SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED OCTOBER 28, 2000

OR

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

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NO. 1-7819

ANALOG DEVICES, INC.
(Exact name of registrant as specified in its charter)

MASSACHUSETTS	04-2348234
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
ONE TECHNOLOGY WAY, NORWOOD, MA	02062-9106
(Address of principal executive offices)	(Zip Code)

(781) 329-4700
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

COMMON STOCK $.16 2/3 PAR VALUE	NEW YORK STOCK EXCHANGE
Title of Each Class	Name of Each Exchange on Which Registered

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

NONE

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $18,099,985,739 based on the closing price of the Common Stock on the New York Stock Exchange Composite Tape reporting system on December 31, 2000.

As of December 31, 2000, there were 358,137,276 shares of $0.16 2/3 par value Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT DESCRIPTION	10-K PART
Portions of Annual Report to Shareholders for the fiscal year ended October 28, 2000	I and II
Portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held March 13, 2001	III

PART I

ITEM 1. BUSINESS

COMPANY OVERVIEW

We are a world leader in the design, manufacture and marketing of high-performance analog, mixed-signal and digital signal processing (DSP) integrated circuits (ICs) used in signal processing applications.

We produce a wide array of products for a variety of customers and markets. Applications for our products include communications, cellular telephones, computers and computer peripherals, consumer electronics, automotive electronics, factory automation, process control and military and space systems.

A growing market for our communications products has emerged due to the rapid development of broadband and wireless communications infrastructure around the world combined with the development of the Internet. Our expertise in combining analog and digital functionality on a single chip has allowed us to develop products that fulfill the technological challenges of this complex and rapidly changing market.

Increased interface between users and the PC through monitors, printers, scanners and audio devices and the increasing need for power and thermal management capability in PCs have provided us with many opportunities in the computer market. Our ability to integrate analog, DSP and mixed-signal functionality on ICs has enabled us to supply many critical high-performance components required by PC manufacturers.

The acquisition and display of signals combined with the requirement for digital processing of these signals has allowed us to combine analog and digital design capability to provide solutions that conform to the rigorous cost, size and reliability constraints of the consumer electronics market. Examples of products that incorporate our technology are compact disc players, DVD players and digital camcorders and cameras.

We serve the industrial market by providing data acquisition systems, automatic process control systems, robotics, environmental control systems and automatic test equipment. We also provide products to the instrumentation market for use in engineering, medical and scientific instruments.

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

We are headquartered near Boston, in Norwood, Massachusetts, and have manufacturing facilities in Massachusetts, California, North Carolina, Ireland, the United Kingdom, the Philippines and Taiwan. Founded in 1965, we employ approximately 9,100 people worldwide. Our stock is listed on the New York Stock Exchange under the symbol ADI and is included in the Standard & Poor's 500 Index.

INDUSTRY BACKGROUND

Real-world phenomena, such as temperature, pressure, sound, images, speed and acceleration are inherently analog in nature, consisting of continuously varying information. This information can be detected and measured using analog sensors, which represent real-world phenomena by generating continuously varying voltages and currents. The signals from these sensors are initially processed using analog methods, such as amplification, filtering and shaping. They are then usually converted to digital form for storage, display or further manipulation. The further manipulation of the signals after conversion to digital form is called "digital signal processing," or DSP. In addition, digital signals are frequently converted to analog form to provide signals for functions such as analog display, audio output or control. These manipulations and transformations are known collectively as "real-world signal processing."

Significant advances in semiconductor technology in recent years have led to substantial increases in the performance and functionality of ICs used in signal processing applications. These advances include the ability to combine analog and digital signal processing capability on a single chip to offer much more highly integrated solutions. The convergence of computing and communications requires end products that incorporate state-of-the-art signal-processing capability with as few chips as possible. Our products are used as components in equipment and systems to achieve higher performance, which includes higher speed and higher accuracy, and more efficient signal processing, while minimizing power consumption.

PRINCIPAL PRODUCTS

We are engaged in the design, manufacture and marketing of a broad line of high-performance ICs that incorporate analog, mixed-signal and digital signal processing technologies that address a wide range of real-world signal processing applications. We have a generic list of approximately 2,000 products, with the highest revenue product accounting for approximately 4% of our revenue for fiscal 2000. Many of our products are proprietary, while equivalents to other products are available from a limited number of other suppliers. We also design, manufacture and market a range of assembled products.

MARKETS AND APPLICATIONS

The following describes some of the characteristics of, and products supplied to, each of our major markets:

COMMUNICATIONS -- The rapid development of broadband and wireless communications infrastructure around the world combined with the development of the Internet has created a rapidly growing market for our products. Communications technology involves the acquisition of analog signals that are converted from analog to digital and digital to analog form as they are processed and transmitted. Our expertise in combining analog and digital functionality on a single chip has enabled us to develop products that fulfill the technological challenges of this complex and rapidly expanding market space. The need for ever higher speed and reduced power consumption, coupled with more reliable, more bandwidth-efficient communications, is creating increasing demand for our products which are used in systems that include digital, analog and mixed-signal processing capability. The products are used in the full spectrum of signal processing for audio, data, image or video communication. In broadband and wireless communication applications, our products are incorporated into data and digital subscriber line (DSL) modems, cellular telephones, base station equipment and remote access servers. We are also engaged in the development of micromachined products that may result in all-optical switching elements for use in optical networks.

COMPUTERS AND COMPUTER PERIPHERALS -- Increased interface between users and the PC through monitors, printers, scanners and audio devices and the increasing need for power and thermal management capability in PCs have provided many opportunities in the computer market. Our ability to integrate analog, DSP and mixed-signal functionality on ICs has enabled us to supply many high performance critical components required by PC manufacturers. The computer industry requires smaller, lighter personal computers, creating increased demand for high performance ICs to monitor power usage thereby allowing manufacturers to use smaller batteries and extend battery life between charges. We currently supply a variety of ICs used in this market for functions such as graphic displays, interfaces between PCs and peripherals such as modems and printers, power and battery management, and enhanced audio input and output capability for business and entertainment applications.

CONSUMER ELECTRONICS -- The acquisition and display of signals combined with the requirement for digital processing of these signals have allowed us to combine analog and digital design capability to provide solutions that conform to the rigorous cost, size and reliability constraints of the consumer electronics market. The emergence of high-performance consumer products, such as compact disc players, DVD players and digital camcorders and cameras, has led to the need for high-performance system-level ICs with a high level of specific functionality. The addition of monitoring and motor control devices on many consumer products has also created new opportunities for us.

INDUSTRIAL -- Our industrial market includes data acquisition systems, automatic process control systems, robotics, environmental control systems and automatic test equipment. These products generally require ICs that offer performance greater than that available from commodity-level ICs, but generally do not have production volumes that warrant custom or application-specific ICs. Combinations of analog and mixed-signal ICs are usually employed to achieve the necessary functionality, except in automatic test equipment applications where the high level of electronic circuitry required per tester has created opportunities for the design of system-level ICs.

INSTRUMENTATION -- Our instrumentation market includes engineering, medical and scientific instruments. These products are usually designed using the highest performance analog and mixed-signal ICs available, where production volumes generally do not warrant custom or application-specific ICs.

MILITARY/AEROSPACE -- The military, commercial avionics and space markets all require high-performance ICs that meet rigorous environmental and reliability specifications. Nearly all of our analog ICs can be supplied in versions that meet appropriate military standards. In addition, many products can be supplied to meet the standards required for broadcast satellites and other commercial space applications. Most of our products sold in this market are derived from standard commercial grade ICs, although we sometimes develop products expressly for military/aerospace applications.

AUTOMOTIVE -- Although the automotive market has historically been served with low-cost, low-performance ICs, demand has emerged for higher performance devices for a wide range of applications. In response, we are developing products specifically for the automotive market. We supply a micromachined IC used as a crash sensor in airbag systems, which serves as an alternative to an electromechanical sensor. We believe that other micromachined devices derived from this product may be suitable for other automotive applications, such as roll-over sensing, global positioning satellite (GPS) automotive navigation systems, anti-lock brakes and "smart" suspension systems and other applications including earthquake detectors and high-end computer joysticks.

RESEARCH AND DEVELOPMENT

The market we serve are characterized by rapid technological changes and advances. Accordingly, we make substantial investments in the design and development of new products and processes, and for significant improvement of existing products and processes. We incurred $401 million during fiscal 2000 related to the design, development and improvement of new and existing products and processes, compared to $257 million and $219 million during fiscal 1999 and fiscal 1998, respectively.

In support of our research and development activities, we employ hundreds of engineers involved in product and process development at several design centers and manufacturing sites located throughout the world.

As of October 28, 2000, we owned approximately 595 U.S. patents and had 211 patent applications on file with the United States patent office. We believe that while our patents may provide some advantage, our competitive position is largely determined by such factors as the knowledge, ability and experience of our personnel, new product development, market recognition and ongoing marketing efforts, customer service and technical support.

IC TECHNOLOGY

Analog Technology

Analog IC technology has been the foundation of our business for more than 25 years, and we believe we are one of the world's largest suppliers of analog ICs. Our analog ICs are primarily high-performance, single-function devices. The majority of our analog IC product revenue is attributable to sales of data converters (analog-to-digital and digital-to-analog) and amplifiers. Other analog IC products offered by us include analog signal processing devices (such as analog multipliers), voltage references and comparators. Over the past few years we have been expanding our analog IC product offerings into product areas where our focus was previously limited, principally interface circuits and power management ICs. We are also expanding our analog IC product line to include a much larger number of products designed to operate from single-supply 3 or 5 volt power sources to better meet the needs of customers designing portable battery-operated equipment.

Our analog IC products tend to be general purpose in nature, which allows customers to incorporate them in a wide variety of equipment and systems. Our product portfolio includes several hundred analog ICs, any one of which can have as many as several hundred customers. Analog ICs typically have long product life cycles. Our analog IC customers include both OEMs and customers who build equipment for their own use. Historically, most analog ICs have been purchased by OEMs that serve the instrumentation, industrial and military/aerospace markets, but they are now also being used for applications in communications, computers, camcorders, scanners, automatic test equipment, imaging and other consumer applications requiring high-performance real-world signal processing. By using standard, high-performance, readily available, off-the-shelf components in their designs, our customers can reduce the time required to develop and bring new products to market. Given the high cost of developing customized ICs, analog ICs usually provide the most cost-effective solutions for low to medium volume applications. In addition, combinations of analog ICs connected together on a printed circuit board can provide functionality not currently achievable using a single IC.

Other analog ICs include circuits that are designed to serve the needs of particularly demanding applications, e.g. very high speed analog timing and pin driver circuits needed by OEMs in the automatic test equipment business. Manufacturers of portable instrumentation need analog ICs designed to address demanding battery life requirements, and need similar kinds of functions available in analog IC products integrated into a single, very low-power chip. Other principal requirements can include higher accuracy, lower cost per function, smaller size, lower weight and fewer components for improved reliability. These application specific products allow our customers to design smaller, lighter, higher performance, more power-efficient and lower-cost end products. We believe that these benefits have become more important to our OEM customers as they increase their focus on high-performance, small, lightweight products, many of which are battery-powered.

General Purpose DSP Technology

Our products that include DSP technology are designed to efficiently execute specialized programs (algorithms) associated with processing digitized real-time, real-world data. General-purpose DSP IC customers typically write their own algorithms using software tools provided by us and software tools obtained from third-party suppliers. All of these devices share a common architecture which allows system designers to address cost, performance and time-to-market constraints. We support these products with specialized applications and easy-to-use, low-cost design tools, which reduce product development costs and time to market.

Mixed-Signal Technology

Our product range also includes multi-function mixed-signal devices which incorporate combinations of analog and digital technology. The growing need to allow user interface with computers and consumer products as well as the development of communications systems has created new opportunities for these mixed-signal devices. Examples of these devices include chipsets for communication applications (GSM cellular phones, remote access servers, data and fax modems), audio input/output devices and power and thermal management devices for computer applications and motor control devices.

Micromachined Technology

Our technology base includes a number of new products using an advanced IC technology known in the industry as surface micromachining. This technology enables extremely small mechanical structures to be built on the surface of a chip along with supporting circuitry. In addition to incorporating an electro-mechanical structure, these devices also have analog circuitry for conditioning signals obtained from the micromachined sensing element.

Our micromachined products are accelerometers used in a wide variety of applications. The majority of current revenue from micromachined products is derived from accelerometers used by automotive manufacturers in airbag applications. Emerging applications include GPS automobile navigation systems, earthquake detectors and high-end computer joysticks. We are also engaged in the development of micromachined products that may result in all-optical switching elements for use in optical networks.

General Purpose and Custom Products

Across the entire range of ICs designed and manufactured by us there are general purpose products and custom products designed for specific applications for specific customers. In many of the new emerging markets in communications, computer and consumer products there is a tendency to work with selected large customers to design application-specific solutions which can combine elements of analog, digital, mixed-signal and micromachined functionality.

ASSEMBLED PRODUCT TECHNOLOGY

Our assembled products technology includes multi-chip modules (MCMs), hybrids and printed circuit board modules. An MCM is a device made up of several IC chips assembled in an automated fashion in a multilayer package that provides high interconnect density at low cost. A hybrid consists of several chips and discrete components mounted and wired together on a substrate, which is then enclosed in a package. A printed-board module consists of surface-mount components assembled on a small printed board that is then encapsulated in a small plastic case.

Revenues from this product group have been declining for several years, primarily because hybrids are being replaced in many new designs with smaller, lower-cost monolithic ICs that offer higher levels of performance and integration. Sales of these products have declined to approximately 2% of our total sales.

SALES CHANNELS

We sell our products in both North America and internationally through a direct sales force, third-party distributors and independent sales representatives. Approximately 45% of our fiscal 2000 net sales came from customers in North America. As of December 1, 2000, we had 13 sales offices in the United States, and our third-party distribution channel consisted of six national and regional third-party distributors and several independent sales representatives at numerous locations throughout the U.S. and Canada.

Approximately 19% of our fiscal 2000 net sales came from sales to customers in Europe; 14% to customers in Japan; and 22% to customers in other international markets. As of December 1, 2000, we had direct sales offices in Australia, Austria, Canada, China, Denmark, France, Germany, Hong Kong, India, Israel, Italy, Japan, Korea, the Netherlands, Singapore, Sweden, Taiwan and the United Kingdom. We also had sales representatives and/or distributors in approximately 40 countries outside North America, including countries where we also have direct sales offices. For further detail regarding geographic information, see Note 4 in the Notes to our Consolidated Financial Statements incorporated herein by reference to the 2000 Annual Report to Shareholders and filed herewith as part of Exhibit 13.2.

Approximately 40% of our fiscal 2000 revenue was derived from sales made through distributors. These distributors typically maintain an inventory of our products. Some of them also sell products competitive with our products, including those for which we are an alternate source. Sales to certain distributors are made under agreements which provide protection to the distributors for their inventory of our products against price reductions and products that are slow-moving or that we have discontinued.

Our worldwide sales efforts are supported by an extensive promotional program that includes editorial coverage and paid advertising in trade publications; direct mail programs; promotional brochures; technical seminars and participation in trade shows. We publish and distribute full-length databooks, short-form catalogs, applications guides, technical handbooks and detailed data sheets for individual products. We also provide product and application information via our worldwide web site on the Internet and we started to sell products on the Internet in the fourth quarter of fiscal 1999. We also maintain a staff of application engineers who aid customers in incorporating our products into their products during their product development cycles.

For fiscal 2000, our 20 largest customers accounted for approximately 36% of our net sales. The largest single customer represented approximately 8% of net sales.

PRODUCTION AND RAW MATERIALS

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

We employ a wide variety of Company-developed proprietary processes specifically tailored for use in fabricating high-performance linear, mixed-signal and system-level ICs. We also use industry-standard bipolar and CMOS wafer fabrication processes.

Our IC products are fabricated both at our production facilities and by third-party wafer fabricators. We rely primarily on our own facilities for fabricating wafers that require linear and mixed-signal processes. We operate wafer fabrication facilities in Wilmington and Cambridge, Massachusetts; Santa Clara and Sunnyvale, California; Belfast, Northern Ireland and Limerick, Ireland. We also operate assembly and test facilities located in the United States, Ireland, the Philippines and Taiwan and also use third-party subcontractors. We have agreements with Taiwan Semiconductor Manufacturing Company, (TSMC), and Chartered Semiconductor Manufacturing Pte., Ltd., (CSM), for the production of digital and very large scale integration mixed-signal devices. To provide access to advanced process technology at competitive costs, we participated in a joint venture agreement (WaferTech, LLC) with TSMC, Altera, Integrated Silicon Solutions and several individual investors that built a fabrication facility for eight-inch wafers in Camas, Washington. Originally we had an 18% equity ownership in WaferTech. In January 1999, we concluded an agreement to sell to other WaferTech partners 78% of our equity ownership in WaferTech for cash equal to our carrying value at October 31, 1998. Subsequent to our fiscal year ended October 28, 2000 we realized approximately $61 million from the sale of our remaining interest in WaferTech to TSMC, realizing a net pretax gain of approximately $28 million.

Hybrid products are manufactured by mounting and connecting together several integrated circuit chips in a single package. Some of the chips used in our hybrids are manufactured by us and some are purchased from outside suppliers. The production process for modular components, subsystems and systems consists primarily of assembly, packaging and testing. Some of our assembled products are assembled and tested within our U.S. manufacturing facilities, while others are assembled and tested at our facilities outside the United States or by subcontractors, principally in the Far East.

