

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
Form 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended October 29, 2011
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)*

One Technology Way, Norwood, MA
(Address of principal executive offices)

04-2348234
*(I.R.S. Employer
Identification No.)*

02062-9106
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Common Stock \$0.16²/₃ Par Value
Title of Each Class

New York Stock Exchange
Name of Each Exchange on Which Registered

Securities registered pursuant to Section 12(g) of the Act:

None
Title of Class

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

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 for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

The aggregate market value of the voting and non-voting common equity held by nonaffiliates of the registrant was approximately \$9,291,000,000 based on the last reported sale of the Common Stock on the New York Stock Exchange Composite Tape reporting system on April 30, 2011. Shares of voting and non-voting stock beneficially owned by executive officers, directors and holders of more than 5% of the outstanding stock have been excluded from this calculation because such persons or institutions may be deemed affiliates. This determination of affiliate status is not a conclusive determination for other purposes.

As of October 29, 2011, there were 297,960,718 shares of Common Stock, \$0.16²/₃ par value per share, outstanding.

Documents Incorporated by Reference

Document Description

Portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held March 13, 2012

Form 10-K Part

III

Note About Forward-Looking Statements

This Annual Report on Form 10-K, including in particular the section entitled “Outlook,” contained in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, contains forward-looking statements regarding future events and our future results that are subject to the safe harbor created under the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “continues,” “may,” variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections regarding our future financial performance, particularly in light of sovereign debt issues globally; declines in customer demand for our products; our anticipated growth and trends in our businesses; our future capital needs and capital expenditures; our future market position and expected competitive changes in the marketplace for our products; our ability to innovate new products and technologies; the timing or the effectiveness of our efforts to refocus our operations and reduce our cost structure and the expected amounts of any cost savings related to those efforts; our ability to access credit or capital markets; our ability to pay dividends or repurchase stock; our ability to service our outstanding debt; our expected tax rate; the future actions of our third-party suppliers; our reliance on assembly and test subcontractors, third party wafer fabricators and independent distributors; the expected outcomes of intellectual property and litigation matters; the ability to safeguard our patents and intellectual property; potential acquisitions or divestitures; the expected activities of our key personnel; the global nature of our operations; the effect of new accounting pronouncements; and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified in Part I, Item 1A. Risk Factors and elsewhere in our Annual Report on Form 10-K. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements except to the extent required by law.

PART I

ITEM 1. BUSINESS

Company Overview

We are a world leader in the design, manufacture and marketing of a broad portfolio of high-performance analog, mixed-signal and digital signal processing integrated circuits (ICs) used in virtually all types of electronic equipment. Since our inception in 1965, we have focused on solving the engineering challenges associated with signal processing in electronic equipment. Our signal processing products play a fundamental role in converting, conditioning, and processing real-world phenomena such as temperature, pressure, sound, light, speed and motion into electrical signals to be used in a wide array of electronic devices. As new generations of digital applications evolve, new needs for high-performance analog signal processing and digital signal processing (DSP) technology are generated. As a result, we produce a wide range of innovative products — including data converters, amplifiers and linear products, radio frequency (RF) ICs, power management products, sensors based on micro-electro mechanical systems (MEMS) technology and other sensors, and processing products, including DSP and other processors — that are designed to meet the needs of a broad base of customers.

We focus on key strategic markets where our signal processing technology is often a critical differentiator in our customers' products, in particular, the industrial, automotive, consumer and communications markets. Used by over 60,000 customers worldwide, our products are embedded inside many different types of electronic equipment including:

- Industrial process control systems
- Factory automation systems
- Instrumentation and measurement systems
- Energy management systems
- Aerospace and defense electronics
- Automobiles
- Digital televisions
- Medical imaging equipment
- Patient monitoring devices
- Wireless infrastructure equipment
- Networking equipment
- Optical systems
- Digital cameras
- Portable electronic devices

We were founded in 1965 and are incorporated in Massachusetts. Our headquarters are near Boston, in Norwood, Massachusetts. In addition, we have manufacturing facilities in Massachusetts, Ireland, and the Philippines, and have more than thirty design facilities worldwide. Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol ADI and is included in the Standard & Poor's 500 Index.

Available Information

We maintain a website with the address www.analog.com. We are not including the information contained on our website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. We make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K (including exhibits), and amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission, or SEC. We also make available on our website our corporate governance guidelines, the charters for our audit committee, compensation committee, and nominating and corporate governance committee, our equity award granting policies, our code of business conduct and ethics which applies to our directors, officers and employees, and our related person transaction policy, and such information is available in print and free of charge to any shareholder of Analog Devices who requests it. In addition, we intend to disclose on our website any amendments to, or waivers from, our code of business conduct and ethics that are required to be publicly disclosed pursuant to rules of the SEC or the NYSE.

Industry Background

Semiconductor components are the electronic building blocks used in electronic systems and equipment. These components are classified as either discrete devices (such as individual transistors) or integrated circuits (in which a number of transistors and other elements are combined to form a more complicated electronic circuit). Integrated circuits may be divided into two general categories, digital and analog. Digital circuits, such as memory

devices and microprocessors, generally process on-off electrical signals, represented by binary digits, “1” and “0.” In contrast, analog integrated circuits monitor, condition, amplify or transform continuous analog signals associated with physical properties, such as temperature, pressure, weight, light, sound or motion, and play an important role in bridging between real world phenomena and a variety of electronic systems. Analog ICs also provide voltage regulation and power control to electronic systems.

Organizational Structure

We operate in one reporting segment, which is comprised of two separate groups, one focused on products and one focused on end markets. The product group is focused on core technology development and leadership in converters, amplifiers and RF, MEMS, power management, and DSP. The end market-focused organization is dedicated to understanding, selecting, and resourcing initiatives that are more customized to a particular market or application. The focus of this team is to apply the full expanse of our broad technology portfolio to more integrated and targeted product strategies for the industrial, automotive, consumer, and communications markets. The end market group includes our sales organization.

These two groups collaborate at all levels. On the one hand, our product group develops key technology for use by the end market groups, which apply these technologies to specific applications. Equally important, the applications expertise within each end market group is used to enhance core technology development by our product group.

Principal Products

We design, manufacture and market a broad line of high-performance ICs that incorporate analog, mixed-signal and digital signal processing technologies. Our ICs are designed to address a wide range of real-world signal processing applications. Our product portfolio includes both general-purpose products used by a broad range of customers and applications, as well as application-specific products designed for specific clusters of customers in key target markets. By using readily available, high-performance, general-purpose products in their systems, our customers can reduce the time they need to bring new products to market. Given the high cost of developing more customized ICs, our standard products often provide a cost-effective solution for many low to medium volume applications. However, for some industrial, automotive, consumer, and communications products, we focus on working with leading customers to design application-specific solutions. We begin with our existing core technologies in data conversion, amplification, RF, MEMS, power management and DSP, and devise a solution to more closely meet the needs of a specific customer or group of customers. Because we have already developed the core technology for our general-purpose products, we can create application-specific solutions quickly.

We produce and market several thousand products and operate in one reporting segment. Our ten highest revenue products, in the aggregate, accounted for approximately 8% of our revenue for fiscal 2011. A breakdown of our fiscal 2011 revenue by product category follows.

<u>Product Category</u>	<u>Percent of FY 2011 Revenue</u>
Converters	45%
Amplifiers/ Radio frequency	26%
Other analog	14%
Power management & reference	7%
Digital signal processing	8%

Analog Products

Our analog and mixed signal IC technology has been the foundation of our business for over four decades, and we are one of the world’s largest suppliers of high-performance analog ICs. Our analog signal processing ICs are primarily high-performance devices, offering higher dynamic range, greater bandwidth, and other enhanced features. The principal advantages these products have versus competitors’ products include higher accuracy, higher speed, lower cost per function, smaller size, lower power consumption and fewer components, resulting in

improved reliability. Our product portfolio includes several thousand analog ICs, any one of which can have as many as several hundred customers. Our analog ICs typically have long product life cycles. Our analog IC customers include original equipment manufacturers OEMs and customers who build electronic subsystems for integration into larger systems.

Converters — We are a leading supplier of data converter products. Data converters translate real-world analog signals into digital data and also translate digital data into analog signals. Data converters remain our largest and most diverse product family and an area where we are continuously innovating to enable our customers to redefine and differentiate their products. Our converter products combine sampling rates and accuracy with the low noise, power, price and small package size required by industrial, automotive, consumer, and communications electronics.

Amplifiers/Radio Frequency — We are also a leading supplier of high-performance amplifiers. Amplifiers are used to condition analog signals. High performance amplifiers emphasize the performance dimensions of speed and precision. Within this product portfolio we provide precision, instrumentation, high speed, intermediate frequency/RF, broadband, and other amplifiers. We also offer an extensive portfolio of precision voltage references that are used in a wide variety of applications. Our analog product line also includes a broad portfolio of high performance RF ICs covering the entire RF signal chain, from industry-leading stand-alone RF function blocks such as phase locked loops, frequency synthesizers, mixers, modulators, demodulators, and power detectors, to highly integrated broadband and short-range single chip transceiver solutions. Our high performance RF ICs support the high performance requirements of cellular infrastructure and a broad range of applications in our target markets.

Other Analog — Also within our analog technology portfolio are products that are based on Micro-ElectroMechanical Systems (MEMS) technology. This technology enables us to build extremely small sensors that incorporate an electromechanical structure and the supporting analog circuitry for conditioning signals obtained from the sensing element. Our MEMS product portfolio includes accelerometers used to sense acceleration, gyroscopes used to sense rotation, inertial measurement units used to sense multiple degrees of freedom combining multiple sensing types along multiple axis, and MEMS microphones used to sense audio. The majority of our current revenue from MEMS products is derived from the automotive, industrial, healthcare, and consumer end markets. In addition to our MEMS our other analog product category includes isolators that enable designers to implement isolation in designs without the cost, size, power, performance, and reliability constraints found with optocouplers. Our isolators have been designed into hundreds of applications, such as universal serial bus isolation in patient monitors, where it allows hospitals and physicians to adopt the latest advances in computer technology to supervise patient health and wirelessly transmit medical records. In smart metering applications, our isolators provide reliable electrostatic discharge performance that helps reduce meter tampering. Likewise, in satellites, where any malfunction can be catastrophic, our isolators help protect the power system while enabling designers to achieve small form factors.

Power Management & Reference — Power management & reference products make up the balance of our analog sales. Those products that include functions such as power conversion, driver monitoring, sequencing and energy management, are developed to complement analog signal chain components across core market segments from micro power, energy-sensitive battery applications to efficient, high performance power systems in infrastructure and industrial applications.

Digital Signal Processing Products

Digital Signal Processing products (DSPs) complete our product portfolio. DSPs are optimized for high-speed numeric calculations, which are essential for instantaneous, or real-time, processing of digital data generated, in most cases, from analog to digital signal conversion. Our DSPs are designed to be fully programmable and to efficiently execute specialized software programs, or algorithms, associated with processing digitized real-time, real-world data. Programmable DSPs are designed to provide the flexibility to modify the device's function quickly and inexpensively using software. Our general-purpose DSP IC customers typically write their own algorithms using software development tools provided by us and third-party suppliers. Our DSPs are designed in families of

products that share common architectures and therefore can execute the same software across a range of products. We support these products with easy-to-use development tools, which are designed to reduce our customers' product development costs and time-to-market. Our customers use our products to solve a wide range of signal processing challenges across our core market and segment focus areas within the industrial, automotive, consumer and communications end markets. As an integrated part of our customer's signal chain, there are typically many other Analog Devices products connected to our processors including converters, audio and video codecs and power management solutions.

Markets and Applications

During fiscal year 2011, we consolidated the computer end market, which represented approximately 1% of fiscal 2011 revenue, into the consumer end market, and reclassified handset revenue, which represented approximately 3% of fiscal 2011 revenue, from the communications end market to the consumer end market for all periods presented. The breakdown of our fiscal 2011 revenue by end market is set out in the table below.

End Market	Percent of FY 2011 Revenue*
Industrial	47%
Automotive	14%
Consumer	20%
Communications	20%

* The sum of the individual percentages do not equal 100% due to rounding.

