



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended August 1, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 1-7819

**Analog Devices, Inc.**

(Exact name of registrant as specified in its charter)

Massachusetts

(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)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) YES  NO

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  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

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

As of August 1, 2009 there were 291,549,108 shares of Common Stock, \$0.16 2/3 par value per share, outstanding.

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## PART I — FINANCIAL INFORMATION

**ITEM 1. Financial Statements**

ANALOG DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(thousands, except per share amounts)

	Three Months Ended	
	August 1, 2009	August 2, 2008
Revenue	\$ 491,991	\$ 658,986
Cost of sales (1)	225,762	257,192
Gross margin	266,229	401,794
Operating expenses:		
Research and development (1)	107,578	135,837
Selling, marketing, general and administrative (1)	79,706	104,767
	187,284	240,604
Operating income	78,945	161,190
Nonoperating (income) expense:		
Interest expense	1,368	—
Interest income	(2,558)	(8,205)
Other, net	108	664
	(1,082)	(7,541)
Income from continuing operations before income taxes	80,027	168,731
Provision for income taxes	14,567	39,536
Income from continuing operations, net of tax	65,460	129,195
Discontinued operations, net of tax:		
Income from discontinued operations	—	5,611
Gain on sale of discontinued operations	—	3,802
Total income from discontinued operations, net of tax	—	9,413
Net income	\$ 65,460	\$ 138,608
Shares used to compute earnings per share — basic	291,387	290,376
Shares used to compute earnings per share — diluted	293,084	295,001
Basic earnings per share from continuing operations	\$ 0.22	\$ 0.44
Basic earnings per share	\$ 0.22	\$ 0.48
Diluted earnings per share from continuing operations	\$ 0.22	\$ 0.44
Diluted earnings per share	\$ 0.22	\$ 0.47
Dividends declared and paid per share	\$ 0.20	\$ 0.20

(1) Includes stock-based compensation expense as follows:

Cost of sales	\$ 1,942	\$ 1,943
Research and development	\$ 5,508	\$ 6,178
Selling, marketing, general and administrative	\$ 4,565	\$ 5,452

See accompanying notes.

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

	Nine Months Ended	
	August 1, 2009	August 2, 2008
Revenue	\$ 1,443,308	\$ 1,922,235
Cost of sales (1)	646,525	748,617
Gross margin	796,783	1,173,618
Operating expenses:		
Research and development (1)	336,854	400,029
Selling, marketing, general and administrative (1)	249,828	309,301
Special charges	53,656	—
	640,338	709,330
Operating income	156,445	464,288
Nonoperating (income) expense:		
Interest expense	1,368	—
Interest income	(13,881)	(31,400)
Other, net	(1,260)	951
	(13,773)	(30,449)
Income from continuing operations before income taxes	170,218	494,737
Provision for income taxes	28,419	113,802
Income from continuing operations, net of tax	141,799	380,935
Discontinued operations, net of tax:		
Income from discontinued operations	364	10,693
Gain on sale of discontinued operations	—	250,785
Total income from discontinued operations, net of tax	364	261,478
Net income	\$ 142,163	\$ 642,413
Shares used to compute earnings per share — basic	291,267	293,302
Shares used to compute earnings per share — diluted	292,259	298,207
Basic earnings per share from continuing operations	\$ 0.49	\$ 1.30
Basic earnings per share	\$ 0.49	\$ 2.19
Diluted earnings per share from continuing operations	\$ 0.49	\$ 1.28
Diluted earnings per share	\$ 0.49	\$ 2.15
Dividends declared and paid per share	\$ 0.60	\$ 0.56

(1) Includes stock-based compensation expense as follows:

Cost of sales	\$ 5,334	\$ 5,802
Research and development	\$ 16,880	\$ 17,810
Selling, marketing, general and administrative	\$ 13,778	\$ 15,580

See accompanying notes.

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

	<u>August 1, 2009</u>	<u>November 1, 2008</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 632,715	\$ 593,599
Short-term investments	1,091,729	716,087
Accounts receivable, net	244,025	315,290
Inventory (1):		
Raw materials	14,251	15,350
Work in process	192,292	200,436
Finished goods	69,529	98,843
	<u>276,072</u>	<u>314,629</u>
Deferred tax assets	76,683	102,676
Deferred compensation plan investments	1,282	942
Prepaid expenses and other current assets	37,127	40,460
Current assets of discontinued operations	—	5,894
Total current assets	<u>2,359,633</u>	<u>2,089,577</u>
Property, plant and equipment, at cost:		
Land and buildings	394,200	378,187
Machinery and equipment	1,501,942	1,512,984
Office equipment	58,924	63,071
Leasehold improvements	66,452	65,247
	<u>2,021,518</u>	<u>2,019,489</u>
Less accumulated depreciation and amortization	1,529,954	1,452,050
Net property, plant and equipment	<u>491,564</u>	<u>567,439</u>
Deferred compensation plan investments	7,078	31,099
Other investments	1,677	955
Goodwill	247,347	235,175
Intangible assets, net	8,816	12,300
Deferred tax assets	71,249	65,949
Other assets	30,750	26,461
Non-current assets of discontinued operations	62,037	62,037
Total other assets	<u>428,954</u>	<u>433,976</u>
	<u>\$ 3,280,151</u>	<u>\$ 3,090,992</u>

(1) Includes \$2,503 and \$2,632 related to stock-based compensation at August 1, 2009 and November 1, 2008, respectively.

See accompanying notes.

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

	<u>August 1, 2009</u>	<u>November 1, 2008</u>
<b>Liabilities and Shareholders' Equity</b>		
Accounts payable	\$ 94,787	\$ 130,451
Deferred income on shipments to distributors, net	123,876	175,358
Income taxes payable	13,951	52,546
Deferred compensation plan liability	1,282	942
Accrued liabilities	118,830	191,307
Current liabilities of discontinued operations	1,200	18,454
Total current liabilities	<u>353,926</u>	<u>569,058</u>
Long-term debt	374,926	—
Deferred income taxes	20,827	14,310
Deferred compensation plan liability	7,076	31,800
Other non-current liabilities	65,031	55,561
Total non-current liabilities	<u>467,860</u>	<u>101,671</u>
Commitments and contingencies		
<b>Shareholders' Equity</b>		
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, 291,549,108 shares issued and outstanding (291,193,451 on November 1, 2008)	48,592	48,533
Capital in excess of par value	—	—
Retained earnings	2,426,580	2,419,908
Accumulated other comprehensive loss	(16,807)	(48,178)
Total shareholders' equity	<u>2,458,365</u>	<u>2,420,263</u>
	<u>\$ 3,280,151</u>	<u>\$ 3,090,992</u>

See accompanying notes.

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

	Nine Months Ended	
	August 1, 2009	August 2, 2008
Cash flows from operating activities:		
Net income	\$ 142,163	\$ 642,413
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	102,495	108,061
Amortization of intangibles	5,227	7,476
Stock-based compensation expense	35,992	36,895
Gain on sale of business	—	(250,785)
Income tax payments related to gain on sale of businesses	(4,105)	(67,283)
Deferred income taxes	(221)	(7,660)
Excess tax benefit-stock options	(5)	(12,967)
Non-cash portion of special charge	13,768	—
Other non-cash activity	1,299	1,306
Changes in operating assets and liabilities	(27,143)	69,654
Total adjustments	127,307	(115,303)
Net cash provided by operating activities	269,470	527,110
Cash flows from investing activities:		
Purchases of short-term available-for-sale investments	(1,914,428)	(1,551,019)
Maturities of short-term available-for-sale investments	1,535,941	1,348,947
Net (expenditures) proceeds from sales of businesses (See Note 15)	(1,340)	403,181
Additions to property, plant and equipment	(39,706)	(110,031)
Payments for acquisitions	(8,360)	(3,146)
(Increase) decrease in other assets	(5,750)	1,532
Net cash (used) provided by investing activities	(433,643)	89,464
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	370,350	—
Dividend payments to shareholders	(174,662)	(164,425)
Repurchase of common stock	(3,762)	(552,380)
Increase in liability from common stock repurchases	—	139
Net proceeds from employee stock plans	8,740	83,005
Excess tax benefit-stock options	5	12,967
Credit facility fees	—	(600)
Net cash provided (used) for financing activities	200,671	(621,294)
Effect of exchange rate changes on cash	2,618	(1,796)
Net increase (decrease) in cash and cash equivalents	39,116	(6,516)
Cash and cash equivalents at beginning of period	593,599	424,972
Cash and cash equivalents at end of period	\$ 632,715	\$ 418,456

See accompanying notes.



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ANALOG DEVICES, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED AUGUST 1, 2009  
(all tabular amounts in thousands except per share amounts and percentages)

### **Note 1 — Basis of Presentation**

In the opinion of management, the information furnished in the accompanying condensed consolidated financial statements reflects all normal recurring adjustments that are necessary to fairly state the results for these interim periods and should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 2008 and related notes. The results of operations for the interim period shown in this report are not necessarily indicative of the results that may be expected for the fiscal year ending October 31, 2009 or any future period.

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 during the first quarter of fiscal 2008. 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 August 1, 2009 and November 1, 2008.

The Company has a 52-53 week fiscal year that ends on the Saturday closest to the last day in October. Fiscal 2009 and fiscal 2008 are 52-week fiscal years. Certain amounts reported in previous years have been reclassified to conform to the fiscal 2009 presentation. Such reclassified amounts were immaterial.

### **Note 2 — Revenue Recognition**

Revenue from 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 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.

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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 frequent contact with the distributors to ensure reserves are established for all known material issues.

As of August 1, 2009 and November 1, 2008, the Company had gross deferred revenue of \$204.1 million and \$279.3 million, respectively, and gross deferred cost of sales of \$80.2 million and \$103.9 million, respectively. Deferred income on shipments to distributors as of August 1, 2009 was lower than the amount as of November 1, 2008 by \$51.5 million, as a result of the distributors' sales to their customers in the first nine months of fiscal 2009 exceeding the Company's shipments to its distributors 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 both of the three- and nine-month periods ended August 1, 2009 and August 2, 2008 were not material.

### **Note 3 — Stock-Based Compensation**

*Grant-Date Fair Value* — The Company uses the Black-Scholes option pricing model to calculate the grant-date fair value of an award. Information pertaining to the Company's stock option awards and the related estimated weighted-average assumptions to calculate the fair value of stock options granted during the three- and nine-month periods ended August 1, 2009 and August 2, 2008 are as follows:

Stock Options	Three Months Ended		Nine Months Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Options granted (in thousands)	35	67	5,650	5,733
Weighted-average exercise price per share	\$22.96	\$31.96	\$19.60	\$29.89
Weighted-average grant-date fair value per share	\$ 6.26	\$ 9.07	\$ 7.42	\$ 7.91
Assumptions:				
Weighted-average expected volatility	39.2%	35.1%	58.9%	32.2%
Weighted-average expected term (in years)	5.3	5.1	5.3	5.1
Risk-free interest rate	2.4%	3.3%	1.7%	3.3%
Expected dividend yield	3.5%	2.5%	4.1%	2.4%

*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.

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*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 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. Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share-Based Payment*, (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 August 1, 2009. 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.

### *Stock-Based Compensation Activity*

A summary of the activity under the Company's stock option plans as of August 1, 2009 and changes during the three- and nine-month periods then ended is presented below:

	Options Outstanding (in thousands)	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
<b>Activity during the Three Months Ended August 1, 2009</b>				
<b>Options outstanding at May 2, 2009</b>	72,832	\$35.29		
Options granted	35	\$22.96		
Options exercised	(305)	\$19.07		
Options forfeited	(166)	\$31.05		
Options expired	(488)	\$39.52		
<b>Options outstanding at August 1, 2009</b>	<u>71,908</u>	\$35.34	4.5	\$88,898
<b>Options exercisable at August 1, 2009</b>	<u>53,249</u>	\$37.30	3.4	\$45,067
<b>Options vested or expected to vest at August 1, 2009 (1)</b>	<u>70,666</u>	\$35.49	4.5	\$84,555

(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.

	Options Outstanding	Weighted-Average Exercise Price Per Share
<b>Activity during the Nine Months Ended August 1, 2009</b>		
<b>Options outstanding at November 1, 2008</b>	70,340	\$36.63
Options granted	5,650	\$19.60
Options exercised	(488)	\$18.15
Options forfeited	(832)	\$33.52
Options expired	(2,762)	\$39.77
<b>Options outstanding at August 1, 2009</b>	<u>71,908</u>	\$35.34

During the three and nine months ended August 1, 2009, 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) was \$1.8 million and \$2.5 million, respectively, and the total amount of proceeds received from exercise of these options was \$5.8 million and \$8.8 million, respectively. Proceeds from stock option exercises pursuant to employee stock plans in the Company's statement of cash flows during the nine months ended August 1, 2009 of \$8.7 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

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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 the three and nine months ended August 1, 2009 was approximately \$0.7 million and \$72.8 million, respectively.

During the three and nine months ended August 2, 2008, 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) was \$18.0 million and \$94.5 million, respectively, and the total amount of cash received from exercise of these options was \$20.9 million and \$89.4 million, respectively. Proceeds from stock option exercises pursuant to employee stock plans in the Company's statement of cash flows during the nine months ended August 2, 2008 of \$83.0 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 total grant-date fair value of stock options that vested during the three and nine months ended August 2, 2008 was approximately \$0.9 million and \$76.6 million, respectively.

A summary of the Company's restricted stock and restricted stock unit award activity as of August 1, 2009 and changes during the three- and nine-month periods then ended is presented below:

	Restricted Shares and/ or Units Outstanding	Weighted- Average Grant Date Fair Value Per Share
<b>Activity during the Three Months Ended August 1, 2009</b>		
<b>Non-vested shares outstanding at May 2, 2009</b>	146	\$25.02
Restrictions lapsed	(3)	\$33.53
<b>Non-vested shares outstanding at August 1, 2009</b>	<u>143</u>	\$24.80
<b>Activity during the Nine Months Ended August 1, 2009</b>		
<b>Non-vested shares outstanding at November 1, 2008</b>	92	\$31.80
Awards and/or units granted	73	\$19.44
Restrictions lapsed	(19)	\$35.85
Forfeited	(3)	\$36.55
<b>Non-vested shares outstanding at August 1, 2009</b>	<u>143</u>	\$24.80

As of August 1, 2009, there was \$116.9 million (before tax consideration) of total unrecognized compensation cost related to unvested share-based awards, including stock options, restricted stock and restricted stock units. That cost is expected to be recognized over a weighted-average period of 1.7 years.

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Components of comprehensive income include net income and certain transactions that have generally been reported in the consolidated statement of shareholders' equity and consist of the following:

	Three Months Ended	
	August 1, 2009	August 2, 2008
Income from continuing operations, net of tax	\$ 65,460	\$ 129,195
Foreign currency translation adjustments	5,629	(2,796)
Change in unrealized holding losses (net of taxes of \$2 and \$76, respectively) on securities classified as short-term investments	(12)	(337)
Change in unrealized holding gains (losses) (net of taxes of \$211 and \$640, respectively) on securities classified as other investments	391	(1,189)
Change in unrealized gains (losses) (net of taxes of \$1,336 and \$298, respectively) on derivative instruments designated as cash flow hedges	8,013	(1,960)
Pension plans		
Transition (obligation) asset	(19)	7
Net actuarial (loss) gain	(643)	959
Other comprehensive income (loss)	13,359	(5,316)
Comprehensive income from continuing operations	78,819	123,879
Income from discontinued operations, net of tax	—	9,413
Comprehensive income	\$ 78,819	\$ 133,292
	Nine Months Ended	
	August 1, 2009	August 2, 2008
Income from continuing operations, net of tax	\$ 141,799	\$ 380,935
Foreign currency translation adjustments	9,803	(9,971)
Change in unrealized holding (losses) gains (net of taxes of \$352 and \$124, respectively) on securities classified as short-term investments	(2,493)	757
Change in unrealized holding gains (net of taxes of \$265 and \$336, respectively) on securities classified as other investments	491	624
Change in unrealized gains (losses) (net of taxes of \$3,837 and \$695, respectively) on derivative instruments designated as cash flow hedges	25,140	(4,574)
Pension plans		
Prior service cost	1	—
Transition (obligation) asset	(27)	8
Net actuarial (loss) gain	(1,544)	1,240
Other comprehensive income (loss)	31,371	(11,916)
Comprehensive income from continuing operations	173,170	369,019
Income from discontinued operations, net of tax	364	261,478
Comprehensive income	\$ 173,534	\$ 630,497

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The components of accumulated other comprehensive income at August 1, 2009 and November 1, 2008 consisted of the following:

	August 1, 2009	November 1, 2008
Foreign currency translation adjustment	\$ (12,513)	\$ (22,316)
Unrealized gains on available-for-sale securities	981	2,984
Unrealized losses on available-for-sale securities(1)	(537)	(538)
Unrealized gains (losses) on derivative instruments	4,877	(20,263)
Pension plans		
Prior service cost	(4)	(5)
Transition obligation	(42)	(15)
Net actuarial loss	(9,569)	(8,025)
Total accumulated other comprehensive loss	<u>\$ (16,807)</u>	<u>\$ (48,178)</u>

(1) The fair value of investments with unrealized losses as of August 1, 2009 and November 1, 2008 was \$1,225 million and \$0.1 million, respectively.

### Note 5 — Earnings Per Share

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 future issuances of common stock related to certain of the Company’s outstanding stock options were excluded because they were anti-dilutive. Those potential future issuances of common stock, determined based on the weighted-average exercise prices during the respective periods, could be dilutive in the future.