To respond to production capacity requirements, we significantly expanded our manufacturing capacity over the past several years. Major wafer fabrication expansions were completed in Wilmington, Massachusetts, Santa Clara, California, and Limerick, Ireland. Also, in fiscal 2000 we began construction of an additional assembly and test facility in Cavite, Philippines. We expect that our capital expenditures for fiscal 2001 will be approximately $450 million.

BACKLOG

Backlog at the end of fiscal 2000 was approximately $1,062 million, up from approximately $446 million at the end of fiscal 1999. The increase in the backlog is a result of the rapid increase in demand for our products from the year earlier period. This is the result of increased demand for our products in the rapidly growing communications, computer and consumer products markets. In periods of increased demand there is a tendency towards longer lead times which has the effect of increasing backlog and, in some instances, we may not have manufacturing capacity sufficient to fulfill all orders. As is customary in the semiconductor industry, we include customers' forecast orders in backlog and allow such orders to be canceled or deliveries delayed by customers without significant penalty. Accordingly, we believe that our backlog at any time should not be used as an indication of future revenues.

GOVERNMENT CONTRACTS

We estimate that approximately 4% of our fiscal 2000 total worldwide revenue was attributable to sales to the U.S. government and government contractors and subcontractors. Our government contract related business is predominantly in the form of negotiated, firm fixed-price subcontracts. All such contracts and subcontracts contain standard provisions relating to termination at the election of the United States government.

COMPETITION

We compete with a large number of semiconductor companies in markets that are highly competitive. We believe we are one of the largest suppliers of high-performance linear and mixed-signal signal-processing components. Competitors for our analog, mixed-signal and DSP products include Cirrus Logic Inc., Harris Corp., Linear Technology Corp., Lucent Technologies Inc., Maxim Integrated Products, Inc., Motorola Semiconductor Products, National Semiconductor Corp., Sierra Semiconductor Corp., Siliconix Inc. and Texas Instruments, Inc. Sales of our micromachined products currently comprise acceleration sensors, and our main competitors are Bosch, Motorola and Denso, which use a multichip solution whereas we use a single chip solution that we believe provides cost, reliability and functional advantages in the marketplace.

Many other companies offer components that compete with our products; some also offer other electronic products, and some have financial resources substantially larger than ours. Also, some formerly independent competitors have been purchased by larger companies. However, to our knowledge, no manufacturer competes with us across all of the product types offered by us in our signal-processing components product line.

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

ENVIRONMENT

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

EMPLOYEES

As of October 28, 2000, we employed approximately 9,100 persons. Our future success depends in large part on the continued service of our key technical and senior management personnel, and on our ability to continue to attract, retain and motivate qualified employees, particularly those highly skilled design, process and test engineers involved in the manufacture of existing products and the development of new products and processes. The competition for such personnel is intense, and the loss of key employees could have a material adverse effect on us. We believe that relations with our employees are good.

ITEM 2. PROPERTIES

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

PLANT LOCATION OWNED:	USE	FLOOR SPACE
Wilmington, Massachusetts	Wafer fabrication, components assembly and testing, engineering and administrative offices	265,200 sq. ft.
Wilmington, Massachusetts	Engineering, marketing and administrative offices	108,000 sq. ft.
Wilmington, Massachusetts	Components engineering, marketing and administrative offices	65,500 sq. ft.
Westwood, Massachusetts	Engineering and administrative offices	100,500 sq. ft.
Limerick, Ireland	Wafer fabrication, wafer probe and testing, engineering and administrative offices	315,400 sq. ft.
Greensboro, North Carolina	Components and board assembly and testing, engineering and administrative offices	140,600 sq. ft.
Cavite, Philippines	Components assembly and testing, engineering and administrative offices	414,000 sq. ft.
Manila, Philippines	Components assembly and testing, engineering and administrative offices	81,300 sq. ft.

PRINCIPAL PROPERTIES LEASED:	USE	FLOOR SPACE	LEASE EXPIRATION (FISCAL YEAR)	RENEWALS
Norwood, Massachusetts	Corporate headquarters, engineering, components testing, sales and marketing offices	129,900 sq. ft.	2007	3, five-yr. periods
Cambridge, Massachusetts	Wafer fabrication, components testing and assembly engineering, marketing and administrative offices	116,000 sq. ft.	2001	2, five-yr. periods
Santa Clara, California	Wafer fabrication, components assembly and testing, engineering and administrative offices	72,800 sq. ft.	2002	3, five-yr. periods
Santa Clara, California	Engineering and administrative offices	43,500 sq. ft.	2002	3, five-yr. periods
Sunnyvale, California	Wafer fabrication	38,700 sq. ft.	2005	2, five-yr. periods
Taipei, Taiwan	Components testing, engineering and administrative offices	45,700 sq. ft.	2001	1, five to seven yr. period

In addition to the principal leased properties listed in the previous table, we also lease sales offices and other premises at 22 locations in the United States and 36 locations overseas under operating lease agreements. These leases expire at various dates through the year 2030. We anticipate no difficulty in retaining occupancy of any of our manufacturing, office or sales facilities through lease renewals prior to expiration or through month-to-month occupancy, or in replacing them with equivalent facilities. For information concerning our obligations under all operating and capital leases see Note 10 in the Notes to our Consolidated Financial Statements incorporated herein by reference to the 2000 Annual Report to Shareholders and filed herewith as part of Exhibit 13.2.

ITEM 3. LEGAL PROCEEDINGS

The information required by this item is set forth in Note 11 in the Notes to our Consolidated Financial Statements incorporated herein by reference to the 2000 Annual Report to Shareholders and filed herewith as part of Exhibit 13.2.

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

No matters were submitted to a vote of our security holders during the last quarter of the fiscal year ended October 28, 2000.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth (i) the name and age of each present executive officer; (ii) the position(s) presently held by each person named; and (iii) the principal occupations held by each person named for at least the past five years. There is no family relationship among the named officers.

EXECUTIVE OFFICER	AGE	POSITION(S)	BUSINESS EXPERIENCE
Ray Stata	66	Chairman of the Board	Chairman of the Board since 1973; Chief Executive Officer from 1973 to November 1996; President from 1971 to November 1991.
Jerald G. Fishman	55	President, Chief Executive Officer and Director	Chief Executive Officer since November 1996; President and Director since November 1991; Executive Vice President from 1988 to November 1991; Group Vice President -- Components from 1982 to 1988.
Ross Brown	56	Vice President, Human Resources	Vice President, Human Resources since May 1993; U.S. Personnel Manager for Digital Equipment Corp. from 1990 to 1993; Senior Group Personnel Manager at Digital Equipment Corp. from 1986 to 1990.
Samuel H. Fuller	54	Vice President, Research and Development	Vice President, Research and Development since March 1998; Vice President of Research and Chief Scientist of Digital Equipment Corp. from 1983 to 1998.
Russell K. Johnsen	46	Vice President and General Manager, Communications Products	Vice President and General Manager, Communications Products since May 1994; Vice President and General Manager, Analog Devices Semiconductor Division from November 1993 to May 1994; General Manager of the Wide Area Networks Division of National Semiconductor Corp. from 1992 to 1993.
Robert R. Marshall	46	Vice President, Worldwide Manufacturing	Vice President, Worldwide Manufacturing since February 1994; Vice President, Manufacturing, Limerick Site, Analog Devices, B.V. -- Limerick, Ireland from November 1991 to February 1994; Plant Manager, Analog Devices, B.V. -- Limerick, Ireland from January 1991 to November 1991.

EXECUTIVE OFFICER	AGE	POSITION(S)	BUSINESS EXPERIENCE
William A. Martin	41	Treasurer	Treasurer since March 1993; Assistant Treasurer from October 1991 to March 1993; Manager of Treasury Finance from March 1987 to October 1991; Manager of International Treasury from October 1985 to March 1987.
Robert McAdam	50	Vice President and General Manager, Analog Semiconductor Components	Vice President and General Manager, Analog Semiconductor Components since February 1994; Vice President and General Manager, Analog Devices, B.V. -- Limerick, Ireland from January 1991 to February 1994; Product Line Manager, Analog Devices, B.V. -- Limerick, Ireland from October 1988 to January 1991.
Brian P. McAloon	50	Vice President, Sales	Vice President, Sales since May 1992; Vice President, Sales and Marketing -- Europe and Southeast Asia from 1990 to 1992; General Manager, Analog Devices, B.V. -- Limerick, Ireland from 1987 to 1990.
Joseph E. McDonough	53	Vice President, Finance and Chief Financial Officer	Vice President, Finance and Chief Financial Officer since November 1991; Vice President since 1988 and Treasurer from 1985 to March 1993; Director of Taxes from 1983 to 1985.
Franklin Weigold	61	Vice President and General Manager, Micromachined Products	Vice President and General Manager, Micromachined Products since November 1999; Vice President and General Manager, Transportation and Industrial Products Division from March 1992 to November 1999; President and Chief Operating Officer of Unitrode from June 1990 to March 1992.

PART II

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

Our Common Stock is listed on the New York Stock Exchange ("NYSE") under the symbol ADI. The table below sets forth the NYSE high and low sale prices of our Common Stock during the two most recent fiscal years.

	FISCAL 2000		FISCAL 1999	
PERIOD	HIGH	LOW	HIGH	LOW
First Quarter	$ 52.63	$27.00	$16.13	$ 9.66
Second Quarter	$ 94.69	$43.00	$19.19	$12.19
Third Quarter	$100.00	$54.00	$25.50	$17.53
Fourth Quarter	$103.00	$56.06	$30.22	$20.81

We have never paid any cash dividends on our Common Stock and currently have no intentions to do so.

The approximate number of holders of record of our Common Stock at December 31, 2000 was 4,600. This number does not include shareholders for whom shares are held in a "nominee" or "street" name.

On February 5, 2000, we issued and delivered an aggregate of 13,568 shares (equivalent to 27,136 shares after giving effect to the 2-for-1 stock split we effected on March 15, 2000) of our common stock to three individuals in partial fulfillment of the payment by us of consideration to the three former stockholders of White Mountain DSP, Inc., which we acquired on February 5, 1999. We issued and delivered these shares in reliance upon an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended.

ITEM 6. SELECTED FINANCIAL DATA

(THOUSANDS EXCEPT PER SHARE AMOUNTS)	2000	1999	1998	1997	1996
Statement of Operations data:					
Net sales	$2,577,547	$1,450,379	$1,230,571	$1,243,494	$1,193,786
Net income before cumulative effect of change in accounting principle	607,132	196,819	119,488	178,219	171,901
Cumulative effect of change in accounting principle	--	--	37,080	--	--
Net income after cumulative effective of change in accounting principle	$ 607,132	$ 196,819	$ 82,408	$ 178,219	$ 171,901
Net income per share:					
Basic	1.71	0.58	0.26	0.57	0.56
Diluted	1.59	0.55	0.25	0.52	0.52
Pro forma amounts with the change in accounting principle related to revenue recognition applied retroactively:					
Net sales	--	--	$1,230,571	$1,214,602	$1,183,186
Net income	--	--	119,488	167,515	168,328
Net income per share:					
Basic	--	--	0.37	0.53	0.55
Diluted	--	--	0.36	0.49	0.51
Balance Sheet data:					
Total assets	$4,411,337	$2,218,354	$1,861,730	$1,763,853	$1,508,272
Long-term debt and non-current obligations under capital leases	1,212,960	16,214	340,758	348,852	353,666

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

The information required by this item is incorporated herein by reference to the "Management Analysis" set forth on pages 18 through 25 of the 2000 Annual Report to Shareholders and is filed herewith as part of Exhibit 13.1.

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this item is incorporated herein by reference to the "Management Analysis" set forth on pages 18 through 25 of the 2000 Annual Report to Shareholders and is filed herewith as part of Exhibit 13.1.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated herein by reference to our 2000 Annual Report to Shareholders under the headings "Financial Section -- Consolidated Statements of Income, -- Consolidated Balance Sheets, - -- Consolidated Statements of Stockholders' Equity, -- Consolidated Statements of Cash Flows, -- Notes to Consolidated Financial Statements, -- Report of Ernst & Young LLP, Independent Auditors and -- Supplementary Financial Information," and is filed herewith as Exhibit 13.2.

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The response to this item is contained in part under the caption "EXECUTIVE OFFICERS OF THE COMPANY" in Part I hereof, and the remainder is contained in the our Proxy Statement for the Annual Meeting of Stockholders to be held on March 13, 2001 (the "2001 Proxy Statement") under the caption "Election of Directors," and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The response to this item is contained in our 2001 Proxy Statement under the captions "Directors' Compensation," "Information About Executive Compensation," and "Severance and Other Agreements," and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The response to this item is contained in our 2001 Proxy Statement under the caption "Ownership by Management and Principal Stockholders," and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The response to this item is contained in our 2001 Proxy Statement under the caption "Information About Certain Insider Relationships," and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. FINANCIAL STATEMENTS

The following consolidated financial statements are included in our 2000 Annual Report to Shareholders and are incorporated herein by reference pursuant to Item 8:

-- Consolidated Statements of Income for the years ended October 28, 2000, October 30, 1999 and October 31, 1998

-- Consolidated Balance Sheets as of October 28, 2000 and October 30, 1999

-- Consolidated Statements of Stockholders' Equity for the years ended October 28, 2000, October 30, 1999 and October 31, 1998

-- Consolidated Statements of Cash Flows for the years ended October 28, 2000, October 30, 1999 and October 31, 1998

(a) 2. FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statement schedule is included in Item 14(d):

Schedule II -- Valuation and Qualifying Accounts

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

(a) 3. LISTING OF EXHIBITS

EXHIBIT NO.	DESCRIPTION
3.1	Restated Articles of Organization of Analog Devices, Inc., as amended, filed as an exhibit to the Company's quarterly report on Form 10-Q (Commission File No. 1-7819) for the quarterly period ended January 30, 1999 as filed with the Commission on March 15, 1999 and incorporated herein by reference.
3.2	By-laws of Analog Devices, Inc., as amended, filed as an exhibit to the Company's annual report on Form 10-K (Commission File No. 1-7819) for the fiscal year ended November 1, 1997, as filed with the Commission on January 28, 1998 and incorporated herein by reference.
*4.1	Analog Devices, Inc. Deferred Compensation Plan, filed as an exhibit to a Form S-8 filed on December 8, 1995 and incorporated herein by reference, as amended by Amendment No. 1 and Amendment No. 2, filed as Exhibits to Post-Effective Amendment No. 1 to Form S-8 filed on April 15, 1997, and Amendment No. 3, filed as an Exhibit to Post-Effective Amendment No. 2 to Form S-8 filed on November 12, 1997.
4.2	Rights Agreement, dated as of March 18, 1998 between Analog Devices Inc. and BankBoston, N.A., as Rights Agent, filed as an exhibit and incorporated herein by reference to Analog Devices Inc.'s Registration Statement on Form 8-K (File No. 001-07819) filed on March 19, 1998, as amended by Amendment No. 1 filed as an exhibit to the Company's Form 8-K/A (File No. 001-07819) filed on November 11, 1999 and incorporated herein by reference.
4.3	Indenture dated October 2, 2000 between Analog Devices, Inc. and State Street Bank and Trust Company, as Trustee, related to the Company's 4.75% Convertible Subordinated Notes due 2005, filed as an exhibit to the Company's Form S-3 (File No. 333-48928) filed with the Commission on October 30, 2000.
4.4	Registration Rights Agreement dated October 2, 2000 by and between Analog Devices Inc., Goldman, Sachs & Co., SG Cowen Securities Corporation and Salomon Smith Barney Inc. relating to the Company's 4.75% Convertible Subordinated Notes due 2005, filed as an exhibit to the Company's Form S-3 (File No. 333-48928) filed with the Commission on October 30, 2000.
*+10.1	Bonus Plan of Analog Devices, Inc.