The following describes some of the characteristics of, and customer products within, our major end markets:

Industrial — Our industrial market includes the following sectors:

Industrial and Instrumentation — Our industrial automation applications generally require ICs that offer performance greater than that available from commodity-level ICs but generally do not have production volumes that warrant custom ICs. There is a trend towards development of products focused on particular sub-applications, which incorporate combinations of analog, mixed-signal, and DSP ICs to achieve the necessary functionality. Our instrumentation customers differentiate themselves by using the highest performance analog and mixed-signal ICs available. Our industrial and instrumentation market includes applications such as:

- Process control systems
- Robotics
- Environmental control systems
- Oscilloscopes
- Lab, chemical, and environmental analyzers
- Weigh scales

Defense/Aerospace — The defense, commercial avionics and space markets all require high-performance ICs that meet rigorous environmental and reliability specifications. Many of our analog ICs can be supplied in versions that meet these standards. In addition, many products can be supplied to meet the standards required for broadcast satellites and other commercial space applications. Most of our products sold in this market are specially tested versions of products derived from our standard product offering. Customer products include:

- Navigation systems
- Space and satellite communications
- Radar systems
- Security devices

Energy Management — The desire to improve energy efficiency, conservation, reliability, and cleanliness is driving investments in renewable energy, power transmission and distribution systems, electric meters, and other innovative areas. The common characteristic behind these efforts is the addition of sensing, measurement, and communication technologies to electrical infrastructure. Our offerings include both standard and application-specific products and are used in applications such as:

- Utility meters
- Meter communication modules
- Substation relays and automation equipment
- Wind turbines
- Solar inverters
- Building energy automation/control

Healthcare — Two significant trends in the healthcare market today are the increasing need for higher channel counts in medical systems to improve resolution and throughput while achieving a lower cost per channel, and the movement of highly accurate patient monitoring devices from the hospital environment to the home, improving patient care and reducing overall healthcare costs. Our innovative technologies are designed into a variety of high performance imaging, patient monitoring, medical instrumentation, and home health devices. Our offerings include both standard and application-specific products and are used in applications such as:

- Ultrasound
- CT scanners
- Digital x-ray
- Multi-parameter patient monitors
- Pulse oximeters
- Infusion pumps
- Clinical lab instrumentation
- Surgical instrumentation
- Blood analyzers
- Activity monitors

Automotive — We develop differentiated high performance signal processing solutions that enable sophisticated automotive systems addressing the three industry macro trends namely greener, safer and more comfort. Through collaboration with manufacturers worldwide, ADI has achieved significant market share through a broad portfolio of analog, digital and MEMS ICs that increase fuel efficiency, enhance vehicle stability and improve the audio/video experience of the passengers. Specifically, we have developed products used in applications such as:

Green	Safety	Comfort
<ul style="list-style-type: none"> • Hybrid electric / electric vehicles • Intelligent battery sensors • Battery monitoring and management systems 	<ul style="list-style-type: none"> • Crash sensors in airbag systems • Electronic stability systems • Advanced driver assistance systems (RADAR/Vision) • Vehicle dynamic control systems 	<ul style="list-style-type: none"> • Car audio amplifiers • Head unit solutions • Rear seat entertainment systems

Consumer — Market demand for digital entertainment systems and the consumer demand for high quality voice transmissions, music, movies and photographs with a high degree of interactivity have allowed us to combine analog and digital design capability to provide solutions that meet the rigorous cost and time-to-market requirements of the consumer electronics market. The emergence of high-performance, feature-rich consumer products has created a market for our high-performance ICs with a high level of specific functionality. These products include:

- Digital cameras
- High-definition televisions and DVD recorders/players
- Home theater systems
- High-performance audio/video equipment
- Portable media devices (cellular handsets, smart phones and tablets)
- Computers

Communications — The development of broadband, wireless and Internet infrastructures around the world has created an important market for our communications products. Communications technology involves the acquisition of analog signals that are converted from analog to digital and digital to analog form during the process of transmitting and receiving data. The need for higher speed and reduced power consumption, coupled with more reliable, bandwidth-efficient communications, has been creating demand for our products. Our products are used in the full spectrum of signal processing for internet protocol, video streaming and voice communication. In wireless and broadband communication applications, our products are incorporated into:

- Cellular basestation equipment
- Wireless backhaul systems
- Wired networking equipment
- Satellite systems

See Note 4 in the Notes to our Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K for further information about our products by category and end market.

Research and Development

Our markets are characterized by rapid technological changes and advances. Accordingly, we make substantial investments in the design and development of new products and manufacturing processes, and the improvement of existing products and manufacturing processes. We spent approximately \$506 million during fiscal 2011 on the design, development and improvement of new and existing products and manufacturing processes, compared to approximately \$492 million during fiscal 2010 and approximately \$447 million during fiscal 2009.

Our research and development strategy focuses on building technical leadership in core technologies of converters, amplifiers and RF, MEMS, power management, and DSP. In support of our research and development activities, we employ thousands of engineers involved in product and manufacturing process development throughout the world.

Patents and Other Intellectual Property Rights

We seek to establish and maintain our proprietary rights in our technology and products through the use of patents, copyrights, mask works, trademarks and trade secrets. We have a program to file applications for and obtain patents, copyrights, mask works and trademarks in the United States and in selected foreign countries where we believe filing for such protection is appropriate. We also seek to maintain our trade secrets and confidential information by nondisclosure policies and through the use of appropriate confidentiality agreements. We have obtained a substantial number of patents and trademarks in the United States and in other countries. As of October 29, 2011, we held approximately 1,700 U.S. patents and approximately 700 non-provisional pending U.S. patent applications. There can be no assurance, however, that the rights obtained can be successfully enforced against infringing products in every jurisdiction. While our patents, copyrights, mask works, trademarks and trade secrets provide some advantage and protection, we believe our competitive position and future success is largely determined by such factors as the system and application knowledge, innovative skills, technological expertise and management ability and experience of our personnel; the range and success of new products being developed by us; our market brand recognition and ongoing marketing efforts; and customer service and technical support. It is generally our policy to seek patent protection for significant inventions that may be patented, though we may elect, in certain cases, not to seek patent protection even for significant inventions, if we determine other protection, such as maintaining the invention as a trade secret, to be more advantageous. We also have trademarks that are used in the conduct of our business to distinguish genuine Analog Devices products and we maintain cooperative advertising programs to promote our brands and identify products containing genuine Analog Devices components.

Sales Channels

We sell our products globally through a direct sales force, third-party distributors, independent sales representatives and via our website. We have direct sales offices, sales representatives and/or distributors in over 40 countries outside North America.

We support our worldwide technical direct field sales efforts by an extensive promotional program that includes editorial coverage and paid advertising in trade publications, direct mail programs, promotional brochures, technical seminars and participation in trade shows. We publish and distribute product catalogs, applications guides, technical handbooks and detailed data sheets for individual products. We also provide this information and sell products via our website. We maintain a staff of field application engineers who aid customers in incorporating our products into their products. In addition, we offer a variety of web-based tools that ease product selection and aid in the design process for our customers.

We derived approximately 55% of our fiscal 2011 revenue from sales made through distributors. These distributors typically maintain an inventory of our products. Some of them also sell products that compete with our products, including those for which we are an alternate source. In all regions of the world, we defer revenue and the related cost of sales on shipments to distributors until the distributors resell the products to their customers. We make sales to distributors under agreements that allow distributors to receive price adjustment credits and to return qualifying products for credit, as determined by us, in order to reduce the amounts of slow-moving, discontinued or obsolete product from their inventory. These agreements limit such returns to a certain percentage of our shipments to that distributor during the prior quarter. In addition, distributors are allowed to return unsold products if we terminate the relationship with the distributor. Additional information relating to our sales to distributors is set forth in Note 2n in the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K.

Segment Financial Information and Geographic Information

We operate and track our results in one reportable segment based on the aggregation of five operating segments.

Through subsidiaries and affiliates, we conduct business in numerous countries outside the United States. During fiscal 2011, we derived approximately 82% of our revenue from customers in international markets. Our international business is subject to risks customarily encountered in foreign operations, including fluctuations in foreign currency exchange rates and controls, import and export controls, and other laws, policies and regulations of foreign governments. Although we engage in hedging transactions to reduce our exposure to currency exchange rate fluctuations, our competitive position may be adversely affected by changes in the exchange rate of the United States dollar against other currencies.

The categorization of sales into geographic regions set forth below is based upon the location of the customer.

<u>Geographic Area</u>	<u>% of FY 2011 Revenue</u>
United States	18%
Rest of North/South America	6%
Europe	28%
Japan	13%
China	20%
Rest of Asia	15%

For further detail regarding revenue and financial information about our industry, segment and geographic areas, see our Consolidated Financial Statements and Note 4 in the related Notes contained in Item 8 of this Annual Report on Form 10-K.

Customers

We have tens of thousands of customers worldwide. No sales to an individual customer accounted for more than 10% of fiscal year 2011, 2010, or 2009 revenue. These customers used hundreds of different types of our products in a wide range of applications spanning the industrial, automotive, consumer and communication markets. Our largest single customer, excluding distributors, represented approximately 4% of our fiscal 2011 revenue. Our 20 largest customers, excluding distributors, accounted for approximately 32% of our fiscal 2011 revenue.

Seasonality

Sales to customers during our first fiscal quarter may be lower than other quarters due to plant shutdowns at some of our customers during the holiday season. In general, the seasonality for any specific period of time has not had a material impact on our results of operations. In addition, as explained in our risk factors contained in Item 1A of this Annual Report on Form 10-K, our revenue is more likely to be influenced on a quarter to quarter basis by cyclicalities in the semiconductor industry.

Production and Raw Materials

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

We develop and employ a wide variety of proprietary manufacturing processes that are specifically tailored for use in fabricating high-performance analog, DSP, mixed-signal and MEMS ICs. We also use bipolar and complementary metal-oxide semiconductor, or CMOS, wafer fabrication processes.

Our IC products are fabricated both at our production facilities and by third-party wafer fabricators. Our products are manufactured in our own wafer fabrication facilities using proprietary processes and at third-party wafer-fabrication foundries using sub-micron digital CMOS processes. A significant portion of our revenue in fiscal years 2011, 2010 and 2009 was from products fabricated at third-party wafer-fabrication facilities, primarily Taiwan Semiconductor Manufacturing Company, or TSMC. We operate wafer fabrication facilities in Wilmington,

Massachusetts and Limerick, Ireland. We also operate test facilities located in the Philippines and use third-party subcontractors for the assembly and testing of our products.

Capital spending was approximately \$123.0 million in fiscal 2011, compared with approximately \$111.6 million in fiscal 2010. We currently plan to make capital expenditures in the range of approximately \$100 million to \$125 million in fiscal 2012.

Our products require a wide variety of components, raw materials and external foundry services, most of which we purchase from third-party suppliers. We have multiple sources for many of the components and materials that we purchase and incorporate into our products. However, a large portion of our external wafer purchases and foundry services are from a limited number of suppliers, primarily TSMC. If TSMC or any of our other key 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 significant expenses and disruptions or delays in manufacturing, product development and shipment of product to our customers. Although we have experienced shortages of components, materials and external foundry services from time to time, these items have generally been available to us as needed.

Backlog

Backlog at the end of fiscal 2011 was approximately \$379 million, down from approximately \$563 million at the end of fiscal 2010. We define backlog as of a particular date to mean firm orders from a customer or distributor with a requested delivery date within thirteen weeks. Backlog is impacted by the tendency of customers to rely on shorter lead times available from suppliers, including us, in periods of depressed demand. In periods of increased demand, there is a tendency towards longer lead times that has the effect of increasing backlog and, in some instances, we may not have manufacturing capacity sufficient to fulfill all orders. As is customary in the semiconductor industry, we allow most orders to be cancelled or deliveries to be delayed by customers without significant penalty. Accordingly, we believe that our backlog at any time should not be used as an indication of our future revenue.

We typically do not have long-term sales contracts with our customers. In some of our markets where end-user demand may be particularly volatile and difficult to predict, some customers place orders that require us to manufacture product and have it available for shipment, even though the customer is unwilling to make a binding commitment to purchase all, or even any, of the product. In other instances, we manufacture product based on forecasts of customer demand. As a result, we may incur inventory and manufacturing costs in advance of anticipated sales and are subject to the risk of cancellation of orders leading to a sharp reduction of sales and backlog. Further, those orders or forecasts may be for products that meet the customer's unique requirements so that those cancelled 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 some of our products that are subject to these uncertainties, the amount of unsaleable product could be substantial.

Government Contracts

We estimate that approximately 3% of our fiscal 2011 revenue was attributable to sales to the U.S. government and U.S. government contractors and subcontractors. Our government contract business is predominantly in the form of negotiated, firm, fixed-price subcontracts. Most of these contracts and subcontracts contain standard provisions relating to termination at the election of the U.S. government.

Acquisitions, Divestitures and Investments

An element of our business strategy involves expansion through the acquisition of businesses, assets, products or technologies that allow us to complement our existing product offerings, expand our market coverage, increase our engineering workforce or enhance our technological capabilities. From time to time, we consider acquisitions and divestitures that may strengthen our business.

Additional information relating to our acquisition and divestiture activities during fiscal 2011, 2010 and 2009 is set forth in Note 2u and Note 6 of the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K.

Competition

We believe that competitive performance in the marketplace for signal processing products depends upon multiple factors, including technological innovation, strength of brand, diversity of product portfolio, product performance, technical support, delivery capabilities, customer service quality, reliability and price, with the relative importance of these factors varying among products, markets, and customers.

We compete with a number of semiconductor companies in markets that are highly competitive. Our competitors include but are not limited to:

- Broadcom Corporation
- Cirrus Logic, Inc.
- Freescale Semiconductor, Inc.
- Infineon Technologies
- Intersil Corporation
- Knowles Electronics
- Linear Technology Corporation
- Maxim Integrated Products, Inc.
- Microchip Technology, Inc.
- NXP Semiconductors
- ST Microelectronics
- Silicon Laboratories, Inc.
- Texas Instruments, Inc.

