

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 July 31, 2004

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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of July 31, 2004 there were 378,379,070 shares of Common Stock, \$0.16 2/3 par value per share, outstanding.

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PART I — FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

ANALOG DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(thousands, except per share amounts)

	Three Months Ended	
	July 31, 2004	August 2, 2003
Net sales	\$717,793	\$520,445
Cost of sales	287,271	233,846
Gross margin	430,522	286,599
Operating expenses:		
Research and development	132,856	113,672
Selling, marketing, general and administrative	89,162	72,178
Special charges	—	341
Amortization of intangibles	680	656
	<u>222,698</u>	<u>186,847</u>
Operating income	207,824	99,752
Nonoperating (income) expenses:		
Interest expense	146	7,763
Interest income	(9,576)	(9,999)
Other, net	523	762
	<u>(8,907)</u>	<u>(1,474)</u>
Income before income taxes	216,731	101,226
Provision for income taxes	47,681	22,270
Net income	\$169,050	\$ 78,956
Shares used to compute earnings per share – basic	<u>377,144</u>	<u>366,025</u>
Shares used to compute earnings per share – diluted	<u>394,203</u>	<u>384,166</u>
Earnings per share – basic	\$ 0.45	\$ 0.22
Earnings per share – diluted	\$ 0.43	\$ 0.21
Dividends declared per share	\$ 0.06	\$ —

See accompanying notes.

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ANALOG DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(thousands, except per share amounts)

	Nine Months Ended	
	July 31, 2004	August 2, 2003
Net sales	\$2,001,676	\$1,489,751
Cost of sales	824,167	676,555
Gross margin	1,177,509	813,196
Operating expenses:		
Research and development	380,611	335,810
Selling, marketing, general and administrative	253,682	213,002
Special charges	—	341
Amortization of intangibles	2,033	1,964
	636,326	551,117
Operating income	541,183	262,079
Nonoperating (income) expenses:		
Interest expense	180	24,561
Interest income	(23,308)	(32,516)
Other, net	2,792	477
	(20,336)	(7,478)
Income before income taxes	561,519	269,557
Provision for income taxes	123,047	59,303
Net income	\$ 438,472	\$ 210,254
Shares used to compute earnings per share – basic	374,687	364,477
Shares used to compute earnings per share – diluted	394,053	380,509
Earnings per share – basic	\$ 1.17	\$ 0.58
Earnings per share – diluted	\$ 1.11	\$ 0.55
Dividends declared per share	\$ 0.16	\$ —

See accompanying notes.

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ANALOG DEVICES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)
(thousands)

	July 31, 2004	November 1, 2003	August 2, 2003
Assets			
Cash and cash equivalents	\$ 383,315	\$ 517,874	\$1,312,725
Short-term investments	2,305,191	1,598,869	1,916,640
Accounts receivable, net	354,897	294,781	259,134
Inventories:			
Raw materials	9,433	7,864	10,050
Work in process	222,995	217,963	222,757
Finished goods	93,873	61,675	64,133
	326,301	287,502	296,940
Deferred tax assets	115,000	144,249	154,000
Prepaid expenses and other current assets	53,833	42,441	44,554
Total current assets	3,538,537	2,885,716	3,983,993
Property, plant and equipment, at cost:			
Land and buildings	295,210	294,349	294,505
Machinery and equipment	1,310,950	1,275,544	1,371,028
Office equipment	93,602	93,768	94,232
Leasehold improvements	118,226	118,054	127,227
	1,817,988	1,781,715	1,886,992
Less accumulated depreciation and amortization	1,150,960	1,110,575	1,189,151
Net property, plant and equipment	667,028	671,140	697,841
Deferred compensation plan investments	310,106	304,008	294,742
Other investments	3,502	37,565	2,791
Goodwill	163,373	163,373	163,373
Other intangible assets, net	6,668	8,646	9,300
Other assets	23,033	22,429	96,028
Total other assets	506,682	536,021	566,234
	\$4,712,247	\$4,092,877	\$5,248,068

See accompanying notes.

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

	July 31, 2004	November 1, 2003	August 2, 2003
Liabilities and Stockholders' Equity			
Short-term borrowings and current portion of obligations under capital leases			
	\$ —	\$ —	\$ 618
Accounts payable	135,986	99,336	106,054
Deferred income on shipments to distributors	166,356	121,345	112,607
Income taxes payable	172,702	129,810	151,275
Accrued liabilities	106,867	112,986	115,499
Total current liabilities	<u>581,911</u>	<u>463,477</u>	<u>486,053</u>
Long-term debt and obligations under capital leases	—	—	1,263,457
Deferred income taxes	18,000	16,562	18,000
Deferred compensation plan liability	313,895	308,435	299,130
Other non-current liabilities	18,057	16,329	17,758
Total non-current liabilities	<u>349,952</u>	<u>341,326</u>	<u>1,598,345</u>
Commitments and Contingencies			
Stockholders' Equity			
Preferred stock, \$1.00 par value, 471,934 shares authorized, none outstanding			
	—	—	—
Common stock, \$0.16 2/3 par value, 1,200,000,000 shares authorized, 378,379,070 shares issued and outstanding (370,234,242 on November 1, 2003 and 367,308,907 on August 2, 2003)			
	63,064	61,707	61,219
Capital in excess of par value	859,210	745,501	711,948
Retained earnings	2,863,931	2,477,900	2,389,873
Accumulated other comprehensive (loss) income	(5,821)	2,966	630
Total stockholders' equity	<u>3,780,384</u>	<u>3,288,074</u>	<u>3,163,670</u>
	<u>\$4,712,247</u>	<u>\$4,092,877</u>	<u>\$5,248,068</u>

See accompanying notes.

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ANALOG DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(thousands)

	Nine Months Ended	
	July 31, 2004	August 2, 2003
Cash flows from operating activities:		
Net income	\$ 438,472	\$ 210,254
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	112,163	126,339
Amortization of intangibles	2,033	1,964
Loss on sale of investment	1,676	—
Deferred income taxes	30,296	(6,096)
Non-cash portion of special charge	—	4,694
Other non-cash expense	7,813	11,292
Changes in operating assets and liabilities	3,456	(20,210)
Total adjustments	157,437	117,983
Net cash provided by operating activities	595,909	328,237
Cash flows from investing activities:		
Purchases of short-term available-for-sale investments	(3,330,670)	(4,026,968)
Maturities of short-term available-for-sale investments	2,612,201	3,394,598
Proceeds from sale of fixed assets	—	1,500
Proceeds from sale of investments	35,574	—
Additions to property, plant and equipment, net	(107,949)	(49,377)
Decrease in other assets	2,698	14,145
Net cash used for investing activities	(788,146)	(666,102)
Cash flows from financing activities:		
Repurchase of common stock	—	(52)
Net proceeds from employee stock plans	108,796	44,384
Dividend payments to stockholders	(52,441)	—
Payments on capital lease obligations	—	(3,398)
Net decrease in variable rate borrowings	—	(5,475)
Net cash provided by financing activities	56,355	35,459
Effect of exchange rate changes on cash	1,323	1,378
Net decrease in cash and cash equivalents	(134,559)	(301,028)
Cash and cash equivalents at beginning of period	517,874	1,613,753
Cash and cash equivalents at end of period	\$ 383,315	\$ 1,312,725

See accompanying notes.

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ANALOG DEVICES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2004
(all tabular amounts in thousands except per share amounts and percentages)

Note 1 – Basis of Presentation

In the opinion of management, the information furnished in the accompanying condensed consolidated financial statements reflects all normal recurring adjustments that are necessary to fairly state the results for these interim periods and should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 2003 and related notes. The results of operations for the interim periods shown in this report are not necessarily indicative of the results that may be expected for the fiscal year ending October 30, 2004 or any future period.

The Company has a 52-53 week fiscal year that ends on the Saturday closest to the last day in October. Fiscal 2004 and fiscal 2003 are 52-week fiscal years.

Note 2 – Stock-Based Compensation

As permitted by FAS 148 and FAS 123, the Company applies the accounting provisions of Accounting Principle Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, with regard to the measurement of compensation cost for options granted under the Company's equity compensation plans, consisting of the 2001 Broad-Based Stock Option Plan, the 1998 Stock Option Plan, the Restated 1994 Director Option Plan, the Restated 1988 Stock Option Plan, the 1992 Employee Stock Purchase Plan and the 1998 International Employee Stock Purchase Plan. Had expense been recognized using the fair value method described in FAS 123, using the Black-Scholes option-pricing model, the Company would have reported the following results of operations:

	Three Months Ended	
	July 31, 2004	August 2, 2003
Net income, as reported	\$169,050	\$ 78,956
Add: stock-based employee compensation expense included in reported net income, net of related tax effects	1,678	1,561
Deduct: total stock-based compensation expense determined under the fair value based method for all awards, net of related tax effects	(58,692)	(58,025)
Pro forma net income	<u>\$112,036</u>	<u>\$ 22,492</u>
Earnings per share:		
Basic – as reported	\$ 0.45	\$ 0.22
Basic – pro forma	<u>\$ 0.30</u>	<u>\$ 0.06</u>
Diluted – as reported	\$ 0.43	\$ 0.21
Diluted – pro forma	<u>\$ 0.28</u>	<u>\$ 0.06</u>