EXHIBIT NO.	DESCRIPTION
*10.2	1991 Restricted Stock Plan of Analog Devices, Inc., filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference.
*10.3	1998 Stock Option Plan of Analog Devices Inc., filed on February 6, 1998 as an appendix to the Registrant's Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.
*10.4	Restated 1988 Stock Option Plan of Analog Devices, Inc., filed as an exhibit to the Company's Form 10-Q for the fiscal quarter ended May 3, 1997 and incorporated herein by reference.
*10.5	1989 Director Stock Option Plan of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 2, 1996 and incorporated herein by reference.
*10.6	1992 Director Option Plan of Analog Devices, Inc., filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference.
*10.7	1994 Director Option Plan of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Form 10-Q for the fiscal quarter ended February 1, 1997 and incorporated herein by reference, as amended by Amendment No. 2, filed as an exhibit to the Company's Form S-8 (File No. 333-47789) filed on March 11, 1998 and incorporated herein by reference.
10.8	Amended and restated lease agreement dated May 1, 1992 between Analog Devices, Inc. and the trustees of Everett Street Trust relating to the premises at 3 Technology Way, Norwood, Massachusetts, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference.
10.9	Guaranty dated as of May 1, 1994 between Analog Devices, Inc. and Metropolitan Life Insurance Company relating to the premises at 3 Technology Way, Norwood, Massachusetts, filed as an exhibit to the Company's Form 10-K for the fiscal year ended October 30, 1999 and incorporated herein by reference.
10.10	Letter Agreement dated as of May 18, 1994 between Analog Devices, Inc. and Metropolitan Life Insurance Company relating to the premises at 3 Technology Way, Norwood, Massachusetts, filed as an exhibit to the Company's Form 10-K for the fiscal year ended October 30, 1999 and incorporated herein by reference.
10.11	Reimbursement Agreement dated May 18, 1992 between Analog Devices, Inc. and the trustees of Everett Street Trust, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference.
10.12	Lease agreement dated August 8, 1990 between Precision Monolithics, Inc. and Bourns, Inc. relating to the premises at 1525 Comstock Road, Santa Clara, California, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 2, 1996 and incorporated herein by reference.
10.13	Lease amendment dated May 1, 1996 to the Lease Agreement dated August 8, 1990 between Analog Devices, Inc. and Bourns, Inc., relating to premises located at 1525 Comstock Road, Santa Clara, California, filed as an exhibit to the Company's Form 10-Q for the fiscal quarter ended May 4, 1996 and incorporated herein by reference.
10.14	Lease agreement dated August 8, 1990, as amended, between Precision Monolithics, Inc. and Bourns, Inc. relating to the premises at 1500 Space Park Drive, Santa Clara, California, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 2, 1996 and incorporated herein by reference.
10.15	Lease amendment dated May 1, 1996 to the Lease Agreement dated August 8, 1990 between Analog Devices, Inc. and Bourns, Inc., relating to premises located at 1500 Space Park Drive, Santa Clara, California, filed as an exhibit to the Company's Form 10-Q for the fiscal quarter ended May 4, 1996 and incorporated herein by reference.
*10.16	Form of Employee Retention Agreement, as amended, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference.
*10.17	Employee Change in Control Severance Policy of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Form 10-K for the fiscal year ended October 30, 1999 and incorporated herein by reference.
*10.18	Senior Management Change in Control Severance Policy of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Form 10-K for the fiscal year ended October 30, 1999 and incorporated herein by reference.

EXHIBIT NO.	DESCRIPTION
*+10.19	Letter agreement between Analog Devices Inc. and Jerald G. Fishman dated June 21, 2000 relating to acceleration of stock options upon the occurence of certain events.
*10.20	Description of Consulting Arrangement between Analog Devices, Inc. and John L. Doyle, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 2, 1996 and incorporated herein by reference.
10.21	Lease Agreement dated June 16, 1995 between Analog Devices, Inc. and Ferrari Brothers, relating to the premises at 610 Weddell Drive, Sunnyvale, California, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 2, 1996 and incorporated herein by reference.
10.22	Lease amendment dated March 1, 1996 to the Lease Agreement dated June 16, 1995 between Analog Devices, Inc. and Ferrari Brothers, relating to premises located at 610 Weddell Drive, Sunnyvale, California, filed as an exhibit to the Company's Form 10-Q for the fiscal quarter ended May 4, 1996 and incorporated herein by reference.
10.23	Lease Agreement dated February 8, 1996 between Analog Devices, Inc. and Massachusetts Institute of Technology, relating to premises located at 21 Osborn Street, Cambridge, Massachusetts, filed as an exhibit to the Company's Form 10-Q for the fiscal quarter ended February 3, 1996 and incorporated herein by reference.
**10.24	Amended and Restated Limited Liability Company Agreement of WaferTech, LLC, a Delaware limited liability company, dated as of August 9, 1996, filed as Exhibit 10.47 to the Form 10-Q of Altera Corporation (File No. 0-16617) for the fiscal quarter ended June 30, 1996, and incorporated herein by reference.
**10.25	Purchase Agreement by and between Taiwan Semiconductor Manufacturing Co., Ltd., as seller and Analog Devices, Inc., Altera Corporation and Integrated Silicon Solutions, Inc., as buyers dated as of June 25, 1996, filed as Exhibit 10.48 to the Form 10-Q of Altera Corporation (File No. 0-16617) for the fiscal quarter ended June 30, 1996, and incorporated herein by reference.
*10.26	Trust Agreement for Deferred Compensation Plan, filed as an exhibit to the Company's Post Effective Amendment No. 2 to Form S-3 filed November 12, 1997 and incorporated herein by reference.
10.27	Lease agreement dated September 19, 1996 between Ren Min Company Limited and Analog Devices Taiwan, Limited relating to the premises at Five-Kung-Five Road, Taipei, Taiwan, filed as an exhibit to the Company's Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference.
10.28	BCO Technologies plc Unapproved Share Option Scheme, filed as an exhibit to the Company's Form S-8 (File No. 333-50092) filed with the Commission on November 16, 2000 and incorporated herein by reference.
10.29	BCO Technologies plc Approved Share Option Scheme, filed as an exhibit to the Company's Form S-8 (File No. 333-50092) filed with the Commission on November 16, 2000 and incorporated herein by reference.
+13.1	Management Analysis corresponding to pages 18 through 25 of the 2000 Annual Report to Shareholders, for the fiscal year ended October 28, 2000.
+13.2	Financial Statements and Notes thereto, Report of Ernst & Young LLP, Independent Auditors and Supplementary Financial Information, corresponding to pages 26 through 51 of the 2000 Annual Report to Shareholders, for the fiscal year ended October 28, 2000.
+21	Subsidiaries of the Company.

EXHIBIT NO.	DESCRIPTION
+23	Consent of Ernst & Young LLP.

- ---------------
+ Filed Herewith.

* Management contracts and compensatory plan or arrangements required to be filed as an Exhibit pursuant to Item 14(c) of Form 10-K.

** Confidential treatment has been granted as to certain portions of these Exhibits.

(b) REPORTS ON FORM 8-K

Form 8-K, dated September 26, 2000, reporting the Company had priced a new issue of $1 billion ($1.2 billion including the over-allotment option) of Convertible Subordinated Notes due in 2005, which are convertible into shares of the Company's common stock, $.16 2/3 par value, at a conversion price of $129.78 per share.

SIGNATURES

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

ANALOG DEVICES, INC.
(Registrant)

By: /s/ JEROLD G. FISHMAN	By: /s/ JOSEPH E. MCDONOUGH
Jerald G. Fishman President, Chief Executive Officer and Director (Principal Executive Officer)	Joseph E. McDonough Vice President-Finance and Chief Financial Officer (Principal Financial and Accounting Officer)
Date: January 26, 2001	Date: January 26, 2001

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

NAME	TITLE	DATE
/s/ RAY STATA Ray Stata	Chairman of the Board	January 26, 2001
/s/ JERALD G. FISHMAN Jerald G. Fishman	President,Chief Executive Officer and Director	January 26, 2001
/s/ JOHN L. DOYLE John L. Doyle	Director	January 26, 2001
/s/ CHARLES O. HOLLIDAY Charles O. Holliday	Director	January 26, 2001
/s/ JOEL MOSES Joel Moses	Director	January 26, 2001
/s/ F. GRANT SAVIERS F. Grant Saviers	Director	January 26, 2001
/s/ LESTER C. THUROW Lester C. Thurow	Director	January 26, 2001

ANALOG DEVICES, INC.
ANNUAL REPORT ON FORM 10-K
YEAR ENDED OCTOBER 28, 2000
ITEM 14(d)
FINANCIAL STATEMENT SCHEDULE

ANALOG DEVICES, INC.

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

YEARS ENDED OCTOBER 28, 2000, OCTOBER 30, 1999 AND OCTOBER 31, 1998
(THOUSANDS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITION CHARGED TO INCOME STATEMENT	DEDUCTIONS	BALANCE AT END OF PERIOD
ACCOUNTS RECEIVABLE RESERVES AND ALLOWANCES:				
Year ended October 31, 1998	$40,007	$3,023	$10,698*	$32,332
Year ended October 30, 1999	$32,332	$ 313	$18,407	$14,238
Year ended October 28, 2000	$14,238	$5,940	$ 7,022	$13,156

- ---------------
* Amount reflects reclassification of certain reserves from accounts receivable to accrued liabilities made in connection with the Company's accounting change (see Notes 2(n) and 5 to the consolidated financial statements).

Exhibit 10.1

FY01 BONUS PLAN

Analog Devices U.S.-based Employees

SALES GROWTH

OPBT

ROA

Analog Devices is committed to sharing its success with the people who make it possible - our employees. The aim of the Bonus Plan is to encourage participation by all of us in achieving company goals and to share the rewards of our success.

Jerry Fishman
President & CEO

THE FY01 BONUS PLAN

Our business strategy has always been for ADI to be a growth company with strong profitability. Given our focus on two of the highest growth segments of the semiconductor industry - analog integrated circuits and digital signal processing - we believe that further improvement in sales growth and profitability are both achievable and necessary.

While improvement in sales growth and operating profit before taxes (OPBT) continue to be important goals for the company, we have also identified improving return on assets (ROA) as an important success factor for strong financial performance.

Therefore, the FY01 Bonus Plan emphasizes not only continued improvements in sales growth and OPBT, but also improvements in ROA, which can be defined as the return the company earns on its investments in plant, property and equipment, inventory and accounts receivable. By improving ROA, we will be able to minimize the investments we need to make to execute our high growth, high profitability business strategy.

Sales growth, OPBT and ROA are weighted equally in the FY01 Bonus Plan. The Plan is designed to generate a 1.0 payout when the average of all three performance factors equals 17%.

The FY01 Bonus Plan is consistent with ADI's long-term business objectives of high growth and strong profitability.

WE CAN MAKE A DIFFERENCE

All ADI employees can contribute to achieving these key goals by working to control expenses, minimize waste, increase customer satisfaction, develop new products on time and improve process efficiency.

CALCULATING BONUS PAYMENTS

The bonus payout factor is determined by averaging sales growth since the same bonus period in the previous year, and OPBT and ROA during the bonus period. Each fiscal year, the first bonus period consists of the first and second quarters, while the second bonus period consists of the third and fourth quarters.

For example, if sales growth for the second half of the year totaled 20%, OPBT were 16% and ROA were 15%, the average of the three factors would be 17%, resulting in a payout factor of 1.0.

BONUS PAYOUT CURVE

[chart]

Your accumulated eligible earnings for the bonus period are multiplied by your bonus target, which presents a percentage of your eligible earnings. The percentage of earnings used in the bonus calculation varies by job grade.

The product of that calculation is then multiplied by the bonus factor to determine the gross bonus payment amount.

GRADE LEVEL	BONUS TARGET	POTENTIAL RANGE
Non-exempt	4%	0-12%
E02-E06	4%	0-12%
E07-E08	6%	0-18%
E09-E10	10%	0-30%
E11-E14	15%	0-45%
E15-EI6	20%	0-60%

EXAMPLE:

Accumulated eligible earnings for the bonus period	=$15,000
Bonus target for your job grade	=4%
Payout factor for the bonus period	=1.0

Gross bonus (before tax) payment:

$15,000 x 4% x 1.0	=$600.00

Earnings included in the bonus calculation:

- Base Pay
- Shift differential
- Sick pay
- Vacation pay
- Holiday pay
- Bereavement pay
- Jury duty pay
- Alternative work schedule pay

Excluded from the bonus calculation:

- Overtime pay
- Bonus payments from a previous bonus period
- Other payments that are taxable but not considered regular earnings

WHEN BONUS PAYMENTS ARE MADE

When ADI's financial performance warrants, bonus payments will be made on a semi-annual basis in June and December.

No bonus payments will be earned when the average of sales growth, OPBT and ROA equals 10% or below, since this level of performance is not acceptable for ADI. Bonus payments will begin when the average of all three performance factors is above 10%.

The maximum payout for the FY01 Bonus Plan is 3.0 times target, or when the average of sales growth, OPBT and ROA equals 31%.

- --

WHO'S ELIGIBLE?

Most ADI employees are eligible to participate in the Bonus Plan. New employees are immediately eligible to participate in the Plan with no waiting period.

The following situations may EXCLUDE an employee from participating in the Plan:

- Employee is already covered under a field sales, field application engineering or other incentive program.
- Employee terminates employment at ADI prior to the last day of the bonus period.
- Employee receives a 'Needs Improvement' or 'Marginal' performance rating during the bonus period.
- Employee receives a final written warning during the bonus period.
- Co-op and temporary employees are not eligible for participation in the Plan.

OTHER INFORMATION ABOUT THE BONUS PLAN

WHEN BONUS CHECKS ARE ISSUED

Bonus checks are issued approximately six weeks after the end of the bonus period.

HOW CHANGES IN YOUR EMPLOYMENT STATUS AFFECT BONUS PAYMENTS

o IF YOUR JOB GRADE AND BONUS TARGET CHANGE DURING THE BONUS PERIOD: Your bonus payments will be based on the job grade that was effective at the end of the bonus period.

o IF YOU CHANGE WORK SHIFTS DURING THE BONUS PERIOD:
Because shift differential paid during the bonus period is included as part of your earnings for the bonus calculation, your bonus payment will already take into consideration any shift differential earnings that you may have for the period.

o IF YOU TRANSFER BUSINESS UNITS:
If you transfer between business units, your earnings records transfer with you, so your bonus payment is based on the total accumulated paid earnings for the bonus period.

o IF YOU CHANGE STATUS BETWEEN FULL-TIME AND PART-TIME WORKING HOURS: Since your bonus payment is based on your accumulated paid earnings for the bonus period, your bonus calculation will take into account any change in status, such as part-time to full-time or full-time to part-time working hours.

o IF YOU ARE ON LEAVE OF ABSENCE OR DISABILITY FOR PART OF THE BONUS PERIOD: The bonus is paid based on your earnings while actively at work during the period (not on short-term disability, long-term disability or other leave of absence). Therefore, any pay received during your leave of absence will be excluded from your accumulated paid earnings for bonus calculation purposes.

THE BONUS PLAN DESIGN

THE BONUS PLAN IS DESIGNED TO REWARD ALL ELIGIBLE EMPLOYEES FOR CONTRIBUTING TO COMPANY-WIDE BUSINESS GOALS DURING EACH FISCAL YEAR. THE BONUS PLAN DESIGN, OR PORTIONS OF THE DESIGN, MAY CHANGE FROM YEAR TO YEAR AS THE COMPANY'S FOCUS MOVES TO DIFFERENT COMPANY-WIDE PERFORMANCE GOALS THAT ARE DETERMINED TO BE CRITICAL DURING THAT FISCAL YEAR. THE BONUS PLAN IS EFFECTIVE ONLY DURING FY01 AND WILL BE RECONSIDERED IN FY02.

BELOW CERTAIN LEVELS, ADI'S RESULTS MAY NOT BE COMPETITIVE AND MAY NOT MEET KEY BUSINESS PERFORMANCE MEASURES. AT THESE LOW LEVELS OF BUSINESS PERFORMANCE, NO BONUS WOULD BE PAID.

The Bonus Plan brochure provides a summary of the FY01 Bonus Plan. If you need further information, please ask your supervisor or Human Resources consultant. Analog Devices reserves the right to modify the Bonus Plan from time to time at the sole discretion of management. All changes to the Bonus Plan are subject to the approval of ADI's Board of Directors.

Exhibit 10.19

ANALOG DEVICES, INC.
ONE TECHNOLOGY WAY
P.O. BOX 9106
NORWOOD, MASSACHUSETTS 02062-9106

June 21, 2000

Mr. Jerald G. Fishman
President and Chief Executive Officer
Analog Devices, Inc.
One Technology Way
P.O. Box 9106
Norwood, Massachusetts 02062-9106

Dear Jerry:

At a meeting of the Board of Directors of Analog Devices, Inc., held today, the Directors authorized and approved an amendment to all of the outstanding unvested stock options granted to you by the Company, as well as any future stock options which may be granted to you, providing for the accelerated vesting of all of your unvested stock options in the event of termination of your employment by the Company under specified conditions, as set forth below.

In the event that your employment with the Company is terminated by the Company without "cause" or is teminated by you for "good reason" (as those terms are defined in ADDENDUM A attached hereto), all of the then ourstanding unvested stock options held by you shall accelerate and be and become immediately exercisable and fully vested at the time of such termination; PROVIDED, HOWEVER, that if these accelerated vesting provisions shall, in the judgment of the Company's independent auditors, Ernst & Young LLP, adversely affect the ability of the Company to treat any future acquisition as a "pooling of interests" for accounting purposes, then this agreement and the accelerated vesting provisions shall be and become null and void.

If you are in agreement with the foregoing, would you please sign the duplicate copy of this letter and return it to me, whereupon this letter shall constitute a binding and enforceable agreement between you and the Company in accordance with its terms.

Very truly yours,

Analog Devices, Inc.

By: /s/ Ray Stata

Ray Stata, Chairman

Read and Agreed

/s/ Jerald G. Fishman
- ----------------------------
Jerald G. Fishman

ADDENDUM A TO LETTER AGREEMENT
BETWEEN JERALD G. FISHMAN ("FISHMAN")
AND ANALOG DEVICES, INC ("COMPANY")

1. "CAUSE" means:

(a) the willful and continued failure of Fishman to perform substantially his duties with the Company or one of its affiliates (other than any such failure resulting from his physical or mental disability),

(b) Fishman's gross and reckless negligence in the performance of his duties which materially adversely affects the Company's business,

(c) Fishman's willful engaging in conduct which is materially injurious to the Company,

(d) Fishman's conviction of a felony, or

(e) a material breach of any of Fishman's obligations (i) not to compete with the Company or (ii) to maintain the confidentiality of the Company's confidential and proprietary information.