	Three Months Ended	
	August 1, 2009	August 2, 2008
Income from continuing operations, net of tax	\$ 65,460	\$ 129,195
Total income from discontinued operations, net of tax	—	9,413
Net income	<u>\$ 65,460</u>	<u>\$ 138,608</u>
Basic shares:		
Weighted-average shares outstanding	<u>291,387</u>	<u>290,376</u>
Earnings per share-basic:		
Income from continuing operations, net of tax	\$ 0.22	\$ 0.44
Total income from discontinued operations, net of tax	—	0.03
Net income (1)	<u>\$ 0.22</u>	<u>\$ 0.48</u>
Diluted shares:		
Weighted-average shares outstanding	291,387	290,376
Assumed exercise of common stock equivalents	1,697	4,625
Weighted-average common and common equivalent shares	<u>293,084</u>	<u>295,001</u>
Earnings per share-diluted:		
Income from continuing operations, net of tax	\$ 0.22	\$ 0.44
Total income from discontinued operations, net of tax	—	0.03
Net income (1)	<u>\$ 0.22</u>	<u>\$ 0.47</u>
Anti-dilutive common stock equivalents related to outstanding stock options	60,279	51,271

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

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	Nine Months Ended	
	August 1, 2009	August 2, 2008
Income from continuing operations, net of tax	\$ 141,799	\$ 380,935
Total income from discontinued operations, net of tax	364	261,478
Net income	<u>\$ 142,163</u>	<u>\$ 642,413</u>
Basic shares:		
Weighted-average shares outstanding	<u>291,267</u>	<u>293,302</u>
Earnings per share-basic:		
Income from continuing operations, net of tax	\$ 0.49	\$ 1.30
Total income from discontinued operations, net of tax	0.00	0.89
Net income (1)	<u>\$ 0.49</u>	<u>\$ 2.19</u>
Diluted shares:		
Weighted-average shares outstanding	291,267	293,302
Assumed exercise of common stock equivalents	992	4,905
Weighted-average common and common equivalent shares	<u>292,259</u>	<u>298,207</u>
Earnings per share-diluted:		
Income from continuing operations, net of tax	\$ 0.49	\$ 1.28
Total income from discontinued operations, net of tax	0.00	0.88
Net income (1)	<u>\$ 0.49</u>	<u>\$ 2.15</u>
Anti-dilutive common stock equivalents related to outstanding stock options	63,967	55,261

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

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**Note 6 — 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	Reduction of Overhead Infrastructure Costs	Reduction of Operating Costs	Closure of Wafer Fabrication Facility in Cambridge	Total Special Charges
<b>Fiscal 2005 Charges:</b>							
Workforce reductions	\$ 20,315	\$ 11,165	\$ —	\$ —	\$ —	\$ —	\$ 31,480
<b>Total Fiscal 2005 Charges</b>	<b>\$ 20,315</b>	<b>\$ 11,165</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 31,480</b>
<b>Fiscal 2006 Charges:</b>							
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
<b>Total Fiscal 2006 Charges</b>	<b>\$ (2,029)</b>	<b>\$ 3,819</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,790</b>
<b>Fiscal 2007 Charges:</b>							
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)
<b>Total Fiscal 2007 Charges</b>	<b>\$ 10,288</b>	<b>\$ 4,111</b>	<b>\$ 13,748</b>	<b>\$ 12,348</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 40,495</b>
<b>Fiscal 2008 Charges:</b>							
Workforce reductions	—	—	—	—	1,627	—	1,627
Change in estimate	—	—	1,461	—	—	—	1,461
<b>Total Fiscal 2008 Charges</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,461</b>	<b>\$ —</b>	<b>\$ 1,627</b>	<b>\$ —</b>	<b>\$ 3,088</b>
<b>Fiscal 2009 Charges:</b>							
Workforce reductions	—	—	—	—	26,583	9,203	35,786
Facility closure costs	—	—	1,191	—	2,411	—	3,602
Non-cash impairment charge	—	—	—	—	839	12,929	13,768
Other items	—	—	—	—	500	—	500
<b>Total Fiscal 2009 Charges</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,191</b>	<b>\$ —</b>	<b>\$ 30,333</b>	<b>\$ 22,132</b>	<b>\$ 53,656</b>



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Balance Sheet	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	Reduction of Operating Costs	Closure of Wafer Fabrication Facility in Cambridge	Total Special Charges
<b>Balance at November 1, 2008</b>	\$ 1,747	\$ 1,415	\$ 11,754	\$ 1,764	\$ 1,501	\$ —	\$ 18,181
Fiscal 2009 special charges	—	—	550	—	19,055	22,132	41,737
Severance payments	—	(168)	(9,916)	(676)	(6,882)	—	(17,642)
Facility closure costs	(392)	(17)	(550)	—	(130)	—	(1,089)
Non-cash impairment charge	—	—	—	—	(764)	(12,929)	(13,693)
Effect of foreign currency on accrual	—	(1)	324	3	3	—	329
<b>Balance at January 31, 2009</b>	\$ 1,355	\$ 1,229	\$ 2,162	\$ 1,091	\$ 12,783	\$ 9,203	\$ 27,823
Fiscal 2009 special charges	—	—	641	—	11,278	—	11,919
Severance payments	—	(126)	(881)	(376)	(6,144)	—	(7,527)
Facility closure costs	(414)	—	(45)	—	(445)	—	(904)
Non-cash impairment charge	—	—	—	—	(75)	—	(75)
Other items	—	—	—	—	(198)	—	(198)
Effect of foreign currency on accrual	—	—	(141)	51	(28)	—	(118)
<b>Balance at May 2, 2009</b>	\$ 941	\$ 1,103	\$ 1,736	\$ 766	\$ 17,171	\$ 9,203	\$ 30,920
Severance payments	—	(229)	(1,193)	(190)	(5,662)	—	(7,274)
Facility closure costs	(386)	(9)	—	—	(652)	—	(1,047)
Other items	—	—	—	—	(52)	—	(52)
Effect of foreign currency on accrual	—	53	130	(3)	38	—	218
<b>Balance at August 1, 2009</b>	\$ 555	\$ 918	\$ 673	\$ 573	\$ 10,843	\$ 9,203	\$ 22,765

*Closure of Wafer Fabrication Facility in Sunnyvale*

The Company ceased production at its California wafer fabrication facility in November 2006. The Company is paying the lease obligation costs on a monthly basis over the remaining lease term, which expires in 2010. The Company completed the clean-up activity during fiscal 2007, and does not expect to incur any additional charges related to this action.

*Reorganization of Product Development and Support Programs*

The Company recorded special charges in fiscal years 2005, 2006 and 2007 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 Company terminated the employment of all employees associated with these programs and is paying amounts owed to employees for severance as income continuance. The Company does not expect to incur any further charges related to this reorganization action.

*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 have transitioned to the Company's existing eight-inch production line in Limerick while others have transitioned to external foundries. The charge was for severance and fringe benefit costs 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 150 manufacturing employees associated with this action. As of August 1, 2009, the Company still employed 4 of the 150 employees included in this action. Most of

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the production in the six-inch wafer fabrication facility has ceased and the remaining production is expected to cease during the fourth quarter of fiscal 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 expensed as incurred. During the first quarter of fiscal 2009, the Company recorded an additional charge of \$0.6 million for clean-up and closure costs that were expensed as incurred. During the second quarter of fiscal 2009, the Company recorded an additional charge of \$0.6 million for clean-up and closure costs that were expensed as incurred. The Company does not expect to incur any further charges related to this action.

### *Reduction of Overhead Infrastructure Costs*

During the fourth quarter of fiscal 2007, the Company recorded a special charge as a result of its decision 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. The Company terminated the employment of all employees associated with these programs and is paying amounts owed to employees for severance as income continuance. The Company does not expect to incur any further charges related to this action.

### *Reduction of Operating Costs*

During the fourth quarter of fiscal 2008, in order to further reduce its operating cost structure, 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. The Company terminated the employment of all employees associated with this charge and is paying amounts owed to employees for severance as income continuance.

During the first quarter of fiscal 2009, the Company recorded an additional charge of \$19.1 million related to this cost reduction action. Approximately \$2.1 million of this charge was for lease obligation costs for facilities that the Company ceased using during the first quarter of fiscal 2009; approximately \$0.8 million was for the write-off of property, plant and equipment; and approximately \$0.6 million was for contract termination costs and for clean-up and closure costs that were expensed as incurred. The remaining \$15.6 million related to the severance and fringe benefit costs recorded pursuant to SFAS 88 under the Company's ongoing benefit plan or statutory requirements at foreign locations, for 221 manufacturing employees and 149 engineering and selling, marketing, general and administrative employees. As of August 1, 2009, the Company still employed 3 of the 370 employees included in this cost reduction action. 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 second quarter of fiscal 2009, the Company recorded an additional charge of \$11.3 million related to this cost reduction action. Approximately \$0.1 million was for the write-off of property, plant and equipment; and approximately \$0.3 million was for clean-up and closure costs that were expensed as incurred. The remaining \$10.9 million related to the severance and fringe benefit costs recorded pursuant to SFAS 88 under the Company's ongoing benefit plan or statutory requirements at foreign locations, for 24 manufacturing employees and 153 engineering and selling, marketing, general and administrative employees. As of August 1, 2009, the Company still employed 26 of the 177 employees included in this cost reduction action. These employees must continue to be employed by the Company until their employment is involuntarily terminated in order to receive the severance benefit.

### *Closure of a Wafer Fabrication Facility in Cambridge*

During the first quarter of fiscal 2009, the Company recorded a special charge of \$22.1 million as a result of its decision to consolidate its Cambridge, Massachusetts wafer fabrication facility into its existing Wilmington, Massachusetts facility. In connection with the anticipated closure of this facility, the Company evaluated the recoverability of the facilities' manufacturing assets and concluded that there was an impairment of approximately \$12.9 million based on the revised period of intended use. The remaining \$9.2 million was for severance and fringe benefit costs recorded pursuant to SFAS 88 under the Company's ongoing benefit plan for 175 manufacturing employees and 9 selling, marketing, general and administrative employees associated with this action. As of August 1, 2009, the Company still employed all of the employees included in this action. The Company expects production to cease in the Cambridge fabrication facility during the fourth quarter of fiscal 2009, at which time the employment of the 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.

**Note 7 — Segment Information**

The Company operates and tracks its results in one reportable segment. The Company designs, develops, manufactures and markets a broad range of integrated circuits. The Chief Executive Officer has been identified as the Chief Operating Decision Maker as defined by SFAS 131, *Disclosures about Segments of an Enterprise and Related Information*.

*Revenue Trends by End Market*

The following table summarizes revenue 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.

	Three Months Ended August 1, 2009			Three Months Ended August 2, 2008	
	Revenue	% of Revenue	Y/Y%	Revenue	% of Revenue
Industrial	\$ 252,135	51%	(29)%	\$ 356,280	54%
Communications	125,500	26%	(15)%	147,894	22%
Consumer	102,323	21%	(21)%	129,784	20%
Computer	12,033	2%	(52)%	25,028	4%
<b>Total revenue</b>	<b>\$ 491,991</b>	<b>100%</b>	<b>(25)%</b>	<b>\$ 658,986</b>	<b>100%</b>

  

	Nine Months Ended August 1, 2009			Nine Months Ended August 2, 2008	
	Revenue	% of Revenue	Y/Y%	Revenue	% of Revenue
Industrial	\$ 753,271	52%	(28)%	\$ 1,043,899	54%
Communications	391,399	27%	(8)%	427,143	22%
Consumer	258,350	18%	(32)%	380,291	20%
Computer	40,288	3%	(43)%	70,902	4%
<b>Total revenue</b>	<b>\$ 1,443,308</b>	<b>100%</b>	<b>(25)%</b>	<b>\$ 1,922,235</b>	<b>100%</b>

*Revenue Trends by Product Type*

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.

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	Three Months Ended August 1, 2009			Three Months Ended August 2, 2008	
	Revenue	% of Revenue	Y/Y%	Revenue	% of Revenue
Converters	\$ 239,100	49%	(21%)	\$ 302,812	46%
Amplifiers	119,897	24%	(30%)	170,526	26%
Other analog	65,211	13%	(19%)	80,352	12%
Subtotal analog signal processing	424,208	86%	(23%)	553,690	84%
Power management & reference	27,986	6%	(24%)	36,674	6%
<b>Total analog products</b>	<b>\$ 452,194</b>	<b>92%</b>	<b>(23%)</b>	<b>\$ 590,364</b>	<b>90%</b>
General purpose DSP	38,923	8%	(36%)	60,521	9%
Other DSP	874	0%	(89%)	8,101	1%
<b>Total digital signal processing</b>	<b>\$ 39,797</b>	<b>8%</b>	<b>(42%)</b>	<b>\$ 68,622</b>	<b>10%</b>
<b>Total revenue</b>	<b>\$ 491,991</b>	<b>100%</b>	<b>(25%)</b>	<b>\$ 658,986</b>	<b>100%</b>

  

	Nine Months Ended August 1, 2009			Nine Months Ended August 2, 2008	
	Revenue	% of Revenue	Y/Y%	Revenue	% of Revenue*
Converters	\$ 694,856	48%	(21%)	\$ 881,354	46%
Amplifiers	373,646	26%	(25%)	496,992	26%
Other analog	170,304	12%	(30%)	243,012	13%
Subtotal analog signal processing	1,238,806	86%	(24%)	1,621,358	84%
Power management & reference	82,316	6%	(21%)	104,789	5%
<b>Total analog products</b>	<b>\$ 1,321,122</b>	<b>92%</b>	<b>(23%)</b>	<b>\$ 1,726,147</b>	<b>90%</b>
General purpose DSP	117,249	8%	(33%)	173,921	9%
Other DSP	4,937	0%	(78%)	22,167	1%
<b>Total digital signal processing</b>	<b>\$ 122,186</b>	<b>8%</b>	<b>(38%)</b>	<b>\$ 196,088</b>	<b>10%</b>
<b>Total revenue</b>	<b>\$ 1,443,308</b>	<b>100%</b>	<b>(25%)</b>	<b>\$ 1,922,235</b>	<b>100%</b>

\* The sum of the individual percentages may not equal the total due to rounding.

*Revenue Trends by Geographic Region*

Revenue by geographic region, based upon customer location, for the three- and nine-month periods ended August 1, 2009 and August 2, 2008 was as follows:

Region	Three Months Ended		Nine Months Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
United States	\$ 94,326	\$ 131,168	\$ 298,713	\$ 393,921
Rest of North and South America	23,961	25,433	63,714	70,578
Europe	120,899	177,881	369,499	509,347
Japan	91,480	128,457	235,749	380,940
China	85,317	103,632	274,374	284,358
Rest of Asia	76,008	92,415	201,259	283,091
<b>Total revenue</b>	<b>\$ 491,991</b>	<b>\$ 658,986</b>	<b>\$ 1,443,308</b>	<b>\$ 1,922,235</b>

In the three- and nine-month periods ended August 1, 2009 the predominant countries comprising “Rest of North and South America” are Canada and Mexico; the predominant countries comprising “Europe” are Germany and Sweden; and the predominant countries comprising “Rest of Asia” are Taiwan and Korea.

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In the three- and nine-month periods ended August 2, 2008 the predominant countries comprising “Rest of North and South America” are Canada and Mexico; the predominant countries comprising “Europe” are Germany, France, the United Kingdom and Italy; and the predominant countries comprising “Rest of Asia” are Taiwan and Korea.

### Note 8 — Fair Value

The Company adopted Statement of Financial Accounting Standard No. 157, *Fair Value Measurements* (SFAS 157), at the beginning of fiscal year 2009. SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 is effective for non-financial assets and liabilities in financial statements issued for fiscal years beginning after November 15, 2008, which is the Company’s fiscal year 2010. The adoption of SFAS 157 did not impact the Company’s consolidated financial position or results of operations. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 establishes a three level hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under SFAS 157 are described below:

*Level 1* – Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

*Level 2* – Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Level 3 inputs are unobservable inputs for the asset or liability in which there is little, if any market activity for the asset or liability at the measurement date. As of August 1, 2009, the Company held no Level 3 assets or liabilities.

The table below sets forth by level the Company’s financial assets and liabilities that were accounted for at fair value as of August 1, 2009. The table does not include cash on hand and also does not include assets and liabilities that are measured at historical cost or any basis other than fair value.

	Portion of Carrying Value Measured at Fair Value August 1, 2009	Fair Value measurement at Reporting Date using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Assets</b>			
<b>Cash Equivalents:</b>			
Institutional money market funds	\$ 593,878	\$ 593,878	\$ —
Euro time deposits	622	—	622
<b>Short-term investments:</b>			
Corporate obligations	1,091,729	—	1,091,729
<b>Other Assets:</b>			
Interest rate swap agreements	1,488	—	1,488
Deferred compensation investments	8,360	8,360	—
Other investments	1,677	1,677	—
<b>Total assets measured at fair value</b>	<b>\$ 1,697,754</b>	<b>\$ 603,915</b>	<b>\$ 1,093,839</b>
<b>Liabilities</b>			
Long-term debt	\$ 374,926	—	\$ 374,926
Forward foreign currency exchange contracts	5,679	—	5,679
<b>Total liabilities measured at fair value</b>	<b>\$ 380,605</b>	<b>\$ —</b>	<b>\$ 380,605</b>

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

*Cash equivalents and short-term investments* — These investments 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.

*Long-term debt* — The fair value of long-term debt is based on quoted market values.

*Interest rate swap agreements* — The fair value of interest rate swap agreements is based on quotes received from third party banks. These values represent the estimated amount the Company would receive or pay to terminate the agreements taking into consideration current interest rates as well as the creditworthiness of the counterparty.

*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 the Company would receive to sell these agreements at the reporting date taking into consideration current interest rates as well as the creditworthiness of the counterparty for assets and our creditworthiness for liabilities.

### **Note 9 — Derivatives**

*Foreign Exchange Exposure Management* — 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 the Euro; other exposures include the 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. The contracts are for periods consistent with the terms of the underlying transactions, generally one year or less. 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. Derivative instruments are employed to eliminate or minimize certain foreign currency exposures that can be confidently identified and quantified. 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 accumulated other comprehensive (loss) income (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. 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. As of August 1, 2009, the total notional amount of these undesignated hedges was \$45.7 million. The fair value of these hedging instruments in our condensed consolidated balance sheet as of August 1, 2009 was immaterial.

*Interest Rate Exposure Management* — On June 30, 2009, the Company entered into interest rate swap transactions related to its outstanding notes where the Company swapped the notional amount of its \$375 million of fixed rate debt at 5.0% into floating interest rate debt through July 1, 2014. Under the terms of the swaps, the Company will (i) receive on the \$375 million notional amount a 5.0% annual interest payment that is paid in two installments on the 1<sup>st</sup> of every January and July, commencing January 1, 2010 through and ending on the maturity date; and (ii) pay on the \$375 million notional amount an annual three-month LIBOR plus 2.05% (2.64% as of August 1, 2009) interest payment, payable in four installments on the 1<sup>st</sup> of every January, April, July and October, commencing on October 1, 2009 and ending on the maturity date. The LIBOR based rate is set quarterly three months prior to the date of the interest payment. The Company designated these swaps as fair value hedges and is accounting for them in accordance with SFAS 133. The fair value of the swaps at inception were zero and subsequent changes in the fair value of the interest rate swaps were reflected in the carrying value of the interest rate swaps on the balance sheet. The carrying value of the debt on the balance sheet was adjusted by an equal and offsetting amount. The

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gain or loss on the hedged item (that is fixed-rate borrowings) attributable to the hedged benchmark interest rate risk and the offsetting gain or loss on the related interest rate swaps for the three and nine months ended August 1, 2009 are as follows:

<u>Income Statement Classification</u>	<u>Gain/(Loss) on Swaps</u>	<u>Gain/(Loss) on Note</u>	<u>Net Income Effect</u>
Other income	\$1,488	\$(1,488)	\$—

The amounts earned and owed under the swap agreements are accrued each period and are reported in interest expense. There was no ineffectiveness recognized in any of the periods presented.

