

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

Form 10-Q

(Mark One)

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

For the quarterly period ended May 3, 2008

OR

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

For the transition period from _____ to _____

Commission File No. 1-7819

Analog Devices, Inc.

(Exact name of registrant as specified in its charter)

Massachusetts

(State or other jurisdiction of incorporation or organization)

04-2348234

(I.R.S. Employer Identification No.)

One Technology Way, Norwood, MA

(Address of principal executive offices)

02062-9106

(Zip Code)

(781) 329-4700

(Registrant's telephone number, including area code)

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of May 3, 2008 there were 290,120,570 shares of Common Stock, \$0.16 2/3 par value per share, outstanding.

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

ITEM 4. Controls and Procedures

PART II — OTHER INFORMATION

ITEM 1. Legal Proceedings

ITEM 1A. Risk Factors

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

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

ITEM 6. Exhibits

SIGNATURES

Exhibit Index

Ex-3.1 Restated Articles of Organization of Analog Devices, Inc., as amended

Ex-3.2 Amended and Restated By-Laws of Analog Devices, Inc.

Ex-14 Code of Business Conduct and Ethics

Ex-31.1 Section 302 Certification of CEO

Ex-31.2 Section 302 Certification of CFO

Ex-32.1 Section 906 Certification of CEO

Ex-32.2 Section 906 Certification of CFO

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended	
	May 3, 2008	May 5, 2007
Product revenue	\$ 649,340	\$ 597,483
Cost of sales (1)	253,319	236,255
Gross margin	396,021	361,228
Operating expenses:		
Research and development (1)	134,653	126,696
Selling, marketing, general and administrative (1)	104,183	90,210
Special charges	—	10,116
	238,836	227,022
Operating income	157,185	134,206
Nonoperating (income) expense:		
Interest income	(10,669)	(20,871)
Other, net	114	(10,221)
	(10,555)	(31,092)
Income from continuing operations before income taxes	167,740	165,298
Provision for income taxes	37,848	39,720
Income from continuing operations, net of tax	129,892	125,578
Discontinued operations:		
Income (loss) from discontinued operations, net of tax	3,194	(222)
Net income	\$ 133,086	\$ 125,356
Shares used to compute earnings per share — basic	290,389	329,988
Shares used to compute earnings per share — diluted	295,360	338,840
Basic earnings per share from continuing operations	\$ 0.45	\$ 0.38
Basic earnings per share	\$ 0.46	\$ 0.38
Diluted earnings per share from continuing operations	\$ 0.44	\$ 0.37
Diluted earnings per share	\$ 0.45	\$ 0.37
Dividends declared and paid per share	\$ 0.18	\$ 0.18
(1) Includes stock-based compensation expense as follows:		
Cost of sales	\$ 1,906	\$ 2,648
Research and development	\$ 6,108	\$ 7,222
Selling, marketing, general and administrative	\$ 4,713	\$ 6,384

See accompanying notes.

[Table of Contents](#)

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

	Six Months Ended	
	May 3, 2008	May 5, 2007
Product revenue	\$ 1,263,249	\$ 1,188,748
Revenue from one-time IP license	—	35,000
Total revenue	1,263,249	1,223,748
Cost of sales (1)	491,425	462,856
Gross margin	771,824	760,892
Operating expenses:		
Research and development (1)	264,192	249,773
Selling, marketing, general and administrative (1)	204,534	192,190
Special charges	—	15,312
	468,726	457,275
Operating income	303,098	303,617
Nonoperating (income) expense:		
Interest income	(23,195)	(45,708)
Other, net	287	(17,686)
	(22,908)	(63,394)
Income from continuing operations before income taxes and minority interest	326,006	367,011
Provision for income taxes	74,266	85,199
Minority interest	—	219
Income from continuing operations, net of tax	251,740	282,031
Discontinued operations:		
Income (loss) from discontinued operations, net of tax	5,082	(3,448)
Gain on sale of discontinued operations, net of tax	246,983	—
Income (loss) from discontinued operations, net of tax	252,065	(3,448)
Net income	\$ 503,805	\$ 278,583
Shares used to compute earnings per share — basic	294,765	334,343
Shares used to compute earnings per share — diluted	299,810	344,024
Basic earnings per share from continuing operations	\$ 0.85	\$ 0.84
Basic earnings per share	\$ 1.71	\$ 0.83
Diluted earnings per share from continuing operations	\$ 0.84	\$ 0.82
Diluted earnings per share	\$ 1.68	\$ 0.81
Dividends declared and paid per share	\$ 0.36	\$ 0.34

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

Cost of sales	\$ 3,859	\$ 5,558
Research and development	\$ 11,632	\$ 14,960
Selling, marketing, general and administrative	\$ 10,128	\$ 14,372

See accompanying notes.

[Table of Contents](#)

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

	<u>May 3, 2008</u>	<u>November 3, 2007</u>
Assets		
Cash and cash equivalents	\$ 414,361	\$ 424,972
Short-term investments	770,818	656,235
Accounts receivable, net	332,288	323,777
Inventories (1):		
Raw materials	13,344	14,655
Work in process	219,160	224,211
Finished goods	86,917	85,507
	<u>319,421</u>	<u>324,373</u>
Deferred tax assets	86,065	111,682
Deferred compensation plan investments	1,185	1,233
Prepaid expenses and other current assets	53,109	50,130
Current assets of discontinued operations	11,122	87,457
Total current assets	<u>1,988,369</u>	<u>1,979,859</u>
Property, plant and equipment, at cost:		
Land and buildings	377,554	372,162
Machinery and equipment	1,451,478	1,412,913
Office equipment	76,372	76,684
Leasehold improvements	65,348	62,883
	<u>1,970,752</u>	<u>1,924,642</u>
Less accumulated depreciation and amortization	1,415,322	1,368,567
Net property, plant and equipment	<u>555,430</u>	<u>556,075</u>
Deferred compensation plan investments	34,794	35,210
Other investments	3,126	1,692
Goodwill	258,697	279,469
Intangible assets, net	18,518	24,153
Deferred tax assets	54,571	52,491
Other assets	40,645	43,000
Non-current assets of discontinued operations	62,037	—
Total other assets	<u>472,388</u>	<u>436,015</u>
	<u>\$ 3,016,187</u>	<u>\$ 2,971,949</u>

(1) Includes \$2,563 and \$3,371 related to stock-based compensation at May 3, 2008 and November 3, 2007, respectively.

See accompanying notes.

[Table of Contents](#)

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

	<u>May 3, 2008</u>	<u>November 3, 2007</u>
Liabilities and Shareholders' Equity		
Accounts payable	\$ 100,508	\$ 156,192
Deferred income on shipments to distributors, net	174,349	151,423
Income taxes payable	69,681	65,690
Deferred compensation plan liability	1,185	1,233
Accrued liabilities	171,633	149,360
Current liabilities of discontinued operations	105,601	24,153
Total current liabilities	<u>622,957</u>	<u>548,051</u>
Deferred income taxes	12,995	10,146
Deferred compensation plan liability	34,788	35,320
Other non-current liabilities	41,565	40,291
Total non-current liabilities	<u>89,348</u>	<u>85,757</u>
Commitments and contingencies		
Shareholders' Equity		
Preferred stock, \$1.00 par value, 471,934 shares authorized, none outstanding	—	—
Common stock, \$0.16 2/3 par value, 1,200,000,000 shares authorized, 290,120,570 shares issued and outstanding (303,354,180 on November 3, 2007)	48,354	50,560
Capital in excess of par value	—	—
Retained earnings	2,228,427	2,253,483
Accumulated other comprehensive income	27,101	34,098
Total shareholders' equity	<u>2,303,882</u>	<u>2,338,141</u>
	<u>\$ 3,016,187</u>	<u>\$ 2,971,949</u>

See accompanying notes.

[Table of Contents](#)

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

	Six Months Ended	
	May 3, 2008	May 5, 2007
Cash flows from operating activities:		
Net income	\$ 503,805	\$ 278,583
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	71,817	71,328
Amortization of intangibles	5,038	6,869
Stock-based compensation expense	23,322	37,681
Gain on sale of businesses	(246,983)	—
Income tax payments related to gain on sale of businesses	(67,283)	—
Deferred income taxes	(2,847)	(5,318)
Excess tax benefit-stock options	(9,884)	(21,494)
Gain on sale of an investment	—	(7,919)
Minority interest	—	(219)
Other non-cash activity	154	278
Changes in operating assets and liabilities	53,824	86,997
Total adjustments	(172,842)	168,203
Net cash provided by operating activities	<u>330,963</u>	<u>446,786</u>
Cash flows from investing activities:		
Purchases of short-term available-for-sale investments	(924,204)	(1,206,340)
Maturities of short-term available-for-sale investments	810,916	1,560,264
Net proceeds from sales of businesses (See Note 12)	399,591	—
Additions to property, plant and equipment	(70,650)	(77,387)
Payments for acquisitions	—	(6,000)
Decrease (increase) in other assets	3,387	(180)
Proceeds from sale of an investment	—	8,003
Net cash provided by investing activities	<u>219,040</u>	<u>278,360</u>
Cash flows from financing activities:		
Repurchase of common stock	(524,802)	(697,813)
Liability from common stock repurchases	505	—
Net proceeds from employee stock plans	62,120	78,259
Excess tax benefit-stock options	9,884	21,494
Dividend payments to shareholders	(106,347)	(114,299)
Net cash used for financing activities	<u>(558,640)</u>	<u>(712,359)</u>
Effect of exchange rate changes on cash	<u>(1,974)</u>	<u>1,856</u>
Net (decrease) increase in cash and cash equivalents	(10,611)	14,643
Cash and cash equivalents at beginning of period	<u>424,972</u>	<u>343,947</u>
Cash and cash equivalents at end of period	<u>\$ 414,361</u>	<u>\$ 358,590</u>

See accompanying notes.

[Table of Contents](#)

ANALOG DEVICES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED MAY 3, 2008
(all tabular amounts in thousands except per share amounts and percentages)

Note 1 — Basis of Presentation

In the opinion of management, the information furnished in the accompanying condensed consolidated financial statements reflects all normal recurring adjustments that are necessary to fairly state the results for these interim periods and should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2007 and related notes. The results of operations for the interim period shown in this report are not necessarily indicative of the results that may be expected for the fiscal year ending November 1, 2008 or any future period.

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

The Company has a 52-53 week fiscal year that ends on the Saturday closest to the last day in October. Fiscal 2008 is a 52-week fiscal year and fiscal 2007 was a 53-week fiscal year. The additional week in fiscal 2007 was included in the first quarter ended February 3, 2007. Therefore, the first six months of fiscal 2007 included an additional week of operations as compared to the first six months of fiscal 2008.

Note 2 — Revenue Recognition

Revenue from product sales to customers is generally recognized when title passes, which for shipments to certain foreign countries is subsequent to product shipment. Title for these shipments ordinarily passes within a week of shipment. A reserve for sales returns and allowances for customers is recorded based on historical experience or specific identification of an event necessitating a reserve.

In all regions of the world, the Company defers revenue and the related cost of sales on shipments to distributors until the distributors resell the products to their customers. Sales to distributors are made under agreements that allow distributors to receive price adjustment credits as discussed below and to return qualifying products for credit, as determined by the Company, in order to reduce the amounts of slow-moving, discontinued or obsolete product from their inventory. These agreements limit such returns to a certain percentage of the value of the prior quarter's shipments to that distributor. In addition, distributors are allowed to return unsold products if the Company terminates the relationship with the distributor.

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

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

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

Table of Contents

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

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

As of May 3, 2008 and November 3, 2007, the Company had gross deferred revenue of \$274.9 million and \$250.6 million, respectively, and gross deferred cost of sales of \$100.6 million and \$99.2 million, respectively. Deferred income on shipments to distributors increased by \$22.9 million in the first six months of fiscal 2008 as a result of the Company's shipments to its distributors in the first half of fiscal 2008, exceeding the distributors' first half of fiscal 2008 sales to their end customers.

Shipping costs are charged to cost of sales as incurred.

The Company generally offers a 12-month warranty for its products. The Company's warranty policy provides for replacement of the defective product. Specific accruals are recorded for known product warranty issues. Product warranty expenses were not material during any of the three- and six-month periods ended May 3, 2008 and May 5, 2007.

Note 3 — Stock-Based Compensation

On October 30, 2005 (the first day of its 2006 fiscal year), the Company adopted Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share-Based Payment* (SFAS 123R) using the modified prospective method as permitted under SFAS 123R. Under this transition method, compensation cost recognized in future periods includes: (a) compensation cost for all share-based payments granted prior to but not yet vested as of October 29, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123, and (b) compensation cost for all share-based payments granted subsequent to October 29, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. In accordance with the modified prospective method of adoption, the Company's results of operations and financial position for prior periods have not been restated.

[Table of Contents](#)

Grant-Date Fair Value

The Company uses the Black-Scholes option pricing model to calculate the grant-date fair value of an award. Information pertaining to the Company's stock option awards and the related estimated weighted-average assumptions to calculate the fair value of stock options granted during the three- and six-month periods ended May 3, 2008 and May 5, 2007 is as follows:

Stock Options	Three Months Ended		Six Months Ended	
	May 3, 2008	May 5, 2007	May 3, 2008	May 5, 2007
Options granted	116	131	5,666	7,540
Weighted-average exercise price	\$28.17	\$34.74	\$29.87	\$33.43
Weighted-average grant-date fair value	\$ 7.21	\$ 9.55	\$ 7.90	\$ 9.46
Assumptions:				
Weighted-average expected volatility	33.0%	28.9%	32.2%	30.4%
Weighted-average expected term (in years)	5.1	5.1	5.1	5.1
Risk-free interest rate	2.6%	4.6%	3.25%	4.6%
Expected dividend yield	2.56%	2.08%	2.41%	2.15%

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

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

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

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

Stock-Based Compensation Expense

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

The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. SFAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered stock-based award. Based on an analysis of its historical forfeitures, the Company has applied an annual forfeiture rate of 4.3% to all unvested stock-based awards as of May 3, 2008. The rate of 4.3% represents the portion that is expected to be forfeited each year over the vesting period. This analysis

[Table of Contents](#)

will be re-evaluated quarterly and the forfeiture rate adjusted as necessary. Ultimately, the actual expense recognized over the vesting period will only be for those shares that vest.

Stock-Based Compensation Activity

A summary of the activity under the Company's stock option plans as of May 3, 2008 and changes during the three- and six-month periods then ended is presented below:

Activity during the Three Months Ended May 3, 2008	Options Outstanding	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Options outstanding at February 2, 2008	80,467	\$35.83		
Options granted	116	\$28.17		
Options exercised	(1,961)	\$19.23		
Options forfeited	(313)	\$36.22		
Options expired	(4,191)	\$42.57		
Options outstanding at May 3, 2008	<u>74,118</u>	\$35.88	5.2	\$195,228
Options exercisable at May 3, 2008	<u>53,195</u>	\$36.31	4.1	\$174,066
Options vested or expected to vest at May 3, 2008 (1)	<u>72,543</u>	\$35.91	5.2	\$194,120

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

Activity during the Six Months Ended May 3, 2008	Options Outstanding	Weighted-Average Exercise Price Per Share
Options outstanding at November 3, 2007	80,158	\$35.39
Options granted	5,666	\$29.87
Options exercised	(4,866)	\$14.08
Options forfeited	(2,152)	\$36.49
Options expired	(4,688)	\$42.55
Options outstanding at May 3, 2008	<u>74,118</u>	\$35.88

During the three and six months ended May 3, 2008, the total intrinsic value of options exercised (i.e., the difference between the market price at exercise and the price paid by the employee to exercise the options) was \$20.9 million and \$76.5 million, respectively, and the total amount of cash received from exercise of these options was \$37.7 million and \$68.5 million, respectively. The \$62.1 million of net proceeds from employee stock plans in the Company's statement of cash flows is net of the value of shares surrendered by employees to satisfy employee tax obligations upon vesting of restricted stock or restricted stock units and in connection with the exercise of stock options granted to the Company's employees under the Company's equity compensation plans. The total grant-date fair value of stock options that vested during the three and six months ended May 3, 2008 was approximately \$1.3 million and \$75.7 million, respectively.

During the three and six months ended May 5, 2007, the total intrinsic value of options exercised was \$81.3 million and \$116.4 million, respectively, and the total amount of cash received from exercise of these options was \$53.9 million and \$78.4 million, respectively. The total grant-date fair value of stock options that vested during the three and six months ended May 5, 2007 was approximately \$1.2 million and \$38.5 million, respectively.

A summary of the Company's restricted stock and restricted stock unit award activity as of May 3, 2008 and changes during the three- and six-month periods then ended is presented below:

[Table of Contents](#)

Activity during the Three Months Ended May 3, 2008	Restricted Shares and/ or Units Outstanding	Weighted- Average Grant Date Fair Value Per Share
Non-vested shares outstanding at February 2, 2008	81	\$34.93
Awards and/or units granted	12	\$27.93
Restrictions lapsed	(12)	\$37.99
Non-vested shares outstanding at May 3, 2008	<u>81</u>	\$33.47

Activity during the Six Months Ended May 3, 2008	Restricted Shares and/ or Units Outstanding	Weighted- Average Grant Date Fair Value Per Share
Non-vested shares outstanding at November 3, 2007	79	\$34.97
Awards and/or units granted	18	\$29.56
Restrictions lapsed	(15)	\$36.96
Awards and/or units forfeited	(1)	\$31.09
Non-vested shares outstanding at May 3, 2008	<u>81</u>	\$33.47

As of May 3, 2008, there was \$145.6 million (before tax consideration) of total unrecognized compensation cost related to unvested share-based awards, including stock options, restricted stock and restricted stock units. That cost is expected to be recognized over a weighted-average period of 1.8 years.

Note 4 — Comprehensive Income

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

	Three Months Ended	
	May 3, 2008	May 5, 2007
Income from continuing operations, net of tax	\$ 129,892	\$ 125,578
Foreign currency translation adjustments	(3,579)	3,203
Change in unrealized holding (losses) gains (net of taxes of \$175 and \$853, respectively) on securities classified as short-term investments	(1,149)	1,669
Change in unrealized holding gains (losses) (net of taxes of \$1,003 and \$33, respectively) on securities classified as other investments	1,863	(61)
Change in unrealized (losses) gains on derivative instruments designated as cash flow hedges	(1,526)	2,233
Foreign currency translation adjustment related to accumulated other comprehensive income — pension plans		
Net actuarial gain	40	—
Other comprehensive (loss) income	(4,351)	7,044
Comprehensive income from continuing operations	<u>125,541</u>	<u>132,622</u>
Income (loss) from discontinued operations, net of tax	3,194	(222)
Comprehensive income	<u>\$ 128,735</u>	<u>\$ 132,400</u>

[Table of Contents](#)

	Six Months Ended	
	May 3, 2008	May 5, 2007
Income from continuing operations, net of tax	\$ 251,740	\$ 282,031
Foreign currency translation adjustments	(7,175)	5,053
Change in unrealized holding gains (net of taxes of \$201 and \$1,970, respectively) on securities classified as short-term investments	1,094	3,649
Change in unrealized holding gains (losses) (net of taxes of \$976 and \$80, respectively) on securities classified as other investments	1,813	(148)
Change in unrealized (losses) gains on derivative instruments designated as cash flow hedges	(3,011)	3,888
Foreign currency translation adjustment related to accumulated other comprehensive income — pension plans		
Transition asset	1	—
Net actuarial gain	281	—
Other comprehensive (loss) income	(6,997)	12,442
Comprehensive income from continuing operations	244,743	294,473
Income (loss) from discontinued operations, net of tax	252,065	(3,448)
Comprehensive income	<u>\$ 496,808</u>	<u>\$ 291,025</u>

The components of accumulated other comprehensive income at May 3, 2008 and November 3, 2007 consisted of the following:

	May 3, 2008	November 3, 2007
Foreign currency translation adjustment	\$ 12,879	\$ 20,054
Unrealized gains (losses) on available-for-sale securities	2,445	(462)
Unrealized gains on derivative instruments	4,308	7,319
Accumulated other comprehensive income — pension plans		
Prior service cost	(13)	(13)
Transition asset	29	28
Net actuarial gain	7,453	7,172
Total accumulated other comprehensive income	<u>\$ 27,101</u>	<u>\$ 34,098</u>

Note 5 — Earnings Per Share

Basic earnings per share is computed based only on the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common shares outstanding during the period, plus the dilutive effect of potential future issuances of common stock relating to stock option programs and other potentially dilutive securities using the treasury stock method. In calculating diluted earnings per share, the dilutive effect of stock options is computed using the average market price for the respective period. In addition, under SFAS 123R, the assumed proceeds under the treasury stock method include the average unrecognized compensation expense of stock options that are in-the-money. This results in the “assumed” buyback of additional shares, thereby reducing the dilutive impact of stock options. Potential shares related to certain of the Company’s outstanding stock options were excluded because they were anti-dilutive. Those potential shares, determined based on the weighted average exercise prices during the respective periods, related to the Company’s outstanding stock options could be dilutive in the future.

	Three Months Ended	
	May 3, 2008	May 5, 2007
Income from continuing operations, net of tax	\$ 129,892	\$ 125,578
Income (loss) from discontinued operations, net of tax	3,194	(222)
Net income	<u>\$ 133,086</u>	<u>\$ 125,356</u>
Basic shares:		
Weighted-average shares outstanding	<u>290,389</u>	<u>329,988</u>
Earnings per share-basic:		
Income from continuing operations, net of tax	\$ 0.45	\$ 0.38
Income (loss) from discontinued operations, net of tax	0.01	(0.00)
Net income	<u>\$ 0.46</u>	<u>\$ 0.38</u>
Diluted shares:		
Weighted-average shares outstanding	290,389	329,988
Assumed exercise of common stock equivalents	4,971	8,852
Weighted-average common and common equivalent shares	<u>295,360</u>	<u>338,840</u>
Earnings per share-diluted:		
Income from continuing operations, net of tax	\$ 0.44	\$ 0.37
Income (loss) from discontinued operations, net of tax	0.01	(0.00)
Net income	<u>\$ 0.45</u>	<u>\$ 0.37</u>
Anti-dilutive common stock equivalents related to outstanding stock options	57,805	52,089

[Table of Contents](#)

	Six Months Ended	
	May 3, 2008	May 5, 2007
Income from continuing operations, net of tax	\$ 251,740	\$ 282,031
Income (loss) from discontinued operations, net of tax	252,065	(3,448)
Net income	<u>\$ 503,805</u>	<u>\$ 278,583</u>
Basic shares:		
Weighted-average shares outstanding	<u>294,765</u>	<u>334,343</u>
Earnings per share-basic:		
Income from continuing operations, net of tax	\$ 0.85	\$ 0.84
Income (loss) from discontinued operations, net of tax	0.86	(0.01)
Net income	<u>\$ 1.71</u>	<u>\$ 0.83</u>
Diluted shares:		
Weighted-average shares outstanding	294,765	334,343
Assumed exercise of common stock equivalents	5,045	9,681
Weighted-average common and common equivalent shares	<u>299,810</u>	<u>344,024</u>
Earnings per share-diluted:		
Income from continuing operations, net of tax	\$ 0.84	\$ 0.82
Income (loss) from discontinued operations, net of tax	0.84	(0.01)
Net income	<u>\$ 1.68</u>	<u>\$ 0.81</u>
Anti-dilutive common stock equivalents related to outstanding stock options	57,256	54,320

[Table of Contents](#)

Note 6 — Special Charges

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

Income Statement	Closure of Wafer Fabrication Facility in Sunnyvale	Reorganization of Product Development and Support Programs	Consolidation of a Wafer Fabrication Facility in Limerick	Reduction of Overhead Infrastructure Costs	Total Special Charges
Fiscal 2005 Charges:					
Workforce reductions	\$ 20,315	\$ 11,165	\$ —	\$ —	\$ 31,480
Total Fiscal 2005 Charges	\$ 20,315	\$ 11,165	\$ —	\$ —	\$ 31,480
Fiscal 2006 Charges:					
Facility closure costs	\$ —	\$ 554	\$ —	\$ —	\$ 554
Abandonment of equipment	—	459	—	—	459
Other items	—	462	—	—	462
Change in estimate	(2,029)	—	—	—	(2,029)
Workforce reductions	—	2,344	—	—	2,344
Total Fiscal 2006 Charges	\$ (2,029)	\$ 3,819	\$ —	\$ —	\$ 1,790
Fiscal 2007 Charges:					
Facility closure costs	\$ 10,288	\$ —	\$ —	\$ —	\$ 10,288
Workforce reductions	—	4,165	13,748	10,711	28,624
Other items	—	859	—	1,637	2,496
Change in estimate	—	(913)	—	—	(913)
Total Fiscal 2007 Charges	\$ 10,288	\$ 4,111	\$ 13,748	\$ 12,348	\$ 40,495
Accrued Restructuring					
Balance at November 3, 2007	\$ 4,002	\$ 3,769	\$ 13,748	\$ 11,146	\$ 32,665
Severance payments	(127)	(611)	(179)	(3,053)	(3,970)
Facility closure costs	(446)	(9)	—	—	(455)
Other items	—	(155)	—	(1,199)	(1,354)
Effect of foreign currency translation on accrual	—	24	397	23	444
Balance at February 2, 2008	\$ 3,429	\$ 3,018	\$ 13,966	\$ 6,917	\$ 27,330
Severance payments	(45)	(1,059)	—	(1,910)	(3,014)
Facility closure costs	(451)	(3)	—	—	(454)
Effect of foreign currency translation on accrual	—	3	545	23	571
Balance at May 3, 2008	\$ 2,933	\$ 1,959	\$ 14,511	\$ 5,030	\$ 24,433

Closure of Wafer Fabrication Facility in Sunnyvale

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

Table of Contents

In addition to the charge recorded in the fourth quarter of fiscal 2005, the Company recorded additional expense during fiscal 2006, which consisted of \$18.3 million of non-cash cost of sales expenses for additional depreciation due to shortened useful lives of certain manufacturing equipment and \$2.0 million for stay-on bonuses. The Company reversed approximately \$2.0 million of its severance accrual during fiscal 2006 because some employees voluntarily left the Company, other employees found alternative employment within the Company, and there was an over-accrual related to fringe benefits because severance payments, normally paid as income continuance, were paid in lump sum payments, which reduced the benefit costs associated with these payments. The employment of all of the remaining employees included in this action has been terminated by the Company.