	Nine Months Ended	
	July 31, 2004	August 2, 2003
Net income, as reported	\$ 438,472	\$ 210,254
Add: stock-based employee compensation expense included in reported net income, net of related tax effects	4,464	4,525
Deduct: total stock-based compensation expense determined under the fair value based method for all awards, net of related tax effects	(166,008)	(172,703)
Pro forma net income	\$ 276,928	\$ 42,076
Earnings per share:		
Basic – as reported	\$ 1.17	\$ 0.58
Basic – pro forma	\$ 0.74	\$ 0.12
Diluted – as reported	\$ 1.11	\$ 0.55
Diluted – pro forma	\$ 0.70	\$ 0.11

Note 3 – Comprehensive Income

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

	Three Months Ended	
	July 31, 2004	August 2, 2003
Net income	\$169,050	\$78,956
Foreign currency translation	(188)	19
Unrealized holding gains (losses) (net of taxes of \$958) on securities classified as Short-term Investments	(1,779)	—
Unrealized holding gains (losses) (net of taxes of \$667 and \$247, respectively) on securities classified as Other Investments	(1,237)	458
Change in unrealized losses on derivative instruments designated as cash flow hedges	(2,713)	(2,121)
Other comprehensive loss	(5,917)	(1,644)
Comprehensive income	\$163,133	\$77,312

	Nine Months Ended	
	July 31, 2004	August 2, 2003
Net income	\$438,472	\$210,254
Foreign currency translation	31	1,824
Unrealized holding gains (losses) (net of taxes of \$4,252) on securities classified as Short-term Investments	(7,895)	—
Change in unrealized gains on securities classified as Other Investments:		
Unrealized holding gains (net of taxes of \$528 and \$1,300 respectively)	981	2,414
Less: reclassification adjustment for losses included in net income	1,090	—
Net unrealized gains on securities classified as Other Investments	2,071	2,414
Change in unrealized losses on derivative instruments designated as cash flow hedges	(2,994)	(1,700)
Other comprehensive (loss) income	(8,787)	2,538
Comprehensive income	\$429,685	\$212,792

The components of accumulated other comprehensive income at July 31, 2004 and November 1, 2003 consisted of the following:

	July 31, 2004	November 1, 2003
Unrealized losses on available-for-sale securities	\$(6,989)	\$(1,165)
Unrealized (losses) gains on derivative instruments	(185)	2,809
Minimum pension liability adjustments	(2,521)	(2,521)
Foreign currency translation adjustments	3,874	3,843
Total accumulated other comprehensive (loss) income	\$(5,821)	\$ 2,966

Note 4 – Short-term investments

A portion of the Company's short-term investments have contractual maturities of twelve months or less at time of acquisition. Because of the short term to maturity, and hence relative price insensitivity to changes in market interest rates, amortized cost approximates fair value for all of these securities. The remainder of the Company's short-term investments have contractual maturities of greater than twelve months and are marked-to-market at the end of each quarter. Unrealized gains and losses, net of tax, on these securities, are included in accumulated other comprehensive income, which is a separate component of stockholders' equity.

Note 5 – Derivative Instruments and Hedging Agreements

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

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The Company records all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of the derivative financial instruments are either recognized periodically in earnings or in stockholders' equity as a component of other comprehensive income (OCI) depending on whether the derivative financial instrument qualifies for hedge accounting as defined by FAS 133. Changes in fair values of derivatives not qualifying for hedge accounting are reported in earnings as they occur.

Foreign Exchange Exposure Management — The Company has significant international sales and purchase transactions in foreign currencies and has a policy of hedging forecasted and actual foreign currency risk with forward foreign exchange contracts. The Company's forward foreign exchange contracts are denominated in Japanese Yen, British Pounds Sterling and the Euro and are for periods consistent with the terms of the underlying transactions, generally one year or less. Derivative instruments are employed to eliminate or minimize certain foreign currency exposures that can be confidently identified and quantified. In accordance with FAS 133, hedges related to anticipated transactions are designated and documented at the inception of the respective hedges as cash flow hedges and are evaluated for effectiveness monthly. As the terms of the contract and the underlying transaction are matched at inception, forward contract effectiveness is calculated by comparing the change in fair value of the contract to the change in the forward value of the anticipated transaction, with the effective portion of the gain or loss on the derivative instrument reported as a component of OCI in stockholders' equity and reclassified into earnings in the same period during which the hedged transaction affects earnings. Any residual change in fair value of the instruments, or ineffectiveness, is recognized immediately in other income/expense. No ineffectiveness was recognized during the first nine months of fiscal 2004 or fiscal 2003.

Additionally, the Company enters into foreign currency forward contracts that economically hedge the gains and losses generated by the remeasurement of certain recorded assets and liabilities in a non-functional currency. Changes in the fair value of these undesignated hedges are recognized in other expense immediately as an offset to the changes in the fair value of the asset or liability being hedged.

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

The following table summarizes activity in other comprehensive income related to derivatives classified as cash flow hedges held by the Company during the period from November 2, 2003 through July 31, 2004:

Accumulated gain included in other comprehensive income as of November 1, 2003	\$ 2,809
Changes in fair value of derivatives – gain (loss)	3,111
Less: Reclassifications into earnings from other comprehensive income	(6,105)
Accumulated loss included in other comprehensive income as of July 31, 2004	\$ (185)

All of the accumulated loss will be reclassified into earnings over the next twelve months.

Note 6 – Special Charges

A summary of the activity in accrued restructuring is as follows:

Accrued Restructuring	Fiscal 2003	Fiscal 2002		Fiscal 2001	Total	
	4 th Quarter Special Charges	2 nd Quarter Special Charges	3 rd Quarter Special Charges	4 th Quarter Special Charges		Special Charges
Balance at November 1, 2003	\$ 2,042	\$ 6,075	\$ 1,114	\$ 678	\$ 1,423	\$ 11,332
Severance payments	(1,037)	(2,178)	(706)	(294)	(867)	(5,082)
Other cash payments	(15)	(1,759)	—	(89)	(4)	(1,867)
Effect of foreign currency translation on accrual	—	—	18	—	—	18
Balance at January 31, 2004	\$ 990	\$ 2,138	\$ 426	\$ 295	\$ 552	\$ 4,401
Severance payments	(990)	(1,111)	(80)	(90)	(310)	(2,581)
Other cash payments	—	(425)	—	(153)	—	(578)
Effect of foreign currency translation on accrual	—	—	(2)	—	—	(2)
Balance at May 1, 2004	\$ —	\$ 602	\$ 344	\$ 52	\$ 242	\$ 1,240
Severance payments	—	(299)	(39)	—	(204)	(542)
Other cash payments	—	(54)	(9)	—	—	(63)
Effect of foreign currency translation on accrual	—	—	4	—	—	4
Balance at July 31, 2004	\$ —	\$ 249	\$ 300	\$ 52	\$ 38	\$ 639

Fiscal 2003 Charges

During the third quarter of fiscal 2003, the Company recorded a special charge of \$0.3 million. The charge included a \$2.0 million write-down of equipment to fair value due to a decision to outsource the assembly of products in plastic packages, which had been done internally at the Company's facility in the Philippines. This amount was the net book value of the assets used in plastic assembly, net of proceeds received from the sale in the third quarter of a portion of the assets. The Company also decided to abandon efforts to develop a particular expertise in optical communications that resulted in the write-down of \$2.7 million of equipment to its fair value. During the quarter ended August 2, 2003, the Company determined that costs remaining to be paid for certain restructuring charges would be less than the amount originally recorded. Accordingly, the Company recorded a change in estimate reducing the restructuring accruals by \$4.4 million related to prior restructuring charges as more fully described below.

During the fourth quarter of fiscal 2003, the Company recorded a special charge of \$9.2 million as a result of a decision to close a small manufacturing facility in Belfast, Northern Ireland that supplied foundry substrate services for optical applications. The charge included \$2.0 million of severance and fringe benefit costs for approximately 57 manufacturing employees and 14 engineering and administrative employees. The charge also included \$6 million related to the write-down of property, plant and equipment to its fair value and \$1.2 million related to the write-down of various other assets to their fair values. The closure was completed during the second quarter of fiscal 2004.

Fiscal 2002 Charges

During the second quarter of fiscal 2002, the Company recorded special charges of approximately \$27.2 million. The second quarter charge was comprised of \$25.7 million related to the planned transfer of production from the Company's three older four-inch wafer fabrication facilities to the Company's three six-inch and one eight-inch wafer fabrication facilities, and \$3 million primarily related to the impairment of an investment, which was partially offset by an adjustment of \$1.5 million related to equipment cancellation fees recorded in fiscal year 2001. The investment impairment, which was related to an equity investment in a private company, was due to the Company's decision to abandon the product strategy for which the investment was made. Included in the \$25.7 million special charge were severance and fringe benefit costs of \$15.3 million for 509 manufacturing employees in the United States and Ireland, \$2.3 million related to the write-down of equipment to be abandoned and \$8.1 million of other charges, primarily related to lease termination and cleanup costs. The write-down of equipment was principally due to a decision to discontinue various product development strategies. In the third quarter of fiscal 2003, the Company reversed \$2.9 million of the accrual primarily due to lower than previously expected severance costs. The lower severance costs were the result of a reduction in the number of separated employees and, to a lesser extent, the average tenure

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of separated employees differing from estimates. The 509 employees projected to be terminated at the time of the original charge was adjusted down to 439 and, as of May 1, 2004, all of the employees had been terminated. The reduction in the number of employees to be terminated was due to the transfer of employees, which primarily occurred in the third quarter of fiscal 2003, to positions in the Company's six-inch wafer fabrication facilities where the Company experienced an unexpected increase in demand for its products. All the closure and consolidation actions planned related to the Company's four-inch wafer fabrication facilities are now complete. The equipment disposition and cleanup activity is underway at each site and the related cleanup costs, which were included in the special charge, will be expended as this activity is completed. Since severance costs are paid as income continuance at some locations, these amounts will be expended over time subsequent to the final termination of employment.