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 derivative 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. Furthermore, none of our derivative transactions are subject to collateral or other security arrangements and do not contain provisions that are dependent on our credit ratings from any credit rating agency. 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. As a result of the above considerations, we do not consider the risk of counterparty default to be significant.

The Company records the fair value of its derivative financial instruments in the consolidated financial statements in other current assets, other assets or accrued liabilities, depending on their net position, 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 OCI depending on whether the derivative financial instrument qualifies for hedge accounting as defined by SFAS 133 and whether it is a cash flow hedge or a fair value hedge. Changes in the fair value of cash flow hedges are recorded in OCI and reclassified into earnings when the underlying contract matures. Changes in the fair values of derivatives not qualifying for hedge accounting are reported in earnings as they occur.

The total notional amount of derivative instruments designated as hedging instruments under SFAS 133 as of August 1, 2009 is as follows: \$375 million of interest rate swap agreements accounted as fair value hedges, and \$124.4 million of cash flow hedges denominated in Euros, British Pounds Sterling and Philippine Pesos. The fair value of these hedging instruments in our condensed consolidated balance sheet as of August 1, 2009 was as follows:

<u>Balance Sheet Location</u>	<u>Fair Value</u>
Interest rate swap agreements	\$1,488
Forward foreign currency exchange contracts	\$5,679

The effect of derivative instruments designated as cash flow hedges on our condensed consolidated statement of income for the three and nine months ended August 1, 2009 was as follows:

	<u>Three Months Ended August 1, 2009</u>	<u>Nine Months Ended August 1, 2009</u>
Gain recognized in OCI on derivative, net of tax of \$1,307 and \$5,656, respectively	\$7,838	\$ 37,867
Gain (loss) reclassified from OCI into income, net of tax of \$29 and \$1,819, respectively	\$ 175	\$(12,727)

The amounts reclassified into earnings before tax are recognized in cost of sales and operating expenses as follows: for the three month period ended August 1, 2009, \$0.1 million in cost of sales, and \$0.1 million in selling, marketing, general and administrative; and for the nine month period ended August 1, 2009, \$6.5 million in cost of sales, \$4.4 million in research and development and \$3.6 million in selling, marketing, general and administrative. All derivative gains (losses) included in OCI will be reclassified into earnings within the next 12 months. There was no ineffectiveness for the three and nine months ended August 1, 2009.

**Note 10 — 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 No. 142, *Goodwill and Other Intangible Assets*, 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 scheduled annual impairment assessment will be made in the fourth quarter of fiscal 2009. The following table presents the changes in goodwill during the first nine months of fiscal 2009:

	<b>Nine Months Ended August 1, 2009</b>
Balance at beginning of period	\$ 235,175
Acquisition of AudioAsics (1)	3,071
Acquisition of Integrand Technologies (2)	2,098
Foreign currency translation adjustment	7,003
Balance at end of period	<u>\$ 247,347</u>

(1) The final milestone related to this 2006 acquisition was achieved in the second quarter of fiscal 2009.

(2) The company purchased the remaining outstanding minority shares related to this 2006 acquisition during the third quarter of fiscal 2009.

*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.

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

	<u>August 1, 2009</u>		<u>November 1, 2008</u>	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Technology-based	\$ 39,099	\$ 31,520	\$ 36,516	\$ 25,731
Tradename	1,465	1,465	1,438	1,430
Customer Relationships	4,968	3,731	4,529	3,022
Other	6,565	6,565	6,534	6,534
Total	<u>\$ 52,097</u>	<u>\$ 43,281</u>	<u>\$ 49,017</u>	<u>\$ 36,717</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives or on 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 0.7 years.



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Amortization expense was \$1.7 million and \$2.4 million for the three-month periods ended August 1, 2009 and August 2, 2008, respectively, and \$5.2 million and \$7.5 million for the nine-month periods ended August 1, 2009 and August 2, 2008, respectively.

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

Fiscal Year	Amortization Expense
Remainder of 2009	\$2,209
2010	\$5,240
2011	\$1,367

### Note 11 — Pension Plans

The Company 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 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.

In the first quarter of fiscal 2009, the Company adopted the measurement date provision 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). This provision requires the measurement date of the plan's funded status to be the same as the Company's fiscal year end. In accordance with the adoption provisions of SFAS 158, the Company changed its measurement date from September 30, 2008 to November 1, 2008, the Company's fiscal year-end, and recorded a \$0.2 million adjustment to retained earnings in the first quarter of fiscal 2009.

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

	Three Months Ended	
	August 1, 2009	August 2, 2008
Service cost	\$ 1,617	\$ 2,467
Interest cost	2,430	2,649
Expected return on plan assets	(2,731)	(3,187)
Amortization of prior service cost	1	2
Amortization of initial net asset	(10)	(11)
Amortization of net (gain) loss	(132)	48
Net periodic pension cost	\$ 1,175	\$ 1,968

	Nine Months Ended	
	August 1, 2009	August 2, 2008
Service cost	\$ 4,699	\$ 7,325
Interest cost	7,008	7,828
Expected return on plan assets	(7,870)	(9,416)
Amortization of prior service cost	3	6
Amortization of initial net asset	(29)	(33)
Amortization of net (gain) loss	(381)	147
Net periodic pension cost	\$ 3,430	\$ 5,857

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Pension contributions of \$1.9 million and \$5.7 million were made by the Company during the three and nine months ended August 1, 2009. The Company presently anticipates contributing an additional \$1.6 million to fund its defined benefit pension plans in fiscal year 2009 for a total of \$7.3 million.

### **Note 12 — Revolving Credit Facility**

As of August 1, 2009, the Company had \$1,724.4 million of cash and cash equivalents and short term investments, of which \$426.0 million was held in the United States. The balance of the Company's cash and cash equivalents and short term investments was 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. 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 Company is currently compliant with these covenants. 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.

### **Note 13 — Long-Term Debt**

On June 30, 2009, the Company issued \$375 million aggregate principal amount of 5.0% notes due July 1, 2014 (the Notes) with semi-annual fixed interest payments on January 1 and July 1 of each year, commencing January 1, 2010. The sale of the Notes was made pursuant to the terms of an underwriting agreement dated June 25, 2009 between the Company and Credit Suisse Securities (USA) LLC, as representative of the several underwriters named therein. The net proceeds of the offering were \$370.4 million, after issuing at a discount and deducting expenses, underwriting discounts and commissions, which will be amortized over the term of the Notes. The indenture governing the Notes contains covenants that may limit the Company's ability to: incur, create, assume or guarantee any debt for borrowed money secured by a lien upon its principal property; enter into sale and lease-back transactions; and consolidate with or merge into, or transfer or lease all or substantially all of its assets to, any other party.

On June 30, 2009, the Company entered into interest rate swap transactions where the Company swapped the notional amount of its \$375 million of fixed rate debt at 5.0% into floating interest rate debt through July 1, 2014. Under the terms of the swaps, the Company will (i) receive on the \$375 million notional amount a 5.0% annual interest payment that is paid in two installments on the 1<sup>st</sup> of every January and July, commencing January 1, 2010 through and ending on the maturity date; and (ii) pay on the \$375 million notional amount an annual three-month LIBOR plus 2.05% (2.64% as of August 1, 2009) interest payment, payable in four installments on the 1<sup>st</sup> of every January, April, July and October, commencing on October 1, 2009 and ending on the maturity date. The LIBOR based rate is set quarterly three months prior to the date of the interest payment. The Company designated these swaps as fair value hedges and is accounting for them in accordance with SFAS 133. The changes in the fair value of the interest rate swaps were reflected in the carrying value of the interest rate swaps in other assets on the balance sheet. The carrying value of the debt on the balance sheet was adjusted by an equal and offsetting amount.

### **Note 14 — Common Stock Repurchase**

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. As of August 1, 2009, the Company had repurchased a total of approximately 114.7 million shares of its common stock for approximately \$3,908.4 million under this program. An additional \$91.6 million of shares remains available for repurchase 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 several factors including the amount of cash available to the Company in the United States, our financial performance, outlook and liquidity.

**Note 15 — 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, all of which has been utilized. The liability was included in current liabilities of discontinued operations on the Company's consolidated balance sheet. The Company recorded the revenue associated with this manufacturing supply agreement in discontinued operations. As a result, the Company 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 made additional cash payments of \$1.3 million during the second quarter of fiscal 2009 related to retention payments for employees who transferred to MediaTek Inc. The Company expects to make additional cash payments of approximately \$1.2 million in the fourth quarter of fiscal 2009 for reimbursement of 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.

The Company received additional amounts under various transition service agreements entered into in connection with these dispositions. The transition service agreements included manufacturing, engineering support and certain human resource services and information technology systems support. At the time of the disposition the Company evaluated the nature of the transition services and concluded the services would be primarily completed within the one-year assessment period, and the Company did not have the ability to exert significant influence over the disposed businesses' operating and financial policies. Accordingly, the Company concluded that it did 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 a manufacturing supply agreement between the Company and a subsidiary of ON Semiconductor Corporation, which terminated during the first quarter of fiscal year 2009.

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	<b>Three Months Ended</b>	
	<b>August 1, 2009</b>	<b>August 2, 2008</b>
Total revenue	\$ —	\$ 25,274
Cost of sales	—	20,941
Operating expenses	—	(6,683)
Income before income taxes	—	11,016
Provision for income taxes	—	1,603
Income from discontinued operations, net of tax	<u>\$ —</u>	<u>\$ 9,413</u>

	<b>Nine Months Ended</b>	
	<b>August 1, 2009</b>	<b>August 2, 2008</b>
Total revenue	\$ 10,332	\$ 93,767
Cost of sales	10,847	73,479
Operating expenses	15	14,401
Gain on sale of discontinued operations	—	(362,594)
(Loss) income before income taxes	(530)	368,481
(Benefit from) provision for income taxes	(894)	107,003
Income from discontinued operations, net of tax	<u>\$ 364</u>	<u>\$ 261,478</u>

	<b>August 1, 2009</b>	<b>November 1, 2008</b>
Inventory	\$ —	\$ 5,894
Total assets reclassified to current assets of discontinued operations	<u>\$ —</u>	<u>\$ 5,894</u>
Refundable foreign withholding tax	\$ 62,037	\$ 62,037
Total assets reclassified to non-current assets of discontinued operations	<u>\$ 62,037</u>	<u>\$ 62,037</u>
Accounts payable	\$ —	\$ 1,540
Income taxes payable	—	4,105
Accrued liabilities	1,200	12,809
Total liabilities reclassified to current liabilities of discontinued operations	<u>\$ 1,200</u>	<u>\$ 18,454</u>

**Note 16 — Income Taxes**

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.

*Fiscal Year 2004 and 2005 IRS Examination*

During the fourth quarter of fiscal 2007, the IRS completed its field examination of the Company's 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 recorded taxes and penalties related to certain of these proposed adjustments. There are four items with an additional potential total tax liability of \$46 million. The Company has concluded, based on discussions with its tax advisors, that these four items are not likely to result in any additional tax liability. Therefore, the Company has not

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recorded any additional 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. The Company's initial meeting with the appellate division of the IRS was held in May 2009. 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 the third quarter of fiscal 2009, the IRS completed its field examination of the Company's fiscal years 2006 and 2007. 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 pricing of intercompany sales (transfer pricing), and the deductibility of certain stock option compensation expenses. During the third quarter of fiscal 2009, the IRS issued its report for fiscal 2006 and fiscal 2007, which included proposed adjustments related to these two fiscal years. The Company has recorded taxes and penalties related to certain of these proposed adjustments. There are four items with an additional potential total tax liability of \$195 million. The Company concluded, based on discussions with its tax advisors, that these four items are not likely to result in any additional tax liability. Therefore, the Company has not recorded any additional 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. With the exception of the proposed adjustment related to the deductibility of certain stock option expenses, the other three matters could impact taxes payable for fiscal 2006 and 2007 as well as for subsequent years.

### *Fiscal Year 2008 IRS Examination*

The IRS has not started their examination of 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.

## **Note 17 — New Accounting Standards**

### *Accounting Standards Codification*

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles (a replacement of FASB Statement No. 162)* (SFAS 168). SFAS 168 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. SFAS 168 establishes the FASB Accounting Standards Codification™ (Codification) as the source of authoritative accounting principles recognized by the FASB. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009, which is the Company's fourth fiscal quarter of 2009. Upon adoption the Codification will be used to identify authoritative accounting standards.

### *Variable Interest Entities*

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167). SFAS 167 requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance. SFAS 167 is effective for fiscal years that begin after November 15, 2009, which is the Company's fiscal year 2011. The Company is currently evaluating the impact, if any, that SFAS 167 may have on its financial condition and results of operations.

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### *Transfers of Financial Assets*

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* (SFAS 166). SFAS 166 changes the way entities account for securitizations and other transfers of financial instruments. SFAS 166 is effective for fiscal years that begin after November 15, 2009, which is the Company's fiscal year 2011. The Company is currently evaluating the impact, if any, that SFAS 166 may have on its financial condition and results of operations.

### *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 its 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 its financial condition and results of operations.

### **Note 18 — Subsequent Event**

In accordance with SFAS 165, we have evaluated subsequent events through the issuance of these financial statements which occurred on August 18, 2009. On August 17, 2009, the Company's Board of Directors declared a cash dividend of \$0.20 per outstanding share of common stock. The dividend will be paid on September 16, 2009 to all shareholders of record at the close of business on August 27, 2009.

**ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

This information should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in Item 1 of this Quarterly Report on Form 10-Q and the audited consolidated financial statements and related notes and Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the fiscal year ended November 1, 2008.

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 ongoing 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 timing or the effectiveness of our efforts to refocus our operations and reduce our cost structure and the expected amounts of any cost savings related to those efforts; our ability to access credit or capital markets; our ability to pay dividends or repurchase stock; our ability to service our outstanding debt; our expected tax rate; 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 II, Item 1A. Risk Factors and elsewhere in our Quarterly Report on Form 10-Q. 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 except to the extent required by law.

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 August 1, 2009 and November 1, 2008. Unless otherwise noted, this Management’s Discussion and Analysis relates only to financial results from continuing operations.

**Results of Operations**

(all tabular amounts in thousands except per share amounts and percentages)

*Overview*

	Three Months Ended		Nine Months Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Revenue	\$491,991	\$658,986	\$1,443,308	\$1,922,235
Gross margin %	54.1%	61.0%	55.2%	61.1%
Income from continuing operations, net of tax	\$ 65,460	\$129,195	\$ 141,799	\$ 380,935
Income from continuing operations, net of tax as a % of revenue	13.3%	19.6%	9.8%	19.8%
Diluted EPS from continuing operations	\$ 0.22	\$ 0.44	\$ 0.49	\$ 1.28
Diluted EPS	\$ 0.22	\$ 0.47	\$ 0.49	\$ 2.15

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 Type*.

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In the third quarter of fiscal 2009, our revenue decreased 25% from the third quarter of fiscal 2008 and our diluted earnings per share from continuing operations decreased by 50%. In the first nine months of fiscal 2009, our revenue decreased 25% from the first nine months of fiscal 2008 and our diluted earnings per share from continuing operations decreased by 62%. Cash flow from operations in the first nine months of fiscal 2009 was \$269.5 million, or 19% of revenue. We received net proceeds of \$370.4 million in the third quarter of fiscal 2009 from the issuance of long-term debt and had \$1,724.4 million of cash and short-term investments as of August 1, 2009.

The global credit crisis and deteriorating economic conditions could continue to result in cautious customer spending behavior. We cannot predict the severity, duration or precise impact of the economic downturn on our future financial results. Consequently, our reported results for the third quarter of fiscal 2009 may not be indicative of our future results.

### *Revenue Trends by End Market*

The following table summarizes revenue 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.

	Three Months Ended August 1, 2009			Three Months Ended August 2, 2008	
	Revenue	% of Revenue	Y/Y%	Revenue	% of Revenue
Industrial	\$ 252,135	51%	(29)%	\$ 356,280	54%
Communications	125,500	26%	(15)%	147,894	22%
Consumer	102,323	21%	(21)%	129,784	20%
Computer	12,033	2%	(52)%	25,028	4%
<b>Total revenue</b>	<b>\$ 491,991</b>	<b>100%</b>	<b>(25)%</b>	<b>\$ 658,986</b>	<b>100%</b>

	Nine Months Ended August 1, 2009			Nine Months Ended August 2, 2008	
	Revenue	% of Revenue	Y/Y%	Revenue	% of Revenue
Industrial	\$ 753,271	52%	(28)%	\$ 1,043,899	54%
Communications	391,399	27%	(8)%	427,143	22%
Consumer	258,350	18%	(32)%	380,291	20%
Computer	40,288	3%	(43)%	70,902	4%
<b>Total revenue</b>	<b>\$ 1,443,308</b>	<b>100%</b>	<b>(25)%</b>	<b>\$ 1,922,235</b>	<b>100%</b>

*Industrial* — The year-to-year decrease in both the three- and nine-month periods in industrial end market revenue was primarily the result of a broad-based decline in demand in this end market, which was most significant for products sold into the instrumentation, automotive and process controls sectors of this end market.

*Communications* — The year-to-year decrease in the three-month period in communications end market revenue was primarily the result of a decrease in sales of analog products used in basestations and optical applications. The year-to-year decrease in the nine-month period in communications end market revenue was primarily the result of a decrease in sales of analog products used in wireless handsets, optical and networking applications, which was partially offset by an increase in sales of products used in basestations.



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*Consumer* — The year-to-year decrease in both the three- and nine-month periods in consumer end market revenue was primarily the result of a decrease in demand for products used in home entertainment, video game applications, and digital cameras, consistent with the global slowdown in consumer spending.

*Computer* — The year-to-year decrease in both the three- and nine-month periods in computer end market revenue was primarily the result of a general slowdown in the PC market.

### Revenue Trends by Product Type

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.

