaining contingent liability was $1.8 million. The purchase price included $5.5 million of in-process technology that had not yet reached technological feasibility, had no alternative future use and was charged to operations during fiscal 2006. The in-process technology related to software code developed for use in the Company's semiconductor chipsets manufactured for devices that use both the 2G and 2.5G cellular wireless technology standards. The Company determined the fair value of the in-process technology with the assistance of a third party using the income approach. At the time of the acquisition, the in-process technology was approximately 56% complete. The Company completed the in-process research and development projects during fiscal 2007. During fiscal 2007, the Company paid an additional $6.1 million of contingent consideration, which resulted in reducing the $1.8 million liability and recording additional goodwill of $4.3 million. All technological milestones have been met and no additional payments will be made. The acquisition also included $13.2 million of intangible assets that the Company was amortizing over their estimated useful lives of five years using an accelerated amortization method that reflects the estimated pattern of economic use. As a result of the sale of the Baseband Chipset Business to MediaTek Inc., the Company reclassified $7.9 million of net intangible assets to assets of discontinued operations at November 3, 2007 and transferred them to MediaTek Inc. during the first quarter of fiscal 2008. See Note 2u. for additional information on assets of discontinued operations.

In fiscal 2006, the Company acquired substantially all the outstanding stock of privately-held Integrant Technologies, Inc. (Integrant) of Seoul, Korea. The acquisition enabled the Company to enter the mobile TV market and strengthened its presence in the Asian region. The Company paid $127.2 million in initial cash payments at closing and were obligated to make additional cash payments of up to an aggregate of $33 million upon the satisfaction of certain conditions. The initial cash payments included $4.2 million held in escrow for the purchase of the remaining non-founder outstanding shares. The Company purchased these shares during fiscal 2007 and recorded them as additional goodwill. The Company allocated the purchase price to the tangible and intangible assets acquired based on their estimated fair values at the date of acquisition. The Company completed the final purchase accounting for this transaction during fiscal 2007, which resulted in an additional $5.6 million of goodwill. The $33 million of potential cash payments is comprised of $25 million for the achievement of revenue-based milestones during the period from July 2006 through December 2007, none of which were met, and $8.4 million related to the purchase of shares from the founder of Integrant during the period from July 2007 through July 2009. The Company recorded or will record these payments as additional purchase price . The Company has paid $6.3 million to repurchase founder shares through November 1, 2008 and will make the remaining $2.1 million payment during fiscal 2009. The purchase price included $11.1 million of in-process technology that had not yet reached technological feasibility, had no alternative future use and was charged to operations during the fourth quarter of fiscal 2006. The in-process technology related to technologies currently in development for Dual DAB, T-DMB, DVB-H, RFID and WiBro applications. The Company determined the fair value of the in-process technology with the assistance of a third party using the income forecast approach. At the time of the acquisition, the in-process technology was approximately 74% complete. The Company completed the in-process research and development projects during fiscal 2007. The acquisition also included $21.6 million of intangible assets that the Company is amortizing over their estimated useful lives of two to five years using an accelerated amortization method that reflects the estimated pattern of economic use.

In fiscal 2006, the Company acquired all the outstanding stock of privately-held AudioAsics A/S (AudioAsics) of Roskilde, Denmark. The acquisition of AudioAsics allows the Company to continue developing low-power audio solutions, while expanding its presence in the Nordic and Eastern European regions. The Company paid $19.3 million in initial cash payments at closing and may be obligated to make additional cash payments of up to an aggregate of $8 million upon the satisfaction of certain conditions. The Company allocated the purchase price to the tangible and intangible assets acquired based on their estimated fair values at the date of acquisition. The $8 million of potential cash payments is comprised of $4.8 million for the achievement of revenue-based milestones that may be payable during the period from October 2006 through January 2009 and $3.2 million based on the achievement of technological milestones during the period from October 2006 through January 2009. If the revenue-based milestone is met by January 2009, it will be recorded as additional goodwill. The technological milestones required post-acquisition services to be rendered and, as such, the Company recorded them as compensation expense in fiscal 2008. These technological milestones were achieved during fiscal 2008 and will be paid during fiscal 2009. The purchase price included $5.1 million of in-process technology that had not yet reached technological feasibility, had no alternative future use and was charged to operations during the fourth quarter of fiscal 2006. The in-process technology related to technologies currently in development for analog and digital microphone pre-amplifiers. The Company determined the fair value of the in-process technology with the assistance of a third party using the income approach. At the time of the acquisition, the in-process technology was approximately 69% complete. The Company completed the in-process research and development projects during fiscal 2007. The acquisition also included $8.3 million of intangible assets that the Company is amortizing over their estimated useful lives of five years using an accelerated amortization method that reflects the estimated pattern of economic use.

The Company has not provided pro forma results of operations for TTPCom, Integrant and AudioAsics herein as they were not material to the Company on either an individual or an aggregate basis. The Company included the results of operations of each acquisition in its consolidated statement of income from the date of such acquisition.

7. Deferred Compensation Plan Investments

Investments in The Analog Devices, Inc. Deferred Compensation Plan (The Deferred Compensation Plan) are classified as trading and the components of the investments as of November 1, 2008 and November 3, 2007 were as follows:

	2008	2007
Corporate obligations	$ 22,785	$ 21,670
Money market funds	2,841	3,858
Mutual funds	6,415	10,915
Total deferred compensation plan investments — short and long term	$ 32,041	$ 36,443

The fair values of these investments are based on published market quotes on November 1, 2008 and November 3, 2007, respectively. Adjustments to fair value of, and income pertaining to, Deferred Compensation Plan investments are recorded in operating expenses. Gross realized and unrealized gains and losses from trading securities were not material in fiscal 2008, 2007 or 2006.

Investments are offset by a corresponding liability to the Deferred Compensation Plan participants (see Note 10). These investments are specifically designated as available to the Company solely for the purpose of paying benefits under the Deferred Compensation Plan. However, in the event the Company became insolvent, the investments would be available to all unsecured general creditors.

During fiscal 2006, the Company distributed $254.1 million from its Deferred compensation Plan as a result of participant terminations or at the direction of the participants. This amount represented compensation and/or stock option gains previously deferred by those participants pursuant to the terms of the Deferred Compensation Plan and earnings on those deferred amounts. As a result of certain provisions of the American Jobs Creation Act, participants had the opportunity until December 31, 2005 to elect to withdraw amounts previously deferred.

8. Other Investments

Other investments consist of equity securities and other long-term investments. Investments are stated at fair value, which is based on market quotes, or on a cost-basis, dependent on the nature of the investment, as appropriate. Adjustments to the fair value of investments classified as available-for-sale are recorded as an increase or decrease in accumulated other comprehensive (loss) income, unless the adjustment is considered an other-than-temporary impairment, in which case the adjustment is recorded as a charge in the statement of income.

There were no realized gains or losses recorded in fiscal 2008. Realized gains of $7.9 million were recorded in fiscal 2007 related to the sale of a cost-basis investment. There were no realized gains or losses recorded in fiscal 2006.

Unrealized gains and losses on securities classified as other investments at of November 1, 2008 and November 3, 2007 were as follows:

	2008	2007
Unrealized gains	$ 805	$ —
Unrealized losses	(828)	(640)
Net unrealized losses on securities classified as other investments	$ (23)	$ (640)

9. Accrued Liabilities

Accrued liabilities at November 1, 2008 and November 3, 2007 consisted of the following:

	2008	2007
Accrued compensation and benefits	$ 91,997	$ 76,290
Special charges	18,181	18,917
Other	81,129	54,153
Total accrued liabilities	$ 191,307	$ 149,360

10. Deferred Compensation Plan Liability and Other Noncurrent Liabilities

The deferred compensation plan liability relates to obligations due under 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. Prior to January 1, 2005, participants could also defer 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 total expense to the Company of the Deferred Compensation Plan was $0.7 million in fiscal 2008, $0.3 million in fiscal 2007 and $1.0 million in fiscal 2006. The Company's liability under the Deferred Compensation Plan is an unsecured general obligation of the Company. Other noncurrent liabilities primarily relate to pension liabilities.

During fiscal 2006, the Company distributed $254.1 million from the Deferred Compensation Plan as a result of participant terminations or at the direction of the participants. This amount represented compensation and/or stock option gains previously deferred by those participants pursuant to the terms of the Deferred Compensation Plan and earnings on those deferred amounts. As a result of certain provisions of the American Jobs Creation Act, participants had the opportunity until December 31, 2005 to elect to withdraw amounts previously deferred.

11. Lease Commitments

The Company leases certain of its facilities, equipment and software under various operating leases that expire at various dates through 2022. 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 $43 million in fiscal 2008, $43 million in fiscal 2007 and $45 million in fiscal 2006.

The following is a schedule of future minimum rental payments required under long-term operating leases at November 1, 2008:

Fiscal Years	Operating Leases
2009	$ 27,929
2010	21,232
2011	14,969
2012	5,350
2013	3,452
Later Years	10,560
Total	$ 83,492

12. Commitments and Contingencies

Settlement of the SEC's Previously Announced Stock Option Investigation

On May 30, 2008, the Company and its President and CEO, Mr. Jerald G. Fishman, reached a settlement with the Securities and Exchange Commission, thereby concluding the Commission's investigation into the Company's stock option granting practices. Neither the Company nor Mr. Fishman admitted or denied any of the Commission's allegations or findings.

As previously disclosed, the Commission concluded that: the appropriate grant date for the September 4, 1998 options should have been September 8, 1998 (which is one trading day later than the date that was used to price the options); the appropriate grant date for the November 30, 1999 options should have been November 29, 1999 (which is one trading day earlier than the date that was used to price the options); and the appropriate grant date for the July 18, 2001 options should have been July 26, 2001 (which is five trading days later than the date that was used to price the options).

In connection with the settlement, the Company consented to a cease-and-desist order under Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder, paid a civil money penalty of $3 million, and repriced options granted to Mr. Fishman in 1999 and 2001. No other options granted by the Company were affected by the settlement. Mr. Fishman consented to a cease-and-desist order under Sections 17(a)(2) and (3) of the Securities Act, paid a civil money penalty of $1 million, and made a disgorgement payment of $450,000 (plus interest) with respect to options granted in 1998.

The Company determined that no restatement of its historical financial results is necessary due to the settlement.

Other Legal Proceedings

On October 13, 2006, a purported class action complaint was filed in the United States District Court for the District of Massachusetts on behalf of participants in the Company's Investment Partnership Plan from October 5, 2000 to the present. The complaint named the Company, certain of its officers and directors, and its Investment Partnership Plan Administration Committee as defendants. The complaint alleged purported violations of federal law in connection with the Company's option granting practices during the years 1998, 1999, 2000, and 2001, including breaches of fiduciary duties owed to participants and beneficiaries of the Company's Investment Partnership Plan under the Employee Retirement Income Security Act. The complaint sought unspecified monetary damages, as well as equitable and injunctive relief. On October 22, 2008, the parties filed a stipulation of dismissal with prejudice of this matter and each party agreed to dismiss its claims against the other party, thereby concluding this matter without any payment by the Company to the other party.

From time to time in the ordinary course of our 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, the Company can give no assurance that we will prevail.

While the Company does not believe that any current legal matters will have a material adverse effect on the Company's financial position, an adverse outcome of any of these matters is possible and 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. Maxim Litigation Settlement

The Company executed a legal settlement with Maxim Integrated Products, Inc. (Maxim) during the second quarter of fiscal 2007, which resulted in the Company receiving $19 million. The Company recorded $8.5 million as a credit to legal expense in selling, marketing, general and administrative expense because this amount represents the fair value of external legal costs incurred by the Company in this matter. The remaining $10.5 million has been recorded in other income because the amount was not related to the reimbursement of external legal costs and management deems it to be an isolated event. This amount is earned in full because the Company has no future obligation to Maxim with respect to this payment.

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 U.S. 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 total expense related to the defined contribution plan for U.S. employees was $22.6 million in fiscal 2008, $20.8 million in fiscal 2007 and $22.0 million in fiscal 2006. The Company also has various defined benefit pension and other retirement plans for certain non-U.S. employees that are consistent with local statutory requirements and practices. The total expense related to the various defined benefit pension and other retirement plans for certain non-U.S. employees was $13.9 million in fiscal 2008, $17.3 million in fiscal 2007 and $15.7 million in fiscal 2006.

In the fourth quarter of fiscal 2007, the Company adopted the provisions of SFAS 158, *Employers' Accounting for Defined Benefit Pension and other Postretirement Plans — an amendment of FASB Statement No. 87, 88, 106 and 132(R)* (SFAS 158). SFAS 158 requires that the funded status of defined-benefit post retirement plans be recognized on the company's consolidated balance sheets, and changes in the funded status be reflected in comprehensive (loss) income. SFAS 158 also requires the measurement date of the plan's funded status to be the same as the company's fiscal year end, which will be effective for the Company in fiscal 2009.

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. The benefit obligations and related assets under these plans have been measured at September 30, 2008 and September 30, 2007.