During the third quarter of fiscal 2002, the Company recorded special charges of approximately \$12.8 million. The charges included severance and fringe benefit costs of \$3.7 million related to cost reduction actions taken in several product groups and, to a lesser extent, in manufacturing, \$3.8 million related to the impairment of an investment, \$3.4 million related to the impairment of goodwill associated with the closing of an Austrian design center acquired in fiscal 2001 and \$1.9 million primarily related to the abandonment of equipment and lease cancellation fees. The investment impairment, which was related to an equity investment in a private company, was due to the Company's decision to abandon the product strategy for which the investment was made. The severance and fringe benefit costs were for approximately 70 engineering employees in the United States, Europe and Canada, and approximately 30 manufacturing employees in the United States, all of whom had been terminated as of May 1, 2004.

During the fourth quarter of fiscal 2002, the Company recorded special charges of approximately \$8.4 million. The charges included severance and fringe benefit costs of \$2.5 million related to cost reduction actions taken in the sales group, several product groups and the Company's manufacturing test operations for approximately 65 employees in the United States and Europe, all of whom had been terminated as of November 1, 2003. The charges also included \$2.1 million related to the impairment of investments, \$1.8 million primarily related to the abandonment of equipment and lease cancellation fees and a change in estimate of \$2.0 million for additional estimated cleanup costs originally recorded in the second quarter of fiscal 2002. The investment impairment charges were related to the decline in fair value of a publicly traded equity investment to less than its cost basis that was determined to be other-than-temporary, and to an equity investment in a private company. The private company equity investment was part of a product strategy that the Company decided to abandon.

Of the \$48.5 million of special charges recorded in fiscal 2002, \$0.6 million remained accrued as of July 31, 2004 and primarily related to separation costs being paid as income continuance.

Fiscal 2001 Charges

During fiscal 2001, the Company recorded special charges of approximately \$47 million related to cost reduction actions taken in response to the economic climate at that time. The actions consisted of workforce reductions in manufacturing and, to a lesser extent, in selling, marketing and administrative areas as well as a decision to consolidate worldwide manufacturing operations and rationalize production planning and quality activities. The cost reductions included severance and fringe benefit costs of \$29.6 million for approximately 1,200 employees in the United States, Europe, Asia and the Philippines, all of whom had been terminated as of January 31, 2004. The special charges also included \$11.6 million related to the abandonment of equipment resulting from the consolidation of worldwide manufacturing operations and \$5.8 million of other charges primarily related to equipment and lease cancellation fees. Based on the results of negotiations with vendors regarding purchase order cancellation fees, the amount paid was \$1.5 million less than the amount recorded for such charges and, accordingly, the Company adjusted the provision for purchase order cancellation fees by \$1.5 million in the second quarter of fiscal 2002 to reflect this change in estimate. In the third quarter of fiscal 2003, the Company determined that the severance costs remaining to be paid would be \$1.3 million less than the amount originally recorded for these charges and also determined that \$0.2 million originally reserved for the termination of two leases would not be required. Therefore, the Company adjusted the provision for these severance and other costs in the third quarter of fiscal 2003 to reflect this change in estimate.

Note 7 – 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. In calculating diluted earnings per share, the dilutive effect of stock options is computed using the average market price for the respective period. Potential shares related to convertible debt and certain of the Company's outstanding stock options were excluded because they were anti-dilutive. Those potential shares related to the Company's outstanding stock options could be dilutive in the future. The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended	
	July 31, 2004	August 2, 2003
Basic:		
Net income	\$169,050	\$ 78,956
Weighted shares outstanding	377,144	366,025
Earnings per share	\$ 0.45	\$ 0.22
Diluted:		
Net income	\$169,050	\$ 78,956
Weighted shares outstanding	377,144	366,025
Assumed exercise of common stock equivalents	17,059	18,141
Weighted average common and common equivalent shares	394,203	384,166
Earnings per share	\$ 0.43	\$ 0.21
Anti-dilutive common stock equivalents related to:		
Outstanding stock options	14,171	29,485
Convertible debt	—	9,247
	Nine Months Ended	
	July 31, 2004	August 2, 2003
Basic:		
Net income	\$438,472	\$210,254
Weighted shares outstanding	374,687	364,477
Earnings per share	\$ 1.17	\$ 0.58
Diluted:		
Net income	\$438,472	\$210,254
Weighted shares outstanding	374,687	364,477
Assumed exercise of common stock equivalents	19,366	16,032
Weighted average common and common equivalent shares	394,053	380,509
Earnings per share	\$ 1.11	\$ 0.55
Anti-dilutive common stock equivalents related to:		
Outstanding stock options	5,621	38,695
Convertible debt	—	9,247

Note 8 – 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 Statement of Financial Accounting Standards No. 131 (FAS 131), “Disclosures about Segments of an Enterprise and Related Information.”

Note 9 – Goodwill and Other Intangible Assets

Beginning in fiscal 2003, the Company adopted Statement of Financial Accounting Standards No. 142 (FAS 142), “Goodwill and Other Intangible Assets.” As a result, the Company discontinued amortizing the remaining balances of goodwill beginning November 3, 2002. Instead, the Company is required to evaluate goodwill for impairment on an annual basis or whenever events or circumstances indicate that the carrying amount of goodwill may not be recoverable from estimated future cash flows.

Other intangible assets at July 31, 2004 and November 1, 2003, which will continue to be amortized, consisted of the following:

	July 31, 2004		Nov 1, 2003	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Technology-based	\$16,923	\$10,789	\$16,923	\$ 8,994
Tradenname	1,167	665	1,167	572
Other	6,147	6,115	6,147	6,025
Total	<u>\$24,237</u>	<u>\$17,569</u>	<u>\$24,237</u>	<u>\$15,591</u>

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

Fiscal Years	Amortization Expense
2004	\$2,706
2005	2,376
2006	1,381
2007	1,381
2008	802

Note 10 – Pension Plans

The Company has various defined benefit pension and other retirement plans for certain non-U.S. employees that are consistent with local statutes 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	
	July 31, 2004	August 2, 2003
Service cost	\$ 1,767	\$ 1,449
Interest cost	1,414	1,170
Expected return on plan assets	(1,618)	(1,458)
Amortization of prior service cost	44	40
Amortization of transitional (asset) or obligation	(10)	(29)
Recognized actuarial (gain) or loss	88	91
Net periodic pension cost	<u>\$ 1,685</u>	<u>\$ 1,263</u>

	Nine Months Ended	
	July 31, 2004	August 2, 2003
Service cost	\$ 5,311	\$ 4,347
Interest cost	4,250	3,510
Expected return on plan assets	(4,868)	(4,374)
Amortization of prior service cost	134	120
Amortization of transitional (asset) or obligation	(26)	(87)
Recognized actuarial (gain) or loss	260	273
Net periodic pension cost	<u>\$ 5,061</u>	<u>\$ 3,789</u>

Contributions of \$1.9 million and \$4.5 million have been made in the three and nine months ended July 31, 2004, respectively. The Company presently anticipates contributing an additional \$1.7 million to fund its defined benefit pension plans in fiscal year 2004 for a total of \$6.2 million.

Note 11 – Guarantees and Product Warranties

The Company has provided certain indemnities under which it may be required to make payments to an indemnified party in connection with certain transactions and agreements, in particular, with respect to certain acquisitions and divestitures, the Company has provided customary indemnities for such matters as environmental, tax, product and employee liabilities. In addition, in connection with various other agreements, including subsidiary banking agreements, the Company may provide routine guarantees. Generally the potential amount of future maximum payments cannot be reasonably estimated and therefore, the Company has not recorded any liability for these indemnities in the consolidated financial statements. The duration of the indemnities varies, and in many cases is indefinite.

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 the three and nine month periods ended July 31, 2004 and August 2, 2003.

Note 12 – Stockholders' Equity

Effective July 1, 2004, companies incorporated in Massachusetts became subject to Chapter 156D of the Massachusetts Business Corporation Act. Chapter 156D eliminates the concept of treasury shares and provides that shares reacquired by a company are to be treated as authorized but unissued shares of common stock. As a result of this change, the Company has reclassified, for the balance sheets presented, shares previously classified as treasury shares as authorized, but unissued shares of common stock. At November 1, 2003 the Company had 4,040,414 shares at a cost of \$91.4 million classified as treasury stock.

Note 13 – Subsequent Events

On August 11, 2004, the Company's Board of Directors declared a cash dividend of \$0.06 per outstanding share of common stock. The dividend will be paid on September 15, 2004 to all stockholders of record at the close of business on August 27, 2004.

On August 11, 2004, the Company's Board of Directors authorized the repurchase of up to an aggregate of \$500 million of its common stock. The Company may repurchase shares from time to time on the open market or in privately negotiated transactions. The Company's management will determine the timing and amount of shares repurchased. The Company's previous repurchase program announced on August 15, 2002 was terminated by resolution of the Board of Directors on August 11, 2004.

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

This information should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in Item 1 of this Quarterly Report on Form 10-Q and the audited consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the fiscal year ended November 1, 2003.