For purposes of this provision, no act or failure to act, on the part of Fishman, shall be considered "willful" unless it is done, or omitted to be done, by Fishman in bad faith or without reasonable belief that his action or omission was in the best interests of the Company. Any act or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Fishman in good faith and in the best interests of the Company. The cessation of Fishman's employment shall not be deemed to be for Cause unless and until (i) in the event of any Cause defined in paragraphs (a), (b), (c) and (e), a written notice has been delivered to Fishman by the Board which specifically identifies the Cause which is the Board's basis for termination and Fishman has failed to cure or remedy the act or omission so identified within a period of thirty (30) days after the Employee's receipt of such notice (unless the act or omission is of a nature that it cannot be cured or remedied) and (ii) the Board has delivered to Fishman a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board (excluding Fishman if he is then a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to Fishman and he is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, he is guilty of the conduct described in paragraph (a), (b), (c) or (e) above, and specifying the particulars thereof in detail.

2. "Good Reason" means:

(a) the assignment to Fishman of any duties inconsistent in any material respect with his position as Chief Executive Officer of the Company, or any other action by the Company which results in a material diminution in his authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Fishman;

(b) any action by the Company to reduce his annual base salary and employee benefits below those currently (June 21, 2000) in place, other than an isolated, immaterial or inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Fishman; or

(c) the Company's requiring Fishman to be based at any office or location other than within a 50-mile radius of its current headquarters in Norwood, Massachusetts.

Exhibit 13.1

MANAGEMENT ANALYSIS

COMPANY OVERVIEW

We are a world leader in the design, manufacture and marketing of high-performance analog, mixed-signal and digital signal processing (DSP) integrated circuits (ICs) used in signal processing applications.

We produce a wide array of products for a variety of customers and markets. Applications for our products include communications, cellular telephones, computers and computer peripherals, consumer electronics, automotive electronics, factory automation, process control and military and space systems.

A growing market for our communications products has emerged due to the rapid development of broadband and wireless communications infrastructure around the world combined with the development of the Internet. Our expertise in combining analog and digital functionality on a single chip has allowed us to develop products that fulfill the technological challenges of this complex and rapidly changing market.

Increased interface between users and the PC through monitors, printers, scanners and audio devices and the increasing need for power and thermal management capability in PCs have provided us with many opportunities in the computer market. Our ability to integrate analog, DSP and mixed-signal functionality on ICs has enabled us to supply many critical high-performance critical components required by PC manufacturers.

The acquisition and display of signals combined with the requirement for digital processing of these signals has allowed us to combine analog and digital design capability to provide solutions that conform to the rigorous cost, size and reliability constraints of the consumer electronics market. Examples of products that incorporate our technology are compact disc players, DVD players and digital camcorders and cameras.

We serve the industrial market by providing components for data acquisition systems, automatic process control systems, robotics, environmental control systems and automatic test equipment. We also provide products to the instrumentation market for use in engineering, medical and scientific instruments.

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

We are headquartered near Boston, in Norwood, Massachusetts, and have manufacturing facilities in Massachusetts, California, North Carolina, Ireland, the United Kingdom, the Philippines and Taiwan. Founded in 1965, we employ approximately 9,100 people worldwide. Our stock is listed on the New York Stock Exchange under the symbol ADI and is included in the Standard & Poor's 500 Index.

RESULTS OF OPERATIONS

Net sales were $2,578 million in fiscal 2000, an increase of 78% over net sales of $1,450 million in fiscal 1999. This increase in net sales was attributable to continued growth in the markets we serve. Sales into all end-markets increased in fiscal 2000 with the communications market representing the largest growth area. Additionally, sales of new products, which we define as sales of products introduced in the prior six quarters, comprised 25% of net sales in fiscal 2000. Geographically, international sales represented 55% of net sales, up from 54% in fiscal 1999. International sales to Europe, Japan and Southeast Asia represented 19%, 14% and 22% of net sales, respectively. Europe was the only international region that declined as a percentage of sales, largely attributable to a weakening Euro/U.S. dollar exchange rate over the prior fiscal year. In absolute dollars, net sales increased year over year by 72% in the United States, 61% in Europe, 75% in Japan and 114% in Southeast Asia.

Net sales of $1,450 million in fiscal 1999 represented an 18% increase over fiscal 1998 sales of $1,231 million. The significant growth in the use of analog, digital and mixed-signal ICs to address the signal processing needs of the growing broadband and wireless communications, computer and computer peripherals markets was the main reason for the sales increase in fiscal 1999. In addition, a recovery in the semiconductor industry generally, partially offset by a decline in automatic test equipment sales, contributed to the sales increase in fiscal 1999. Demand for our communications, computer and consumer products resulted in sales increases in all geographic regions during fiscal

1999. Sales to North American customers increased 8% over fiscal 1998. Sales in Europe in the first half of fiscal 1999 had declined from prior year levels but as the fiscal year progressed, demand increased resulting in a relatively flat level of sales year over year. Sales in Japan increased 23% as demand increased for our products as the Japanese economy continued its recovery. Sales in other Southeast Asian countries in fiscal 1999 doubled from the levels achieved in fiscal 1998. The increased demand was attributed to the increased use of our products in the communications and computer products markets, both of which experienced significant growth during fiscal 1999.

Gross margin was $1,461 million, or 56.7% of net sales in fiscal 2000. The increase in gross margin as a percentage of sales from the 49.3% achieved in fiscal 1999 was due primarily to the favorable effect of fixed costs being allocated across a higher sales base and improved manufacturing efficiencies as production increased at our wafer fabrication, assembly and test facilities. Gross margin increased to 49.3% of sales in fiscal 1999, from 47.8% in fiscal 1998. This increase was primarily attributable to higher sales and tight control of internal manufacturing spending.

Research and development (R&D) expense was $401 million in fiscal 2000, compared to $257 million in fiscal 1999. As a percentage of sales, R&D spending declined to 15.5% in fiscal 2000 from 17.8% in fiscal 1999. In absolute dollar terms, R&D spending increased by $144 million in fiscal 2000. Additional expenses associated with a 25% increase in engineering headcount, combined with the effect of increased bonus payments during fiscal 2000, were the main reasons for the year over year increase. We expect to continue the development of innovative technologies and processes for new products targeted for broadband and wireless communications applications, imaging, audio and high-performance power and thermal management products for computer and consumer product applications. We believe that a continued commitment to research and development 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. In fiscal 1999, R&D expenses increased to $257 million from $219 million recorded in fiscal 1998 while remaining flat at 17.8% as a percentage of sales.

During the third quarter of fiscal 2000, we acquired BCO Technologies plc (BCO), a company with operations in Belfast, Northern Ireland, in a cash-for-stock transaction valued at approximately $163 million. BCO is a leading supplier of silicon-on-insulator wafers used for fabricating micromechanical optical devices for optical switching and communications applications. In connection with this acquisition, we recorded approximately $158 million of goodwill. There was no in-process research and development write-off related to this acquisition. During the second quarter of fiscal 1999, we acquired two DSP tools companies, White Mountain DSP, Inc. of Nashua, New Hampshire and Edinburgh Portable Compilers Limited, of Edinburgh, Scotland. The total cost of these acquisitions was approximately $23 million with additional cash consideration of up to a maximum of $10 million payable if the acquired companies achieve certain revenue and operational objectives. We have paid approximately $7 million of the additional cash consideration. In connection with these acquisitions, we recorded a charge of $5.1 million for the write-off of in-process research and development.

Selling, marketing, general and administrative (SMG&A) expenses were $293 million in fiscal 2000, an increase of $83 million from the $210 million recorded in fiscal 1999. As a percentage of sales, SMG&A decreased from 14.5% for fiscal 1999 to 11.4% for fiscal 2000 as a result of the significant growth in revenue. In fiscal 1999, SMG&A expenses increased $3 million from $207 million recorded in fiscal 1998. As a percentage of sales, SMG&A decreased from 16.9% in fiscal 1998 to 14.5% in fiscal 1999 as a result of increased sales and continued control over spending.

Our operating income was $767 million, or 29.8% of sales, for fiscal 2000, an increase of $524 million over the $243 million recorded in fiscal 1999. Including the impact of the write-off of in-process research and development, our operating income was 16.7% of sales for fiscal 1999. Our operating income for fiscal 1998, including the impact of a $17 million restructuring charge and a $13 million net gain on the sale of our disk drive IC business in fiscal 1998, was 12.8% of sales.

Our equity interest in WaferTech, LLC, a joint venture with Taiwan Semiconductor Manufacturing Company and other investors, resulted in a loss of $1.1 million in fiscal 1999, compared to a loss of $9.8 million in fiscal 1998. This change was the result of our completion of the sale in fiscal 1999 of approximately 78% of our equity ownership in WaferTech. As a result of this sale, our equity ownership in WaferTech was reduced from 18% to 4%. We sold 78% of our investment to other WaferTech partners in exchange for $105 million in cash, which was equal to 78% of the carrying value of the equity ownership at October 31, 1998. Subsequent to the sale, this investment was accounted for using the cost method.

Our effective income tax rate increased to 29.9% for fiscal 2000 from 23.6% in fiscal 1999 and 20.6% in fiscal 1998 due to increased profits in higher tax jurisdictions, principally the United States. Additionally, in fiscal 1998 we utilized $5.6 million of capital loss carryforwards for tax purposes, which reduced our valuation allowance from $5.6 million at November 1, 1997 to $0 at October 31, 1998.

In the fourth quarter of fiscal 1998, we changed our accounting method for recognizing revenue on all shipments to international distributors and certain shipments to domestic distributors. The change was made with an effective date of November 2, 1997 (the beginning of fiscal 1998). Prior to the change we had historically deferred revenue on most shipments made to domestic distributors until the products were resold by the distributors to end users, but recognized revenue on shipments to international distributors and certain shipments to domestic distributors upon shipment to the distributors, net of appropriate reserves for returns and allowances. As a result of this accounting change, revenue recognition on shipments to all distributors worldwide is deferred until the products are resold to the end users. We believe that deferral of revenue and related gross margin on shipments to distributors until the product is shipped by the distributors is a more meaningful measurement of results of operations because it better conforms to the substance of the transaction considering the changing business environment in the international marketplace; is consistent with industry practice; and will, accordingly, better focus the entire organization on sales to end users and, therefore, is a preferable method of accounting. The cumulative effect in prior years of the change in accounting principle was a charge of approximately $37 million (net of $20 million of income taxes) or $0.11 per diluted share.

Net income increased to $607 million, or 23.6% of sales, in fiscal 2000 from $197 million, or 13.6% of sales, in fiscal 1999. Diluted earnings per share for fiscal 2000 was $1.59. For fiscal 1999, net income increased 65% before the fiscal 1998 change in accounting principle, and 139% after the change in accounting principle, to $197 million, and diluted earnings per share was $0.55. For fiscal 1998, net income before the cumulative effect of the change in accounting principle was $119 million, and diluted earnings per share was $0.36. Net income after the cumulative effect of the change in accounting principle was $82 million for fiscal 1998, and diluted earnings per share was $0.25.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, (FAS 133), "Accounting for Derivative Instruments and Hedging Activities." This statement provides a comprehensive and consistent standard for the recognition and measurement of derivatives and hedging activities. In July 1999, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137, which deferred the effective date of FAS 133 for one year. In June 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 138, (FAS 138), "Accounting for Certain Derivative Instruments and Certain Hedging Activities-an amendment to FASB Statement No 133." This statement amended certain provisions of FAS 133. Accordingly, we will adopt FAS 133, as amended by FAS 138, effective the first quarter of fiscal 2001. FAS 133 requires that an entity recognize all derivatives as either assets or liabilities and measure such instruments at fair market value. Under certain circumstances, a portion of the derivative's gain or loss is initially reported as a component of comprehensive income until the hedged transaction affects earnings. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change. The provisions of FAS 133 allow for greater flexibility in our choice of derivative instruments. As a result, upon adoption, we will no longer use foreign currency option contracts to hedge our anticipated foreign currency sales transactions. Based upon our derivative positions at October 28, 2000, we estimate that upon adoption we will record a reduction of approximately $5 million in other comprehensive income as the cumulative effect of an accounting change.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101, (SAB 101), "Revenue Recognition in Financial Statements." SAB 101 summarizes the application of generally accepted accounting principles to revenue recognition in financial statements. We are required to adopt this standard in the fourth quarter of fiscal 2001 and do not expect SAB 101 to have a material effect on the results of our operations or financial position.

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

LIQUIDITY AND CAPITAL RESOURCES

At October 28, 2000, we had $2,235 million of cash, cash equivalents and short-term investments compared to $762 million at October 30, 1999. The $1,473 million increase in cash, cash equivalents and short-term investments was primarily due to operating cash inflows of $705 million (27% of fiscal 2000 sales) and $1,172 million of proceeds from the issuance of long term debt offset by $275 million of capital spending and $169 million of acquisition related spending. Our operating activities generated net cash of $442 million, or 30% of sales in fiscal 1999. Investing activities used $456 million in fiscal 2000 and $358 million in fiscal 1999, while financing activities generated $1,130 million in fiscal 2000 and $7 million in fiscal 1999. Excluding the net proceeds from the issuance of $1,200 million of long-term debt in fiscal 2000, our primary source of funds in fiscal 2000 and fiscal 1999 was net cash generated by operations.

Accounts receivable of $464 million at the end of fiscal 2000 increased $203 million or 78% from $261 million at the end of fiscal 1999. This increase resulted principally from a $375 million increase in sales from the fourth quarter of fiscal 1999 to the fourth quarter of fiscal 2000. Days sales outstanding improved from 56 at the end of the fourth quarter of fiscal 1999 to 52 at the end of the fourth quarter of fiscal 2000. As a percentage of annualized fourth quarter sales, accounts receivable was 14.4% at the end of fiscal 2000, down from 15.1% at the end of fiscal 1999.

Inventories increased $83 million, or 33%, from the prior year to $332 million at the end of fiscal 2000. Days cost of sales in inventory decreased by 20 days to 90 days as of the end of the fourth quarter of fiscal 2000. The increase in inventory in absolute dollar terms is attributable to production increases in response to increased demand for our products.

Net additions to property, plant and equipment of $275 million for fiscal 2000 were funded with a combination of cash on hand and cash generated from operations. Capital spending in fiscal 2000 increased substantially from the $78 million incurred in fiscal 1999. The increase in capital expenditures was attributable to the expansion of manufacturing capability to meet increased demand for our products. We currently plan to make capital expenditures of approximately $450 million in fiscal 2001. Depreciation expense is expected to increase to $190 million in fiscal 2001.

As reported under "Results of Operations," during the third quarter of fiscal 2000, we acquired BCO Technologies plc (BCO), a company with operations in Belfast, Northern Ireland, in a cash-for-stock transaction valued at approximately $163 million. During the second quarter of fiscal 1999, we acquired two DSP tools companies, White Mountain DSP, Inc. of Nashua, New Hampshire and Edinburgh Portable Compilers Limited, of Edinburgh, Scotland. The total cost of these acquisitions was approximately $21 million in cash and $2 million in our common stock, with additional cash consideration of up to a maximum of $10 million payable if the acquired companies achieve certain revenue and operational objectives. These acquisitions were accounted for as purchases, and the excess of the purchase price over the fair value of assets acquired was allocated to existing technology, workforce in place, tradenames and goodwill, which are being amortized over periods ranging from six to ten years. In connection with these acquisitions, we recorded a charge of $5.1 million for the write-off of in-process research and development.

Subsequent to our fiscal year ended October 28, 2000, we announced several acquisitions expected to be completed in the first quarter of fiscal 2001. We acquired all of the common stock of ChipLogic, Inc., of Santa Clara, California in exchange for approximately 1.65 million shares of our common stock. This transaction is valued at approximately $86 million. We also acquired four other companies for approximately $50 million, including contingent consideration. All of these transaction are expected to be accounted for as purchases.

In the third quarter of fiscal 2000, we sold our investment in Chartered Semiconductor Manufacturing Pte. Ltd. We received proceeds of approximately $65 million in cash and realized a pretax gain of approximately $44 million. The realized gain is included in other nonoperating income.

In the fourth quarter of 1999, we invested an additional $4 million in WaferTech. Subsequent to the year ended October 28, 2000, we sold our investment in WaferTech, LLC to Taiwan Semiconductor Manufacturing Company for approximately $61 million. In the first quarter of fiscal 2001 we will record a pretax realized gain on the sale of this investment of approximately $28 million.

In fiscal 2000, financing activities generated cash of $1,130 million. Of the total, issuance of common stock under stock purchase and stock option plans generated cash of $43 million, and proceeds from the issuance of long-term debt generated cash of $1,172 million. These increases were offset by $76 million of cash used for the repayment of variable rate borrowings and $8 million used for the payment of capital lease obligations.

During the fourth quarter of fiscal 2000, we issued $1,200 million of 4.75% Convertible Subordinated Notes due 2005 (2005 Notes), with semiannual interest payments on April 1 and October 1 of each year, commencing April 1, 2001. The 2005 Notes are convertible, at the option of the holder, into our common stock at any time unless previously redeemed or repurchased, at a conversion price of $129.78 per share, subject to adjustment in certain events. The net proceeds of the offering were $1,172 million after payment of the underwriting discount and expenses of the offering, which will be amortized over the term of the 2005 Notes. After the issuance of the 2005 Notes, our debt-to-equity ratio increased to 53%. As of March 11, 1999, we had converted $229,967,000 of the $230 million principal amount of our 3.50% Convertible Subordinated Notes due 2000 (2000 Notes) into an aggregate of 10,983,163 shares of our common stock, and the remaining 2000 Notes were redeemed by a cash payment of $33,000. As a result of this conversion, our debt-to-equity ratio was reduced to 7% at the end of fiscal 1999 as compared to 31% at the end of the prior year.