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

	2008	2007	2006
Service cost	$ 9,580	$ 10,890	$ 10,572
Interest cost	10,234	8,862	7,214
Expected return on plan assets	(12,312)	(9,584)	(7,097)
Amortization of prior service cost	8	8	116
Amortization of transitional asset	(44)	(39)	(27)
Recognized actuarial loss	189	804	1,548
Net periodic pension cost	$ 7,655	$ 10,941	$ 12,326
Curtailment impact	$ 1	$ —	$ 81
Settlement impact	$ —	$ 85	$ —
Special termination benefits	$ 15	$ 207	$ 1,394

The special termination benefits presented relate to certain early retirement benefits provided in certain jurisdictions.

Obligation and asset data of the Company's non-U.S. plans at each fiscal year end is presented in the following table:

	2008	2007
Change in Benefit Obligation		
Benefit obligation at beginning of year	$ 180,771	$ 177,975
Service cost	9,580	10,890
Interest cost	10,234	8,862
Curtailment	(335)	(1,297)
Settlement	—	(6,894)
Special termination benefits	15	207
Participant contributions	2,973	2,811
Premiums paid	(207)	(201)
Actuarial gain	(28,117)	(28,348)
Benefits paid	(3,642)	(4,037)
Exchange rate adjustment	(21,844)	20,803
Benefit obligation at end of year	$ 149,428	$ 180,771
Change in Plan Assets		
Fair value of plan assets at beginning of year	$ 167,805	$ 135,944
Actual return on plan assets	(36,452)	11,326
Employer contributions	7,955	10,793
Participant contributions	2,973	2,811
Settlements	—	(6,894)
Premiums paid	(207)	(201)
Benefits paid	(3,642)	(4,037)
Exchange rate adjustment	(17,518)	18,063
Fair value of plan assets at end of year	$ 120,914	$ 167,805
Reconciliation of Funded Status		
Funded status	$ (28,514)	$ (12,966)
Contribution between September 30 and fiscal year end	596	581
Net amount recognized	$ (27,918)	$ (12,385)
Amounts Recognized in the Balance Sheet		
For years after the adoption of the funded status provisions of SFAS 158		
Noncurrent assets	$ —	$ 10,114
Current liabilities	(758)	(757)
Noncurrent liabilities	(27,160)	(21,742)
Net amount recognized	$ (27,918)	$ (12,385)
Reconciliation of Amounts Recognized in the Statement of Financial Position		
Initial net obligation	$ (58)	$ (19)
Prior service cost	(7)	(19)
Net (loss) gain	(10,344)	6,824
Accumulated other comprehensive (loss) income	(10,409)	6,786
Accumulated contributions in excess of net periodic benefit cost	(17,509)	(19,171)
Net amount recognized	$ (27,918)	$ (12,385)

	2008	2007
Other Comprehensive Income Changes Recognized in Other Comprehensive Income		
Changes due to minimum liability and intangible asset recognition prior to the adoption of SFAS 158		
Decrease in additional minimum liability	N/A	$ (2,141)
Decrease in intangible asset	N/A	6
Other comprehensive income	N/A	$ (2,135)
Changes in plan assets and benefit obligations recognized in other comprehensive income		
Net loss arising during the year (includes curtailment gains not recognized as a component of net periodic cost)	$ 20,313	N/A
Effect of exchange rates on amounts included in accumulated other comprehensive income	(2,964)	N/A
Amounts recognized as a component of net periodic benefit cost		
Amortization, settlement or curtailment recognition of net transition asset (obligation)	44	N/A
Amortization or curtailment recognition of prior service credit (cost)	(9)	N/A
Amortization or settlement recognition of net gain (loss)	(189)	N/A
Total recognized in other comprehensive loss (income)	$ 17,195	$ (2,135)
Total recognized in net periodic benefit and other comprehensive loss (income)	$ 24,866	$ 9,098
Changes recognized in balance sheet		
Balance sheet adjustment: Increase in accumulated other comprehensive loss (income) before tax to reflect the adoption of SFAS 158	N/A	$ (11,834)
Estimated amounts that will be amortized from accumulated other comprehensive (loss) income over the next fiscal year		
Initial net asset	$ 36	$ 42
Prior service cost	(6)	(8)
Net gain (loss)	191	(220)
Total	$ 221	$ (186)

The accumulated benefit obligation for non-U.S. pension plans was $107.4 million and $128.6 million at September 30, 2008 and September 30, 2007, respectively.

The projected benefit obligation and fair value of plan assets for non-U.S. pension plans with projected benefit obligations in excess of plan assets were $149.4 million and $120.9 million, respectively, at September 30, 2008 and $86.8 million and $64.0 million, respectively, at September 30, 2007.

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 $37.1 million, $32.8 million, and $16.6 million, respectively, at September 30, 2008 and $46.4 million, $40.1 million, and $24.3 million, respectively, at September 30, 2007.

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 weighted average assumptions:

	2008	2007
Discount rate	6.39%	5.64%
Rate of increase in compensation levels	3.94%	3.83%

Net annual periodic pension cost was determined using the following weighted average assumptions:

	2008	2007
Discount rate	5.64%	4.79%
Expected long-term return on plan assets	7.14%	6.71%
Rate of increase in compensation levels	3.83%	3.70%

The expected long-term rate of return on assets is a weighted average of the long-term rates of return selected for the various countries where the Company has funded pension plans. The expected long-term rate of return on assets assumption is selected based on the facts and circumstances that exist as of the measurement date, and the specific portfolio mix of plan assets. Management, in conjunction with its actuaries, reviewed anticipated future long-term performance of individual asset categories and considered the asset allocation strategy adopted by the Company and or the trustees of the plans. While the review considered recent fund performance and historical returns, the assumption is primarily a long-term, prospective rate.

Expected fiscal 2009 Company contributions and estimated future benefit payments are as follows:

Expected Company Contributions	
2009	$ 7,624
Expected Benefit Payments	
2009	$ 5,282
2010	$ 2,428
2011	$ 2,839
2012	$ 3,957
2013	$ 5,042
2014-2018	$ 27,762

The Company’s year-end pension plan weighted average asset allocations by category were:

	2008	Strategic Target
Equities	65.87%	69.00%
Bonds	29.43%	27.00%
Cash	0.90%	0.00%
Property	3.80%	4.00%
Total	100.00%	100.00%

The fundamental goal underlying the pension plans’ investment policy is to achieve a total rate of return that exceeds inflation over the long-term by using a certain mix of assets depending on the profile of the specific plan. Investment practices must comply with applicable laws and regulations.

The Company’s investment strategy is based on an expectation that equity securities will outperform debt securities over the long term. Accordingly, in order to maximize the return on assets, a majority of assets are invested in equities. Investments within each asset class are diversified to reduce the impact of losses in single investments. The use of derivative instruments is permitted where appropriate and necessary to achieve overall investment policy objectives and asset class targets.

The Company establishes strategic asset allocation percentage targets and appropriate benchmarks for each significant asset class to obtain a prudent balance between return and risk. The interaction between plan assets and benefit obligations is periodically studied by the Company and its actuaries to assist in the establishment of strategic asset allocation targets.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

15. Income Taxes

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

	2008	2007	2006
U.S. federal statutory tax rate	35.0%	35.0%	35.0%
Income tax provision reconciliation:			
Tax at statutory rate:	$ 233,136	$ 231,510	$ 222,877
Irish income subject to lower tax rate	(92,732)	(65,673)	(71,097)
Domestic and international tax examination charges (benefits) including penalties	—	4,363	(35,158)
State income taxes, net of federal benefit	1,150	1,744	937
Research and development tax credits	(3,401)	(14,667)	(738)
Amortization of goodwill/intangibles	—	261	207
Net foreign tax in excess of U.S. federal statutory tax rate	2,350	1,729	(45)
Other, net	422	286	1,382
Total income tax provision	$ 140,925	$ 159,553	$ 118,365

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

	2008	2007	2006
Pretax income:			
Domestic	$ 186,130	$ 282,410	$ 234,626
Foreign	479,972	379,047	402,166
Total income before income taxes and discontinued operations	$ 666,102	$ 661,457	$ 636,792

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

	2008	2007	2006
Current:			
Federal	$ 79,642	$ 101,183	$ 110,271
Foreign	70,882	58,785	35,253
State	1,770	2,435	1,295
Total current	$ 152,294	$ 162,403	$ 146,819
Deferred (prepaid):			
Federal	$ (7,268)	$ (2,336)	$ (22,619)
Foreign	(4,101)	(514)	(5,835)
Total deferred	$ (11,369)	$ (2,850)	$ (28,454)

The Company continues to intend to reinvest certain of its foreign earnings indefinitely. Accordingly, no U.S. income taxes have been provided for approximately $1,641 million of unremitted earnings of international subsidiaries. As of November 1, 2008, the amount of unrecognized deferred tax liability on these earnings was $423 million.

The significant components of the Company's deferred tax assets and liabilities for the fiscal years ended November 1, 2008 and November 3, 2007 are as follows:

	2008	2007
Deferred tax assets:		
Inventory reserves	$ 33,058	$ 31,227
Deferred income on shipments to distributors	24,913	22,247
Reserves for compensation and benefits	29,287	26,434
Tax credit carryovers	48,073	46,775
Mark-to-market adjustment	4,657	(639)
Stock-based compensation	73,619	78,203
Other	3,091	5,694
Total gross deferred tax assets	216,698	209,941
Valuation allowance	(48,073)	(46,775)
Total deferred tax assets	168,625	163,166
Deferred tax liabilities:		
Depreciation	673	2,377
Acquisition Accounting	(9,484)	(7,010)
Undistributed earnings of foreign subsidiaries	(4,318)	(4,999)
Other	(1,181)	(514)
Total gross deferred tax liabilities	(14,310)	(10,146)
Net deferred tax assets	$ 154,315	$ 153,020

The valuation allowances of $48.1 million and $46.8 million at November 1, 2008 and November 3, 2007, respectively, are a full valuation allowance for the Company's state credit carryovers that began expiring in 2008.

The Company has provided for potential liabilities due in the various jurisdictions in which the Company operates. 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 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.

On November 4, 2007 (the first day of its 2008 fiscal year), the Company adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 differs from the prior standards in that it requires companies to determine whether it is "more likely than not" that a tax position will be sustained upon examination by the appropriate taxing authorities before any benefit can be recorded in the financial statements. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. There were no changes to the Company's liabilities for uncertain tax positions as a result of the adoption of FIN 48. As of November 1, 2008, the Company had a liability of $13.8 million for gross unrealized tax benefits, all of which, if settled in the Company's favor, would lower the Company's effective tax rate in the period recorded. In addition, as of November 1, 2008, the Company had a liability of approximately $6.4 million for interest and penalties. In accordance with FIN 48, the total liability of $20.2 million for uncertain tax positions is classified as non-current, and included in other non-current liabilities, because the Company believes that the ultimate payment or settlement of these liabilities will not occur within the next twelve months. Prior to the adoption of FIN 48, these amounts were included in current income tax payable. The Company includes interest and penalties related to unrecognized tax benefits within the provision for taxes in the condensed consolidated statements of income, and as a result, no change in classification was made upon adopting FIN 48. The condensed consolidated statements of income for fiscal year 2008 include $1.3 million of interest and penalties related to these uncertain tax positions. Due to the complexity associated with its tax uncertainties, the Company cannot make a reasonably reliable estimate as to the period in which it expects to settle the liabilities associated with these uncertain tax positions.

The following table summarizes the changes in the total amounts of uncertain tax positions for fiscal 2008.

	2008
Balance, November 3, 2007 upon adoption of FIN 48	$ 9,889
Additions for tax positions of current year	3,861
Balance, November 1, 2008	$ 13,750

Fiscal Year 2001 to 2003 IRS Examination

During fiscal year 2006, the United States Internal Revenue Service (the IRS) completed its examination of fiscal years 2001, 2002 and 2003 and issued their report. The Company agreed to accept this report and filed its 2005 and 2006 tax return and an amended return for 2004 conforming to the methodologies agreed to during the 2001-2003 examination. The completion of this examination, including the reversal of accruals for taxes and penalties and the filing of refund claims in other jurisdictions associated with the completion of the IRS examination, resulted in an income tax benefit of $35.2 million in fiscal year 2006.

Fiscal Year 2004 and 2005 IRS Examination

During the fourth quarter of fiscal 2007, the IRS completed its field examination of fiscal years 2004 and 2005. On January 2, 2008, the IRS issued its report for fiscal 2004 and 2005, which included proposed adjustments related to these two fiscal years. The Company has provided for taxes and penalties related to certain of these proposed adjustments. There are four items with a potential total tax liability of $46 million that the Company concluded, based on discussions with its tax advisors, are not likely to result in additional tax liability. Therefore, the Company has not recorded any tax liability for these items and is appealing these proposed adjustments through the normal processes for the resolution of differences between the IRS and taxpayers. Two of the unresolved matters are one-time issues and pertain to Section 965 of the Internal Revenue Code related to the beneficial tax treatment of dividends from foreign owned companies under The American Jobs Creation Act. The other matters pertain to the computation of research and development (R&D) tax credits and the profits earned from manufacturing activities carried on outside the United States. These latter two matters could impact taxes payable for fiscal 2004 and 2005 as well as for subsequent years.