This Quarterly Report on Form 10-Q, including the section entitled "Outlook," contains or incorporates forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management's beliefs and assumptions. In addition, other written or oral statements that constitute forward-looking statements may be made by or on our behalf. Words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. We have included important factors in the cautionary statements below under the heading "Factors That May Affect Future Results" that we believe could cause our actual results to differ materially from the forward-looking statements we make. We do not intend to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Results of Operations*Third Quarter 2004 Overview*

	Three Months Ended		
	July 31, 2004	May 1, 2004	August 2, 2003
Net Sales	\$717,793	\$678,530	\$520,445
Diluted EPS	\$ 0.43	\$ 0.39	\$ 0.21
Gross Margin %	60.0%	59.2%	55.1%

Net sales in the third quarter of fiscal 2004 increased 38% from the amount recorded in the third quarter of fiscal 2003 and 6% from the amount recorded in the second quarter of fiscal 2004. We generated \$596 million in operating cash during the first nine months of fiscal 2004 and had \$2,689 million of cash, cash equivalents and short-term investments at July 31, 2004.

Sales

Net sales were \$717.8 million in the third quarter of fiscal 2004, an increase of 38% from net sales of \$520.4 million in the third quarter of fiscal 2003. Net sales for the first nine months of fiscal 2004 were \$2,001.7 million, an increase of 34% from net sales of \$1,489.8 million reported for the comparable period in fiscal 2003. Net sales for the three and nine month periods ended July 31, 2004, as compared to the same periods in the prior year, increased across all of our end markets primarily as a result of strong sales to our wireless communication and industrial customers, and to a lesser extent, to our consumer customers.

Approximately 80% of our net sales were from analog products and approximately 20% of our net sales were from digital signal processing, or DSP, products in the three and nine month periods ended July 31, 2004. Our analog product sales were 41% higher in the third quarter of fiscal 2004 than in the third quarter of fiscal 2003, primarily as a result of increased converter product sales. Our DSP product sales were 26% higher in the third quarter of fiscal 2004 than in the third quarter of fiscal 2003, primarily as a result of increased wireless handset and general purpose DSP product sales.

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Net sales were higher in every region of the world in which our products are sold for the three and nine months ended July 31, 2004, as compared to the same periods in the prior year. The strongest growth was in Southeast Asia, where sales of our products increased by 46% and 43% for the three and nine months ended July 31, 2004, as compared to the same periods in the prior year. The percentage of sales by geographic region, based upon point of sale, for the first three and nine months of fiscal 2004 and fiscal 2003 is as follows:

Region	Three Months Ended		Nine Months Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
North America.	25%	25%	24%	26%
Europe	18%	20%	18%	20%
Japan	19%	19%	20%	18%
Southeast Asia	38%	36%	38%	36%

Gross Margin

Gross margin improved in the third quarter of fiscal 2004 to 60.0% of net sales, up 490 basis points from the third quarter of fiscal 2003 when gross margin was 55.1% of net sales. For the first nine months of fiscal 2004, gross margin improved to 58.8% of net sales from 54.6% of net sales for the first nine months of fiscal 2003. For both the three and nine month periods, the increase in gross margin was due to the favorable mix of products, the impact of cost reduction programs and the effect of fixed costs allocated across higher levels of production.

Research and Development

	Three Months Ended		Nine Months Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
R&D Expenses	\$132,856	\$113,672	\$380,611	\$335,810
R&D Expenses as a % of Net Sales	18.5%	21.8%	19.0%	22.5%

Research and development, or R&D, expenses increased \$19.2 million or 17% in the third quarter of fiscal 2004 from the amount recorded in the third quarter of fiscal 2003. R&D expenses increased \$44.8 million or 13% in the first nine months of fiscal 2004 from the amount recorded in the comparable period of fiscal 2003. Both the three month and nine month percentage increase in R&D expenses was less than our increase in sales for the same periods as a result of our continued tight control on discretionary expenses.

The increase in R&D expenses in dollars in both the three and nine month periods ended July 31, 2004 compared to the same periods in the prior year was primarily the result of increased headcount, increased salary and bonus expenses. R&D expense as a percentage of net sales will fluctuate from quarter to quarter depending on the amount of net sales 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 expect to continue to make significant R&D investments in the future.

Selling, Marketing, General and Administrative

	Three Months Ended		Nine Months Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
SMG&A Expenses	\$89,162	\$72,178	\$253,682	\$213,002
SMG&A Expenses as a % of Net Sales	12.4%	13.9%	12.7%	14.3%

The increase in selling, marketing, general and administrative, or SMG&A, expenses in dollars in both the three and nine month periods ended July 31, 2004 compared to the same periods in the prior year was primarily the result of increased commission expenses due to the increase in net sales, increased headcount, increased salary and bonus expenses and increased legal costs associated with intellectual property litigation. The decrease in SMG&A as a percentage of sales in both the three and nine

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month periods ended July 31, 2004 compared to the same periods in the prior year was primarily the result of increased sales volume.

Nonoperating Income and Expense

Interest expense was \$0.1 million and \$0.2 million in the three and nine months ended July 31, 2004 compared to \$7.8 million and \$24.6 million in the same periods in the prior year. The decrease in interest expense was the result of the redemption of our 4.75% Convertible Subordinated Notes, or notes, on October 1, 2003. Interest income was \$9.6 million and \$23.3 million for the three and nine months ended July 31, 2004 compared to \$10.0 million and \$32.5 million for the comparable periods in the prior year. The decrease in interest income in both periods is attributable to lower invested cash balances in fiscal 2004 due to our redemption of the notes on October 1, 2003 offset by an increase in interest rates in fiscal 2004. The factors above that had the effect of decreasing interest income, were partially offset during the third quarter of fiscal 2004 by the purchase of short-term investments with longer contractual maturities, and therefore, higher interest rates.

Provision for Income Taxes

Our effective income tax rate of 22% for both the three and nine months ended July 31, 2004 remained consistent with the same periods of fiscal 2003.

Net Income

	Three Months Ended		Nine Months Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
Net Income	\$169,050	\$78,956	\$438,472	\$210,254
Net Income as a % of Net Sales	23.6%	15.2%	21.9%	14.1%
Diluted EPS	\$ 0.43	\$ 0.21	\$ 1.11	\$ 0.55

Both the three and nine month increases in net income were due to increased revenue levels, improvements in gross margin and continued tight control over discretionary operating expenses.

Outlook

Our customers appear somewhat more cautious and have increased the rate of order cancellations from prior quarters. This makes planning for the future more uncertain. Our plan for the fourth quarter of fiscal 2004 is based on an assumption that revenues for that quarter will be approximately the same as during the third quarter of fiscal 2004. Based on this assumption, we are planning for gross margins, operating expenses, net income and earnings per share for the fourth quarter of fiscal 2004 to be approximately the same as during the third quarter of fiscal 2004.

Liquidity and Capital Resources

At July 31, 2004, cash, cash equivalents and short-term investments totaled \$2,689 million, an increase of \$572 million from the fourth quarter of fiscal 2003. This increase was primarily due to operating cash inflows of \$596 million, net proceeds of \$109 million from our various employee stock programs and \$36 million from the sale of an investment, offset by capital expenditures of \$108 million and dividend payments of \$52 million.

Accounts receivable of \$355 million at the end of the third quarter of fiscal 2004 increased \$60 million, or 20%, from \$295 million at the end of the fourth quarter of fiscal 2003 and \$96 million, or 37%, from the \$259 million at the end of the third quarter of fiscal 2003. The increase in accounts receivable from the third quarter of fiscal 2003 and during the first nine months of fiscal 2004 resulted principally from increases in net sales. Days sales outstanding declined to 45 days at July 31, 2004 from 48 days as of November 1, 2003 and remained unchanged when compared to the third quarter of fiscal 2003.

Inventories increased by \$39 million, or 14%, from the end of fiscal 2003, to \$326 million at the end of the third quarter of fiscal 2004. Days cost of sales in inventory declined by 2 days to 104 days as of the end of the third quarter of fiscal 2004 from the end of the fourth quarter of fiscal 2003. The increase in inventory in dollars was attributable to production increases in response to expected increased demand from our customers.

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Current liabilities increased to \$582 million at the end of the third quarter of fiscal 2004, an increase of \$119 million, or 26%, from the \$463 million at the end of fiscal 2003 and an increase of \$96 million, or 20%, from the \$486 million at the end of the third quarter of fiscal 2003. The increase in current liabilities for the first nine months of fiscal 2004 and from the end of the third quarter of fiscal 2003 is primarily the result of increased manufacturing and operating expense levels and increased capital expenditures driven by the increase in demand for our products.

Net additions to property, plant and equipment were \$108 million in the first nine months of fiscal 2004 and were funded with a combination of cash on hand and cash generated from operations. Fiscal 2004 capital expenditures are expected to be approximately \$150 million, and are primarily expenditures at our wafer fabrication and test facilities in response to increased demand for our products.

On August 11, 2004, our Board of Directors declared a cash dividend of \$0.06 per outstanding share of common stock. The dividend is payable on September 15, 2004 to stockholders of record on August 27, 2004 and is expected to be approximately \$23 million. The payment of future dividends, if any, will be based on our future financial performance.

On August 11, 2004, our Board of Directors authorized the repurchase of up to an aggregate of \$500 million of our common stock. We may repurchase shares from time to time on the open market or in privately negotiated transactions. Management will determine the timing and amount of shares repurchased. Our previous repurchase program announced on August 15, 2002 was terminated by resolution of our Board of Directors on August 11, 2004.

During the nine month period ended July 31, 2004, there were no material changes to our contractual obligations required to be disclosed under Item 303(a) (5) of Regulation S-K.

We have provided certain indemnities under which we may be required to make payments to an indemnified party in connection with certain transactions and agreements, in particular with respect to certain acquisitions and divestitures, we have provided customary indemnities for such matters as environmental, tax, product and employee liabilities. In addition, in connection with various other agreements, including subsidiary banking agreements, we may provide routine guarantees. Generally the potential amount of future payments cannot be reasonably estimated and therefore, we have not recorded any liability for these indemnities in the consolidated financial statements. The duration of the indemnities varies, and in many cases is indefinite.