We believe that our technical innovation emphasizing product performance and reliability, supported by our commitment to strong customer service and technical support, enables us to make a fundamental difference to our customers' competitiveness in our chosen markets.

Environment, Health and Safety

We are committed to protecting the environment and the health and safety of our employees, customers and the public. We endeavor to adhere to applicable environmental, health and safety (EHS) regulatory and industry standards across all of our facilities, and to encourage pollution prevention, reduce our water and energy consumption, reduce waste generation, and strive towards continual improvement. We strive to achieve excellence in EHS management practices as an integral part of our total quality management system.

Our management systems are certified to ISO 14001, OHSAS 18001, ISO 9001 and TS16949. We are a member of the Electronic Industry Citizenship Coalition (EICC). Our Sustainability Report, first published in 2009, states our commitment to consuming less energy and applying fair labor standards, among other things. We are not including the information contained in our Sustainability Report in, or incorporating it by reference into this Annual Report on Form 10-K.

Our manufacturing facilities are subject to numerous and increasingly strict federal, state local and foreign EHS laws and regulations, particularly with respect to the transportation, storage, handling, use, emission, discharge and disposal of certain chemicals used or produced in the semiconductor manufacturing process. Our products are subject to increasingly stringent regulations regarding chemical content in jurisdictions where we sell products, including the Restriction of Hazardous Substances (RoHS) directive in the European Union and China and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) directive in the European Union. Contracts with many of our customers reflect these and additional EHS compliance standards. Compliance with these laws and regulations has not had a material impact on our capital expenditures, earnings, financial condition or competitive position. There can be no assurance, however, that current or future environmental laws and regulations will not impose costly requirements upon us. Any failure by us to comply with applicable environmental laws, regulations and contractual obligations could result in fines, suspension of production, the need to alter manufacturing processes and legal liability.

Employees

As of October 29, 2011, we employed approximately 9,200 individuals worldwide. Our future success depends in large part on the continued service of our key technical and senior management personnel, and on our ability to continue to attract, retain and motivate qualified employees, particularly those highly-skilled design, process, test and applications engineers involved in the design, support and manufacture of new and existing products and processes. We believe that relations with our employees are good; however, the competition for such personnel is intense, and the loss of key personnel could have a material adverse impact on our results of operations and financial condition.

ITEM 1A. RISK FACTORS

Set forth below and elsewhere in this report and in other documents we file with the SEC are descriptions of the risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this report.

Disruptions in global credit and financial markets could materially and adversely affect our business and results of operations.

There is significant uncertainty about the stability of global credit and financial markets. These economic uncertainties affect businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities. High unemployment rates, weakness in commercial and residential real estate markets and the tightening of credit by financial institutions may lead consumers and businesses to postpone spending, which may cause our customers to cancel, decrease or delay their existing and future orders for our products. In addition, financial difficulties experienced by our suppliers or distributors could result in product delays, increased accounts receivable defaults and inventory challenges. Financial turmoil may cause financial institutions to consolidate or go out of business, which increases the risk that the actual amounts realized in the future on our financial instruments could differ significantly from the fair value assigned to them. During the past few years, many governments adopted stimulus or spending programs designed to ease the economic impact of the crisis. Some of our businesses benefited from these stimulus programs and as these programs conclude, those businesses could be negatively impacted. The continuing debt crisis in certain European countries could cause the value of the Euro to deteriorate, thus reducing the purchasing power of our European customers. In addition, the recent downgrade of the U.S. credit rating and the ongoing European debt crisis have contributed to the instability in global credit markets. We are unable to predict the impact of these events, and if economic conditions deteriorate, we may record additional charges relating to restructuring costs or the impairment of assets and our business and results of operations could be materially and adversely affected.

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

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

- the effects of adverse economic conditions in the United States and international markets;
- changes in customer demand for our products and for end products that incorporate our products;
- the effectiveness of our efforts to refocus our operations, including our ability to reduce our cost structure in both the short term and over a longer duration;
- the timing of new product announcements or introductions by us, our customers or our competitors;
- competitive pricing pressures;
- fluctuations in manufacturing yields, adequate availability of wafers and other raw materials, and manufacturing, assembly and test capacity;
- the ability of our third party suppliers, subcontractors and manufacturers to supply us with sufficient quantities of products or components;
- any significant decline in our backlog;
- the timing, delay or cancellation of significant customer orders and our ability to manage inventory;
- our ability to hire, retain and motivate adequate numbers of engineers and other qualified employees to meet the demands of our customers;
- changes in geographic, product or customer mix;
- our ability to utilize our manufacturing facilities at efficient levels;

- potential significant litigation-related costs;
- the difficulties inherent in forecasting future operating expense levels, including with respect to costs associated with labor, utilities, transportation and raw materials;
- the costs related to compliance with increasing worldwide environmental regulations;
- changes in our effective tax rates in the United States, Ireland or worldwide; and
- the effects of public health emergencies, natural disasters, widespread travel disruptions, security risks, terrorist activities, international conflicts and other events beyond our control.

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

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

A number of factors may increase our future effective tax rate, including: increases in tax rates in various jurisdictions; the jurisdictions in which profits are earned and taxed; the resolution of issues arising from tax audits with various tax authorities; changes in the valuation of our deferred tax assets and liabilities; adjustments to income taxes upon finalization of various tax returns; increases in expenses not deductible for tax purposes, including write-offs of acquired in-process research and development and impairments of goodwill in connection with acquisitions; the lack of sufficient excess tax benefits (credits) in our additional paid in capital (APIC) pool in situations where our realized tax deductions for certain stock-based compensation awards are less than those originally anticipated; changes in available tax credits; and changes in tax laws or the interpretation of such tax laws. Any significant increase in our future effective tax rates could adversely impact our net income for future periods.

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

We typically do not have long-term sales contracts with our customers. In certain markets where end-user demand may be particularly volatile and difficult to predict, some customers place orders that require us to manufacture product and have it available for shipment, even though the customer is unwilling to make a binding commitment to purchase all, or even any, of the product. In other instances, we manufacture product based on forecasts of customer demands. As a result, we may incur inventory and manufacturing costs in advance of anticipated sales and are subject to the risk of cancellations of orders, leading to a sharp reduction of sales and backlog. Further, orders or forecasts may be for products that meet the customer's unique requirements so that those cancelled or unrealized orders would, in addition, result in an inventory of unsaleable products, causing potential inventory write-offs. As a result of lengthy manufacturing cycles for certain of the products that are subject to these uncertainties, the amount of unsaleable product could be substantial. Incorrect forecasts, or reductions, cancellations or delays in orders for our products could adversely affect our operating results.

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

Our success significantly depends on our continued ability to improve our products and develop and market innovative new products. Product development, innovation and enhancement is often a complex, time-consuming and costly process involving significant investment in research and development, with no assurance of return on investment. There can be no assurance that we will be able to develop and introduce new and improved products in a timely or efficient manner or that new and improved products, if developed, will achieve market acceptance. Our products generally must conform to various evolving and sometimes competing industry standards, which may adversely affect our ability to compete in certain markets or require us to incur significant costs. In addition, our

customers generally impose very high quality and reliability standards on our products, which often change and may be difficult or costly to satisfy. Any inability to satisfy customer quality standards or comply with industry standards and technical requirements may adversely affect demand for our products and our results of operations. In addition, our growth is dependent on our continued ability to identify and penetrate new markets where we have limited experience and competition is intense. Also, some of our customers in these markets are less established, which could subject us to increased credit risk. There can be no assurance that the markets we serve will grow in the future, that our existing and new products will meet the requirements of these markets, that our products will achieve customer acceptance in these markets, that competitors will not force price reductions or take market share from us, or that we can achieve or maintain adequate gross margins or profits in these markets. Furthermore, a decline in demand in one or several of our end-user markets could have a material adverse effect on the demand for our products and our results of operations.

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

We face intense technological and pricing competition in the semiconductor industry, and we expect this competition to increase in the future, including from companies located outside the United States. Many other companies offer products that compete with our products. Some have (or as a result of consolidation within the industry may have) greater financial, manufacturing, technical, sales and marketing resources than we have. Some of our competitors may have more advantageous supply or development relationships with our current and potential customers or suppliers. Our competitors also include emerging companies selling specialized products in markets we serve. Competition is generally based on design and quality of products, product performance, features and functionality, and product pricing, availability and capacity, with the relative importance of these factors varying among products, markets and customers. Existing or new competitors may develop products or technologies that more effectively address the demands of our customers and markets with enhanced performance, features and functionality, lower power requirements, greater levels of integration or lower cost. Increased competition in certain markets has resulted in and may continue to result in declining average selling prices, reduced gross margins and loss of market share in those markets. There can be no assurance that we will be able to compete successfully in the future against existing or new competitors, or that our operating results will not be adversely affected by increased competition.

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

We rely, and plan to continue to rely, on suppliers, assembly and test subcontractors, and third-party wafer fabricators to supply most of our wafers that can be manufactured using industry-standard submicron processes. This reliance involves several risks, including reduced control over availability, capacity utilization, delivery schedules, manufacturing yields, and costs. Additionally, we utilize a limited number of third-party wafer fabricators, primarily Taiwan Semiconductor Manufacturing Company, or TSMC. In addition, these suppliers often provide manufacturing services to our competitors and therefore periods of increased industry demand may result in capacity constraints. In certain instances, the third party supplier is the sole source of highly specialized processing services. If our suppliers are unable or unwilling to manufacture and deliver components to us on the time schedule and of the quality or quantity that we require or provide us with required manufacturing processes, 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. If replacement suppliers or manufacturing processes are not available, we may also experience delays in product development or shipment which could, in turn, result in the temporary or permanent loss of customers. A significant portion of our revenue for fiscal 2011 was from products fabricated at third-party wafer-fabrication facilities, primarily TSMC.

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

The cyclical nature of the semiconductor industry has resulted in periods when demand for our products has increased or decreased rapidly. If we expand our operations and workforce too rapidly or procure excessive

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

Our semiconductor products are complex and we may be subject to product warranty and indemnity claims, which could result in significant costs and damage to our reputation and adversely affect the market acceptance of our products.

Semiconductor products are highly complex and may contain defects when they are first introduced or as new versions are developed. We generally warrant our products to our customers for one year from the date title passes from us. We invest significant resources in the testing of our products; however, if any of our products contain defects, we may be required to incur additional development and remediation costs, pursuant to warranty and indemnification provisions in our customer contracts and purchase orders. These problems may divert our technical and other resources from other product development efforts and could result in claims against us by our customers or others, including liability for costs associated with product recalls, which may adversely impact our operating results. We may also be subject to customer indemnity claims. Our customers have on occasion been sued, and may in the future be sued, by third parties with respect to infringement or other product matters, and those customers may seek indemnification from us under the terms and conditions of our sales contracts with them. In certain cases, our potential indemnification liability may be significant. If any of our products contains defects, or has reliability, quality or compatibility problems, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers and could adversely affect our operating results.

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

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

The semiconductor industry is characterized by frequent claims and litigation involving patent and other intellectual property rights, including claims arising under our contractual obligations to indemnify our customers. Other companies or individuals have obtained patents covering a variety of semiconductor designs and processes, and we might be required to obtain licenses under some of these patents or be precluded from making and selling infringing products, if those patents are found to be valid. From time to time, we receive claims from third parties asserting that our products or processes infringe their patents or other intellectual property rights. In the event a third party makes a valid intellectual property claim against us and a license is not available to us on commercially reasonable terms, or at all, we could be forced either to redesign or to stop production of products incorporating that intellectual property, and our operating results could be materially and adversely affected. Litigation may be necessary to enforce our patents or other of our intellectual property rights or to defend us against claims of infringement, and this litigation could be costly and divert the attention of our key personnel. We could be subject to warranty or product liability claims that could lead to significant costs and expenses as we defend those claims or pay damage awards. There can be no assurance that we are adequately insured to protect against all claims and

potential liabilities. We may incur costs and expenses relating to a recall of our customers' products due to an alleged failure of components we supply. An adverse outcome in litigation could have a material adverse effect on our financial position or on our operating results or cash flows in the period in which the litigation is resolved.

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

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

There can be no assurance that the claims allowed in our issued patents will be sufficiently broad to protect our technology. In addition, any of our existing or future patents may be challenged, invalidated or circumvented. As such, any rights granted under these patents may not provide us with meaningful protection. We may not have foreign patents or pending applications corresponding to our U.S. patents and applications. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. If our patents and mask works do not adequately protect our technology, our competitors may be able to offer products similar to ours. Our competitors may also be able to develop similar technology independently or design around our patents.

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

We may be subject to network disruptions or security breaches that could damage our reputation and harm our business and operating results.

We may be subject to network disruptions or security breaches caused by computer viruses, illegal break-ins or hacking, sabotage, acts of vandalism by third parties or terrorism. Our security measures or those of our third party service providers may not detect or prevent such security breaches. Any such compromise of our information security could result in the unauthorized publication of our confidential business or proprietary information, cause an interruption in our operations, result in the unauthorized release of customer or employee data, result in a violation of privacy or other laws, expose us to a risk of litigation or damage our reputation, which could harm our business and operating results.