	Three Months Ended August 1, 2009			Three Months Ended August 2, 2008	
	Revenue	% of Revenue	Y/Y%	Revenue	% of Revenue
Converters	\$ 239,100	49%	(21%)	\$ 302,812	46%
Amplifiers	119,897	24%	(30%)	170,526	26%
Other analog	65,211	13%	(19%)	80,352	12%
Subtotal analog signal processing	424,208	86%	(23%)	553,690	84%
Power management & reference	27,986	6%	(24%)	36,674	6%
<b>Total analog products</b>	<b>\$ 452,194</b>	<b>92%</b>	<b>(23%)</b>	<b>\$ 590,364</b>	<b>90%</b>
General purpose DSP	38,923	8%	(36%)	60,521	9%
Other DSP	874	0%	(89%)	8,101	1%
<b>Total digital signal processing</b>	<b>\$ 39,797</b>	<b>8%</b>	<b>(42%)</b>	<b>\$ 68,622</b>	<b>10%</b>
<b>Total revenue</b>	<b>\$ 491,991</b>	<b>100%</b>	<b>(25%)</b>	<b>\$ 658,986</b>	<b>100%</b>

  

	Nine Months Ended August 1, 2009			Nine Months Ended August 2, 2008	
	Revenue	% of Revenue	Y/Y%	Revenue	% of Revenue*
Converters	\$ 694,856	48%	(21%)	\$ 881,354	46%
Amplifiers	373,646	26%	(25%)	496,992	26%
Other analog	170,304	12%	(30%)	243,012	13%
Subtotal analog signal processing	1,238,806	86%	(24%)	1,621,358	84%
Power management & reference	82,316	6%	(21%)	104,789	5%
<b>Total analog products</b>	<b>\$ 1,321,122</b>	<b>92%</b>	<b>(23%)</b>	<b>\$ 1,726,147</b>	<b>90%</b>
General purpose DSP	117,249	8%	(33%)	173,921	9%
Other DSP	4,937	0%	(78%)	22,167	1%
<b>Total digital signal processing</b>	<b>\$ 122,186</b>	<b>8%</b>	<b>(38%)</b>	<b>\$ 196,088</b>	<b>10%</b>
<b>Total revenue</b>	<b>\$ 1,443,308</b>	<b>100%</b>	<b>(25%)</b>	<b>\$ 1,922,235</b>	<b>100%</b>

\* The sum of the individual percentages may not equal the total due to rounding.

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The year-to-year decrease in revenue in the three- and nine-month periods ended August 1, 2009, was due to declining demand in several markets that we serve, particularly the industrial and consumer end markets, as a result of an overall decline in the worldwide economy.

### *Revenue Trends by Geographic Region*

Revenue by geographic region, based upon customer location, for the three- and nine-month periods ended August 1, 2009 and August 2, 2008 was as follows:

Region	Three Months Ended		Nine Months Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
United States	\$ 94,326	\$ 131,168	\$ 298,713	\$ 393,921
Rest of North and South America	23,961	25,433	63,714	70,578
Europe	120,899	177,881	369,499	509,347
Japan	91,480	128,457	235,749	380,940
China	85,317	103,632	274,374	284,358
Rest of Asia	76,008	92,415	201,259	283,091
<b>Total revenue</b>	<b>\$ 491,991</b>	<b>\$ 658,986</b>	<b>\$ 1,443,308</b>	<b>\$ 1,922,235</b>

In the three- and nine-month periods ended August 1, 2009 the predominant countries comprising “Rest of North and South America” are Canada and Mexico; the predominant countries comprising “Europe” are Germany and Sweden; and the predominant countries comprising “Rest of Asia” are Taiwan and Korea.

In the three- and nine-month periods ended August 2, 2008 the predominant countries comprising “Rest of North and South America” are Canada and Mexico; the predominant countries comprising “Europe” are Germany, France, the United Kingdom and Italy; and the predominant countries comprising “Rest of Asia” are Taiwan and Korea.

Sales declined in all geographic regions in the third quarter of fiscal 2009, as compared to the third quarter of fiscal 2008, with sales in Europe experiencing the largest decline. This decline in sales in Europe was partially attributable to a decline in the automotive end market.

Sales declined in all geographic regions in the first nine months of fiscal 2009, as compared to the first nine months of fiscal 2008, with sales in Japan experiencing the largest decline. This decline in sales in Japan was principally attributable to the general decline in consumer spending attributable to the global economic crisis. The decline in China was smaller than the decline in the other regions primarily due to the strong demand for our products used in China’s recent infrastructure build-out of the country’s next generation of communication technology.

### *Gross Margin*

	Three Months Ended		Nine Months Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Gross margin	\$266,229	\$401,794	\$796,783	\$1,173,618
Gross margin %	54.1%	61.0%	55.2%	61.1%

Gross margin percentage was lower by 690 basis points in the third quarter of fiscal 2009 as compared to the third quarter of fiscal 2008 primarily as a result of a decrease in sales of \$167.0 million and reduced operating levels in our manufacturing facilities that created adverse utilization variances.

Gross margin percentage was lower by 590 basis points in the nine months ended August 1, 2009 as compared to the nine months ended August 2, 2008, primarily as a result of a decrease in sales of \$478.9 million and reduced operating levels in our manufacturing facilities that created adverse utilization variances. This decrease was partially offset by a better mix of products as revenues from industrial and communications end markets, which earn relatively higher gross margins than our average margin, declined less than our revenues from the consumer and computer end markets.

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### *Stock-Based Compensation Expense*

As of August 1, 2009, the total compensation cost related to unvested awards not yet recognized in our statement of income was approximately \$116.9 million (before tax consideration), which we will recognize over a weighted average period of 1.7 years. See Note 3 in the Notes to our Condensed Consolidated Financial Statements contained in Item 1 of this Quarterly Report on Form 10-Q for further information regarding our adoption of Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share-Based Payment* (SFAS 123R).

### *Research and Development*

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>August 1, 2009</u>	<u>August 2, 2008</u>	<u>August 1, 2009</u>	<u>August 2, 2008</u>
R&D expenses	\$107,578	\$135,837	\$336,854	\$400,029
R&D expenses as a % of revenue	21.9%	20.6%	23.3%	20.8%

Research and development, or R&D, expenses decreased \$28.3 million, or 21%, in the third quarter of fiscal 2009 as compared to the third quarter of fiscal 2008, and decreased \$63.2 million, or 16%, in the nine months ended August 1, 2009 as compared to the nine months ended August 2, 2008. These decreases were primarily the result of the actions we took to constrain or permanently reduce operating expenses as well as a decrease in bonus expense, which is a variable expense linked to our overall profitability.

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*

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>August 1, 2009</u>	<u>August 2, 2008</u>	<u>August 1, 2009</u>	<u>August 2, 2008</u>
SMG&A expenses	\$79,706	\$104,767	\$249,828	\$309,301
SMG&A expenses as a % of revenue	16.2%	15.9%	17.3%	16.1%

Selling, marketing, general and administrative, or SMG&A, expenses decreased \$25.1 million, or 24%, in the third quarter of fiscal 2009 as compared to the third quarter of fiscal 2008, and decreased \$59.5 million, or 19%, in the nine months ended August 1, 2009 as compared to the same period of fiscal 2008. These decreases were primarily the result of our actions taken to constrain or permanently reduce operating expenses. In addition, we had lower bonus expense, which is a variable expense linked to our overall profitability, and lower commission expenses, which are variable expenses linked to our sales.

### *Special Charges*

The following is a summary of the restructuring actions we have taken over the last several years.

#### *Closure of Wafer Fabrication Facility in Sunnyvale*

We ceased production at our California wafer fabrication facility in November 2006. We are paying the lease obligation costs on a monthly basis over the remaining lease term, which expires in 2010. 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.

*Reorganization of Product Development and Support Programs*

We recorded special charges in fiscal years 2005, 2006 and 2007 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. We terminated the employment of all employees associated with these programs and are paying amounts owed to employees for severance as income continuance. We do not expect to incur any further charges related to this reorganization action.

*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 have transitioned to our existing eight-inch production line in Limerick while others have transitioned to external foundries. The charge was for severance and fringe benefit costs 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 150 manufacturing employees associated with this action. As of August 1, 2009, we still employed 4 of the 150 employees included in this action. Most of the production in the six-inch wafer fabrication facility has ceased and the remaining production is expected to cease during the fourth quarter of fiscal 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 we expensed as incurred. During the first quarter of fiscal 2009, we recorded an additional charge of \$0.6 million for clean-up and closure costs that we expensed as incurred. During the second quarter of fiscal 2009, we recorded an additional charge of \$0.6 million for clean-up and closure costs that we expensed as incurred. We do not expect to incur any further charges related to this action. We estimate that the closure of this facility will result in annual cost savings of approximately \$25 million per year, which we expect to realize starting in the first quarter of fiscal 2010. 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 recorded a special charge as a result of our decision 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. We terminated the employment of all employees associated with these programs and we are paying amounts owed to employees for severance as income continuance. We do not expect to incur any further charges related to this action. These cost reduction actions, which were substantially completed in the second quarter of fiscal 2008, resulted in annual savings of approximately \$15 million. We realized these savings as follows: approximately \$7 million in R&D expenses, approximately \$6 million in SMG&A expenses and approximately \$2 million in cost of sales.

*Reduction of Operating Costs*

During the fourth quarter of fiscal 2008, in order to further reduce our operating cost structure 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. We have terminated the employment of all of the employees included in this charge and we are paying amounts owed to employees for severance as income continuance.

During the first quarter of fiscal 2009, we recorded an additional charge of \$19.1 million related to this cost reduction action. Approximately \$2.1 million of this charge was for lease obligation costs for facilities that we ceased using during the first quarter of fiscal 2009; approximately \$0.8 million was for the write-off of property, plant and equipment; and approximately \$0.6 million was for contract termination, clean-up and closure costs that we expensed as incurred. The remaining \$15.6 million of this charge related to the severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan or statutory requirements at foreign locations, for 221 manufacturing employees and 149 engineering and selling, marketing, general and administrative employees. As of August 1, 2009, we still employed 3 of the 370 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.

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During the second quarter of fiscal 2009, we recorded an additional charge of \$11.3 million related to this cost reduction action. Approximately \$0.1 million was for the write-off of property, plant and equipment; and approximately \$0.3 million was for clean-up and closure costs that we expensed as incurred. The remaining \$10.9 million of this charge related to the severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan or statutory requirements at foreign locations, for 24 manufacturing employees and 153 engineering and selling, marketing, general and administrative employees. As of August 1, 2009, we still employed 26 of the 177 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 believe this cost reduction action, which was substantially completed during the second quarter of fiscal 2009, will result in annual savings of approximately \$36.4 million once fully implemented. We expect these annual savings will be realized as follows: approximately \$31.6 million in SMG&A expenses and approximately \$4.8 million in cost of sales. A portion of these savings is reflected in our results for the first nine months of fiscal 2009 and the remainder of the savings will be fully reflected in our results by the first quarter of fiscal 2010.

### *Closure of a Wafer Fabrication Facility in Cambridge*

During the first quarter of fiscal 2009, we recorded a special charge of \$22.1 million as a result of our decision to consolidate our Cambridge, Massachusetts wafer fabrication facility into our existing Wilmington, Massachusetts facility. In connection with the anticipated closure of this facility, we evaluated the recoverability of the facilities' manufacturing assets and concluded that there was an impairment of approximately \$12.9 million based on the revised period of intended use. The remaining \$9.2 million was for severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan for 175 manufacturing employees and 9 selling, marketing, general and administrative employees associated with this action. As of August 1, 2009, we still employed all of the employees included in this action. We expect production to cease in the Cambridge fabrication facility during the fourth quarter of fiscal 2009, at which time the employment of the 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. We estimate that the closure of this facility will result in annual cost savings of approximately \$41 million per year, expected to be fully realized starting in the third quarter of fiscal 2010. We expect these annual savings to be realized as follows: approximately \$40.2 million in cost of sales, of which approximately \$4.0 million relates to non-cash depreciation savings, and approximately \$0.8 million in SMG&A expenses.

### *Operating Income from Continuing Operations*

	Three Months Ended		Nine Months Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Operating income from continuing operations	\$78,945	\$161,190	\$156,445	\$464,288
Operating income from continuing operations as a % of revenue	16.0%	24.5%	10.8%	24.2%

The \$82.2 million decrease in operating income from continuing operations in the third quarter of fiscal 2009 as compared to the third quarter of fiscal 2008 was primarily the result of a decrease in revenue of \$167.0 million and a 690 basis point decrease in gross margin percentage. This decrease in operating income from continuing operations was partially offset by a decrease in R&D and SMG&A expenses as more fully described above under the headings *Research and Development* and *Selling, Marketing, General and Administrative*.

The \$307.8 million decrease in operating income from continuing operations in the nine months ended August 1, 2009 as compared to the same period of fiscal 2008 was primarily the result of a decrease in revenue of \$478.9 million, a 590 basis point decrease in gross margin percentage, and special charges of \$53.7 million in the first nine months of fiscal 2009. This decrease in operating income from continuing operations was partially offset by a decrease in R&D and SMG&A expenses as more fully described above under the headings *Research and Development* and *Selling, Marketing, General and Administrative*.

[Table of Contents](#)*Nonoperating (Income) Expense*

	Three Months Ended		Nine Months Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Interest expense	\$ 1,368	\$ —	\$ 1,368	\$ —
Interest income	(2,558)	(8,205)	(13,881)	\$ (31,400)
Other expense, (income) net	108	664	(1,260)	951
Total nonoperating income	<u>\$ (1,082)</u>	<u>\$ (7,541)</u>	<u>\$ (13,773)</u>	<u>\$ (30,449)</u>

Nonoperating income was lower by \$6.5 million in the third quarter of fiscal 2009 as compared to the third quarter of fiscal 2008 primarily due to lower interest income earned on investments as a result of lower interest rates in the third quarter of fiscal 2009 as compared to the third quarter of fiscal 2008. In addition, we incurred interest expense during the third quarter of fiscal 2009 as a result of the issuance of \$375 million aggregate principal 5.0% notes on June 30, 2009.

Nonoperating income was lower by \$16.7 million in the nine months ended August 1, 2009 as compared to the same period of fiscal 2008 primarily due to lower interest income earned on investments as a result of lower interest rates in the first nine months of fiscal 2009 as compared to the first nine months of fiscal 2008. In addition, we incurred interest expense during the first nine months of fiscal 2009 as a result of the issuance of \$375 million aggregate principal 5.0% notes on June 30, 2009.

*Provision for Income Taxes*

	Three Months Ended		Nine Months Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Provision for income taxes	\$14,567	\$39,536	\$28,419	\$113,802
Effective income tax rate	18.2%	23.4%	16.7%	23.0%

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 the third quarter of fiscal 2009 was lower compared to our effective tax rate for the third quarter of fiscal 2008 primarily as a result of a change in the mix of our income to jurisdictions where income is taxed at a lower rate.

Our effective tax rate for the first nine months of fiscal 2009 was lower compared to our effective tax rate for the first nine months of fiscal 2008 primarily as a result of our recording special charges of \$53.7 million in the first nine months of fiscal 2009, a portion of which provided a tax benefit at the higher U.S. tax rate, and as a result of a change in the mix of our income to jurisdictions where income is taxed at a lower rate.

*Income from Continuing Operations, net of tax*

	Three Months Ended		Nine Months Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Income from continuing operations, net of tax	\$65,460	\$129,195	\$141,799	\$380,935
Income from continuing operations, net of tax as a % of revenue	13.3%	19.6%	9.8%	19.8%
Diluted EPS from continuing operations	\$ 0.22	\$ 0.44	\$ 0.49	\$ 1.28

Income from continuing operations, net of tax, in the third quarter of fiscal 2009 was lower than in the third quarter of fiscal 2008 by approximately \$63.7 million primarily as a result of the \$82.2 million decrease in operating income that was partially offset by a lower provision for income taxes in the third quarter of fiscal 2009.

Income from continuing operations, net of tax, in the first nine months of fiscal 2009 was lower than in the first nine months of fiscal 2008 by approximately \$239.1 million primarily as a result of the \$307.8 million decrease in operating income that was partially offset by a lower provision for income taxes in the first nine months of fiscal 2009.

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### Discontinued Operations

	Three Months Ended		Nine Months Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Income from discontinued operations, net of tax	\$ —	\$ 5,611	\$ 364	\$ 10,693
Gain on sale of discontinued operations, net of tax	—	3,802	—	250,785
Total income from discontinued operations, net of tax	\$ —	\$ 9,413	\$ 364	\$ 261,478
Diluted EPS from discontinued operations	\$ —	\$ 0.03	\$ 0.00	\$ 0.88

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, we have presented the results of the operations of these businesses as discontinued operations within our consolidated financial statements in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*.

### 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 our business outlook made by us.

There are near-term indications that business conditions are improving. Order rates strengthened throughout the third quarter of fiscal 2009 and have remained strong during the first two weeks of August. Our book-to-bill ratio for the third quarter of fiscal 2009, as measured by end customer bookings, was above one, and our fourth quarter opening backlog was up from last quarter. Given these factors, we expect that our revenue will grow to approximately \$510 million to \$530 million in the fourth quarter of fiscal 2009. While we plan to continue to tightly manage inventory levels, we expect a small increase in utilization, which should result in a gross margin in the fourth quarter of fiscal 2009 of approximately 55.0%. In addition, we plan to continue to closely manage operating expenses and expect them to increase slightly by approximately 1% to 2% in the fourth quarter of fiscal 2009. As a result, our plan is for diluted EPS from continuing operations to increase again to approximately \$0.24 to \$0.26 in the fourth quarter of fiscal 2009.

### Liquidity and Capital Resources

	Nine Months Ended	
	August 1, 2009	August 2, 2008
Net cash provided by operations	\$269,470	\$527,110
Net cash provided by operations as a % of revenue	18.7%	27.4%

At August 1, 2009, cash, cash equivalents and short-term investments totaled \$1,724.4 million, an increase of \$414.8 million from the fourth quarter of fiscal 2008. The primary source of funds for the first nine months of fiscal 2009 was net cash generated from operating activities of \$269.5 million and net proceeds of \$370.4 from the issuance of our 5.0% Notes. The principal uses of funds for the first nine months of fiscal 2009 were dividend payments of \$174.7 million and capital expenditures of \$39.7 million.

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	<u>August 1, 2009</u>	<u>November 1, 2008</u>
Accounts receivable	\$ 244,025	\$ 315,290
Days sales outstanding	45	44
Inventory	\$ 276,072	\$ 314,629
Days cost of sales in inventory	112	112

Accounts receivable at August 1, 2009 decreased \$71.3 million, or 23%, from the end of the fourth quarter of fiscal 2008. The decrease in receivables was primarily the result of lower revenue in the third quarter of fiscal 2009 as compared to the fourth quarter of fiscal 2008.

Inventory at August 1, 2009 decreased by \$38.6 million, or 12%, from the end of the fourth quarter of fiscal 2008. The decrease in inventory, despite a lower level of sales, is primarily a result of significant reductions in external manufacturing spending and additional factory shutdowns during the first nine months of fiscal 2009.

Net additions to property, plant and equipment were \$39.7 million in the first nine months of fiscal 2009 and were funded with a combination of cash on hand and cash generated from operations. We expect capital expenditures to be approximately \$55 million in fiscal 2009.

On August 17, 2009, our Board of Directors declared a cash dividend of \$0.20 per outstanding share of our common stock. The dividend is payable on September 16, 2009 to shareholders of record on August 27, 2009 and is expected to be approximately \$58 million in the aggregate. We expect quarterly dividends to continue at \$0.20 per share, although they remain subject to declaration or change by our Board of Directors. The payment of future dividends, if any, will be based on several factors including our financial performance, outlook and liquidity.