Fiscal Year 2006 and 2007 IRS Examination

During fiscal 2006, the IRS invited the Company to participate in the Compliance Assurance Process (CAP), which is a voluntary pilot program the IRS is conducting for a limited number of large business taxpayers. The objective of CAP is to reduce taxpayer burden associated with IRS audits while assuring the IRS of the accuracy of tax returns prior to filing. The Company participated in CAP for fiscal 2006 and 2007. Under the program, the IRS is expected to work with the Company contemporaneously to achieve federal tax compliance and resolve issues prior to the filing of a tax return. CAP is designed to eliminate or substantially reduce the need for post-filing examinations of future tax returns. The IRS and the Company have agreed on the treatment of a number of issues that have been included in an Issue Resolutions Agreement related to the 2006 and 2007 tax returns. However, no agreement was reached on the tax treatment of a number of issues, including the same R&D credit and foreign manufacturing issues mentioned above related to fiscal 2004 and 2005. The IRS has not completed its audit of the pricing of intercompany sales (transfer pricing). The Company has not provided for any additional taxes in respect of the examination of the fiscal 2006 and 2007 tax returns.

Fiscal Year 2008 IRS Examination

The Company is not participating in the CAP for fiscal year 2008.

Although the Company believes its estimates of income tax payable are reasonable, no assurance can be given that the Company will prevail in the matters raised and that the outcome of one or all of these matters will not be different than that which is reflected in the historical income tax provisions and accruals. The Company believes such differences would not have a material impact on the Company's financial condition but could have a material impact on the Company's income tax provision, operating results and operating cash flows in the period in which such matters are resolved.

16. Gain on Sale of Product Line

During fiscal 2006, the Company completed the sale to Ikanos Communications, Inc. of its DSP-based digital subscriber line (DSL) application-specific integrated circuit (ASIC) and network processor product line. The Company received approximately $23.1 million in cash for the product line and after providing for the write-off of inventory, fixed assets and other costs incurred to complete the transaction, recorded a net gain of $13.0 million in nonoperating income during fiscal 2006.

17. Revolving Credit Facility

A significant portion of the Company's cash and short term investments balance is currently held outside the United States in various foreign subsidiaries. As the Company intends to reinvest certain of its foreign earnings indefinitely, this cash is not available to meet certain of the Company's cash requirements in the United States, including for cash dividends and common stock repurchases. The Company entered into a five-year, $165 million unsecured revolving credit facility with certain institutional lenders in May 2008 in order to supplement its occasional cash requirements in the United States. To date, the Company has not borrowed under this credit facility but the Company may borrow in the future and use the proceeds for support of commercial paper issuance, stock repurchases, dividend payments, acquisitions, capital expenditures, working capital and other lawful corporate purposes. Any advances under this credit agreement will accrue interest at rates that are equal to LIBOR plus a margin that is based on the Company's leverage ratio. The terms of this facility also include financial covenants that require the Company to maintain a minimum interest coverage ratio and not exceed a maximum leverage ratio. The terms of the facility also impose restrictions on the Company's ability to undertake certain transactions, to create certain liens on assets and to incur certain subsidiary indebtedness.

18. Subsequent Events

On November 20, 2008, the Board of Directors of the Company declared a cash dividend of $0.20 per outstanding share of common stock. The dividend will be paid on December 24, 2008 to all shareholders of record at the close of business on December 5, 2008.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Analog Devices, Inc.

We have audited the accompanying consolidated balance sheets of Analog Devices, Inc. as of November 1, 2008 and November 3, 2007, and the related consolidated statements of income, shareholders' equity, comprehensive income, and cash flows for each of the three years in the period ended November 1, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(c). 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 the standards of the Public Company Accounting Oversight Board (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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Analog Devices, Inc. at November 1, 2008 and November 3, 2007, and the consolidated results of its operations and its cash flows for each of the three years in the period ended November 1, 2008, in conformity with U.S. generally accepted accounting principles. 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 14 to the financial statements, effective November 3, 2007, the Company adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R).* Additionally, as discussed in Note 15 to the financial statements, effective November 4, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109.*

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Analog Devices, Inc.'s internal control over financial reporting as of November 1, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 21, 2008 expressed an unqualified opinion thereon.

Ernst + Young LLP

Boston, Massachusetts
November 21, 2008

ANALOG DEVICES, INC.

SUPPLEMENTARY FINANCIAL INFORMATION
(Unaudited)

Quarterly financial information for fiscal 2008 and fiscal 2007 (thousands, except per share amounts and as noted) includes adjustments to reflect the classification of our Baseband Chipset Business and CPU voltage regulation and PC thermal monitoring businesses as discontinued operations:

	4Q08	3Q08	2Q08	1Q08	4Q07	3Q07	2Q07	1Q07
Product Revenue	660,696	658,986	649,340	613,909	623,542	617,431	597,483	591,265
Revenue from the one-time IP license	—	—	—	—	—	—	—	35,000
Total Revenue	660,696	658,986	649,340	613,909	623,542	617,431	597,483	626,265
Cost of sales	257,039	257,192	253,319	238,106	249,650	243,939	236,255	226,601
Gross margin	403,657	401,794	396,021	375,803	373,892	373,492	361,228	399,664
% of Total Revenue	61.1%	61.0%	61.0%	61.2%	60.0%	60.5%	60.5%	63.8%
Research and development	133,451	135,837	134,653	129,539	131,687	128,093	126,696	123,077
Selling, marketing, general and administrative	106,381	104,767	104,183	100,351	97,409	99,906	90,210	101,980
Special charges	3,088	—	—	—	25,183	—	10,116	5,196
Total operating expenses	242,920	240,604	238,836	229,890	254,279	227,999	227,022	230,253
Operating income from continuing operations	160,737	161,190	157,185	145,913	119,613	145,493	134,206	169,411
% of Total Revenue	24%	25%	24%	24%	19%	24%	23%	27%
Nonoperating (income) expenses:								
Interest income	(9,641)	(8,205)	(10,669)	(12,526)	(13,578)	(17,721)	(20,871)	(24,837)
Other, net	(987)	664	114	173	687	1,272	(10,221)	(7,465)
Total nonoperating (income) expense	(10,628)	(7,541)	(10,555)	(12,353)	(12,891)	(16,449)	(31,092)	(32,302)
Income from continuing operations before income taxes and minority interest	171,365	168,731	167,740	158,266	132,504	161,942	165,298	201,713
% of Total Revenue	26%	26%	26%	26%	21%	26%	28%	32%
Provision for income taxes	27,123	39,536	37,848	36,418	37,818	36,536	39,720	45,479
Minority Interest	—	—	—	—	—	—	—	(219)
Net Income from continuing operations	144,242	129,195	129,892	121,848	94,686	125,406	125,578	156,453
Net income (loss) from discontinued operations,	2,086	5,611	3,194	1,888	3,203	(4,971)	(222)	(3,226)
(Loss) gain on Sale of Discontinued Operations	(2,457)	3,802	—	246,983	—	—	—	—
Net Income	143,871	138,608	133,086	370,719	97,889	120,435	125,356	153,227
% of Total Revenue	22%	21%	21%	60%	16%	20%	21%	25%
Earnings Per share — basic								
Income from continuing operations	0.50	0.44	0.45	0.41	0.31	0.39	0.38	0.46
Net income	0.49	0.48	0.46	1.24	0.32	0.38	0.38	0.45
Earnings Per share — diluted								
Income from continuing operations	0.49	0.44	0.44	0.40	0.30	0.38	0.37	0.45
Net income	0.49	0.47	0.45	1.22	0.31	0.37	0.37	0.44
Shares used to compute earnings per share (in thousands):								
Basic	290,847	290,376	290,389	299,141	305,867	318,465	329,988	338,698
Diluted	293,820	295,001	295,360	304,260	313,825	327,331	338,840	349,208
Dividends declared per share	0.20	0.20	0.18	0.18	0.18	0.18	0.18	0.16

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 and Chief Financial Officer, evaluated the effectiveness of Analog's disclosure controls and procedures as of November 1, 2008. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of November 1, 2008, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) *Management's Report on Internal Control Over Financial Reporting.*

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of November 1, 2008. In making this assessment, the company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Based on this assessment, our management concluded that, as of November 1, 2008, our internal control over financial reporting is effective based on those criteria.

Our independent registered public accounting firm has issued an attestation report on our internal control over financial reporting. This report appears below.

(c) *Attestation Report of the Registered Public Accounting Firm*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Analog Devices, Inc.

We have audited Analog Devices, Inc.'s internal control over financial reporting as of November 1, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Analog Devices, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Analog Devices, Inc. maintained, in all material respects, effective internal control over financial reporting as of November 1, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Analog Devices, Inc. as of November 1, 2008 and November 3, 2007, and the related consolidated statements of income, shareholders' equity, comprehensive income, and cash flows for each of the three years in the period ended November 1, 2008 of Analog Devices, Inc. and our report dated November 21, 2008 expressed an unqualified opinion thereon.

Ernst + Young LLP

Boston, Massachusetts
November 21, 2008

(d) *Changes in Internal Controls over Financial Reporting.* 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, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item relating to our directors and nominees is contained in our 2009 proxy statement under the caption "Proposal 1 — Election of Directors" and is incorporated herein by reference. Information required by this item relating to our executive officers is contained under the caption "EXECUTIVE OFFICERS OF THE COMPANY" in Part I of this Annual Report on Form 10-K and is incorporated herein by reference. Information required by this item relating to involvement in certain legal proceedings is contained in our 2009 proxy statement under the caption "Certain Legal Proceedings" and is incorporated herein by reference. Information required by this item relating to compliance with Section 16(a) of the Securities Exchange Act of 1934 is contained in our 2009 proxy statement under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" 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 and have posted it in the Corporate Governance section of our website which is located at www.analog.com. We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding any amendments to, or waivers from, our code of business conduct and ethics by posting such information on our website which is located at www.analog.com.

During the fourth quarter of fiscal 2008, we made no material change to the procedures by which shareholders may recommend nominees to our Board of Directors, as described in our 2008 proxy statement.

Information required by this item relating to the audit committee of our Board of Directors is contained in our 2009 proxy statement under the caption "Corporate Governance — Board of Directors Meetings and Committees — Audit Committee" and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is contained in our 2009 proxy statement under the captions "Corporate Governance — Director Compensation" and "Information About Executive Compensation" and is incorporated herein by reference.

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

Information required by this item relating to security ownership of certain beneficial owners and management is contained in our 2009 proxy statement under the caption "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference. Information required by this item relating to securities authorized for issuance under equity compensation plans is contained in our 2009 proxy statement under the caption "Information About Executive Compensation — Securities Authorized for Issuance Under Equity Compensation Plans" and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item relating to transactions with related persons is contained in our 2009 proxy statement under the caption "Corporate Governance — Certain Relationships and Related Transactions" and is incorporated herein by reference. Information required by this item relating to director independence is contained in our 2009 proxy statement under the caption "Corporate Governance — Determination of Independence" and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item is contained in our 2009 proxy statement under the caption “Corporate Governance — Independent Registered Public Accounting Firm Fees and Other Matters” and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(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 of this Annual Report on Form 10-K:

— Consolidated Statements of Income for the years ended November 1, 2008, November 3, 2007 and October 28, 2006

— Consolidated Balance Sheets as of November 1, 2008 and November 3, 2007

— Consolidated Statements of Shareholders’ Equity for the years ended November 1, 2008, November 3, 2007 and October 28, 2006

— Consolidated Statements of Comprehensive Income for the years ended November 1, 2008, November 3, 2007 and October 28, 2006

— Consolidated Statements of Cash Flows for the years ended November 1, 2008, November 3, 2007 and October 28, 2006

(b) Exhibits

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed with or incorporated by reference in this Annual Report on Form 10-K.

(c) Financial Statement Schedules

The following consolidated financial statement schedule is included in Item 15(c) of this Annual Report on Form 10-K:

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.