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

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

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

An element of our business strategy involves expansion through the acquisitions of businesses, assets, products or technologies that allow us to complement our existing product offerings, expand our market coverage, increase our engineering workforce or enhance our technological capabilities. We may not be able to find businesses that

have the technology or resources we need and, if we find such businesses, we may not be able to purchase or license the technology or resources on commercially favorable terms or at all. Acquisitions and technology licenses are difficult to identify and complete for a number of reasons, including the cost of potential transactions, competition among prospective buyers and licensees, the need for regulatory approvals, and difficulties related to integration efforts. Both in the U.S. and abroad, governmental regulation of acquisitions has become more complex, increasing the costs and risks of undertaking significant acquisitions. In order to finance a potential transaction, we may need to raise additional funds by issuing securities or borrowing money. We may not be able to find financing on favorable terms, and the sale of our stock may result in the dilution of our existing shareholders or the issuance of securities with rights that are superior to the rights of our common shareholders.

Acquisitions also involve a number of risks, including:

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

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

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

We, like many companies in the semiconductor industry, rely on internal manufacturing capacity, wafer fabrication foundries and other sub-contractors in geologically unstable locations around the world. This reliance involves risks associated with the impact of earthquakes on us and the semiconductor industry, including temporary loss of capacity, availability and cost of key raw materials, utilities and equipment and availability of key services, including transport of our products worldwide. For example, in March 2011, a severe earthquake and tsunami hit Japan, which together with resulting damage to certain nuclear power plants created widespread destruction and economic uncertainty in that region. Japan represented approximately 13% of our revenue in fiscal 2011. Any prolonged inability to utilize one of our manufacturing facilities, or those of our subcontractors or third-party wafer fabrication foundries, as a result of fire, natural disaster, unavailability of utilities or otherwise, could result in a temporary or permanent loss of customers for affected products, which could have a material adverse effect on our results of operations and financial condition.

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

We have significant operations and manufacturing facilities outside the United States, including in Ireland and the Philippines. During fiscal 2011, we derived approximately 82% of our revenue from customers in international markets. Although we engage in hedging transactions to reduce our exposure to currency exchange rate fluctuations, there can be no assurance that our competitive position will not be adversely affected by changes in the exchange rate of the United States dollar against other currencies. Potential interest rate increases, as well as high energy costs, could have an adverse impact on industrial and consumer spending patterns and could adversely impact demand for our products. At October 29, 2011, our principal source of liquidity was \$3,592.5 million of cash and cash equivalents and short-term investments. As of October 29, 2011, approximately \$1,170.5 million of our cash and cash equivalents and short-term investments was held in the United States and the remaining balance was held outside the United States in various foreign subsidiaries. As we intend to reinvest certain of our foreign

earnings indefinitely, this cash held outside the United States is not readily available to meet certain of our cash requirements in the United States. We require a substantial amount of cash in the United States for operating requirements, stock repurchases, cash dividends and acquisitions. If we are unable to address our U.S. cash requirements through operations, through borrowings under our current credit facility or from other sources of cash obtained at an acceptable cost, it may be necessary for us to consider repatriation of earnings that are permanently reinvested, and we may be required to pay additional taxes under current tax laws, which could have a material effect on our results of operations and financial condition.

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

We expect to continue to expand our business and operations in China. Our success in the Chinese markets may be adversely affected by China's continuously evolving laws and regulations, including those relating to taxation, import and export tariffs, currency controls, environmental regulations, and intellectual property rights and enforcement of those rights. Enforcement of existing laws or agreements may be inconsistent. In addition, changes in the political environment, governmental policies or U.S.-China relations could result in revisions to laws or regulations or their interpretation and enforcement, exposure of our proprietary intellectual property, increased taxation, restrictions on imports, import duties or currency revaluations, which could have an adverse effect on our business plans and operating results.

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

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

We are subject to increasingly strict environmental health and safety (EHS) regulations, which could increase our expenses and affect our operating results.

Our industry is subject to increasingly strict EHS requirements, particularly those environmental requirements that control and restrict the use, transportation, emission, discharge, storage and disposal of certain chemicals used or produced in the semiconductor manufacturing process. Public attention to environmental concerns continues to increase, and our customers routinely include stringent environmental standards in their contracts with us. Changes in environmental laws or regulations may require us to invest in costly equipment or alter the way our products are made. In addition, we use hazardous and other regulated materials that subject us to risks of strict liability for damages caused by potential or actual releases of such materials. Any failure to control such materials adequately or to comply with statutory or regulatory standards or contractual obligations could result in liability for damages, penalties, and civil and criminal fines, and might damage our reputation, increase our expenses, and adversely affect our operating results.

New climate change laws and regulations could require us to change our manufacturing processes or obtain substitute materials that may cost more or be less available for our manufacturing operations. In addition, new restrictions on emissions of carbon dioxide or other greenhouse gases could result in significant costs for us. The Commonwealth of Massachusetts has adopted greenhouse gas regulations, and the U.S. Congress may pass federal greenhouse gas legislation in the future. The U.S. Environmental Protection Agency (EPA) has issued greenhouse gas reporting regulations that may apply to certain of our operations. EPA is developing other climate change-based regulations, as are certain states, that also may increase our expenses and adversely affect our operating results. We expect increased worldwide regulatory activity relating to climate change in the future. Compliance with these laws and regulations has not had a material impact on our capital expenditures, earnings, financial condition or competitive position. There is no assurance that the cost to comply with current or future EHS laws and regulations will not exceed our estimates or adversely affect our financial condition or results of operations. Additionally, any failure by us to comply with applicable EHS requirements or contractual obligations could result in penalties, civil and criminal fines, suspension of or changes to production, legal liability and damage to our reputation.

If we are unable to generate sufficient cash flow, we may not be able to service our debt obligations, including making payments on our two issuances of \$375 million senior unsecured notes or our \$145 million term loan facility.

In fiscal 2009, we issued in a public offering \$375 million aggregate principal amount of 5.0% senior unsecured notes due July 1, 2014. In April 2011, we issued in a public offering \$375 million aggregate principal amount of 3.0% senior unsecured notes due April 15, 2016. In December 2010, Analog Devices Holdings B.V., a wholly owned subsidiary of ours, entered into a \$145 million term loan facility which matures on December 22, 2013. Our ability to make payments of principal and interest on our indebtedness when due depends upon our future performance, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting our consolidated operations, many of which are beyond our control. If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required to, among other things:

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

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

Restrictions in our revolving credit and term loan facilities and outstanding debt instruments may limit our activities.

Our current revolving credit and term loan facilities and our 5.0% and 3.0% senior unsecured notes impose, and future debt instruments to which we may become subject, may impose restrictions that limit our ability to engage in activities that could otherwise benefit our company, including to undertake certain transactions, to create certain liens on our assets and to incur certain subsidiary indebtedness. Our ability to comply with these financial restrictions and covenants is dependent on our future performance, which is subject to prevailing economic conditions and other factors, including factors that are beyond our control such as foreign exchange rates, interest rates, changes in technology and changes in the level of competition. In addition, our credit and term loan facilities require us to maintain compliance with specified financial ratios. If we breach any of the covenants under our credit or term loan facilities or the indenture governing our outstanding notes and do not obtain appropriate waivers, then, subject to applicable cure periods, our outstanding indebtedness thereunder could be declared immediately due and payable.

Our stock price may be volatile.

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

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

Principal Properties Owned:	Use	Floor Space
Wilmington, MA	Wafer fabrication, testing, engineering, marketing and administrative offices	586,200 sq. ft.
Cavite, Philippines	Wafer probe and testing, warehouse, engineering and administrative offices	596,900 sq. ft.
Limerick, Ireland	Wafer fabrication, wafer probe and testing, engineering and administrative offices	446,500 sq. ft.
Greensboro, NC	Product testing, engineering and administrative offices	98,700 sq. ft.
San Jose, CA	Engineering, administrative offices	76,700 sq. ft.
Manila, Philippines	Components assembly and testing, engineering and administrative offices	74,000 sq. ft.

Principal Properties Leased:	Use	Floor Space	Lease Expiration (fiscal year)	Renewals
Norwood, MA	Corporate headquarters, engineering, components testing, sales and marketing offices	130,000 sq. ft.	2022	2, five-yr. periods
Greensboro, NC	Engineering and administrative offices	47,600 sq. ft.	2013	1, one-yr. period

In addition to the principal leased properties listed in the above table, we also lease sales offices and other premises at 21 locations in the United States and 36 locations internationally under operating lease agreements. These leases expire at various dates through the year 2022. We do not anticipate experiencing significant difficulty in retaining occupancy of any of our manufacturing, office or sales facilities through lease renewals prior to expiration or through month-to-month occupancy, or in replacing them with equivalent facilities. For information concerning our obligations under all operating leases see Note 11 in the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K.

ITEM 3. LEGAL PROCEEDINGS

From time to time in the ordinary course of our business, various claims, charges and litigation are asserted or commenced against us arising from, or related to, contractual matters, patents, trademarks, personal injury, environmental matters, product liability, insurance coverage and personnel and employment disputes. As to such claims and litigation, we can give no assurance that we will prevail. We do not believe that any current legal matters will have a material adverse effect on our financial position, results of operations or cash flows.

ITEM 4. (REMOVED AND RESERVED)

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth (i) the name, age and position of each of our executive officers and (ii) the business experience of each person named in the table during at least the past five years. There is no family relationship among any of our executive officers.

<u>Executive Officer</u>	<u>Age</u>	<u>Position(s)</u>	<u>Business Experience</u>
Ray Stata	77	Chairman of the Board	Chairman of the Board since 1973; Chief Executive Officer from 1973 to November 1996; President from 1971 to November 1991.
Jerald G. Fishman	65	President, Chief Executive Officer and Director	Chief Executive Officer since November 1996; President and Director since November 1991; Executive Vice President from 1988 to November 1991; Group Vice President — Components from 1982 to 1988.
David A. Zinsner	42	Vice President, Finance and Chief Financial Officer	Vice President, Finance and Chief Financial Officer since January 2009; Senior Vice President and Chief Financial Officer Intersil Corporation from 2005 to December 2008; Corporate Controller and Treasurer Intersil Corporation from 2000 to 2005. Corporate Treasurer Intersil Corporation from 1999 to 2000.
Seamus Brennan	60	Vice President and Chief Accounting Officer	Vice President and Chief Accounting Officer from April 2011; Vice President, Corporate Controller and Chief Accounting Officer from December 2008 to April 2011; Corporate Controller from 2002 to December 2008; Assistant Corporate Controller from 1997 to 2002; Manager Enterprise System Implementation from 1994 to 1997; Plant Controller, Analog Devices, B.V. — Limerick, Ireland from 1989 to 1994.
Samuel H. Fuller	65	Vice President, Research and Development and Chief Technology Officer	Vice President, Research and Development since March 1998; Chief Technology Officer since March 2006; Vice President of Research and Chief Scientist of Digital Equipment Corp. from 1983 to 1998.
Robert R. Marshall	57	Vice President, Worldwide Manufacturing	Vice President, Worldwide Manufacturing since February 1994; Vice President, Manufacturing, Limerick Site, Analog Devices, B.V. — Limerick, Ireland from November 1991 to February 1994; Plant Manager, Analog Devices, B.V. — Limerick, Ireland from January 1991 to November 1991.

<u>Executive Officer</u>	<u>Age</u>	<u>Position(s)</u>	<u>Business Experience</u>
William Matson	52	Vice President, Human Resources	Vice President, Human Resources since November 2006; Chief Human Resource Officer of Lenovo, an international computer manufacturer, from January 2005 to June 2006; General Manager of IBM Business Transformation Outsourcing from September 2003 to April 2005; Vice President, Human Resources of IBM Asia Pacific Region from December 1999 to September 2003.
Robert McAdam	60	Vice President, Core Products and Technologies Group	Vice President, Core Products and Technologies Group since October 2009; Vice President and General Manager, Analog Semiconductor Components from February 1994 to September 2009; Vice President and General Manager, Analog Devices, B.V. — Limerick, Ireland from January 1991 to February 1994; Product Line Manager, Analog Devices, B.V. — Limerick, Ireland from October 1988 to January 1991.
Vincent Roche	51	Vice President, Strategic Market Segments Group	Vice President, Strategic Segments Group and Global Sales since October 2009; Vice President, Worldwide Sales from March 2001 to October 2009; Vice President and General Manager, Silicon Valley Business Units and Computer & Networking from 1999 to March 2001; Product Line Director from 1995 to 1999; Product Marketing Manager from 1988 to 1995.
Margaret K. Seif	50	Vice President, General Counsel and Secretary	Vice President, General Counsel and Secretary since January 2006; Senior Vice President, General Counsel and Secretary of RSA Security Inc. from January 2000 to November 2005; Vice President, General Counsel and Secretary of RSA Security Inc. from June 1998 to January 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange under the symbol ADI. The tables below set forth the high and low sales prices per share of our common stock on the New York Stock Exchange and the dividends declared for each quarterly period within our two most recent fiscal years.