Because our cash held outside the United States is not available to meet certain of our cash requirements in the United States, including for cash dividends and common stock repurchases, on June 30, 2009, we issued \$375 million aggregate principal amount of 5.0% notes due July 1, 2014 (the Notes) with annual interest payments of 5.0% paid in two installments on January 1 and July 1 of each year, commencing January 1, 2010. The net proceeds of the offering were \$370.4 million, after issuing at a discount and deducting expenses, underwriting discounts and commissions, which will be amortized over the term of the Notes. We swapped the fixed interest portion of these Notes for a variable interest rate based on the three-month LIBOR plus 2.05% (2.64% as of August 1, 2009). The variable interest payments based on the variable annual rate are payable quarterly. The LIBOR based rate is set quarterly three months prior to the date of the interest payment. The indenture governing the Notes contains covenants that may limit our ability to: incur, create, assume or guarantee any debt for borrowed money secured by a lien upon our principal property; enter into sale and lease-back transactions; and consolidate with or merge into, or transfer or lease all or substantially all of our assets to, any other party. In addition, we have a five-year \$165 million unsecured revolving credit facility that expires in May 2013. 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.

At August 1, 2009, our principal source of liquidity was \$1,724.4 million of cash and cash equivalents and short-term investments. As of August 1, 2009, approximately \$426.0 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 held outside the United States is not available to meet certain of our cash requirements in the United States, including for cash dividends and common stock repurchases.

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 in the immediate future and for at least the next twelve months.



**Contractual Obligations**

During the first nine months of fiscal 2009, we distributed approximately \$27 million from our Deferred Compensation Plan as a result of elections made by plan participants under the provisions of our Deferred Compensation Plan. These amounts represented compensation and/or stock option gains previously deferred by those participants pursuant to the terms of our Deferred Compensation Plan. The amounts distributed during fiscal 2009 were previously reflected in the “More than 5 Years” column of the contractual obligations table contained in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the fiscal year ended November 1, 2008 because at that time we could not reasonably estimate the timing of such withdrawals.

On June 30, 2009, we issued \$375 million aggregate principal amount of 5.0% notes due July 1, 2014 (the Notes) with semi-annual interest payments due on January 1 and July 1 of each year, commencing January 1, 2010 and we also entered into interest rate swap transactions where we swapped the notional amount of our \$375 million of fixed rate debt at 5.0% into floating interest rate debt. The swap hedges the benchmark interest rate of our \$375 million Notes and has the effect of swapping the 5.0% fixed rate of the Notes into a LIBOR-based floating rate. We make payments at a variable interest rate based upon a three-month LIBOR plus 2.05% (2.64% as of August 1, 2009) in four installments on the 1<sup>st</sup> of every January, April, July and October, commencing on October 1, 2009 and ending on the maturity date. The LIBOR based rate is set quarterly three months prior to the date of the interest payment. We receive fixed payments on the 1<sup>st</sup> of every January and July, commencing January 1, 2010 and ending on the maturity date. The interest rate swaps, as well as the Notes, mature on July 1, 2014.

Assuming the current three-month LIBOR remains the same for the duration of the agreement and assuming the debt obligations are held to maturity, the following amounts will be due under the debt and swap agreements and were not previously reflected in the contractual obligations table contained in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the fiscal year ended November 1, 2008:

(in thousands)	Total	Less than 1 Year	Payment due by period		More than 5 Years
			1-3 Years	4-5 Years	
Long-term debt obligations	\$375,000	—	—	\$375,000	—
Interest payments associated with long-term debt obligations (1)	\$ 93,802	\$18,802	\$37,500	\$ 37,500	—
Payments due under interest rate swap agreements	\$ 50,367	\$10,037	\$20,179	\$ 20,151	—

(1) These interest payments will be completely offset by proceeds from our interest rate swap agreements.

There have not been any other material changes during the first nine months of fiscal 2009 to the amounts presented in the table summarizing our contractual obligations included in our Annual Report on Form 10-K for the year ended November 1, 2008.

## **New Accounting Pronouncements**

### *Accounting Standards Codification*

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles (a replacement of FASB Statement No. 162)* (SFAS 168). SFAS 168 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. SFAS 168 establishes the FASB Accounting Standards Codification™ (Codification) as the source of authoritative accounting principles recognized by the FASB. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009, which is our fourth fiscal quarter of 2009. Upon adoption the Codification will be used to identify authoritative accounting standards.

### *Variable Interest Entities*

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167). SFAS 167 requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance. SFAS 167 is effective for fiscal years that begin after November 15, 2009, which is our fiscal year 2011. We are currently evaluating the impact, if any, that SFAS 167 may have on our financial condition and results of operations.

### *Transfers of Financial Assets*

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* (SFAS 166). SFAS 166 changes the way entities account for securitizations and other transfers of financial instruments. SFAS 166 is effective for fiscal years that begin after November 15, 2009, which is our fiscal year 2011. We are currently evaluating the impact, if any, that SFAS 166 may have on our financial condition and results of operations.

### *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.

## **Critical Accounting Policies and Estimates**

There were no material changes in the third quarter of fiscal 2009 to the information provided under the heading "Critical Accounting Policies and Estimates" included in our Annual Report on Form 10-K for the year ended November 1, 2008.

### **ITEM 3. Quantitative and Qualitative Disclosures About Market Risk**

#### *Interest Rate Exposure*

In June 2009, we entered into an interest rate swap agreement to hedge the benchmark interest rate of our \$375 million 5.0% Notes due July 1, 2014. The effect of the swap was to convert our 5.0% fixed interest rate to a variable interest rate based on the three-month LIBOR plus 2.05% (2.64% as of August 1, 2009). If LIBOR changes by 100 basis points, our annual interest expense would change by \$3.8 million.

There have been no other material changes in the third quarter of fiscal 2009 in the information provided under Item 7A. “Quantitative and Qualitative Disclosures about Market Risk” set forth in our Annual Report on Form 10-K for the year ended November 1, 2008.

### **ITEM 4. 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 August 1, 2009. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (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 August 1, 2009, 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) *Changes in Internal Control 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 Exchange Act) occurred during the quarter ended August 1, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II — OTHER INFORMATION**

### **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. The description below includes any material changes to and supersedes the description of the risk factors affecting our business previously discussed in Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended November 1, 2008 and “Part II, Item 1A. Risk Factors” of our Quarterly Report on Form 10-Q for the quarter ended May 2, 2009.

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

As widely reported, global credit and financial markets continue to experience 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. Our business has been significantly affected by these conditions, and there is no certainty that credit and financial markets and confidence in economic conditions will not deteriorate further. 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. Accelerating layoffs, falling housing markets and the tightening of credit by financial institutions may lead consumers and businesses to continue to postpone spending, which may cause our customers to cancel, decrease or delay their existing and future orders with us. In addition, the inability of customers to obtain credit could impair their ability to make timely payments to us. Customer insolvencies in key industries, such as the automotive industry, could also negatively impact our revenues and our ability to collect receivables. In addition, financial difficulties experienced by our suppliers or distributors could result in product delays, increased accounts receivable defaults and inventory challenges. 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, we may record additional charges relating to restructuring costs or the impairment of assets and our business and results of operations could be materially and adversely affected.

*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, including our ability to reduce our cost structure in both the short term and over a longer duration;
- 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;

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- 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.

*Changes in our effective tax rate may impact our results of operations.*

A number of factors may increase our future effective tax rate, including: the jurisdictions in which profits are earned and taxed; the resolution of issues arising from tax audits with various tax authorities; changes in the valuation of our deferred tax assets and liabilities; adjustments to income taxes upon finalization of various tax returns; increases in expenses not deductible for tax purposes, including write-offs of acquired in-process research and development and impairments of goodwill in connection with acquisitions; changes in available tax credits; and changes in tax laws or the interpretation of such tax laws. Any significant increase in our future effective tax rates could adversely impact our net income for future periods.

*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, causing 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.

*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 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

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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 this 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 more advantageous 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 those 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, or TSMC. 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 46% of our revenue for the first nine months of fiscal 2009 and approximately 44% of our fiscal year 2008 revenue was from products fabricated at third-party wafer-fabrication facilities, primarily TSMC.

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

The cyclical nature of the semiconductor industry has resulted in periods when demand for our products has increased or decreased rapidly. If we expand our operations and workforce too rapidly or procure excessive resources in anticipation of increased demand for our products, and that demand does not materialize at the pace at which we expect or declines, or if we overbuild in a down market, 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. Conversely, 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.

*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

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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 infringing products, if those 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 those 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

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our customers' products due to an alleged failure of components we supply. 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.

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.



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*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 the first nine months of fiscal 2009, approximately 79% of our 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 States 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 (such as our recent offering of Notes), 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 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 continued to increase, 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 pollution control 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

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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.

*If we are unable to generate sufficient cash flow, we may not be able to service our debt obligations, including making payments on our \$375 million senior unsecured notes.*

In the third quarter of fiscal 2009, we issued \$375 million aggregate principal amount of 5.0% notes due July 1, 2014 in a public offering. Our ability to make payments of principal and interest on our indebtedness when due depends upon our future performance, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting our consolidated operations, many of which are beyond our control. If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required, among other things:

- to seek additional financing in the debt or equity markets;
- to refinance or restructure all or a portion of our indebtedness, including the notes;
- to sell selected assets;
- to reduce or delay planned capital expenditures; or
- to reduce or delay planned operating expenditures.

Such measures might not be sufficient to enable us to service our debt, including the notes, which could negatively impact our financial results. In addition, any such financing, refinancing or sale of assets might not be available on economically favorable terms.

*Restrictions in our credit facility and outstanding debt instruments may limit our activities.*

Our current credit facility and our 5.0% senior unsecured notes impose, and future debt instruments to which we may become subject may impose, restrictions that limit our ability to engage in activities that could otherwise benefit our company, including to undertake certain transactions, to create certain liens on our assets and to incur certain subsidiary indebtedness. Our ability to comply with these financial restrictions and covenants is dependent on our future performance, which is subject to prevailing economic conditions and other factors, including factors that are beyond our control such as foreign exchange rates, interest rates, changes in technology and changes in the level of competition. In addition, our credit facility requires us to maintain compliance with specified financial ratios.

If we breach any of the covenants under our credit facility or the indenture governing our outstanding notes and do not obtain appropriate waivers, then, subject to applicable cure periods, our outstanding indebtedness thereunder could be declared immediately due and payable.

*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:

- the current crisis in global credit and financial markets;
- actual or anticipated fluctuations in our revenue and operating results;
- changes in financial estimates by securities analysts or our failure to perform in line with those 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;

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- 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 2. Unregistered Sales of Equity Securities and Use of Proceeds**

### **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
May 3, 2009 through May 30, 2009	9,084	\$20.74	8,780	\$91,614,067
May 31, 2009 through June 27, 2009	—	—	—	\$91,614,067
June 28, 2009 through August 1, 2009	190	\$24.94	—	\$91,614,067
Total	<u>9,274</u>	\$20.83	<u>8,780</u>	\$91,614,067

- (a) Includes 494 shares surrendered to us by employees to satisfy their 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 our 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.

## **ITEM 4. Submission of Matters to a Vote of Security Holders**

At our Special Meeting of Shareholders held on July 20, 2009, the proposal to approve an employee stock option exchange program was acted upon by our shareholders. The results of the voting are set forth below:

	<u>VOTES FOR</u>	<u>VOTES AGAINST</u>	<u>ABSTENTIONS</u>
Proposal to Approve an Employee Stock Option Exchange Program	162,105,237	61,913,841	298,449

There were no broker non-votes on this proposal.

## **ITEM 6. Exhibits**

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed as part of this Quarterly Report on Form 10-Q and such Exhibit Index is incorporated herein by reference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ANALOG DEVICES, INC.

Date: August 18, 2009

By: /s/ Jerald G. Fishman

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

Date: August 18, 2009

By: /s/ David A. Zinsner

David A. Zinsner  
Vice President, Finance  
and Chief Financial Officer  
(Principal Financial Officer)

### Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
1.1	Underwriting Agreement, dated June 25, 2009, between Analog Devices, Inc. and Credit Suisse Securities (USA) LLC, as representative of the several underwriters named therein, filed as Exhibit 1.1 to the Company's Current Report on Form 8-K (File No. 1-7819), filed with the Commission on June 30, 2009 and incorporated herein by reference.
4.1	Indenture, by and among the Company and The Bank of New York Mellon Trust Company, N.A. (as Trustee) dated as of June 30, 2009.
4.2	Supplemental Indenture, dated June 30, 2009, between Analog Devices, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 1-7819), filed with the Commission on June 30, 2009 and incorporated herein by reference.
4.3	Form of 5.00% Global Note due July 1, 2014, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 1-7819), filed with the Commission on June 30, 2009 and incorporated herein by reference.
10.1	Second Amendment to 2006 Stock Incentive Plan of Analog Devices, Inc.
31.1	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities 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 Securities 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).
101.INS	XBRL Instance Document.
101.SCH	XBRL Schema Document.
101.CAL	XBRL Calculation Linkbase Document.
101.LAB	XBRL Labels Linkbase Document.
101.PRE	XBRL Presentation Linkbase Document.
101.DEF	XBRL Definition Linkbase Document.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Statements of Income for the three and nine months ended August 1, 2009 and August 2, 2008, (ii) Condensed Consolidated Balance Sheets at August 1, 2009 and November 1, 2008, (iii) Condensed Consolidated Statements of Cash Flows for the nine months ended August 1, 2009 and August 2, 2008 and (iv) Notes to Condensed Consolidated Financial Statements.

In accordance with Rule 406T of Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act, is deemed not filed for purposes of section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

**Analog Devices, Inc.**

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**INDENTURE**

Dated as of June 30, 2009

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**The Bank of New York Mellon Trust Company, N.A.**

Trustee

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ANALOG DEVICES, INC.

Reconciliation and tie between Trust Indenture Act of 1939 and  
Indenture, dated as of June 30, 2009

§310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	Not Applicable
(a)(4)	Not Applicable
(a)(5)	7.10
(b)	7.10
§ 311(a)	7.11
(b)	7.11
(c)	Not Applicable
§ 312(a)	2.6
(b)	10.3
(c)	10.3
§313(a)	7.6
(b)(1)	7.6
(b)(2)	7.6
(c)(1)	7.6
(d)	7.6
§ 314(a)	4.2, 4.3
(b)	Not Applicable
(c)(1)	10.4
(c)(2)	10.4
(c)(3)	Not Applicable
(d)	Not Applicable
(e)	10.5
(f)	Not Applicable
§ 315(a)	7.1
(b)	7.5
(c)	7.1
(d)	7.1
(e)	6.14
§316(a)	2.10
(a)(1)(A)	6.12
(a)(1)(B)	6.13
(b)	6.8
§317(a)(1)	6.3
(a)(2)	6.4
(b)	2.5
§ 318(a)	10.1

Note: This reconciliation and tie shall not, for any purpose, be deemed to be part of the Indenture.

Indenture dated as of June 30, 2009 between Analog Devices, Inc., a Massachusetts corporation (“Company”), and The Bank of New York Mellon Trust Company, N.A., a national banking association (“Trustee”).

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Securities issued under this Indenture.

ARTICLE I.  
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.1. Definitions

“*Affiliate*” of any specified person means any other person directly or indirectly controlling or controlled by or under common control with such specified person. For the purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities or by agreement or otherwise.

“*Agent*” means any Registrar, Paying Agent or Service Agent.

“*Board of Directors*” means the Board of Directors of the Company.

“*Board Resolution*” means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been adopted by the Board of Directors or any duly authorized committee thereof or pursuant to authorization by the Board of Directors or any duly authorized committee thereof and to be in full force and effect on the date of the certificate and delivered to the Trustee.

“*Business Day*” means, unless otherwise provided by Board Resolution, Officers’ Certificate or supplemental indenture hereto for a particular Series, any day except a Saturday, Sunday or a legal holiday in The City of New York on which banking institutions are authorized or required by law, regulation or executive order to close.

“*Capital Stock*” means any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock.

“*Company*” means the party named as such above until a successor replaces it and thereafter means the successor.

“*Company Order*” means a written order signed in the name of the Company by two Officers, one of whom must be the Company’s principal executive officer, principal financial officer or principal accounting officer.

“*Company Request*” means a written request signed in the name of the Company by its Chief Executive Officer, the President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

“*Corporate Trust Office*” means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered.

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“*Default*” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“*Depository*” means, with respect to the Securities of any Series issuable or issued in whole or in part in the form of one or more Global Securities, the person designated as Depository for such Series by the Company, which Depository shall be a clearing agency registered under the Exchange Act; and if at any time there is more than one such person, “*Depository*” as used with respect to the Securities of any Series shall mean the Depository with respect to the Securities of such Series.

“*Discount Security*” means any Security that provides for an amount less than the stated principal amount thereof to be due and payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.2.

“*Dollars*” and “*\$*” means the currency of The United States of America.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Foreign Currency*” means any currency or currency unit issued by a government other than the government of The United States of America.

“*Foreign Government Obligations*” means, with respect to Securities of any Series that are denominated in a Foreign Currency, (i) direct obligations of the government that issued or caused to be issued such currency for the payment of which obligations its full faith and credit is pledged or (ii) obligations of a person controlled or supervised by or acting as an agency or instrumentality of such government the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by such government, which, in either case under clauses (i) or (ii), are not callable or redeemable at the option of the issuer thereof.

“*GAAP*” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect as of the date of determination.

“*Global Security*” or “*Global Securities*” means a Security or Securities, as the case may be, in the form established pursuant to Section 2.2 evidencing all or part of a Series of Securities, issued to the Depository for such Series or its nominee, and registered in the name of such Depository or nominee.

“*Holder*” or “*Securityholder*” means a person in whose name a Security is registered.

“*Indenture*” means this Indenture as amended or supplemented from time to time and shall include the form and terms of particular Series of Securities established as contemplated hereunder.

“*interest*” with respect to any Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

“*Maturity*” when used with respect to any Security, means the date on which the principal of such Security becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

“*Officer*” means the Chief Executive Officer, President, any Vice President, the Treasurer, the Secretary, any Assistant Treasurer or any Assistant Secretary of the Company.

“*Officers’ Certificate*” means a certificate signed by two Officers, one of whom must be the Company’s principal executive officer, principal financial officer or principal accounting officer.

“*Opinion of Counsel*” means a written opinion of legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company.

“*person*” means any individual, corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“*principal*” of a Security means the principal of the Security plus, when appropriate, the premium, if any, on the Security.

“*Responsible Officer*” means any officer of the Trustee in its Corporate Trust Office having direct responsibility for the administration of this Indenture and also means, with respect to a particular corporate trust matter, any other officer to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with a particular subject.

“*SEC*” means the United States Securities and Exchange Commission.

“*Securities*” means the debentures, notes or other debt instruments of the Company of any Series authenticated and delivered under this Indenture.

“*Series*” or “*Series of Securities*” means each series of debentures, notes or other debt instruments of the Company created pursuant to Sections 2.1 and 2.2 hereof.