At July 31, 2004, our principal source of liquidity was \$2,689 million of cash and cash equivalents and short-term investments. We believe that our existing sources of liquidity and cash expected to be generated from future operations, together with anticipated available long-term financing, will be sufficient to fund operations, capital expenditures and research and development efforts for at least the next twelve months and thereafter for the foreseeable future.

Critical Accounting Policies and Estimates

Management's discussion and analysis of the financial condition and results of operations is based upon the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience, knowledge of current conditions and beliefs of what could occur in the future given available information. We consider the following accounting policies to be both those most important to the portrayal of our financial condition and those that require the most subjective judgment. If actual results differ significantly from management's estimates and projections, there could be a material effect on our financial statements.

Inventory Valuation

Inventories are valued at the lower of cost (first-in, first-out method) or market. Because of the cyclical nature of the semiconductor industry, changes in inventory levels, obsolescence of technology, and product life cycles, we write down inventories to net realizable value. We employ a variety of methodologies to determine the amount of inventory reserves necessary. While a portion of the reserve is determined via reference to the age of inventory and lower of cost or market calculations, an element of the reserve is subject to significant judgments made by us about future demand for our inventory. Additionally, we have built inventory in preparation for the transfer of production from our four-inch wafer fabrication facilities to our six- and eight-inch wafer fabrication facilities for both lifetime supply and transition inventory. We have recorded certain levels of reserves related to these inventory builds. Although we believe that we have used our best efforts and available

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information to estimate future demand, due to the uncertain economic times and the difficulty inherent in predicting future results, it is possible that actual demand for our products will differ from our estimates. If actual demand for our products is less than our estimates, additional reserves for existing inventories may need to be recorded in future periods.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts, when appropriate, for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, our actual losses may exceed our estimates, and additional allowances would be required.

Long-Lived Assets and Goodwill

We review property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amount to future undiscounted cash flows the assets are expected to generate over their remaining economic life. If such assets are considered to be impaired, the impairment to be recognized in earnings equals the amount by which the carrying value of the assets exceeds their fair value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique. Although we have recognized no material impairment adjustments related to our property, plant, and equipment during the past three fiscal years, except those made in conjunction with restructuring actions, deterioration in our business in the future could lead to such impairment adjustments in future periods. Evaluation of impairment of long-lived assets requires estimating future operating results and using such estimates in the preparation of the expected future undiscounted cash flows. Actual future operating results and the remaining economic lives of our long-lived assets could differ from the estimates used in assessing the recoverability of these assets. These differences could result in impairment charges, which could have a material adverse impact on our results of operations.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, or FAS 142, "Goodwill and Other Intangible Assets." In the first quarter of fiscal 2003, we adopted the new rules of FAS 142 for measuring and assessing goodwill for impairment. As required by FAS 142, all remaining and future acquired goodwill is subject to annual impairment tests, or earlier if indicators of potential impairment exist. The estimates and assumptions described above along with other factors such as discount rates will affect the amount of an impairment loss, if any, we recognize under FAS 142. We are required to test goodwill annually for impairment, which may result in impairment losses that could have a material adverse impact on our results of operations.

Accounting for Income Taxes

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, or FAS 109, "Accounting for Income Taxes," which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. FAS 109 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. We evaluate the realizability of our deferred tax assets quarterly. At July 31, 2004, we had deferred tax assets of \$115 million primarily resulting from temporary differences between the book and tax bases of assets and liabilities. While these assets are not assured of realization, we have conducted an assessment of the likelihood of realization and concluded that no significant valuation allowance is required. 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 that can be used to absorb net operating losses and taxable income in future years. Our judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors. These changes, if any, may require material adjustments to these deferred tax assets, resulting in a reduction in net income or an increase in net loss in the period when such determinations are made.

In addition, we have provided for potential liabilities due in various foreign jurisdictions. Judgment is required in determining our 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 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.

Contingencies

From time to time, we receive notices that our products or manufacturing processes may be infringing the patent or intellectual property rights of others. We periodically assess each matter in order to determine if a contingent liability should be recorded in accordance with Statement of Financial Accounting Standards No. 5, or FAS 5, "Accounting for Contingencies". In making this determination, we may, depending on the nature of the matter, consult with internal and external legal counsel and technical experts. Based on the information we obtain, combined with our judgment regarding all the facts and circumstances of each matter, we determine whether it is probable that a contingent loss may be incurred and whether the amount of such loss can be reasonably estimated. Should a loss be probable and reasonably estimable, we record a contingent loss in accordance with FAS 5. In determining the amount of a contingent loss, we consider advice received from experts in the specific matter, current status of legal proceedings, settlement negotiations that may be ongoing, prior case history and other factors. Should the judgments and estimates made by us be incorrect, we may need to record additional contingent losses that could materially adversely impact our results of operations. See Note 12 to our Consolidated Financial Statements contained in Item 8 of our Annual Report on Form 10-K for the year ended November 1, 2003.

Factors That May Affect Future Results

Our future operating results are difficult to predict and may materially fluctuate.

Our future operating results are difficult to predict and may be materially affected by a number of factors, including the timing of new product announcements or introductions by us or our competitors, competitive pricing pressures, fluctuations in manufacturing yields, adequate availability of wafers and manufacturing capacity, the risk that our backlog could decline significantly, our ability to hire, retain and motivate adequate numbers of engineers and other qualified employees to meet the demands of our customers, changes in product mix, and the effect of adverse changes in economic conditions in the United States and international markets. 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 operating results on a quarterly or annual basis.

Long-term contracts are not typical for us and reductions, cancelations 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 any, of the product. At any given time, this situation could affect a portion of our backlog. As a result, we are subject to the risk of cancellation of orders leading to a sharp fall-off of sales and backlog. Further, those orders may be for products that meet the customer's unique requirements so that those canceled 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 subject to these uncertainties, the amount of unsaleable product could be substantial. Reductions, cancelations or delays in orders for our products could adversely affect our operating results.

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

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

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We may not be able to compete successfully in the semiconductor industry 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. Additionally, some formerly independent competitors have been purchased by larger companies. Our competitors also include emerging companies selling specialized products to markets we serve. There can be no assurance that we will be able to compete successfully in the future against existing or new competitors, or that our operating results will not be adversely affected by increased price competition.

We rely on third-party subcontractors and manufacturers for some industry-standard wafers and assembly/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 delivery schedules, manufacturing yields and costs. Additionally, we utilize third-party wafer fabricators as sole-source suppliers, 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 sole-source suppliers and purchase our custom components through individual purchase orders. If these sole-source 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.

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

The cyclical nature of the semiconductor industry has resulted in sustained and short-term 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. We, and the semiconductor industry generally, expand production facilities and access to third-party foundries in response to these periods of increased demand. These capacity expansions by us and other semiconductor manufacturers may lead to overcapacity in our target markets which could lead to price erosion that would adversely impact our operating results.

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

We, and the semiconductor industry generally, expand production facilities and access to third-party foundries in response to periods of increased demand which can cause operating expenses to increase. Should customer demand fail to increase or should the semiconductor industry enter a period of reduced customer demand, our financial position and results of operations could be adversely impacted as a result of underutilization of capacity or asset impairment charges.

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

We rely primarily upon know-how, rather than on patents, to develop and maintain our competitive position. There can be no assurance that others will not develop or patent similar technology or reverse engineer our products or that the confidentiality agreements upon which we rely will be adequate to protect our interests. Other companies 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. Moreover, the laws of foreign countries in which we design, manufacture and market our products may afford little or no effective protection of our proprietary technology.

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

There can be no assurance that any patent will issue on pending applications or that any patent issued to us will provide substantive protection for the technology or product covered by it. We believe that patent and mask set protection is of less significance in our business than experience, innovation and management skill. There also can be no assurance that others will

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not develop or patent similar technology, or reverse engineer our products, or that our confidentiality agreements with employees, consultants, silicon foundries and other suppliers and vendors will be adequate to protect our interests.

The semiconductor industry is characterized by frequent claims and litigation involving patent and other intellectual property rights, including claims arising under our contractual indemnification of 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. See Note 12 in the Notes to our Consolidated Financial Statements contained in Item 8 of our Annual Report on Form 10-K for the year ended November 1, 2003 for information concerning pending litigation that involves us. An adverse outcome in this 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 success depends to a significant extent upon the continued service of our executive officers and key management and technical personnel, particularly our experienced engineers, and on our ability to continue to attract, retain, and motivate qualified personnel. 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 us 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.

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

We, and many companies in the semiconductor industry, rely on internal manufacturing capacity located in California as well as wafer fabrication foundries in Taiwan and other sub-contractors in geologically unstable locations around the world. This reliance involves risks associated with the impact of earthquakes on us and the semiconductor industry, including temporary loss of capacity, availability and cost of key raw materials and equipment and availability of key services including transport. In addition, California has experienced intermittent interruption in the availability of electricity. To date, the impact on us has been negligible. However, electricity is a critical resource for us, without which our products could not be manufactured at factories exposed to continued lengthy power interruptions. Any prolonged inability to utilize one of our manufacturing facilities as a result of fire, natural disaster, unavailability of electric power or otherwise, would have a material adverse effect on our results of operations and financial condition.

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

During the first nine months of fiscal year 2004, approximately 76% of our revenues were 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. 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 and political 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. These risks include air transportation disruptions, expropriation, currency controls, currency exchange rate movement, and additional costs related to tax, tariff and freight rates.