High and Low Sales Prices of Common Stock

Period	Fiscal 2011		Fiscal 2010	
	High	Low	High	Low
First Quarter	\$ 39.86	\$ 33.18	\$ 32.19	\$ 25.26
Second Quarter	\$ 41.66	\$ 36.29	\$ 31.50	\$ 26.38
Third Quarter	\$ 43.28	\$ 34.02	\$ 31.37	\$ 26.28
Fourth Quarter	\$ 37.75	\$ 29.23	\$ 34.09	\$ 27.45

Dividends Declared Per Outstanding Share of Common Stock

In fiscal 2011 and fiscal 2010, we paid a cash dividend in each quarter as follows:

Period	Fiscal 2011	Fiscal 2010
First Quarter	\$ 0.22	\$ 0.20
Second Quarter	\$ 0.22	\$ 0.20
Third Quarter	\$ 0.25	\$ 0.22
Fourth Quarter	\$ 0.25	\$ 0.22

During the first quarter of fiscal 2012, on November 18, 2011, our Board of Directors declared a cash dividend of \$0.25 per outstanding share of common stock. The dividend will be paid on December 21, 2011 to all shareholders of record at the close of business on December 2, 2011. The payment of future dividends, if any, will be based on several factors including our financial performance, outlook and liquidity.

Information regarding our equity compensation plans and the securities authorized for issuance thereunder is set forth in Item 12 below.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased(a)	Average Price Paid Per Share(b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(c)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
July 31, 2011 through August 27, 2011	205,946	\$ 31.72	205,946	\$ 797,794,699
August 28, 2011 through September 24, 2011	486,038	\$ 32.72	485,027	\$ 781,928,623
September 25, 2011 through October 29, 2011	1,847,688	\$ 32.71	1,847,099	\$ 721,510,868
Total	2,539,672	\$ 32.63	2,538,072	\$ 721,510,868

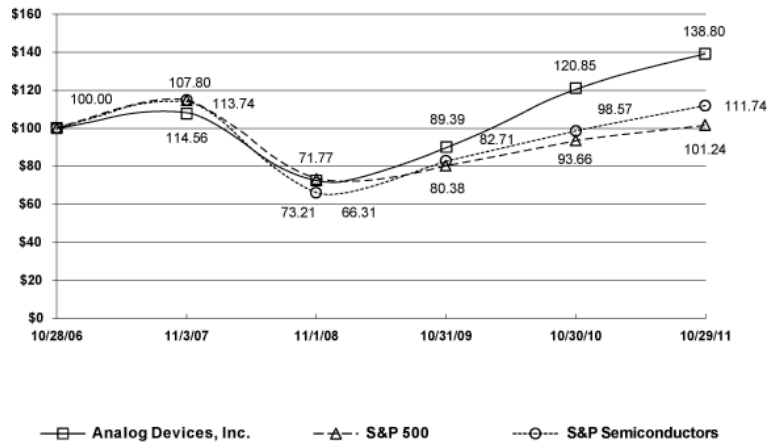
- (a) Includes 1,600 shares paid to us by employees to satisfy employee tax obligations upon vesting of restricted stock granted to our employees under our equity compensation plans.
- (b) The average price paid per share of stock repurchased under the stock repurchase program includes the commissions paid to the brokers.

(c) Shares repurchased pursuant to the stock repurchase program publicly announced on August 12, 2004. In the aggregate, our Board of Directors has authorized us to repurchase \$5 billion 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.

The number of holders of record of our common stock at November 16, 2011 was 2,769. This number does not include shareholders for whom shares are held in a "nominee" or "street" name. On October 28, 2011, the last reported sales price of our common stock on the New York Stock Exchange was \$37.70 per share.

Comparative Stock Performance Graph

The following graph compares cumulative total shareholder return on our common stock since October 28, 2006 with the cumulative total return of the Standard & Poor's 500 Index and the Standard & Poor's Semiconductors Index. This graph assumes the investment of \$100 on October 28, 2006 in our common stock, the S&P 500 Index and the S&P Semiconductors Index and assumes all dividends are reinvested. Measurement points are the last trading day for each respective fiscal year.



ITEM 6. SELECTED FINANCIAL DATA

The following table includes selected financial data for each of our last five fiscal years and includes adjustments to reflect the classification of our Baseband Chipset Business and our CPU voltage regulation and PC thermal monitoring business as discontinued operations. See Note 2u in the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K for information on discontinued operations.

(thousands, except per share amounts)	2011	2010	2009	2008	2007
Statement of Operations data:					
Total revenue from continuing operations	\$ 2,993,320	\$ 2,761,503	\$ 2,014,908	\$ 2,582,931	\$ 2,464,721
Income from continuing operations, net of tax	860,894	711,225	247,408	525,177	502,123
Total income (loss) from discontinued operations, net of tax	6,500	859	364	261,107	(5,216)
Net income	867,394	712,084	247,772	786,284	496,907
Income per share from continuing operations, net of tax:					
Basic	2.88	2.39	0.85	1.79	1.55
Diluted	2.79	2.33	0.85	1.77	1.51
Net income per share					
Basic	2.90	2.39	0.85	2.69	1.54
Diluted	2.81	2.33	0.85	2.65	1.50
Cash dividends declared per common share	0.94	0.84	0.80	0.76	0.70
Balance Sheet data:					
Total assets	\$ 5,277,635	\$ 4,328,831	\$ 3,369,407	\$ 3,081,132	\$ 2,967,276
Long term debt	\$ 886,376	\$ 400,635	\$ 379,626	\$ —	\$ —

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (all tabular amounts in thousands except per share amounts)

During the first quarter of fiscal 2008, we sold our baseband chipset business and related support operations, or Baseband Chipset Business, to MediaTek Inc. and sold our CPU voltage regulation and PC thermal monitoring business to certain subsidiaries of ON Semiconductor Corporation. The financial results of these businesses are presented as discontinued operations in the consolidated statements of income for all periods presented. Unless otherwise noted, this Management's Discussion and Analysis relates only to financial results from continuing operations.

Results of Operations

Overview

	Fiscal Year		
	2011	2010	2009
Revenue	\$ 2,993,320	\$ 2,761,503	\$ 2,014,908
Gross Margin %	66.4%	65.2%	55.5%
Net income from Continuing Operations	\$ 860,894	\$ 711,225	\$ 247,408
Net income from Continuing Operations as a % of Revenue	28.8%	25.8%	12.3%
Diluted EPS from Continuing Operations	\$ 2.79	\$ 2.33	\$ 0.85
Diluted EPS	\$ 2.81	\$ 2.33	\$ 0.85

The year-to-year revenue changes by end market and product category are more fully outlined below under *Revenue Trends by End Market* and *Revenue Trends by Product*.

During fiscal 2011, our revenue increased 8%, as compared to fiscal 2010. Our diluted earnings per share from continuing operations increased to \$2.79 in fiscal 2011 from \$2.33 in fiscal 2010. Cash flow from operations in fiscal 2011 was \$900.5 million or 30% of revenue. We received proceeds of \$515.5 million during fiscal 2011 from the issuance of \$375 million aggregate principal amount of 3.0% senior unsecured notes and from a \$145 million term loan facility entered into by a wholly owned subsidiary of ours. In addition, we received \$217.2 million in net proceeds from employee stock option exercises. During fiscal 2011, we repurchased a total of approximately 9.0 million shares of our common stock for an aggregate of \$330.3 million, distributed \$281.6 million to our shareholders in dividend payments and paid \$123.0 million for property, plant and equipment additions. These factors contributed to the net increase in cash and cash equivalents of \$335.1 million in fiscal 2011.

The year-to-year increase in revenue and profitability for fiscal 2011 was primarily the result of improved global macro-economic conditions during the first half of the fiscal year. The strong growth we experienced in the first six months of fiscal 2011, including a 9% sequential revenue increase in our second fiscal quarter, was followed by sequential revenue declines in both the third and fourth fiscal quarters. The 9% sequential revenue increase in the second fiscal quarter included increased inventory stocking by our customers as a result of the Japanese earthquake and tsunami in March 2011. During the third and fourth quarters, of fiscal 2011, we began to see revenue declines attributable to inventory corrections following the inventory buildup in the prior quarters and declining demand as the deficit and credit related crisis in Europe and the U.S. caused customers to become more cautious in the second half of fiscal 2011.

Revenue Trends by End Market

The following table summarizes revenue by end market. The categorization of revenue by end market is determined using a variety of data points including the technical characteristics of the product, the "sold to" customer information, the "ship to" customer information and the end customer product or application into which our product will be incorporated. As data systems for capturing and tracking this data evolve and improve, the categorization of products by end market can vary over time. When this occurs, we reclassify revenue by end market for prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each end market. During fiscal year 2011, we consolidated the computer end market, which represented approximately 1% of fiscal 2011 revenue, into the consumer end market, and reclassified handset

revenue, which represented approximately 3% of fiscal 2011 revenue, from the communications end market to the consumer end market for all periods presented.

	2011			2010			2009		
	Revenue	% of Total Product Revenue*	Y/Y%	Revenue	% of Total Product Revenue	Revenue	% of Total Product Revenue		
Industrial	\$ 1,397,634	47%	10%	\$ 1,267,736	46%	\$ 860,696	43%		
Automotive	415,444	14%	25%	333,644	12%	200,329	10%		
Consumer	586,945	20%	(6)%	626,565	23%	508,848	25%		
Communications	593,297	20%	11%	533,558	19%	445,035	22%		
Total Revenue	\$ 2,993,320	100%	8%	\$ 2,761,503	100%	\$ 2,014,908	100%		

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

Industrial — The year-to-year increase in revenue from fiscal 2010 to fiscal 2011 in industrial end market revenue was primarily the result of a broad-based increase in demand in this end market, which was most significant for products sold into the automation and instrumentation sectors and, to a lesser extent, products sold into the energy and healthcare sectors. The year-to-year increase in revenue from fiscal 2009 to fiscal 2010 in industrial end market revenue was primarily the result of a broad-based increase in demand in this end market, which was most significant for products sold into the instrumentation and automation sectors.

Automotive — The year-to-year increase in revenue from fiscal 2010 to fiscal 2011 in automotive end market revenue was primarily the result of a general increase in the electronic content found in vehicles and, to a lesser extent, a general increase in demand by our customers. The year-to-year increase in revenue from fiscal 2009 to fiscal 2010 in automotive end market revenue was primarily the result of increased demand due to various government-initiated incentive programs, inventory replenishment and a general increase in the electronic content found in vehicles.

Consumer — The year-to-year decrease in revenue from fiscal 2010 to fiscal 2011 in consumer end market revenue was primarily the result of a decrease in demand for products in the digital camera and home entertainment sector primarily as a result of the impact of the earthquake and tsunami that occurred in Japan in March 2011, partially offset by an increase in demand for products used in portable devices in this end market. The year-to-year increase in revenue from fiscal 2009 to fiscal 2010 in consumer end market revenue was primarily the result of a broad-based increase in demand for products used in digital cameras and other consumer applications.

Communications — The year-to-year increase in revenue from fiscal 2010 to fiscal 2011 in communications end market revenue was primarily the result of a broad-based increase in demand in this end market, which was most significant for the basestation end market sector. The year-to-year increase in revenue from fiscal 2009 to fiscal 2010 in communications end market revenue was primarily the result of a broad-based increase in demand in this end market, which was most significant for the infrastructure sector.

Revenue Trends by Product

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

	2011			2010		2009		
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue	Revenue	% of Total Product Revenue*	
Converters	\$ 1,343,492	45%	4%	\$ 1,295,678	47%	\$ 1,005,004	50%	
Amplifiers/Radio frequency	788,498	26%	12%	701,634	25%	501,942	25%	
Other analog	410,233	14%	23%	334,649	12%	216,473	11%	
Subtotal analog signal processing	2,542,223	85%	9%	2,331,961	84%	1,723,419	86%	
Power management & reference	217,501	7%	12%	194,699	7%	118,148	6%	
Total analog products	\$ 2,759,724	92%	9%	\$ 2,526,660	91%	\$ 1,841,567	91%	
Digital signal processing	233,596	8%	(1)%	234,843	9%	173,341	9%	
Total Revenue	\$ 2,993,320	100%	8%	\$ 2,761,503	100%	\$ 2,014,908	100%	

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

The increase in total revenue from fiscal 2010 to fiscal 2011 and from fiscal 2009 to fiscal 2010 was the result of a broad-based increase in sales across all of our product categories.

Revenue Trends by Geographic Region

Revenue by geographic region, based upon customer location, for the last three fiscal years is as follows:

	2011	2010	2009
United States	\$ 532,011	\$ 508,187	\$ 401,608
Rest of North and South America	164,079	153,962	92,954
Europe	838,719	703,717	502,602
Japan	400,456	441,826	349,907
China	596,433	508,489	376,080
Rest of Asia	461,622	445,322	291,757
Total revenue	\$ 2,993,320	\$ 2,761,503	\$ 2,014,908

In fiscal years 2011, 2010 and 2009, the predominant countries comprising "Rest of North and South America" are Canada and Mexico; the predominant countries comprising "Europe" are Germany, Sweden, France and the United Kingdom; and the predominant countries comprising "Rest of Asia" are Taiwan and South Korea.