ANALOG DEVICES, INC.
ANNUAL REPORT ON FORM 10-K
YEAR ENDED NOVEMBER 1, 2008
ITEM 15(c)
FINANCIAL STATEMENT SCHEDULE

ANALOG DEVICES, INC.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Years ended November 1, 2008, November 3, 2007 and October 28, 2006
(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 October 28, 2006	$ 2,882	$ 3,087	$ 3,436	$ 2,533
Year ended November 3, 2007	$ 2,533	$ 4,753	$ 3,675	$ 3,611
Year ended November 1, 2008	$ 3,611	$ 8,427	$ 6,537	$ 5,501

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: November 25, 2008

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	November 25, 2008
/s/ JERALD G. FISHMAN Jerald G. Fishman	President, Chief Executive Officer and Director (Principal Executive Officer)	November 25, 2008
/s/ JOSEPH E. MCDONOUGH Joseph E. Mcdonough	Vice President-Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	November 25, 2008
/s/ JAMES A. CHAMPY James A. Champy	Director	November 25, 2008
/s/ JOHN L. DOYLE John L. Doyle	Director	November 25, 2008
/s/ JOHN C. HODGSON John C. Hodgson	Director	November 25, 2008
/s/ YVES-ANDRE ISTEL Yves-Andre Istel	Director	November 25, 2008
/s/ NEIL NOVICH Neil Novich	Director	November 25, 2008

Name	Title	Date
/s/ F. GRANT SAVIERS F. Grant Saviers	Director	November 25, 2008
/s/ PAUL J. SEVERINO Paul J. Severino	Director	November 25, 2008
/s/ KENTON J. SICCHITANO Kenton J. Sicchitano	Director	November 25, 2008

Exhibit Index

Exhibit No.	Description
2.1	Purchase and Sale Agreement, dated as of September 9, 2007, among Analog Devices, Inc., various subsidiaries, and MediaTek Inc., filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2007 (File No. 1-7819) as filed with the Commission on November 30, 2007 and incorporated herein by reference.
2.2	Amendment No. 1 to Purchase and Sale Agreement, dated January 11, 2008, among Analog Devices, Inc., various subsidiaries, and MediaTek Inc. filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819), as filed with the Commission on January 16, 2008 and incorporated herein by reference.
2.3	License Agreement, dated as of January 11, 2008, among Analog Devices, Inc., Analog Devices B.V., MediaTek Inc. and MediaTek Singapore Pte. Ltd., filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819), as filed with the Commission on January 16, 2008 and incorporated herein by reference.
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 for the fiscal quarter ended May 3, 2008 (File No. 1-7819) as filed with the Commission on May 20, 2008 and incorporated herein by reference.
3.2	Amended and Restated By-Laws 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, 2008 (File No. 1-7819) as filed with the Commission on May 20, 2008 and incorporated herein by reference.
*10.1	Analog Devices, Inc. Amended and Restated Deferred Compensation Plan, filed as an exhibit to the Company's Quarterly Report on Form 10-Q for fiscal quarter ended January 28, 2006 (File No. 1-7819) as filed with the Commission on February 15, 2006 and incorporated herein by reference.
*10.2	Amendment No. 1 to Analog Devices, Inc. Amended and Restated Deferred Compensation Plan, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2007 (File No. 1-7819) as filed with the Commission on November 30, 2007 and incorporated herein by reference.
*10.3	Trust Agreement for Deferred Compensation Plan dated as of October 1, 2003 between Analog Devices, Inc. and Fidelity Management Trust Company filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 2003 (File No. 1-7819) as filed with the Commission on December 23, 2003 and incorporated herein by reference.
*10.4	First Amendment to Trust Agreement for Deferred Compensation Plan between Analog Devices, Inc. and Fidelity Management Trust Company dated as of January 1, 2005, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 28, 2006 (File No. 1-7819) as filed with the Commission on November 20, 2006 and incorporated herein by reference.
*10.5	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.
*10.6	Restated 1994 Director Option Plan 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 November 2, 2002 (File No. 1-7819) as filed with the Commission on January 29, 2003 and incorporated herein by reference.
*10.7	1998 Stock Option Plan 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 November 2, 2002 (File No. 1-7819) as filed with the Commission on January 29, 2003 and incorporated herein by reference.
10.8	Analog Devices, Inc. 2001 Broad-Based Stock Option Plan, as amended, filed as an exhibit to the Company's Annual Report on 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.
*10.9	2006 Stock Incentive Plan of Analog Devices, Inc., filed as Appendix A of the Company's Definitive Proxy Statement on Schedule 14A filed with the Commission on February 8, 2006 (File No. 1-7819) and incorporated herein by reference.
*10.10	Amendment No. 1 to 2006 Stock Incentive Plan of Analog Devices, Inc., filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 28, 2006 (File No. 1-7819) as filed with the Commission on November 20, 2006 and incorporated herein by reference.

Exhibit No.	Description
*10.11	Form of Confirming Memorandum for Grants of Non-Qualified Stock Options to Employees for usage under the Registrant's 2006 Stock Incentive Plan, filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819), as filed with the Commission on December 22, 2006 and incorporated herein by reference.
*10.12	Form of Confirming Memorandum for Grants of Non-Qualified Stock Options to Directors for usage under the Registrant's 2006 Stock Incentive Plan, filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 4, 2007 (File No. 1-7819) as filed with the Commission on August 21, 2007 and incorporated herein by reference.
*10.13	Form of Restricted Stock Agreement for usage under the Registrant's 2006 Stock Incentive Plan, filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819), as filed with the Commission on September 25, 2006 and incorporated herein by reference.
*10.14	Form of Restricted Stock Unit Confirming Memorandum for usage under the Registrant's 2006 Stock Incentive Plan, filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819), as filed with the Commission on September 25, 2006 and incorporated herein by reference.
*10.15	Analog Devices BV (Ireland) Employee Stock Option Program, as amended, filed as an exhibit to the Company's Annual Report on 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.
10.16	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.
10.17	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.
10.18	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.
10.19	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.
10.20	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.
*10.21	Employment Agreement dated November 14, 2005 between Jerald G. Fishman and Analog Devices, Inc., filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819) as filed with the Commission on November 15, 2005 and incorporated herein by reference.
*10.22	Amendment dated as of October 22, 2007 to the Employment Agreement dated as of November 14, 2005 between Jerald G. Fishman and Analog Devices, Inc., filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819) as filed with the Commission on October 26, 2007 and incorporated herein by reference.
*10.23	Executive Retention Agreement dated October 22, 2007 between Jerald G. Fishman and Analog Devices, Inc., filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819) as filed with the Commission on October 26, 2007 and incorporated herein by reference.
*10.24	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 October 28, 2000 (File No. 1-7819) as filed with the Commission on January 26, 2001 and incorporated herein by reference.
*10.25	Amendment dated as of October 22, 2007 to the Employee Retention Agreement dated as of January 16, 1989 between Jerald G. Fishman and Analog Devices, Inc., filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819) as filed with the Commission on October 26, 2007 and incorporated herein by reference.

Exhibit No.	Description
*10.26	Description of 2008 Executive Bonus Plan, incorporated herein by reference to Item 5.02(e) in the Company's Current Report on Form 8-K (File No. 1-7819) filed with the Securities and Exchange Commission on January 23, 2008.
*†10.27	Form of Employee Retention Agreement, as amended and restated.
*10.28	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.
*10.29	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.
*†10.30	Form of Indemnification Agreement for Directors and Officers.
10.31	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.
10.32	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 30, 1999 (File No. 1-7819) as filed with the Commission on January 28, 2000 and incorporated herein by reference.
10.33	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 30, 1999 (File No. 1-7819) as filed with the Commission on January 28, 2000 and incorporated herein by reference.
10.34	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, 1998 and incorporated herein by reference.
10.35	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.
10.36	First Amendment dated December 13, 1996 to 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 October 28, 2006 (File No. 1-7819) as filed with the Commission on November 20, 2006 and incorporated herein by reference.
10.37	Second Amendment dated December 20, 1996 to 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 October 28, 2006 (File No. 1-7819) as filed with the Commission on November 20, 2006 and incorporated herein by reference.
10.38	Third Amendment dated May 27, 1997 to 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 October 28, 2006 (File No. 1-7819) as filed with the Commission on November 20, 2006 and incorporated herein by reference.
10.39	Lease Agreement dated November 14, 1997, as amended, between Analog Devices, Inc. and Liberty Property Limited Partnership, relating to premises located at 7736 McCloud Road, Greensboro, North Carolina, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 28, 2006 (File No. 1-7819) as filed with the Commission on November 20, 2006 and incorporated herein by reference.

Exhibit No.	Description
10.40	Fifth Amendment dated September 14, 2007 to Lease Agreement dated November 14, 1997, as amended, between Analog Devices, Inc. and Crown-Greensboro I, LLC (as successor to Liberty Property Limited Partnership), relating to premises located at 7736 McCloud Road, Greensboro, North Carolina, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2007 (File No. 1-7819) as filed with the Commission on November 30, 2007 and incorporated herein by reference.
†10.41	Second Amendment to Trust Agreement for Deferred Compensation Plan between Analog Devices, Inc. and Fidelity Management Trust Company dated as of December 10, 2007.
†14	Analog Devices, Inc. Code of Business Conduct and Ethics.
†21	Subsidiaries of the Company.
†23	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
†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(b) of Form 10-K.

ANALOG DEVICES, INC.

Employee Retention Agreement

[Employee Name]
c/o Analog Devices, Inc.
Three Technology Way
Norwood, Massachusetts 02062

Dear [_______]:

Analog Devices, Inc. (the "Company") recognizes that, as is the case with many publicly-held corporations, the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among key personnel, may result in the departure or distraction of key personnel to the detriment of the Company, its stockholders and its customers.

The Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of the Company's key personnel, including yourself, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company.

In order to induce you to remain in its employ, the Company agrees that you shall receive the severance benefits set forth in this letter agreement (the "Agreement") in the event your employment with the Company is terminated under the circumstances described below subsequent to a "Change in Control" of the Company (as defined below).

1. Certain Definitions. As used herein, the following terms shall have the following respective meanings:

(a) 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) 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 hereinabove defined) acquires more than 50% of the combined voting power of the Company's then outstanding securities; or (iii) 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.

(b) A "Potential Change in Control" shall be deemed to have occurred if:

(A) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company;

(B) any person (including the Company) publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control of the Company; or

(C) the Board of Directors of the Company adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control of the Company has occurred.

(c) An "Approved Change in Control" shall mean any Change in Control that the Board, by resolution adopted prior to the occurrence of any of the events constituting a Change in Control, specifically and expressly declares shall constitute an "Approved Change in Control" for purposes of this Agreement.

(d) A "Hostile Change in Control" shall mean any Change in Control other than an Approved Change in Control.

2. Term of the Agreement. The term of this Agreement (the "Term") shall commence on ____________________ and shall continue in effect through September 30, 20___; provided, however, that commencing on September 30, 20___and each September 30 thereafter, the Term shall be automatically extended for one additional year unless, not later than June 30 of such year, the Company shall have given you written notice that the Term will not be extended; and provided further that, if a Change in Control of the Company shall have occurred during the original or extended Term, this Agreement and the Term shall continue in effect for a period of not less than 24 months beyond the month in which such Change in Control occurred.

3. Change in Control; Potential Change in Control.

(a) No benefits shall be payable under this Agreement unless there has been a Change in Control of the Company during the Term.

(b) You agree that, notwithstanding any provision to the contrary in this Agreement, in the event of a Potential Change in Control of the Company, you will not voluntarily resign as an employee of the Company until the earliest of (A) a date which is six (6) months after the occurrence of such Potential Change in Control of the Company or (B) the termination by you of your employment by reason of Disability as defined in Section 4(b)(i) or for Good Reason as defined in Section 4(b)(iii).

4. Employment Status; Termination Following Change in Control.

(a) You acknowledge that this Agreement does not constitute a contract of employment or impose on the Company any obligation to retain you as an employee and, except as set forth in Section 3(b), this Agreement does not prevent you from terminating your employment at any time. If your employment with the Company terminates for any reason and subsequently a Change in Control shall have occurred, you shall not be entitled to any benefits hereunder. Any termination of your employment by the Company or by you following a Change in Control of the Company during the Term shall be communicated by written notice of termination ("Notice of Termination") to the other party hereto in accordance with Section 7. The "Date of Termination" shall mean the effective date of such termination as specified in the Notice of Termination (provided that no such Notice of Termination shall specify an effective date more than 180 days after the date of such Notice of Termination).

(b) Notwithstanding anything to the contrary herein, you shall be entitled to the benefits provided in Section 5 only if either (1) an Approved Change in Control shall have occurred during the Term and your employment with the Company is subsequently terminated or terminates within 24 months after such Approved Change in Control, unless such termination is (A) because of your death, (B) by the Company for Disability (as defined in Section 4(b)(i)) or Cause (as defined in Section 4(b)(ii)), or (C) by you other than for Good Reason (as defined in Section 4(b)(iii)), or (2) a Hostile Change in Control shall have occurred during the Term and your employment with the Company is subsequently terminated by either you or the Company within 12 months after such Hostile Change in Control for any reason other than your death or Disability or termination by the Company for Cause.

(i) Disability. If, as a result of incapacity due to physical or mental illness, you shall have been absent from the full-time performance of your duties with the Company for six (6) consecutive months and, within thirty (30) days after written Notice of Termination is given to you, you shall not have returned to the full-time performance of your duties, your employment may be terminated for "Disability." Any termination for Disability under this Agreement shall not affect any rights you may otherwise have under the Company's Long-Term Disability Plan.

(ii) Cause. Termination by the Company of your employment for "Cause" shall mean termination (A) upon your willful and continued failure to substantially perform your duties with the Company (other than any such failure resulting from your incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination by you for Good Reason as defined in Section 4(b)(iii)), provided that a written demand for substantial performance has been delivered to you by the Company specifically identifying the manner in which the Company believes that you have not substantially performed your duties and you have not cured such failure within 30 days after such demand, or (B) by reason of your willful engaging in conduct which is demonstrably and materially injurious to the Company. For purposes of this subsection, no act or failure to act on your part shall be deemed "willful" unless done or omitted to be done by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company.