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

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

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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 or sales representatives, our operating results could be adversely affected.

Our manufacturing processes are highly complex and may be interrupted.

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.

Our transition of products to more modern facilities and related inventory builds may not progress as planned.

We are transitioning products from our older four-inch wafer fabrication facilities to our six-inch and eight-inch wafer fabrication facilities. We have built inventory in preparation for this transfer for both lifetime supply and transition inventory. We have recorded certain levels of reserves related to these inventory builds. Although we believe that we have used our best efforts and information to estimate future demand, due to the uncertain economic times and the difficulty inherent in predicting future results, it is possible that actual demand for our products will differ from our estimates. If actual demand for products included in our inventory builds is less than our estimates, our financial position and results of operations could be adversely impacted.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

During the second quarter of fiscal 2004, we began purchasing fixed-rate short-term investments with contractual maturities of greater than twelve months. These investments are marked to market at the end of each quarter. As of July 31, 2004, the fair value of our short-term investments would change by approximately \$64 million for each 100 basis point increase or decrease in interest rates. Our annual interest income would change by approximately \$20 million in fiscal 2004 for each 100 basis point increase or decrease in interest rates compared to \$29 million in fiscal 2003. A change in interest rates would have less of an impact on our annual interest income in fiscal 2004 than in fiscal 2003 due to a combination of a lower investment balance and a portion of the investment portfolio being invested in fixed rate investments. There have been no other material changes in the information provided under ITEM 7A. "Qualitative and Quantitative Disclosures about Market Risk" set forth on page 32 of our Annual Report on Form 10-K for the year ended November 1, 2003.

ITEM 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) as of July 31, 2004. In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and our management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our CEO and CFO concluded that, as of July 31, 2004, our disclosure controls and procedures were (1) designed to ensure that material information relating to us, including our consolidated subsidiaries, is made known to our CEO and CFO by others within those entities, particularly during the period in which this report was being prepared and (2) effective, in that they provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) *Changes in Internal Controls.* No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) occurred during the third quarter ended July 31, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

- (e) We publicly announced a stock repurchase program on August 12, 2004 under which our Board of Directors authorized the repurchase of up to an aggregate of \$500 million of our common stock. 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.

Our previous repurchase plan publicly announced on August 15, 2002, was terminated by resolution of our Board of Directors on August 11, 2004. Under this repurchase plan, we were authorized to repurchase up to an aggregate of 15 million shares of our common stock. From May 1, 2004 through July 31, 2004, we did not repurchase any shares of common stock under this repurchase program. From the inception of this repurchase program through July 31, 2004, we repurchased a total of 4,351,751 shares under that program.

ITEM 6. Exhibits and Reports on Form 8-K

- (a) Exhibits

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed as part of this Quarterly Report on Form 10-Q.

- (b) Reports on Form 8-K

On May 13, 2004, we furnished a Current Report on Form 8-K under Item 12 containing a press release announcing our financial results for the fiscal quarter ended May 1, 2004.

On May 14, 2004, we furnished a Current Report on Form 8-K under Item 12 containing a correction to our press release we furnished on May 13, 2004.

On August 12, 2004, we furnished a Current Report on Form 8-K under Item 12 containing a press release announcing our financial results for the fiscal quarter ended July 31, 2004.

On August 12, 2004, we filed a Current Report on Form 8-K under Item 5 containing a press release announcing that our Board of Directors has authorized the repurchase of up to an aggregate of \$500 million of our common stock.

Items 1, 3, 4 and 5 of PART II are not applicable and have been omitted.

SIGNATURES

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

ANALOG DEVICES, INC.

Date: August 17, 2004

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

Date: August 17, 2004

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
3.2	By-laws of Analog Devices, Inc., as amended.
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).

ANALOG DEVICES, INC.

BY-LAWS, AS AMENDED

ARTICLE I- STOCKHOLDERS

1. PLACE OF MEETINGS. All meetings of stockholders shall be held within Massachusetts unless the Articles of Organization permit the holding of stockholder meetings outside Massachusetts, in which event such meetings may be held either within or without Massachusetts. Meetings of stockholders shall be held at the principal office of the corporation unless a different place is fixed by the Directors or the President and stated in the notice of the meeting.

2. ANNUAL MEETINGS. The annual meeting of stockholders shall be held on such date, within six months after the end of the fiscal year of the corporation, and at such hour and place as shall be fixed by the Board of Directors of the corporation. The purposes for which the annual meeting is to be held, in addition to those prescribed by law, by the Articles of Organization or by these By-Laws, may be specified by the Board of Directors or the President.

3. SPECIAL MEETINGS. Special meetings of stockholders may be called by the President or by the Board of Directors. In addition, upon written application of one or more stockholders who are entitled to vote and who hold at least the Required Percentage (as defined below) of the capital stock entitled to vote at the meeting (the "Voting Stock"), special meetings shall be called by the Clerk, or in case of the death, absence, incapacity or refusal of the Clerk, by any other officer. For purposes of this Section 3, the "Required Percentage" shall be 80% or such lesser percentage as shall constitute the maximum percentage permitted by law for this purpose. Any request for a call of a special meeting of stockholders ("Call") by the holders of the Required Percentage of the Voting Stock shall be governed by and subject to the following:

(a) Any stockholder of record seeking to solicit requests for a Call pursuant to this Section 3 shall so notify the Clerk of the corporation in writing, and such written notification shall set forth the reason or reasons for the Call and the purpose or purposes of such special meeting.

(b) No solicitation of stockholder requests for a Call ("Call Solicitation") may be commenced (i) before the Call Request Record Date, as defined in paragraph (c) of this Section 3, or (ii) during the period of 120 days following the most recent meeting of the stockholders of the corporation.

(c) In order that the corporation may determine the stockholders entitled to request a Call, the Board of Directors of the corporation shall fix a record date (the "Call Request Record Date"). Any stockholder of record seeking to solicit stockholder requests for a Call shall, with delivery to the corporation of the written information specified in paragraph (a), request in writing that the Board of Directors fix the Call Request Record Date. The Board of Directors shall, within 10 days after the date on which such request is received, adopt a resolution fixing the Call Request Record Date, and such Call Request Record Date shall be not more than 10 days after the date upon which

such resolution is adopted by the Board of Directors.

(d) All requests for a Call and revocations thereof shall be delivered to the corporation no later than the 30th day (the "Delivery Date") after the Call Request Record Date.

(e) Any stockholder may revoke a prior request for a Call or opposition to a Call by an instrument in writing delivered prior to the Delivery Date.

(f) Promptly after the Delivery Date, requests for a Call and revocations thereof shall be counted and verified by an independent party selected by the corporation.

(g) If, in response to any Call Solicitation, the holders of record of the Required Percentage of the Voting Stock as of the Call Request Record Date submit valid and unrevoked requests for a Call no later than the Delivery Date, the Board of Directors of the corporation shall fix a record date pursuant to Section 4 of Article I hereof and a meeting date for the special meeting, PROVIDED that the date to be fixed for such meeting shall be no earlier than 60 days or later than 90 days after the Delivery Date, and PROVIDED FURTHER that the Board of Directors shall not be obligated to fix a meeting date or to hold any meeting of stockholders within 60 days of the next scheduled meeting of the stockholders of the corporation.

(h) In the absence of a quorum at any special meeting called pursuant to a Call Solicitation, such special meeting may be postponed or adjourned from time to time only by the officer of the corporation entitled to preside at such meeting.

(i) If a Call Solicitation does not receive the support of the holders of record of the Required Percentage of the Voting Stock, no subsequent Call may be made or solicited by any stockholder during a period of 90 days after the Delivery Date.

4. NOTICE OF MEETINGS. Except as provided in Section 3 of this Article I, a written notice of every meeting of stockholders, stating the place, date and hour thereof, and the purposes for which the meeting is to be held, shall be given by the Clerk or other person calling the meeting at least seven days before the meeting to each stockholder entitled to vote thereat and to each stockholder who, by law, by the Articles of Organization or by these By-Laws, is entitled to such notice, by leaving such notice with him or at his residence or usual place of business, or by mailing it postage prepaid and addressed to him at his address as it appears upon the books of the corporation. Whenever any notice is required to be given to a stockholder by law, by the Articles of Organization or by these By-Laws, no such notice need to be given if a written waiver of notice, executed before or after the meeting by the stockholder or his attorney thereunto duly authorized, is filed with the records of the meeting.

5. QUORUM. Unless the Articles of Organization otherwise provide, a majority in interest of all stock issued, outstanding and entitled to vote on any matter shall constitute a quorum with respect to that matter, except that if two or more classes of stock are outstanding and entitled to vote as separate classes, then in the case of each such class a quorum shall consist of a majority in interest of the stock of that class issued, outstanding and entitled to vote.

6. ADJOURNMENTS. Except as provided in Section 3 of this Article I, any meeting of stockholders may be adjourned to any other time and to any other place at which a meeting of stockholders may be held under these By-Laws by the stockholders present or represented at the meeting, although less than a quorum, or by any officer entitled to preside or to act as clerk of such meeting, if no stockholder is present. It shall not be necessary to notify any stockholder of any adjournment. Any business which could have been transacted at any meeting of the stockholders as originally called may be transacted at any adjournment thereof.