“*Stated Maturity*” when used with respect to any Security, means the date specified in such Security as the fixed date on which the principal of such Security or interest is due and payable.

“*Subsidiary*” of any specified person means any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such person or one or more of the other Subsidiaries of that person or a combination thereof.

“*TIA*” means the Trust Indenture Act of 1939 (15 U.S. Code §§ 77aaa-77bbb) as in effect on the date of this Indenture; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, “*TIA*” means, to the extent required by any such amendment, the Trust Indenture Act as so amended.

“*Trustee*” means the person named as the “Trustee” in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean or include each person who is then a Trustee hereunder, and if at any time there is more than one such person, “Trustee” as used with respect to the Securities of any Series shall mean the Trustee with respect to Securities of that Series.

“*U.S. Government Obligations*” means securities which are (i) direct obligations of The United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of a

person controlled or supervised by and acting as an agency or instrumentality of The United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by The United States of America, and which in the case of (i) and (ii) are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

Section 1.2. Other Definitions

TERM	DEFINED IN SECTION
“Bankruptcy Law”	6.1
“Custodian”	6.1
“Event of Default”	6.1
“Judgment Currency”	10.16
“Legal Holiday”	10.7
“mandatory sinking fund payment”	11.1
“Market Exchange Rate”	10.15
“New York Banking Day”	10.16
“optional sinking fund payment”	11.1
“Paying Agent”	2.4
“Registrar”	2.4
“Required Currency”	10.16
“Service Agent”	2.4
“successor person”	5.1

Section 1.3. Incorporation by Reference of Trust Indenture Act

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

“Commission” means the SEC.

“indenture securities” means the Securities.

“indenture security holder” means a Securityholder.

“indenture to be qualified” means this Indenture.

“indenture trustee” or “institutional trustee” means the Trustee.

“obligor” on the indenture securities means the Company and any successor obligor upon the Securities.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA and not otherwise defined herein are used herein as so defined.

Section 1.4. Rules of Construction

Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (c) “or” is not exclusive;
- (d) words in the singular include the plural, and in the plural include the singular; and
- (e) provisions apply to successive events and transactions.

ARTICLE II.  
THE SECURITIES

Section 2.1. Issuable in Series

The aggregate principal amount of Securities that may be authenticated and delivered under this Indenture is unlimited. The Securities may be issued in one or more Series. All Securities of a Series shall be identical except as may be set forth or determined in the manner provided in a Board Resolution, supplemental indenture or Officers’ Certificate detailing the adoption of the terms thereof pursuant to authority granted under a Board Resolution. In the case of Securities of a Series to be issued from time to time, the Board Resolution, supplemental indenture or Officers’ Certificate detailing the adoption of the terms thereof pursuant to authority granted under a Board Resolution may provide for the method by which specified terms (such as interest rate, maturity date, record date or date from which interest shall accrue) are to be determined. Securities may differ between Series in respect of any matters, provided that all Series of Securities shall be equally and ratably entitled to the benefits of the Indenture.

Section 2.2. Establishment of Terms of Series of Securities

At or prior to the issuance of any Securities within a Series, the following shall be established (as to the Series generally, in the case of Subsection 2.2.1 and either as to such Securities within the Series or as to the Series generally in the case of Subsections 2.2.2 through 2.2.25) by or pursuant to a Board Resolution, and set forth or determined in the manner provided in a Board Resolution, supplemental indenture or Officers’ Certificate:

- 2.2.1 the title of the Series (which shall distinguish the Securities of that particular Series from the Securities of any other Series);
- 2.2.2 the price or prices (expressed as a percentage of the principal amount thereof) at which the Securities of the Series will be issued;
- 2.2.3 any limit upon the aggregate principal amount of the Securities of the Series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered

upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the Series pursuant to Section 2.7, 2.8, 2.11, 3.6 or 9.6);

2.2.4 the date or dates on which the principal of the Securities of the Series is payable;

2.2.5 the rate or rates (which may be fixed or variable) per annum or, if applicable, the method used to determine such rate or rates (including, but not limited to, any commodity, commodity index, stock exchange index or financial index) at which the Securities of the Series shall bear interest, if any, the date or dates from which such interest, if any, shall accrue, the date or dates on which such interest, if any, shall commence and be payable and any regular record date for the interest payable on any interest payment date;

2.2.6 the place or places where the principal of and interest, if any, on the Securities of the Series shall be payable, where the Securities of such Series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of such Series and this Indenture may be served, and the method of such payment, if by wire transfer, mail or other means;

2.2.7 if applicable, the period or periods within which, the price or prices at which and the terms and conditions upon which the Securities of the Series may be redeemed, in whole or in part, at the option of the Company;

2.2.8 the obligation, if any, of the Company to redeem or purchase the Securities of the Series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the Series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

2.2.9 the dates, if any, on which and the price or prices at which the Securities of the Series will be repurchased by the Company at the option of the Holders thereof and other detailed terms and provisions of such repurchase obligations;

2.2.10 if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which the Securities of the Series shall be issuable;

2.2.11 the forms of the Securities of the Series and whether the Securities will be issuable as Global Securities;

2.2.12 if other than the principal amount thereof, the portion of the principal amount of the Securities of the Series that shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.2;

2.2.13 the currency of denomination of the Securities of the Series, which may be Dollars or any Foreign Currency;

2.2.14 the designation of the currency, currencies or currency units in which payment of the principal of and interest, if any, on the Securities of the Series will be made;

2.2.15 if payments of principal of or interest, if any, on the Securities of the Series are to be made in one or more currencies or currency units other than that or those in which such Securities are denominated, the manner in which the exchange rate with respect to such payments will be determined;



2.2.16 the manner in which the amounts of payment of principal of or interest, if any, on the Securities of the Series will be determined, if such amounts may be determined by reference to an index based on a currency or currencies other than that which the Securities are denominated or designated to be payable or by reference to a commodity, commodity index, stock exchange index or financial index;

2.2.17 the provisions, if any, relating to any security provided for the Securities of the Series;

2.2.18 any addition to or change in the Events of Default which applies to any Securities of the Series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 6.2;

2.2.19 any addition to or change in the covenants set forth in Articles IV or V which applies to Securities of the Series;

2.2.20 whether the Securities of the Series will be listed on a securities exchange;

2.2.21 the initial public offering price, if any has been established for the Securities of the Series;

2.2.22 any other terms of the Securities of the Series (which may supplement, modify or delete any provision of this Indenture insofar as it applies to such Series);

2.2.23 any depositaries, interest rate calculation agents, exchange rate calculation agents or other agents with respect to Securities of such Series if other than those appointed herein;

2.2.24 the provisions, if any, relating to conversion of any Securities of such Series, including if applicable, the conversion price, the conversion period, provisions as to whether conversion will be mandatory, at the option of the Holders thereof or at the option of the Company, the events requiring an adjustment of the conversion price and provisions affecting conversion if such Series of Securities are redeemed; and

2.2.25 whether the Securities of such Series will be senior debt securities or subordinated debt securities and, if applicable, a description of the subordination terms thereof.

All Securities of any one Series need not be issued at the same time and may be issued from time to time, consistent with the terms of this Indenture, if so provided by or pursuant to the Board Resolution, supplemental indenture hereto or Officers' Certificate referred to above.

### Section 2.3. Execution and Authentication

An Officer shall sign the Securities for the Company by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Security is authenticated, the Security shall nevertheless be valid.

A Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

The Trustee shall at any time, and from time to time, authenticate Securities for original issue in the principal amount provided in the Board Resolution, supplemental indenture hereto or Officers' Certificate, upon receipt by the Trustee of a Company Order. Such Company Order may authorize authentication and delivery pursuant to oral or electronic instructions from the Company or its duly authorized agent or agents, which oral instructions shall be promptly confirmed in writing. Each Security shall be dated the date of its authentication unless otherwise provided by a Board Resolution, a supplemental indenture hereto or an Officers' Certificate.

The aggregate principal amount of Securities of any Series outstanding at any time may not exceed any limit upon the maximum principal amount for such Series set forth in the Board Resolution, supplemental indenture hereto or Officers' Certificate delivered pursuant to Section 2.2, except as provided in Section 2.8.

Prior to the issuance of Securities of any Series, the Trustee shall have received and (subject to Section 7.2) shall be fully protected in relying on: (a) the Board Resolution, supplemental indenture hereto or Officers' Certificate establishing the form of the Securities of that Series or of Securities within that Series and the terms of the Securities of that Series or of Securities within that Series, (b) an Officers' Certificate complying with Section 10.4, and (c) an Opinion of Counsel complying with Section 10.4.

The Trustee shall have the right to decline to authenticate and deliver any Securities of such Series: (a) if the Trustee, being advised by counsel, determines that such action may not be taken lawfully; or (b) if the Trustee in good faith by its board of directors or trustees, executive committee or a trust committee of directors and/or vice presidents shall determine that such action would expose the Trustee to personal liability to Holders of any then outstanding Series of Securities.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities. An authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

#### Section 2.4. Registrar and Paying Agent

The Company shall maintain, with respect to each Series of Securities, at the place or places specified with respect to such Series pursuant to Section 2.2, an office or agency where Securities of such Series may be presented or surrendered for payment ("Paying Agent"), where Securities of such Series may be surrendered for registration of transfer or exchange ("Registrar") and where notices and demands to or upon the Company in respect of the Securities of such Series and this Indenture may be served ("Service Agent"). The Registrar shall keep a register with respect to each Series of Securities and to their transfer and exchange. The Company will give prompt written notice to the Trustee of the name and address, and any change in the name or address, of each Registrar, Paying Agent or Service Agent. If at any time the Company shall fail to maintain any such required Registrar, Paying Agent or Service Agent or shall fail to furnish the Trustee with the name and address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more co-registrars, additional paying agents or additional service agents and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its

obligations to maintain a Registrar, Paying Agent and Service Agent in each place so specified pursuant to Section 2.2 for Securities of any Series for such purposes.

The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the name or address of any such co-registrar, additional paying agent or additional service agent. The term "Registrar" includes any co-registrar; the term "Paying Agent" includes any additional paying agent; and the term "Service Agent" includes any additional service agent.

The Company hereby appoints the Trustee the initial Registrar, Paying Agent and Service Agent for each Series unless another Registrar, Paying Agent or Service Agent, as the case may be, is appointed prior to the time Securities of that Series are first issued.

#### Section 2.5. Paying Agent to Hold Money in Trust

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust, for the benefit of Securityholders of any Series of Securities, or the Trustee, all money held by the Paying Agent for the payment of principal of or interest on the Series of Securities, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary of the Company) shall have no further liability for the money. If the Company or a Subsidiary of the Company acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of Securityholders of any Series of Securities all money held by it as Paying Agent.

#### Section 2.6. Securityholder Lists

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders of each Series of Securities and shall otherwise comply with TIA § 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least ten days before each interest payment date and at such other times as the Trustee may request in writing a list, in such form and as of such date as the Trustee may reasonably require, of the names and addresses of Securityholders of each Series of Securities.

#### Section 2.7. Transfer and Exchange

Where Securities of a Series are presented to the Registrar or a co-registrar with a request to register a transfer or to exchange them for an equal principal amount of Securities of the same Series, the Registrar shall register the transfer or make the exchange if its requirements for such transactions are met. To permit registrations of transfers and exchanges, the Trustee shall authenticate Securities at the Registrar's request. No service charge shall be made for any registration of transfer or exchange (except as otherwise expressly permitted herein), but the Company or the Trustee may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer tax or similar governmental charge payable upon exchanges pursuant to Sections 2.11, 3.6 or 9.6).

Neither the Company nor the Registrar shall be required (a) to issue, register the transfer of, or exchange Securities of any Series for the period beginning at the opening of business fifteen days immediately preceding the mailing of a notice of redemption of Securities of that Series and ending at the close of business on the day of such mailing, or (b) thereafter to issue, register the transfer of or exchange (i) any Securities of a Series for which notice has been given calling for redemption of such Series as a

whole, or (ii) that portion of the Securities of a Series to be redeemed for which notice has been given calling for redemption of the Series in part.

#### Section 2.8. Mutilated, Destroyed, Lost and Stolen Securities

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same Series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a protected purchaser, the Company shall execute and upon its request the Trustee shall authenticate and make available for delivery, in lieu of any such destroyed, lost or stolen Security, a new Security of the same Series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any Series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that Series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

#### Section 2.9. Outstanding Securities

The Securities outstanding at any time are all the Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest on a Global Security effected by the Trustee in accordance with the provisions hereof and those described in this Section as not outstanding.

If a Security is replaced pursuant to Section 2.8, it ceases to be outstanding until the Trustee receives proof satisfactory to it that the replaced Security is held by a protected purchaser.

If the Paying Agent (other than the Company, a Subsidiary of the Company or an Affiliate of the Company) holds on the Maturity of Securities of a Series money sufficient to pay such Securities payable on that date, then on and after that date such Securities of the Series cease to be outstanding and interest on them ceases to accrue.

A Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

In determining whether the Holders of the requisite principal amount of outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of a Discount Security that shall be deemed to be outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the Maturity thereof pursuant to Section 6.2.

Section 2.10. Treasury Securities

In determining whether the Holders of the required principal amount of Securities of a Series have concurred in any request, demand, authorization, direction, notice, consent or waiver, Securities of a Series owned by the Company or any Affiliate of the Company shall be disregarded, except that for the purposes of determining whether the Trustee shall be protected in relying on any such request, demand, authorization, direction, notice, consent or waiver only Securities of a Series that a Responsible Officer of the Trustee knows are so owned shall be so disregarded.

Section 2.11. Temporary Securities

Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities upon a Company Order. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee upon request shall authenticate definitive Securities of the same Series and date of maturity in exchange for temporary Securities. Until so exchanged, temporary securities shall have the same rights under this Indenture as the definitive Securities.

Section 2.12. Cancellation

The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Securities surrendered for transfer, exchange, payment, replacement or cancellation and shall destroy such canceled Securities (subject to the record retention requirement of the Exchange Act) and, upon the Company's written request, deliver a certificate of such destruction to the Company. The Company may not issue new Securities to replace Securities that it has paid or delivered to the Trustee for cancellation.

Section 2.13. Defaulted Interest

If the Company defaults in a payment of interest on a Series of Securities, it shall pay the defaulted interest, plus, to the extent required by the notes in such Series and to the extent permitted by law, any interest payable on the defaulted interest, to the persons who are Securityholders of the Series on a subsequent special record date. The Company shall fix the record date and payment date. At least 10 days before the record date, the Company shall mail to the Trustee and to each Securityholder of the Series a notice that states the record date, the payment date and the amount of interest to be paid. The Company may pay defaulted interest in any other lawful manner.

Section 2.14. Global Securities

2.14.1 Terms of Securities. A Board Resolution, a supplemental indenture hereto or an Officers' Certificate shall establish whether the Securities of a Series shall be issued in whole or in part in the form of one or more Global Securities and the Depository for such Global Security or Securities.

2.14.2 Transfer and Exchange. Notwithstanding any provisions to the contrary contained in Section 2.7 of the Indenture and in addition thereto, any Global Security shall be exchangeable pursuant to Section 2.7 of the Indenture for Securities registered in the names of Holders other than the Depositary for such Security or its nominee only if (i) such Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Global Security or if at any time such Depositary ceases to be a clearing agency registered under the Exchange Act, and, in either case, the Company fails to appoint a successor Depositary registered as a clearing agency under the Exchange Act within 90 days of such event or (ii) the Company executes and delivers to the Trustee an Officers' Certificate to the effect that such Global Security shall be so exchangeable. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for Securities registered in such names as the Depositary shall direct in writing in an aggregate principal amount equal to the principal amount of the Global Security with like tenor and terms.

Except as provided in this Section 2.14.2, a Global Security may not be transferred except as a whole by the Depositary with respect to such Global Security to a nominee of such Depositary, by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such a successor Depositary.

2.14.3 Legend. Any Global Security issued hereunder shall bear a legend in substantially the following form:

“This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of the Depositary or a nominee of the Depositary. This Security is exchangeable for Securities registered in the name of a person other than the Depositary or its nominee only in the limited circumstances described in the Indenture, and may not be transferred except as a whole by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such a successor Depositary.”

2.14.4 Acts of Holders. The Depositary, as a Holder, may appoint agents and otherwise authorize participants to give or take any request, demand, authorization, direction, notice, consent, waiver or other action which a Holder is entitled to give or take under the Indenture.

2.14.5 Payments. Notwithstanding the other provisions of this Indenture, unless otherwise specified as contemplated by Section 2.2, payment of the principal of and interest, if any, on any Global Security shall be made to the Holder thereof.

2.14.6 Consents, Declaration and Directions. Except as provided in Section 2.14.5, the Company, the Trustee and any Agent shall treat a person as the Holder of such principal amount of outstanding Securities of such Series represented by a Global Security as shall be specified in a written statement of the Depositary with respect to such Global Security, for purposes of obtaining any consents, declarations, waivers or directions required to be given by the Holders pursuant to this Indenture.

#### Section 2.15. CUSIP Numbers

The Company in issuing the Securities may use “CUSIP” numbers (if then generally in use), and, if so, the Trustee shall use “CUSIP” numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other elements of identification printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall

promptly notify the Trustee of any Series, in writing, of any change in the "CUSIP" numbers of that Series.

ARTICLE III.  
REDEMPTION

Section 3.1. Notice to Trustee

The Company may, with respect to any Series of Securities, reserve the right to redeem and pay the Series of Securities or may covenant to redeem and pay the Series of Securities or any part thereof prior to the Stated Maturity thereof at such time and on such terms as provided for in such Securities. If a Series of Securities is redeemable and the Company wants or is obligated to redeem prior to the Stated Maturity thereof all or part of the Series of Securities pursuant to the terms of such Securities, it shall notify the Trustee of the redemption date and the principal amount of Series of Securities to be redeemed. The Company shall give the notice at least 30 days before the redemption date (or such shorter notice as may be acceptable to the Trustee).

Section 3.2. Selection of Securities to be Redeemed

Unless otherwise indicated for a particular Series by a Board Resolution, a supplemental indenture hereto or an Officers' Certificate, if less than all the Securities of a Series are to be redeemed, the Trustee shall select the Securities of the Series to be redeemed in any manner that the Trustee deems fair and appropriate. The Trustee shall make the selection from Securities of the Series outstanding not previously called for redemption. The Trustee may select for redemption portions of the principal of Securities of the Series that have denominations larger than \$1,000. Securities of the Series and portions of them it selects shall be in amounts of \$1,000 or whole multiples of \$1,000 or, with respect to Securities of any Series issuable in other denominations pursuant to Section 2.2.10, the minimum principal denomination for each Series and integral multiples thereof. Provisions of this Indenture that apply to Securities of a Series called for redemption also apply to portions of Securities of that Series called for redemption.