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

Reorganization of Product Development and Support Programs

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

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

During the first quarter of fiscal 2007, the Company recorded an additional special charge of \$1.6 million related to this reorganization action. Approximately \$0.6 million of this charge was for contract termination costs. The remaining \$1.0 million relates to severance and fringe benefit costs recorded pursuant to SFAS 88 under the Company's ongoing benefit plan for six engineering employees.

During the second quarter of fiscal 2007, the Company recorded an additional special charge of \$3.4 million related to this reorganization action. Approximately \$3.2 million relates to the severance and fringe benefit costs recorded pursuant to SFAS 88 under the Company's ongoing benefit plan or minimum statutory requirements at foreign locations for 20 engineering and selling, marketing, general and administrative employees. The remaining \$0.2 million of this charge was for lease obligation costs for a facility the Company ceased using during the second quarter of fiscal 2007.

During the fourth quarter of fiscal 2007, the Company reversed approximately \$0.9 million of the Company's severance accrual because some employees voluntarily left the Company and other employees found alternative employment within the Company, and were therefore no longer entitled to severance payments.

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

Table of Contents

Fourth Quarter of Fiscal 2007 Special Charges

Consolidation of a Wafer Fabrication Facility in Limerick

During the fourth quarter of fiscal 2007, the Company recorded a special charge of \$13.7 million as a result of the Company's decision to solely use eight-inch technology at its wafer fabrication facility in Limerick. Certain manufacturing processes and products produced on the Limerick facility's six-inch production line will transition to the existing eight-inch production line in Limerick while others will transition to external foundries. The charge is for severance and fringe benefit costs recorded pursuant to SFAS 88 under the Company's ongoing benefit plan for 150 manufacturing employees. Production is expected to cease in the six-inch wafer fabrication facility during the first half of fiscal 2009, at which time the employment of the affected employees will be terminated.

As of May 3, 2008, 147 of the 150 employees included in this action were still employed by the Company. These employees must continue to be employed until their employment is involuntarily terminated in order to receive the severance benefit. The Company expects to incur additional closure expenses related to this action of approximately \$6 million during fiscal 2009. In accordance with SFAS 146, these costs will be expensed as incurred.

Reduction of Overhead Infrastructure Costs

During the fourth quarter of fiscal 2007, the Company decided to either deemphasize or exit certain businesses or products and focus investments in products and end markets where the Company has better opportunities for profitable growth. In September 2007, the Company entered into a definitive agreement to sell its Baseband Chipset Business. As a result of these decisions, the Company decided to reduce the support infrastructure in manufacturing, engineering and SMG&A to more appropriately reflect the required overhead structure of the Company. Consequently, during the fourth quarter of fiscal 2007, the Company recorded a special charge of \$12.3 million, of which \$10.7 million was for severance and fringe benefit costs recorded pursuant to SFAS 88 under the Company's ongoing benefit plan or statutory requirements at foreign locations for 25 manufacturing employees and 127 engineering and selling, marketing, general and administrative employees. The remaining \$1.6 million was for contract termination costs related to a license agreement associated with products the Company will no longer develop and for which there is no future alternative use. These actions were substantially completed in the second quarter of fiscal 2008.

As of May 3, 2008, 20 of the 152 employees included in this action were still employed by the Company. These employees must continue to be employed until their employment is involuntarily terminated in order to receive the severance benefit.

Note 7 — Segment Information

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

[Table of Contents](#)*Revenue Trends by End Market*

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

	Three Months Ended May 3, 2008			Three Months Ended May 5, 2007	
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue
Industrial	\$ 327,879	50%	10%	\$ 297,211	50%
Communications	161,939	25%	20%	134,504	22%
Consumer	129,086	20%	(2%)	131,185	22%
Computer	30,436	5%	(12%)	34,583	6%
Total Product Revenue	\$ 649,340	100%	9%	\$ 597,483	100%

	Six Months Ended May 3, 2008			Six Months Ended May 5, 2007**	
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue
Industrial	\$ 630,081	50%	6%	\$ 596,483	50%
Communications	308,665	24%	19%	258,839	22%
Consumer	261,669	21%	1%	258,845	22%
Computer	62,834	5%	(16%)	74,581	6%
Total Product Revenue	\$ 1,263,249	100%	6%	\$ 1,188,748	100%
Revenue from one-time IP license*	—			35,000	
Total Revenue	\$ 1,263,249			\$ 1,223,748	

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

** Fiscal 2008 is a 52-week year and fiscal 2007 was a 53-week year. The additional week in fiscal 2007 was included in the first quarter ended February 3, 2007. Therefore, the first six months of fiscal 2007 included an additional week of operations as compared to the first six months of fiscal 2008.

[Table of Contents](#)

Revenue Trends by Product Type

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

	Three Months Ended May 3, 2008			Three Months Ended May 5, 2007		
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue	
Converters	\$ 297,686	46%	9%	\$ 274,236	46%	
Amplifiers	151,419	23%	10%	137,185	23%	
Other analog	100,920	16%	1%	99,543	17%	
Subtotal analog signal processing	550,025	85%	8%	510,964	86%	
Power management & reference	34,701	5%	16%	29,853	5%	
Total analog products	\$ 584,726	90%	8%	\$ 540,817	91%	
General purpose DSP	58,281	9%	18%	49,447	8%	
Other DSP	6,333	1%	(12%)	7,219	1%	
Total digital signal processing	\$ 64,614	10%	14%	\$ 56,666	9%	
Total Product Revenue	\$ 649,340	100%	9%	\$ 597,483	100%	

	Six Months Ended May 3, 2008			Six Months Ended May 5, 2007**		
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue	
Converters	\$ 578,767	46%	8%	\$ 537,502	45%	
Amplifiers	288,831	23%	5%	274,915	23%	
Other analog	200,070	16%	3%	194,982	17%	
Subtotal analog signal processing	1,067,668	85%	6%	1,007,399	85%	
Power management & reference	68,116	5%	11%	61,379	5%	
Total analog products	\$ 1,135,784	90%	6%	\$ 1,068,778	90%	
General purpose DSP	113,400	9%	8%	105,147	9%	
Other DSP	14,065	1%	(5%)	14,823	1%	
Total digital signal processing	\$ 127,465	10%	6%	\$ 119,970	10%	
Total Product Revenue	\$ 1,263,249	100%	6%	\$ 1,188,748	100%	
Revenue from one-time IP license*	—			35,000		
Total Revenue	\$ 1,263,249			\$ 1,223,748		

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

** Fiscal 2008 is a 52-week year and fiscal 2007 was a 53-week year. The additional week in fiscal 2007 was included in the first quarter ended February 3, 2007. Therefore, the first six months of fiscal 2007 included an additional week of operations as compared to the first six months of fiscal 2008.

[Table of Contents](#)

Revenue Trends by Geographic Region

Product revenue by geographic region, based upon customer location, for the three- and six- month periods ended May 3, 2008 and May 5, 2007 was as follows:

Region	Three Months Ended		Six Months Ended	
	May 3, 2008	May 5, 2007	May 3, 2008	May 5, 2007
United States	\$ 131,008	\$ 132,374	\$ 262,753	\$ 281,980
Rest of North and South America	24,127	26,143	45,145	39,770
Europe	174,759	144,602	331,466	289,794
Japan	128,247	127,459	252,483	245,871
China	99,431	76,312	180,726	146,099
Rest of Asia	91,768	90,593	190,676	185,234
Total Product Revenue	\$ 649,340	\$ 597,483	\$ 1,263,249	\$ 1,188,748

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

Note 8 — Goodwill and Intangible Assets

Goodwill

The Company evaluates goodwill for impairment annually as well as whenever events or changes in circumstances suggest that the carrying value of goodwill may not be recoverable. Because the Company has one reporting segment under SFAS 142, the Company utilizes the entity-wide approach for assessing goodwill for impairment and compares its market value to its net book value to determine if an impairment exists. No impairment of goodwill resulted from the Company’s most recent evaluation of goodwill for impairment, which occurred in the fourth quarter of fiscal 2007. No impairment of goodwill resulted in any of the fiscal periods presented. The Company’s next annual impairment assessment will be made in the fourth quarter of fiscal 2008 unless indicators arise that would require the Company to reevaluate goodwill at an earlier date. The following table presents the changes in goodwill during the first six months of fiscal 2008 and the fiscal year ended November 3, 2007:

	Six Months Ended May 3, 2008	Fiscal Year Ended November 3, 2007
Balance at beginning of period	\$ 279,469	\$ 256,209
Acquisition of TTPCom assets(1)	—	4,273
Acquisition of Integrant Technologies(2)	—	13,282
Goodwill allocated to sale of businesses (3)	(12,649)	—
Foreign currency translation adjustment	(8,123)	5,705
Balance at end of period	<u>\$ 258,697</u>	<u>\$ 279,469</u>

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

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

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

[Table of Contents](#)

Intangible Assets

The Company reviews identified intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. Recoverability of these assets is measured by comparison of their carrying value to future undiscounted cash flows the assets are expected to generate over their remaining economic lives. If such assets are considered to be impaired, the impairment to be recognized in earnings equals the amount by which the carrying value of the assets exceeds their fair market value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique. In connection with the sale of its Baseband Chipset Business to MediaTek Inc., the Company wrote off \$7.9 million of intangible assets against the gain realized by the Company on the sale. These assets had been classified as current assets of discontinued operations in prior periods.

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

	May 3, 2008		November 3, 2007	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Technology-based	\$ 42,005	\$ 26,096	\$ 43,626	\$ 23,303
Tradename	1,622	1,535	1,687	1,403
Customer Relationships	5,746	3,291	5,798	2,470
Other	6,563	6,496	6,582	6,364
Total	<u>\$ 55,936</u>	<u>\$ 37,418</u>	<u>\$ 57,693</u>	<u>\$ 33,540</u>

Intangible assets acquired prior to the third quarter of fiscal 2006 continue to be amortized on a straight-line basis over their estimated useful lives, which range from five to ten years. The intangible assets acquired during fiscal 2006 are being amortized over their estimated useful lives of two to five years using an accelerated method of amortization that is expected to reflect the estimated pattern of economic use. The remaining amortization expense will be recognized over a weighted-average period of approximately 1.5 years. Amortization expense was \$2.6 million and \$2.2 million for the three-month periods ended May 3, 2008 and May 5, 2007, respectively, and \$5.0 million and \$4.7 million for the six-month periods ended May 3, 2008 and May 5, 2007, respectively.

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

Fiscal Year	Amortization Expense
Remainder of 2008	\$4,234
2009	\$7,140
2010	\$4,639
2011	\$2,332
2012	\$ 173

[Table of Contents](#)**Note 9 — Pension Plans**

The Company has various defined benefit pension and other retirement plans for certain non-U.S. employees that are consistent with local statutory requirements and practices. The Company's funding policy for its foreign defined benefit pension plans is consistent with the local requirements of each country. The plans' assets consist primarily of U.S. and non-U.S. equity securities, bonds, property and cash.

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

	Three Months Ended	
	May 3, 2008	May 5, 2007
Service cost	\$ 2,469	\$ 2,759
Interest cost	2,637	2,212
Expected return on plan assets	(3,173)	(2,384)
Amortization of prior service cost	2	2
Amortization of initial net asset	(11)	(9)
Amortization of net loss	48	203
Net periodic pension cost	<u>\$ 1,972</u>	<u>\$ 2,783</u>

	Six Months Ended	
	May 3, 2008	May 5, 2007
Service cost	\$ 4,858	\$ 5,468
Interest cost	5,179	4,453
Expected return on plan assets	(6,229)	(4,811)
Amortization of prior service cost	4	4
Amortization of initial net asset	(22)	(17)
Amortization of net loss	99	399
Net periodic pension cost	<u>\$ 3,889</u>	<u>\$ 5,496</u>

Pension contributions of \$2.3 million and \$4.5 million were made by the Company during the three and six months ended May 3, 2008. The Company presently anticipates contributing an additional \$4.1 million to fund its defined benefit pension plans in fiscal year 2008 for a total of \$8.6 million.

Note 10 — Commitments and Contingencies*Settlement of the SEC's Previously Announced Stock Option Investigation*

In the Company's 2004 Form 10-K filing, the Company disclosed that the Securities and Exchange Commission (SEC) had initiated an inquiry into its stock option granting practices, focusing on options that were granted shortly before the issuance of favorable financial results. On November 15, 2005, the Company announced that it had reached a tentative settlement with the SEC.

At all times since receiving notice of this inquiry, the Company has cooperated with the SEC. In November 2005, the Company and its President and CEO, Mr. Jerald G. Fishman, made an offer of settlement to the Staff of the SEC. The settlement was submitted to the Commission for approval, and the Company expects the resolution of this matter in the near future.

The SEC's inquiry focused on two separate issues. The first issue concerned the Company's disclosure regarding grants of options to employees and directors prior to the release of favorable financial results. Specifically, the issue related to options granted to employees (including officers) of the Company on November 30, 1999 and to employees (including officers) and directors of the Company on November 10, 2000. The Staff of the SEC has indicated that, in the settlement, the Commission will not charge the Company or Mr. Fishman with any violation of law with respect to this issue.

[Table of Contents](#)

The second issue concerned the grant dates for options granted to employees (including officers) in 1998 and 1999, and the grant date for options granted to employees (including officers) and directors in 2001. Specifically, the settlement will conclude that the appropriate grant date for the September 4, 1998 options should have been September 8th (which is one trading day later than the date that was used to price the options); the appropriate grant date for the November 30, 1999 options should have been November 29th (which is one trading day earlier than the date that was used); and the appropriate grant date for the July 18, 2001 options should have been July 26th (which is five trading days after the original date).

In connection with the settlement, the Company will consent to a cease-and-desist order under Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder, pay a civil money penalty of \$3 million, and reprice options granted to Mr. Fishman in certain years. Options granted to all others will not be affected. Mr. Fishman will consent to a cease-and-desist order under Sections 17(a)(2) and (3) of the Securities Act, pay a civil money penalty of \$1 million, and make a disgorgement payment with respect to options granted in 1998. With the exception of options granted in 1998, Mr. Fishman has not exercised or sold any of the options identified in this matter. The Company and Mr. Fishman will settle this matter without admitting or denying the Commission's findings.

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

Other Legal Proceedings

In May 2006, the Company received a document subpoena from the U.S. Attorney for the Southern District of New York requesting records from 2000 to the present relating to the Company's granting of stock options. The Company believes that the options at issue in this matter are the same option grants which have been the subject of investigation by the SEC. The Company has cooperated with the office of the U.S. Attorney in connection with this subpoena. The Company cannot predict the outcome of this matter, but believes the disposition of the matter will not have a material adverse effect on the Company or its financial position.

On October 13, 2006, a purported class action complaint was filed in the United States District Court for the District of Massachusetts on behalf of participants in the Company's Investment Partnership Plan from October 5, 2000 to the present. The complaint named as defendants the Company, certain officers and directors, and the Company's Investment Partnership Plan Administration Committee. The complaint alleges purported violations of federal law in connection with the Company's option granting practices during the years 1998, 1999, 2000, and 2001, including breaches of fiduciary duties owed to participants and beneficiaries of the Company's Investment Partnership Plan under the Employee Retirement Income Security Act. The complaint seeks unspecified monetary damages, as well as equitable and injunctive relief. The Company intends to vigorously defend against these allegations. On November 22, 2006, the Company and the individual defendants filed motions to dismiss the complaint. On January 8, 2007, the Plaintiff filed memoranda in opposition. On January 22, 2007, the Company and the individual defendants filed further memoranda in support of the motions to dismiss. The court heard the Company's motion to dismiss on January 30, 2008, but has not yet issued a ruling. Although the Company believes it has meritorious defenses to the asserted claims, it is unable at this time to predict the outcome of this proceeding.

From time to time in the ordinary course 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.

While the Company does not believe that any of the matters described above will have a material adverse effect on the Company's financial position, an adverse outcome of any of these matters is possible and could have a material adverse effect on the Company's consolidated results of operations or cash flows in the quarter or annual period in which one or more of these matters are resolved.

Note 11 — Common Stock Repurchase

The Company's common stock repurchase program has been in place since August 2004. In the aggregate, the Board of Directors has authorized the Company to repurchase \$4 billion of the Company's common stock under the program. Under the program, the Company may repurchase outstanding shares of its common stock from time to time in the open market and through privately negotiated transactions. Unless terminated earlier by resolution of the Company's Board of Directors, the repurchase program will expire when the Company has repurchased all shares authorized under the program. The Company

repurchased approximately 5.8 million shares for approximately \$165.4 million during the second quarter of fiscal 2008. As of May 3, 2008, the Company had repurchased a total of approximately 113.0 million shares of its common stock for approximately \$3.9 billion under this program and an additional \$140.4 million remains under the current authorized program. The repurchased shares are held as authorized but unissued shares of common stock. The Company also from time to time repurchases shares in settlement of employee tax withholding obligations due upon the vesting of restricted stock or restricted stock units, or the exercise of stock options.

Note 12 — Discontinued Operations

On November 8, 2007, the Company entered into a purchase and sale agreement with certain subsidiaries of ON Semiconductor Corporation to sell the Company's CPU voltage regulation and PC thermal monitoring business which consists of core voltage regulator products for the central processing unit in computing and gaming applications and temperature sensors and fan-speed controllers for managing the temperature of the central processing unit. During the first quarter of fiscal 2008, the Company completed the sale of this business for net cash proceeds of \$138 million, which was net of other cash payments of approximately \$1.4 million. The Company made the final additional cash payments of approximately \$2.2 million in the second quarter of fiscal 2008. The Company recorded a pre-tax gain in the first quarter of fiscal 2008 of \$78 million, or \$43 million net of tax, which is recorded as a gain on sale of discontinued operations. Additionally, the Company entered into a one-year manufacturing supply agreement with a subsidiary of ON Semiconductor Corporation for an additional \$37 million. The Company has allocated the proceeds from this arrangement based on the fair value of the two elements of this transaction: 1) the sale of a business and 2) the obligation to manufacture product for a one-year period. As a result, \$85 million was recorded as a liability related to the manufacturing supply agreement, of which approximately \$55 million was outstanding as of May 3, 2008. The liability is included in current liabilities of discontinued operations on the Company's condensed consolidated balance sheet. The Company will record the revenue associated with this manufacturing supply agreement in discontinued operations over the next eight months. As a result, the Company has classified inventory for these arrangements as current assets of discontinued operations. The Company may receive additional proceeds of up to \$7.5 million, currently held in escrow, upon the resolution of certain contingent items, which would be recorded as additional gain from the sale of discontinued operations.

In September 2007, the Company entered into a definitive agreement to sell its Baseband Chipset Business to MediaTek Inc. The decision to sell the Baseband Chipset Business was due to the Company's decision to focus its resources in areas where its signal processing expertise can provide unique capabilities and earn superior returns. On January 11, 2008, the Company completed the sale of its Baseband Chipset Business for net cash proceeds of \$269 million. The cash proceeds received were net of a refundable withholding tax of \$62 million and other cash payments of approximately \$9 million. The Company made additional cash payments of \$4.8 million during the second quarter of fiscal 2008 and expects to make additional cash payments of approximately \$5.6 million over the next three months, primarily related to retention payments to employees that transferred to MediaTek Inc. The Company recorded a pre-tax gain in the first quarter of fiscal 2008 of \$278 million, or \$204 million net of tax, which is recorded as a gain on sale of discontinued operations. The Company may receive additional proceeds of up to \$10 million, currently held in escrow, upon the resolution of certain contingent items, which would be recorded as additional gain from the sale of discontinued operations.

During the second quarter of fiscal 2008, the Company made a \$67.3 million income tax payment related to the gain on the sale of these businesses. This tax payment is reflected in the statement of cash flows as a decrease in net cash provided by operating activities. Under SFAS No. 95, *Statement of Cash Flows*, all income tax payments are included in determining net cash flow from operating activities but the cash received from the sale of the businesses must be reported as an investing cash flow.

The Company will receive additional amounts under various transition service agreements entered into in connection with these dispositions over the next three quarters. The transition service agreements include manufacturing, engineering support and certain human resource services and information technology systems support. The Company has evaluated the nature of the transition services and has concluded the services will be primarily completed within the one-year assessment period and the Company does not have the ability to exert significant influence over the disposed businesses' operating and financial policies. Accordingly, the Company has concluded that it does not have a significant continuing involvement with the disposed businesses and has presented the disposition of these businesses as discontinued operations pursuant to SFAS 144.

The following amounts related to the CPU voltage regulation and PC thermal monitoring and Baseband Chipset businesses have been segregated from continuing operations and reported as discontinued operations and also include the revenue and costs of services provided under the manufacturing supply agreement.

[Table of Contents](#)

	Three Months Ended	
	May 3, 2008	May 5, 2007
Total revenue	\$ 21,130	\$ 71,649
Cost of sales	19,555	51,236
Operating expenses:		
Research and development	181	19,993
Selling, marketing, general and administrative	258	2,835
Income (loss) before income taxes	1,136	(2,415)
Benefit from income taxes	(2,058)	(2,193)
Income (loss) from discontinued operations, net of tax	<u>\$ 3,194</u>	<u>\$ (222)</u>

	Six Months Ended	
	May 3, 2008	May 5, 2007
Total revenue	\$ 68,493	\$ 136,998
Cost of sales	52,538	99,232
Operating expenses:		
Research and development	12,505	40,807
Selling, marketing, general and administrative	2,001	5,536
Gain on sale of discontinued operations	(356,016)	—
Income (loss) before income taxes	357,465	(8,577)
Provision for (benefit from) income taxes	105,400	(5,129)
Income (loss) from discontinued operations, net of tax	<u>\$ 252,065</u>	<u>\$ (3,448)</u>

	May 3, 2008	November 3, 2007
Accounts receivable, net	\$ —	\$ 34,575
Inventory	11,122	37,602
Property, plant and equipment, net	—	7,360
Intangibles, net	—	7,920
Total assets reclassified to current assets of discontinued operations	<u>\$ 11,122</u>	<u>\$ 87,457</u>

Refundable foreign withholding tax	<u>\$ 62,037</u>	<u>\$ —</u>
Total assets reclassified to non-current assets of discontinued operations	<u>\$ 62,037</u>	<u>\$ —</u>

Accounts payable	\$ 2,727	\$ 14,011
Income taxes payable	41,041	—
Deferred income on shipments to distributors	—	966
Liabilities associated with a manufacturing supply agreement	55,324	—
Accrued liabilities	6,509	9,176
Total liabilities reclassified to current liabilities of discontinued operations	<u>\$ 105,601</u>	<u>\$ 24,153</u>

Note 13 — Income Taxes

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

On November 4, 2007 (the first day of its 2008 fiscal year), the Company adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 differs from the prior standards in that it requires companies to determine whether it is "more likely than not" that a tax position will be sustained by the appropriate taxing authorities before any benefit can be recorded in the financial statements. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. There were no changes to the Company's liabilities for uncertain tax positions as a result of the adoption of FIN 48. As of May 3, 2008, the Company had \$11.2 million of liabilities related to tax contingencies. In accordance with FIN 48, these liabilities are classified as non-current, and included in other non-current liabilities, because the Company believes that the ultimate payment or settlement of these liabilities will not occur within the next twelve months. Prior to the adoption of FIN 48, these amounts were included in current income tax payable. The \$11.2 million liability for uncertain tax positions as of May 3, 2008 included \$5.5 million for interest and penalties. If these tax positions were settled in the Company's favor, these liabilities would be reversed and lower the Company's effective tax rate in the period recorded. The Company includes interest and penalties related to unrecognized tax benefits within the provision for taxes in the condensed consolidated statements of income, and as a result, no change in classification was made upon adopting FIN 48. The condensed consolidated statement of income for the three- and six-month periods ended May 3, 2008 includes \$0.2 million and \$0.4 million, respectively, of interest and penalties related to these uncertain tax positions. Due to the complexity associated with its tax uncertainties, the Company cannot make a reasonably reliable estimate as to the period in which it expects to settle the liabilities associated with these uncertain tax positions.