7. VOTING AND PROXIES. Each stockholder shall have one vote for each share of stock entitled to vote held by him of record according to the records of the corporation and a proportionate vote for a fractional share so held by him, unless otherwise provided by the Articles of Organization. Stockholders may vote either in person or by written proxy dated not more than six months before the meeting named therein. Proxies shall be filed with the clerk of the meeting, or of any adjournment thereof, before being voted. Except as otherwise limited therein, proxies shall entitle the persons named therein to vote at any adjournment of such meeting, but shall not be valid after final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by one of them, unless at or prior to exercise of the proxy the corporation receives a specific written notice to the contrary from any one of them. A proxy purported to be executed by or on behalf of a stockholder shall be deemed valid unless challenged at or prior to its exercise.

8. ACTION AT MEETING. When a quorum is present, the holders of a majority of the stock present or represented and voting on a matter (or if there are two or more classes of stock entitled to vote as separate classes, then in the case of each such class, the holders of a majority of the stock of that class present or represented and voting on a matter), except where a larger vote is required by law, the Articles of Organization or these By-Laws, shall decide any matter to be voted on by the stockholders. Any election by stockholders shall be determined by a plurality of the votes cast by the stockholders entitled to vote at the election. No ballot shall be required for such election unless requested by a stockholder present or represented at the meeting and entitled to vote in the election. The corporation shall not directly or indirectly vote any share of its stock.

9. ACTION WITHOUT MEETING. Any action to be taken by stockholders may be taken without a meeting if all stockholders entitled to vote on the matter consent to the action by a writing filed with the records of the meetings of stockholders. Such consent shall be treated for all purposes as a vote at a meeting.

ARTICLE II - DIRECTORS

1. POWERS. The business of the corporation shall be managed by a Board of Directors who may exercise all the powers of the corporation except as otherwise provided by law, by the Articles of Organization or by these By-Laws. In the event of a vacancy in the Board of Directors, the remaining Directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled.

2. NUMBER OF DIRECTORS, ELECTION. The number of Directors of the corporation, which shall not be less than three, shall be fixed from time to time by a majority of the Directors then in office. Elections of Directors need not be by written ballot except as and to the extent provided in the By-Laws of the corporation.

3. CLASSES OF DIRECTORS. The Board of Directors shall be and is divided into three classes: Class I, Class II and Class III. No one class shall have more than one Director more than any other class. If a fraction is contained in the quotient arrived at by dividing the authorized number of Directors by three, then if such fraction is one-third, the extra Director shall be a member of Class III and, if such fraction is two-thirds, one of the extra Directors shall be a member of Class III and one of the extra Directors shall be a member of Class II, unless otherwise provided for from time to time by vote adopted by a majority of the Directors then in office.

4. TERMS OF OFFICE. Each Director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such Director was elected; provided, however, that each initial Director in Class I shall serve for a term ending on the date of the annual meeting next following the end of the corporation's fiscal year 1990; each initial Director in Class II shall serve for a term ending on the date of the annual meeting next following the end of the corporation's fiscal year 1991; and each initial Director in Class III shall serve for a term ending on the date of the annual meeting next following the end of the corporation's fiscal year 1992. Notwithstanding any provisions to the contrary contained herein, each Director shall serve until a successor is elected and qualified or until his death, resignation or removal.

5. ENLARGEMENT OF THE BOARD; VACANCIES. The number of Directors constituting the Board of Directors may be increased solely by vote of a majority of the Directors then in office, even though less than a quorum. Any vacancies in the Board of Directors occurring for any reason and any newly created directorships resulting from any increase in the number of Directors shall be filled solely by the Board of Directors acting by the vote of a majority of the Directors then in office, even though less than a quorum. Each Director chosen to fill a vacancy shall hold office until the next election of the class for which such Director shall have been chosen and until his successor shall be elected and qualified or until his earlier death, resignation or removal.

6. ALLOCATION OF DIRECTORS AMONG CLASSES. In the event of any increase or decrease in the authorized number of Directors, (a) each Director then serving as such shall nevertheless continue as Director of the class of which he is a member until the expiration of his current term or his prior death, retirement or resignation and (b) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of Directors so as to ensure that no one class has more than one Director more than any other class. To the extent possible, consistent with the foregoing, any newly created directorships shall be added to those classes whose terms of office are to expire at the latest dates following such allocation, and any newly eliminated directorships shall be subtracted from those classes whose terms of office are to expire at the earliest dates following such allocation, unless otherwise provided for from time to time by resolution adopted by a majority of the Directors then in office, although less than a quorum.

7. QUORUM; ACTION OF MEETING. A majority of the Directors at any time in office shall constitute a quorum for the transaction of business and, if at any meeting of the Board of Directors there shall be less than such a quorum, a majority of those present may adjourn the meeting from time to time. Every act or decision done or made by a majority of Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number be required by law, by the Articles of Organization of the corporation or by these By-Laws.

8. RESIGNATIONS. Any Director may resign by delivering his written resignation to the corporation's President, Clerk or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

9. 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.

10. MEETINGS. Regular meetings of the Directors may be held without call or notice at such places, within or without Massachusetts, and at such times as the Directors may from time to time determine, provided that any Director who is absent when such determination is made shall be given notice of the determination. A regular meeting of the Directors may be held without a call or notice at the same place as the annual meeting of stockholders, or the special meeting held in lieu thereof, following such meeting of stockholders.

Special meetings of the Directors may be held at any time and place, within or without Massachusetts, designated in a call by the President, Treasurer or two or more Directors.

11. NOTICE OF SPECIAL MEETINGS. Notice of all special meetings of the Directors shall be given to each Director by the Secretary, or if there be no Secretary, by the Clerk, or Assistant Clerk, or in case of the death, absence, incapacity or refusal of such persons, by the officer or one of the Directors calling the meeting. Notice shall be given to each Director in person or by telephone or by telegram sent to his business or home address at least forty-eight hours in advance of the meeting, or by written notice mailed to his business or home address at least seventy-two hours in advance of the meeting. Notice need not be given to any Director if a written waiver of notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any Director who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him. A notice or waiver of notice of a Directors' meeting need not specify the purposes of the meeting.

12. ACTION AT MEETING. At any meeting of the Directors at which a quorum is present, the vote of a majority of those present, unless a different vote is specified by law, by the Articles of Organization or by these By-Laws, shall be sufficient to take any action.

13. ACTION OF CONSENT. Any action by the Directors may be taken without a meeting if a written consent thereto is signed by all the Directors and filed with the records of the Directors' meetings. Such consent shall be

treated as a vote of the Directors for all purposes.

14. COMMITTEES. The Directors may, by vote of a majority of the Directors then in office, elect from their number an executive committee or other committees and may by like vote delegate thereto some or all of their powers except those which by law, the Articles of Organization or these By-Laws they are prohibited from delegating. Except as the Directors may otherwise determine, any such committee may make rules for the conduct of its business, but unless otherwise provided by the Directors or in such rules, its business shall be conducted as nearly as may be in the same manner as is provided by these By-Laws for the Directors.

15. MASSACHUSETTS LAW. To the extent that any of the provisions in this Article II relating to the classification of Directors conflicts or is inconsistent with any of the provisions of Section 50A of Chapter 156B of the General Laws of the Commonwealth of Massachusetts, as amended from time to time, the provisions of Section 50A shall govern and control.

ARTICLE III - OFFICERS

1. ENUMERATION. The officers of the corporation shall consist of a President, a Treasurer, a Clerk, and such other officers, including a Chairman of the Board, one or more Vice Presidents, Assistant Treasurers, Assistant Clerks and Secretary as the Directors may determine.

2. ELECTION. The President, Treasurer and Clerk shall be elected annually by the Directors at their first meeting following the annual meeting of stockholders. Other officers may be appointed by the Directors at such meeting or at any other meeting.

3. QUALIFICATION. The President shall be a Director. No officer need be a stockholder. Any two or more offices may be held by the same person, provided that the President and Clerk shall not be the same person. The Clerk shall be a resident of Massachusetts unless the corporation has a resident agent appointed for the purpose of service of process. Any officer may be required by the Directors to give bond for the faithful performance of his duties to the corporation in such amount and with such sureties as the Directors may determine.

4. TENURE. Except as otherwise provided by law, by the Articles of Organization or by these By-Laws, the President, Treasurer and Clerk shall hold office until the first meeting of the Directors following the annual meeting of stockholders and thereafter until his successor is chosen and qualified; and all other officers shall hold office until the first meeting of the Directors following the annual meeting of stockholders, unless a different term is specified in the vote choosing or appointing them. Any officer may resign by delivering his written resignation to the corporation at its principal office or to the President, Clerk or Secretary, and such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

5. REMOVAL. The Directors may remove any officer with or without cause by a vote of a majority of the entire number of Directors then in office, provided, that an officer may be removed for cause only after reasonable notice and opportunity to be heard by the Board of Directors prior to action thereon.

6. CHAIRMAN OF THE BOARD. The Directors may appoint a Chairman of

the Board and may designate him as Chief Executive Officer. If the Directors appoint a Chairman of the Board, he shall perform such duties and shall possess such powers as are assigned to him by the Board of Directors. If the Board of Directors shall designate the Chairman as Chief Executive Officer, he shall have general charge and supervision of the business of the corporation, subject to the direction of the Directors. The Chairman of the Board shall, when present, preside at all meetings of the Directors.

7. PRESIDENT. Unless the Directors have designated the Chairman of the Board or another officer as Chief Executive Officer, the President shall be the Chief Executive Officer of the corporation and shall have general charge and supervision of the business of the corporation. The President shall perform such other duties and shall possess such other powers as the Board of Directors may from time to time prescribe.

8. VICE PRESIDENT. The Vice President, or if there shall be more than one, the Vice Presidents in the order determined by the Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President and shall perform such other duties and shall have such other powers as the Directors may from time to time prescribe.