Sales increased in all geographic regions, except Japan, in fiscal 2011 as compared to fiscal 2010, primarily as a result of increases in sales activity in the industrial, automotive and communications end market sectors. The year-to-year decrease in sales in Japan was primarily the result of lower sales activity in the consumer end market sector in this region due to the earthquake and tsunami that occurred in Japan in March 2011.

Sales increased in all geographic regions in fiscal 2010 as compared to fiscal 2009, with sales in Europe and the Rest of Asia experiencing the largest increases. The increase in sales was the result of an increase in demand for our products primarily as a result of improving economic conditions worldwide.

Gross Margin

	Fiscal Year		
	2011	2010	2009
Gross Margin	\$1,986,541	\$1,799,422	\$1,118,637
Gross Margin %	66.4%	65.2%	55.5%

Gross margin percentage was higher in fiscal 2011 by 120 basis points, as compared to fiscal 2010 primarily as a result of an increase in sales of \$231.8 million, increased operating levels in our manufacturing facilities and the impact of efforts to reduce overall manufacturing costs, including the savings realized as a result of our wafer fabrication consolidation actions. Additionally, a higher proportion of our revenues were from products sold into the instrumentation and automation sectors of the industrial end market, which earn higher margins as compared to products sold into our other end markets.

Gross margin percentage was higher in fiscal 2010 by 970 basis points as compared to fiscal 2009 primarily as a result of an increase in sales of \$746.6 million, increased operating levels in our manufacturing facilities and the impact of ongoing efforts to reduce overall manufacturing costs, including the savings realized as a result of our wafer fabrication facility consolidations. Additionally, a higher proportion of our revenues were from products sold into the instrumentation and automation sectors of the industrial end market, which earn higher margins as compared to products sold into our other end markets.

Research and Development (R&D)

	Fiscal Year		
	2011	2010	2009
R&D Expenses	\$505,570	\$492,305	\$446,980
R&D Expenses as a % of Revenue	16.9%	17.8%	22.2%

R&D expenses increased \$13.3 million, or 3%, in fiscal 2011 as compared to fiscal 2010. The increase was primarily the result of higher employee salary and benefit expense due to salary increases that were effective at the beginning of the second quarter of fiscal 2011, increased headcount, and a general increase in spending. These increases were partially offset by lower variable compensation expense, which is a variable expense linked to our overall profitability and revenue growth.

Research and development, or R&D, expenses in fiscal 2010 increased \$45.3 million, or 10%, from fiscal 2009. The increase was primarily the result of an increase in variable compensation expense, which was a variable expense linked to our overall profitability, partially offset by the impact of actions we took over the prior two years to control discretionary spending and permanently reduce operating expenses.

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

	Fiscal Year		
	2011	2010	2009
SMG&A Expenses	\$406,707	\$390,560	\$333,184
SMG&A Expenses as a % of Revenue	13.6%	14.1%	16.5%

Selling, marketing, general and administrative, or SMG&A, expenses increased \$16.1 million, or 4%, in fiscal 2011 as compared to fiscal 2010. The increase was primarily the result of higher employee salary and benefit expense due to salary increases that were effective at the beginning of the second quarter of fiscal 2011, increased headcount and a general increase in spending. These increases were partially offset by lower variable compensation expense, which is a variable expense linked to our overall profitability and revenue growth.

SMG&A expenses in fiscal 2010 increased \$57.4 million, or 17%, from fiscal 2009. The increase was primarily the result of an increase in variable compensation expense, which was a variable expense linked to our overall profitability, and higher sales commission expenses, which are variable expenses linked to our sales. These increases were offset by the impact of actions we took over the prior two years to control discretionary spending and permanently reduce operating expenses.

Special Charges

Closure of Wafer Fabrication Facility in Sunnyvale

We ceased production at our California wafer fabrication facility in November 2006. We paid the related lease obligation costs on a monthly basis over the remaining lease term, which expired in March 2010. We recorded a one-time settlement charge of \$0.4 million in fiscal 2010 related to the termination of the lease. This action was completed during fiscal 2010.

Consolidation of a Wafer Fabrication Facility in Limerick

During fiscal 2007 through fiscal 2010, we recorded special charges of \$16.4 million as a result of our decision to only use eight-inch technology at our wafer fabrication facility in Limerick. These special charges included \$14.9 million for severance and fringe benefit costs in accordance with our ongoing benefit plan for 150 manufacturing employees and \$1.5 million for clean-up and closure costs that we expensed as incurred. The production in the six-inch wafer fabrication facility ceased during the fourth quarter of fiscal 2009. This action was completed during fiscal 2010. This action resulted in annual cost savings of approximately \$25 million per year.

Reduction of Operating Costs

During fiscal 2008 through fiscal 2010, in order to further reduce our operating cost structure, we recorded special charges of approximately \$43.3 million. These special charges included: \$39.1 million for severance and fringe benefit costs in accordance with our ongoing benefit plan or statutory requirements at foreign locations for 245 manufacturing employees and 470 engineering and SMG&A employees; \$2.1 million for lease obligation costs for facilities that we ceased using during the first quarter of fiscal 2009; \$0.8 million for the write-off of property, plant and equipment; \$0.5 million for contract termination costs; \$0.3 million for clean-up and closure costs that we expensed as incurred; and \$0.5 million related to the impairment of intellectual property. This action resulted in annual cost savings of approximately \$52 million per year. We terminated the employment of all employees associated with this action and we are paying amounts owed to them as income continuance.

During fiscal 2011, in order to further reduce our operating cost structure, we recorded a special charge of approximately \$2.2 million. This special charge was for severance and fringe benefit costs in accordance with our ongoing benefit plan or statutory requirements at foreign locations for 25 engineering and SMG&A employees. As of October 29, 2011, we still employed 13 of the 25 employees included in this cost reduction action. These employees must continue to be employed by us until their employment is involuntarily terminated in order to receive the severance benefit. We estimate this action will result in annual savings in SMG&A expenses of approximately \$4 million once fully implemented.

Closure of a Wafer Fabrication Facility in Cambridge

During fiscal 2009 and fiscal 2010, we recorded special charges of \$26.8 million as a result of our decision to consolidate our Cambridge, Massachusetts wafer fabrication facility into our existing Wilmington, Massachusetts facility. These special charges included: \$7.4 million for severance and fringe benefit costs recorded in accordance with our ongoing benefit plan for 124 manufacturing employees and 9 SMG&A employees; \$14.6 million for the impairment of manufacturing assets; \$3.4 million for lease obligation costs for the Cambridge wafer fabrication facility, which we ceased using in the first quarter of fiscal 2010; and \$1.4 million for clean-up and closure costs that we expensed as incurred. This action was completed during the third quarter of fiscal 2011. This action resulted in annual cost savings of approximately \$43 million per year.

Operating Income from Continuing Operations

	<u>Fiscal Year</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating income from Continuing Operations	\$1,072,025	\$900,074	\$284,817
Operating income from Continuing Operations as a % of Revenue	35.8%	32.6%	14.1%

The \$172.0 million, or 19%, increase in operating income from continuing operations in fiscal 2011 as compared to fiscal 2010 was primarily the result of an increase in revenue of \$231.8 million and a 120 basis point increase in gross margin percentage.

The \$615.3 million, or 216%, increase in operating income from continuing operations in fiscal 2010 as compared to fiscal 2009 was primarily the result of an increase in revenue of \$746.6 million, a 970 basis point increase in gross margin percentage, and lower special charges recorded in fiscal 2010 as compared to fiscal 2009.

Nonoperating (Income) Expense

	<u>Fiscal Year</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Interest expense	\$ 19,146	\$ 10,429	\$ 4,094
Interest income	(9,060)	(9,837)	(15,621)
Other, net	492	(2,183)	(1,100)
Total nonoperating expense (income)	<u>\$ 10,578</u>	<u>\$ (1,591)</u>	<u>\$ (12,627)</u>

Nonoperating (income) expense was higher by \$12.2 million in fiscal 2011 as compared to fiscal 2010. The increase was primarily due to an increase in interest expense incurred as a result of the issuance of \$375 million aggregate principal amount of 3.0% senior unsecured notes on April 4, 2011, and the \$145 million term loan facility entered into by a wholly owned subsidiary of ours in December 2010. In addition, we earned lower interest income as a result of lower interest rates in fiscal 2011 as compared to fiscal 2010, which was partially offset by interest earned on higher cash balances in fiscal 2011.

Nonoperating income was lower by \$11 million in fiscal 2010 as compared to fiscal 2009. The increase was primarily due to higher interest expense incurred during fiscal 2010 as a result of the issuance of \$375 million aggregate principal 5.0% senior unsecured notes on June 30, 2009, resulting in a partial year of interest expense in 2009 compared to a full year in 2010. In addition, we earned lower interest income on investments as a result of lower interest rates in fiscal 2010 as compared to fiscal 2009.

Provision for Income Taxes

	<u>Fiscal Year</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Provision for Income Taxes	\$200,553	\$190,440	\$50,036
Effective Income Tax Rate	18.9%	21.1%	16.8%

Our effective tax rate reflects the applicable tax rate in effect in the various tax jurisdictions around the world where our income is earned.

Our effective tax rate for fiscal 2011 was lower by 220 basis points compared to our effective tax rate for fiscal 2010. The tax rate for fiscal 2011 included the following items which caused a decrease in our tax rate: the reinstatement of the federal R&D tax credit in December 2010 retroactive to January 1, 2010, resulting in a \$6.0 million income tax savings; a \$6.7 million reduction in the state tax credit valuation reserve that we believe we can now recover; a \$0.5 million tax benefit from the increase in Irish deferred taxes as a result of the increase in the Irish manufacturing tax rate from 10% to 12.5%; and a net \$10.8 million tax benefit related to the settlement with the Appeals Office of the Internal Revenue Service of certain tax matters for the fiscal 2004 through fiscal 2007 tax years. Fiscal 2010 also included a higher special charge, a majority of which provided a tax benefit at the higher U.S. tax rate as compared to the special charge recorded in fiscal 2011.

Our effective tax rate for fiscal 2010 was higher compared to our effective tax rate for fiscal 2009 primarily as a result of a change in the mix of our income to jurisdictions where income is taxed at a higher rate. In addition, higher special charges recorded in fiscal 2009, a majority of which provided a tax benefit at the higher U.S. tax rate, contributed to a higher effective tax rate for fiscal 2010 as compared to fiscal 2009.

Income from Continuing Operations, Net of Tax

	Fiscal Year		
	2011	2010	2009
Income from Continuing Operations, net of tax	\$860,894	\$711,225	\$247,408
Income from Continuing Operations, net of tax as a % of Revenue	28.8%	25.8%	12.3%
Diluted EPS from Continuing Operations	\$ 2.79	\$ 2.33	\$ 0.85

Net income from continuing operations in fiscal 2011 was higher than in fiscal 2010 by approximately \$149.7 million primarily as a result of the \$172.0 million increase in operating income from continuing operations, offset by lower nonoperating income and a higher provision for income taxes in fiscal 2011 than in fiscal 2010.

Income from continuing operations, net of tax, in fiscal 2010 was higher than in fiscal 2009 by approximately \$463.8 million primarily as a result of the \$615.3 million increase in operating income that was partially offset by a higher provision for income taxes in fiscal 2010.

The impact of inflation and foreign currency exchange rate movement on our results of operations during the past three fiscal years has not been significant.

Discontinued Operations

	Fiscal Year		
	2011	2010	2009
Income from Discontinued Operations, net of tax	\$ —	\$ —	\$ 364
Gain on sale of Discontinued Operations, net of tax	6,500	859	—
Total income from Discontinued Operations, net of tax	<u>\$ 6,500</u>	<u>\$ 859</u>	<u>\$ 364</u>
Diluted earnings per share from Discontinued Operations	\$ 0.02	\$ 0.00	\$ 0.00

We sold our Baseband Chipset Business to MediaTek Inc. and our CPU voltage regulation and PC thermal monitoring business to certain subsidiaries of ON Semiconductor Corporation during the first quarter of fiscal 2008. Accordingly, the results of the operations of these businesses have been presented as discontinued operations within the consolidated financial statements.

Acquisitions

In fiscal 2006, we acquired substantially all the outstanding stock of privately-held Integrant Technologies, Inc. (Integrant) of Seoul, Korea. The acquisition enabled us to enter the mobile TV market and strengthened our

presence in the Asia region. We paid \$8.4 million related to the purchase of shares from the founder of Integrand during the period from July 2007 through July 2009. We recorded these payments as additional goodwill.

In fiscal 2006, we acquired all the outstanding stock of privately-held AudioAsics A/S (AudioAsics) of Roskilde, Denmark. The acquisition of AudioAsics allowed us to continue developing low-power audio solutions, while expanding our presence in the Nordic and Eastern European regions. We paid additional cash payments of \$3.1 million during fiscal 2009 for the achievement of revenue-based milestones during the period from October 2006 through January 2009, which we recorded as additional goodwill. In addition, in accordance with the terms of the acquisition documents, we paid \$3.2 million during fiscal 2009 based on the achievement of technological milestones during the period from October 2006 through January 2009, which we recorded as compensation expense in fiscal 2008. All revenue and technological milestones related to this acquisition have been met and no additional payments will be made.