At October 28, 2000, our principal sources of liquidity were $2,235 million of cash and cash equivalents and short-term investments.

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

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We have fixed rate debt obligations and related interest rate swap and cap agreements. An increase in interest rates would not significantly increase interest expense due to the fixed nature of our debt obligations. Because of the size and structure of these obligations, a 100 basis point increase in interest rates would not result in a material change in our interest expense or the fair value of the debt obligations and related interest rate swap and cap agreements for fiscal 2000 and fiscal 1999. The fair value of our investment portfolio or related interest income would not be significantly impacted by either a 100 basis point increase or decrease in interest rates in fiscal 2000 and fiscal 1999 due mainly to the short-term nature of the major portion of our investment portfolio and the relative insignificance of interest income to the consolidated pretax income, respectively.

As more fully described in Note 2 (i) in the Notes to our Consolidated Financial Statements, we regularly hedge our non-U.S. dollar-based exposures by entering into forward exchange contracts and currency swap agreements. The terms of these contracts are for periods matching the duration of the underlying exposure and generally range from three months up to one year. The short-term nature of these contracts has resulted in these instruments having insignificant fair values at October 28, 2000 and October 30, 1999. Our largest foreign currency exposure is against the Japanese yen, primarily because Japan has a higher proportion of local currency denominated sales and fewer offsetting local currency denominated expenses. Relative to foreign currency exposures existing at October 28, 2000 and October 30, 1999, a 10% unfavorable movement in foreign exchange rates would not expose us to significant losses in earnings or cash flows or significantly diminish the fair value of our foreign currency financial instruments, primarily due to the short lives of the affected financial instruments that effectively hedge substantially all of our year-end exposures against fluctuations in foreign currency exchange rates. The calculation assumes that each exchange rate would change in the same direction relative to the U.S. dollar. In addition to the direct effects of changes in exchange rates, such changes typically affect the volume of sales or the foreign currency sales price as competitors' products become more or less attractive. Our sensitivity analysis of the effects of changes in foreign currency exchange rates does not factor in a potential change in sales levels or local currency selling prices.

LITIGATION

For information concerning certain pending litigation, see Note 11 of the Notes to our Consolidated Financial Statements.

FORWARD-LOOKING STATEMENTS

The "Management Analysis" and other sections of this report contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate, management's beliefs and assumptions made by management. In addition, other written or oral statements that constitute forward-looking statements may be made by or on our behalf. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. (See "Factors That May Affect Future Results" below.) Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

FACTORS THAT MAY AFFECT FUTURE RESULTS

We may experience material fluctuations in future operating results.

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

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

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

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

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

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

The cyclical nature of the semiconductor industry has resulted in sustained or short-term periods when demand for our products has increased or decreased rapidly. We and the semiconductor industry have experienced a period of rapid increases in demand during the past two fiscal years. We have increased our manufacturing capacity over the past three years through both expansion of our production facilities and increased access to third-party foundries. However, we cannot be sure that we will not encounter unanticipated production problems at either our own facilities or at third-party foundries, or that the increased capacity will be sufficient to satisfy demand for our products. We believe that other semiconductor manufacturers have expanded their production capacity over the past several years. This expansion by us and our competitors could lead to overcapacity in our target markets, which could lead to price erosion that would adversely affect our operating results.

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

We rely, and plan to continue to rely, on assembly and test subcontractors and on third-party wafer fabricators to supply most of our wafers that can be manufactured using industry-standard digital processes. This reliance involves several risks, including reduced control over delivery schedules, manufacturing yields and costs.

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

Our capacity additions resulted in a significant increase in operating expenses. If revenue levels do not increase enough to offset these additional expense levels, our future operating results could be adversely affected. In addition, asset values could be impaired if the additional capacity is underutilized for an extended period of time.

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

We and many companies in the semiconductor industry rely on internal manufacturing capacity located in California and Taiwan as well as wafer fabrication foundries in Taiwan and other sub-contractors in geologically unstable locations around the world. This reliance involves risks associated with the impact of earthquakes on us and the semiconductor industry, including temporary loss of capacity, availability and cost of key raw materials and equipment, and availability of key services including transport.

We are exposed to economic and political risks through our significant international operations.

During fiscal 2000, 55% of our revenues were derived from customers in international markets. We have manufacturing facilities outside the United States in Ireland, the United Kingdom, the Philippines and Taiwan. In addition to being exposed to the ongoing economic cycles in the semiconductor industry, we are also subject to the economic and political risks inherent in international operations, including the risks associated with the ongoing uncertainties in many developing economies around the world. These risks include air transportation disruptions, expropriation, currency controls and changes in currency exchange rates, tax and tariff rates and freight rates. Although we engage in hedging transactions to reduce our exposure to currency exchange rate fluctuations, there can be no assurance that our competitive position will not be adversely affected by changes in the exchange rate of the U.S. dollar against other currencies.

We are involved in frequent litigation regarding intellectual property rights, which could be costly to undertake 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. We have from time to time received, and may in the future 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 and a license is not available on commercially reasonable terms, 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 patents or other of our intellectual property rights or to defend us against claims of infringement, and this litigation can be costly and divert the attention of key personnel. See Note 11 of the Notes to our Consolidated Financial Statements for the fiscal year ended October 28, 2000 for information concerning pending litigation involving us. An adverse outcome in this litigation could have a material adverse effect on our consolidated financial position or on our consolidated results of operations or cash flows in the period in which the litigation is resolved.

Leverage and debt service obligations may adversely affect our cash flow.

We have a substantial amount of outstanding indebtedness. There is the possibility that we may be unable to generate cash sufficient to pay the principal of, interest on and other amounts due in respect of this indebtedness when due. Our substantial leverage could have significant negative consequences. This substantial leverage could increase our vulnerability to general adverse economic and industry conditions. It may require the dedication of a substantial portion of our expected cash flow from operations to service the indebtedness, thereby reducing the amount of our expected cash flow available for other purposes, including capital expenditures. It may also limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate.

Exhibit 13.2

ANALOG DEVICES, INC.
CONSOLIDATED STATEMENTS OF INCOME

Years ended October 28, 2000, October 30, 1999 and October 31, 1998
(thousands, except per share amounts)

		2000	1999	1998
REVENUE	Net sales	$ 2,577,547	$ 1,450,379	$ 1,230,571
COSTS AND EXPENSES	Cost of sales	1,116,520	735,643	642,085
	Gross margin	1,461,027	714,736	588,486
	Operating expenses:			
	Research and development	400,566	257,039	219,354
	Purchased in-process research and development	-	5,140	-
	Selling, marketing, general and administrative	293,364	209,639	207,487
	Restructuring charge	-	-	17,000
	Gain on sale of business	-	-	(13,100)
		693,930	471,818	430,741
	Operating income	767,097	242,918	157,745
	Equity in loss of WaferTech	-	1,149	9,780
	Nonoperating (income) expenses:			
	Interest expense	5,841	10,146	13,287
	Interest income	(63,430)	(26,726)	(16,838)
	Other	(41,025)	809	1,057
		(98,614)	(15,771)	(2,494)
EARNINGS	Income before income taxes	865,711	257,540	150,459
	Provision for income taxes:			
	Payable currently	271,123	44,139	43,343
	Deferred	(12,544)	16,582	(12,372)
		258,579	60,721	30,971
	Net income before cumulative effect of change in accounting principle	607,132	196,819	119,488
	Cumulative effect of change in accounting principle, net of $20 million of income taxes	-	-	(37,080)
	Net income after cumulative effect of change in accounting principle	$ 607,132	$ 196,819	$ 82,408
	Shares used to compute earnings per share - Basic	353,363	336,482	323,148
	Shares used to compute earnings per share - Diluted	381,157	362,904	355,750
	Earnings per share before cumulative effect of change in accounting principle			
	Earnings per share - Basic	$1.71	$0.58	$0.37
	Earnings per share - Diluted	$1.59	$0.55	$0.36
	Earnings per share after cumulative effect of change in accounting principle			
	Earnings per share - Basic	$1.71	$0.58	$0.26
	Earnings per share - Diluted	$1.59	$0.55	$0.25

See accompanying notes.

ANALOG DEVICES, INC.
CONSOLIDATED BALANCE SHEETS

October 28, 2000 and October 30, 1999
(thousands, except share amounts)

ASSETS		2000	1999
CURRENT ASSETS	Cash and cash equivalents	$1,736,421	$ 355,891
	Short-term investments	498,844	406,553
	Accounts receivable less allowances of $13,156 ($14,238 in 1999)	463,912	260,871
	Inventories	332,094	248,936
	Deferred tax assets	108,989	89,780
	Prepaid expenses and other current assets	27,754	17,079
	Total current assets	3,168,014	1,379,110
PROPERTY, PLANT AND EQUIPMENT, AT COST	Land and buildings	238,550	166,130
	Machinery and equipment	1,260,572	1,088,939
	Office equipment	86,930	74,530
	Leasehold improvements	120,710	108,530
		1,706,762	1,438,129
	Less accumulated depreciation and amortization	927,536	795,323
	Net property, plant and equipment	779,226	642,806
OTHER ASSETS	Investments	217,755	119,301
	Intangible assets, net	192,698	30,563
	Other assets	53,644	46,574
	Total other assets	464,097	196,438
		$4,411,337	$2,218,354

LIABILITIES AND STOCKHOLDERS' EQUITY		2000	1999
CURRENT LIABILITIES	Short-term borrowings and current portion of long-term debt and obligations under capital leases	$ 15,690	$ 97,061
	Accounts payable	213,196	103,368
	Deferred income on shipments to distributors	140,369	100,788
	Income taxes payable	86,625	66,761
	Accrued liabilities	194,017	111,285
	Total current liabilities	649,897	479,263
NONCURRENT LIABILITIES	Long-term debt and obligations under capital leases	1,212,960	16,214
	Deferred income taxes	51,205	40,002
	Other noncurrent liabilities	193,625	66,844
	Total noncurrent liabilities	1,457,790	123,060
	Commitments and Contingencies		
STOCKHOLDERS' EQUITY	Preferred stock, $1.00 par value, 471,934 shares authorized, none outstanding	-	-
	Common stock, $0.16 2/3 par value, 600,000,000 shares authorized 357,969,010 shares issued (178,049,189 in 1999)	59,663	29,675
	Capital in excess of par value, net of deferred compensation of $3,980 ($6,211 in 1999)	526,820	523,106
	Retained earnings	1,717,943	1,110,811
	Accumulated other comprehensive income	2,841	12,209
		2,307,267	1,675,801
	Less 45,186 shares in treasury, at cost (3,161,774 in 1999)	3,617	59,770
	Total stockholders' equity	2,303,650	1,616,031
		$4,411,337	$2,218,354

See accompanying notes.

ANALOG DEVICES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended October 28, 2000, October 30, 1999 and October 31, 1998 (thousands)		COMMON STOCK SHARES	COMMON STOCK AMOUNT	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME*	TREASURY STOCK SHARES	TREASURY STOCK AMOUNT
	Balance, November 1, 1997	161,941	$26,991	$223,885	$831,584	$ 6,724	(35)	$ (1,054)
ACTIVITY IN FISCAL 1998	Net income - 1998				82,408			
	Issuance of stock under stock plans and other, net of repurchases	2,152	358	8,738			652	17,299
	Compensation recognized under Restricted Stock Plan			2,918				
	Tax benefit on exercise of non-qualified stock options and disqualifying dispositions under stock plans			13,429				
	Repurchase of common stock						(4,400)	(84,192)
	Translation adjustment					(699)		
	Balance, October 31, 1998	164,093	27,349	248,970	913,992	6,025	(3,783)	(67,947)
ACTIVITY IN FISCAL 1999	Net income - 1999				196,819			
	Issuance of stock under stock plans and other, net of repurchases	2,974	496	28,159			621	8,177
	Conversion of 3.50% Subordinated notes	10,982	1,830	228,074				
	Compensation recognized under Restricted Stock Plan			2,799				
	Tax benefit on exercise of non-qualified stock options and disqualifying dispositions under stock plans			15,104				
	Securities valuation adjustment					6,629		
	Translation adjustment					(445)		
	Balance, October 30, 1999	178,049	29,675	523,106	1,110,811	12,209	(3,162)	(59,770)
ACTIVITY IN FISCAL 2000	Net income - 2000				607,132			
	Issuance of stock under stock plans and other, net of repurchases	6,205	1,033	52,148			(93)	(8,850)
	Compensation recognized under Restricted Stock Plan			2,231				
	Tax benefit on exercise of non-qualified stock options and disqualifying dispositions under stock plans			43,566				
	Two-for-one stock split	173,715	28,955	(94,231)			3,210	65,003
	Securities valuation adjustment					(6,629)		
	Translation adjustment					(2,739)		
	Balance, October 28, 2000	357,969	$59,663	$526,820	$1,717,943	$ 2,841	(45)	$ (3,617)

* Comprehensive income, i.e., net income plus other comprehensive income, totaled $598 million in 2000, $203 million in 1999 and $82 million in 1998.

See accompanying notes.

ANALOG DEVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended October 28, 2000, October 30, 1999 and October 31, 1998
(thousands)

		2000	1999	1998
OPERATIONS	Cash flows from operations:			
	Net income	$ 607,132	$ 196,819	$ 82,408
	Adjustments to reconcile net income to net cash provided by operations:			
	Cumulative effect of change in accounting principle, net of $20 million of income taxes	-	-	37,080
	Depreciation and amortization	156,671	142,598	127,560
	Gain on sale of investments	(43,857)	-	-
	Noncash portion of restructuring costs	-	-	10,000
	Gain on sale of business	-	-	(13,100)
	Purchased in-process research and development	-	5,140	-
	Equity in loss of WaferTech, net of dividends	-	1,149	10,907
	Deferred income taxes	(12,544)	16,582	(12,372)
	Change in operating assets and liabilities:			
	(Increase) decrease in accounts receivable	(213,696)	(55,980)	50,603
	(Increase) decrease in inventories	(82,321)	28,424	(48,883)
	(Increase) decrease in prepaid expenses and other current assets	(9,706)	4,292	698
	Increase in investments - trading	(123,165)	(28,098)	(7,319)
	Increase (decrease) in accounts payable, deferred income and accrued liabilities	233,408	57,096	(31,840)
	Increase in income taxes payable	20,204	27,774	14,476
	Increase in other liabilities	172,379	46,629	17,896
	Total adjustments	97,373	245,606	155,706
	Net cash provided by operations	704,505	442,425	238,114
INVESTMENTS	Cash flows from investments:			
	Additions to property, plant and equipment, net	(274,837)	(77,500)	(166,911)
	Purchase of short-term investments available-for-sale	(868,394)	(628,823)	(143,449)
	Maturities of short-term investments available-for-sale	776,103	263,845	152,880
	Proceeds from sale of investment	64,641	-	-
	Change in long-term investments	348	101,501	(56,110)
	Payments for acquisitions, net of cash acquired	(169,270)	(20,499)	-
	Proceeds from sale of business	-	-	27,000
	Decrease (increase) in other assets	15,192	3,435	(370)
	Net cash used for investments	(456,217)	(358,041)	(186,960)
FINANCING ACTIVITIES	Cash flows from financing activities:			
	Proceeds from issuance of long-term debt	1,172,135	-	-
	Repurchase of common stock	-	-	(84,192)
	Proceeds from employee stock plans	42,864	19,050	14,209
	Payments on capital lease obligations	(8,293)	(14,109)	(11,640)
	Proceeds from equipment financing	-	-	6,094
	Net (decrease) increase in variable rate borrowings	(76,416)	1,776	60
	Net cash provided by (used for) financing activities	1,130,290	6,717	(75,469)
	Effect of exchange rate changes on cash	1,952	1,459	(1,955)
	Net increase (decrease) in cash and cash equivalents	1,380,530	92,560	(26,270)
	Cash and cash equivalents at beginning of year	355,891	263,331	289,601
	Cash and cash equivalents at end of year	$1,736,421	$ 355,891	$ 263,331

See accompanying notes.

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED OCTOBER 28, 2000, OCTOBER 30, 1999 AND OCTOBER 31, 1998
(ALL TABULAR AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

1. DESCRIPTION OF BUSINESS

Analog Devices, Inc. (Analog, ADI or the Company) is a world leader in the design, manufacture and marketing of high-performance analog, mixed-signal and digital signal processing (DSP) integrated circuits (ICs) used in signal processing applications.

As of the end of fiscal 2000, approximately 45% of Analog's revenues came from the communications market, making it the Company's largest and fastest-growing served market. Communications applications include wireless handsets and base stations, as well as products used for high-speed access to the Internet, including ICs used in ADSL and cable modems and central office networking equipment.