9. TREASURER AND ASSISTANT TREASURERS. The Treasurer shall, subject to the direction of the Directors, have general charge of the financial affairs of the corporation and shall cause to be kept accurate books of account. He shall have custody of all funds, securities and valuable documents of the corporation, except as the Directors may otherwise provide.

The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and shall have such other powers as the Directors may from time to time prescribe.

10. CLERK AND ASSISTANT CLERKS. The Clerk shall keep a record of the meetings of stockholders. Unless a Transfer Agent is appointed, the Clerk shall keep or cause to be kept in Massachusetts, at the principal office of the corporation or at his office, the stock and transfer records of the corporation, in which are contained the names of all stockholders and the record address, and the amount of stock held by each.

If there is no Secretary or Assistant Secretary, the Clerk shall keep a record of the meetings of the Directors.

The Assistant Clerk, or if there shall be more than one, the Assistant Clerks in the order determined by the Directors, shall, in the absence or disability of the Clerk, perform the duties and exercise the powers of the Clerk and shall perform such other duties and shall have such other powers as the Directors may from time to time prescribe.

11. SECRETARY AND ASSISTANT SECRETARIES. If a Secretary is appointed, he shall attend all meetings of the Directors and shall keep a record of the meetings of the Directors. He shall, when required, notify the Directors of their meetings, and shall have such other powers and shall perform such other duties as the Directors may from time to time prescribe.

The Assistant Secretary, or if there shall be more than one, the Assistant Secretaries in the order determined by the Directors, shall, in the

absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and shall have such other powers as the Directors may from time to time prescribe.

12. OTHER POWERS AND DUTIES. Each officer shall, subject to these By-Laws, have in addition to the duties and powers specifically set forth in these By-Laws, such duties and powers as are customarily incident to his office, and such duties and powers as the Directors may from time to time designate.

ARTICLE IV - CAPITAL STOCK

1. CERTIFICATES OF STOCK. Each stockholder shall be entitled to a certificate of the capital stock of the corporation in such form as may be prescribed from time to time by the Directors. The certificate shall be signed by the President or a Vice President, and by the Treasurer or an Assistant Treasurer, but when a certificate is countersigned by a transfer agent or a registrar, other than a Director, officer or employee of the corporation, such signatures may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the time of its issue.

Every certificate for shares of stock which are subject to any restriction on transfer pursuant to the Articles of Organization, the By-Laws or any agreement to which the corporation is a party, shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restrictions and a statement that the corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge. Every certificate issued when the corporation is authorized to issue more than one class or series of stock shall set forth on its face or back either the full text of the preferences, voting powers, qualifications and specifications and special and relative rights of the shares of each class and series authorized to be issued or a statement of the existence of such preferences, powers, qualifications and rights and a statement that the corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge.

2. TRANSFERS. 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 therefor properly endorsed or accompanied by a written assignment and power of attorney properly executed, with necessary transfer stamps affixed, and with such proof of the authenticity of signature as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, by the Articles of Organization or by these By-Laws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the corporation in accordance with the requirements of these By-Laws.

It shall be the duty of each stockholder to notify the corporation of his post office address and of his taxpayer identification number.

3. RECORD DATE. The Directors may fix in advance a time not more

than sixty days preceding the date of any meeting of stockholders or the date for the payment of any dividend or the making of any distribution to stockholders or the last day on which the consent or dissent of stockholders may be effectively expressed for any purpose, as the record date for determining the stockholders having the right to notice of and to vote at such meeting, and any adjournment thereof, or the right to receive such dividend or distribution or the right to give such consent or dissent. In such case only stockholders of record on such record date shall have such right, notwithstanding any transfer of stock on the books of the corporation after the record date. Without fixing such record date the Directors may for any of such purposes close the transfer books for all or any part of such period.

4. REPLACEMENT OF CERTIFICATES. In case of the alleged loss or destruction or the mutilation of a certificate of stock, a duplicate certificate may be issued in place thereof, upon such terms as the Directors may prescribe, including the presentation of reasonable evidence of such loss, destruction or mutilation and the giving of such indemnity as the Directors may require for the protection of the corporation or any transfer agent or registrar.

5. ISSUE OF CAPITAL STOCK. Unless otherwise voted by the stockholders, the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of the capital stock of the corporation held in its treasury may be issued or disposed of by vote of the Directors, in such manner, for such consideration and on such terms as the Directors may determine.

ARTICLE V - MISCELLANEOUS PROVISIONS

1. FISCAL YEAR. Except as from time to time otherwise determined by the 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 of October.

2. SEAL. The seal of the corporation shall, subject to alteration by the Directors, bear its name, the word "Massachusetts," and the year of its incorporation.

3. EXECUTION OF INSTRUMENTS. All deeds, leases, transfers, contracts, bonds, notes and other obligations authorized to be executed by an officer of the corporation in its behalf shall be signed by the President or the Treasurer except as the directors may generally or in particular cases otherwise determine.

4. VOTING OF SECURITIES. Except as the Directors may otherwise designate, the 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, this corporation (with or without power of substitution) at any meeting of stockholders or shareholders of any other corporation or organization, the securities of which may be held by this corporation.

5. CORPORATE RECORDS. The original, or attested copies, of the Articles of Organization, By-Laws and records of all meetings of the incorporators and stockholders, and the stock and transfer records, which shall contain the names of all stockholders and the record address and the amount of stock held by each, shall be kept in Massachusetts at the principal office of the corporation, or at an office of its transfer agent or of the Clerk. Said

copies and records need not all be kept in the same office. They shall be available at all reasonable times to the inspection of any stockholder for any proper purpose, but not to secure a list of stockholders for the purpose of selling said list or copies thereof or of using the same for a purpose other than in the interest of the applicant, as a stockholder, relative to the affairs of the corporation.

6. EVIDENCE OF AUTHORITY. A certificate by the Clerk or Secretary, or an Assistant Clerk or Assistant Secretary, or a temporary Clerk or temporary Secretary, as to any action taken by the stockholders, Directors, Executive Committee or any officer or representative of the corporation shall as to all persons who rely thereon in good faith be conclusive evidence of such action.

7. ARTICLES OF ORGANIZATION. All reference in these By-Laws 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.

8. TRANSACTIONS WITH INTERESTED PARTIES. In the absence of fraud, no contract or other transaction between this corporation and any other corporation or any firm, association, partnership or person shall be affected or invalidated by the fact that any Director or officer of this corporation is pecuniarily or otherwise interested in or is a director, member or officer of such other corporation or of such firm, association or partnership or is a party to or is pecuniarily or otherwise interested in such contract or other transaction or is in any way connected with any person or persons, firm, association, partnership or corporation pecuniarily or otherwise interested therein; provided that the fact that he individually or as a director, member or officer of such corporation, firm, association or partnership is such a party or is so interested shall be disclosed to or shall have been known by the Board of Directors or a majority of such members thereof as shall be present at a meeting of the Board of Directors at which action upon any such contract or transaction shall be taken; any Director may be counted in determining the existence of a quorum and may vote at any meeting of the Board of Directors of this corporation for the purpose of authorizing any such contract or transaction with like force and effect as if he were not so interested, or were not a director, member or officer of such other corporation, firm, association or partnership, provided that any vote with respect to such contract or transaction must be adopted by a majority of the Directors then in office who have no interest in such contract or transaction.

9. 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.

10. 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).

AMENDMENT TO BY-LAWS

By action of the Board of Directors on January 24, 2003, Article I, Section 7 of the By-Laws of Analog Devices, Inc. is hereby deleted in its entirety and the following provision is implemented in lieu thereof:

7. Voting and Proxies. Each stockholder shall have one vote for each share of stock entitled to vote held by him of record according to the records of the corporation and a proportionate vote for a fractional share so held by him, unless otherwise provided by the Articles of Organization. Stockholders may vote either in person or by written proxy dated not more than six months before the meeting named therein. The delivery of a proxy on behalf of a stockholder consistent with telephonic or electronically transmitted instructions obtained pursuant to procedures of the corporation reasonably designed to verify that such instructions have been authorized by such stockholder shall constitute execution and delivery of such proxy by or on behalf of such stockholder. Proxies shall be filed with the clerk of the meeting, or of any adjournment thereof, before being voted. Except as otherwise limited therein, proxies shall entitle the persons named therein to vote at any adjournment of such meeting, but shall not be valid after final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by one of them, unless at or prior to exercise of the proxy the corporation receives a specific written notice to the contrary from any one of them. A proxy purported to be executed by or on behalf of a stockholder shall be deemed valid unless challenged at or prior to its exercise.

AMENDMENT NO. 2 TO BY-LAWS

By action of the Board of Directors on June 23, 2004, the following Sections 5, 7 and 8 supersede Sections 5, 7 and 8, respectively, of Article I of the By-Laws of Analog Devices, Inc. in their entirety effective July 1, 2004:

5. 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.

7. VOTING AND PROXIES.

(a) Except as provided in this Section 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.

8. ACTION AT MEETING. If a quorum of a voting group exists, favorable action on a matter, other than the election 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. Directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. No ballot shall be required for such election unless requested by a shareholder present or represented at the meeting and entitled to vote in the election.

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)) 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 quarterly report is being prepared;
 - b) [Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986];
 - 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 17, 2004

/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)) 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 quarterly report is being prepared;
 - b) [Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986];
 - 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 17, 2004

/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 July 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jerald G. Fishman, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

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

Dated: August 17, 2004

/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 July 31, 2004 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: August 17, 2004

/s/ Joseph E. McDonough

Joseph E. McDonough
Chief Financial Officer