



Analog Devices Announces Financial Results For The Third Quarter Of Fiscal Year 2010

- 3Q10 revenue increased to \$720 million
- 3Q10 diluted EPS increased to \$0.65
- 3Q10 gross margin increased to 66.7% of revenue
- 3Q10 operating margin increased to 34.9% of revenue
- Board of Directors declared quarterly dividend of \$0.22 per share
- Financial results and 4Q10 outlook will be discussed via conference call today at 5:00 pm

Norwood, MA (08/17/2010) - Analog Devices, Inc. (NYSE: [ADI](#)), a global leader in high-performance semiconductors for signal processing applications, today announced financial results for the third quarter of its 2010 fiscal year, which ended July 31, 2010.

"ADI had a strong third quarter, delivering sequential sales growth of 8% with the largest increases occurring in the industrial and communications infrastructure markets," said Jerald G. Fishman, President and CEO. "Notably, it was an exceptional quarter in terms of profitability as we increased gross margin to 66.7%, increased operating margin to 34.9%, and grew EPS to \$0.65. Our continued profitability gains are the result of strong revenue growth coupled with a fundamentally improved cost structure."

Results of Operations for the Third Quarter of Fiscal 2010

- **Revenue** was \$720 million, an increase of 8% from the immediately prior quarter and an increase of 46% from the same period one year ago. For more information regarding revenue by end market and product type for the third quarter of fiscal 2010, please see Schedules D and E of this document. In addition, a more complete table covering prior periods is available on the Analog Devices Investor Relations website at: investor.analog.com.
- **Gross margin** was 66.7% of revenue, compared to 65.0% of revenue in the immediately prior quarter, and 54.1% of revenue in the year-ago period. Gross margin improvements were primarily due to lower manufacturing costs, increased factory utilization, and strong sales of products sold to industrial and communications infrastructure customers.
- **Operating expenses** were \$229 million, compared to \$220 million in the immediately prior quarter, and \$187 million in the same period a year ago.
- **Operating income** was \$251 million, or 34.9% of revenue, compared to \$214 million, or 32.0% of revenue, in the immediately prior quarter, and \$79 million, or 16% of revenue, in the same period one year ago.
- **Diluted earnings per share (EPS)** was \$0.65, compared to \$0.55 in the immediately prior quarter, and \$0.22 in the same period a year ago.
- **The Board of Directors declared a cash dividend** of \$0.22 per outstanding share of common stock, which will be paid on September 15, 2010 to all shareholders of record at the close of business on August 27, 2010.
- **Net cash provided by operating activities** was \$225 million, or 31% of revenue. Capital expenditures were \$39 million, and cash dividends of \$66 million were paid during the third quarter of fiscal 2010.
- **Cash and short-term investments** at the end of the third quarter of fiscal 2010 totaled approximately \$2.5 billion, compared to \$2.4 billion at the end of the second quarter of fiscal 2010.
- **Accounts receivable** in the third quarter of fiscal 2010, as measured by **days sales outstanding**, was 45 days, consistent with the immediately prior quarter.
- **Inventory** at the end of the third quarter of fiscal 2010 increased by approximately \$18 million, or 7%, compared to the immediately prior quarter.

Outlook for the Fourth Quarter of Fiscal 2010

The following statements are based on current expectations. These statements are forward- looking and actual results may differ materially, including as a result of the important factors discussed at the end of this release. These statements supersede all prior statements regarding business outlook set forth in prior ADI news releases.

Regarding the outlook for the fourth quarter of fiscal 2010, Mr. Fishman stated, "Looking ahead to the fourth quarter, given our higher opening backlog, we are expecting continued revenue growth. We anticipate that revenue will be in the range of \$740 million to \$770 million for the fourth quarter. We are planning for our gross margin to be 66% to 67% of sales. We expect that operating expenses will grow, but well below revenue growth. As a result, we anticipate that our operating margin will be in the range of 35% to 36% of sales and earnings per share will be in the range of \$0.68 to \$0.72."

Conference Call Scheduled for 5:00 pm ET

Mr. Fishman will discuss the third quarter results and short-term outlook via webcast, accessible at investor.analog.com, today, beginning at 5:00 pm ET. Investors who prefer to join by telephone may call 706-634-7193 ten minutes before the call begins and provide the password "ADI."

A replay will be available almost immediately after the call. The replay may be accessed for up to one week by dialing 800-642-1687 (replay only) and providing the conference ID: 80933163, or by visiting investor.analog.com.

[3Q'10 Financials](#)

About Analog Devices

Innovation, performance, and excellence are the cultural pillars on which Analog Devices has built one of the longest standing, highest growth companies within the technology sector. Acknowledged industry-wide as the world leader in data conversion and signal conditioning technology, Analog Devices serves over 60,000 customers, representing virtually all types of electronic equipment. Analog Devices is headquartered in Norwood, Massachusetts, with design and manufacturing facilities throughout the world. Analog Devices is included in the S&P 500 Index.

This release may be deemed to contain forward-looking statements which include, among other things, our statements regarding expected revenue, earnings, earnings per share, operating expenses, inventory levels, gross margins, operating margins, and other financial results, expected customer demand for our products, and expected results of our ongoing expense management efforts, that are based on our current expectations, beliefs, assumptions, estimates, forecasts, and projections about the industry and markets in which Analog Devices operates. The statements contained in this release are not guarantees of future performance, are inherently uncertain, involve certain risks, uncertainties, and assumptions that are difficult to predict, and do not give effect to the potential impact of any mergers, acquisitions, divestitures, or business combinations that may be announced or closed after the date hereof. Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements, and such statements should not be relied upon as representing Analog Devices' expectations or beliefs as of any date subsequent to the date of this press release. We do not undertake any obligation to update forward-looking statements made by us. Important factors that may affect future operating results include: any faltering in the apparent improvement of economic conditions and financial markets following the recent crisis in global credit and financial markets, erosion of consumer confidence and declines in customer spending, the effects of declines in customer demand for our products and for end products that incorporate our products, competitive pricing pressures, unavailability of raw materials or wafer fabrication, assembly and test capacity, any delay or cancellation of significant customer orders, changes in geographic, product or customer mix, inability to license third party intellectual property, inability to meet customer demand, adverse results in litigation matters, and other risk factors described in our most recent filings with the Securities and Exchange Commission. Our results of operations for the periods presented in this release are not necessarily indicative of our operating results for any future periods. Any projections in this release are based on limited information currently available to Analog Devices, which is subject to change. Although any such projections and the factors influencing them will likely change, we will not necessarily update the information, as we will only provide guidance at certain points during the year. Such information speaks only as of the original issuance date of this release.

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