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

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

Although the Company believes its estimates of income tax payable are reasonable, no assurance can be given that the Company will prevail in the matters raised related to fiscal years 2004, 2005, 2006 and 2007 and that the outcome of one or all of these matters will not be different than that which is reflected in the historical income tax provisions and accruals. The

[Table of Contents](#)

Company believes such differences would not have a material impact on the Company's financial condition but could have a material impact on the Company's income tax provision, operating results and operating cash flows in the period in which such matters are resolved.

Note 14 — New Accounting Standards

Derivative Instruments and Hedging Activities

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

Business Combinations

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

Noncontrolling Interests

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

Fair Value Measurements

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

Accounting for Financial Assets and Financial Liabilities

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

Note 15 — Subsequent Events

A significant portion of the Company's cash and short term investments balance is currently held outside the United States in various foreign subsidiaries. As the Company intends to reinvest certain of its foreign earnings indefinitely, this cash is not available to meet certain of the Company's cash requirements in the United States, including for cash dividends and common stock repurchases. The Company entered into a five-year \$165 million unsecured revolving credit facility with certain institutional lenders on May 12, 2008 in order to supplement its occasional cash requirements in the United States. To date, the Company has not borrowed under this credit facility but the Company may borrow in the future and use the proceeds to support commercial paper issuance, for stock repurchases, dividend payments, acquisitions, capital expenditures, working capital and other lawful corporate purposes. Any advances under this credit agreement will accrue interest at rates that are equal to LIBOR plus a margin that is based on the Company's leverage ratio. The terms of this facility also include financial covenants that require the Company to maintain a minimum interest coverage ratio and not exceed a maximum leverage ratio. The terms of the facility also impose restrictions on the Company's ability to undertake certain transactions, to create certain liens on assets and to incur certain subsidiary indebtedness.

On May 19, 2008, the Company's Board of Directors declared a cash dividend of \$0.20 per outstanding share of common stock. The dividend will be paid on June 18, 2008 to all shareholders of record at the close of business on May 30, 2008.

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

This information should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in Item 1 of this Quarterly Report on Form 10-Q and the audited consolidated financial statements and related notes and Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the fiscal year ended November 3, 2007.

This Management’s Discussion and Analysis of Financial Condition and Results of Operations, including in particular the section entitled “Outlook,” contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”). These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “continues,” “may,” variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified in Part II, Item 1A. Risk Factors and elsewhere in our Quarterly Report on Form 10-Q. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

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

Results of Operations

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

Overview

	Three Months Ended		Six Months Ended	
	May 3, 2008	May 5, 2007	May 3, 2008	May 5, 2007
Total revenue	\$649,340	\$597,483	\$1,263,249	\$1,223,748
Gross margin %	61.0%	60.5%	61.1%	62.2%
Income from continuing operations, net of tax	\$129,892	\$125,578	\$ 251,740	\$ 282,031
Income from continuing operations, net of tax as a % of total revenue	20.0%	21.0%	19.9%	23.0%
Diluted EPS from continuing operations	\$ 0.44	\$ 0.37	\$ 0.84	\$ 0.82
Diluted EPS	\$ 0.45	\$ 0.37	\$ 1.68	\$ 0.81

Fiscal 2008 is a 52-week year and fiscal 2007 was a 53-week year. The additional week in fiscal 2007 was included in the first quarter ended February 3, 2007. Therefore, the first six months of fiscal 2007 included an additional week of operations as compared to the first six months of fiscal 2008.

[Table of Contents](#)*Revenue Trends by End Market*

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

	Three Months Ended May 3, 2008			Three Months Ended May 5, 2007	
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue
Industrial	\$ 327,879	50%	10%	\$ 297,211	50%
Communications	161,939	25%	20%	134,504	22%
Consumer	129,086	20%	(2%)	131,185	22%
Computer	30,436	5%	(12%)	34,583	6%
Total Product Revenue	\$ 649,340	100%	9%	\$ 597,483	100%

	Six Months Ended May 3, 2008			Six Months Ended May 5, 2007**	
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue
Industrial	\$ 630,081	50%	6%	\$ 596,483	50%
Communications	308,665	24%	19%	258,839	22%
Consumer	261,669	21%	1%	258,845	22%
Computer	62,834	5%	(16%)	74,581	6%
Total Product Revenue	\$ 1,263,249	100%	6%	\$ 1,188,748	100%
Revenue from one-time IP license*	—			35,000	
Total Revenue	\$ 1,263,249			\$ 1,223,748	

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

** Fiscal 2008 is a 52-week year and fiscal 2007 was a 53-week year. The additional week in fiscal 2007 was included in the first quarter ended February 3, 2007. Therefore, the first six months of fiscal 2007 included an additional week of operations as compared to the first six months of fiscal 2008.

Industrial — The year-to-year increases in both the three- and six-month periods were primarily the result of revenue growth in products sold into the instrumentation sector of this end market and, to a lesser extent, the automotive sector of the industrial end market. These increases were partially offset by a decline in revenue from the automatic test equipment portion of this end market.

Communications — The year-to-year increases in both the three- and six-month periods were primarily the result of revenue growth in sales of products used in wireless infrastructure applications and products used in mobile devices.

Consumer — The year-to-year decrease in the three-month period was primarily the result of decreased sales of our products used in video game applications and digital home applications, which was partially offset by an increase in sales of our products used in digital cameras. The year-to-year increase in the six-month period was primarily the result of an increase in

[Table of Contents](#)

sales of our products used in digital cameras and advanced televisions, which was partially offset by a decrease in sales of our products used in video game applications and digital home applications.

Computer — The year-to-year decreases in both the three- and six-month periods were primarily the result of broad-based declines in sales of our products into this end market.

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

Revenue Trends by Product Type

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

	Three Months Ended May 3, 2008			Three Months Ended May 5, 2007	
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue
Converters	\$ 297,686	46%	9%	\$ 274,236	46%
Amplifiers	151,419	23%	10%	137,185	23%
Other analog	100,920	16%	1%	99,543	17%
Subtotal analog signal processing	550,025	85%	8%	510,964	86%
Power management & reference	34,701	5%	16%	29,853	5%
Total analog products	\$ 584,726	90%	8%	\$ 540,817	91%
General purpose DSP	58,281	9%	18%	49,447	8%
Other DSP	6,333	1%	(12%)	7,219	1%
Total digital signal processing	\$ 64,614	10%	14%	\$ 56,666	9%
Total Product Revenue	\$ 649,340	100%	9%	\$ 597,483	100%

[Table of Contents](#)

	Six Months Ended May 3, 2008			Six Months Ended May 5, 2007**	
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue
Converters	\$ 578,767	46%	8%	\$ 537,502	45%
Amplifiers	288,831	23%	5%	274,915	23%
Other analog	200,070	16%	3%	194,982	17%
Subtotal analog signal processing	1,067,668	85%	6%	1,007,399	85%
Power management & reference	68,116	5%	11%	61,379	5%
Total analog products	\$ 1,135,784	90%	6%	\$ 1,068,778	90%
General purpose DSP	113,400	9%	8%	105,147	9%
Other DSP	14,065	1%	(5%)	14,823	1%
Total digital signal processing	\$ 127,465	10%	6%	\$ 119,970	10%
Total Product Revenue	\$ 1,263,249	100%	6%	\$ 1,188,748	100%
Revenue from one-time IP license*	—			35,000	
Total Revenue	\$ 1,263,249			\$ 1,223,748	

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

** Fiscal 2008 is a 52-week year and fiscal 2007 was a 53-week year. The additional week in fiscal 2007 was included in the first quarter ended February 3, 2007. Therefore, the first six months of fiscal 2007 included an additional week of operations as compared to the first six months of fiscal 2008.

Our sales increases in the three- and six-month periods in fiscal 2008 as compared to the same periods in fiscal 2007 were the result of a broad-based increase in sales across many of our product categories. The increase in sales of converters and amplifiers was partially attributable to an increase in demand for our products used in the industrial and communications end markets.

Revenue Trends by Geographic Region

Product revenue by geographic region, based upon customer location, for the three- and six-month periods ended May 3, 2008 and May 5, 2007 was as follows:

Region	Three Months Ended		Six Months Ended	
	May 3, 2008	May 5, 2007	May 3, 2008	May 5, 2007
United States	\$ 131,008	\$ 132,374	\$ 262,753	\$ 281,980
Rest of North and South America	24,127	26,143	45,145	39,770
Europe	174,759	144,602	331,466	289,794
Japan	128,247	127,459	252,483	245,871
China	99,431	76,312	180,726	146,099
Rest of Asia	91,768	90,593	190,676	185,234
Total Product Revenue	\$ 649,340	\$ 597,483	\$ 1,263,249	\$ 1,188,748

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

[Table of Contents](#)

Gross Margin

	Three Months Ended		Six Months Ended	
	May 3, 2008	May 5, 2007	May 3, 2008	May 5, 2007
Gross margin	\$396,021	\$361,228	\$771,824	\$760,892
Gross margin %	61.0%	60.5%	61.1%	62.2%

Gross margin percentage was higher by 50 basis points in the second quarter of fiscal 2008 as compared to the second quarter of fiscal 2007 as a result of an increase in sales of products used in the industrial and communications end markets, which earn relatively higher gross margins than our average margin.

Gross margin percentage was lower by 110 basis points in the six months ended May 3, 2008 as compared to the same period of fiscal 2007. Gross margin percentage in the six months ended May 5, 2007 was higher as a result of the recording of \$35 million we received in exchange for the licensing of certain intellectual property rights to a third party with no associated cost of sales.

Stock-Based Compensation Expense

During the first quarter of fiscal 2006, on October 30, 2005, we adopted the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment*, or SFAS 123R, using the modified prospective application method. Compensation cost is calculated on the date of grant using the fair value of the options as calculated using the Black-Scholes option pricing model. As of May 3, 2008, the total compensation cost related to unvested awards not yet recognized in the statement of income was approximately \$145.6 million (before tax consideration), which will be recognized over a weighted average period of 1.8 years. See Note 3 in the Notes to our Condensed Consolidated Financial Statements contained in Item 1 of this Quarterly Report on Form 10-Q for further information regarding our adoption of SFAS 123R.

Research and Development

	Three Months Ended		Six Months Ended	
	May 3, 2008	May 5, 2007	May 3, 2008	May 5, 2007
R&D expenses	\$134,653	\$126,696	\$264,192	\$249,773
R&D expenses as a % of product revenue	20.7%	21.2%	20.9%	21.0%

Research and development, or R&D, expenses increased \$8.0 million, or 6%, in the second quarter of fiscal 2008 as compared to the second quarter of fiscal 2007. This increase was primarily the result of higher employee salary, benefit and bonus expenses, which were partially offset by lower employee stock option expense and the savings associated with our restructuring actions.

R&D expenses increased \$14.4 million, or 6%, in the first six months of fiscal 2008 as compared to the same period of fiscal 2007. This increase was primarily the result of higher employee salary, benefit and bonus expenses, which was partially offset by one less week of operations in the first quarter of fiscal 2008 than in the first quarter of fiscal 2007, lower employee stock option expense and the savings associated with our restructuring actions.

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

[Table of Contents](#)

Selling, Marketing, General and Administrative

	Three Months Ended		Six Months Ended	
	May 3, 2008	May 5, 2007	May 3, 2008	May 5, 2007
SMG&A expenses	\$104,183	\$90,210	\$204,534	\$192,190
SMG&A expenses as a % of product revenue	16.0%	15.1%	16.2%	16.2%

Selling, marketing, general and administrative, or SMG&A, expenses increased \$14.0 million, or 15%, in the second quarter of fiscal 2008 as compared to the second quarter of fiscal 2007. This increase was primarily the result of a litigation settlement of \$8.5 million that we received in the second quarter of fiscal 2007 for the reimbursement of legal expenses. In addition, employee salary, benefit and bonus expenses were higher in the second quarter of fiscal 2008 as compared to the second quarter of fiscal 2007 and were partially offset by lower employee stock option expense.

SMG&A expenses increased \$12.3 million, or 6%, in the first six months of fiscal 2008 as compared to the first six months of fiscal 2007. This increase was primarily the result of a litigation settlement of \$8.5 million that we received in the second quarter of fiscal 2007 for the reimbursement of legal expenses. In addition, employee salary, benefit and bonus expenses were higher in the first six months of fiscal 2008 as compared to the first six months of fiscal 2007 and were partially offset by lower employee stock option expense and one less week of operations in the first quarter of fiscal 2008.

Special Charges

Closure of Wafer Fabrication Facility in Sunnyvale

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

In addition to the charge recorded in the fourth quarter of fiscal 2005, we recorded additional expense during fiscal 2006, which consisted of \$18.3 million of non-cash cost of sales expenses for additional depreciation due to shortened useful lives of certain manufacturing equipment and \$2.0 million for stay-on bonuses. We reversed approximately \$2.0 million of our severance accrual during fiscal 2006 because some employees voluntarily left the company, other employees found alternative employment within the company, and there was an over accrual related to fringe benefits because severance payments, normally paid as income continuance, were paid in lump sum payments, which reduced the benefit costs associated with these payments. We have terminated the employment of all of the remaining employees included in this action. We ceased production at the wafer fabrication facility on November 9, 2006. During the first quarter of fiscal 2007, we recorded additional expense, in accordance with SFAS 146, *Accounting for Costs Associated with Exit or Disposal Activities* (SFAS 146), which consisted of \$3.2 million for clean-up and closure costs that were charged to expense as incurred and \$0.4 million for lease obligation costs for a warehouse facility we ceased using during the first quarter of fiscal 2007. During the second quarter of fiscal 2007, we recorded a special charge, in accordance with SFAS 146, which included \$5.0 million of expense for future lease obligation costs for the wafer fabrication facility that we ceased using during the second quarter of fiscal 2007. The lease obligation costs are being paid out on a monthly basis over the remaining lease term which expires in 2010. Also included in this special charge was \$1.7 million for clean-up and closure costs that were charged to expense as incurred. The clean-up activity was completed during the second quarter of fiscal 2007, and we do not expect to incur any additional charges related to this action.

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

Table of Contents

Reorganization of Product Development and Support Programs

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

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

During the first quarter of fiscal 2007, we recorded an additional special charge of \$1.6 million related to this reorganization action. Approximately \$0.6 million of this charge was for contract termination costs. The remaining \$1.0 million relates to severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan for six engineering employees.

During the second quarter of fiscal 2007, we recorded an additional special charge of \$3.4 million related to this reorganization action. Approximately \$3.2 million related to the severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan or minimum statutory requirements at foreign locations for 20 engineering and selling, marketing, general and administrative employees. The remaining \$0.2 million of this charge was for lease obligation costs for a facility we ceased using during the second quarter of fiscal 2007.

During the fourth quarter of fiscal 2007, we reversed approximately \$0.9 million of our severance accrual because some employees voluntarily left the company and other employees found alternative employment within the company, and were therefore no longer entitled to severance payments.

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

Fourth Quarter of Fiscal 2007 Special Charges

Consolidation of a Wafer Fabrication Facility in Limerick

During the fourth quarter of fiscal 2007, we recorded a special charge of \$13.7 million as a result of our decision to solely use eight-inch technology at our wafer fabrication facility in Limerick. Certain manufacturing processes and products produced on the Limerick facility's six-inch production line will transition to our existing eight-inch production line in Limerick while others will transition to external foundries. The charge is for severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan for 150 manufacturing employees. Production is expected to cease in the six-inch wafer fabrication facility during the first half of 2009, at which time the employment of the affected employees will be terminated. These employees must continue to be employed until their employment is involuntarily terminated in order to receive the severance benefit. We expect to incur additional expenses related to this action during fiscal year 2009 of approximately \$6 million related to additional closure costs. In accordance with SFAS 146, these costs will be expensed as incurred. As of May 3, 2008, 147 of the 150 employees included in this cost reduction action were still employed by us. These employees must continue to be employed until their employment is involuntarily terminated in order to receive the severance benefit. The closure of this facility is estimated to result in annual cost savings of approximately \$25 million per year, expected to start during the second quarter of fiscal 2009. These annual savings will be in cost of sales, of which approximately \$1 million relates to non-cash depreciation savings.

[Table of Contents](#)

Reduction of Overhead Infrastructure Costs

During the fourth quarter of fiscal 2007, we decided to either deemphasize or exit certain businesses or products and focus investments in products and end markets where we have better opportunities for profitable growth. In September 2007, we entered into a definitive agreement to sell our Baseband Chipset Business. As a result, we decided to reduce the support infrastructure in manufacturing, engineering and SMG&A to more appropriately reflect our required overhead structure. Consequently, during the fourth quarter of fiscal 2007, we recorded a special charge of \$12.3 million, of which \$10.7 million was for severance and fringe benefit costs recorded pursuant to SFAS 88 under our ongoing benefit plan or statutory requirements at foreign locations for 25 manufacturing employees and 127 engineering and selling, marketing, general and administrative employees. The remaining \$1.6 million was for contract termination costs related to a license agreement associated with products we will no longer develop and for which there is no future alternative use. As of May 3, 2008, 20 of the 152 employees included in this cost reduction action were still employed by us. These employees must continue to be employed until their employment is involuntarily terminated in order to receive the severance benefit. These cost reduction actions, which were substantially completed in the second quarter of fiscal 2008, are expected to result in savings of approximately \$15 million per year. These savings are expected to be realized as follows: approximately \$7 million in R&D expenses, approximately \$6 million in SMG&A expenses and approximately \$2 million in cost of sales. A portion of these savings is reflected in our results for the first six months of fiscal 2008.

Operating Income from Continuing Operations

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>May 3, 2008</u>	<u>May 5, 2007</u>	<u>May 3, 2008</u>	<u>May 5, 2007</u>
Operating income from continuing operations	\$157,185	\$134,206	\$303,098	\$303,617
Operating income from continuing operations as a % of total revenue	24.2%	22.5%	24.0%	24.8%

The \$23.0 million increase in operating income from continuing operations in the second quarter of fiscal 2008 as compared to the second quarter of fiscal 2007 was primarily the result of an increase in revenue of \$51.9 million and a 50 basis point increase in gross margin percentage. This increase in operating income from continuing operations was partially offset by an increase in operating expenses as more fully described above under the headings *Research and Development* and *Selling, Marketing, General and Administrative*.

The \$0.5 million decrease in operating income from continuing operations in the first six months of fiscal 2008 as compared to the same period of fiscal 2007 was primarily because the first six months of fiscal 2007 included \$35 million in non-product revenue that we received in exchange for the licensing of certain intellectual property rights to a third party with no associated cost of sales, and an \$11.5 million increase in operating expenses as more fully described above under the headings *Research and Development* and *Selling, Marketing, General and Administrative*. These decreases in operating income from continuing operations were partially offset by the impact of a \$74.5 million increase in product revenue in the first six months of fiscal 2008 as compared to the same period of fiscal 2007.

Nonoperating (Income) Expense

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>May 3, 2008</u>	<u>May 5, 2007</u>	<u>May 3, 2008</u>	<u>May 5, 2007</u>
Interest income	\$ (10,669)	\$ (20,871)	\$ (23,195)	\$ (45,708)
Other expense (income), net	114	(10,221)	287	(17,686)
Total nonoperating income	<u>\$ (10,555)</u>	<u>\$ (31,092)</u>	<u>\$ (22,908)</u>	<u>\$ (63,394)</u>

Nonoperating income was lower by \$20.5 million in the second quarter of fiscal 2008 as compared to the second quarter of fiscal 2007 primarily due to the \$10.5 million we received in the second quarter of 2007 as part of a litigation settlement. Additionally, lower interest rates and, to a lesser extent, lower invested cash balances in the second quarter of fiscal 2008 as compared to the second quarter of fiscal 2007 contributed to the decrease.

[Table of Contents](#)

Nonoperating income was lower by \$40.5 million in the first six months of fiscal 2008 as compared to the same period of fiscal 2007 primarily as a result of lower invested cash balances and, to a lesser extent, lower interest rates in the first six months of fiscal 2008 as compared to the first six months of fiscal 2007. The first six months of fiscal 2007 also included \$10.5 million we received as part of a litigation settlement and a \$7.9 million gain from the sale of an investment.

Provision for Income Taxes

	Three Months Ended		Six Months Ended	
	May 3, 2008	May 5, 2007	May 3, 2008	May 5, 2007
Provision for income taxes	\$37,848	\$39,720	\$74,266	\$85,199
Effective income tax rate	22.6%	24.0%	22.8%	23.2%

Our effective tax rate reflects the applicable tax rate in effect in the various tax jurisdictions around the world where our income is earned. Our effective tax rate for the second quarter of fiscal 2008 was lower by 140 basis points compared to our effective tax rate for the second quarter of fiscal 2007. The decrease was primarily the result of the inclusion in the second quarter of fiscal 2007 of \$19 million we received from a settlement of litigation, which was taxed at the higher U.S. tax rate.

Our effective tax rate for the first six months of fiscal 2008 was lower by 40 basis points compared to our effective tax rate for the first six months of fiscal 2007. This decrease was primarily the result of a tax expense recorded in the first quarter of fiscal 2007 upon the finalization of the accounting for a 2006 acquisition and the following transactions in the first six months of fiscal 2007, which were taxed at the higher U.S. tax rate: the one-time receipt of \$35 million associated with the licensing of intellectual property to a third party, \$19 million we received from a settlement of litigation and the \$7.9 million gain on the sale of an investment. These items, which had the effect of increasing the 2007 tax rate, were partially offset by a \$9.9 million cumulative adjustment related to the application of the U.S. federal research and development tax credit to a portion of our fiscal 2006 results. Additionally, this credit that was available during fiscal 2007 expired during the first quarter of fiscal 2008.

Income from Continuing Operations, net of tax

	Three Months Ended		Six Months Ended	
	May 3, 2008	May 5, 2007	May 3, 2008	May 5, 2007
Income from continuing operations, net of tax	\$129,892	\$125,578	\$251,740	\$282,031
Income from continuing operations, net of tax as a % of total revenue	20.0%	21.0%	19.9%	23.0%
Diluted EPS from continuing operations	\$ 0.44	\$ 0.37	\$ 0.84	\$ 0.82

Income from continuing operations, net of tax, in the second quarter of fiscal 2008 was higher than in the second quarter of fiscal 2007 by approximately \$4.3 million primarily as a result of the \$23.0 million increase in operating income and a lower provision for income taxes in the second quarter of fiscal 2008 from continuing operations that was partially offset by the \$20.5 million decrease in nonoperating income.

Income from continuing operations, net of tax, in the first six months of fiscal 2008 was lower than in the first six months of fiscal 2007 by approximately \$30.3 million primarily as a result of a \$40.5 million decrease in nonoperating income that was partially offset by a lower provision for income taxes in the first six months of fiscal 2008.

[Table of Contents](#)

Discontinued Operations

	Three Months Ended		Six Months Ended	
	May 3, 2008	May 5, 2007	May 3, 2008	May 5, 2007
Income (loss) from discontinued operations, net of tax	\$ 3,194	\$ (222)	\$ 5,082	\$ (3,448)
Gain on sale of discontinued operations, net of tax	—	—	246,983	—
Income (loss) from discontinued operations, net of tax	\$ 3,194	\$ (222)	\$ 252,065	\$ (3,448)
Diluted EPS from discontinued operations	\$ 0.01	\$ —	\$ 0.84	\$ (0.01)

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

Outlook

Orders remained strong in the second quarter, and increased in comparison to the immediately prior quarter. Our operating plan for the third quarter of fiscal 2008 is for revenue to be in the range of \$650 to \$665 million, or equal to or up 3% from the second quarter of fiscal 2008, gross margin to be approximately 61%, and operating expenses to increase slightly from the second quarter of fiscal 2008. However, our plan does not factor in potential effects of ongoing financial market uncertainty which could translate into a more cautious stance from our customers. If our operating plan is achieved, diluted EPS from continuing operations is expected to be approximately \$0.43 to \$0.45 and diluted EPS from discontinued operations is expected to be approximately \$0.02 to \$0.03.