Analog serves the PC market with products that monitor and manage power usage, process signals used in flat panel displays and multimedia projectors and enable PCs to provide CD-quality audio. Analog also serves the high-end consumer market with ICs used in such products as digital cameras and camcorders, DVD players and surround sound audio systems. Analog provides a broad array of products to the industrial market, including products for automatic test equipment and for the digital speed control of AC motors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. Upon consolidation, all significant intercompany accounts and transactions are eliminated. The Company's fiscal year ends on the 52-week or 53-week period ending on the Saturday closest to the last day in October. Fiscal years 2000, 1999 and 1998 were each 52-week years.

Certain amounts reported in previous years have been reclassified to conform to the fiscal 2000 presentation, such reclassifications were immaterial.

b. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents are highly liquid investments with insignificant interest rate risk and maturities of three months or less at the time of acquisition. Investments with maturities between three and twelve months at time of acquisition are considered short-term investments. Cash, cash equivalents and short-term investments consist primarily of commercial paper and government agency discount notes, but also include certificates of deposit, bank time deposits, institutional money market funds and bankers' acceptances. Long-term investments consist of mutual funds, commercial paper and bank money market funds that are acquired to generate returns that offset changes in certain liabilities related to deferred compensation arrangements, as well as equity securities.

The Company classifies its investments in readily marketable debt and equity securities as "held-to-maturity," "available-for-sale" or "trading" at the time of purchase and such designation is evaluated as of each balance sheet date. Held-to-maturity securities, which are carried at amortized cost, include only those securities the Company has the positive intent and ability to hold to maturity. Securities, such as bank time deposits, which by their nature are typically held to maturity, are classified as such. The Company's other readily marketable investments are classified as either available-for-sale or trading. Available-for-sale securities are carried at fair value with unrealized gains and losses, net of related tax, if any, reported as a separate component of stockholders' equity. Realized gains and losses, as well as interest, dividends and capital gains distributions on all securities, are included in earnings.

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Cash equivalents and short-term investments classified as available-for-sale were $2,167 million and $707 million at October 28, 2000 and October 30, 1999, respectively and those classified as held-to-maturity were $7 million and $28 million at October 28, 2000 and October 30, 1999, respectively. All of these securities have contractual maturities of twelve months or less at time of acquisition. Because of the short term to maturity, and hence relative price insensitivity to changes in market interest rates, amortized cost approximates fair value for all of these securities. As such, no realized or unrealized gains or losses were recorded during each of these years.

Long-term investments classified as trading were $182 million and $59 million at October 28, 2000 and October 30, 1999, respectively and were based on published market quotes on October 27, 2000 and October 29, 1999. Gross realized and unrealized gains and losses from trading securities were not material in fiscal 2000, fiscal 1999 and fiscal 1998. There was approximately $0 and $27 million at October 28, 2000 and October 30, 1999, respectively, of long-term investments classified as available-for-sale. Gross realized gains on available-for-sale investments were $44 million in fiscal 2000 and $0 in fiscal 1999. Gross unrealized gains were not material in fiscal 2000 and fiscal 1999. There were no long-term investments classified as held-to-maturity at October 28, 2000 and October 30, 1999.

c. SUPPLEMENTAL CASH FLOW STATEMENT INFORMATION

	2000	1999	1998
Cash paid during the fiscal year for:			
Income Taxes	$ 208,441	$ 19,582	$ 23,582
Interest	$ 4,039	$ 10,808	$ 15,535

The Company's non-cash financing activities in fiscal 1999 consisted solely of the conversion of its 3.50% Convertible Subordinated Notes into common stock as described in Note 9.

d. INVENTORIES

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories at October 28, 2000 and October 30, 1999 were as follows:

	2000	1999
Raw materials	$ 17,505	$ 13,735
Work in process	179,918	150,427
Finished goods	134,671	84,774
Total inventories	$ 332,094	$ 248,936

e. PROPERTY, PLANT AND EQUIPMENT

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

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

Total depreciation and amortization of property, plant and equipment was $143 million, $139 million and $125 million in fiscal 2000, 1999 and 1998, respectively. Property, plant and equipment included $82 million and $75 million of capitalized leases in fiscal 2000 and 1999, net of $49 million and $36 million respectively, of accumulated depreciation.

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

f. GOODWILL AND OTHER ACQUISITION-RELATED INTANGIBLES

	AMORTIZATION LIVES	2000	1999
Goodwill	5-10 Years	$ 181,219	$ 16,685
Other Intangibles	5-10 Years	11,479	13,878
Total		$ 192,698	$ 30,563

Other intangibles include items such as acquired trained workforce and customer base. Goodwill and intangibles are evaluated for impairment based on the related undiscounted cash flows.

The balances shown are net of total accumulated amortization of $35 million and $22 million as of October 28, 2000 and October 30, 1999, respectively. Amortization of goodwill and other acquisition-related intangibles was $13 million, $4 million and $3 million for fiscal 2000, 1999 and 1998, respectively.

g. GRANT ACCOUNTING

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

h. TRANSLATION OF FOREIGN CURRENCIES

The functional currency for the Company's foreign sales operations is the applicable local currency. Gains and losses resulting from translation of these foreign currencies into U.S. dollars are accumulated in a separate component of stockholders' equity. Transaction gains and losses are included in income currently, including those at the Company's principal foreign manufacturing operations where the functional currency is the U.S. dollar. Foreign currency transaction gains or losses included in other expenses, net, were not material in fiscal 2000, 1999 and 1998.

i. FOREIGN CURRENCY INSTRUMENTS AND INTEREST RATE AGREEMENTS

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

Forward foreign exchange contracts are utilized to manage the risk associated with currency fluctuations on certain firm sales and purchase commitments denominated in foreign currencies and certain non-U.S. dollar denominated asset and liability positions. The Company's forward foreign exchange contracts are primarily denominated in Japanese yen and certain European currencies and are for periods consistent with the terms of the underlying transactions, generally one year or less. The forward foreign exchange contracts that relate to firm foreign currency sales and purchase commitments are designated and effective as hedges of firm, identifiable foreign currency commitments, and accordingly, the gains and losses resulting from the impact of currency exchange rate movements on these contracts are not recognized in operations until the underlying hedged transactions are recognized. Upon recognition, such gains and losses are recorded in operations as an adjustment to the carrying amount of the underlying transactions in the period in which these transactions are recognized. Unrealized gains and losses resulting from the impact of currency exchange rate movements on forward foreign exchange contracts designated to offset certain non-U.S. dollar denominated assets and liabilities are recognized as other income or expense in the period in which the exchange rates change and offset the foreign currency gains and losses on the underlying exposures being hedged. The contract amounts of forward foreign exchange contracts outstanding were $277 million and $178 million at October 28, 2000 and October 30, 1999, respectively.

The Company also may periodically enter into foreign currency option contracts to offset certain probable anticipated, but not firmly committed, foreign currency transactions related to the sale of product during the ensuing nine months. When the dollar strengthens significantly against the foreign currencies, the decline in value of future currency cash flows is partially offset by the gains in value of the purchased currency options designated as hedges. Conversely, when the dollar weakens, the increase in value of future foreign currency cash flows is reduced only by the premium paid to acquire the options. The Company's foreign currency option contracts are primarily denominated in Japanese yen and generally have maturities that do not exceed six months. These foreign currency option contracts are designated and effective as hedges of anticipated foreign currency sales transactions, and accordingly, the premium cost and any realized gains associated with these contracts are deferred and included in the consolidated balance sheet as prepaid expenses and accrued liabilities, respectively, until such time as the underlying sales transactions are recognized. Upon recognition, such premium costs and any realized gains are recorded in sales as a component of the underlying sales transactions being hedged. The contract amounts of foreign currency option contracts outstanding were $7 million and $39 million, at October 28, 2000 and October 30, 1999, respectively. Deferred gains or losses attributable to foreign currency option contracts were not material at October 28, 2000 and October 30, 1999.

The Company uses currency swap agreements to hedge the value of its net investment in certain of its foreign subsidiaries. Realized and unrealized gains and losses on such agreements related to the net foreign investment being hedged are recognized in the cumulative translation adjustment component of stockholders' equity, with the related amounts due to or from counterparties included in accrued liabilities or other current assets. The contract amount of currency swap agreements outstanding, which were principally denominated in Japanese yen, was $0 at October 28, 2000, and $10 million at October 30, 1999.

The Company enters into interest rate swap and cap agreements to manage its exposure to interest rate movements by effectively converting a portion of its debt and certain financing arrangements from fixed to variable rates. Maturity dates of interest rate swap and cap agreements generally match those of the underlying debt or financing arrangements. These agreements, which have maturities of up to seven years, involve the exchange of fixed rate payments for variable rate payments without the exchange of the underlying principal amounts. Variable rates are based on six-month U.S. dollar LIBOR and are reset on a semiannual basis. The differential between fixed and variable rates to be paid or received is accrued as interest rates change in accordance with the agreements and recognized over the life of the agreements as an adjustment to interest expense. The notional principal amounts of interest rate swap and cap agreements outstanding were approximately $10 million and $50 million at October 28, 2000 and October 30, 1999, respectively.

The cash requirements of the above-described financial instruments approximate their fair value. Cash flows associated with these financial instruments are classified consistent with the cash flows from the transactions being hedged.

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

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

j. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

	OCTOBER 28, 2000		OCTOBER 30, 1999	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Assets:				
Cash and cash equivalents	$ 1,736,421	$ 1,736,421	$ 355,891	$ 355,891
Short-term investments	498,844	498,844	406,553	406,553
Long-term investments	181,751	181,751	85,999	85,999
Liabilities:				
Short-term borrowings	(5,752)	(5,752)	(2,344)	(2,344)
Long-term debt, including current portion	(1,200,261)	(1,101,261)	(80,000)	(79,978)
Foreign Currency Instruments and Interest Rate Agreements:				
Interest rate swap and cap agreements	(33)	(62)	13	(36)
Forward foreign currency exchange contracts	(3,555)	(3,817)	(4,260)	(7,658)
Foreign currency option contracts	75	22	340	220
Currency swap agreements	0	0	375	325

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

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

Long-term investments-The fair value of long-term investments is based on quoted market values.

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

Long-term debt-The fair value of long-term debt is estimated based on current interest rates available to the Company for debt instruments with similar terms, degrees of risk and remaining maturities.

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

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

Foreign currency option contracts and currency swap agreements-The fair values of foreign currency option contracts and currency swap agreements are obtained from dealer quotes. These values represent the estimated net amount the Company would receive or pay to terminate the agreements.

k. USE OF ESTIMATES

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

l. CONCENTRATIONS OF CREDIT RISK

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

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

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

m. CONCENTRATION OF OTHER RISKS

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

n. REVENUE RECOGNITION

Revenue from product sales to end users is recognized upon shipment. As further explained in Note 5, commencing in 1998, revenue on shipments to all distributors is deferred until products are resold by the distributors to end users. Prior to 1998, revenue on most shipments to domestic distributors was deferred until resale to end users because arrangements with these distributors included returns and price concessions that could not be reasonably estimated. Revenue on all shipments to international distributors and certain shipments to domestic distributors were recognized upon shipment to the distributor, with appropriate provision of reserves for returns and allowances.

o. COMPREHENSIVE INCOME

Components of comprehensive income include net income and certain transactions that have generally been reported in the consolidated statement of shareholders' equity. Other comprehensive income is comprised of net income, currency translation adjustments and available-for-sale securities valuation adjustments.

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

p. INCOME TAXES

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

q. EARNINGS PER SHARE OF COMMON STOCK

Basic earnings per share is computed based only on the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common shares outstanding during the period, plus the dilutive effect of future issues of common stock relating to stock option programs and convertible debt financing. In calculating diluted earnings per share, the dilutive effect of stock options is computed using the average market price for the period. Shares related to convertible debt financing are excluded from the fiscal 2000 earnings per share calculation because the effect would be anti-dilutive. The following table sets forth the computation of basic and diluted earnings per share:

	2000	1999	1998
Basic:			
Income before cumulative effect of change in accounting principle	$ 607,132	$ 196,819	$ 119,488
Cumulative effect of change in accounting principle	--	--	(37,080)
Net income	$ 607,132	$ 196,819	$ 82,408
Weighted shares outstanding	353,363	336,482	323,148
Earnings per share:			
Income before cumulative effect of change in accounting principle	$ 1.71	$ 0.58	$ 0.37
Cumulative effect of change in accounting principle	--	--	(0.11)
Net income	$ 1.71	$ 0.58	$ 0.26
Diluted:			
Income before cumulative effect of change in accounting principle	$ 607,132	$ 196,819	$ 119,488
Interest related to convertible subordinated notes, net of tax	--	1,906	5,686
Income before cumulative effect of change in accounting principle including the effect of dilutive securities	607,132	198,725	125,174
Cumulative effect of change in accounting principle	--	--	(37,080)
Net income	$ 607,132	$ 198,725	$ 88,094
Weighted shares outstanding	353,363	336,482	323,148
Assumed exercise of common stock equivalents	27,794	18,822	10,634
Assumed conversion of subordinated notes	--	7,600	21,968
Weighted average common and common equivalent shares	381,157	362,904	355,750
Earnings per share:			
Income before cumulative effect of change in accounting principle	$ 1.59	$ 0.55	$ 0.36
Cumulative effect of change in accounting principle	--	--	(0.11)
Net income	$ 1.59	$ 0.55	$ 0.25

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

r. STOCK-BASED COMPENSATION

The Company grants stock options for a fixed number of shares to employees with an exercise price equal to the fair value of the shares at the date of grant. The Company accounts for stock option grants in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees" and accordingly, recognizes no compensation expense for the stock option grants. The Company also grants restricted stock for a fixed number of shares to employees for nominal consideration. Compensation expense related to restricted stock awards is recorded ratably over the restriction peiod.

s. NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, (FAS 133), "Accounting for Derivative Instruments and Hedging Activities." This statement provides a comprehensive and consistent standard for the recognition and measurement of derivatives and hedging activities. In July 1999, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137, which deferred the effective date of FAS 133 for one year. In June 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 138, (FAS 138), "Accounting for Certain Derivative Instruments and Certain Hedging Activities-an amendment to FASB Statement No 133." This statement amended certain provisions of FAS 133. Accordingly, we will adopt FAS 133, as amended by FAS 138, effective the first quarter of fiscal 2001. FAS 133 requires that an entity recognize all derivatives as either assets or liabilities and measure such instruments at fair market value. Under certain circumstances, a portion of the derivative's gain or loss is initially reported as a component of comprehensive income until the hedged transaction affects earnings. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change. The provisions of FAS 133 allow for greater flexibility in the choice of derivative instruments. As a result, upon adoption, the Company will no longer use foreign currency option contracts to hedge anticipated foreign currency sales transactions. Based upon the derivative positions at October 28, 2000, the Company estimates that upon adoption it will record a reduction of approximately $5 million in other comprehensive income as the cumulative effect of an accounting change.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101, (SAB 101), "Revenue Recognition in Financial Statements." SAB 101 summarizes the application of generally accepted accounting principles to revenue recognition in financial statements. The Company will adopt SAB 101 in the fourth quarter of fiscal 2001 and does not expect SAB 101 to have a material effect on its financial position or results of operations.

t. STOCK SPLIT

On February 15, 2000, the Company's Board of Directors approved a 2-for-1 split of the Company's common stock, effected as a 100% stock dividend on March 15, 2000 by the distribution of one share of common stock for every share held on the record date of February 28, 2000. In connection with the stock split the number of common stock purchase rights that are associated with each share of common stock was reduced from one to one-half. All historical per share amounts in this report have been restated to reflect the split.

3. ACQUISITIONS AND DISPOSITIONS

During the third quarter of fiscal 2000, the Company acquired BCO Technologies plc (BCO), a company with operations in Belfast, Northern Ireland, in a cash-for-stock transaction valued at approximately $163 million. The acquisition was accounted for as a purchase, and the excess of the purchase price over the fair value of the assets acquired was allocated to workforce in place and goodwill, which are being amortized on the straight-line basis over five years. In connection with the acquisition, the Company recorded approximately $158 million of goodwill. There was no in-process research and development write-off related to this acquisition.

During the second quarter of fiscal 1999, the Company acquired two DSP tools companies, White Mountain DSP, Inc. (WM) of Nashua, New Hampshire, and Edinburgh Portable Compilers Limited (EPC), of Edinburgh, Scotland. The total cost of these acquisitions was approximately $21 million in cash and $2 million in common stock of the Company, with additional cash consideration of up to a maximum of $10 million (to be accounted for as additional goodwill) payable if the acquired companies achieve certain revenue and operational objectives. Approximately $7 million of the contingent

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

consideration has been paid. These acquisitions were accounted for as purchases, and the excess of the purchase price over the fair value of the assets acquired was allocated to existing technology, workforce in place, trade names and goodwill, which are being amortized on the straight-line basis over periods ranging from six to ten years. In connection with these acquisitions, the Company recorded a charge of $5.1 million representing the write-off of in-process research and development.

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

During fiscal 1998, the Company completed the sale of its disk drive IC business to Adaptec, Inc. The Company received approximately $27 million in cash for the disk drive product line and, after providing for the write-off of inventory, fixed assets and other costs incurred to complete the transaction, recorded a net gain of approximately $13 million. The Company also entered into other arrangements with Adaptec that provided for payments to the Company aggregating $13 million, of which $3 million was earned in fiscal 1999 and $10 million was earned in fiscal 1998, for assisting Adaptec in research and development efforts.