Section 3.3. Notice of Redemption

Unless otherwise indicated for a particular Series by Board Resolution, a supplemental indenture hereto or an Officers' Certificate, at least 15 days but not more than 60 days before a redemption date, the Company shall mail a notice of redemption by first-class mail to each Holder whose Securities are to be redeemed.

The notice shall identify the Securities of the Series to be redeemed and shall state:

- (a) the redemption date;
- (b) the redemption price;
- (c) the name and address of the Paying Agent;
- (d) that Securities of the Series called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (e) that interest on Securities of the Series called for redemption ceases to accrue on and after the redemption date;

(f) the CUSIP number, if any; and

(g) any other information as may be required by the terms of the particular Series or the Securities of a Series being redeemed.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense.

Section 3.4. Effect of Notice of Redemption

Once notice of redemption is mailed or published as provided in Section 3.3, Securities of a Series called for redemption become due and payable on the redemption date and at the redemption price. A notice of redemption may not be conditional. Upon surrender to the Paying Agent, such Securities shall be paid at the redemption price plus accrued interest to the redemption date.

Section 3.5. Deposit of Redemption Price

On or before 10:00 a.m., New York City time, on the redemption date, the Company shall deposit with the Paying Agent money sufficient to pay the redemption price of and accrued interest, if any, on all Securities to be redeemed on that date.

Section 3.6. Securities Redeemed in Part

Upon surrender of a Security that is redeemed in part, the Trustee shall authenticate for the Holder a new Security of the same Series and the same maturity equal in principal amount to the unredeemed portion of the Security surrendered.

ARTICLE IV.  
COVENANTS

Section 4.1. Payment of Principal and Interest

The Company covenants and agrees for the benefit of the Holders of each Series of Securities that it will duly and punctually pay the principal of and interest, if any, on the Securities of that Series in accordance with the terms of such Securities and this Indenture.

Section 4.2. SEC Reports

The Company shall deliver to the Trustee within 15 days after it files them with the SEC copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. The Company also shall comply with the other provisions of TIA § 314(a). Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 4.3. Compliance Certificate



The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his/her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he may have knowledge).

The Company will, so long as any of the Securities are outstanding, deliver to the Trustee, promptly upon becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

#### Section 4.4. Stay, Extension and Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture or the Securities; and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

#### Section 4.5. Corporate Existence

Subject to Article V, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and rights (charter and statutory); provided, however, that the Company shall not be required to preserve any such right if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries taken as a whole and that the loss thereof is not adverse in any material respect to the Holders.

### ARTICLE V. SUCCESSORS

#### Section 5.1. Consolidation, Merger and Sale of Assets

The Company shall not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its properties and assets to, any person (a "successor person") unless:

(a) the Company is the surviving corporation or the successor person (if other than the Company) is a corporation organized and validly existing under the laws of any U.S. domestic jurisdiction and expressly assumes by a supplemental indenture the Company's obligations on the Securities and under this Indenture; and

(b) immediately after giving effect to the transaction, no Default or Event of Default, shall have occurred and be continuing.

The Company shall deliver to the Trustee prior to the consummation of the proposed transaction an Officers' Certificate to the foregoing effect and an Opinion of Counsel stating that the proposed transaction and any supplemental indenture comply with this Indenture.

Notwithstanding the above, any Subsidiary of the Company may consolidate with, merge into or transfer all or part of its properties to the Company. Neither an Officers' Certificate nor an Opinion of Counsel shall be required to be delivered in connection therewith.

#### Section 5.2. Successor Corporation Substituted

Upon any consolidation or merger, or any sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 5.1, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, lease, conveyance or other disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor person has been named as the Company herein; provided, however, that the predecessor Company in the case of a sale, conveyance or other disposition (other than a lease) shall be released from all obligations and covenants under this Indenture and the Securities.

### ARTICLE VI. DEFAULTS AND REMEDIES

#### Section 6.1. Events of Default

"*Event of Default*" wherever used herein with respect to Securities of any Series, means any one of the following events, unless in the establishing Board Resolution, supplemental indenture or Officers' Certificate, it is provided that such Series shall not have the benefit of said Event of Default:

- (a) default in the payment of any interest on any Security of that Series when it becomes due and payable, and continuance of such default for a period of 30 days; or
- (b) default in the payment of principal of any Security of that Series at its Maturity; or
- (c) default in the performance or breach of any covenant of the Company in this Indenture (other than a covenant that has been included in this Indenture solely for the benefit of Series of Securities other than that Series), which default continues uncured for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the outstanding Securities of that Series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or
- (d) the Company pursuant to or within the meaning of any Bankruptcy Law:
  - (i) commences a voluntary case,
  - (ii) consents to the entry of an order for relief against it in an involuntary case,
  - (iii) consents to the appointment of a Custodian of it or for all or substantially all of its property,

- (iv) makes a general assignment for the benefit of its creditors, or
- (v) admits in writing of its inability to pay its debts generally as the same become due; or
- (e) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
  - (i) is for relief against the Company in an involuntary case,
  - (ii) appoints a Custodian of the Company or for all or substantially all of its property, or
  - (iii) orders the liquidation of the Company,and the order or decree remains unstayed and in effect for 60 days; or
- (f) any other Event of Default provided with respect to Securities of that Series, which is specified in a Board Resolution, a supplemental indenture hereto or an Officers' Certificate, in accordance with Section 2.2.18.

The term "Bankruptcy Law" means Title 11 of the United States Code or any similar U.S. federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

Section 6.2. Acceleration of Maturity; Rescission and Annulment

If an Event of Default with respect to Securities of any Series at the time outstanding occurs and is continuing (other than an Event of Default referred to in Section 6.1(d) or (e)) then in every such case the Trustee or the Holders of not less than 25% in principal amount of the outstanding Securities of that Series may declare the principal amount (or, if any Securities of that Series are Discount Securities, such portion of the principal amount as may be specified in the terms of such Securities) of and accrued and unpaid interest, if any, on all of the Securities of that Series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) and accrued and unpaid interest, if any, shall become immediately due and payable. If an Event of Default specified in Section 6.1(d) or (e) shall occur, the principal amount (or specified amount) of and accrued and unpaid interest, if any, on all outstanding Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

At any time after such a declaration of acceleration with respect to any Series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the outstanding Securities of that Series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if all Events of Default with respect to Securities of that Series, other than the non-payment of the principal and interest of the Securities of that Series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 6.13 and the Company has paid to the Trustee all fees and expenses then owed to the Trustee hereunder.

No such rescission shall affect any subsequent Default or impair any right consequent thereon.

### Section 6.3. Collection of Indebtedness and Suits for Enforcement by Trustee

The Company covenants that if

- (a) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or
- (b) default is made in the payment of principal of any Security at the Maturity thereof, or
- (c) default is made in the deposit of any sinking fund payment when and as due by the terms of a Security,

then, the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and any overdue interest at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or deemed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to any Securities of any Series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such Series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

### Section 6.4. Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

- (a) to file and prove a claim for the whole amount of principal and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same,

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.7.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.5. Trustee May Enforce Claims Without Possession of Securities

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 6.6. Application of Money Collected

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due the Trustee under Section 7.7; and

Second: To the payment of the amounts then due and unpaid for principal of and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and interest, respectively; and

Third: To the Company.

Section 6.7. Limitation on Suits

No Holder of any Security of any Series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

- (a) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that Series;
- (b) the Holders of not less than 25% in principal amount of the outstanding Securities of that Series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

- (c) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the outstanding Securities of that Series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all such Holders.

Section 6.8. Unconditional Right of Holders to Receive Principal and Interest

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and interest, if any, on such Security on the Stated Maturity or Stated Maturities expressed in such Security (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 6.9. Restoration of Rights and Remedies

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 6.10. Rights and Remedies Cumulative

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in Section 2.8, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not, to the extent permitted by law, prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.11. Delay or Omission Not Waiver

No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

#### Section 6.12. Control by Holders

The Holders of a majority in principal amount of the outstanding Securities of any Series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such Series, provided that

- (a) such direction shall not be in conflict with any rule of law or with this Indenture,
- (b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and
- (c) subject to the provisions of Section 7.1, the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall, by a Responsible Officer of the Trustee, determine that the proceeding so directed would involve the Trustee in personal liability.

#### Section 6.13. Waiver of Past Defaults

The Holders of not less than a majority in principal amount of the outstanding Securities of any Series may on behalf of the Holders of all the Securities of such Series waive any past Default hereunder with respect to such Series and its consequences, except a Default in the payment of the principal of or interest on any Security of such Series (provided, however, that the Holders of a majority in principal amount of the outstanding Securities of any Series may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration). Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

#### Section 6.14. Undertaking for Costs

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the outstanding Securities of any Series, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or interest on any Security on or after the Stated Maturity or Stated Maturities expressed in such Security (or, in the case of redemption, on the redemption date).

### ARTICLE VII. TRUSTEE

#### Section 7.1. Duties of Trustee

- (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its

exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

- (b) Except during the continuance of an Event of Default:
  - (i) The Trustee need perform only those duties that are specifically set forth in this Indenture and no others.
  - (ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon Officers' Certificates or Opinions of Counsel furnished to the Trustee and conforming to the requirements of this Indenture; however, in the case of any such Officers' Certificates or Opinions of Counsel which by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall examine such Officers' Certificates and Opinions of Counsel to determine whether or not they conform to the requirements of this Indenture.
- (c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:
  - (i) This paragraph does not limit the effect of paragraph (b) of this Section.
  - (ii) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.
  - (iii) The Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it with respect to Securities of any Series in good faith in accordance with the direction of the Holders of a majority in principal amount of the outstanding Securities of such Series relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Securities of such Series.
- (d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraph (a), (b) and (c) of this Section.
- (e) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense.
- (f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.
- (g) No provision of this Indenture shall require the Trustee to risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk is not reasonably assured to it.



- (h) The Paying Agent, the Registrar and any authenticating agent shall be entitled to the protections, immunities and standard of care as are set forth in paragraphs (a), (b) and (c) of this Section with respect to the Trustee.

Section 7.2. Rights of Trustee

- (a) The Trustee may rely on and shall be protected in acting or refraining from acting upon any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.
- (b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel.
- (c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care. No Depositary shall be deemed an agent of the Trustee and the Trustee shall not be responsible for any act or omission by any Depositary.
- (d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers, provided that the Trustee's conduct does not constitute negligence or bad faith.
- (e) The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder without negligence and in good faith and in reliance thereon.
- (f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Securities unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.
- (g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.
- (h) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities generally or the Securities of a particular Series and this Indenture.
- (i) The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of the individuals and/or titles of Officers authorized at such time to take specific actions pursuant to this Indenture, which Officers' Certificate may be signed by any persons authorized to sign an Officers' Certificate, including any persons specified as so authorized in any such Officers' Certificate previously delivered and not superseded.

- (j) The permissive rights of the Trustee enumerated herein shall not be construed as duties.
- (k) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforced by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other person employed to act hereunder.

#### Section 7.3. Individual Rights of Trustee

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or an Affiliate of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. The Trustee is also subject to Sections 7.10 and 7.11.

#### Section 7.4. Trustee's Disclaimer

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities, and it shall not be responsible for any statement in the Securities other than its authentication.

#### Section 7.5. Notice of Defaults

If a Default or Event of Default occurs and is continuing with respect to the Securities of any Series and if it is known to a Responsible Officer of the Trustee, the Trustee shall mail to each Securityholder of the Securities of that Series notice of a Default or Event of Default within 90 days after it occurs or, if later, after a Responsible Officer of the Trustee has knowledge of such Default or Event of Default. Except in the case of a Default or Event of Default in payment of principal of or interest on any Security of any Series, the Trustee may withhold the notice if and so long as its corporate trust committee or a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of Securityholders of that Series.

#### Section 7.6. Reports by Trustee to Holders

Within 60 days after May 15 in each year, the Trustee shall transmit by mail to all Securityholders, as their names and addresses appear on the register kept by the Registrar, a brief report dated as of such May 15, in accordance with, and to the extent required under, TIA § 313.

A copy of each report at the time of its mailing to Securityholders of any Series shall be filed with the SEC and each stock exchange on which the Securities of that Series are listed. The Company shall promptly notify the Trustee when Securities of any Series are listed on any stock exchange.

#### Section 7.7. Compensation and Indemnity

The Company shall pay to the Trustee from time to time compensation for its services as the Company and the Trustee shall from time to time agree upon in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out of pocket expenses incurred by it. Such expenses shall include the reasonable compensation and expenses of the Trustee's agents and counsel.

The Company shall indemnify each of the Trustee and any predecessor Trustee (including the cost of defending itself) against any loss, liability or expense, including taxes (other than taxes based upon,

measured by or determined by the income of the Trustee) incurred by it except as set forth in the next paragraph in the performance of its duties under this Indenture as Trustee or Agent. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have one separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld. This indemnification shall apply to officers, directors, employees, shareholders and agents of the Trustee.

The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee or by any officer, director, employee, shareholder or agent of the Trustee through negligence or bad faith.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Securities of any Series on all money or property held or collected by the Trustee, except that held in trust to pay principal of and interest on particular Securities of that Series.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.1(d) or (e) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

The provisions of this Section shall survive the resignation or removal of the Trustee and the termination of this Indenture.

#### Section 7.8. Replacement of Trustee

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign with respect to the Securities of one or more Series by so notifying the Company at least 30 days prior to the date of the proposed resignation. The Holders of a majority in principal amount of the Securities of any Series may remove the Trustee with respect to that Series by so notifying the Trustee and the Company. The Company may remove the Trustee with respect to Securities of one or more Series if:

- (a) the Trustee fails to comply with Section 7.10;
- (b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (c) a Custodian or public officer takes charge of the Trustee or its property; or
- (d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Securities may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee with respect to the Securities of any one or more Series does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the

Holders of at least a majority in principal amount of the Securities of the applicable Series may petition any court of competent jurisdiction for the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Immediately after that, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee subject to the lien provided for in Section 7.7, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee with respect to each Series of Securities for which it is acting as Trustee under this Indenture. A successor Trustee shall mail a notice of its succession to each Securityholder of each such Series. Notwithstanding replacement of the Trustee pursuant to this Section 7.8, the Company's obligations under Section 7.7 hereof shall continue for the benefit of the retiring Trustee with respect to expenses and liabilities incurred by it prior to such replacement.

Section 7.9. Successor Trustee by Merger, etc.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

Section 7.10. Eligibility; Disqualification

This Indenture shall always have a Trustee who satisfies the requirements of TIA § 310(a)(1), (2) and (5). The Trustee shall always have a combined capital and surplus of at least \$25,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA § 310(b).

Section 7.11. Preferential Collection of Claims Against Company

The Trustee is subject to TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated.

ARTICLE VIII.  
SATISFACTION AND DISCHARGE; DEFEASANCE

Section 8.1. Satisfaction and Discharge of Indenture

This Indenture shall, upon Company Request, cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, if so requested by the Company, shall at the expense of the Company execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

- (a) either
  - (i) all Securities theretofore authenticated and delivered (other than (1) Securities that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.8 and (2) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 8.5, as applicable) have been delivered to the Trustee for cancellation; or
  - (ii) all such Securities not theretofore delivered to the Trustee for cancellation

- (1) have become due and payable, or
- (2) will become due and payable at their Stated Maturity within one year, or
- (3) have been called for redemption or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, or
- (4) are deemed paid and discharged pursuant to Section 8.3, as applicable;

and the Company, in the case of (1), (2) or (3) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose, money or U.S. Government Obligations or a combination thereof sufficient (unless funds consist solely of money) in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, without consideration of any reinvestment, to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

- (b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and
- (c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 7.7, and, if money shall have been deposited with the Trustee pursuant to clause (a) of this Section, the provisions of Sections 2.4, 2.7, 2.8, 8.2, 8.5 and 8.6 shall survive.

Section 8.2. Application of Trust Funds; Indemnification

- (a) Subject to the provisions of Section 8.5, all money and U.S. Government Obligations deposited with the Trustee pursuant to Section 8.1, all money and U.S. Government Obligations or Foreign Government Obligations deposited with the Trustee pursuant to Sections 8.3 or 8.4 and all money received by the Trustee in respect of U.S. Government Obligations or Foreign Government Obligations deposited with the Trustee pursuant to Sections 8.1, 8.3 or 8.4, shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the persons entitled thereto, of the principal and interest for whose payment such money has been deposited with or received by the Trustee or to make mandatory sinking fund payments or analogous payments as contemplated by Sections 8.3 or 8.4.
- (b) The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against U.S. Government Obligations or Foreign Government Obligations deposited pursuant to Sections 8.1, 8.3 or 8.4 or the interest and

principal received in respect of such obligations other than any payable by or on behalf of Holders.

- (c) The Trustee shall deliver or pay to the Company from time to time upon Company Request any U.S. Government Obligations or Foreign Government Obligations or money held by it as provided in Sections 8.1, 8.3 or 8.4 which, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee, are then in excess of the amount thereof which then would have been required to be deposited for the purpose for which such U.S. Government Obligations or Foreign Government Obligations or money were deposited or received. This provision shall not authorize the sale by the Trustee of any U.S. Government Obligations or Foreign Government Obligations held under this Indenture.

#### Section 8.3. Legal Defeasance of Securities of any Series

Unless this Section 8.3 is otherwise specified, pursuant to Section 2.2.22, to be inapplicable to Securities of any Series, the Company shall be deemed to have paid and discharged the entire indebtedness on all the outstanding Securities of any Series on the 91st day after the date of the deposit referred to in subparagraph (d) hereof, and the provisions of this Indenture, as it relates to such outstanding Securities of such Series, shall no longer be in effect (and the Trustee, at the expense of the Company, shall, at Company Request, execute proper instruments acknowledging the same), except as to:

- (a) the rights of Holders of Securities of such Series to receive, from the trust funds described in subparagraph (d) hereof, (i) payment of the principal of and each installment of principal of and interest on the outstanding Securities of such Series on the Stated Maturity of such principal or installment of principal or interest and (ii) the benefit of any mandatory sinking fund payments applicable to the Securities of such Series on the day on which such payments are due and payable in accordance with the terms of this Indenture and the Securities of such Series;
- (b) the provisions of Sections 2.4, 2.7, 2.8, 8.2, 8.3 and 8.5; and
- (c) the rights, powers, trust and immunities of the Trustee hereunder;

provided that, the following conditions shall have been satisfied:

- (d) the Company shall have deposited or caused to be deposited (except as provided in Section 8.2(c)) with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for and dedicated solely to the benefit of the Holders of such Securities (i) in the case of Securities of such Series denominated in Dollars, cash in Dollars and/or U.S. Government Obligations, or (ii) in the case of Securities of such Series denominated in a Foreign Currency (other than a composite currency), money and/or Foreign Government Obligations, which through the payment of interest and principal in respect thereof in accordance with their terms, will provide (and without reinvestment and assuming no tax liability will be imposed on such Trustee), not later than one day before the due date of any payment of money, an amount in cash, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge each installment of principal of and interest, if any, on and any mandatory sinking fund payments in respect of all the Securities of such Series on the dates such installments of interest or principal and such sinking fund payments are due;

- (e) such deposit will not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound;
- (f) no Default or Event of Default with respect to the Securities of such Series shall have occurred and be continuing on the date of such deposit or during the period ending on the 91st day after such date;
- (g) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel to the effect that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Indenture, there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the Securities of such Series will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to Federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred;
- (h) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of the Securities of such Series over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company; and
- (i) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to the defeasance contemplated by this Section have been complied with.