Liquidity and Capital Resources

	Six Months Ended	
	May 3, 2008	May 5, 2007
Net cash provided by operations	\$330,963	\$446,786
Net cash provided by operations as a % of total revenue	26.2%	36.5%

At May 3, 2008, cash, cash equivalents and short-term investments totaled \$1,185.2 million, an increase of \$104.0 million from the fourth quarter of fiscal 2007. The primary sources of funds for the first six months of fiscal 2008 were net proceeds from the sale of two businesses of \$399.6 million, net cash generated from operating activities of \$331.0 million (which includes a tax payment of \$67.3 million related to the gain on the sale of two businesses that we sold during the first quarter of fiscal 2008) and proceeds of \$62.1 million from our various employee stock plans. The principal uses of funds for the first six months of fiscal 2008 were the repurchase of approximately 17.9 million shares of our common stock for an aggregate of \$524.8 million, dividend payments of \$106.3 million and capital expenditures of \$70.7 million. The \$67.3 million tax payment related to the sale of the two businesses is reflected in the statement of cash flows as a decrease in net cash provided by operating activities. Under SFAS No. 95, *Statement of Cash Flows*, all income tax payments are included in determining net cash flow from operating activities but the cash received from the sale of the businesses must be reported as an investing cash flow.

	May 3, 2008	November 3, 2007
Accounts receivable	\$332,288	\$323,777
Days sales outstanding	47	47
Inventory	\$319,421	\$324,373
Days cost of sales in inventory	115	119

Accounts receivable at May 3, 2008 increased \$8.5 million, or 3%, from the end of the fourth quarter of fiscal 2007. The increase in receivables was primarily related to higher shipments in the last month of the second quarter of fiscal 2008 as

Table of Contents

compared to the last month of the fourth quarter of fiscal 2007. Inventory at May 3, 2008 decreased by \$5.0 million, or 2%, from the end of fiscal 2007.

Net additions to property, plant and equipment were \$70.7 million in the first six months of fiscal 2008 and were funded with a combination of cash on hand and cash generated from operations. Capital expenditures are expected to be approximately \$164 million in fiscal 2008.

On May 19, 2008, our Board of Directors declared a cash dividend of \$0.20 per outstanding share of our common stock. The dividend is payable on June 18, 2008 to shareholders of record on May 30, 2008 and is expected to be approximately \$58.0 million in the aggregate. The payment of future dividends, if any, will be based on several factors including our financial performance, outlook and liquidity. Quarterly dividends are expected to continue at \$0.20 per share, although they remain subject to declaration or change by our Board of Directors.

At May 3, 2008, our principal source of liquidity was \$1,185.2 million of cash and cash equivalents and short-term investments. As of May 3, 2008, approximately \$156.7 million of our cash and cash equivalents and short-term investments were held in the United States. The balance of our cash and cash equivalents and short-term investments was held outside the United States in various foreign subsidiaries. As we intend to reinvest certain of our foreign earnings indefinitely, this cash is not available to meet certain of our cash requirements in the United States, including for cash dividends and common stock repurchases.

We entered into a five-year \$165 million unsecured revolving credit facility in May 2008 in order to supplement our occasional cash requirements in the United States. To date, we have not borrowed under this credit facility but we may borrow in the future and use the proceeds to support commercial paper issuance, for stock repurchases, dividend payments, acquisitions, capital expenditures, working capital and other lawful corporate purposes.

We believe that our existing sources of liquidity and cash expected to be generated from future operations, together with anticipated available long-term financing, will be sufficient to fund operations, capital expenditures, research and development efforts, dividend payments (if any) and purchases of stock (if any) under our stock repurchase program for at least the next twelve months and thereafter for the foreseeable future.

Contractual Obligations

There have not been any material changes to the amounts presented in the table summarizing our contractual obligations that was included in our Annual Report on Form 10-K for the year ended November 3, 2007.

As of May 3, 2008, the total liabilities associated with uncertain tax positions under FIN 48 was \$11.2 million, which are included in "Other non-current liabilities," as a result of our adoption of FIN 48. Due to the complexity associated with our tax uncertainties, we cannot make a reasonably reliable estimate of the period in which we expect to settle the non-current liabilities associated with these uncertain tax positions. Therefore, we are not updating the amounts included in the contractual obligations table.

New Accounting Pronouncements

Derivative Instruments and Hedging Activities

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

[Table of Contents](#)

Business Combinations

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

Noncontrolling Interests

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

Fair Value Measurements

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

Accounting for Financial Assets and Financial Liabilities

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

Critical Accounting Policies and Estimates

There were no material changes to the information provided under the heading “Critical Accounting Policies and Estimates” included in our Annual Report on Form 10-K for the year ended November 3, 2007 except for the adoption of FIN 48 described below.

Accounting for Income Taxes

We must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, benefits, and deductions, and in the calculation of certain tax assets and liabilities, which arise from differences in the timing of the recognition of revenue and expense for tax and financial statement purposes, as well as the interest and penalties relating to these uncertain tax positions. We assessed the likelihood of the realization of deferred tax assets and concluded that a valuation allowance is needed to reserve the amount of the deferred tax assets that may not be realized due to the expiration of certain state credit carryovers. In reaching our conclusion, we evaluated certain relevant criteria including the existence of deferred tax liabilities that can be used to absorb deferred tax assets, the taxable income in prior carryback years in the impacted state jurisdictions that can be used to absorb net operating losses and taxable income in future years. Our judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors. These changes, if any, may require material adjustments

[Table of Contents](#)

to these deferred tax assets, resulting in a reduction in net income or an increase in net loss in the period when such determinations are made, which in turn, may result in an increase or decrease to our tax provision in a subsequent period.

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

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

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the information provided under Item 7A. “Qualitative and Quantitative Disclosures about Market Risk” set forth in our Annual Report on Form 10-K for the year ended November 3, 2007.

ITEM 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of Analog’s disclosure controls and procedures as of May 3, 2008. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of May 3, 2008, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) *Changes in Internal Control over Financial Reporting.* No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended May 3, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. Legal Proceedings

Settlement of the SEC’s Previously Announced Stock Option Investigation

Table of Contents

In our 2004 Form 10-K filing, we disclosed that the Securities and Exchange Commission, or SEC, had initiated an inquiry into our stock option granting practices, focusing on options that were granted shortly before the issuance of favorable financial results. On November 15, 2005, we announced that we had reached a tentative settlement with the SEC.

At all times since receiving notice of this inquiry, we have cooperated with the SEC. In November 2005, we and our President and CEO, Mr. Jerald G. Fishman, made an offer of settlement to the Staff of the SEC. The settlement was submitted to the Commission for approval, and we expect the resolution of this matter in the near future.

The SEC's inquiry focused on two separate issues. The first issue concerned our disclosure regarding grants of options to employees and directors prior to the release of favorable financial results. Specifically, the issue related to options granted to our employees (including officers) on November 30, 1999 and to our employees (including officers) and directors on November 10, 2000. The Staff of the SEC has indicated that, in the settlement, the Commission will not charge us or Mr. Fishman with any violation of law with respect to this issue.

The second issue concerned the grant dates for options granted to employees (including officers) in 1998 and 1999, and the grant date for options granted to employees (including officers) and directors in 2001. Specifically, the settlement will conclude that the appropriate grant date for the September 4, 1998 options should have been September 8th (which is one trading day later than the date that was used to price the options); the appropriate grant date for the November 30, 1999 options should have been November 29th (which is one trading day earlier than the date that was used); and the appropriate grant date for the July 18, 2001 options should have been July 26th (which is five trading days after the original date).

In connection with the settlement, we will consent to a cease-and-desist order under Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder, pay a civil money penalty of \$3 million, and reprice options granted to Mr. Fishman in certain years. Options granted to all others will not be affected. Mr. Fishman will consent to a cease-and-desist order under Sections 17(a)(2) and (3) of the Securities Act, pay a civil money penalty of \$1 million, and make a disgorgement payment with respect to options granted in 1998. With the exception of options granted in 1998, Mr. Fishman has not exercised or sold any of the options identified in this matter. We and Mr. Fishman will settle this matter without admitting or denying the Commission's findings.

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

Other Legal Proceedings

In May 2006, we received a document subpoena from the U.S. Attorney for the Southern District of New York requesting records from 2000 to the present relating to our granting of stock options. We believe that the options at issue in this matter are the same option grants which have been the subject of investigation by the SEC. We have cooperated with the office of the U.S. Attorney in connection with this subpoena. We cannot predict the outcome of this matter, but believe the disposition of the matter will not have a material adverse effect on us or our financial position.

On October 13, 2006, a purported class action complaint was filed in the United States District Court for the District of Massachusetts on behalf of participants in our Investment Partnership Plan from October 5, 2000 to the present. The complaint named us as defendants, certain officers and directors, and our Investment Partnership Plan Administration Committee. The complaint alleges purported violations of federal law in connection with our option granting practices during the years 1998, 1999, 2000, and 2001, including breaches of fiduciary duties owed to participants and beneficiaries of our Investment Partnership Plan under the Employee Retirement Income Security Act. The complaint seeks unspecified monetary damages, as well as equitable and injunctive relief. We intend to vigorously defend against these allegations. On November 22, 2006, we and the individual defendants filed motions to dismiss the complaint. On January 8, 2007, the Plaintiff filed memoranda in opposition. On January 22, 2007, we and the individual defendants filed further memoranda in support of the motions to dismiss. The court heard our motion to dismiss on January 30, 2008, but has not yet issued a ruling. Although we believe we have meritorious defenses to the asserted claims, we are unable at this time to predict the outcome of this proceeding.

ITEM 1A. Risk Factors

Set forth below and elsewhere in this report and in other documents we file with the SEC are descriptions of the risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this report. The description below includes any material changes to and supersedes the description of the risk factors affecting our business previously disclosed in "Part I, Item 1A. Risk Factors" of our Annual Report on Form

[Table of Contents](#)

10-K for the fiscal year ended November 3, 2007 and “Part II, Item 1A. Risk Factors” of our Quarterly Report on Form 10-Q for the quarter ended February 2, 2008.

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

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

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

In addition, the semiconductor market has historically been cyclical and subject to significant economic downturns. Our business is subject to rapid technological changes and there can be no assurance, depending on the mix of future business, that products stocked in inventory will not be rendered obsolete before we ship them. As a result of these and other factors, there can be no assurance that we will not experience material fluctuations in future revenue, gross margins and operating results on a quarterly or annual basis. In addition, if our revenue, gross margins, operating results and net income do not meet the expectations of securities analysts or investors, the market price of our common stock may decline.

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

In certain markets where end-user demand may be particularly volatile and difficult to predict, some customers place orders that require us to manufacture product and have it available for shipment, even though the customer is unwilling to make a binding commitment to purchase all, or even any, of the product. In other instances, we manufacture product based on forecasts of customer demands. As a result, we may incur inventory and manufacturing costs in advance of anticipated sales and are subject to the risk of cancellations of orders leading to a sharp reduction of sales and backlog. Further, orders or

[Table of Contents](#)

forecasts may be for products that meet the customer's unique requirements so that those cancelled or unrealized orders would, in addition, result in an inventory of unsaleable products, resulting in potential inventory write-offs. As a result of lengthy manufacturing cycles for certain of the products that are subject to these uncertainties, the amount of unsaleable product could be substantial. Incorrect forecasts, or reductions, cancellations or delays in orders for our products could adversely affect our operating results.

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

Our success significantly depends on our continued ability to improve our products and develop and market innovative new products. Product development, innovation and enhancement is often a complex, time-consuming and costly process involving significant investment in research and development, with no assurance of return on investment. There can be no assurance that we will be able to develop and introduce new and improved products in a timely or efficient manner or that new and improved products, if developed, will achieve market acceptance. Our products generally must conform to various evolving and sometimes competing industry standards, which may adversely affect our ability to compete in certain markets or require us to incur significant costs. In addition, our customers generally impose very high quality and reliability standards on our products, which often change and may be difficult or costly to satisfy. Any inability to satisfy such customer quality standards or comply with industry standards and technical requirements may adversely affect demand for our products and our results of operations. In addition, our growth is dependent on our continued ability to identify and penetrate new markets where we have limited experience and competition is intense. Also, some of our customers in these markets are less established, which could subject us to increased credit risk. There can be no assurance that the markets we serve will grow in the future, that our existing and new products will meet the requirements of these markets, that our products will achieve customer acceptance in these markets, that competitors will not force prices to an unacceptably low level or take market share from us, or that we can achieve or maintain profits in these markets. Furthermore, a decline in demand in one or several of our end-user markets could have a material adverse effect on the demand for our products and our results of operations.

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

We face intense technological and pricing competition in the semiconductor industry, and we expect such competition to increase in the future. Many other companies offer products that compete with our products. Some have greater financial, manufacturing, technical and marketing resources than we have. Some of our competitors may have better established supply or development relationships with our current and potential customers. Additionally, some formerly independent competitors have been purchased by larger companies. Our competitors also include emerging companies selling specialized products in markets we serve. Competition is based on design and quality of products, product performance, features and functionality, and price, with the relative importance of these factors varying among products, markets and customers. Existing or new competitors may develop products or technologies that more effectively address the demands of our customers and markets with enhanced features and functionality, lower power requirements, greater levels of integration or lower cost. Increased competition in certain markets has resulted in and may continue to result in declining average selling prices, reduced gross margins and loss of market share in such markets. There can be no assurance that we will be able to compete successfully in the future against existing or new competitors, or that our operating results will not be adversely affected by increased price competition.

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

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

[Table of Contents](#)

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

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

Our semiconductor products are complex and may contain undetected defects which could result in significant costs, claims and damage to our reputation, and adversely affect the market acceptance of our products.

Semiconductor products are highly complex and may contain undetected defects when they are first introduced or as new versions are developed. We invest significant resources in the testing of our products; however, if any of our products contain defects, we may be required to incur additional development and remediation costs, pursuant to warranty and indemnification provisions in our customer contracts. These problems may divert our technical and other resources from other product development efforts and could result in claims against us by our customers or others, including liability for costs associated with product recalls, which may adversely impact our operating results. There can be no assurance that we are adequately insured to protect against all such claims. If any of our products contains defects, or has reliability, quality or compatibility problems, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers and could adversely affect our operating results.

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

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

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

There can be no assurance that the claims allowed in our issued patents will be sufficiently broad to protect our technology. In addition, any of our existing or future patents may be challenged, invalidated or circumvented. As such, any rights granted under these patents may not provide us with meaningful protection. We may not have foreign patents or pending applications corresponding to our U.S. patents and applications. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. If our patents do not adequately protect our technology, our competitors may be able to offer products similar to ours. Our competitors may also be able to develop similar technology independently or design around our patents. Other companies or individuals have obtained patents covering a variety of semiconductor designs and processes, and we might be required to obtain licenses under some of these patents or be precluded from making and selling the infringing products, if such patents are found to be valid. There can be no assurance that we would be able to obtain licenses, if required, upon commercially reasonable terms, or at all.

[Table of Contents](#)

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

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

The semiconductor industry is characterized by frequent claims and litigation involving patent and other intellectual property rights, including claims arising under our contractual obligations to indemnify our customers. We have received from time to time, and may receive in the future, claims from third parties asserting that our products or processes infringe their patents or other intellectual property rights. In the event a third party makes a valid intellectual property claim against us and a license is not available to us on commercially reasonable terms, or at all, we could be forced either to redesign or to stop production of products incorporating that intellectual property, and our operating results could be materially and adversely affected. Litigation may be necessary to enforce our patents or other of our intellectual property rights or to defend us against claims of infringement, and this litigation could be costly and divert the attention of our key personnel. We could be subject to warranty or product liability claims that could lead to significant costs and expenses as we defend such claims or pay damage awards. While we maintain product liability insurance, there can be no assurance that such insurance will be available or adequate to protect against all such claims. We may incur costs and expenses relating to a recall of our customers' products due to an alleged failure of components we supply. See Note 10 in the Notes to our Condensed Consolidated Financial Statements contained in Item 1 of this Quarterly Report on Form 10-Q for information concerning certain pending litigation that involves us. An adverse outcome in these matters or other litigation could have a material adverse effect on our consolidated financial position or on our consolidated results of operations or cash flows in the period in which the litigation is resolved.

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

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

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

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

[Table of Contents](#)

Acquisitions also involve a number of risks, including:

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

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

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, wafer fabrication foundries and other sub-contractors in geologically unstable locations around the world. This reliance involves risks associated with the impact of earthquakes on us and the semiconductor industry, including temporary loss of capacity, availability and cost of key raw materials, utilities and equipment and availability of key services including transport of our products worldwide. Any prolonged inability to utilize one of our manufacturing facilities, or those of our subcontractors or third-party wafer fabrication foundries, as a result of fire, natural disaster, unavailability of utilities or otherwise, would have a material adverse effect on our results of operations and financial condition.

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

During the first six months of fiscal 2008, approximately 80% of our product revenue was derived from customers in international markets. Although we engage in hedging transactions to reduce our exposure to currency exchange rate fluctuations, there can be no assurance that our competitive position will not be adversely affected by changes in the exchange rate of the United States dollar against other currencies. Potential interest rate increases, as well as high energy costs could have an adverse impact on industrial and consumer spending patterns and could adversely impact demand for our products. While a majority of our cash is generated outside the United States, we require a substantial amount of cash in the United States for operating requirements, stock repurchases, cash dividends and acquisitions. If we are unable to address our U.S. cash requirements through operations, by efficient and timely repatriations of overseas cash, through borrowings under our current credit facility or from other sources of cash obtained at an acceptable cost, our business strategies and results of operations could be adversely affected.

We have manufacturing facilities outside the United States in Ireland and the Philippines. In addition to being exposed to the ongoing economic cycles in the semiconductor industry, we are also subject to the economic, political and legal risks inherent in international operations and their impact on the United States economy in general, including the risks associated with ongoing uncertainties and political and economic instability in many countries around the world as well as the economic disruption from acts of terrorism, and the response to them by the United States and its allies. Other business risks associated with international operations include increased managerial complexities, air transportation disruptions, expropriation, currency controls, currency exchange rate movement, additional costs related to foreign taxes, tariffs and freight rate increases, exposure to different business practices and legal standards, particularly with respect to price protection, intellectual property and environmental compliance, trade and travel restrictions, pandemics, import and export license requirements and restrictions, difficulties in staffing and managing worldwide operations, and accounts receivable collections.

Table of Contents

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

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

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

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

Our stock price may be volatile.

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

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

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

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**Issuer Purchases of Equity Securities**

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (c)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
February 3, 2008 through March 1, 2008	4,523,425	\$28.11	4,523,425	\$178,685,982
March 2, 2008 through March 29, 2008	235,424	\$28.39	231,346	\$172,116,414
March 30, 2008 through May 3, 2008	1,036,274	\$30.58	1,036,274	\$140,427,720
Total	<u>5,795,123</u>	\$28.57	<u>5,791,045</u>	\$140,427,720

- (a) Includes 4,078 shares paid to the Company by employees to satisfy employee tax obligations upon vesting of restricted stock granted to our employees under our equity compensation plans.
- (b) The average price paid per share of stock repurchased under the stock repurchase program includes the commissions paid to the brokers.
- (c) Repurchased pursuant to the stock repurchase program publicly announced on August 12, 2004. On December 6, 2006, our Board of Directors authorized the repurchase by us of an additional \$1 billion of our common stock, increasing the total amount of our common stock we are authorized to repurchase from \$2 billion to \$3 billion. On June 6, 2007, our Board of Directors authorized the repurchase by us of an additional \$1 billion of our common stock, increasing the total amount of our common stock we are authorized to repurchase from \$3 billion to \$4 billion. Under the repurchase program, we may repurchase outstanding shares of our common stock from time to time in the open market and through privately negotiated transactions. Unless terminated earlier by resolution of our Board of Directors, the repurchase program will expire when we have repurchased all shares authorized for repurchase under the repurchase program.

[Table of Contents](#)

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

At our Annual Meeting of Shareholders held on March 11, 2008, the following matters were acted upon by our shareholders:

1. The election of three Class III Directors for the ensuing three years;
2. The ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending November 1, 2008; and
3. The approval of amendments to our articles of organization and bylaws to require a majority vote for uncontested elections of directors.

The results of the voting on each of the matters presented to shareholders at the Annual Meeting are set forth below:

	<u>VOTES FOR</u>	<u>VOTES WITHHELD</u>	<u>VOTES AGAINST</u>	<u>ABSTENTIONS</u>	<u>BROKER NON-VOTES</u>
1. Election of three Class III Directors:					
John L. Doyle	252,704,000	8,534,368	N.A.	N.A.	N.A.
Paul J. Severino	186,047,340	75,191,028	N.A.	N.A.	N.A.
Ray Stata	254,405,693	6,832,675	N.A.	N.A.	N.A.
2. Ratification of Ernst & Young LLP	252,685,174	N.A.	6,027,107	2,526,087	N.A.
3. Approval of Majority Voting in Uncontested Director Elections	249,039,788	N.A.	9,043,856	3,154,724	N.A.

The other directors of the Company, whose terms of office as directors continued after the Annual Meeting, are James A. Champy, Kenton J. Sicchitano, Yves-Andre Istel, Jerald G. Fishman, John C. Hodgson and F. Grant Saviers. On May 19, 2008, Neil Novich was elected to the Board of Directors as a Class I Director.

ITEM 6. Exhibits

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

SIGNATURES

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

ANALOG DEVICES, INC.

Date: May 20, 2008

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

Date: May 20, 2008

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

Exhibit Index

Exhibit No.	Description
3.1	Restated Articles of Organization of Analog Devices, Inc., as amended.
3.2	Amended and Restated By-Laws of Analog Devices, Inc.
14	Analog Devices, Inc. Code of Business Conduct and Ethics.
31.1	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
31.2	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).
32.1	Certification Pursuant to 18 U.S.C. Section 1350 (Chief Executive Officer).
32.2	Certification Pursuant to 18 U.S.C. Section 1350 (Chief Financial Officer).

FEDERAL IDENTIFICATION
No. 04-2348234

THE COMMONWEALTH OF MASSACHUSETTS

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

RESTATED ARTICLES OF ORGANIZATION
(General Laws, Chapter 156B, Section 74)

We, Jerald G. Fishman, *President,
and Paul P. Brountas, *Clerk, of
Analog Devices, Inc.,
(Exact name of corporation)

located at One Technology Way, P.O. Box 9106, Norwood, MA 02062-9106,
(Street address of corporation Massachusetts)

do hereby certify that the following Restatement of the Articles of Organization was duly adopted at a meeting held on June 10, 1998 by a vote of the directors

_____ shares of _____ of _____ shares outstanding,
(type, class & series, if any)
_____ shares of _____ of _____ shares outstanding, and
(type, class & series, if any)
_____ shares of _____ of _____ shares outstanding,
(type, class & series, if any)

**being at least a majority of each type, class or series outstanding and entitled to vote thereon: / **being at least two-thirds of each type, class or series outstanding and entitled to vote thereon and of each type, class or series of stock whose rights are adversely affected thereby:



ARTICLE I

The name of the corporation is:

Analog Devices, Inc.

ARTICLE II

The purpose of the corporation is to engage in the following business activities:

See Attachment 2

*Delete the Inapplicable words. **Delete the inapplicable clause. Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on separate 8 1/2 x 11 sheets of paper, with a left margin of at least 1 inch. Additions to more than one article may be made on a single sheet so long as each article requiring each addition is clearly indicated.

ARTICLE III

State the total number of shares and par value, if any, of each class of stock which the corporation is authorized to issue:

WITHOUT PAR VALUE		WITH PAR VALUE		
TYPE	NUMBER OF SHARES	TYPE	NUMBER OF SHARES	PAR VALUE
Common:		Common:	600,000,000	\$.16 2/3
Preferred:		Preferred:	*471,934	\$ 1.00
		(Series A Junior Participating Preferred	300,000	\$ 1.00)

* The number of Preferred Shares has been adjusted to reflect the cancellation of 28,066 shares of Preferred Stock that were issued and retired.

ARTICLE IV

If more than one class of stock is authorized, state a distinguishing designation for each class. Prior to the issuance of any shares of a class, if shares of another class are outstanding, the corporation must provide a description of the preferences, voting powers, qualifications, and special or relative rights or privileges of that class and of each other class of which shares are outstanding and of each series then established within any class.