4. INDUSTRY AND GEOGRAPHIC SEGMENT INFORMATION

The Company operates in two segments: the design, manufacture and marketing of a broad range of integrated circuits, which comprises approximately 98% of the Company's revenue, and the design, manufacture and marketing of a range of assembled products, which accounts for the remaining 2% of the Company's revenue. Effectively, the Company operates in one reportable segment.

GEOGRAPHIC INFORMATION

The Company operates in three major geographic areas. The following geographic area data include trade sales based upon point of sale and long-lived assets based upon physical location. The predominant countries comprising European operations are England, France, Germany and Ireland. The predominant country comprising Asian operations is Japan. For segment reporting purposes, sales generated by North American operations include export sales of $570.2 million in fiscal 2000, $262.4 million in fiscal 1999 and $128.2 million in fiscal 1998.

GEOGRAPHIC SEGMENT INFORMATION		2000	1999	1998
SALES	North America, including export	$ 1,722,056	$ 929,971	$ 748,283
	Europe	504,669	313,598	312,523
	Asia	350,822	206,810	169,765
	Total sales	$ 2,577,547	$ 1,450,379	$ 1,230,571
LONG-LIVED ASSETS	North America	$ 466,612	$ 417,854	$ 448,384
	Europe	388,439	178,361	187,921
	Asia	116,873	77,154	82,941
	Total long-lived assets	$ 971,924	$ 673,369	$ 719,246

5. ACCOUNTING CHANGE - RECOGNITION OF REVENUE ON CERTAIN SALES TO DISTRIBUTORS

In the fourth quarter of fiscal 1998, the Company changed its accounting method for recognizing revenue on all shipments to international distributors and certain shipments to domestic distributors. The change was made with an effective date of November 2, 1997 (the beginning of fiscal 1998). While the Company has historically deferred revenue on most shipments made to domestic distributors until the products were resold by the distributors to end users, it recognized revenue on shipments to international distributors and certain shipments to domestic distributors upon shipment to the distributors, net of appropriate reserves for returns and allowances. As a result of this accounting change, revenue recognition on shipments to distributors worldwide is deferred until the products are resold to the end users. The

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Company believes that deferral of revenue and related gross margin on shipments to distributors until the product is shipped by the distributors is a more meaningful measurement of results of operations because it better conforms to the substance of the transaction considering the changing business environment in the international marketplace; is consistent with industry practice; and will, accordingly, better focus the entire organization on sales to end users and, therefore, is a preferable method of accounting. The cumulative effect in 1998 of the change in accounting principle was a charge of approximately $37 million (net of $20 million of income taxes) or $0.11 per diluted share. The estimated pro forma effect of the accounting change on the prior years' results is as follows:

	1998
As reported:	
Net sales	$1,230,571
Net income	$82,408
Basic earnings per share	$0.26
Diluted earnings per share	$0.25
Pro forma amounts with the change in accounting principle related to revenue recognition applied retroactively: (unaudited)	
Net sales	$1,230,571
Net income	$119,488
Basic earnings per share	$0.37
Diluted earnings per share	$0.36

6. RESTRUCTURING CHARGE

The Company recorded a restructuring charge of $17 million during the third quarter of fiscal 1998. Of this charge, $7 million related to a worldwide workforce reduction of approximately 350 employees, which was completed during the fourth quarter of fiscal 1998, in the manufacturing, selling and general and administrative areas. In addition, the Company performed a review of its business strategy and concluded that the key to success in the DSP market was to focus on opportunities in the general-purpose DSP market that could provide consistent growth, while at the same time being more selective in pursuing vertical market DSP opportunities. As a result of this review, the Company scaled back its efforts in some of the higher volume, lower margin, shorter life cycle product areas and wrote off $10 million, which was the carrying value of specific assets associated with these businesses.

7. INVESTMENTS

Investments at October 28, 2000 and October 30, 1999 were as follows:

	2000	1999
WaferTech, LLC	$ 32,852	$ 32,852
CSM	-	27,413
Other	184,903	59,036
Total investments	$ 217,755	$ 119,301

In January 1999, the Company concluded an agreement to sell to other WaferTech partners 78% of its 18% equity ownership in WaferTech for cash equal to the carrying value of the 78% equity ownership at October 31, 1998. During fiscal 1999, the Company invested an additional $4 million in WaferTech. The Company no longer exercises significant influence over WaferTech's operating and financial policies and, accordingly, accounts for its remaining 4% investment under the cost method. Changes in the value of the investment are not recognized unless an impairment in the value of the investment is deemed by management to be "other than temporary." During the first quarter of fiscal 2001, the Company sold its investment in WaferTech - See Note 15.

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The Company had an equity investment in Chartered Semiconductor Manufacturing Pte., Ltd., (CSM), in Singapore of approximately $27 million which represented a less than 5% ownership interest. During fiscal 2000, the Company sold its equity investment for $65 million, realizing a $44 million gain over the original cost of $21 million. This gain is included in other nonoperting income.

Other investments consist primarily of long-term investments in mutual funds and bank money market funds, which are related to the Company's deferred compensation plan and are largely offset by a corresponding noncurrent liability to the plan participants. These investments are classified as trading.

Investments are stated at fair value, which is based on market quotes, interest rates or management estimates, as appropriate. Adjustments to fair value of investments classified as available-for-sale are recorded as an increase or decrease in stockholders' equity. Adjustments to fair value of and income pertaining to other investments are recorded in operating expense.

8. ACCRUED LIABILITIES

Accrued liabilities at October 28, 2000 and October 30, 1999 consisted of the following:

	2000	1999
Accrued compensation and benefits	$ 99,984	$ 65,997
Other	94,033	45,288
Total accrued liabilities	$ 194,017	$ 111,285

9. DEBT AND CREDIT FACILITIES

Long-term debt at October 28, 2000 and October 30, 1999 consisted of the following:

	2000	1999
4.75% Convertible Subordinated Notes due October 1, 2005	$1,200,000	$ -
6.625% Notes due March 1, 2000	-	80,000
Other	261	-
Long-term debt	1,200,261	80,000
Less: Current portion long-term debt	-	(80,000)
Total long-term debt	$1,200,261	$ -

On October 1, 2000, the Company issued $1,200 million of 4.75% Convertible Subordinated Notes due October 1, 2005 (2005 Notes) with semiannual interest payments on April 1 and October 1 of each year, commencing April 1, 2001. The 2005 Notes are convertible, at the option of the holder, into the Company's common stock at any time unless previously redeemed or repurchased, at a conversion price of $129.78 per share, subject to adjustment in certain events. The net proceeds of the offering were $1,172 million after payment of the underwriting discount and expenses of the offering, which will be amortized over the term of the 2005 Notes.

As of March 11, 1999, the Company had converted $229,967,000 of the $230 million principal amount of its 3.50% Convertible Subordinated Notes due 2000 (2000 Notes) into an aggregate of 10,983,163 shares of the Company's common stock, and the remaining 2000 Notes were redeemed by a cash payment of $33,000. This conversion did not have an impact on diluted earnings per share.

Simultaneous with the sale of the 6.625% Notes, the Company entered into an interest rate swap and cap agreement for the term of the 6.625% Notes having a notional principal amount of $40 million whereby the effective net interest rate on $40 million of the 6.625% Notes will be the six-month LIBOR rate (up to a maximum of 7%) plus 1.4%. The notes were repaid in March 2000. While outstanding in the year ended October 28, 2000, the net effective interest rate on $40 million of the 6.625% 2000 Notes was 8.2% after giving effect to the interest rate swap agreement.

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

There were $5.8 million and $2.3 million of foreign currency borrowings outstanding at October 28, 2000 and October 30, 1999, respectively, which were at prevailing market rates for the respective currencies. Borrowings under the Company's credit agreement and lines of credit are generally due within six months.

10. LEASE COMMITMENTS

The Company leases certain of its facilities and equipment under various operating and capital leases that expire at various dates through 2030. The lease agreements frequently include renewal and purchase provisions and require the Company to pay taxes, insurance and maintenance costs.

Total rental expense under operating leases was approximately $19 million in fiscal 2000, $17 million in fiscal 1999 and $16 million in fiscal 1998.

The following is a schedule of future minimum lease payments under capital leases and rental payments required under long-term operating leases at October 28, 2000:

FISCAL YEARS	OPERATING LEASES	CAPITAL LEASES
2001	$ 14,298	$ 10,689
2002	10,143	9,376
2003	7,335	3,930
2004	5,723	57
2005	4,804	-
Later Years	12,849	-
Total	$ 55,152	24,052
Less amount representing interest		(1,415)
Present value of minimum lease payments		$ 22,637

11. COMMITMENTS AND CONTINGENCIES

LITIGATION

The Company is a defendant in a federal lawsuit brought in the Southern District of New York by U.S. Philips Corporation (Philips). On October 2, 2000, Philips filed suit against the Company, Cirrus Logic, Inc., Cypress Semiconductor Corporation, Linear Technology Corporation and Standard Microsystems Corporation alleging patent infringement and seeking injunctive relief and unspecified damages. Because the lawsuit is in pre-trial stages, management is unable to estimate the effect of this lawsuit on its consolidated financial position or consolidated results of operations.

The Company is a defendant in a federal lawsuit brought in Florida by Jordan Spencer Jacobs (Jacobs). On May 12, 2000, Jacobs filed suit against the Company, Microsoft Corporation and Pelican Accessories, Inc. alleging patent infringement and seeking injunctive relief and unspecified damages. The parties are presently engaged in discovery. Because the lawsuit is in pre-trial stages, management is unable to estimate the effect of this lawsuit on its consolidated financial position or consolidated results of operations.

On January 18, 2000, the Company became aware that Silicon Laboratories, Inc. (Silicon) had named ADI as a defendant in a lawsuit filed in the United States District Court for the Western District of Texas, which alleged misappropriation of trade secrets and patent infringement by the Company. Subsequent to fiscal 2000, the Company entered into a settlement with Silicon that was not material.

The Company was a defendant in a federal lawsuit brought in Arizona by the Lemelson Medical, Education & Research Foundation, L.P. (Lemelson). On July 31, 1998, Lemelson commenced an action in federal court against the Company and 26 other companies alleging infringement of 16 patents allegedly covering various manufacturing processes and techniques used in the fabrication of semiconductor products. Lemelson served the Company with a complaint on

November 24, 1998 seeking unspecified damages, treble damages for willful infringement and injunctive relief. During fiscal 2000, the Company entered into a settlement agreement with Lemelson that was not material.

The Company is a defendant in a federal lawsuit brought in California by Linear Technology Corporation (LTC). On June 26, 1997, LTC filed suit against the Company, Impala Linear Corporation, Toyoda Automatic Loom Works, Ltd., Maxim Integrated Products, Inc. and Unitrode Corporation alleging patent infringement and seeking injunctive relief and unspecified damages. The parties are presently engaged in discovery. The case was originally scheduled for trial on liability issues beginning on September 7, 1999. The original district judge recused himself and the case has not yet been rescheduled for trial. While the Company can give no assurance that it will prevail in this litigation, it believes that resolution of this litigation will not have a material adverse effect on the Company's consolidated financial position, although an unfavorable outcome could have a material adverse effect on the Company's results of operations or cash flow in the quarter, or annual period in which this matter is resolved.

Patent infringement suits were pending against the Company by Sextant Avionique, S.A. (Sextant) in France claiming that the Company's accelerometer infringes certain patents. Sextant has obtained a court ruling that the Company infringed Sextant's French patents, and therefore, unless the decision is reversed, the Company will be unable to manufacture or sell any infringing accelerometers in France. The Company is currently appealing the French court's decision. The Company does not believe that the French court's decision will have a material adverse effect on its consolidated financial position or consolidated results of operations.

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

WAFER SUPPLY AGREEMENTS

The Company maintained a deposit of $20 million with Chartered Semiconductor Manufacturing Pte., Ltd., (CSM). This deposit was classified in the balance sheet line item "Other assets." The outstanding balance of the deposit is refunded in proportion to the Company's purchases of wafers from CSM. Approximately $1 million of the deposit was outstanding as of October 28, 2000 and has since been refunded.

12. STOCKHOLDERS' EQUITY

STOCK PLANS

In fiscal 1998, the stockholders approved the 1998 Stock Option Plan (1998 Plan), which provides for the issuance of nonstatutory and incentive stock options to purchase up to 30 million shares of common stock. In March 2000, the stockholders approved an amendment to the 1998 Plan to increase the shares reserved for issuance by an additional 34 million shares. Officers, employees, directors, consultants and advisors of the Company and its subsidiaries are eligible to be granted options under this plan at a price not less than 100% (110% in the case of incentive stock options granted to 10% or greater stockholders) of the fair market value of the common stock at the time the option is granted. The Company's 1988 Stock Option Plan was terminated upon adoption of the 1998 Stock Option Plan; however, options to purchase common stock remain outstanding under the plan. There are no remaining options outstanding under the Company's 1980 Stock Option Plan.

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

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Under the 1994 Director Option Plan, which was amended in 1998, each non-employee director was granted annually a non-statutory option to purchase 21,000 shares of common stock at an exercise price equal to the fair market value on the date of grant. Up to 1999, each newly elected non-employee director received a grant of an option to purchase 21,000 shares of Common Stock upon his or her election to the Board (the "Initial Grant"). The 1994 Director Plan was amended in 1999 whereby the number of shares of Common Stock underlying the Initial Grant was increased from 21,000 to 60,000. On December 8, 1999, the 1994 Director Option Plan was terminated (effective March 14, 2000), and the Board of Directors authorized that from and after March 14, 2000, all options granted to non-employee directors will be granted under the Company's 1998 Stock Option Plan. The options granted under the 1998 Stock Option Plan, as well as the options previously granted under the 1994 Director Option Plan, are exercisable on a cumulative basis in annual installments of 33 1/3% each on the first, second and third anniversaries of the date of grant. The Company also has options outstanding under the 1992 Director Option Plan that are exercisable on a cumulative basis in annual installments of 33 1/3% each on the third, fourth and fifth anniversaries of the date of grant.

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

STOCK OPTION ACTIVITY	SHARES AVAILABLE FOR GRANT	OPTIONS OUTSTANDING NUMBER	OPTIONS OUTSTANDING WEIGHTED AVERAGE PRICE PER SHARE
Balance, November 1, 1997	13,996	33,810	$ 6.46
Shares authorized for 1998 Stock Option Plan	30,000	-	-
Additional shares authorized for 1994 Director Stock Option Plan	300	-	-
Shares authorized for Medialight acquisition	204	-	-
Options granted	(39,892)	39,892	$ 8.37
Options exercised	-	(4,028)	$ 3.18
Options canceled	18,256	(18,256)	$ 11.58
Shares canceled upon termination of 1988 Stock Option Plan	(5,158)	-	-
Balance, October 31, 1998	17,706	51,418	$ 6.39
Options granted	(1,320)	1,320	$ 17.26
Options exercised	-	(6,054)	$ 4.26
Options canceled	1,302	(1,302)	$ 7.65
Balance October 30, 1999	17,688	45,382	$ 6.97
Additional shares authorized for 1998 Stock Option Plan	34,000	-	-
Options granted	(15,833)	15,833	$ 31.03
Options exercised	-	(7,210)	$ 5.05
Options canceled	1,755	(1,755)	$ 14.02
Balance, October 28, 2000	37,610	52,250	$ 14.31

OPTION AMENDMENT

In September 1998, the Board of Directors approved a stock option program amendment pursuant to which all employees with stock options granted during the period beginning December 1, 1996 and ending on August 3, 1998 could elect to reduce the option exercise price to $7.38 per share (equal to the then fair market value). Upon such election, the vesting schedule for the affected options was reset, whereby one-third vest on September 8, 2001, one-third on September 8, 2002 and the final one-third on September 8, 2003. A total of 16,442,996 options with exercise prices ranging from $11.13 to $17.13 per share were amended under the program. The activity as a result of this option program amendment is presented in the preceding table as cancellations and subsequent grants.

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The following table summarizes information about options outstanding at October 28, 2000:

	OUTSTANDING OPTIONS			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICE	NUMBER OUTSTANDING AT 10/28/00	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT 10/28/00	WEIGHTED AVERAGE EXERCISE PRICE
\$ 0.98 - \$ 9.93	35,115	6.6	\$ 6.87	5,369	\$ 5.38
\$ 9.94 - \$ 19.85	1,293	7.6	\$ 13.11	150	\$ 13.11
\$ 19.86 - \$ 29.78	14,828	9.1	\$ 28.67	9	\$ 28.54
\$ 29.79 - \$ 59.55	390	9.2	\$ 42.52	-	\$ -
\$ 59.56 - \$ 99.25	624	9.6	\$ 76.99	-	\$ -
\$ 0.98 - \$ 99.25	52,250	7.4	\$ 14.31	5,528	\$ 5.62

The Company has an employee stock purchase plan (ESPP) that allows eligible employees to purchase, through payroll deductions, shares of the Company's common stock at 85% of the fair market value at specified dates. Employees purchased 1,011,624 shares in fiscal 2000 (1,312,800 and 1,205,000 in fiscal 1999 and 1998, respectively) for \$16.5 million (\$12.9 million and \$11.8 million in fiscal 1999 and 1998, respectively). At October 28, 2000, approximately 3,382,000 common shares, net of retirements, remained available for issuance under the stock purchase plan.