Section 8.4. Covenant Defeasance

Unless this Section 8.4 is otherwise specified pursuant to Section 2.2.22 to be inapplicable to Securities of any Series, the Company may omit to comply with respect to the Securities of any Series with any term, provision or condition set forth under Sections 4.2, 4.3, 4.4, 4.5 and 5.1 as well as any additional covenants specified in a supplemental indenture for such Series of Securities or a Board Resolution or an Officers' Certificate delivered pursuant to Section 2.2.22 (and the failure to comply with any such covenants shall not constitute a Default or Event of Default with respect to such Series under Section 6.1) and the occurrence of any event specified in a supplemental indenture for such Series of Securities or a Board Resolution or an Officers' Certificate delivered pursuant to Section 2.2.18 and designated as an Event of Default shall not constitute a Default or Event of Default hereunder, with respect to the Securities of such Series, provided that the following conditions shall have been satisfied:

- (a) With reference to this Section 8.4, the Company has deposited or caused to be deposited (except as provided in Section 8.2(c)) with the Trustee as trust funds in trust for the purpose of making the following payments specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities (i) in the case of Securities of such Series denominated in Dollars, cash in Dollars and/or U.S. Government Obligations, or (ii) in the case of Securities of such Series denominated in a Foreign Currency (other than a composite currency), money and/or Foreign Government Obligations, which through the payment of interest and principal in respect thereof in accordance with their terms, will provide (and without reinvestment and assuming no tax liability will be imposed on such Trustee), not later than one day before the due date of

any payment of money, an amount in cash, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge each installment of principal of and interest, if any, on and any mandatory sinking fund payments in respect of the Securities of such Series on the dates such installments of interest or principal and such sinking fund payments are due;

- (b) Such deposit will not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound;
- (c) No Default or Event of Default with respect to the Securities of such Series shall have occurred and be continuing on the date of such deposit;
- (d) The Company shall have delivered to the Trustee an Opinion of Counsel to the effect that Holders of the Securities of such Series will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit and covenant defeasance had not occurred;
- (e) The Company shall have delivered to the Trustee an Officers' Certificate stating the deposit was not made by the Company with the intent of preferring the Holders of the Securities of such Series over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company; and
- (f) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the covenant defeasance contemplated by this Section have been complied with.

#### Section 8.5. Repayment to Company

The Trustee and the Paying Agent shall pay to the Company upon request any money held by them for the payment of principal and interest that remains unclaimed for two years. After that, Securityholders entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

#### Section 8.6. Reinstatement

If the Trustee or the Paying Agent is unable to apply any money deposited with respect to Securities of any Series in accordance with Section 8.1 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the obligations of the Company under this Indenture with respect to the Securities of such Series and under the Securities of such Series shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.1 until such time as the Trustee or the Paying Agent is permitted to apply all such money in accordance with Section 8.1; provided, however, that if the Company has made any payment of principal of or interest on any Securities because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money held by the Trustee or Paying Agent.



ARTICLE IX.  
AMENDMENTS AND WAIVERS

Section 9.1. Without Consent of Holders

The Company and the Trustee may amend or supplement this Indenture or the Securities of one or more Series without the consent of any Securityholder:

- (a) to cure any ambiguity, defect or inconsistency;
- (b) to provide for a supplemental indenture as set forth in Article V;
- (c) to provide for uncertificated Securities in addition to or in place of certificated Securities;
- (d) to make any change that does not adversely affect the rights of any Securityholder;
- (e) to provide for the issuance of and establish the form and terms and conditions of Securities of any Series as permitted by this Indenture;
- (f) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more Series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee; or
- (g) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA.

Section 9.2. With Consent of Holders

The Company and the Trustee may enter into a supplemental indenture with the written consent of the Holders of at least a majority in principal amount of the outstanding Securities of each Series affected by such supplemental indenture (including consents obtained in connection with a tender offer or exchange offer for the Securities of such Series), for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the Securityholders of each such Series. Except as provided in Section 6.13, the Holders of at least a majority in principal amount of the outstanding Securities of any Series by notice to the Trustee (including consents obtained in connection with a tender offer or exchange offer for the Securities of such Series) may waive compliance by the Company with any provision of this Indenture or the Securities with respect to such Series.

It shall not be necessary for the consent of the Holders of Securities under this Section 9.2 to approve the particular form of any proposed supplemental indenture or waiver, but it shall be sufficient if such consent approves the substance thereof. After a supplemental indenture or waiver under this section becomes effective, the Company shall mail to the Holders of Securities affected thereby, a notice briefly describing the supplemental indenture or waiver. Any failure by the Company to mail or publish such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or waiver.

Section 9.3. Limitations

Without the consent of each Securityholder affected, an amendment or waiver may not:

- (a) reduce the principal amount of Securities whose Holders must consent to an amendment, supplement or waiver;
- (b) reduce the rate of or extend the time for payment of interest (including default interest) on any Security;
- (c) reduce the principal or change the Stated Maturity of any Security or reduce the amount of, or postpone the date fixed for, the payment of any sinking fund or analogous obligation;
- (d) reduce the principal amount of Discount Securities payable upon acceleration of the maturity thereof;
- (e) waive a Default or Event of Default in the payment of the principal of or interest, if any, on any Security (except a rescission of acceleration of the Securities of any Series by the Holders of at least a majority in principal amount of the outstanding Securities of such Series and a waiver of the payment default that resulted from such acceleration);
- (f) make the principal of or interest, if any, on any Security payable in any currency other than that stated in the Security; or
- (g) make any change in Sections 6.8, 6.13 or 9.3 (this sentence).

#### Section 9.4. Compliance with Trust Indenture Act

Every amendment to this Indenture or the Securities of one or more Series shall be set forth in a supplemental indenture hereto that complies with the TIA as then in effect.

#### Section 9.5. Revocation and Effect of Consents

Until an amendment is set forth in a supplemental indenture or a waiver becomes effective, a consent to it by a Holder of a Security is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to his Security or portion of a Security if the Trustee receives the notice of revocation before the date of the supplemental indenture or the date the waiver becomes effective.

Any amendment or waiver once effective shall bind every Securityholder of each Series affected by such amendment or waiver unless it is of the type described in any of clauses (a) through (h) of Section 9.3. In that case, the amendment or waiver shall bind each Holder of a Security who has consented to it and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security.

#### Section 9.6. Notation on or Exchange of Securities

The Trustee may place an appropriate notation about an amendment or waiver on any Security of any Series thereafter authenticated. The Company in exchange for Securities of that Series may issue and the Trustee shall authenticate upon request new Securities of that Series that reflect the amendment or waiver.

#### Section 9.7. Trustee Protected

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, in addition to the documents required by Section 10.04 and (subject to Section 7.1) shall be fully protected in relying upon, an Opinion of Counsel and Officers' Certificate stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee shall sign all supplemental indentures, except that the Trustee need not sign any supplemental indenture that adversely affects its rights.

ARTICLE X.  
MISCELLANEOUS

Section 10.1. Trust Indenture Act Controls

If any provision of this Indenture limits, qualifies, or conflicts with another provision which is required or deemed to be included in this Indenture by the TIA, such required or deemed provision shall control.

Section 10.2. Notices

Any notice or communication by the Company or the Trustee to the other, or by a Holder to the Company or the Trustee, is duly given if in writing and delivered in person or mailed by first-class mail:

if to the Company:

Analog Devices, Inc.  
One Technology Way  
Norwood, Massachusetts 02062  
Attention: General Counsel  
Telephone: (781) 329-4700

if to the Trustee:

The Bank of New York Mellon Trust Company, N.A.  
222 Berkeley Street, 2nd Floor  
Boston, MA 02116  
Attention: Global Corporate Trust/Corporate Finance  
Telephone: (617) 536-3473

The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication to a Securityholder shall be mailed by first-class mail to his address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Securityholder of any Series or any defect in it shall not affect its sufficiency with respect to other Securityholders of that or any other Series.

If a notice or communication is mailed or published in the manner provided above, within the time prescribed, it is duly given, whether or not the Securityholder receives it.

If the Company mails a notice or communication to Securityholders, it shall mail a copy to the Trustee and each Agent at the same time.

### Section 10.3. Communication by Holders with Other Holders

Securityholders of any Series may communicate pursuant to TIA § 312(b) with other Securityholders of that Series or any other Series with respect to their rights under this Indenture or the Securities of that Series or all Series. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA § 312(c).

### Section 10.4. Certificate and Opinion as to Conditions Precedent

Upon any request or application by the Company to the Trustee to take any action under this Indenture that requires as a condition precedent the furnishing of an Officers' Certificate or an Opinion of Counsel, the Company shall furnish to the Trustee as appropriate:

- (a) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and
- (b) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

### Section 10.5. Statements Required in Certificate or Opinion

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA § 314(a)(4)) shall comply with the provisions of TIA § 314(e) and shall include:

- (a) a statement that the person making such certificate or opinion has read such covenant or condition;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

### Section 10.6. Rules by Trustee and Agents

The Trustee may make reasonable rules for action by or a meeting of Securityholders of one or more Series. Any Agent may make reasonable rules and set reasonable requirements for its functions.

### Section 10.7. Legal Holidays

Unless otherwise provided by Board Resolution, Officers' Certificate or supplemental indenture hereto for a particular Series, a "Legal Holiday" is any day that is not a Business Day. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

### Section 10.8. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

Section 10.9. Counterparts

This Indenture may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

Section 10.10. Governing Laws

THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

Section 10.11. No Adverse Interpretation of Other Agreements

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or a Subsidiary of the Company. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 10.12. Successors

All agreements of the Company in this Indenture and the Securities shall bind its successor. All agreements of the Trustee in this Indenture shall bind its successor.

Section 10.13. Severability

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 10.14. Table of Contents, Headings, Etc.

The Table of Contents, Cross Reference Table, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 10.15. Securities in a Foreign Currency

Unless otherwise specified in a Board Resolution, a supplemental indenture hereto or an Officers' Certificate delivered pursuant to Section 2.2 of this Indenture with respect to a particular Series of Securities, whenever for purposes of this Indenture any action may be taken by the Holders of a specified percentage in aggregate principal amount of Securities of all Series or all Series affected by a particular action at the time outstanding and, at such time, there are outstanding Securities of any Series which are denominated in a coin or currency other than Dollars, then the principal amount of Securities of such Series which shall be deemed to be outstanding for the purpose of taking such action shall be that amount of Dollars that could be obtained for such amount at the Market Exchange Rate at such time. For purposes

of this Section 10.15, “Market Exchange Rate” shall mean the noon Dollar buying rate in New York City for cable transfers of that currency as published by the Federal Reserve Bank of New York. If such Market Exchange Rate is not available for any reason with respect to such currency, the Trustee shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York as of the most recent available date, or quotations from one or more major banks in The City of New York or in the country of issue of the currency in question or such other quotations as the Trustee, upon consultation with the Company, shall deem appropriate. The provisions of this paragraph shall apply in determining the equivalent principal amount in respect of Securities of a Series denominated in currency other than Dollars in connection with any action taken by Holders of Securities pursuant to the terms of this Indenture.

All decisions and determinations of the Trustee regarding the Market Exchange Rate or any alternative determination provided for in the preceding paragraph shall be in its sole discretion and shall, in the absence of manifest error, to the extent permitted by law, be conclusive for all purposes and irrevocably binding upon the Company and all Holders.

#### Section 10.16. Judgment Currency

The Company agrees, to the fullest extent that it may effectively do so under applicable law, that (a) if for the purpose of obtaining judgment in any court it is necessary to convert the sum due in respect of the principal of or interest or other amount on the Securities of any Series (the “Required Currency”) into a currency in which a judgment will be rendered (the “Judgment Currency”), the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Trustee could purchase in The City of New York the Required Currency with the Judgment Currency on the day on which final unappealable judgment is entered, unless such day is not a New York Banking Day, then the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Trustee could purchase in The City of New York the Required Currency with the Judgment Currency on the New York Banking Day preceding the day on which final unappealable judgment is entered and (b) its obligations under this Indenture to make payments in the Required Currency (i) shall not be discharged or satisfied by any tender, any recovery pursuant to any judgment (whether or not entered in accordance with subsection (a), in any currency other than the Required Currency, except to the extent that such tender or recovery shall result in the actual receipt, by the payee, of the full amount of the Required Currency expressed to be payable in respect of such payments, (ii) shall be enforceable as an alternative or additional cause of action for the purpose of recovering in the Required Currency the amount, if any, by which such actual receipt shall fall short of the full amount of the Required Currency so expressed to be payable, and (iii) shall not be affected by judgment being obtained for any other sum due under this Indenture. For purposes of the foregoing, “New York Banking Day” means any day except a Saturday, Sunday or a legal holiday in The City of New York on which banking institutions are authorized or required by law, regulation or executive order to close.

### ARTICLE XI. SINKING FUNDS

#### Section 11.1. Applicability of Article

The provisions of this Article shall be applicable to any sinking fund for the retirement of the Securities of a Series, except as otherwise permitted or required by any form of Security of such Series issued pursuant to this Indenture.

The minimum amount of any sinking fund payment provided for by the terms of the Securities of any Series is herein referred to as a “mandatory sinking fund payment” and any other amount provided

for by the terms of Securities of such Series is herein referred to as an “optional sinking fund payment.” If provided for by the terms of Securities of any Series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 11.2. Each sinking fund payment shall be applied to the redemption of Securities of any Series as provided for by the terms of the Securities of such Series.

#### Section 11.2. Satisfaction of Sinking Fund Payments with Securities

The Company may, in satisfaction of all or any part of any sinking fund payment with respect to the Securities of any Series to be made pursuant to the terms of such Securities (1) deliver outstanding Securities of such Series to which such sinking fund payment is applicable (other than any of such Securities previously called for mandatory sinking fund redemption) and (2) apply as credit Securities of such Series to which such sinking fund payment is applicable and which have been repurchased by the Company or redeemed either at the election of the Company pursuant to the terms of such Series of Securities (except pursuant to any mandatory sinking fund) or through the application of permitted optional sinking fund payments or other optional redemptions pursuant to the terms of such Securities, provided that such Securities have not been previously so credited. Such Securities shall be received by the Trustee, together with an Officers’ Certificate with respect thereto, not later than 15 days prior to the date on which the Trustee begins the process of selecting Securities for redemption, and shall be credited for such purpose by the Trustee at the price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly. If as a result of the delivery or credit of Securities in lieu of cash payments pursuant to this Section 11.2, the principal amount of Securities of such Series to be redeemed in order to exhaust the aforesaid cash payment shall be less than \$100,000, the Trustee need not call Securities of such Series for redemption, except upon receipt of a Company Order that such action be taken, and such cash payment shall be held by the Trustee or a Paying Agent and applied to the next succeeding sinking fund payment, provided, however, that the Trustee or such Paying Agent shall from time to time upon receipt of a Company Order pay over and deliver to the Company any cash payment so being held by the Trustee or such Paying Agent upon delivery by the Company to the Trustee of Securities of that Series purchased by the Company having an unpaid principal amount equal to the cash payment required to be released to the Company.

#### Section 11.3. Redemption of Securities for Sinking Fund

Not less than 45 days (unless otherwise indicated in the Board Resolution, supplemental indenture hereto or Officers’ Certificate in respect of a particular Series of Securities) prior to each sinking fund payment date for any Series of Securities, the Company will deliver to the Trustee an Officers’ Certificate specifying the amount of the next ensuing mandatory sinking fund payment for that Series pursuant to the terms of that Series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting of Securities of that Series pursuant to Section 11.2, and the optional amount, if any, to be added in cash to the next ensuing mandatory sinking fund payment, and the Company shall thereupon be obligated to pay the amount therein specified. Not less than 30 days (unless otherwise indicated in the Board Resolution, Officers’ Certificate or supplemental indenture in respect of a particular Series of Securities) before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 3.2 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 3.3. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 3.4, 3.5 and 3.6.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

Analog Devices, Inc.

By: /s/ David A. Zinsner

Name: David A. Zinsner

Title: Vice President and Chief Financial Officer

The Bank of New York Mellon Trust Company, N.A.

By: /s/ Peter M. Murphy

Name: Peter M. Murphy

Title: Vice President



## ANALOG DEVICES, INC.

**Second Amendment to the 2006 Stock Incentive Plan, as amended**

The 2006 Stock Incentive Plan (the "Plan") of Analog Devices, Inc. (the "Corporation"), is hereby amended as set forth below:

That the second paragraph of Section 4(a) of the 2006 Plan be deleted in its entirety and replaced with the following:

If any Award issued under this Plan expires or is terminated, surrendered or canceled without having been fully exercised, is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at the original issuance price pursuant to a contractual repurchase right), is settled in cash or otherwise results in any Common Stock not being issued, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. However, in the case of Incentive Stock Options (as hereinafter defined), the foregoing provisions shall be subject to any limitations under the Code. Notwithstanding anything to the contrary herein, the following shares may not again be made available for issuance as Awards under the Plan: (i) shares not issued or delivered as a result of the net settlement of an outstanding Stock Appreciation Right, (ii) shares used to pay the exercise price or withholding taxes related to an outstanding Award, and (iii) shares subject to options surrendered for cancellation and exchange as part of a shareholder-approved option exchange program that are not awarded under new Options issued in such approved option exchange. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

Except to the extent amended hereby, all of the terms, provisions and conditions set forth in the Plan are hereby ratified and confirmed and shall remain in full force and effect. The Plan and this amendment shall be read and construed together as a single instrument.

Approved by the Board of Directors on June 3, 2009

## CERTIFICATION

I, Jerald G. Fishman, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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.

Dated: August 18, 2009

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

## CERTIFICATION

I, David Zinsner, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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.

Dated: August 18, 2009

/s/ David A. Zinsner  
David A. Zinsner  
Vice President, Finance  
and Chief Financial Officer  
(Principal Financial 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 Quarterly Report on Form 10-Q of Analog Devices, Inc. (the "Company") for the period ended August 1, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jerald G. Fishman, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 18, 2009

/s/ Jerald G. Fishman

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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 Quarterly Report on Form 10-Q of Analog Devices, Inc. (the "Company") for the period ended August 1, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, David Zinsner, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 18, 2009

/s/ David A. Zinsner

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David A. Zinsner

Chief Financial Officer