See Attachment 4

ARTICLE V

The restrictions, if any, imposed by the Articles of Organization upon the transfer of shares of stock of any class are:

None

ARTICLE VI

**Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its

directors or stockholders, or of any class of stockholders:

See Attachment 6

**If there are no provisions state "None".

Note: The preceding six (6) articles are considered to be permanent and may ONLY be changed by filing appropriate Articles of Amendment.

ARTICLE VII

The effective date of the restated Articles of Organization of the corporation shall be the date approved and filed by the Secretary of the Commonwealth. If a later effective date is desired, specify such date which shall not be more than thirty days after the date of filing.

ARTICLE VIII

The information contained in Article VIII is not a permanent part of the Articles of Organization.

a. The street address (post office boxes are not acceptable) of the principal office of the corporation in Massachusetts is:

One Technology Way, Norwood, MA 02062-9106

b. The name, residential address and post office address of each director and officer of the corporation is as follows:

	NAME	RESIDENTIAL ADDRESS	POST OFFICE ADDRESS
President:			
Treasurer:			
Clerk:		See Attachment 8	
Directors:			

c. The fiscal year (i.e., tax year) of the corporation shall end on the last day of the month of: October

d. The name and business address of the resident agent, if any, of the corporation is:

** We further certify that the foregoing Restated Articles of Organization affect no amendments to the Articles of Organization of the corporation as heretofore amended, except amendments to the following articles. Briefly describe amendments below:

SIGNED UNDER THE PENALTIES OF PERJURY, this 29 day of June, 1998

/s/ Jerald G. Fishman,

*President

/s/ Paul P. Brontas,

*Clerk

* Delete the inapplicable words. ** If there are no amendments, state 'None'.



THE COMMONWEALTH OF MASSACHUSETTS

RESTATED ARTICLES OF ORGANIZATION
(General Laws, Chapter 156B, Section 74)

I hereby approve the within Restated Articles of Organization and, the filing fee in the amount of \$200 having been paid, said articles are deemed to have been filed with me this 1st day of July, 1998.

Effective Date: _____

/s/ WILLIAM FRANCIS GALVIN

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth

TO BE FILLED IN BY CORPORATION

Photocopy of document to be sent to:

Donna A. Pace

Corporate Paralegal
Hale and Dorr LLP

60 State Street
Boston, MA 02109

Telephone: (617) 526-5179

ATTACHMENT 2

2. The purpose of the Corporation is to engage in the following business activities:

To manufacture, produce, assemble, fabricate, import, lease, purchase or otherwise acquire; to invest in, own, hold, use, license the use of, install, handle, maintain, service or repair; to sell, pledge, mortgage, exchange, export, distribute, lease, assign and otherwise dispose of, and generally to trade and deal in and with, any principal or agent, at wholesale, retail, on commission or otherwise, electronic systems, equipment and components, and electrical and electro-mechanical apparatus and equipment of all kinds and descriptions, electronics, telecommunications, communications and similar equipment of all descriptions, supplies, parts, equipment, apparatus, machinery improvements, appliances, tools, and goods, wares, merchandise, commodities, articles of commerce and property of every kind and description, and any and all products, machinery, equipment and supplies used or useful in connection therewith; and

To have and to exercise, without limitation, all of the powers granted by Massachusetts law to business corporation, including those powers set forth in section 9 of G.L., CH. 156B, and in any amendment thereof or addition thereto.

ATTACHMENT 4

4. If more than one class is authorized, a description of each of the different classes of stock with, if any, the preferences, voting powers, qualifications, special or relative rights or privileges as to each class thereof and any series now established:

RIGHTS, PREFERENCES, LIMITATIONS AND RESTRICTIONS ON CAPITAL STOCK.

The following is a statement of the designations and the powers, preferences and rights and the qualifications, limitations or restrictions thereof, in respect of the authorized capital stock of the corporation.

A. ISSUANCE IN SERIES.

The Preferred Stock may be issued in one or more series at such time or times and for such consideration or considerations as the Board of Directors may determine. Each series shall be so designated as to distinguish the shares thereof from the shares of all other series and classes. Except as to the relative rights and preferences referred to in paragraph B below, in respect of any or all of which there may be variations between different series, all shares of Preferred Stock shall be identical. Different series of Preferred Stock shall not be construed to constitute different classes of shares for the purpose of voting by classes.

B. I. AUTHORITY TO ESTABLISH VARIATIONS BETWEEN SERIES.

The Board of Directors is expressly authorized, subject to the limitations prescribed by law and the provisions of these Articles of Organization, to provide by adopting a vote or votes, a certificate of which shall be filed in accordance with the Business Corporation Law of the Commonwealth of Massachusetts, for the issue of the Preferred Stock in one or more series, each with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof as shall be stated in the vote or votes creating such series. The authority of the Board of Directors with respect to each such series shall include without limitation of the foregoing the right to determine and fix:

- (1) The distinctive designation of such series and the number of shares to constitute such series;
 - (2) The rate at which dividends on the shares of such series shall be declared and paid, or set aside for payment, whether dividends at the rate so determined shall be cumulative, and whether the shares of such series shall be entitled to any participating or other dividends in addition to dividends at the rate so determined, and if so on what terms;
 - (3) The right, if any, of the corporation to redeem shares of the particular series and, if redeemable, the price, terms and manner of such redemption;
 - (4) The special and relative rights and preferences, if any, and the amount or amounts per share, which the shares of such series shall be entitled to receive upon any voluntary or involuntary liquidation, dissolution or winding up of the corporation;
-

(5) The terms and conditions, if any, upon which shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or classes, including the price or prices or the rate or rates of conversion or exchange and the terms of adjustment, if any;

(6) The obligation, if any, of the corporation to retire or purchase shares of such series pursuant to a sinking fund or fund of a similar nature or otherwise, and the terms and conditions of such obligation;

(7) Voting rights, if any, provided that the shares of all series with voting rights shall not have more than one vote per share;

(8) Limitations, if any, on the issuance of additional shares of such series or any shares of any other series of Preferred Stock; and

(9) Such other preferences or restrictions or qualifications thereof as the Board of Directors may deem advisable and are not inconsistent with law and the provisions of these Articles.

II. SERIES A JUNIOR PARTICIPATING PREFERRED STOCK.

Pursuant to the authority vested in the Board of Directors of the Corporation by Article 4 of these Articles, the Board of Directors has designated a series of Preferred Stock, \$1.00 par value per shares (the "Preferred Stock"), of the Corporation and hereby states the designation, and number of shares, and fixes the relative rights, preferences and limitations thereof as follows:

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK:

Section 1. DESIGNATION AND AMOUNT. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be three hundred thousand (300,000). Such number of shares may be increased or decreased by resolution of the Board of Directors prior to issuance; PROVIDED, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. DIVIDENDS AND DISTRIBUTIONS.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock, par value \$.16 2/3 per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds of the Corporation legally available for the payment of dividends, quarterly dividends payable in cash on the last day of each fiscal quarter of the Corporation in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$100 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in

kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. In the event the Corporation shall at any time declare or pay any dividend on the Series A Preferred Stock payable in shares of Series A Preferred Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Series A Preferred Stock (by reclassification or otherwise than by payment of a dividend in shares of Series A Preferred Stock) into a greater or lesser number of shares of Series A Preferred Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the first sentence of this Section 2(A) shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Series A Preferred Stock that were outstanding immediately prior to such event and the denominator of which is the number of shares of Series A Preferred Stock outstanding immediately after such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock) and the Corporation shall pay such dividend or distribution on the Series A Preferred Stock before the dividend or distribution declared on the Common Stock is paid or set apart; provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$100 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination

of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. VOTING RIGHTS. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. In the event the Corporation shall at any time declare or pay any dividend on the Series A Preferred Stock payable in shares of Series A Preferred Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Series A Preferred Stock (by reclassification or otherwise than by payment of a dividend in shares of Series A Preferred Stock) into a greater or lesser number of shares of Series A Preferred Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Series A Preferred Stock that were outstanding immediately prior to such event and the denominator of which is the number of shares of Series A Preferred Stock outstanding immediately after such event.

(B) Except as otherwise provided herein, in the Articles of Organization or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) (i) If at any time dividends on any Series A Preferred Stock shall be in arrears in an amount equal to six quarterly dividends thereon, the holders of the Series A Preferred Stock, voting as a separate series from all other series of Preferred Stock and classes of capital stock, shall be entitled to elect two members of the Board of Directors in addition to any Directors elected by any other series, class or classes of securities and the authorized number of Directors will automatically be increased by two. Promptly thereafter, the Board of Directors of the Corporation shall, as soon as may be practicable, call a special meeting of holders of Series A Preferred Stock for the purpose of electing such members of the Board of Directors. Such special meeting shall in any event be held within 45 days of the occurrence of such arrearage.

(ii) During any period when the holders of Series A Preferred Stock, voting as a separate series, shall be entitled and shall have exercised their right to elect two Directors, then, and during such time as such right continues, (a) the then authorized number of Directors shall be increased by two, and the holders of Series A Preferred Stock, voting as a separate series, shall be entitled to elect the additional Directors so provided for, and (b)

each such additional Director shall not be a member of any existing class of the Board of Directors, but shall serve until the next annual meeting of stockholders for the election of Directors, or until his successor shall be elected and shall qualify, or until his right to hold such office terminates pursuant to the provisions of this Section 3(C).

(iii) A Director elected pursuant to the terms hereof may be removed with or without cause by the holders of Series A Preferred Stock entitled to vote in an election of such Director.

(iv) If, during any interval between annual meetings of stockholders for the election of Directors and while the holders of Series A Preferred Stock shall be entitled to elect two Directors, there is no such Director in office by reason of resignation, death or removal, then, promptly thereafter, the Board of Directors shall call a special meeting of the holders of Series A Preferred Stock for the purpose of filling such vacancy and such vacancy shall be filled at such special meeting. Such special meeting shall in any event be held within 45 days of the occurrence of such vacancy.

(v) At such time as the arrearage is fully cured, and all dividends accumulated and unpaid on any shares of Series A Preferred Stock outstanding are paid, and, in addition thereto, at least one regular dividend has been paid subsequent to curing such arrearage, the term of office of any Director elected pursuant to this Section 3(C), or his successor, shall automatically terminate, and the authorized number of Directors shall automatically decrease by two, the rights of the holders of the shares of the Series A Preferred Stock to vote as provided in this Section 3(C) shall cease, subject to renewal from time to time upon the same terms and conditions, and the holders of shares of the Series A Preferred Stock shall have only the limited voting rights elsewhere herein set forth.

(D) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. CERTAIN RESTRICTIONS.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. REACQUIRED SHARES. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Articles of Organization, or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. LIQUIDATION, DISSOLUTION OR WINDING UP.

(A) Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$1000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up.

(B) Neither the consolidation, merger or other business combination of the Corporation with or into any other corporation nor the sale, lease, exchange or conveyance of all or any part of the property, assets or business of the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation for purposes of this Section 6.

(C) In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of paragraph (A) of this Section 6 shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. In the event the Corporation shall at any time declare or pay any dividend on the Series A Preferred Stock payable in shares of Series A Preferred Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Series A Preferred Stock (by reclassification or otherwise than by payment of a dividend in shares of Series A Preferred Stock) into a greater or lesser number of shares of Series A Preferred Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of paragraph (A) of this Section 6 shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Series A Preferred Stock that were outstanding immediately prior to such event and the denominator of which is the number of shares of Series A Preferred Stock outstanding immediately after such event.

Section 7. CONSOLIDATION, MERGER, ETC. Notwithstanding anything to the contrary contained herein, in case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. In the event the Corporation shall at any time declare or pay any dividend on the Series A Preferred Stock payable in shares of Series A Preferred Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Series A Preferred Stock (by reclassification or otherwise than by payment of a dividend in shares of Series A Preferred Stock) into a greater or lesser number of shares of Series A Preferred Stock, then in each such case the amount set forth in the first sentence of this Section 7 with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Series A Preferred Stock that were outstanding immediately prior to such event and the denominator of which is the number of shares of Series A Preferred Stock outstanding immediately after such event.

Section 8. NO REDEMPTION. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. RANK. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Preferred Stock issued either before or after the issuance of the Series A Preferred Stock, unless the terms of any such series shall provide otherwise.

Section 10. AMENDMENT. At such time as any shares of Series A Preferred Stock are outstanding, the Articles of Organization, as amended, of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

Section 11. FRACTIONAL SHARES. Series A Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and have the benefit of all other rights of holders of Series A Preferred Stock.

C. STATEMENT OF LIMITATIONS, RELATIVE RIGHTS AND POWERS IN RESPECT OF SHARES OF COMMON STOCK.

(1) After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of paragraph B above) shall have been met and after the corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of said paragraph B), then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amount (fixed in accordance with the provisions of said paragraph B) to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding up of this corporation, the holders of the Common Stock shall be entitled to receive all the remaining assets of this corporation, tangible and intangible, of whatever kind available for distribution to the stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

(3) Except as may otherwise be required by law or the provisions of these Articles, or by the Board of Directors pursuant to authority granted in these Articles, each holder of Common Stock shall have one vote in respect of each share of stock held by him in all matters voted upon by the stockholders.

D. DENIAL OF PREEMPTIVE RIGHTS.

No holder of shares of the Common Stock or of the Preferred Stock shall be entitled as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class whatsoever of the corporation, or of securities convertible into stock of any class, whether now or hereafter authorized, or whether issued for cash or other consideration or by way of dividend.

ATTACHMENT 6

6A. INDEMNIFICATION

Section 1. ACTIONS, SUITS AND PROCEEDINGS. Except as otherwise provided below, the Corporation shall, to the fullest extent authorized by Chapter 156B of the Massachusetts General Laws, as the same exists or may hereafter be amended (in the case of any such amendment, only to the extent that such amendment either (i) permits the Corporation to provide broader indemnification rights than such laws permitted prior to such amendment or (ii) prohibits or limits any of the indemnification rights previously set forth in such laws), indemnify each person who is, or shall have been, a director or officer of the Corporation or who is or was a director or employee of the Corporation and is serving, or shall have served, at the request of the Corporation, as a director or officer of another organization or in any capacity with respect to any employee benefit plan of the Corporation, against all liabilities and expenses (including judgments, fines, penalties, amounts paid or to be paid in settlement, and reasonable attorneys' fees) imposed upon or incurred by any such person (the "Indemnitee") in connection with, or arising out of, the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which he may be a defendant or with which he may be threatened or otherwise involved, directly or indirectly, by reason of his being or having been such a director or officer or as a result of his serving or having served with respect to any such employee benefit plan; PROVIDED, HOWEVER, that the Corporation shall provide no indemnification with respect to any matter as to which any such Indemnitee shall be finally adjudicated in such action, suit or proceeding not to have acted in good faith in the reasonable belief that his action was (i) in the best interests of the Corporation or (ii) to the extent such matter relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan.

Section 2. SETTLEMENTS. The right to indemnification conferred in this Article shall include the right to be paid by the Corporation for liabilities and expenses incurred in connection with the settlement or compromise of any such action, suit or proceeding, pursuant to a consent decree or otherwise, unless a determination is made, within 45 days after receipt by the Corporation of a written request by the Indemnitee for indemnification, that such settlement or compromise is not in the best interests of the Corporation or, to the extent such matter relates to service with respect to an employee benefit plan, that such settlement or compromise is not in the best interests of the participants or beneficiaries of such plan. Any such determination shall be made (i) by the Board of Directors of the Corporation by a majority vote of a quorum consisting of disinterested directors, or (ii) if such quorum is not obtainable, by a majority of the disinterested directors of the Corporation then in office. Notwithstanding the foregoing, if there are less than two disinterested directors then in office, the Board of Directors shall promptly direct that independent legal counsel (who may be regular legal counsel to the Corporation) determine, based on facts known to such counsel at such time, whether such Indemnitee acted in good faith in the reasonable belief that his action was in the best interests of the Corporation or the participants or beneficiaries of any such employee benefit plan, as the case may be; and, in such event, indemnification shall be made to such Indemnitee unless, within 45 days after receipt by the Corporation of the request by such Indemnitee for indemnification, such independent legal counsel in a written opinion to the Corporation determines that such Indemnitee did not act in good faith in the reasonable belief that his action was in the best interests of the Corporation or the participants or beneficiaries of any such employee benefit plan, as the case may be.

Section 3. NOTIFICATION AND DEFENSE OF CLAIM. As a condition precedent to his right to be indemnified, the Indemnitee must give to the Corporation notice in writing as soon as practicable of any action, suit or proceeding involving him for which indemnity will or could be sought. With respect to any action, suit or proceeding of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to such Indemnitee. After notice from the Corporation to the Indemnitee of its election so to assume such defense, the Corporation shall not be liable to such Indemnitee for any legal or other expenses subsequently incurred by such Indemnitee in connection with such claim, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of the Indemnitee unless (i) the employment of counsel by the Indemnitee has been authorized by the Corporation, (ii) counsel to the Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and the Indemnitee in the conduct of the defense of such action or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, in each of which cases, the fees and expenses of counsel for the Indemnitee shall be at the expense of the Corporation, except as otherwise expressly provided by this Article. The Corporation shall not be entitled to assume the defense of any claim brought by or on behalf of the Corporation or as to which counsel for the Indemnitee shall have reasonably made the conclusion provided for in (ii) above.

Section 4. ADVANCE OF EXPENSES. Subject to Section 3 above, the right to indemnification conferred in this Article shall include the right to be paid by the Corporation for expenses (including reasonable attorneys' fees) incurred in defending a civil or criminal action, suit or proceeding in advance of its final disposition, subject to receipt of an undertaking by the Indemnitee to repay such payment if it is ultimately determined that the Indemnitee is not entitled to indemnification under this Article. Such undertaking may be accepted without reference to the financial ability of such Indemnitee to make such repayment. Notwithstanding the foregoing, no advance shall be made by the Corporation under this Section 4 if a determination is reasonably and promptly made by the Board of Directors by a majority vote of a quorum consisting of disinterested directors or, if such quorum is not obtainable, by a majority of the disinterested directors of the Corporation then in office or, if there are not at least two disinterested directors then in office, by independent legal counsel (who may be regular legal counsel to the Corporation) in a written opinion that, based on facts known to the Board or counsel at such time, such Indemnitee did not act in good faith in the reasonable belief that his action was in the best interests of the Corporation or the participants or beneficiaries of an employee benefit plan of the Corporation, as the case may be.

Section 5. PARTIAL INDEMNITY. If an Indemnitee is entitled under any provision of this Article to indemnification by the Corporation for some or a portion of the liabilities or expenses imposed upon or incurred by such Indemnitee in the investigation, defense, appeal or settlement of any action, suit or proceeding but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify the Indemnitee for the portion of such liabilities or expenses to which such Indemnitee is entitled.

Section 6. RIGHTS NOT EXCLUSIVE. The right to indemnification and the payment of expenses incurred in defending any action, suit or proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Organization, By-Laws, agreement, vote of stockholders or directors or otherwise. Without limiting the generality of the foregoing, the Corporation, acting through its Board of Directors, may enter into agreements with any director, officer, employee or agent of the Corporation providing for indemnification rights equivalent to or greater than the indemnification rights set forth in this Article.

Section 7. INSURANCE. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another organization or employee benefit plan against any expense or liability incurred by him in any such capacity, or arising out of the status as such, whether or not the Corporation would have the power to indemnify such person against such expense or liability under Chapter 156B of the Massachusetts General laws.

Section 8. INSURANCE OFFSET. The Corporation's obligation to provide indemnification under this Article shall be offset to the extent of any other source of indemnification or any otherwise applicable insurance coverage under a policy maintained by the Corporation or any other person.

Section 9. AMENDMENT. Without the consent of a person entitled to the indemnification and other rights provided in this Article (unless otherwise required by Chapter 156B of the Massachusetts General Laws), no amendment modifying or terminating such rights shall adversely affect such person's rights under this Article with respect to the period prior to such Amendment.

Section 10. MERGERS, ETC. If the Corporation is merged into or consolidated with another corporation and the Corporation is not the surviving corporation, or if substantially all of the assets of the Corporation are acquired by any other corporation, or in the event of any other similar reorganization involving the Corporation, the Board of Directors of the Corporation or the board of directors of any corporation assuming the obligations of the Corporation shall assume the obligations of the Corporation under this Article, through the date of such merger, consolidation, sale or reorganization, with respect to each person who is entitled to indemnification rights under this Article as of such date.

Section 11. SAVINGS CLAUSE. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any liabilities and expenses with respect to any action, suit or proceeding to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and to the full extent permitted by applicable law.

Section 12. DEFINITIONS. As used in this Article, the term "director", "officer" and "person" include their respective heirs, executors, administrators, and legal representatives, and an "interested" director is one against whom in such capacity the proceedings in question or another proceeding on the same or similar grounds is then pending.

6B. STOCKHOLDERS' MEETINGS

Meetings of Stockholders of the Corporation may be held anywhere in the United States.

6C. AMENDMENT OF BY-LAWS

The power to make, amend or repeal by-laws shall be in the Stockholders, provided, however, that the by-laws may provide that the directors may make, amend or repeal the by-laws in whole or in part, except with respect to any provisions thereof which according to law, the Articles of Organization or by-laws requires action by the Stockholders.

6D. LIMITATION OF DIRECTOR LIABILITY

To the fullest extent permitted by Chapter 156B of the Massachusetts General Laws, as it may be amended from time to time, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability.

Attachment 8
ANALOG DEVICES, INC.

OFFICERS

<u>TITLE</u>	<u>NAME</u>	<u>RESIDENTIAL ADDRESS</u>	<u>POST OFFICE ADDRESS</u>
Chief Executive Officer and President	Jerald G. Fishman	169 Hickory Road Weston, MA 02193	One Technology Way Norwood, MA 02062-9106
Clerk	Paul P. Broutas	22 Conant Road Weston, MA 02193	Hale and Dorr LLP 60 State Street Boston, MA 02109
Treasurer	William A. Martin	3 Harden Road Foxboro, MA 02035	One Technology Way Norwood, MA 02062-9106

DIRECTORS

<u>Name</u>	<u>Residential Address</u>	<u>Post Office Address</u>
Ray Stata	6 Miller Hill Road Dover, MA 02030	One Technology Way Norwood, MA 02062-9106
John L. Doyle	177 Ramoso Road Portola Valley, CA 94025	177 Ramoso Road Portola Valley, CA 94025
F. Grant Saviers	3050 Three Spring Court San Jose, CA 95190-9714	President & CEO Adaptec, Inc. 691 South Milpitas Boulevard Milpitas, CA 95035
Joel Moses	70 Fairview Road Weston, MA 02193	MIT 77 Massachusetts Avenue-3-208 Cambridge, MA 02139
Lester C. Thurow	4 Longfellow Place (#3306) Boston, MA 02114	MIT 50 Memorial Drive, E-52-454 Cambridge, MA 02142
Jerald G. Fishman	169 Hickory Road Weston, MA 02193	One Technology Way Norwood, MA 02062-9106
Charles O. Holliday, Jr.	Dupont Asia Pacific Ltd. Arco Tower 8-1 Shimomeguro 1-CHOME Meguro-KU Tokyo 153 Japan	Dupont 1007 Market Street, D-9000 Wilmington, DE 19898

THE COMMONWEALTH OF MASSACHUSETTS

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

ARTICLES OF AMENDMENT
(General Laws, Chapter 156B, Section 72)

We, Jerald G. Fishman, *President,
and Mark G. Borden, *Clerk, of
Analog Devices, Inc.,
(Exact name of corporation)

located at One Technology Way, P.O. Box 9106, Norwood, MA 02062-9106,
(Street address of corporation Massachusetts)

certify that these Articles of Amendment affecting articles numbered:

3

(Number those articles 1,2,3,4,5 and/or 6 being amended)

of the Articles of Organization were duly adopted at a meeting held on March 9, 2004, by vote of:

311,871,102 shares of Common Stock of 373,593,820 shares outstanding,
(type, class & series, if any)

_____ shares of _____ of _____ shares outstanding, and
(type, class & series, if any)

_____ shares of _____ of _____ shares outstanding,
(type, class & series, if any)

**being at least a majority of each type, class or series outstanding and entitled to vote thereon: / **being at least two-thirds of each type, class or series
outstanding and entitled to vote thereon and of each type, class or series of stock whose rights are adversely affected thereby:

To change the number of shares and the par value (if any) of any type, class or series of stock which the corporation is authorized to issue, fill in the
following:



The total presently authorized is:

<u>WITHOUT PAR VALUE STOCKS</u>	
<u>TYPE</u>	<u>NUMBER OF SHARES</u>
Common:	
Preferred:	

<u>WITH PAR VALUE STOCKS</u>		
<u>TYPE</u>	<u>NUMBER OF SHARES</u>	<u>PAR VALUE</u>
Common:	600,000,000	\$.16 2/3
Preferred:*	471,934	\$1.00

Change the total authorized to:

<u>WITHOUT PAR VALUE STOCKS</u>	
<u>TYPE</u>	<u>NUMBER OF SHARES</u>
Common:	
Preferred:	

<u>WITH PAR VALUE STOCKS</u>		
<u>TYPE</u>	<u>NUMBER OF SHARES</u>	<u>PAR VALUE</u>
Common:	1,200,000,000	\$.16 2/3
Preferred:*	471,934	\$1.00

* Includes 300,000 shares designated as Series A Junior Participating Preferred Stock with a par value of \$1.00 per share.