(iii) Good Reason. For purposes of this Agreement, “Good Reason” shall mean, without your written consent, the occurrence after a Change in Control of the Company of any of the following circumstances unless, in the case of paragraphs (A), (C), (D), (F) or (G), such circumstances are fully corrected prior to the Date of Termination (as defined in Section 4(a)) specified in the Notice of Termination (as defined in Section 4(a)) given in respect thereof:

(A) any significant diminution in your position, duties, responsibilities, power, title or office as in effect immediately prior to a Change in Control;

(B) any reduction in your annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(C) the failure of the Company to continue in effect any material compensation or benefit plan in which you participate immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue your participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of your participation relative to other participants, as existed at the time of the Change in Control or the failure by the Company to award cash bonuses to its executives in amounts substantially consistent with past practice in light of the Company’s financial performance;

(D) the failure by the Company to continue to provide you with benefits substantially similar to those enjoyed by you under any of the Company’s life insurance, medical, health and accident, or disability plans in which you were participating at the time of the Change in Control, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits, or the failure by the Company to provide you with the number of paid vacation days to which you are entitled on the basis of years of service with the Company in accordance with the Company’s normal vacation policy in effect at the time of the Change in Control;

(E) any requirement by the Company or of any person in control of the Company that the location at which you perform your principal duties for the Company be changed to a new location outside a radius of 50 miles from your principal residence at the time of the Change in Control;

(F) the failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform the Agreement, as contemplated in Section 6; or

(G) any purported termination of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 7, which purported termination shall not be effective for purposes of this Agreement.

5. <u>Compensation Upon Termination</u>. Following a Change in Control of the Company, you shall be entitled to the following benefits during a period of Disability, or upon termination of your employment, as the case may be, provided that such period or termination occurs during the Term:

(a) During any period that you fail to perform your full-time duties with the Company as a result of incapacity due to physical or mental illness, you shall continue to receive base salary and all other earned compensation at the rate in effect at the commencement of any such period (offset by all compensation payable to you under the Company's disability plan or program or other similar plan during such period) until your employment is terminated pursuant to Section 4(b)(i) hereof. Thereafter, or in the event your employment is terminated by reason of death, your benefits shall be determined under the Company's long-term disability, retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs.

(b) If your employment shall be terminated by the Company for Cause or by you other than for Good Reason following an Approved Change in Control, the Company shall pay you your full base salary and all other compensation through the Date of Termination at the rate in effect at the time the Notice of Termination is given, plus all other amounts to which you are entitled under any compensation plan of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement.

(c) If your employment with the Company is terminated by the Company (other than for Cause, Disability or your death) or by you for Good Reason within 24 months after an Approved Change in Control or if your employment with the Company is terminated by you or the Company for any reason (other than your death or Disability or termination by the Company for Cause) within 12 months after a Hostile Change in Control, then you shall be entitled to the benefits below:

(i) the Company shall pay to you your full base salary and all other compensation through the Date of Termination at the rate in effect at the time the Notice of Termination is given, no later than the full fifth day following the Date of Termination, plus all other amounts to which you are entitled under any compensation plan of the Company at the time such payments are due under the terms of such plan;

(ii) in lieu of any further salary payments for periods subsequent to the Date of Termination, the Company will pay as severance to you, at the time specified in Subsection (e) below, a lump sum payment (together with the payments provided in paragraph (iv) below, the "Severance Payments") in an amount equal to the sum of (A) [200%] [299%] of the higher of (i) your annual base salary in effect on the Date of Termination or (ii) your annual base salary in effect immediately prior to the Change in Control, plus (B) [200%] [299%] of the aggregate cash bonuses paid or awarded to you in respect of the four fiscal quarters preceding the Date of Termination;

(iii) the Company shall pay to you all legal fees and expenses incurred by you as a result of such termination (including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") to any payment or benefit provided hereunder); and

(iv) for a twenty-four (24) month period after such termination, the Company shall arrange to provide you with life, disability, dental, accident and group health insurance benefits substantially similar to those which you were receiving immediately prior to the Notice of Termination. Notwithstanding the foregoing, the Company shall not provide any benefit otherwise receivable by you pursuant to this paragraph (iv) if an equivalent benefit is actually received by you during the twenty-four (24) month period following your termination. Any such benefit actually received by you shall be reported by you to the Company.

(d) In the event that you become entitled to the Severance Payments, if any of the Severance Payments will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code (or any similar tax that may hereafter be imposed), the Company shall pay to you at the time specified in Subsection (e) below, an additional amount (the "Gross-Up Payment") such that the net amount retained by you, after deduction of any Excise Tax on the Total Payments (as defined below), but before deduction of any federal, state and local income tax and Excise Tax upon the payment provided for by this subsection, shall be equal to the Total Payments. For purposes of determining whether any of the Severance Payments will be subject to the Excise Tax and the amount of such Excise Tax, (A) any other payments or benefits received or to be received by you in connection with a Change in Control of the Company or your termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any person whose actions result in a Change in Control of the Company or any person affiliated with the Company or such person) (which, together with the Severance Payments, shall constitute the "Total Payments") shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by the Company's independent auditors and acceptable to you such other payments or benefits (in whole or in part) do not constitute parachute payments, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code, in excess of the base amount within the meaning of Section 280G(b)(3) of the Code or are otherwise not subject to the Excise Tax, (B) the amount of the Total Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (I) the total amount of the Total Payments or (II) the amount of excess parachute payments within the meaning of Section 280G(b)(1) (after applying clause (A), above), and (C) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, you shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of your residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of termination of your employment, you shall repay to the Company at the time that the amount of such reduction in Excise Tax is finally determined the portion of the Gross-Up Payment attributable to such reduction, plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code, provided that you shall be required to make such repayment only if you are notified by the Company as to the amount of such repayment within 12 months after payment of the Severance Payments to you. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of your employment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional gross-up payment in respect of such excess (plus any interest payable with respect to such excess) at the time that the amount of such excess is finally determined, but in no event later than the end of the taxable year following the taxable year in which the additional Excise Tax (and interest or penalties) are remitted to the applicable taxing authority.

(e) The payments provided for in Subsections 5(b), (c) and (d) shall be made not later than the fifth day following the Date of Termination; provided, however, that, if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall be payable on the fifth day after demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code).

(f) Except as provided in the second sentence of Subsection 5(c)(iv) hereof, you shall not be required to mitigate the amount of any payment provided for in this Section 5 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 5 be reduced by any compensation earned by you as a result of employment by another employer, by retirement benefits or by offset against any amount claimed to be owed by you to the Company or otherwise.

6. Successors; Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain an assumption of this Agreement prior to the effectiveness of any succession shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled hereunder if you had terminated your employment for Good Reason immediately after an Approved Change in Control of the Company, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, “Company” shall mean the Company as defined above and any successor to its business or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

(b) This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or if there is no such designee, to your estate.

7. Compliance with Code Section 409A. This Agreement is intended to comply with Section 409A so that none of the payments hereunder will be subject to the additional tax imposed by Section 409A, and any ambiguities herein will be interpreted to so comply. The Company shall have no right to accelerate any payment or provision of any benefits under this Agreement or to make or provide any such payment or benefits if such payment or provision of such benefits would, as a result, be subject to tax under Section 409A of the Code. You and the Company agree to work together in good faith to consider amendments to this Agreement and to take such reasonable steps as necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to you under Section 409A.

Notwithstanding anything in this Agreement to the contrary, if you are determined to be a “Specified Employee” (as defined below) at the time of your termination, to the extent this Agreement provides for a “deferral of compensation” within the meaning of Code Section 409A, such benefits shall not be paid to you prior to the earlier of (i) the expiration of the six-month period measured from the date of your termination of employment; or (ii) the date of your death. Upon the occurrence of one of those events, all benefits deferred pursuant to this Section 7 and otherwise due shall be paid to you in a single lump-sum payment as soon as administratively practicable.

For purposes of this Agreement, “Specified Employee” shall mean each officer of the Company and its affiliates, up to a maximum of fifty (50), having annual compensation in excess of $145,000 (as adjusted), a five percent owner of the Company and a one percent owner of the Company having annual compensation from the Company and its affiliates in excess of $150,000 (as adjusted), in each case determined pursuant to Section 416(i)(1)(A)(i), (ii), or (iii) of the Code (applied in accordance with the regulations thereunder) any time during the 12-month period ending on December 31st of a calendar year, based on taxable wages as reported in Box 1 of Form W-2 for such period plus amounts that would be included in wages for such period but for pre-tax deferrals to a tax-favored retirement plan or cafeteria plan or for qualified transportation benefits, who performed services for the Company or its affiliates at any time during the 12-month period ending on December 31st of such calendar year.

8. Notice. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be duly given when delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the President of the Company, at One Technology Way, Norwood, Massachusetts 02062, and to you at the address shown above or to such other address as either the Company or you may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

9. Miscellaneous.

(a) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(b) The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

(c) No waiver by you at any time of any breach of, or compliance with, any provision of this Agreement to be performed by the Company shall be deemed a waiver of that or any other provision at any subsequent time.

(d) This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(e) Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law.

(f) This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

* * * * *

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter, which will then constitute our agreement on this subject.

Sincerely,

ANALOG DEVICES, INC.

By: ______________________________

Name:
Title:

Agreed to as of this ____ day of ________ 20__.

____
[Employee Name]

ANALOG DEVICES, INC.

INDEMNIFICATION AGREEMENT

This Agreement is made as of the __________ day of ____________________, 20___, by and between Analog Devices, Inc., a Massachusetts corporation (the “Corporation”), and ____________________ (“Indemnitee”), a director or officer of the Corporation.

WHEREAS, it is essential to the Corporation to retain and attract as directors and officers the most capable persons available, and

WHEREAS, the substantial increase in corporate litigation subjects directors and officers to expensive litigation risks, and

WHEREAS, it is the policy of the Corporation to indemnify its directors and officers so as to provide them with the maximum protection permitted by law, and

WHEREAS, the parties desire to adopt indemnification provisions consistent with Chapter 156D of the General Laws of the Commonwealth of Massachusetts (“Chapter 156D”), which became effective subsequent to the Corporation’s most recent Articles of Amendment containing indemnification protection.

NOW THEREFORE, for valuable consideration, the receipt of which is hereby acknowledged, the Corporation and Indemnitee do hereby agree as follows:

1. Definitions. As used in this Agreement:

(a) A “Change in Control” shall be deemed to occur upon the earliest of the following to occur:

(i) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership of any capital stock of the Corporation if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) 30% or more of either (x) the then-outstanding shares of common stock of the Corporation (the “Outstanding Company Common Stock”) or (y) the combined voting power of the then outstanding securities of the Corporation entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”);

(ii) individuals who, as of the date hereof, constitute the Board of Directors of the Corporation (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person or entity ("Person") other than the Board;

(iii) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Corporation (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to the such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the Board of Directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

(b) The term "Corporate Status" shall mean the status of a person who is or was, or has agreed to become, a director or officer of the Corporation or who, while a director or officer of the Corporation, is or was serving at the Corporation's request as a director, officer, fiduciary, partner, trustee, employee or agent of, or in a similar capacity with, another corporation, partnership, joint venture, trust, employee benefit plan or other entity. A director or officer is considered to be serving an employee benefit plan at the Corporation's request if his or her duties to the Corporation also impose duties on, or otherwise involve services by, him or her to the plan or to participants in or beneficiaries of the plan.

(c) The term "Disinterested Director" shall mean a director of the Corporation who, at the time of a vote referred to in Paragraph 8, is not (i) a party to the Proceeding, or (ii) an individual having a familial, financial, professional or employment relationship with Indemnitee, which relationship would, in the circumstances, reasonably be expected to exert an influence on the director's judgment when voting on the decision being made.

(d) The term "Expenses" shall include, without limitation, attorneys' fees, retainers, court costs, transcript costs, fees and expenses of experts, travel expenses, duplicating costs, printing and binding costs, telephone and telecopy charges, postage, delivery service fees and other disbursements or expenses of the type customarily incurred in connection with a Proceeding, but shall not include the amount of judgments, fines or penalties against Indemnitee or amounts paid in settlement in connection with such matters.

(e) The term "Independent Counsel" shall mean a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Corporation or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Corporation agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) The term "Liability" shall mean the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan) and all reasonable Expenses incurred in connection with a Proceeding.

(g) The term "Proceeding" shall mean any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative and whether formal or informal.