In fiscal 2011, we acquired privately-held Lyric Semiconductor, Inc. (Lyric) of Cambridge, Massachusetts. The acquisition of Lyric gives us the potential to achieve an order of magnitude improvement in power efficiency in mixed signal processing. The acquisition-date fair value of the consideration transferred totaled \$27.8 million, which consisted of \$14.0 million in initial cash payments at closing and contingent consideration of up to \$13.8 million. The contingent consideration arrangement requires additional cash payments to the former equity holders of Lyric upon the achievement of certain technological and product development milestones payable during the period from June 2011 through June 2016. As of October 29, 2011, no contingent payments have been made and the fair value of the contingent consideration was approximately \$14.0 million. We allocated the purchase price to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition, resulting in the recognition of \$12.2 million of in-process research and development, \$18.9 million of goodwill and \$3.3 million of net deferred tax liabilities. In addition, we will be obligated to pay royalties to the former equity holders of Lyric on revenue recognized from the sale of Lyric products and licenses through the earlier of 20 years or the accrual of a maximum of \$25 million. Royalty payments to Lyric employees require post-acquisition services to be rendered and, as such, we will record these amounts as compensation expense in the related periods. As of October 29, 2011, no royalty payments have been made. We recognized \$0.2 million of acquisition related costs that we expensed in the third quarter of fiscal 2011. These costs are included in operating expenses in the consolidated statement of income.

We have not provided pro forma results of operations for Integrand, AudioAsics and Lyric in this report as they were not material to us on either an individual or an aggregate basis. We included the results of operations of each acquisition in our consolidated statement of income from the date of such acquisition.

Liquidity and Capital Resources

	Fiscal Year		
	2011	2010	2009
Net Cash Provided by Operations	\$900,529	\$991,175	\$432,148
Net Cash Provided by Operations as a % of Revenue	30.1%	35.9%	21.4%

At October 29, 2011, cash and cash equivalents totaled \$1,405.1 million. The primary sources of funds for fiscal 2011 were net cash generated from operating activities of \$900.5 million, proceeds of \$515.5 million relating to the issuance of \$375 million aggregate principal amount of 3.0% senior unsecured notes due April 15, 2016 and the \$145 million term loan facility we entered into through a wholly owned subsidiary. In addition, we received \$217.2 million in net proceeds from employee stock option exercises. The principal uses of funds for fiscal 2011 were the repurchase of approximately 9 million shares of our common stock for an aggregate of \$330.3 million,

dividend payments of \$281.6 million and additions to property, plant and equipment of \$123.0 million. These factors contributed to the net increase in cash and cash equivalents of \$335.1 million in fiscal 2011.

	Fiscal Year	
	2011	2010
Accounts Receivable	\$348,416	\$387,169
Days Sales Outstanding*	44	46
Inventory	\$295,081	\$277,478
Days Cost of Sales in Inventory*	105	100

* We use the annualized fourth quarter revenue in our calculation of days sales outstanding and we use the annualized fourth quarter cost of sales in our calculation of days cost of sales in inventory.

Accounts receivable at October 29, 2011 decreased \$38.8 million, or 10%, from the end of the fourth quarter of fiscal 2010. The decrease in receivables was primarily the result of lower revenue in the fourth quarter of fiscal 2011 as compared to the fourth quarter of fiscal 2010. Days sales outstanding decreased by two days as a result of lower product shipments in the final month of the fourth quarter of fiscal 2011 as compared to the final month of the fourth quarter of fiscal 2010.

Inventory at October 29, 2011 increased by \$17.6 million, or 6%, from the end of the fourth quarter of fiscal 2010. The increase in inventory relates primarily to an increase in manufacturing production to support the higher revenue levels recorded in fiscal 2011. Days cost of sales in inventory increased five days primarily due to lower manufacturing costs, which resulted in cost of sales increasing only 1% from the fourth quarter of fiscal 2010 as compared to the fourth quarter of fiscal 2011, compared to a 6% increase in inventory during this same time period.

Current liabilities decreased to \$525.0 million at October 29, 2011, a decrease of \$118.5 million, or 18%, from \$643.5 million at the end of fiscal 2010. This decrease was primarily due to a decrease in income tax payable as a result of the settlement with the Appeals Office of the Internal Revenue Service of certain tax matters for the fiscal 2004 through fiscal 2007 tax years. In addition, accrued liabilities declined as a result of a decrease in accruals related to variable compensation expense.

As of October 29, 2011 and October 30, 2010, we had gross deferred revenue of \$311.3 million and \$327.2 million, respectively, and gross deferred cost of sales of \$78.1 million and \$84.4 million, respectively. Deferred income on shipments to distributors decreased by approximately \$9.6 million in fiscal 2011 primarily as a result of the distributors' sales to their customers in fiscal 2011 exceeding our shipments to our distributors during this same time period. Sales to distributors are made under agreements that allow distributors to receive price-adjustment credits and to return qualifying products for credit, as determined by us, in order to reduce the amounts of slow-moving, discontinued or obsolete product from their inventory. Given the uncertainties associated with the levels of price-adjustment credits to be granted to distributors, the sales price to the distributors is not fixed or determinable until the distributors resell the products to their customers. Therefore, we defer revenue recognition from sales to distributors until the distributors have sold the products to their customers. The amount of price-adjustments is dependent on future overall market conditions, and therefore the levels of these adjustments could fluctuate significantly from period to period. To the extent that we experience a significant increase in the amount of credits we issue to our distributors, there could be a material impact on the ultimate revenue and gross margin recognized relating to these transactions.

Net additions to property, plant and equipment were \$123.0 million in fiscal 2011 and were funded with a combination of cash on hand and cash generated from operations. We expect capital expenditures to be in the range of approximately \$100 million to \$125 million in fiscal 2012 to be used primarily in our manufacturing facilities.

During fiscal 2011, our Board of Directors declared cash dividends totaling \$0.94 per outstanding share of common stock resulting in aggregate dividend payments of \$281.6 million. After the end of fiscal 2011, on November 18, 2011, our Board of Directors declared a cash dividend of \$0.25 per outstanding share of our common stock. The dividend is payable on December 21, 2011 to shareholders of record on December 2, 2011 and is expected to total approximately \$75 million. We currently expect quarterly dividends to continue at \$0.25 per share,

although they remain subject to declaration by our Board of Directors. The payment of future dividends, if any, will be based on several factors, including our financial performance, outlook and liquidity.

Our common stock repurchase program has been in place since August 2004. In the aggregate, the Board of Directors has authorized us to repurchase \$5 billion of our common stock under the program. Under the 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 under the program. As of October 29, 2011, we had repurchased a total of approximately 125.0 million shares of our common stock for approximately \$4,278.5 million under this program. As of October 29, 2011, an additional \$721.5 million remained available for repurchase of shares under the current authorized program. The repurchased shares are held as authorized but unissued shares of common stock. We also from time to time repurchase shares in settlement of employee tax withholding obligations due upon the vesting of restricted stock or restricted stock units or the exercise of stock options, or in certain limited circumstances to satisfy the exercise price of options granted to our employees under our equity compensation plans. Any future common stock repurchases will be based on several factors including our financial performance, outlook, liquidity and the amount of cash we have available in the United States.

On June 30, 2009, we issued \$375 million aggregate principal amount of 5.0% senior unsecured notes due July 1, 2014 (the 5.0% Notes) with annual interest payments of 5.0% paid in two installments on January 1 and July 1 of each year, commencing January 1, 2010. The net proceeds of the offering were \$370.4 million, after issuing at a discount and deducting expenses, underwriting discounts and commissions, which will be amortized over the term of the 5.0% Notes. We swapped the fixed interest portion of these Notes for a variable interest rate based on the three-month LIBOR plus 2.05% (2.42% as of October 29, 2011). The variable interest payments based on the variable annual rate are payable quarterly. The LIBOR based rate is set quarterly three months prior to the date of the interest payment. The indenture governing the 5.0% Notes contains covenants that may limit our ability to: incur, create, assume or guarantee any debt for borrowed money secured by a lien upon a principal property; enter into sale and lease-back transactions with respect to a principal property; and consolidate with or merge into, or transfer or lease all or substantially all of our assets to any other party. As of October 29, 2011, we were compliant with these covenants.

On December 22, 2010, Analog Devices Holdings B.V., a wholly owned subsidiary of ours, entered into a credit agreement with Bank of America, N.A., London Branch as administrative agent. The borrower's obligations are guaranteed by us. The credit agreement provides for a term loan facility of \$145 million, which matures on December 22, 2013. The terms of the agreement provide for a three-year principal amortization schedule with \$3.6 million payable quarterly every March, June, September and December with the balance payable upon the maturity date. During the third quarter of fiscal 2011 we made an additional principal payment of \$17.5 million. The loan will bear interest at a fluctuating rate for each period equal to the LIBOR rate corresponding with the tenor of the interest period plus a spread of 1.25% (1.61% as of October 29, 2011). The terms of this facility include limitations on subsidiary indebtedness and on liens against our assets and the assets of our subsidiaries, and also include financial covenants that require us to maintain a minimum interest coverage ratio and not exceed a maximum leverage ratio. As of October 29, 2011, we were compliant with these covenants. The proceeds of this loan are being used to restructure our captive finance subsidiaries.

On April 4, 2011, we issued \$375 million aggregate principal amount of 3.0% senior unsecured notes due April 15, 2016 (the 3.0% Notes) with semi-annual fixed interest payments due on April 15 and October 15 of each year, commencing October 15, 2011. The net proceeds of the offering were \$370.5 million, after issuing at a discount and deducting expenses, underwriting discounts and commissions, which will be amortized over the term of the 3.0% Notes. The indenture governing the 3.0% Notes contains covenants that may limit our ability to: incur, create, assume or guarantee any debt for borrowed money secured by a lien upon a principal property; enter into sale and lease-back transactions with respect to a principal property; and consolidate with or merge into, or transfer or lease all or substantially all of our assets to, any other party. As of October 29, 2011, we were compliant with these covenants.

In addition, we have a five-year \$165 million unsecured revolving credit facility that expires in May 2013. To date, we have not borrowed under this credit facility but we may borrow in the future and use the proceeds for support of commercial paper issuance, stock repurchases, dividend payments, acquisitions, capital expenditures,

working capital and other lawful corporate purposes. The terms of this facility also include financial covenants that require us to maintain a minimum interest coverage ratio and not exceed a maximum leverage ratio. As of October 29, 2011, we were compliant with these covenants.

At October 29, 2011, our principal source of liquidity was \$3,592.5 million of cash and cash equivalents and short-term investments, of which approximately \$1,170.5 million was held in the United States. The balance of our cash and cash equivalents and short-term investments was held outside the United States in various foreign subsidiaries. As we intend to reinvest certain of our foreign earnings indefinitely, this cash held outside the United States is not available to meet certain of our cash requirements in the United States, including for cash dividends and common stock repurchases. Our cash and cash equivalents consist of highly liquid investments with maturities of three months or less at the time of acquisition and our short-term investments consist primarily of liquid money market funds and corporate obligations, such as commercial paper, bonds and bank time deposits. We maintain these balances with high credit quality counterparties, continually monitor the amount of credit exposure to any one issuer and diversify our investments in order to minimize our credit risk.

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

The table below summarizes our contractual obligations and the amounts we owe under these contracts in specified periods as of October 29, 2011:

(thousands)	Total	Less than 1 Year	Payment due by period		More than 5 Years
			1-3 Years	3-5 Years	
Contractual obligations:					
Operating leases ^a	\$ 66,055	\$ 17,590	\$ 19,675	\$ 9,318	\$ 19,472
Long-term debt obligations	866,608	14,500	477,108	375,000	—
Interest payments associated with long-term debt obligations ^b	110,599	31,808	61,916	16,875	—
Payments due under interest rate swap agreements ^c	25,281	9,184	16,097	—	—
Deferred compensation plan ^d	26,410	—	—	—	26,410
Pension funding ^e	3,673	3,673	—	—	—
Total	\$ 1,098,626	\$ 76,755	\$ 574,796	\$ 401,193	\$ 45,882

- (a) Certain of our operating lease obligations include escalation clauses. These escalating payment requirements are reflected in the table.
- (b) The interest payments related to our 5% senior unsecured notes are expected to be fully offset by the proceeds from our interest rate swap agreements. The interest payments related to our term loan facility are based on LIBOR plus a spread of 1.25% (1.61% as of October 29, 2011). The actual payments will be based on the LIBOR rate corresponding to the tenor of the interest period chosen, plus a spread of 1.25% which is set two business days prior to the start of the new interest period.
- (c) These interest payments are based on a variable interest rate based on the three month LIBOR plus 2.05% (2.42% as of October 29, 2011). The actual payments will be based on the LIBOR based rate which is set quarterly three months prior to the due date of the interest payments plus 2.05%.
- (d) These payments relate to obligations under our deferred compensation plan. The deferred compensation plan allows certain members of management and other highly-compensated employees and non-employee directors to defer receipt of all or any portion of their compensation. The amount in the "More than 5 Years" column of the table represents the remaining total balance under the deferred compensation plan to be paid to participants who have not terminated employment. Since we cannot reasonably estimate the timing of withdrawals for

participants who have not yet terminated employment, we have included the future obligation to these participants in the "More than 5 Years" column of the table.