The foregoing amendment(s) will become effective when these Articles of Amendment are filed in accordance with General Laws, Chapter 156B, Section 6 unless these articles specify, in accordance with the vote adopting the amendment, a later effective date not more than thirty days after such filing, in which event the amendment will become effective on such later date.

Later effective date: _____

SIGNED UNDER THE PENALTIES OF PERJURY, this 9th day of March, 2004

/s/ Jerald G. Fishman _____,

*President

/s/ Mark G. Borden _____,

*Clerk

* Delete the inapplicable words.

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF AMENDMENT
(General Laws, Chapter 156B, Section 72)

I hereby approve the within Articles of Amendment and, the filing fee in the amount of \$150,000.00 having been paid, said articles are deemed to have been filed with me this 17th day of March, 2004.

Effective Date: _____

/s/ WILLIAM FRANCIS GALVIN

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth

TO BE FILLED IN BY CORPORATION

Contact information:

Donna Pace
Corporate Paralegal
Hale and Dorr LLP
Bay Colony Corporate Center
1100 Winter Street, Suite 4650
Waltham, MA 02451
Telephone: (617) 526-5179
Email: donna.pace@haledorr.com

A copy this filing will be available on-line at www.state.ma.us/sec/cor once the document is filed.

Articles of Amendment
(General Laws Chapter 156D, Section 10.06; 950 CMR 113.34)

Analog Devices, Inc., having a registered office at One Technology Way, Norwood, Massachusetts 02062, certifies as follows:

FIRST, Article VI of the Restated Articles of Organization, as amended, of the corporation is amended by this Amendment.

SECOND, this Amendment was duly adopted and approved on September 12, 2007 by the board of directors and by the shareholders in the manner required by law and the Articles of Organization.

THIRD, the specific text of the amendments effected by this Amendment is as follows:

Article VI is amended to add the following at the end thereof:

“The bylaws of the corporation may, but are not required to, provide that in a meeting of shareholders other than a contested election meeting (as such term may be defined in such bylaws), a nominee for director shall be elected to the board of directors only if the votes cast for such nominee’s election exceed the votes cast against such nominee’s election, and in a contested election meeting, directors shall be elected by a plurality of the votes cast at such contested election meeting.”

FOURTH, this Amendment does not authorize an exchange or effect a reclassification or cancellation of issued shares of the corporation.

FIFTH, this Amendment does not change the number of shares or par value (if any) of any type, or designate a class or series, of stock, or change a designation of any class or series of stock.

The foregoing amendments will become effective at the time and on the date when these Articles of Amendment are approved by the Division.

Signed by /s/ Jerald G. Fishman
(signature of authorized individual)

- Chairman of the board of directors,
- President,
- Other officer,
- Court-appointed fiduciary,

on this 11th day of March, 2008.

COMMONWEALTH OF MASSACHUSETTS

William Francis Galvin
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

Articles of Amendment
(General Laws Chapter 156D, Section 10.06; 950 CMR 113.34)

I hereby certify that upon examination of these articles of amendment, it appears that the provisions of the General Laws relative thereto have been complied with, and the filing fee in the amount of \$100 having been paid, said articles are deemed to have been filed with me this 13th day of March 2008, at 9:12 a.m.

time

Effective date:

(must be within 90 days of date submitted)

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth

Filing fee: Minimum filing fee \$100 per article amended, stock increases \$100 per 100,000 shares, plus \$100 for each additional 100,000 shares or any fraction thereof.

Contact information:

Pamela Finan
WilmerHale
60 State Street
Boston, MA 02109
Telephone: (617) 526-5190
Email: pamela.finan@wilmerhale.com

AMENDED AND RESTATED BYLAWS
OF
ANALOG DEVICES, INC.

Last updated – March 11, 2008

BYLAWS
Table of Contents

	<u>Page</u>
ARTICLE I SHAREHOLDERS	1
1.1. Annual Meeting	1
1.2. Special Meetings	1
1.3. Place of Meetings	1
1.4. Requirement of Notice	1
1.5. Waiver of Notice	3
1.6. Quorum	3
1.7. Voting and Proxies	3
1.8. Action at Meeting	4
1.9. Nomination of Directors	5
1.10. Conduct of Meetings	7
1.11. Action Without Meeting by Written Consent	7
1.12. Record Date	7
1.13. Meetings by Remote Communication	8
1.14. Form of Shareholder Action	8
1.15. Shareholder List for Meeting	9
ARTICLE II DIRECTORS	9
2.1. Powers	9
2.2. Number and Election	9
2.3. Vacancies	10
2.4. Change in Size of Board of Directors	10
2.5. Tenure	10
2.6. Resignation	10
2.7. Removal	10
2.8. Regular Meetings	10
2.9. Special Meetings	11
2.10. Notice	11
2.11. Waiver of Notice	11
2.12. Quorum	11
2.13. Action at Meeting	11
2.14. Action Without Meeting	11
2.15. Telephone Conference Meetings	12
2.16. Committees	12
2.17. Compensation	12
2.18. Standard of Conduct for Directors	12
2.19. Conflict of Interest	13
ARTICLE III MANNER OF NOTICE	14
ARTICLE IV OFFICERS	15
4.1. Enumeration	15
4.2. Appointment	15
4.3. Qualification	15

	<u>Page</u>
4.4. Tenure	15
4.5. Resignation	15
4.6. Removal	15
4.7. Vacancies	15
4.8. Chairman of the Board and Vice Chairman of the Board	15
4.9. President; Chief Executive Officer	16
4.10. Vice Presidents	16
4.11. Treasurer and Assistant Treasurers	16
4.12. Secretary and Assistant Secretaries	17
4.13. Salaries	17
4.14. Standard of Conduct for Officers	17
 ARTICLE V PROVISIONS RELATING TO SHARES	 17
5.1. Issuance and Consideration	17
5.2. Share Certificates	18
5.3. Uncertificated Shares	18
5.4. Transfers; Record and Beneficial Owners	18
5.5. Replacement of Certificates	19
 ARTICLE VI CORPORATE RECORDS	 19
6.1. Records to be Kept	19
6.2. Inspection of Records by Shareholders	20
6.3. Scope of Inspection Right	21
6.4. Inspection of Records by Directors	21
 ARTICLE VII MISCELLANEOUS	 21
7.1. Fiscal Year	21
7.2. Seal	21
7.3. Voting of Securities	22
7.4. Evidence of Authority	22
7.5. Articles of Organization	22
7.6. Severability	22
7.7. Pronouns	22
7.8. Massachusetts Control Share Acquisition Act	22
 ARTICLE VIII AMENDMENTS	 22

ARTICLE I
SHAREHOLDERS

1.1. Annual Meeting. The Corporation shall hold an annual meeting of shareholders at a time to be fixed by the Board of Directors, the Chief Executive Officer or the President and stated in the notice of the meeting. The purposes for which the annual meeting is to be held, in addition to those prescribed by the Articles of Organization, shall be for electing Directors and for such other purposes as shall be specified in the notice for the meeting, and only business within such purposes may be conducted at the meeting. In the event an annual meeting is not held at the time fixed in accordance with these Bylaws or the time for an annual meeting is not fixed in accordance with these Bylaws to be held within 13 months after the last annual meeting, the Corporation may designate a special meeting as a special meeting in lieu of the annual meeting, and such meeting shall have all of the effect of an annual meeting.

1.2. Special Meetings. Special meetings of the shareholders may be called by the Board of Directors, the Chief Executive Officer or the President, and shall be called by the Secretary, or in case of the death, absence, incapacity or refusal of the Secretary, by another officer, if the holders of at least 80 percent, or such lesser percentage as shall constitute the maximum percentage permitted by law for this purpose at any time at which the Corporation shall have a class of voting stock registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of all the votes entitled to be cast on any issue to be considered at the proposed special meeting sign, date and deliver to the Secretary one or more written demands for the meeting describing the purpose for which it is to be held. Only business within the purpose or purposes described in the meeting notice may be conducted at a special shareholders' meeting.

1.3. Place of Meetings. All meetings of shareholders shall be held at the principal office of the Corporation unless a different place is fixed by the Board of Directors, the Chief Executive Officer or the President and specified in the notice of the meeting.

1.4. Requirement of Notice. A written notice of the date, time and place of each annual and special shareholders' meeting describing the purposes of the meeting shall be given to shareholders entitled to vote at the meeting (and, to the extent required by law or the Articles of Organization, to shareholders not entitled to vote at the meeting) no fewer than seven nor more than 60 days before the meeting date. If an annual or special meeting of shareholders is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is fixed, however, notice of the adjourned meeting shall be given under this Section 1.4 to persons who are shareholders as of the new record date. All notices to shareholders shall conform to the requirements of Article III of these Bylaws.

No business may be transacted at a meeting of shareholders except that (a) specified in the notice thereof, or in a supplemental notice given also in compliance with the provisions hereof, (b) brought before the meeting by or at the direction of the Board of Directors or the presiding officer, or (c) properly brought before the meeting by or on behalf of any shareholder who (i) is entitled to propose a matter for consideration at the meeting, (ii) shall have been a

shareholder of record at the time of giving of notice provided for in this Section 1.4 and who shall continue to be entitled to vote thereat and (iii) complies with the notice procedures set forth in this Section 1.4 or, with respect to the election of directors, Section 1.9 of these Bylaws. In addition to any other applicable requirements, for business to be properly brought before a meeting by a shareholder (other than a shareholder proposal included in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act), the shareholder must have given timely notice thereof to the Secretary of the Corporation.

To be timely, a shareholder's notice must be received in writing by the Secretary at the principal executive offices of the Corporation as follows: (i) in the case of an annual meeting of shareholders, not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual meeting, a shareholder's notice must be so received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (A) the 90th day prior to such annual meeting and (B) the seventh day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs; or (ii) in the case of a special meeting of shareholders, not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of (x) the 90th day prior to such special meeting and (y) the seventh day following the day on which notice of the date of such special meeting was mailed or public disclosure of the date of such special meeting was made, whichever first occurs. In no event shall the adjournment or postponement of a shareholders' meeting (or the public announcement thereof) commence a new time period (or extend any time period) for the giving of a shareholder's notice.

Such shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the meeting (a) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (b) the name and record address of the shareholder proposing such business, (c) the class and number of shares of capital stock of the Corporation held of record, owned beneficially and represented by proxy by such shareholder as of the record date for the meeting (if such date shall then have been made publicly available) and as of the date of such notice by the shareholder, and (d) all other information which would be required to be included in a proxy statement or other filings required to be filed with the Securities and Exchange Commission if, with respect to any such item of business, such shareholder were a participant in a solicitation subject to Regulation 14A under the Exchange Act.

Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at any meeting of shareholders except in accordance with the procedures set forth in this Section 1.4; provided, however, that nothing in this Section 1.4 shall be deemed to preclude discussion by any shareholder of any business properly brought before such meeting. Nothing in this Section 1.4 shall grant to any shareholder the right to propose a matter for consideration at any meeting of shareholders, or obligate the Corporation to provide notice to shareholders of any shareholder proposal, except to the extent such shareholder has such right, or the Corporation has such obligation, under applicable federal or state law.

The Chairman of the Board or other presiding officer of the meeting may, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the foregoing procedures, and if such officer should so determine, such officer shall so declare to the meeting and that business shall be disregarded.

For purposes of this Section 1.4, “public disclosure” shall include disclosure in a press release reported by the Dow Jones New Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

1.5. *Waiver of Notice.* A shareholder may waive any notice required by law, the Articles of Organization or these Bylaws before or after the date and time stated in the notice. The waiver shall be in writing, be signed by the shareholder entitled to the notice, and be delivered to the Corporation for inclusion with the records of the meeting. A shareholder’s attendance at a meeting: (a) waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

1.6. *Quorum.*

(a) Unless otherwise provided by law, or in the Articles of Organization, these Bylaws or, to the extent authorized by law, a resolution of the Board of Directors requiring satisfaction of a greater quorum requirement for any voting group, a majority of the votes entitled to be cast on the matter by a voting group constitutes a quorum of that voting group for action on that matter. As used in these Bylaws, a voting group includes all shares of one or more classes or series that, under the Articles of Organization or the Massachusetts Business Corporation Act, as in effect from time to time (the “MBCA”), are entitled to vote and to be counted together collectively on a matter at a meeting of shareholders.

(b) A share once represented for any purpose at a meeting is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless (1) the shareholder attends solely to object to lack of notice, defective notice or the conduct of the meeting on other grounds and does not vote the shares or otherwise consent that they are to be deemed present, or (2) in the case of an adjournment, a new record date is or shall be set for that adjourned meeting.

1.7. *Voting and Proxies.*

(a) Except as provided in this Section 1.7(a) or unless the Articles of Organization provide otherwise, each outstanding share, regardless of class, is entitled to one vote on each matter voted on at a shareholders’ meeting. Only shares are entitled to vote, and each fractional share, if any, is entitled to a proportional vote. Absent special circumstances, the shares of the Corporation are not entitled to vote if they are owned, directly or indirectly, by another entity of which the Corporation owns, directly or indirectly, a majority of the voting interests; provided, however, that nothing in these Bylaws shall limit the power of the

Corporation to vote any shares held by it, directly or indirectly, in a fiduciary capacity. Unless the Articles of Organization provide otherwise, redeemable shares are not entitled to vote after notice of redemption is given to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company or other financial institution under an irrevocable obligation to pay the holders the redemption price upon surrender of the shares.

(b) A shareholder may vote his or her shares in person or may appoint a proxy to vote or otherwise act for him or her by signing an appointment form, either personally or by his or her attorney-in-fact. An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. Unless otherwise provided in the appointment form, an appointment is valid for a period of 11 months from the date the shareholder signed the form or, if it is undated, from the date of its receipt by the officer or agent. An appointment of a proxy is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest, as defined in the MBCA. An appointment made irrevocable is revoked when the interest with which it is coupled is extinguished. The death or incapacity of the shareholder appointing a proxy shall not affect the right of the Corporation to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy exercises his or her authority under the appointment. A transferee for value of shares subject to an irrevocable appointment may revoke the appointment if he or she did not know of its existence when he or she acquired the shares and the existence of the irrevocable appointment was not noted conspicuously on the certificate representing the shares or on the information statement for shares without certificates. Subject to the provisions of Section 7.24 of the MBCA, or any successor Section thereto, and to any express limitation on the proxy's authority appearing on the face of the appointment form, the Corporation is entitled to accept the proxy's vote or other action as that of the shareholder making the appointment.

1.8. *Action at Meeting.* If a quorum of a voting group exists, favorable action on a matter, other than the election of a member of the Board of Directors, is taken by a voting group if the votes cast within the group favoring the action exceed the votes cast opposing the action, unless a greater number of affirmative votes is required by law, the Articles of Organization, these Bylaws or, to the extent authorized by law, a resolution of the Board of Directors requiring receipt of a greater affirmative vote of the shareholders, including more separate voting groups. Other than in a Contested Election Meeting (as defined below), when a quorum is present, a nominee for director shall be elected to the Board of Directors if the votes cast "for" such nominee's election exceed the votes cast "against" such nominee's election (with "abstentions," "broker non-votes" and "withheld votes" not counted as a vote "for" or "against" such election). In a Contested Election Meeting, when a quorum is present, directors shall be elected by a plurality of the votes cast at such Contested Election Meeting. A meeting of shareholders shall be a "Contested Election Meeting" if there are more persons nominated for election as directors at such meeting than there are directors to be elected at such meeting, determined as of the tenth day preceding the date of the corporation's first notice to shareholders of such meeting sent pursuant to Section 1.4 of these Bylaws (the "Determination Date"); provided, however, that if in accordance with Section 1.9(b) of these Bylaws, shareholders are entitled to nominate persons for election as director for a period of time that ends after the otherwise applicable Determination Date, the Determination Date shall instead be as of the end of such period. No ballot shall be

required for any election unless requested by a shareholder present or represented at the meeting and entitled to vote in the election.

1.9. *Nomination of Directors.*

(a) Except for (1) any Directors entitled to be elected by the holders of any class or series of Preferred Stock, (2) any Directors elected by the Board of Directors in accordance with Section 2.3 of these Bylaws to fill vacancies or newly created directorships or (3) as otherwise required by applicable law or stock market regulation, only persons who are nominated in accordance with the procedures in this Section 1.9 shall be eligible for election as Directors. Nomination for election to the Board of Directors at a meeting of shareholders may be made (i) by or at the direction of the Board of Directors or (ii) by any shareholder of the Corporation who (x) complies with the notice procedures set forth in Section 1.9(b) and (y) is a shareholder of record on the date of the giving of such notice and on the record date for the determination of shareholders entitled to vote at such meeting.

(b) To be timely, a shareholder's notice must be received in writing by the Secretary at the principal executive offices of the Corporation as follows: (i) in the case of an election of Directors at an annual meeting of shareholders, not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual meeting, a shareholder's notice must be so received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (A) the 90th day prior to such annual meeting and (B) the seventh day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs; or (ii) in the case of an election of Directors at a special meeting of shareholders, provided that the Board of Directors has determined that Directors shall be elected at such meeting, not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of (x) the 90th day prior to such special meeting and (y) the seventh day following the day on which notice of the date of such special meeting was mailed or public disclosure of the date of such special meeting was made, whichever first occurs. In no event shall the adjournment or postponement of a shareholders' meeting (or the public announcement thereof) commence a new time period (or extend any time period) for the giving of a shareholder's notice.

The shareholder's notice to the Secretary shall set forth: (A) as to each proposed nominee (1) such person's name, age, business address and, if known, residence address, (2) such person's principal occupation or employment, (3) the class and number of shares of stock of the Corporation which are beneficially owned by such person, and (4) any other information concerning such person that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Exchange Act; (B) as to the shareholder giving the notice (1) such shareholder's name and address, as they appear on the Corporation's books, (2) the class and number of shares of stock of the Corporation which are owned, beneficially and of record, by such shareholder, (3) a description of all arrangements or understandings between such shareholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such shareholder, (4) a representation that

such shareholder intends to appear in person or by proxy at the meeting to nominate the person(s) named in its notice and (5) a representation whether the shareholder intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee and/or (y) otherwise to solicit proxies from shareholders in support of such nomination; and (C) as to the beneficial owner, if any, on whose behalf the nomination is being made (1) such beneficial owner's name and address, (2) the class and number of shares of stock of the Corporation which are beneficially owned by such beneficial owner, (3) a description of all arrangements or understandings between such beneficial owner and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made and (4) a representation whether the beneficial owner intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee and/or (y) otherwise to solicit proxies from shareholders in support of such nomination. In addition, to be effective, the shareholder's notice must be accompanied by the written consent of the proposed nominee to serve as a Director if elected. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required to determine the eligibility of such proposed nominee to serve as a Director of the Corporation. A shareholder shall not have complied with this Section 1.9(b) if the shareholder (or beneficial owner, if any, on whose behalf the nomination is made) solicits or does not solicit, as the case may be, proxies in support of such shareholder's nominee in contravention of the representations with respect thereto required by this Section 1.9.

(c) The chairman of any meeting shall have the power and duty to determine whether a nomination was made in accordance with the provisions of this Section 1.9 (including whether the shareholder or beneficial owner, if any, on whose behalf the nomination is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such shareholder's nominee in compliance with the representations with respect thereto required by this Section 1.9), and if the chairman should determine that a nomination was not made in accordance with the provisions of this Section 1.9, the chairman shall so declare to the meeting and such nomination shall be disregarded.

(d) Except as otherwise required by law, nothing in this Section 1.9 shall obligate the Corporation or the Board of Directors to include in any proxy statement or other shareholder communication distributed on behalf of the Corporation or the Board of Directors information with respect to any nominee for Director submitted by a shareholder.

(e) Notwithstanding the foregoing provisions of this Section 1.9, if the shareholder (or a qualified representative of the shareholder) does not appear at the annual or special meeting of shareholders of the Corporation to present a nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 1.9, to be considered a qualified representative of the shareholder, a person must be authorized by a written instrument executed by such shareholder or an electronic transmission delivered by such shareholder to act for such shareholder as proxy at the meeting of shareholders and such person must produce such written instrument or electronic transmission, or a reliable reproduction of the written instrument or electronic transmission, at the meeting of shareholders.

(f) For purposes of this Section 1.9, “public disclosure” shall include disclosure in a press release reported by the Dow Jones New Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

1.10. Conduct of Meetings. The Board of Directors may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of shareholders as it shall deem appropriate, including without limitation such guidelines and procedures as it may deem appropriate regarding the participation by means of remote communication of shareholders and proxyholders not physically present at a meeting. Except to the extent inconsistent with such rules, regulations and procedures as adopted by the Board of Directors, the chairman of any meeting of shareholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to shareholders, their duly authorized and constituted proxies or attorneys or such other persons as shall be determined; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of shareholders shall not be required to be held in accordance with the rules of parliamentary procedure.

1.11. Action Without Meeting by Written Consent.

(a) Action taken at a shareholders’ meeting may be taken without a meeting if the action is taken by all shareholders entitled to vote on the action. The action shall be evidenced by one or more written consents that describe the action taken, are signed by shareholders having the requisite votes, bear the date of the signatures of such shareholders, and are delivered to the Corporation for inclusion with the records of meetings within 60 days of the earliest dated consent delivered to the Corporation as required by this Section 1.11. A consent signed under this Section 1.11 has the effect of a vote at a meeting.

(b) If action is to be taken pursuant to the consent of voting shareholders without a meeting, the Corporation, at least seven days before the action pursuant to the consent is taken, shall give notice, which complies in form with the requirements of Article III of these Bylaws, of the action to nonvoting shareholders in any case where such notice would be required by law if the action were to be taken pursuant to a vote by voting shareholders at a meeting. The notice shall contain, or be accompanied by, the same material that would have been required by law to be sent to shareholders in or with the notice of a meeting at which the action would have been submitted to the shareholders for approval.

1.12. Record Date. The Board of Directors may fix the record date in order to determine the shareholders entitled to notice of a shareholders’ meeting, to demand a special meeting, to vote or to take any other action. If a record date for a specific action is not fixed by the Board of Directors, and is not supplied by law, the record date shall be (a) the close of

business either on the day before the first notice is sent to shareholders, or, if no notice is sent, on the day before the meeting or (b) in the case of action without a meeting by written consent, the date the first shareholder signs the consent or (c) for purposes of determining shareholders entitled to demand a special meeting of shareholders, the date the first shareholder signs the demand or (d) for purposes of determining shareholders entitled to a distribution, other than one involving a purchase, redemption or other acquisition of the Corporation's shares, the date the Board of Directors authorizes the distribution. A record date fixed under this Section 1.12 may not be more than 70 days before the meeting or action requiring a determination of shareholders. A determination of shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

1.13. Meetings by Remote Communication. Unless otherwise provided in the Articles of Organization, if authorized by the Board of Directors: subject to such guidelines and procedures as the Board of Directors may adopt, shareholders and proxyholders not physically present at a meeting of shareholders may, by means of remote communication: (a) participate in a meeting of shareholders; and (b) be deemed present in person and vote at a meeting of shareholders, provided that: (1) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a shareholder or proxyholder; (2) the Corporation shall implement reasonable measures to provide such shareholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings; and (3) if any shareholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

1.14. Form of Shareholder Action.

(a) Any vote, consent, waiver, proxy appointment or other action by a shareholder or by the proxy or other agent of any shareholder shall be considered given in writing, dated and signed, if, in lieu of any other means permitted by law, it consists of an electronic transmission that sets forth or is delivered with information from which the Corporation can determine (1) that the electronic transmission was transmitted by the shareholder, proxy or agent or by a person authorized to act for the shareholder, proxy or agent; and (2) the date on which such shareholder, proxy, agent or authorized person transmitted the electronic transmission. The date on which the electronic transmission is transmitted shall be considered to be the date on which it was signed. The electronic transmission shall be considered received by the Corporation if it has been sent to any address specified by the Corporation for the purpose or, if no address has been specified, to the principal office of the Corporation, addressed to the Secretary or other officer or agent having custody of the records of proceedings of shareholders.