2. Indemnification.

(a) The Corporation shall, to the fullest extent permitted by law (as such may be amended from time to time), indemnify Indemnitee in connection with any Proceeding as to which Indemnitee is, was or is threatened to be made a party (or is otherwise involved) by reason of Indemnitee's Corporate Status. In furtherance of the foregoing and without limiting the generality thereof:

(i) the Corporation shall indemnify Indemnitee if Indemnitee was, is or is threatened to be made a defendant or respondent in a Proceeding because of Indemnitee's Corporate Status as a director against Liability incurred in the Proceeding if (A) (1) Indemnitee conducted himself or herself in good faith, and (2) Indemnitee reasonably believed that his or her conduct was in the best interests of the Corporation or that his or her conduct was at least not opposed to the best interests of the Corporation, and (3) in the case of any criminal proceeding, Indemnitee had no reasonable cause to believe his or her conduct was unlawful, or (B) Indemnitee engaged in conduct for which Indemnitee shall not be liable under a provision of the Corporation's Articles of Organization authorized by Section 2.02(b)(4) of Chapter 156D of the General Laws of the Commonwealth of Massachusetts or any successor provision to such Section; and

(ii) the Corporation shall indemnify Indemnitee if Indemnitee was, is or is threatened to be made a defendant or respondent in a Proceeding because of Indemnitee's Corporate Status as an officer against Liability incurred in the Proceeding, except for Liability arising out of acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law.

(b) Indemnitee's conduct with respect to an employee benefit plan for a purpose Indemnitee reasonably believed to be in the interests of the participants in, and the beneficiaries of, the plan is conduct that satisfies the requirement that Indemnitee's conduct was at least not opposed to the best interests of the Corporation.

(c) The termination of a Proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, is not, of itself, determinative that Indemnitee did not meet the relevant standard of conduct described in this Paragraph 2.

3. Exceptions to Right of Indemnification. Notwithstanding anything to the contrary in this Agreement, except as set forth in Paragraphs 9 and 10:

(a) the Corporation shall not indemnify, or advance Expenses to, Indemnitee in connection with a Proceeding (or part thereof) initiated by Indemnitee unless (i) the initiation thereof was approved by the Board of Directors of the Corporation (the "Board of Directors") or (ii) the Proceeding is instituted after a Change in Control (other than a Change in Control approved by a majority of the Incumbent Board); and

(b) the Corporation shall not be required to make an indemnification payment to Indemnitee to the extent Indemnitee has otherwise actually received such payment under any insurance policy, agreement or otherwise, and in the event the Corporation makes any indemnification payments to Indemnitee and Indemnitee is subsequently reimbursed from the proceeds of insurance, Indemnitee shall promptly refund such indemnification payments to the Corporation to the extent of such insurance reimbursement.

4. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Agreement, in addition to and not in limitation of the rights set forth in Paragraph 2, to the extent that Indemnitee has been wholly successful, on the merits or otherwise, in the defense of any Proceeding to which Indemnitee was a party because of Indemnitee's Corporate Status, Indemnitee shall be indemnified, to the fullest extent permitted by law (as such may be amended from time to time), against all reasonable Expenses incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

5. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all reasonable Expenses incurred by or on behalf of Indemnitee in connection therewith.

6. Notification and Defense of Claim.

(a) Indemnitee must notify the Corporation in writing as soon as practicable of any Proceeding for which indemnity will or could be sought by Indemnitee and provide the Corporation with a copy of any summons, citation, subpoena, complaint, indictment, information or other document relating to such Proceeding with which Indemnitee is served. The Corporation will be entitled to participate in any such Proceeding at its own expense. Indemnitee shall have the right to engage Indemnitee's own counsel in connection with such Proceeding. Indemnitee's counsel shall cooperate reasonably with the Corporation's counsel to minimize the cost of defending claims against the Corporation and Indemnitee.

(b) The Corporation shall not be required to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without its written consent. The Corporation shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Corporation nor Indemnitee will unreasonably withhold its or his or her consent to any proposed settlement.

7. Advancement of Expenses. The Corporation shall advance any and all Expenses incurred by or on behalf of the Indemnitee in connection with a Proceeding within 30 days after receipt by the Corporation of a written request for advancement of Expenses (including in such request such documentation and information as is reasonably available to Indemnitee with respect to such Proceeding); provided, however, that the payment of such Expenses incurred by Indemnitee or on his or her behalf in advance of the final disposition of such Proceeding shall be made only upon receipt of (i) a written affirmation of Indemnitee's good faith belief that Indemnitee has met the applicable standard of conduct described in Paragraph 2 or, in the case of a Proceeding because of Indemnitee's Corporate Status as a director, that the Proceeding involves conduct for which Liability has been eliminated under a provision of the Corporation's Articles of Organization as authorized by Section 2.02(b)(4) of Chapter 156D or any successor provision to such Section and (ii) an unlimited undertaking by or on behalf of Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined (after all rights to appeal have been exhausted or lapsed or waived) that Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Agreement (such affirmation and undertaking to contain only such terms as are required by the applicable provisions of Chapter 156D). The Corporation may not withhold any advancement of Expenses based on any disagreement as to the substance of any written affirmation that satisfies the condition set forth in clause (i) above. The undertaking referred to in clause (ii) above shall be an unlimited, unsecured general obligation of Indemnitee, and shall be accepted without reference to Indemnitee's financial ability to make repayment. Any advances and undertakings to repay shall be interest-free.

8. Procedures.

(a) In order to obtain indemnification pursuant to this Agreement, Indemnitee shall submit to the Corporation a written request, including in such request such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. Any such indemnification shall be made promptly, and in any event within 60 days after receipt by the Corporation of the written request of Indemnitee, subject to the provisions of Subparagraphs 8(b) and 8(e) below.

(b) With respect to requests for indemnification under Paragraph 2, except as set forth in Paragraph 10, no indemnification shall be made under this Agreement unless it is determined that Indemnitee has met the applicable standard of conduct set forth in Paragraph 2. The determination of whether Indemnitee has met the applicable standard of conduct set forth in Paragraph 2, and any determination that Expenses that have been advanced pursuant to Paragraph 7 must be subsequently repaid to the Corporation, shall be made in each instance (i) if there are two or more Disinterested Directors, by the Board of Directors by a majority vote of all the Disinterested Directors, a majority of whom shall for such purpose constitute a quorum, or by a majority of the members of a committee of two or more Disinterested Directors appointed by such vote; (ii) by special legal counsel (A) selected in the manner prescribed in clause (i), or (B) if there are fewer than two Disinterested Directors, selected by the Board of Directors, in which selection directors who do not qualify as Disinterested Directors may participate, or (iii) by the shareholders of the Corporation (but shares owned by or voted under the control of a director who at the time does not qualify as a Disinterested Director may not be voted on the determination). Such determination shall be made within the 60-day period referred to in Subparagraph 8(a) (unless extended by mutual agreement by the Corporation and Indemnitee). For the purpose of the foregoing determination with respect to requests for indemnification under Paragraph 2 or repayment of advanced Expenses, Indemnitee shall be entitled to a presumption that he or she has met the applicable standard of conduct set forth in Paragraph 2 and is entitled to indemnification. The Corporation acknowledges that Indemnitee may settle a Proceeding in order to avoid expense, delay, distraction, disruption and uncertainty and that, therefore, any such settlement (with or without payment of money or other consideration) shall not in and of itself overcome the presumption set forth above.

(c) Indemnitee shall be deemed to have acted in good faith if Indemnitee’s action is based on the records or books of account of the Corporation or its affiliates, including financial statements, or on information supplied to Indemnitee by the officers of the Corporation or its affiliates in the course of their duties, or on the advice of legal counsel for the Corporation or its affiliates or on information or records given or reports made to the Corporation or its affiliates by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Corporation or its affiliates. The provisions of this Section 8(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Corporation or its affiliates shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

(e) Notwithstanding anything to the contrary set forth in this Agreement, if a request for indemnification pursuant to Paragraph 2 is made after a Change in Control, at the election of Indemnitee made in writing to the Corporation, the determination required to be made pursuant to Subparagraph 8(b) above as to whether Indemnitee has met the applicable standard of conduct or is required to repay advanced Expenses shall be made by Independent Counsel. The Independent Counsel shall be selected in the manner prescribed in clause (ii) of Subparagraph 8(b). Indemnitee may, within 10 days after written notice of selection shall have been given, deliver to the Corporation, a written objection to such selection. Absent a timely objection, the person so selected shall act as Independent Counsel. If a written objection is made, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn. If, within 20 days after submission by Indemnitee of a written request for Independent Counsel, no Independent Counsel shall have been selected and not objected to, either the Corporation or Indemnitee may petition any court of competent jurisdiction for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person so appointed shall act as Independent Counsel under this Subparagraph 8(e). The Corporation shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to this Subparagraph 8(e), and the Corporation shall pay all reasonable fees and expenses incident to the procedures of this Subparagraph 8(e), regardless of the manner in which such Independent Counsel was selected or appointed.

9. Right to Seek Court-Ordered Indemnification and Advance of Expenses. Nothing contained in this Agreement shall abrogate or limit the right of Indemnitee to apply to a court of competent jurisdiction for indemnification or an advance of Expenses to the extent permitted by Section 8.54 of Chapter 156D or any successor Section thereto that increases the scope of permitted indemnification.

10. Remedies.

(a) The right to indemnification and advancement of Expenses as provided by this Agreement shall be enforceable by Indemnitee in any court of competent jurisdiction or, at Indemnitee’s option, by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. If Indemnitee elects arbitration, the arbitration shall take place in Boston, Massachusetts. Any such judicial proceeding or arbitration shall be conducted in all respects as a de novo trial or arbitration on the merits.

(b) In connection with any determination as to whether the Indemnitee is entitled to be indemnified under this Agreement, the court or arbitrator shall presume that the Indemnitee has met the applicable standard of conduct and is entitled to indemnification, and, unless otherwise required by law, the burden of proof shall be on the Corporation to establish by clear and convincing evidence that the Indemnitee is not so entitled. Neither the failure of the Board of Directors (or other person or body appointed pursuant to Section 8(b)) to have made a determination that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination pursuant to Paragraph 8 that Indemnitee has not met such applicable standard of conduct, shall be a defense to an action brought to enforce this Agreement or create a presumption that Indemnitee has not met the applicable standard of conduct.

(c) The Corporation shall indemnify Indemnitee against any and all Expenses that are incurred by Indemnitee in connection with any action brought by Indemnitee for (i) indemnification or advancement of Expenses by the Corporation under this Agreement or under applicable law or the Corporation's Articles of Organization or Bylaws now or hereafter in effect relating to indemnification, and/or (ii) recovery under directors' and officers' liability insurance policies maintained by the Corporation, but only in the event that Indemnitee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be. The Corporation shall, if so requested by Indemnitee, advance the foregoing Expenses to Indemnitee, subject to and in accordance with Paragraph 7.

11. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Corporation for some or a portion of the Expenses, judgments, fines, penalties or amounts paid in settlement actually and reasonably incurred by him or her or on his or her behalf in connection with any Proceeding but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion of such Expenses, judgments, fines, penalties or amounts paid in settlement to which Indemnitee is entitled.

12. Subrogation. In the event of any payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights.

13. Term of Agreement. This Agreement shall continue until and terminate upon the later of (a) six years after the date that Indemnitee shall have ceased to serve as a director or officer of the Corporation or, at the request of the Corporation, as a director, officer, fiduciary, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise or (b) the final termination of all Proceedings pending on the date set forth in clause (a) in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Paragraph 9 relating thereto.

14. Indemnification Hereunder Not Exclusive. The indemnification and advancement of Expenses provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under the Corporation's Articles of Organization or Bylaws, any agreement, any vote of shareholders or directors of the Corporation, Chapter 156D, any other law (common or statutory) or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding office for the Corporation, and nothing in this Agreement shall be deemed to waive any such other rights. Nothing in this Agreement shall be deemed to prohibit the Corporation from purchasing and maintaining insurance, at its expense, to protect itself or Indemnitee against any expense, liability or loss incurred by it or him or her in any such capacity, or arising out of Indemnitee's status as such, whether or not Indemnitee would be indemnified against such expense, liability or loss under this Agreement.

15. Access to Information. Indemnitee shall be entitled to access to such information in the possession of the Corporation as may be reasonably necessary to enforce Indemnitee's rights under this Agreement.

16. No Special Rights. Nothing herein shall confer upon Indemnitee any right to continue to serve as an officer or director of the Corporation for any period of time, or at any particular rate of compensation.

17. Savings Clause. If this Agreement or any portion of this Agreement shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify Indemnitee against Liabilities with respect to any Proceeding to the fullest extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and this Agreement shall be interpreted to give effect, to the fullest extent permitted by applicable law, to the intention of the invalidated provision.

18. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute the original.

19. Successors and Assigns. This Agreement shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of the estate, heirs, executors, administrators and personal representatives of Indemnitee.

20. Headings; Interpretation. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof. When reference is made in this Agreement to a Paragraph or Subparagraph, such reference shall be to a Paragraph or Subparagraph of this Agreement, unless otherwise indicated.

21. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof nor shall any such waiver constitute a continuing waiver.

22. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand or (b) if mailed by certified or registered mail with postage prepaid, on the third day after the date on which it is so mailed:

(i) if to Indemnitee, to:

The address shown below his or her signature below.

(ii) if to the Corporation, to:

Analog Devices, Inc.
3 Technology Way
Norwood, MA 02062
Attn: General Counsel

or to such other address as may have been furnished to Indemnitee by the Corporation or to the Corporation by Indemnitee, as the case may be.

23. Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Massachusetts. Indemnitee may elect to have the right to indemnification or reimbursement or advancement of Expenses interpreted on the basis of the applicable law in effect at the time of the occurrence of the event or events giving rise to the applicable Proceeding, to the extent permitted by law, or on the basis of the applicable law in effect at the time such indemnification or reimbursement or advancement of Expenses is sought. Such election shall be made, by a notice in writing to the Corporation, at the time indemnification or reimbursement or advancement of Expenses is sought; provided, however, that if no such notice is given, and if Chapter 156D is amended, or other Massachusetts law is enacted, to permit further indemnification of directors and officers, then Indemnitee shall be indemnified to the fullest extent permitted under Chapter 156D, as so amended, or by such other Massachusetts law, as so enacted.

24. Limitations on Indemnification. The provisions of this Agreement are subject to the limitations and prohibitions imposed by applicable federal law, including the Securities Act of 1933, and any regulations promulgated thereunder.

25. Enforcement. The Corporation expressly confirms and agrees that it has entered into this Agreement in order to induce Indemnitee to serve or to continue to serve as a director or officer of the Corporation, and acknowledges that Indemnitee is relying upon this Agreement in continuing in such capacity.

26. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, whether oral or written, by any officer, employee or representative of any party hereto in respect of the subject matter contained herein; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled. For avoidance of doubt, the parties confirm that the foregoing does not apply to or limit in any way Indemnitee’s rights under Massachusetts law or the Corporation’s Articles of Organization or Bylaws.

[Remainder of the Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ANALOG DEVICES, INC.

By: ______________________________

INDEMNITEE:

____

Address:

SECOND AMENDMENT TO TRUST AGREEMENT BETWEEN FIDELITY MANAGEMENT TRUST COMPANY AND ANALOG DEVICES, INC.

THIS SECOND AMENDMENT, dated and effective as of the tenth day of December, 2007, unless otherwise set forth herein, by and between Fidelity Management Trust Company (the "Trustee") and Analog Devices, Inc. (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated October 1, 2003 with regard to the Analog Devices, Inc. Deferred Compensation Plan (the "Plan"); and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

WHEREAS, the Sponsor hereby directs the Trustee, in accordance with Section 8(b) of the Trust Agreement, to redirect all participant contributions directed to the below-mentioned Funds after December 7, 2007 to be invested in the corresponding Funds; and to permit no further investments in the below-mentioned Funds as investment options for the Plan after December 7, 2007. The parties hereto agree that the Trustee shall have no discretionary authority with respect to this sale and transfer directed by the Sponsor. Any variation from the procedure described herein may be instituted only at the express written direction of the Sponsor; and

Closing Funds ("Below-mentioned Funds")	Mapping To ("Corresponding Funds")
Fidelity Growth & Income Portfolio	Spartan® U.S. Equity Index Fund
Fidelity Magellan Fund	Spartan® U.S. Equity Index Fund
Fidelity OTC Portfolio	Fidelity Growth Company Fund
Ariel Appreciation Fund- Investor Class	Hotchkiss and Wiley Mid-Cap Value Fund- Class I
Merrill Lynch Semiconductor Holder Fund	Spartan® U.S. Equity Index Fund
Templeton Foreign Fund- Class A	Spartan® International Index Fund

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) *Effective after the close of business (4:00 p.m. EST) on December 7, 2007*, amending the "investment options" section of Schedules "A" to delete the following:

- Fidelity Growth & Income Portfolio
- Fidelity Magellan Fund
- Fidelity OTC Portfolio
- Ariel Appreciation Fund- Investor Class
- Merrill Lynch Semiconductor Holder Fund
- Templeton Foreign Fund- Class A

(2) *Effective after the close of business (4:00 p.m. EST) on December 7, 2007*, amending the "investment options" section of Schedules "A" to add the following:

- Spartan® International Index Fund
- Hotchkiss and Wiley Mid-Cap Value Fund- Class I
- Vanguard Short-Term Bond Index Fund- Signal™
- Vanguard Small-Cap Index Fund- Institutional Shares

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Second Amendment to be executed by their duly authorized officers effective as of the day and year first above written. By signing below, the undersigned represent that they are authorized to execute this document on behalf of the respective parties. Notwithstanding any contradictory provision of the Trust Agreement, each party may rely without duty of inquiry on the foregoing representation.

ANALOG DEVICES, INC. COMPANY		**FIDELITY MANAGEMENT TRUST**	
By: /s/ Joseph E. McDonough	11/30/09	By: /s/ illegible	
Authorized Signatory	Date	Authorized Signatory	Date

Analog Devices, Inc.
Code of Business Conduct and Ethics

To all Employees:

We all face choices in our jobs every day. The purpose of this Code of Business Conduct and Ethics is to help you make the right choices — those that will help maintain the integrity and reputation of Analog Devices (ADI).

ADI expects honest and ethical conduct from all its personnel. Good ethics are good business. Whether you work in manufacturing, finance, engineering, marketing, sales or in an administrative or executive function, you should consider yourself a guardian of ADI's good name. The trust and respect of all stakeholders — co-workers, customers, stockholders, suppliers, our communities and the general public — are assets that cannot be purchased and can only be sustained through our continued vigilance. Only by maintaining the highest ethical standards can we preserve, and grow, these crucial relationships.

This Code is based on ethical guidelines that have been in place for years at ADI. Ethical business practices have been and will continue to be the foundation of all ADI policies and procedures.

Of course, no code of business conduct and ethics can replace the thoughtful behavior of an ethical director, officer or employee. However, this Code is intended to help you focus on areas of ethical risk, provide you with guidance, help you recognize and deal with ethical issues, provide ways for you to report unethical conduct, and enlist your help in fostering a culture of honesty and accountability here at ADI.

All ADI personnel are required to review this information and to familiarize themselves with the standards we expect to achieve at ADI.

Jerald G. Fishman
President & Chief Executive Officer

About this Code of Business Conduct and Ethics

This Code of Business Conduct and Ethics Applies To Everyone at Analog Devices

This Code of Business Conduct and Ethics applies to everyone who works for ADI, including its subsidiaries. This includes the Chief Executive Officer, the Chief Financial Officer, members of ADI's board of directors, other senior financial, business and technical management, and every employee. We are all responsible for complying with this Code as we carry out our duties for ADI. We will not instruct or help anyone to violate the Code or approve of any conduct in violation of this Code.

Compliance with Applicable Laws

ADI expects all officers, members of its board of directors, and employees — as well as non-employee sales representatives, consultants, vendors, suppliers and customers engaged in business activities with ADI — to comply with the law in the course of their relationship with ADI, including all applicable statutes, rules and regulations in all countries and regions in which we do business.

Open Door Policy

ADI has an open door policy to hear from you about:

- questions about this Code
- any violations or potential violations of this Code
- concerns about questionable accounting or auditing matters or internal financial controls
- any violations or potential violations of any law or regulation

You may bring these issues to your supervisor, the Human Resources department or ADI's General Counsel. In addition, ADI has established a toll-free Business Ethics Hotline operated by an independent third party, Global Compliance, Inc., at 1-800-381-6302, where you can report about any of these issues. While we prefer that you identify yourself when reporting, you can also remain anonymous if you wish. You can find more information about the Business Ethics Hotline in the Compliance and Ethics area of Signals.

While we generally prefer to address matters internally when possible, nothing in this Code should discourage you from reporting any illegal activity or any violation of law or regulation to the appropriate governmental authority. ADI will not retaliate against any employee who in good faith makes a report or assists ADI in identifying or investigating suspected violations of the law or this Code.

ADI’s General Counsel can be reached by fax, mail or email at:

Analog Devices, Inc.
Compliance and Business Ethics, Confidential
One Technology Way
PO Box 9106
Norwood, MA 02062
Fax: 781-461-3491
Email: legal@analog.com

Dealing with ADI’s customers, suppliers and competitors

Truthfulness and Integrity

ADI’s reputation for integrity in all aspects of business is a priceless asset. To maintain this reputation, we must be truthful in all our communications about ADI and its products. When we make statements about ADI’s products and offerings, as well as those of our competitors, we must base those statements on factual data and avoid deliberately misleading information. When we make comparative presentations of ADI’s products versus those of our competitors, we must base the comparisons on factual engineering analysis.

At ADI, we deal fairly with ADI’s customers, suppliers and competitors and our fellow employees. We must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts, or any other unfair-dealing practice.

Reciprocal Dealings

We sell our products and services by meeting customers’ needs, rather than by using our purchasing power as a weapon. Some of our customers and potential customers are also our vendors and suppliers, and we do not use coercion in any way, either expressed or implied, to require our vendors or suppliers to buy from ADI. Similarly, ADI selects its vendors and suppliers solely on the basis of their superior ability to serve our needs. The fact that a potential vendor may be a large customer of ADI must not be a factor in the consideration of that vendor.

Open and Fair Competition and Pricing

In the United States and many other countries, it is illegal for an organization to collaborate with its competitors or their representatives to restrain competition or trade by engaging in activities such as:

- agreeing to establish or maintain prices,
- dividing up markets or customers among themselves,
- participating in group boycotts of other businesses to force them to raise prices,

- agreeing to restrict production, or
- agreeing not to do business with specific customers.

Accordingly, ADI and its employees do not discuss prices or customers with ADI's competitors except when necessary in connection with legitimate sales or purchase transactions. Employees who are involved in trade associations and professional groups should take care that discussions in these forums do not cross the line into illegal pricing discussions.

In addition, ADI and its personnel do not fix or dictate resale prices to ADI's distributors or pressure resale price maintenance by reprimanding or threatening distributors who reduce their prices. We are fair in all of our dealings with our distributors and do not restrict our distributors' rights to sell our products (unless there is a legitimate business reason such as counterfeiting), nor do we seek to prevent our distributors from selling our competitors' products. We do not discriminate among similar distributors when we offer price discounts.

If you have questions about whether an action you are considering may be an illegal restraint on competition or trade, you should consult ADI's legal department.

Reasonable Estimates

Many employees are responsible for providing estimates of pricing, cost and expenses to customers, suppliers, government procurement personnel, taxing authorities and audit agencies. Similar estimates are also used daily in ADI's internal operations. These estimates should be reasonable and based upon known facts, or upon the employee's plausible and honest judgment.

The United States and other countries have regulations that govern the development of estimates. ADI's policy is to ensure that price estimates comply with the law and provide a fair profit, taking into account various factors such as risk, technical innovation and product demand.

Protecting ADI's technology and proprietary information

ADI's trade secrets, proprietary information and most other internal information are valuable company assets, and it is vital to ADI's continued growth and competitiveness that this information remain confidential and secure. Except when disclosure is legally required (and then only to the extent required by law), our obligations regarding ADI's trade secrets and proprietary information are:

1. Not to disclose this information to persons or organizations outside of ADI, such as in conversations with visitors, suppliers or family, unless the person or organization has signed a non-disclosure agreement protecting the confidentiality of the information;

2. Not to use this information for our own benefit or for the profit or benefit of persons or organizations outside ADI; and

3. To disclose this information only to other ADI employees on a "need to know" or "need to use" basis and to make the employees aware of the proprietary nature of the information.

ADI's trade secrets and proprietary information are not always of a technical nature and include, among other things, ADI's strategic, business, marketing, financial and product plans; divisional and departmental sales, profits and unpublished financial or pricing information; yields, designs, efficiencies and capacities of ADI's production facilities, methods and systems; employee lists; customer and vendor lists; and detailed information regarding customer requirements, preferences, business habits and plans.

When ADI employees leave the company, they still have an obligation to protect ADI's trade secrets and proprietary information until the information becomes publicly available or until ADI no longer considers it a trade secret or proprietary. Correspondence, printed matter, documents or records of any kind that describe specific process knowledge, procedures, special ADI ways of doing things, whether classified or not, are all ADI's property and must remain at the company. Of course, personal skills that an employee acquires or improves on the job belong to that individual.

Information and Technology from Outside ADI

ADI respects the trade secrets and other proprietary information of other companies and individuals. Unless we have specific authorization from the owner of the information, we never reveal to anyone within or outside ADI any information that we have reason to believe is proprietary or a trade secret, whether it belongs to an ADI customer, supplier or other business partner or to an employee's former employer.

Unless we have received written approval from ADI's patent counsel, we refuse to receive or consider any information regarding trade secrets, such as ideas, inventions or patent applications, that are submitted from companies or individuals outside ADI. In addition, we comply with all license agreements for software that we license from outside vendors and use the software only as permitted under our licenses.

On-Line Public Forums

Unless ADI has specifically authorized you to do so, ADI personnel may not disclose information about ADI or its business in on-line public forums, like bulletin boards, chat rooms, weblogs or social media outlets, even if the intent is to correct inaccurate statements or to defend ADI. These kinds of communications may result in the inadvertent release of proprietary and confidential information.