Under the 1991 Restricted Stock Plan, a maximum of 5,400,000 shares of common stock was authorized for awards by the Company to key employees for nominal consideration. This plan succeeded the Company's 1978 Restricted Stock Plan that provided for the issuance of up to 14,745,600 shares of common stock. Shares awarded from both plans are restricted as to transfer, usually for a period of five years and, under certain conditions, may be subject to repurchase by the Company at the original purchase price per share. There were no additional shares awarded under the restricted stock plans in fiscal 2000 and fiscal 1999. Shares awarded under the Company's restricted stock plans, net of cancellations, for fiscal 1998 were 435,000. The fair market value of the shares at the date of award was \$6,293,000 in fiscal 1998 and was accounted for as deferred compensation and is being amortized over the restriction period. During fiscal 2000, 1999 and 1998, \$2,231,000, \$2,799,000 and \$2,918,000, respectively, of such compensation was charged to expense. At October 28, 2000, there were 1,196,982 shares of common stock, net of forfeitures, available for issuance under the 1991 Restricted Stock Plan.

As of October 28, 2000, a total of 94,439,169 common shares were reserved for issuance under the Company's stock plans.

COMMON STOCK REPURCHASE

In November 2000, the Board of Directors authorized the Company to repurchase up to 15 million shares of its common stock. The repurchased shares will be held as treasury shares and will be available for issuance under the Company's stock option plans, employee stock purchase plan and other benefit plans.

In May and October of 1998, the Board of Directors authorized the Company to repurchase up to 8 million and 16 million shares, respectively, of its common stock over the succeeding 12 months. At October 31, 1998, the Company had purchased 8,800,000 shares of its common stock at an average purchase price of \$9.57 per share. The Company did not purchase any shares in fiscal 2000 and fiscal 1999. The repurchased shares were held as treasury shares, and were used to partially fund the Company's employee stock plans and the two-for-one stock split effected March 15, 2000.

STOCK-BASED COMPENSATION

As permitted under Statement of Financial Accounting Standards No. 123 (FAS 123), "Accounting for Stock-Based Compensation," the Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations, in accounting for stock-based awards to employees. Under APB 25, the Company generally recognizes no compensation expense with respect to such awards.

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

	OPTIONS			ESPP		
	2000	1999	1998	2000	1999	1998
Expected life (years)	4.9	6.1	6.1	1.0	1.0	1.0
Expected stock price volatility	56.6%	52.9%	49.5%	72.5%	64.1%	57.6%
Risk-free interest rate	6.0%	5.3%	5.3%	6.3%	5.1%	5.4%

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

	WEIGHTED AVERAGE GRANT DATE VALUE		
	2000	1999	1998
Stock option plans	$ 16.90	$ 9.77	$ 4.91
ESPP	$ 7.88	$ 4.40	$ 4.17

As required under FAS 123, the reported net income and diluted earnings per share have been presented to reflect the impact had the Company been required to include the amortization of the Black-Scholes option value as expense. For purposes of this disclosure, the estimated fair value of the options is amortized to expense over the options' vesting periods. The Company's pro forma information follows:

	2000	1999	1998
Pro forma net income	$ 526,615	$162,872	$56,719
Pro forma diluted earnings per share	$1.38	$0.45	$0.16

The effects on pro forma disclosures of applying FAS 123 are not likely to be representative of the effects on pro forma disclosures of future years. Because FAS 123 is applicable only to options granted subsequent to October 28, 1995, the pro forma effect is not fully reflected for fiscal years 1999 and 1998.

PREFERRED STOCK

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

COMMON STOCK PURCHASE RIGHTS

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

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

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

13. RETIREMENT PLANS

The Company and its subsidiaries have various savings and retirement plans covering substantially all employees. The Company maintains a defined contribution plan for the benefit of its eligible United States employees. This plan provides for Company contributions of up to 5% of each participant's total eligible compensation. In addition, the Company contributes an amount equal to each participant's contribution, if any, up to a maximum of 2% of each participant's total eligible compensation, plus 50% of the contributions between 2% and 4%. The Company also has various defined benefit pension and other retirement plans for certain foreign employees that are consistent with local statutes and practices. The total expense related to all of the Company's retirement plans was approximately $26 million in fiscal 2000 and $21 million in fiscal years 1999 and 1998, which primarily consisted of costs related to the U.S. defined contribution plan. Also included in total expense is pension expense related to foreign defined benefit plans of approximately $3 million for each of the fiscal years 2000, 1999 and 1998.

NON-U.S. PLAN DISCLOSURES

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

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

	2000	1999	1998
Service cost of benefits earned during the year	$ 4,110	$ 4,079	$ 3,208
Interest cost on projected benefit obligation	3,085	3,273	3,246
Expected return on plan assets	(8,819)	(6,052)	(12,623)
Net amortization and deferrals	4,588	1,846	9,440
Net periodic pension cost	$ 2,964	$ 3,146	$ 3,271

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

	2000	1999
BENEFIT OBLIGATION:		
Beginning balance	$ 54,914	$ 56,485
Service cost	4,110	4,079
Interest cost	3,085	3,273
Plan participants' contributions	1,299	1,267
Benefits paid	(709)	(1,540)
Actuarial (gain)/loss	5,773	(7,939)
Exchange rate adjustment	(5,166)	(711)
Ending balance	$ 63,306	$ 54,914
PLAN ASSETS AT FAIR VALUE:		
Beginning balance	$ 66,157	$ 58,784
Actual return on plan assets	8,583	6,052
Company contributions	2,125	2,646
Plan participants' contributions	1,299	1,267
Benefits paid	(709)	(1,540)
Exchange rate adjustment	(7,091)	(1,052)
Ending balance	$ 70,364	$ 66,157
RECONCILIATION OF FUNDED STATUS:		
Fund status - Plan assets in excess of benefit obligation	$ (7,058)	$ (11,243)
Unrecognized net gain	13,496	15,148
Unrecognized prior service cost	(1,477)	(1,077)
Net amount recognized	$ 4,961	$ 2,828
AMOUNTS RECOGNIZED IN THE BALANCE SHEET CONSIST OF:		
Prepaid benefit cost	$ (2,587)	$ (4,201)
Accrued benefit cost	7,548	7,029
Total	$ 4,961	$ 2,828

Accrued benefit cost at October 28, 2000 includes projected benefit obligations of $13.2 million and accumulated benefit obligations of $9.7 million, versus plan assets of $4.9 million for three plans whose obligations exceeded their assets. Accrued benefit cost at October 30, 1999 includes projected benefit obligations of $14.8 million and accumulated benefit obligations of $8.7 million, versus plan assets of $6.4 million for four plans whose obligations exceeded their assets.

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

	2000	1999
Discount rate	3% - 12%	4% - 12%
Rate of increase in compensation levels	3% - 10%	4% - 10%
Expected long-term returns on assets	5% - 12%	5% - 12%

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

14. INCOME TAXES

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

	2000	1999	1998
U.S. federal statutory tax rate	35.0%	35.0%	35.0%
Income tax provision reconciliation:			
Tax at statutory rate	$ 302,999	$ 90,139	$ 52,660
Irish income subject to lower tax rate	(35,605)	(25,557)	(10,960)
Change in valuation allowance	-	-	(5,559)
State income taxes, net of federal benefit	6,448	260	502
Research and development tax credits	(11,288)	(2,700)	(4,400)
Foreign Sales Corporation	(5,392)	(4,923)	(1,745)
Amortization of goodwill	1,037	1,189	545
Net foreign tax in excess of U.S. federal statutory tax rate	428	(156)	125
Other, net	(48)	2,469	(197)
Total income tax provision	$ 258,579	$ 60,721	$ 30,971

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

	2000	1999	1998
Pretax income:			
Domestic	$ 622,331	$ 114,333	$ 34,290
Foreign	243,380	143,207	116,169
	$ 865,711	$ 257,540	$ 150,459

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

	2000	1999	1998
Current:			
Federal	$ 224,413	$ 19,949	$ 24,588
Foreign	37,205	23,790	17,983
State	9,505	400	772
Total current	$ 271,123	$ 44,139	$ 43,343
Deferred (prepaid):			
Federal	$ (11,807)	$ 16,262	$ (7,792)
Foreign	(737)	320	(4,580)
Total deferred (prepaid)	$ (12,544)	$ 16,582	$ (12,372)

ANALOG DEVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The Company's practice is to reinvest indefinitely the earnings of certain international subsidiaries. Accordingly, no U.S. income taxes have been provided for approximately $714,467,000 of unremitted earnings of international subsidiaries.

The significant components of the Company's deferred tax assets and liabilities for the fiscal years ended October 28, 2000 and October 30, 1999 are as follows:

	2000	1999
Deferred tax assets:		
Inventory reserves	$ 34,702	$ 32,816
Deferred income on shipments to distributors	45,864	34,750
Reserves for compensation and benefits	21,968	12,769
Intercompany profits in foreign inventories	2,945	5,181
Other	-	8,730
Total gross deferred tax assets	105,479	94,246
Deferred tax liabilities:		
Depreciation	(46,729)	(44,468)
Other	(966)	-
Total gross deferred tax liabilities	(47,695)	(44,468)
Net deferred tax assets	$ 57,784	$ 49,778

15. SUBSEQUENT EVENTS

The Company completed the acquisition of ChipLogic, Inc. (ChipLogic) of Santa Clara, California on January 4, 2001, in a transaction valued at approximately $86 million. ChipLogic is a developer of high-performance integrated circuits and software focused on the convergence of voice, broadband access and network protocol processing. The Company has filed a registration statement in connection with this transaction with the Securities and Exchange Commission. The transaction is being effected in the form of a merger of a wholly owned subsidiary of the Company into ChipLogic under which the Company will issue one share of common stock for each share of ChipLogic common stock. ChipLogic had approximately 1.65 million shares of common stock outstanding on a fully diluted basis.

Through January 17, 2001, the Company also completed four smaller acquisitions in transactions that had a total value of approximately $50 million, including contingent consideration. These transactions are expected to be accounted for as purchases.

On December 27, 2000, the Company sold its investment in WaferTech, LLC to Taiwan Semiconductor Manufacturing Company for approximately $61 million. In the first quarter of fiscal 2001, the Company will record a pretax realized gain on the sale of this investment of approximately $28 million.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Analog Devices, Inc.

We have audited the accompanying consolidated balance sheets of Analog Devices, Inc. as of October 28, 2000 and October 30, 1999, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended October 28, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Analog Devices, Inc. at October 28, 2000 and October 30, 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended October 28, 2000, in conformity with accounting principles generally accepted in the United States.

As discussed in Notes 2(n) and 5 to the consolidated financial statements, in the fiscal year ended October 31, 1998, the Company changed its method for recognizing revenue on certain shipments to distributors.

/s/ Ernst & Young LLP

Boston, Massachusetts
November 13, 2000, except for Note 15,
as to which the date is January 17, 2001.

ANALOG DEVICES, INC.
SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

Quarterly financial information for fiscal 2000 and fiscal 1999 (thousands except as noted):

	4Q00	3Q00	2Q00	1Q00	4Q99	3Q99	2Q99	1Q99
Net sales	805,617	700,658	580,995	490,277	431,036	378,776	340,067	300,500
Cost of sales	333,730	300,519	257,184	225,087	205,922	190,481	176,435	162,805
Gross margin	471,887	400,139	323,811	265,190	225,114	188,295	163,632	137,695
% of sales	59%	57%	56%	54%	52%	50%	48%	46%
Operating expenses:								
Research and development	123,423	103,429	90,702	83,012	75,414	67,142	61,899	52,584
Purchased in- process research and development	-	-	-	-	-	-	5,140	-
Selling, marketing, general and administrative	80,569	77,198	71,073	64,524	59,702	54,589	49,167	46,181
Total operating expenses	203,992	180,627	161,775	147,536	135,116	121,731	116,206	98,765
% of sales	25%	26%	28%	30%	31%	32%	34%	33%
Operating income	267,895	219,512	162,036	117,654	89,998	66,564	47,426	38,930
% of sales	33%	31%	28%	24%	21%	18%	14%	13%
Equity in loss of WaferTech	-	-	-	-	-	-	-	1,149
Nonoperating expenses (income):								
Interest expense	2,978	360	822	1,681	1,964	1,632	2,439	4,111
Interest income	(22,160)	(15,769)	(13,595)	(11,906)	(9,428)	(6,881)	(6,117)	(4,300)
Other	1,732	(44,020)*	449	814	(169)	(31)	400	609
Total nonoperating (income) expense	(17,450)	(59,429)	(12,324)	(9,411)	(7,633)	(5,280)	(3,278)	420
Income before income taxes	285,345	278,941	174,360	127,065	97,631	71,844	50,704	37,361
% of sales	35%	40%	30%	26%	23%	19%	15%	12%
Provision for income taxes	85,473	86,740	52,308	34,058	24,413	17,243	11,598	7,467
Net income	199,872	192,201	122,052	93,007	73,218	54,601	39,106	29,894
% of sales	25%	27%	21%	19%	17%	14%	12%	10%
Per share - basic	.56	.54	.35	.26	.21	.16	.12	.09
Per share - diluted	.52	.50	.32	.25	.20	.15	.11	.09
Shares used to compute earnings per share (in thousands)								
Basic	356,376	355,018	352,706	349,352	347,340	345,420	334,024	319,144
Diluted	384,307	383,544	382,321	374,458	369,548	366,960	361,396	353,714

*Includes $44 million of realized gain on sale of investment in Chartered Semiconductor Manufacturing Pte., Ltd.

EXHIBIT 21

SUBSIDIARIES

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

	ORGANIZED UNDER LAW OF	PERCENTAGE OF VOTING SECURITIES OWNED BY REGISTRANT AS OF OCTOBER 28, 2000
Analog Devices Limited	United Kingdom	100%
Analog Devices, GmbH	Germany	100%
Analog Devices, S.A.	France	100%
Analog Devices, K.K.	Japan	100%
Analog Devices APS	Denmark	100%
Analog Devices Nederland, B.V.	The Netherlands	100%
Analog Devices International, Inc.	Massachusetts	100%
Analog Devices Israel, Ltd.	Israel	100%
Analog Devices A.B.	Sweden	100%
Analog Devices SRL	Italy	100%
Analog Devices, HANDELSGESELLSCHAFT, M.B.H.	Austria	100%
Analog Devices Korea, Ltd.	Korea	100%
Analog Devices, B.V.	The Netherlands	100%
Analog Devices Finance N.V.	Netherlands Antilles	100%
Analog Devices Holdings, B.V.	The Netherlands	100%
Analog Devices Research & Development Ltd.	Ireland	100%
Analog Devices (Philippines), Inc.	The Philippines	100%
Analog Devices Foreign Sales Corporation, B.V.	The Netherlands	100%
Analog Devices Foundry Services, Inc.	Delaware	100%
Analog Devices Asian Sales, Inc.	Delaware	100%
Analog Devices Taiwan, Ltd.	Taiwan	100%
Analog Devices Ireland, Ltd.	Ireland	100%
Analog Devices Hong Kong, Ltd.	Hong Kong	100%
Analog Devices Pty, Ltd.	Australia	100%
Analog Devices India Private Limited	India	100%
Analog Devices Gen. Trias, Inc.	The Philippines	100%
Analog Devices International Financial Services Company	Ireland	100%
Analog Devices Foreign Sales Corporation	Barbados	100%
Analog Development (Israel) 1996 Ltd.	Israel	100%
Analog Devices (China) Co. Ltd.	China	100%
Analog Devices Canada, Ltd.	Canada	100%
Edinburgh Portable Compilers Limited	Scotland	100%
Analog Devices Micromachines, Inc.	Delaware	100%
Analog Devices Micromachines, Ltd.	United Kingdom	100%
BCO Technologies, Ltd.	United Kingdom	100%
Analog Devices Belfast, Ltd.	United Kingdom	100%
CAD, Inc.	Massachusetts	100%
Analog IMI Acquisition Sub, Inc.	California	100%
Analog SSI Acquisition Sub, Inc.	California	100%
Analog/NCT Supply Ltd.	Delaware	50%
Analog Devices Realty Holdings, Inc.	The Philippines	40%
Analog Supplies Company	Japan	15%
Analyzed Investment, Ltd.	Ireland	7.4%

EXHIBIT 23

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Analog Devices, Inc. of our report dated November 13, 2000 (except for Note 15, as to which the date is January 17, 2001), included in the 2000 Annual Report to Shareholders of Analog Devices, Inc.

Our audits also included the financial statement schedule of Analog Devices, Inc. listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 2-63561, 2-90023, 2-95495, 33-2502, 33-4067, 33-22604, 33-22605, 33-29484, 33-39851, 33-39852, 33-43128, 33-46520, 33-46521, 33-60696, 33-60642, 33-61427, 33-64849, 333-04771, 333-04819, 333-04821 333-08493, 333-47789, 333-47787, 333-48243, 333-56529, 333-69359, 333-79551, 333-87055, 333-50092, 333-53314 and 333-53828 and Form S-3 Nos. 333-08505, 333-08509, 333-17651, 333-87053, 333-48928, 333-51530 and 333-53660) of Analog Devices, Inc. and in the related Prospectuses of our report dated November 13, 2000 (except for Note 15, as to which the date is January 17, 2001), with respect to the consolidated financial statements and schedule of Analog Devices, Inc. included or incorporated by reference in this Annual Report (Form 10-K) for the year ended October 28, 2000.

/s/ ERNST & YOUNG LLP

Boston, Massachusetts
January 19, 2001