(b) Any copy, facsimile or other reliable reproduction of a vote, consent, waiver, proxy appointment or other action by a shareholder or by the proxy or other agent of any shareholder may be substituted or used in lieu of the original writing for any purpose for which

the original writing could be used, but the copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

1.15. Shareholder List for Meeting.

(a) After fixing a record date for a shareholders' meeting, the Corporation shall prepare an alphabetical list of the names of all its shareholders who are entitled to notice of the meeting. The list shall be arranged by voting group, and within each voting group by class or series of shares, and show the address of and number of shares held by each shareholder, but need not include an electronic mail address or other electronic contact information for any shareholder.

(b) The list of shareholders shall be available for inspection by any shareholder, beginning two business days after notice is given of the meeting for which the list was prepared and continuing through the meeting: (1) at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held; or (2) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting.

(c) A shareholder or his or her agent or attorney is entitled on written demand to inspect and, subject to the requirements of Section 6.2(c) of these Bylaws, to copy the list, during regular business hours and at his or her expense, during the period it is available for inspection.

(d) The Corporation shall make the list of shareholders available at the meeting, and any shareholder or his or her agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment.

ARTICLE II

DIRECTORS

2.1. Powers. All corporate power shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, its Board of Directors.

2.2. Number and Election. The Board of Directors shall consist of not less than the minimum number of individuals permitted by law and, subject to the rights of holders of any class or series of Preferred Stock to elect Directors, shall be divided into three classes, such classes to be as nearly equal in number as possible. Subject to the rights of holders of any class or series of Preferred Stock to elect Directors, at each annual meeting of shareholders, the successors to the class of Directors whose term expires at that meeting shall be elected. Subject to the foregoing requirements and applicable law, the Board of Directors may, from time to time, fix the number of Directors and their respective classifications, provided that any such action does not operate to remove a Director elected by the shareholders or the Directors other than in the manner specified in the Articles of Organization or these Bylaws.

2.3. Vacancies. Subject to the rights of holders of any class or series of Preferred Stock, vacancies and newly created directorships, whether resulting from an increase in the size of the Board of Directors, from the death, resignation, disqualification or removal of a Director or otherwise, shall be filled solely by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board of Directors. A vacancy that will occur at a specific later date may be filled before the vacancy occurs, but the new Director may not take office until the vacancy occurs.

2.4. Change in Size of Board of Directors. Subject to the rights of holders of any class or series of Preferred Stock, the number of Directors may be fixed or changed from time to time by the Board of Directors.

2.5. Tenure. Subject to the rights of holders of any class or series of Preferred Stock to elect Directors, each Director shall serve for a term ending on the date of the third annual meeting at which such Director was elected; provided, however, that each Director designated as a Class I Director as of the effective date of these amended and restated Bylaws shall serve for an initial term expiring at the Corporation's annual meeting of shareholders held in 2005; each Director designated as a Class II Director as of the effective date of these amended and restated Bylaws shall serve for an initial term expiring at the Corporation's annual meeting of shareholders held in 2006; and each Director designated as a Class III Director as of the effective date of these amended and restated Bylaws shall serve for an initial term expiring at the Corporation's annual meeting of shareholders held in 2007; and provided further, however, that the term of each Director shall continue until the election and qualification of a successor and be subject to such Director's earlier death, resignation or removal. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director. Any Director elected to fill a vacancy shall hold office for the remainder of the full term of the class of Directors in which the vacancy occurred or the new directorship was created and until such Director's successor shall have been elected and qualified.

2.6. Resignation. A Director may resign at any time by delivering written notice of resignation to the Board of Directors, the Chairman of the Board or the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

2.7. Removal. A Director may be removed from office (a) with or without cause by vote of a majority of the stockholders entitled to vote in the election of Directors, provided that the Directors of a class elected by a particular class of stockholders may be removed only by the vote of the holders of a majority of the shares of such class or (b) for cause by vote of a majority of the Directors then in office. A Director may be removed for cause only after reasonable notice and opportunity to be heard before the body proposing to remove him. To the extent that any of the provisions in this Section 2.7 conflicts or is inconsistent with any of the provisions of Section 8.06 of the MBCA, as amended from time to time, the provisions of Section 8.06 shall govern and control.

2.8. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall from time to time be fixed by the Board of Directors without notice of the date, time, place or purpose of the meeting. A regular meeting may be held without

a call or notice at the same place as the annual meeting of shareholders, or the special meeting held in lieu thereof, following such meeting of shareholders.

2.9. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board, the Chief Executive Officer, the President, the Secretary, any two Directors or one Director in the event that there is only one Director.

2.10. Notice. Special meetings of the Board of Directors must be preceded by at least two days' notice of the date, time and place of the meeting. The notice need not describe the purpose of the special meeting. All notices to Directors shall conform to the requirements of Article III of these Bylaws.

2.11. Waiver of Notice. A Director may waive any notice before or after the date and time of the meeting. The waiver shall be in writing, signed by the Director entitled to the notice, or in the form of an electronic transmission by the Director to the Corporation, and filed with the minutes or corporate records. A Director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless the Director at the beginning of the meeting, or promptly upon his or her arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

2.12. Quorum. Unless otherwise provided by law, the Articles of Organization or these Bylaws, a quorum of the Board of Directors consists of a majority of the Directors then in office, provided always that any number of Directors (whether one or more and whether or not constituting a quorum) constituting a majority of Directors present at any meeting or at any adjourned meeting may make an adjournment thereof.

2.13. Action at Meeting. If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board of Directors unless the Articles of Organization or these Bylaws require the vote of a greater number of Directors. A Director who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is considered to have assented to the action taken unless: (a) he or she objects at the beginning of the meeting, or promptly upon his or her arrival, to holding it or transacting business at the meeting; (b) his or her dissent or abstention from the action taken is entered in the minutes of the meeting; or (c) he or she delivers written notice of his or her dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

2.14. Action Without Meeting. Any action required or permitted to be taken by the Directors may be taken without a meeting if the action is taken by the unanimous consent of the members of the Board of Directors. The action must be evidenced by one or more consents describing the action taken, in writing, signed by each Director, or delivered to the Corporation by electronic transmission, to the address specified by the Corporation for the purpose or, if no address has been specified, to the principal office of the Corporation, addressed to the Secretary or other officer or agent having custody of the records of proceedings of Directors, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this Section 2.14 is effective when the last Director signs or delivers the consent, unless the

consent specifies a different effective date. A consent signed or delivered under this Section 2.14 has the effect of a meeting vote and may be described as such in any document.

2.15. Telephone Conference Meetings. The Board of Directors may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is considered to be present in person at the meeting.

2.16. Committees. The Board of Directors may create one or more committees and appoint members of the Board of Directors to serve on them. Each committee may have one or more members, who serve at the pleasure of the Board of Directors. The creation of a committee and appointment of members to it must be approved by a majority of all the Directors in office when the action is taken. Article III and Sections 2.10 through 2.15 of these Bylaws shall apply to committees and their members. To the extent specified by the Board of Directors, each committee may exercise the authority of the Board of Directors to the extent permitted by law. The creation of, delegation of authority to, or action by a committee does not alone constitute compliance by a Director with the standards of conduct described in Section 2.18 of these Bylaws.

2.17. Compensation. The Board of Directors may fix the compensation of Directors.

2.18. Standard of Conduct for Directors.

(a) A Director shall discharge his or her duties as a Director, including his or her duties as a member of a committee: (1) in good faith; (2) with the care that a person in a like position would reasonably believe appropriate under similar circumstances; and (3) in a manner the Director reasonably believes to be in the best interests of the Corporation. In determining what the Director reasonably believes to be in the best interests of the Corporation, a Director may consider the interests of the Corporation's employees, suppliers, creditors and customers, the economy of the state, the region and the nation, community and societal considerations, and the long-term and short-term interests of the Corporation and its shareholders, including the possibility that these interests may be best served by the continued independence of the Corporation.

(b) In discharging his or her duties, a Director who does not have knowledge that makes reliance unwarranted is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by: (1) one or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent with respect to the information, opinions, reports or statements presented; (2) legal counsel, public accountants or other persons retained by the Corporation, as to matters involving skills or expertise the Director reasonably believes are matters (i) within the particular person's professional or expert competence or (ii) as to which the particular person merits confidence; or (3) a committee of the Board of Directors of which the Director is not a member if the Director reasonably believes the committee merits confidence.

(c) A Director is not liable for any action taken as a Director, or any failure to take any action, if he or she performed the duties of his or her office in compliance with this Section 2.18.

2.19. Conflict of Interest.

(a) A conflict of interest transaction is a transaction with the Corporation in which a Director of the Corporation has a material direct or indirect interest. A conflict of interest transaction is not voidable by the Corporation solely because of the Director's interest in the transaction if any one of the following is true:

(1) the material facts of the transaction and the Director's interest were disclosed or known to the Board of Directors or a committee of the Board of Directors and the Board of Directors or committee authorized, approved or ratified the transaction;

(2) the material facts of the transaction and the Director's interest were disclosed or known to the shareholders entitled to vote and they authorized, approved or ratified the transaction; or

(3) the transaction was fair to the Corporation.

(b) For purposes of this Section 2.19, and without limiting the interests that may create conflict of interest transactions, a Director of the Corporation has an indirect interest in a transaction if: (1) another entity in which he or she has a material financial interest or in which he or she is a general partner is a party to the transaction; or (2) another entity of which he or she is a director, officer or trustee or in which he or she holds another position is a party to the transaction and the transaction is or should be considered by the Board of Directors.

(c) For purposes of clause (1) of subsection (a) of this Section 2.19, a conflict of interest transaction is authorized, approved or ratified if it receives the affirmative vote of a majority of the Directors on the Board of Directors (or on the committee) who have no direct or indirect interest in the transaction, but a transaction may not be authorized, approved or ratified under this Section 2.19 by a single Director. If a majority of the Directors who have no direct or indirect interest in the transaction vote to authorize, approve or ratify the transaction, a quorum is present for the purpose of taking action under this Section 2.19. The presence of, or a vote cast by, a Director with a direct or indirect interest in the transaction does not affect the validity of any action taken under clause (1) of subsection (a) of this Section 2.19 if the transaction is otherwise authorized, approved or ratified as provided in that subsection.

(d) For purposes of clause (2) of subsection (a) of this Section 2.19, a conflict of interest transaction is authorized, approved or ratified if it receives the vote of a majority of the shares entitled to be counted under this subsection (d). Shares owned by or voted under the control of a Director who has a direct or indirect interest in the transaction, and shares owned by or voted under the control of an entity described in clause (1) of subsection (b) of this Section 2.19, may not be counted in a vote of shareholders to determine whether to authorize, approve or ratify a conflict of interest transaction under clause (2) of subsection (a) of this Section 2.19. The vote of those shares, however, is counted in determining whether the transaction is approved under other provisions of these Bylaws. A majority of the shares, whether or not present, that are

entitled to be counted in a vote on the transaction under this subsection constitutes a quorum for the purpose of taking action under this Section 2.19.

ARTICLE III
MANNER OF NOTICE

All notices provided for under these Bylaws shall conform to the following requirements:

(a) Notice shall be in writing unless oral notice is reasonable under the circumstances. Notice by electronic transmission is written notice.

(b) Notice may be communicated in person; by telephone, voice mail, telegraph, teletype or other electronic means; by mail; by electronic transmission; or by messenger or delivery service. If these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published; or by radio, television or other form of public broadcast communication.

(c) Written notice, other than notice by electronic transmission, if in a comprehensible form, is effective upon deposit in the United States mail, if mailed postpaid and correctly addressed to the addressee's address shown in the Corporation's current records.

(d) Written notice by electronic transmission, if in comprehensible form, is effective: (1) if by facsimile telecommunication, when directed to a number furnished by the addressee for the purpose; (2) if by electronic mail, when directed to an electronic mail address furnished by the addressee for the purpose; (3) if by a posting on an electronic network together with separate notice to the addressee of such specific posting, directed to an electronic mail address furnished by the addressee for the purpose, upon the later of (i) such posting and (ii) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the addressee in such manner as the addressee shall have specified to the Corporation. An affidavit of the Secretary or an Assistant Secretary of the Corporation, the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

(e) Except as provided in subsection (c) of this Article III, written notice, other than notice by electronic transmission, if in a comprehensible form, is effective at the earliest of the following: (1) when received; (2) five days after its deposit in the United States mail, if mailed postpaid and correctly addressed; (3) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested; or if sent by messenger or delivery service, on the date shown on the return receipt signed by or on behalf of the addressee; or (4) on the date of publication if notice by publication is permitted.

(f) Oral notice is effective when communicated if communicated in a comprehensible manner.

ARTICLE IV

OFFICERS

4.1. Enumeration. The Corporation shall have a President, a Treasurer, a Secretary and such other officers as may be appointed by the Board of Directors from time to time in accordance with these Bylaws, including, but not limited to, a Chairman of the Board, a Vice Chairman of the Board, a Chief Executive Officer and one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries.

4.2. Appointment. The officers shall be appointed by the Board of Directors. A duly appointed officer may appoint one or more officers or assistant officers if authorized by the Board of Directors. Each officer has the authority and shall perform the duties set forth in these Bylaws or, to the extent consistent with these Bylaws, the duties prescribed by the Board of Directors or by direction of an officer authorized by the Board of Directors to prescribe the duties of other officers. The appointment of an officer shall not itself create contract rights.

4.3. Qualification. The same individual may simultaneously hold more than one office in the Corporation. No officer need be a shareholder.

4.4. Tenure. Except as otherwise provided by law, the Articles of Organization or these Bylaws, each officer shall hold office until his or her successor is duly appointed, unless a different term is specified in the vote appointing him or her, or until his or her earlier death, resignation or removal.

4.5. Resignation. An officer may resign at any time by delivering notice of the resignation to the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor shall not take office until the effective date. An officer's resignation shall not affect the Corporation's contract rights, if any, with the officer.

4.6. Removal. The Board of Directors may remove any officer at any time with or without cause. An officer's removal shall not affect the officer's contract rights, if any, with the Corporation.

4.7. Vacancies. The Board of Directors may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of President, Treasurer and Secretary. Each such successor shall hold office for the unexpired term of his or her predecessor and until his or her successor is duly appointed, or until he or she sooner dies, resigns or is removed.

4.8. Chairman of the Board and Vice Chairman of the Board. The Board of Directors may appoint from its members a Chairman of the Board, who need not be an employee or officer of the Corporation. If the Board of Directors appoints a Chairman of the Board, he or she shall perform such duties and possess such powers as are assigned to him or her by the Board of Directors and, if the Chairman of the Board is also designated as the Corporation's Chief

Executive Officer, shall have the powers and duties of the Chief Executive Officer prescribed in Section 4.9 of these Bylaws. Unless otherwise provided by the Board of Directors, the Chairman of the Board shall preside at all meetings of the Board of Directors and shareholders.

If the Board of Directors appoints a Vice Chairman of the Board, he or she shall, in the event of the absence, inability or refusal to act of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board and shall perform such other duties and possess such other powers as may from time to time be vested in him or her by the Board of Directors.

4.9. President; Chief Executive Officer. Unless the Board of Directors has designated the Chairman of the Board or another person as Chief Executive Officer, the President shall be the Chief Executive Officer. The Chief Executive Officer shall have general charge and supervision of the business of the Corporation, subject to the direction of the Board of Directors. The President shall perform such other duties and shall have such other powers as the Board of Directors or the Chief Executive Officer (if the President is not the Chief Executive Officer) may from time to time prescribe. In the event of the absence, inability or refusal to act of the Chief Executive Officer or the President (if the President is not the Chief Executive Officer), the Vice President (or, if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors) shall perform the duties of the Chief Executive Officer and, when so performing such duties, shall have all the powers of and be subject to all the restrictions upon, the Chief Executive Officer.

4.10. Vice Presidents. Any Vice President shall perform such duties and shall possess such powers as the Board of Directors, the Chief Executive Officer or the President may from time to time prescribe. The Board of Directors may assign to any Vice President the title Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

4.11. Treasurer and Assistant Treasurers. The Treasurer shall perform such duties and shall have such powers as may from time to time be assigned to him or her by the Board of Directors, the Chief Executive Officer or the President. In addition, the Treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the Corporation, to deposit funds of the Corporation in depositories, to disburse such funds as ordered by the Board of Directors, the Chief Executive Officer or the President, to make proper accounts of such funds, and to render as required by the Board of Directors, the Chief Executive Officer or the President statements of all such transactions and of the financial condition of the Corporation.

Any Assistant Treasurer shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer, the President or the Treasurer may from time to time prescribe. In the event of the absence, inability or refusal to act of the Treasurer, the Assistant Treasurer (or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Treasurer.

4.12. Secretary and Assistant Secretaries. The Secretary shall perform such duties and shall possess such powers as the Board of Directors, the Chief Executive Officer or the President may from time to time prescribe. In addition, the Secretary shall perform such duties and shall have such powers as are incident to the office of the secretary, including without limitation the duty and power to give notices of all meetings of shareholders and Directors, to attend all meetings of shareholders and Directors, to prepare minutes of the meetings of shareholders and Directors, to authenticate the records of the Corporation, to maintain a stock ledger and prepare lists of shareholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.

Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer, the President or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary.

In the absence of the Secretary or any Assistant Secretary at any meeting of shareholders or Directors, the person presiding at the meeting shall designate a temporary secretary to prepare the minutes of the meeting.

4.13. Salaries. Officers of the Corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

4.14. Standard of Conduct for Officers. An officer shall discharge his or her duties: (a) in good faith; (b) with the care that a person in a like position would reasonably exercise under similar circumstances; and (c) in a manner the officer reasonably believes to be in the best interests of the Corporation. In discharging his or her duties, an officer who does not have knowledge that makes reliance unwarranted is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by: (1) one or more officers or employees of the Corporation whom the officer reasonably believes to be reliable and competent with respect to the information, opinions, reports or statements presented; or (2) legal counsel, public accountants or other persons retained by the Corporation as to matters involving skills or expertise the officer reasonably believes are matters (i) within the particular person's professional or expert competence or (ii) as to which the particular person merits confidence. An officer shall not be liable to the Corporation or its shareholders for any decision to take or not to take any action taken, or any failure to take any action, as an officer, if the duties of the officer are performed in compliance with this Section 4.14.

ARTICLE V

PROVISIONS RELATING TO SHARES

5.1. Issuance and Consideration. The Board of Directors may issue the number of shares of each class or series authorized by the Articles of Organization. The Board of Directors may authorize shares to be issued for consideration consisting of any tangible or intangible

property or benefit to the Corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the Corporation. Before the Corporation issues shares, the Board of Directors shall determine that the consideration received or to be received for shares to be issued is adequate. The Board of Directors shall determine the terms upon which the rights, options or warrants for the purchase of shares or other securities of the Corporation are issued and the terms, including the consideration, for which the shares or other securities are to be issued.

5.2. Share Certificates. If shares are represented by certificates, at a minimum each share certificate shall state on its face: (a) the name of the Corporation and that it is organized under the laws of The Commonwealth of Massachusetts; (b) the name of the person to whom issued; and (c) the number and class of shares and the designation of the series, if any, the certificate represents. Every certificate for shares of stock that are subject to any restriction on the transfer or registration of transfer of such shares pursuant to the Articles of Organization, these Bylaws, an agreement among shareholders or an agreement among shareholders and the Corporation, shall have conspicuously noted on the front or back of such certificate the existence of such restrictions. If different classes of shares or different series within a class are authorized, then the variations in rights, preferences and limitations applicable to each class and series, and the authority of the Board of Directors to determine variations for any future class or series, must be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the Corporation will furnish the shareholder this information on request in writing and without charge. Each share certificate shall be signed, either manually or in facsimile, by the Chief Executive Officer, the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, or any two officers designated by the Board of Directors, and may bear the corporate seal or its facsimile. If the person who signed, either manually or in facsimile, a share certificate no longer holds office when the certificate is issued, the certificate shall be nevertheless valid.

5.3. Uncertificated Shares. The Board of Directors may authorize the issue of some or all of the shares of any or all of the Corporation's classes or series without certificates. The authorization shall not affect shares already represented by certificates until they are surrendered to the Corporation. Within a reasonable time after the issue or transfer of shares without certificates, the Corporation shall send the shareholder a written statement of the information required by the MBCA to be on certificates.

5.4. Transfers; Record and Beneficial Owners. Subject to the restrictions, if any, stated or noted on the stock certificates, shares of stock may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the Corporation or its transfer agent may reasonably require. The Corporation shall be entitled to treat the record holder of shares as shown on its books as the owner of such shares for all purposes, including the payment of dividends and other distributions and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such shares until the shares have been transferred on the books of the Corporation in accordance with the requirements of these Bylaws. Notwithstanding anything to the contrary herein, to the extent the Board of Directors has established a procedure by which the beneficial owner of shares that are

registered in the name of a nominee will be recognized by the Corporation as a shareholder, the Corporation shall be entitled to treat the beneficial owner of shares as the shareholder to the extent of the rights granted by a nominee certificate on file with the Corporation.

5.5. Replacement of Certificates. The Board of Directors may, subject to applicable law, determine the conditions upon which a new share certificate may be issued in place of any certificate alleged to have been lost, destroyed or wrongfully taken. The Board of Directors may, in its discretion, require the owner of such share certificate, or his or her legal representative, to give a bond, sufficient in its opinion, with or without surety, to indemnify the Corporation against any loss or claim which may arise by reason of the issue of the new certificate.

ARTICLE VI CORPORATE RECORDS

6.1. Records to be Kept.

(a) The Corporation shall keep as permanent records minutes of all meetings of its shareholders and Board of Directors, a record of all actions taken by the shareholders or Board of Directors without a meeting, and a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the Corporation. The Corporation shall maintain appropriate accounting records. The Corporation or its agent shall maintain a record of its shareholders, in a form that permits preparation of a list of the names and addresses of all shareholders, in alphabetical order by class of shares showing the number and class of shares held by each. The Corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

(b) The Corporation shall keep within The Commonwealth of Massachusetts a copy of the following records at its principal office or an office of its transfer agent or of its Secretary or Assistant Secretary or of its registered agent:

- (1) its Articles or Restated Articles of Organization and all amendments to them currently in effect;
- (2) its Bylaws or Restated Bylaws and all amendments to them currently in effect;
- (3) resolutions adopted by its Board of Directors creating one or more classes or series of shares, and fixing their relative rights, preferences and limitations, if shares issued pursuant to those resolutions are outstanding;
- (4) the minutes of all shareholders' meetings, and records of all action taken by shareholders without a meeting, for the past three years;
- (5) all written communications to shareholders generally within the past three years, including the financial statements furnished under Section 16.20 of the MBCA, or any successor Section thereto, for the past three years;

(6) a list of the names and business addresses of its current Directors and officers; and

(7) its most recent annual report delivered to the Massachusetts Secretary of State.

6.2. Inspection of Records by Shareholders.

(a) A shareholder is entitled to inspect and copy, during regular business hours at the office where they are maintained pursuant to Section 6.1(b) of these Bylaws, copies of any of the records of the Corporation described in said Section 6.1(b) if he or she gives the Corporation written notice of his or her demand at least five business days before the date on which he or she wishes to inspect and copy.

(b) A shareholder is entitled to inspect and copy, during regular business hours at a reasonable location specified by the Corporation, any of the following records of the Corporation if the shareholder meets the requirements of subsection (c) of this Section 6.2 and gives the Corporation written notice of his or her demand at least five business days before the date on which he or she wishes to inspect and copy:

(1) excerpts from minutes reflecting action taken at any meeting of the Board of Directors, records of any action of a committee of the Board of Directors while acting in place of the Board of Directors on behalf of the Corporation, minutes of any meeting of the shareholders, and records of action taken by the shareholders or Board of Directors without a meeting, to the extent not subject to inspection under subsection (a) of this Section 6.2;

(2) accounting records of the Corporation, but if the financial statements of the Corporation are audited by a certified public accountant, inspection shall be limited to the financial statements and the supporting schedules reasonably necessary to verify any line item on those statements; and

(3) the record of shareholders described in Section 6.1(a) of these Bylaws.

(c) A shareholder may inspect and copy the records described in subsection (b) of this Section 6.2 only if:

(1) his or her demand is made in good faith and for a proper purpose;

(2) he or she describes with reasonable particularity his or her purpose and the records he or she desires to inspect;

(3) the records are directly connected with his or her purpose; and

(4) the Corporation shall not have determined in good faith that disclosure of the records sought would adversely affect the Corporation in the conduct of its business or, in the case of a public corporation, constitutes material non-public information at the

time when the shareholder's notice of demand to inspect and copy is received by the Corporation.