Trading stock

Occasionally we know important information about ADI that is not known to the investing public, such as bookings levels, prospects for sales or profitability, acquisitions, new product line development, specific technological achievements, major financial problems at a division, etc. Until this information is disclosed to the public, employees who know material, non-public information about ADI, as well as their immediate families, have a two-fold responsibility under the law:

1. They cannot buy or sell ADI's stock until after the material information has been released to the public; and
2. They cannot disclose the information to others who might use it to their advantage in buying or selling ADI stock, until after it has been released to the public.

These two rules apply to other companies' stock as well. If, in the course of their jobs, ADI employees learn of material, non-public information about another company, then they may not trade that company's stock and also may not disclose the information to anyone else who may trade that company's stock. If you have any questions about whether or not information is material to ADI or another company or whether the information has been released to the public, please consult ADI's legal department.

ADI has adopted a comprehensive policy on the trading of securities that is applicable to all ADI personnel. You can find ADI's Policy on Securities Trading in the Policies and Procedures area of Signals.

Financial reporting and public communications

Fair and Accurate Filings

ADI has an obligation to make full, fair, accurate, timely and understandable disclosures in all reports and documents submitted to the United States Securities and Exchange Commission, as well as in other public communications. Employees who are involved in the creation, assembly and approval of these reports and documents are responsible for making sure that ADI complies with these disclosure obligations.

Accuracy of Books and Records

All ADI employees, officers and directors must honestly and accurately report all business transactions. Each of us is responsible for the accuracy of our own records, time sheets and reports. In addition, we are all responsible for ensuring that:

- All company books, records and accounts accurately reflect the true nature of the transactions they record;
- ADI's financial statements conform to generally accepted accounting rules and the company's accounting policies;
- No undisclosed or unrecorded account or fund is established for any purpose;
- No false or misleading entries are made in the company's books or records for any reason; and
- No disbursements of corporate funds or other corporate property are made without adequate supporting documentation or for any purpose other than as described in the documents.

If you believe that the company's books and records are not being maintained in accordance with these requirements, you should report the matter to your supervisor or ADI's General Counsel or call the Business Ethics Hotline described in the Open Door Policy section at the beginning of this Code.

Release of Company Information

All requests for information from the media, market professionals (such as securities analysts, institutional investors, investment advisers, brokers and dealers) and ADI's investors and stockholders should be directed to the Director of Corporate Communications. Unless ADI has specifically authorized you to communicate with the media, market professionals or investors, you should decline to comment if you receive an inquiry from a member of any of these groups.

ADI's business and technology resources and assets

We are all responsible for preventing ADI's equipment, tools, materials and supplies from being stolen or lost, misused for non-company purposes, or damaged or abused, any of which could cause a financial burden on ADI and handicap the company's ability to operate profitably. We are also responsible for keeping our technology resources, including email, voice mail, Intranet and Internet access, as secure as possible and free from misuse by complying with ADI's Technology Resources Policy, which you can find in the Information Resources/Policies and Standards area of Signals. Our failure to comply with this Policy could make our electronic records vulnerable to attack by hackers and other unauthorized parties.

Gifts and entertainment

General Policy

When people or companies who do business or seek to do business with ADI offer us gifts or business entertainment, we do not accept them (or allow our immediate families to accept them) if the gift or entertainment may influence, or even appear to influence, our business decisions or judgments on behalf of ADI. Similarly, we do not offer or give gifts or business entertainment to our customers, competitors, suppliers or others doing business with ADI if the gift or entertainment may influence or appear to influence their business decisions or judgments on behalf of their companies.

We may, however, give or accept gifts and business entertainment that are reasonable and customary in the country or region where they are given, do not present a danger of improper influence, are not lavish, and comply with ADI's Guidelines for Gifts and Business Entertainment. Items that may be considered "gifts" include both physical and non-physical items and reimbursement of expenses. Items that may be considered "business entertainment" include meals, drinks, sports or theatrical events, travel, accommodations and similar items.

If you have any questions about the appropriateness of a specific gift or entertainment activity, please discuss it with your supervisor or ADI's legal department or refer to ADI's Guidelines for Gifts and Business Entertainment, which you can find in the Policies and Procedures area of Signals.

Gifts and Entertainment to Government Officials and Government Employees

ADI complies with all applicable anti-corruption and anti-bribery laws in all countries where it does business. To that end, ADI's officers, employees, contractors and agents may not give, offer, or promise anything of value to a government official for the purpose of improperly obtaining or retaining any business or other advantage. "Anything of value" includes any physical or non-physical item that has value (no matter how small) or that someone might be willing to pay for. "Government officials" include officers and employees of all ranks, no matter how high or low, of national governments, local governments, companies that are owned or controlled by the government or state, and public international organizations, such as the United Nations or World Bank. "Government officials" also include political parties, party officials, and candidates for public office.

ADI is responsible not only for its own personnel but also for its agents, contractors, and other third parties acting on its behalf. Therefore, if it would be a violation of the law to give a gift or provide entertainment to a government official directly, then we may not allow a third party to do so on ADI's behalf.

You can find more information about gifts and business entertainment involving government officials in ADI's Questionnaire for Gifts and Entertainment involving Government Officials and Guidelines for Gifts and Business Entertainment, which you can find in the Policies and Procedures area of Signals. If you have any questions about the appropriateness of a specific gift or entertainment activity, please discuss it with your supervisor or ADI's legal department.

Conflicts of interest

General Policy

All ADI personnel must act and make business decisions in the best interests of ADI and refrain from intentionally or unintentionally engaging in activities that create a conflict of interest or an appearance of impropriety. In general, we avoid any activity or personal interest in a transaction or relationship that creates or appears to create a conflict between our own private interests and ADI's interests, or that might impair our ability to perform our ADI duties and responsibilities honestly, objectively and effectively. We never use ADI's property, information or business opportunities for own personal gain or benefit or that of anyone else.

For example:

- We do not directly or indirectly become involved in any activity or business on behalf of an ADI competitor, unless ADI specifically requests that we do so.
- We do not use our position with ADI to influence a transaction with a customer, supplier or other party in which we have any personal interest.
- We do not participate individually in any business or investment opportunity that we learned about through our position at ADI. These opportunities belong to ADI.
- We do not associate ADI with, or indicate ADI support for, any civic, religious, political or professional association without ADI's approval.

If you have a situation that you believe may involve a conflict of interest, then you should report it to your manager or to ADI's legal department. Your manager, with the help of the legal department if needed, will determine whether a conflict of interest exists and, if so, what action should be taken.

ADI's executive officers, Senior Executive Group members (as designated from time to time by the Chief Executive Officer), and directors must report any existing or proposed transaction or relationship that reasonably could be expected to give rise to a conflict of interest to ADI's General Counsel. The General Counsel will review the transaction or relationship and present it to the Nominating and Corporate Governance Committee of the Board of Directors. The Committee, with the advice of the General Counsel, will determine whether the transaction or relationship constitutes a conflict of interest. However, transactions or relationships arising in the time period between meetings of the Committee may be presented to the Chair of the Committee, who will determine whether the transaction or relationship constitutes a conflict of interest, subject to determination by the Committee at its next meeting. In addition, the Committee will periodically review any transaction or relationship that is determined by the Committee not to constitute a conflict of interest and that is ongoing in nature, to ensure continued compliance with this Code.

A transaction or relationship that is determined by the General Counsel or the Committee to constitute a conflict of interest may be ratified or approved by the Committee if the Committee determines that, under all of the circumstances, it is in the best interests of ADI. The Committee may, in its sole discretion, impose such conditions or require public disclosure as it deems appropriate or as required by law or stock exchange regulation in connection with any approval or ratification of the transaction or relationship.

Loans to Executive Officers and Directors

ADI will not directly or indirectly extend or maintain credit, or arrange for an extension of credit, in the form of a personal loan to or for any executive officer or director.

Workplace safety and natural resources

ADI conducts its business in compliance with all applicable laws, regulations and standards regarding workplace safety and the preservation of our natural resources. We are all responsible for ensuring that ADI policies, procedures and guidelines regarding workplace safety and the preservation of our natural resources are fully implemented and observed. We will not tolerate unsafe conditions in the workplace or conditions that endanger our employees, other parties, or the quality of our air, water or land. For more details or to report any concerns you may have about the safety and environmental guidelines of any ADI facility, please contact the health and safety manager for that facility.

Administration of this Code

Investigating and Resolving Issues under this Code

ADI's General Counsel is responsible for tracking and responding to issues that arise under this Code and actual or potential violations of this Code. The process for following up on suspected violations of this Code is as follows:

- The General Counsel or another person authorized by ADI's board of directors evaluates the available information about the suspected Code violation and determines whether further investigation is required.
- If so, the General Counsel will conduct an investigation that is appropriate for the situation. Employees, officers and members of ADI's board of directors are expected to cooperate fully with any investigation involving a suspected violation of this Code.
- The General Counsel (or another person designated by the board of directors) will then report the results of the investigation and any recommendation for follow-up action to the appropriate executive officer or, if the alleged violation involves an executive officer or a member of the board of directors, to the board of directors. The board or management team, as applicable, will decide upon and carry out a course of action to address the situation.

- In the case of a complaint or concern about questionable accounting or auditing matters or internal financial controls, the General Counsel and ADI's internal auditor will promptly forward the information to the Audit Committee of ADI's board of directors, unless the General Counsel and internal auditor believe the report to be without merit, in which case they may delay reporting until the next Audit Committee meeting. The Audit Committee will determine whether further investigation is required and, if necessary, will decide upon and carry out a course of action to address the situation.

ADI will not discipline, discriminate against or retaliate against any employee who reports a complaint or concern in good faith.

Consequences of Violation of the Code

ADI's takes prompt and consistent action to enforce this Code. A violation of this Code may result in a warning, reprimand, demotion, suspension, termination of employment, or other disciplinary action. In some cases, ADI may be required to refer the matter to the appropriate authorities for criminal prosecution.

Waivers

There may be special circumstances where an action that would technically violate this Code may be permissible, but ADI personnel may not make that decision by themselves. If you believe that you have a situation where you or someone else should be excused from a specific section of the Code, then you must submit a written request for a waiver to ADI's General Counsel. Only the General Counsel or ADI's board of directors have the authority to grant a waiver of this Code. In the case of executive officers or members of the board of directors, a waiver may be granted only by the board of directors (or a committee of the board), and ADI will publicly disclose the waiver as required by law or stock exchange regulation.

Amendment

ADI may modify this Code from time to time. The most current version of this Code can be found in the Compliance and Ethics area of Signals.

This document is not an employment contract between ADI and any of its employees, officers or members of the board of directors and does not alter the company's policy of at-will employment.

Revised — September 2008

SUBSIDIARIES OF THE REGISTRANT
As of November 1, 2008

Name of Subsidiary	State or Other Jurisdiction of Incorporation or Organization
Analog Devices Limited	United Kingdom
Analog Devices, GmbH	Germany
Analog Devices, SAS	France
Analog Devices, K.K.	Japan
Analog Devices ApS	Denmark
AudioAsics A/S	Denmark
Analog Devices A.B.	Sweden
Analog Devices (Finland) Oy	Finland
Analog Devices SRL	Italy
Analog Devices, GMBH	Austria
Analog Devices Korea, Ltd.	Korea
Integrant Technologies, Inc.	Korea
Analog Devices, B.V.	The Netherlands
Analog Devices Holdings, B.V.	The Netherlands
Analog Devices Nederland, B.V.	The Netherlands
Analog Devices (Philippines), Inc.	The Philippines
Analog Devices Gen. Trias, Inc.	The Philippines
Analog Devices Realty Holdings, Inc. (40% owned)	The Philippines
Analog Devices Taiwan, Ltd.	Taiwan
Analog Devices Hong Kong, Ltd.	Hong Kong
Analog Devices Pty, Ltd.	Australia
Analog Devices Australia Pty. Ltd.	Australia
Analog Devices India Private Limited	India
Analog Devices International Financial Services Limited	Ireland
Analog Research & Development Ltd.	Ireland
Analog Nominees Limited	Ireland
Analysed Investments, Ltd.	Ireland
Analog Devices Israel, Ltd.	Israel
Analog Development (Israel) 1996 Ltd.	Israel
Analog Devices (China) Co. Ltd.	China
Analog Devices (Shanghai) Co., Ltd.	China
Analog Devices Canada, Ltd.	Canada
Analog Devices S.L.	Spain
ADI Micromachines, Inc.	Delaware
Analog Devices International, Inc.	Massachusetts

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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, 333-75170, 333-113510 and 333-132409, 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 reports dated November 21, 2008, with respect to the consolidated financial statements and schedule of Analog Devices, Inc., and the effectiveness of internal control over financial reporting of Analog Devices, Inc., included in this Annual Report (Form 10-K) for the year ended November 1, 2008.

/s/ Ernst & Young LLP

Boston, Massachusetts
November 21, 2008

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 functions):

    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.

Date: November 25, 2008

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

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 functions):

   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.

Date: November 25, 2008

/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, 2008 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, to my knowledge:

(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.

Date: November 25, 2008

/s/ Jerald G. Fishman
Jerald G. Fishman
Chief Executive Officer

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, 2008 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, to my knowledge:

(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.

Date: November 25, 2008

/s/ Joseph E. McDonough
Joseph E. McDonough
Chief Financial Officer