(d) For purposes of this Section 6.2, "shareholder" includes a beneficial owner whose shares are held in a voting trust or by a nominee on his or her behalf.

6.3. *Scope of Inspection Right.*

(a) A shareholder's agent or attorney has the same inspection and copying rights as the shareholder represented.

(b) The Corporation may, if reasonable, satisfy the right of a shareholder to copy records under Section 6.2 of these Bylaws by furnishing to the shareholder copies by photocopy or other means chosen by the Corporation, including copies furnished through an electronic transmission.

(c) The Corporation may impose a reasonable charge, covering the costs of labor, material, transmission and delivery, for copies of any documents provided to the shareholder. The charge may not exceed the estimated cost of production, reproduction, transmission or delivery of the records.

(d) The Corporation may comply at its expense with a shareholder's demand to inspect the record of shareholders under clause (3) of subsection (b) of Section 6.2 of these Bylaws by providing the shareholder with a list of shareholders that was compiled no earlier than the date of the shareholder's demand.

(e) The Corporation may impose reasonable restrictions on the use or distribution of records by the demanding shareholder.

6.4. *Inspection of Records by Directors.* A Director is entitled to inspect and copy the books, records and documents of the Corporation at any reasonable time to the extent reasonably related to the performance of the Director's duties as a Director, including duties as a member of a committee, but not for any other purpose or in any manner that would violate any duty to the Corporation.

ARTICLE VII

MISCELLANEOUS

7.1. *Fiscal Year.* Except as otherwise determined from time to time by the Board of Directors, the fiscal year of the Corporation shall be the 52 or 53 week period, as the case may be, ending on the Saturday which is closest to the last day in October.

7.2. *Seal.* The seal of the Corporation shall, subject to alteration by the Board of Directors, bear the Corporation's name, the word "Massachusetts" and the year of its incorporation.

7.3. Voting of Securities. Except as the Board of Directors may otherwise designate, the Chief Executive Officer, President or Treasurer may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for the Corporation (with or without power of substitution) at, any meeting of shareholders of any other corporation or organization, the securities of which may be held by the Corporation.

7.4. Evidence of Authority. A certificate by the Secretary, an Assistant Secretary or a temporary Secretary as to any action taken by the shareholders, Directors, any committee or any officer or representative of the Corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

7.5. Articles of Organization. All references in these Bylaws to the Articles of Organization shall be deemed to refer to the Articles of Organization of the Corporation, as amended and in effect from time to time.

7.6. Severability. Any determination that any provision of these Bylaws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these Bylaws.

7.7. Pronouns. All pronouns used in these Bylaws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

7.8. Massachusetts Control Share Acquisition Act. The provisions of Chapter 110D of the Massachusetts General Laws shall not apply to any "control share acquisition" of the Corporation (as such term is defined in such Chapter 110D).

ARTICLE VIII

AMENDMENTS

These By-Laws may be amended by the affirmative vote of the holders of a majority of the shares of each class of capital stock at the time outstanding and entitled to vote at any annual or special meeting of stockholders, provided that notice of the substance of the proposed amendment is stated in the notice of such meeting. If authorized by the Articles of Organization, the Directors, by a majority of their number then in office, may also make, amend or repeal these By-Laws, in whole or in part, except with respect to (a) the provisions of these By-Laws governing (i) the removal of Directors, (ii) the indemnification of Directors and (iii) the amendment of these By-Laws and (b) any provision of these By-Laws which by law, the Articles of Organization or these By-Laws requires action by the stockholders.

Not later than the time of giving notice of the meeting of stockholders next following the making, amending or repealing by the Directors of any By-Law, notice thereof stating the substance of such change shall be given to all stockholders entitled to vote on amending the By-Laws.

Any By-Law adopted by the Directors may be amended or repealed by the stockholders entitled to vote on amending the By-Laws.

Analog Devices, Inc.
Code of Business Conduct and Ethics

To all employees:

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

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

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

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

I encourage you to review this information and to familiarize yourself with the standards we expect to achieve at ADI.

Jerald G. Fishman
President & Chief Executive Officer

About this Code of Business Conduct and Ethics

This Code of Business Conduct and Ethics Applies To All

This Code of Business Conduct and Ethics (the “Code”) applies to everyone who works for ADI, including its subsidiaries. This includes the Chief Executive Officer, the Chief Financial Officer, members of the board of directors, other senior financial, business and technical management, and every employee.

Our Open Door

ADI has an open door policy to hear from you about issues that may arise under this Code and about any violations of any law, rule or regulation. You may bring these issues to your supervisor or you may contact your Human Resources department or ADI’s Chief Compliance and Business Ethics Officer. We hope that your involvement in this process will be a positive experience for you and ADI as we work together to prevent or eliminate any unethical or illegal practices that you bring to ADI’s attention. While it is the company’s desire to address matters internally, nothing in this Code should discourage you from reporting any illegal activity or any violation of law, rule or regulation to the appropriate governmental authority. Employees who in good faith assist ADI in identifying or investigating violations or suspected violations of law, rule, regulation or this Code will not be subject to any retaliation by ADI or its employees.

ADI’s Chief Compliance and Business Ethics Officer can be reached by fax, mail or email at:

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

In addition, ADI has established a toll-free phone line – 1-800-381-6302, where you can speak to a person about any issue under this Code or any actual or suspected violations of any law, rule or regulation. While we prefer that you identify yourself when reporting, you can also decline to identify yourself if you wish.

Concerns Regarding Accounting or Auditing Matters

Employees with concerns regarding questionable accounting or auditing matters or complaints regarding accounting, internal accounting controls or auditing matters may confidentially, and anonymously if they wish, submit such concerns

or complaints in writing to ADI's Chief Compliance and Business Ethics Officer or may use the toll-free phone line shown above under "About this Code of Business Conduct and Ethics — Our Open Door." All such complaints will be forwarded to the Audit Committee of the Board of Directors. Such complaints will be forwarded, promptly, except any complaints that are determined to be without merit by both ADI's Chief Compliance and Business Ethics Officer and internal auditor, which may instead be reported at the next regularly scheduled meeting of the Audit Committee. The Audit Committee will evaluate the merits of any complaints received and authorize such follow-up actions, if any, as it deems necessary or appropriate to address the substance of the complaint. ADI will not discipline, discriminate against or retaliate against any employee who reports a complaint or concern in good faith.

Ethics in the marketplace

ADI's reputation for integrity in all aspects of business is a priceless asset. Our promotional literature must protect and enhance this image by providing complete and unambiguous performance information regarding ADI's products. Statements regarding ADI's products and offerings, and those of our competitors, must be based on factual data and avoid deliberately misleading information.

These principles of truthfulness and integrity apply equally to verbal discussions with customers. ADI employees must never disparage our competitors or their products to customers. Comparative presentations of ADI's products versus those of competitors' must be based on factual engineering analysis. ADI employees should also not reveal to outside parties any information that might affect prices.

Our customers are not naive. Product interest created by misleading or untruthful statements will ultimately work to the company's disadvantage. Our actions can serve to either enhance or damage ADI's reputation and it is the responsibility of each employee to always represent the company with the greatest possible integrity.

Reciprocal Dealings

It is ADI's policy to sell its products and services by meeting customers' needs, rather than by using its purchasing power as a weapon. ADI does not require its vendors to buy from ADI under any manner of coercion, either expressed or implied. Similarly, ADI selects its vendors solely on the basis of their superior ability to service our needs. The fact that a potential vendor may be a large customer of ADI must not be a factor in the consideration of that vendor.

Open and Fair Competition

It is unlawful in the United States and many other countries to collaborate with competitors or anyone representing them for the purposes of establishing or maintaining prices, division of markets or customers, group boycotts or restraining trade. It is also unlawful to collaborate with competitors or anyone representing them to restrain competition in other ways such as restricting production or agreeing not to do business with specific customers. ADI and its employees fully and unreservedly comply with the laws of the United States including, but not limited to, the laws associated with export of commodities, antitrust laws and the laws of the states and countries where ADI does business. Accordingly, it is unlawful to discuss prices with competitors under any circumstances other than those in connection with legitimate sales or purchase transactions. Employees who are involved in trade associations and professional groups should be vigilant that discussions in these forums do not violate ethical or legal standards. If you have doubts as to whether a contemplated action may have the effect of restraining competition, you should consult ADI's Chief Compliance and Business Ethics Officer.

Reasonable Estimates

Many employees are responsible for providing prices, cost and expense estimates to government procurement personnel, taxing authorities and audit agencies, as well as to other customers and suppliers. Similar estimates are also used daily in ADI's internal operations. Estimates should be reasonable and based upon known facts, or upon the estimator's plausible and honest judgment in the absence of facts.

Government regulations often exist that govern development of estimates. These regulations may allow for judgment and interpretation of costs and allocation of costs by the estimator as a basis for price negotiation. ADI's policy is to ensure that price estimates will provide a fair profit, taking into account various factors such as risk, technical innovation and product demand.

Fair Dealing Generally

In general, each employee should deal fairly with the company's customers, suppliers, competitors and employees. Statements regarding the company's products and services should not be intentionally deceptive or fraudulent. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Compliance with Applicable Laws

ADI expects that all officers, members of the board of directors, and employees (and sales representatives, consultants, vendors and customers engaged in

business activities with ADI) in the course of their services for ADI will comply with the law, including all applicable statutes, rules and regulations.

Ethics with proprietary information

ADI's trade secrets, proprietary information and most other internal information are valuable assets. Protection of this information is vital for ADI's continued growth and competitiveness. Under the laws of most countries, a trade secret is treated as property, usually in the form of information, knowledge or know-how. The possession of a trade secret gives the owner some advantage over competitors who do not possess the information. A trade secret must not be publicly known. But it does not need to be patentable subject matter to qualify as a trade secret.

Except when disclosure is legally mandated (and then only to the extent required by law), our obligations regarding proprietary and trade secret information of ADI are:

1. Not to disclose this information to persons or organizations outside of ADI, such as in conversations with visitors, suppliers or family;
2. Not to use trade secrets for our own benefit or for the profit or benefit of persons or organizations outside ADI; and
3. To only disclose this information to other ADI employees on a "need to know" or "need to use" basis and then only with a positive statement that the information is an ADI trade secret.

ADI's trade secret and proprietary information is not always of a technical nature. Typical trade secret information includes ADI's strategic, business, marketing, financial and product plans; divisional and departmental sales, profits and any unpublished financial or pricing information; yields, designs, efficiencies and capacities of ADI's production facilities, methods and systems; employee rosters; customer and vendor lists and detailed information regarding customer requirements, preferences, business habits and plans. This list, while not complete, suggests the wide scope and variety of ADI's proprietary information that needs to be safeguarded.

A person leaving the employment of ADI has an obligation to protect ADI's trade secrets and proprietary information until the information becomes publicly available or until ADI no longer considers it a trade secret or proprietary. You should also remember that correspondence, printed matter, documents or records of any kind, describing specific process knowledge, procedures, special ADI ways of doing things, whether classified or not, are all the property of and

must remain at ADI. Of course, personal skills acquired or improved on the job are personal assets of the individual.

Information from Outside ADI

It is ADI's policy and practice to respect trade secrets of other companies and individuals. Never reveal to any person at ADI any information that you believe is a trade secret, whether it belongs to a former employer, customer or supplier. If you have questions about what constitutes a trade secret, consult the company's legal counsel for guidance.

It is ADI's policy to refuse to receive or consider any information regarding trade secrets, such as ideas, inventions, patent applications that are submitted from companies or individuals outside ADI without the prior written approval of ADI's patent counsel. It is also ADI's policy that software licensed by the company should not be used in any manner inconsistent with ADI's rights and the vendor's rights as described in the licensing agreements.

Ethics in the stock market

Occasionally we have information about ADI that is not known to the investing public, such as bookings levels, prospects for sales or profitability, acquisitions, new product line development, specific technological achievements, major financial problems at a division, etc. Until disclosure to the public takes place, employees with knowledge of material information, and their immediate families, have a two-fold responsibility under U.S. law and Securities and Exchange Commission (SEC) rules:

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

If, in the course of their jobs, employees of ADI learn of material non-public information from another company, they may be considered an insider of that company and be subject to trading restrictions for that company's stock. Insider trading is both unethical and illegal, and will be dealt with decisively. If a question arises concerning whether or not information is material or if the information has been released to the public, please consult the company's legal counsel.

Short sale, hedging or derivative transactions may have the potential of placing an employee's personal financial concerns in direct conflict with the concerns of ADI, as such transactions are generally much more valuable if ADI stock declines in value. Engaging in short sale, hedging or derivative transactions could adversely influence, or create the appearance of adversely influencing, judgments, decisions or actions in meeting responsibilities to ADI. Therefore, all ADI personnel are strictly prohibited from all such transactions involving ADI securities.

Executive officers and members of the board of directors of the company have additional trading restrictions imposed by Section 16(b) of the Securities Exchange Act and other SEC rules. In addition, executive officers, members of the board of directors and certain other designated employees may not buy or sell ADI securities during the regularly scheduled quarterly black-out periods. If you have questions about restrictions on stock trading, please contact ADI's legal department.

The foregoing is a summary only. ADI has adopted a comprehensive policy on trading of securities and public disclosure of material non-public information that is applicable to all ADI personnel and is available on ADI's intranet.

Fair and Accurate Filings

ADI has an obligation to make full, fair, accurate, timely and understandable disclosures in the reports and documents filed with, or submitted to, the SEC, as well as in other public communications. Employees involved in the creation, assembly and approval of these reports and documents should, at all times, discharge their duties consistently with this obligation.

Accuracy of Books and Records

Employees, officers and directors must honestly and accurately report all business transactions. You are responsible for the accuracy of your records, time sheets and reports. Accurate information is essential to ADI's ability to meet legal and regulatory obligations.

All company books, records and accounts must accurately reflect the true nature of the transactions they record. The financial statements of the company shall conform to generally accepted accounting rules and the company's accounting policies. No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in the company's books or records for any reason, and no disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation or for any purpose other than as described in the documents. If you believe that the company's books and records are not being maintained in

accordance with these requirements, you should report the matter to your supervisor or ADI's Chief Compliance and Business Ethics Officer.

Release of Company Information

All requests for information from the media, market professionals (i.e., securities analysts, institutional investors, investment advisers, broker and dealers) and holders of securities of ADI should be directed to the Director of Corporate Communications.

Ethics with ADI property and opportunities

The equipment, tools, materials and supplies with which we accomplish our jobs have been purchased for a specific purpose. Unauthorized removal or purposeful misapplication or waste of these items places an unnecessary financial burden on ADI, handicapping the company's ability to operate profitably and may be a violation of criminal law.

All employees, officers and directors should seek to protect the company's assets. Theft, carelessness and waste have a direct impact on ADI's profitability. All company assets should be used only for the legitimate business purposes of ADI.

You should not take for yourself personally business or financial opportunities that are discovered through the use of ADI's property or information or your position at ADI. These opportunities belong to ADI. You should never use ADI's property or information for personal gain or the personal benefit of anyone else.

Ethics with ADI technology resources

The use of technology resources including e-mail, voice mail, Internet and Intranet access to generate and communicate business-related data has become central to our business. ADI provides technology resources to help employees accomplish job responsibilities, achieve business objectives and otherwise further our collective success. At the same time, we cannot ignore the reality that technology resources in the workplace raise serious concerns about the accuracy, security and control of company information, including confidential and proprietary matters. This is especially true because electronic communications tend to be more immediate and informal than traditional paper-based communications and because passwords and delete functions create an illusion of privacy, control and confidentiality. Usage of ADI technology resources thus must be ethical and in full compliance with ADI's Technology Resources Policy.

Ethics with gifts and entertainment

It is ADI's policy that you or members of your immediate family may not give or accept gifts, of any value, if such gifts would influence or appear to influence business decisions or judgments by our customers, competitors, suppliers or others doing business with ADI. However, employees of ADI may accept a gift from anyone with whom ADI does business, if such gift is clearly a promotional item and with a value of less than \$100. Employees may accept business entertainment that is modest, customary, appropriate under the circumstances with respect to the people involved and clearly intended to serve legitimate business goals. A limitation is imposed on accepting entertainment of up to four times in any twelve month period with the same host company, and only if a hosting company representative is present at the dinner or event.

Employees of ADI must not solicit gifts from anyone with whom we do business. Similarly, employees of ADI may not offer gifts to employees of customers, competitors, suppliers or others doing business with ADI, except for promotional items of limited value and business entertainment meeting the standards set forth above. Common sense and moderation should prevail in entertaining customers or others on behalf of ADI. When refusing a gift would be discourteous, the gift must be accepted on behalf of ADI and promptly turned over to the ADI Chief Compliance and Business Ethics Officer for appropriate disposition and/or donation to a charitable institution. In addition, employees should make sure that all gifts and entertainment expenses are properly recorded in ADI's records and accounts.

If you have any questions about the appropriateness of a specific gift or entertainment activity, you should discuss it with your supervisor or ADI's Chief Compliance and Business Ethics Officer.

Ethics with conflict of interest

General Policy

All ADI personnel must act and make business decisions in the best interests of ADI and refrain from intentionally or unintentionally engaging in activities that create a conflict of interest or an appearance of impropriety. In general, you must avoid any activity or personal interest in a transaction or relationship that creates or appears to create a conflict between your private interests and ADI's interests, or that might impair your ability to perform your ADI duties and responsibilities honestly, objectively and effectively.

For example:

- Do not directly or indirectly become involved in any activity or business for or on behalf of any competitor of ADI or that might advance a competitor's interest, other than at the request of ADI.
- Do not use your position with ADI to influence a transaction with a customer, supplier or other party in which you have any personal interest.
- Do not participate individually in any business or investment opportunity of which you learned through your position at ADI.
- Do not associate ADI with, or indicate ADI support for, any civic, religious, political or professional association without approval from ADI.

Except as provided below, all ADI employees shall report any existing or proposed transaction or relationship that reasonably could be expected to give rise to a conflict of interest to ADI's Chief Compliance and Business Ethics Officer. The Chief Compliance and Business Ethics Officer shall review the transaction or relationship and determine whether it constitutes a conflict of interest. In addition, any transaction or relationship that is determined by the Chief Compliance and Business Ethics Officer not to constitute a conflict of interest and that is ongoing in nature, shall be reviewed by the Chief Compliance and Business Ethics Officer periodically to ensure continued compliance with this policy.

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

A transaction or relationship that is determined by the Chief Compliance and Business Ethics Officer or the Committee to constitute a conflict of interest may be ratified or approved by the Committee if the Committee determines that, under

all of the circumstances, it is in the best interests of the Company. The Committee may, in its sole discretion, impose such conditions or require public disclosure as it deems appropriate or as required by law or stock exchange regulation in connection with any approval or ratification of the transaction or relationship.

Loans to Executive Officers and Directors

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

Ethics in government relations

ADI's products are frequently purchased by agencies of state and national governments and are used in equipment that is purchased by these agencies. Our policy is to seek our fair share of this business solely on the basis of superior price, performance, reliability, delivery or customer service versus our competitors.

It is ADI's policy to prohibit the payment or gift, whether made directly or indirectly, of corporate funds or other assets to any political party or committee, to any candidate for public office and to any official or employee of any local, state or federal government agency of the United States or of any foreign country in which we do business. The prohibition of payments shall apply to employees or persons acting on behalf of ADI, its divisions and its subsidiaries. It also extends to any payment or gift granted to a third party, whether it be an individual or a corporation, in which there is an understanding or presumption that part of or all of the payment or gift may ultimately be paid to any political party or committee, candidate for public office, governmental official or employee. This policy does not prohibit infrequent modest business meals or infrequent modest entertainment that is permitted by law and meets the criteria of ADI's policy on gifts and entertainment.

Ethics with workplace safety and natural resources

It is ADI's policy to conduct its business in compliance with all applicable laws, regulations and standards regarding workplace safety and the preservation of our natural resources. It is the responsibility of all employees of ADI to ensure that all ADI policies, procedures and guidelines regarding workplace safety and the preservation of our natural resources are fully implemented and observed. Unsafe conditions in the workplace and conditions that endanger our employees

or other parties, or endanger the quality of our air, water or land, will not be tolerated. ADI managers have a responsibility to be vigilant about preserving safe working conditions and our environment. In turn, managers also have a responsibility to correct the situation and restore safe working and environmental conditions in a timely manner. Each ADI facility has developed specific site guidelines to implement this corporate policy. You may consult the appropriate ADI facility health and safety manager with respect to any safety or environmental issue. In the event of uncertainty regarding workplace safety or the preservation of our natural resources, please consult ADI's Chief Compliance and Business Ethics Officer.

Compliance

If Issues or Questions Arise

If you become aware of any violation or suspected violation of this Code by any person, you have a right and a responsibility to point it out promptly to ADI's Chief Compliance and Business Ethics Officer or your supervisor.

If you are asked to depart from this Code, whether by your supervisor, another employee or anyone else, you have a right and a responsibility to seek clarification and/or guidance as to the propriety of the actions in question from ADI's Chief Compliance and Business Ethics Officer.

Accountability

The company has assigned to ADI's Chief Compliance and Business Ethics Officer overall accountability for tracking and responding to issues and questions relating to, and reported violations of, this Code. If ADI's Chief Compliance and Business Ethics Officer receives information regarding an alleged violation of this Code, he or such other person authorized by the board of directors to investigate alleged violations of this Code shall, as appropriate, (a) evaluate such information, (b) if the alleged violation involves an executive officer or a member of the board of directors, inform the Chief Executive Officer and board of directors of the alleged violation, (c) determine whether it is necessary to conduct an inquiry or investigation and, if so, conduct such inquiry or investigation as he deems to be appropriate and (d) report the results of such inquiry or investigation (if any), together with a recommendation as to disposition of the matter, to the appropriate executive officer or member(s) of the board of directors for action, or if the alleged violation involves an executive officer or a member of the board of directors, report the results of such inquiry or investigation to the board of directors. Employees, officers and members of the board of directors are expected to cooperate fully with any inquiry or investigation by the company regarding an alleged violation of this Code. Failure to cooperate with any such

inquiry or investigation may result in disciplinary action, up to and including discharge.

Consequences of Violation of the Code

ADI's policy is to take prompt and consistent action to enforce this Code. Depending on the seriousness of the violation and the other relevant circumstances, violations of this Code may result in warnings, reprimands, demotion, suspension, dismissal, or other disciplinary action. Certain violations of this Code may require the company to refer the matter to the appropriate authorities for criminal prosecution. Moreover, any supervisor who directs or approves of any conduct in violation of this Code, or who has knowledge of such conduct and does not immediately report it, also will be subject to disciplinary action, up to and including discharge.

Waiver

There may be circumstances where a waiver of the Code is appropriate. Any request for a waiver should be in writing and should be presented to ADI's Chief Compliance and Business Ethics Officer, who is responsible for maintaining a complete record of all requests for waivers to any of these policies and the disposition of such requests. No waiver will be effective unless from an authorized representative of ADI. Any waiver of the Code for executive officers or members of the board of directors or any change to this Code that applies to executive officers or members of the board of directors may be made only by the board of directors or a board committee and will be disclosed as required by law or stock exchange regulation.

Dissemination and Amendment

This Code shall be distributed periodically to each employee, officer and member of the board of directors of the company. To ensure the continued dissemination and communication of this Code, ADI's Chief Compliance and Business Ethics Officer shall take, or cause to be taken, reasonable steps to communicate effectively the standards and procedures included in this Code to employees, officers and members of the board of directors of the company.

The company reserves the right to amend or alter this Code at any time for any reason. The most current version of this Code can be found at: <http://signals.corpnt.analog.com/C17/EthicalStandards/default.aspx> on the company's Intranet.

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

CERTIFICATION

I, Jerald G. Fishman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Analog Devices, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 20, 2008

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

CERTIFICATION

I, Joseph E. McDonough, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Analog Devices, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 20, 2008

/s/ Joseph E. McDonough

Joseph E. McDonough

Vice President, Finance

and Chief Financial Officer

(Principal Financial and Accounting Officer)

**Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Analog Devices, Inc. (the "Company") for the period ended May 3, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jerald G. Fishman, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

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

Dated: May 20, 2008

/s/ Jerald G. Fishman

Jerald G. Fishman

Chief Executive Officer

**Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Analog Devices, Inc. (the "Company") for the period ended May 3, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Joseph E. McDonough, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

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

Dated: May 20, 2008

/s/ Joseph E. McDonough

Joseph E. McDonough
Chief Financial Officer