- (e) Our funding policy for our foreign defined benefit plans is consistent with the local requirements of each country. The payment obligations in the table are estimates of our expected contributions to these plans for fiscal year 2012. The actual future payments may differ from the amounts presented in the table and reasonable estimates of payments beyond one year are not practical because of potential future changes in variables, such as plan asset performance, interest rates and the rate of increase in compensation levels.

Purchase orders for the purchase of raw materials and other goods and services are not included in the table above. We are not able to determine the total amount of these purchase orders that represent contractual obligations, as purchase orders may represent authorizations to purchase rather than binding agreements. In addition, our purchase orders generally allow for cancellation without significant penalties. We do not have significant agreements for the purchase of raw materials or other goods specifying minimum quantities or set prices that exceed our expected short-term requirements.

Our 2011 acquisition of Lyric Semiconductor involves the potential payment of contingent consideration. The table above does not reflect any such obligations, as the timing and amounts are uncertain. See Note 6 in the Notes to our Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K for more information regarding our acquisitions.

As of October 29, 2011, our total liabilities associated with uncertain tax positions was \$20.8 million, which are included in "Other non-current liabilities" in our consolidated balance sheet contained in Item 8 of this Annual Report on Form 10-K. Due to the complexity associated with our tax uncertainties, we cannot make a reasonably reliable estimate of the period in which we expect to settle the non-current liabilities associated with these uncertain tax positions. Therefore, we have not included these uncertain tax positions in the above contractual obligations table.

The expected timing of payments and the amounts of the obligations discussed above are estimated based on current information available as of October 29, 2011.

Off-balance Sheet Financing

As of October 29, 2011, we had no off-balance sheet financing arrangements.

Outlook

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. Unless specifically mentioned, these statements do not give effect to the potential impact of any mergers, acquisitions, divestitures, or business combinations that may be announced or closed after the date of filing this report. These statements supersede all prior statements regarding our business outlook made by us.

We are planning for revenue in the first quarter of fiscal 2012 to be down approximately 5% to 10% from the fourth quarter of fiscal 2011. Our plan is for gross margin percentage for the first quarter of fiscal 2012 to be approximately 63.0% plus or minus 50 basis points. We are planning for operating expenses in the first quarter of fiscal 2012 to be in the range of \$226 million to \$229 million. As a result, our plan is for diluted EPS to be approximately \$0.44 to \$0.51 in the first quarter of fiscal 2012.

New Accounting Pronouncements

Standards Implemented

Multiple-Deliverable Revenue Arrangements

In October 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2009-13 — *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements* (formerly EITF Issue No. 08-1) (ASU No. 2009-13). This standard modifies the revenue recognition guidance for arrangements that involve the delivery of multiple elements, such as product, software, services or support, to a customer at different

times as part of a single revenue generating transaction. This standard provides principles and application guidance to determine whether multiple deliverables exist, how the individual deliverables should be separated and how to allocate the revenue in the arrangement among those separate deliverables. The standard also expands the disclosure requirements for multiple-deliverable revenue arrangements. ASU No. 2009-13 is effective for fiscal years that begin on or after June 15, 2010, which is our fiscal year 2011. The adoption of ASU 2009-13 in the first quarter of fiscal 2011 did not have a material impact on our financial condition and results of operations.

Standards to be Implemented

Business Combinations

In December 2010, the FASB issued ASU No. 2010-29, *Business Combinations (ASC Topic 805) — Disclosure of Supplementary Pro Forma Information for Business Combinations* (ASU No. 2010-29). ASU No. 2010-29 requires a public entity to disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the prior year. It also requires a description of the nature and amount of material, nonrecurring adjustments directly attributable to the business combination included in the reported revenue and earnings. The new disclosure will be effective for our first quarter of fiscal year 2012. The adoption of ASU No. 2010-29 will require additional disclosure in the event of a business combination but will not have a material impact on our financial condition and results of operations.

Intangibles — Goodwill and Other

In December 2010, the FASB issued ASU No. 2010-28, *Intangibles—Goodwill and Other (ASC Topic 350)* (ASU No. 2010-28). ASU No. 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. ASU 2010-28 is effective for fiscal years that begin after December 15, 2010, which is our fiscal year 2012. We do not expect the adoption of ASU No. 2010-28 to impact our financial condition and results of operations.

Fair Value Measurement

In May 2011, the FASB issued ASU No. 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU No. 2011-04). ASU No. 2011-04 amended ASC 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in U.S. GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU No. 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for interim and annual periods beginning after December 15, 2011, which is our second quarter of fiscal year 2012. We are currently evaluating the impact, if any, that ASU No. 2011-04 may have on our financial condition and results of operations.

Comprehensive Income

In June 2011, the FASB issued ASU No. 2011-05, *Presentation of Comprehensive Income* (ASU No. 2011-05). ASU No. 2011-05 amended ASC 320, *Comprehensive Income*, to converge the presentation of comprehensive income between U.S. GAAP and IFRS. ASU No. 2011-05 requires that all nonowner changes in stockholders' equity be presented in either a single continuous statement of comprehensive income or in two separate but consecutive statements and also requires reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. ASU No. 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. ASU 2011-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, which is our fiscal year

2013. The adoption of ASU No. 2011-05 will affect the presentation of comprehensive income but will not impact our financial condition or results of operations.

Intangibles — Goodwill and Other: Testing Goodwill for Impairment

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles — Goodwill and Other (ASC Topic 350): Testing for Goodwill Impairment* (ASU No. 2011-08). ASU No. 2011-08 provides a company the option to first assess qualitative factors to determine whether the existence of certain conditions leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, a company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step goodwill impairment test is unnecessary. However, if a company concludes otherwise, then it is required to perform the two-step goodwill impairment test. ASU No. 2011-08 is effective for fiscal years that begin after December 15, 2011, which is our fiscal year 2013. We are currently evaluating the impact, if any, that ASU No. 2011-08 may have on our financial condition and results of operations.

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 U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue 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 based on 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. We also have other policies that we consider key accounting policies, such as our policy for revenue recognition, including the deferral of revenue on sales to distributors until the products are sold to the end user; however, the application of these policies does not require us to make significant estimates or judgments that are difficult or subjective.

Inventory Valuation

We value inventories 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 net realizable value of inventory. While a portion of the calculation is determined via reference to the age of inventory and lower of cost or market calculations, an element of the calculation is subject to significant judgments made by us about future demand for our inventory. If actual demand for our products is less than our estimates, additional adjustments to existing inventories may need to be recorded in future periods. To date, our actual results have not been materially different than our estimates, and we do not expect them to be materially different in the future.

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. To date, our actual results have not been materially different than our estimates, and we do not expect them to be materially different in the future.

Long-Lived Assets

We review property, plant, and equipment and finite lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. Recoverability of these assets is measured by comparison of their carrying value to future undiscounted cash flows that the assets are

expected to generate over their remaining economic lives. If such assets are considered to be impaired, the impairment to be recognized in earnings equals the amount by which the carrying value of the assets exceeds their fair value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique. Although we have recognized no material impairment adjustments related to our property, plant, and equipment and identified intangible assets 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 estimates of future operating results that are used 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 addition, in certain instances, assets may not be impaired but their estimated useful lives may have decreased. In these situations, we amortize the remaining net book values over the revised useful lives. We review indefinite-lived intangible assets for impairment annually, on the first day of the fourth quarter (on or about August 1) or more frequently if indicators of impairment exist. The impairment test involves the comparison of the fair value of the intangible asset with its carrying amount.

Goodwill

Goodwill is subject to annual impairment tests or more frequently if indicators of potential impairment exist and suggest that the carrying value of goodwill may not be recoverable from estimated discounted future cash flows. We test goodwill for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis in the fourth quarter (on or about August 1) or more frequently if we believe indicators of impairment exist. For our latest annual impairment assessment that occurred on July 31, 2011, we identified our reporting units to be our five operating segments, which meet the aggregation criteria for one reportable segment. The performance of the test involves a two-step process. The first step of the impairment test involves comparing the fair values of the applicable reporting units with their aggregate carrying values, including goodwill. We generally determine the fair value of our reporting units using the income approach methodology of valuation that includes the discounted cash flow method as well as other generally accepted valuation methodologies, which requires significant judgment by management. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, we perform the second step of the goodwill impairment test to determine the amount of impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill. These impairment tests may result in impairment losses that could have a material adverse impact on our results of operations.

Value of Contingent Consideration related to Business Combination

We record contingent consideration resulting from a business combination at its fair value on the acquisition date. We generally determine the fair value of the contingent consideration using the income approach methodology of valuation. Each reporting period thereafter, we revalue these obligations and record increases or decreases in their fair value as an adjustment to operating expenses within the consolidated statement of income. Changes in the fair value of the contingent consideration can result from changes in assumed discount periods and rates, and from changes pertaining to the achievement of the defined milestones. Significant judgment is employed in determining the appropriateness of these assumptions as of the acquisition date and for each subsequent period. Accordingly, future business and economic conditions, as well as changes in any of the assumptions described above, can materially impact the amount of contingent consideration expense we record in any given period.

Accounting for Income Taxes

We must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, benefits, and deductions, and in the calculation of certain tax assets and liabilities, which arise from differences in the timing of the recognition of revenue and expense for tax and financial statement purposes, as well as the interest and penalties relating to these uncertain tax positions. We assessed the likelihood of the realization of deferred tax assets and concluded that a valuation allowance is needed to reserve the amount of the deferred tax assets that may not be realized due to the

uncertainty of the timing and amount of the realization of certain state credit carryovers. In reaching our conclusion, we evaluated certain relevant criteria including the existence of deferred tax liabilities that can be used to absorb deferred tax assets, the taxable income in prior carryback years in the impacted state jurisdictions that can be used to absorb net operating losses and taxable income in future years. Our judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors. These changes, if any, may require material adjustments to these deferred tax assets, resulting in a reduction in net income or an increase in net loss in the period when such determinations are made, which in turn, may result in an increase or decrease to our tax provision in a subsequent period.

We account for uncertain tax positions by determining if it is “more likely than not” that a tax position will be sustained by the appropriate taxing authorities prior to recording any benefit in the financial statements. An uncertain income tax position is not recognized if it has less than a 50% likelihood of being sustained. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. We reevaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in known facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. A change in these factors would result in the recognition of a tax benefit or an additional charge to the tax provision.

In the ordinary course of global business, there are many transactions and calculations where the ultimate tax outcome is uncertain. Some of these uncertainties arise as a consequence of cost reimbursement and royalty arrangements among related entities. Although we believe our estimates are reasonable, no assurance can be given that the final tax outcome of these matters will not be different than that which is reflected in our historical income tax provisions and accruals. In the event our assumptions are incorrect, the differences could have a material impact on our income tax provision and operating results in the period in which such determination is made. In addition to the factors described above, our current and expected effective tax rate is based on then-current tax law. Significant changes during the year in enacted tax law could affect these estimates.

Stock-Based Compensation

Stock-based compensation expense associated with stock options and related awards is recognized in the statement of income. Determining the amount of stock-based compensation to be recorded requires us to develop estimates to be used in calculating the grant-date fair value of stock options. We calculate the grant-date fair values using the Black-Scholes valuation model. The use of valuation models requires us to make estimates of the following assumptions:

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

Expected term — We use historical employee exercise and option expiration data to estimate the expected term assumption for the Black-Scholes grant-date valuation. We believe that this historical data is currently the best estimate of the expected term of a new option, and that generally, all of our employees exhibit similar exercise behavior. In general, the longer the expected term used in the Black-Scholes valuation model, the higher the grant-date fair value of the option.

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

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

The amount of stock-based compensation expense recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered option. Based on an analysis of our historical forfeitures, we have applied an annual forfeiture rate of 4.3% to all unvested stock-based awards as of October 29, 2011. The rate of 4.3% represents the portion that is expected to be forfeited each year over the vesting period. This analysis is re-evaluated quarterly and the forfeiture rate is adjusted as necessary. Ultimately, the actual expense recognized over the vesting period will only be for those awards that vest.

Contingencies

From time to time, we receive demands from third parties alleging that our products or manufacturing processes infringe the patent or intellectual property rights of these parties. We periodically assess each matter to determine if a contingent liability should be recorded. 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. If a loss is probable and reasonably estimable, we record a contingent loss. 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. If the judgments and estimates made by us are incorrect, we may need to record additional contingent losses that could materially adversely impact our results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Exposure

Our interest income and expense are sensitive to changes in the general level of interest rates. In this regard, changes in interest rates affect the interest earned on our marketable securities and short term investments, as well as the fair value of our investments, debt and interest-rate swap agreement.

Based on our marketable securities and short-term investments outstanding as of October 29, 2011 and October 30, 2010, our annual interest income would change by approximately \$38 million and \$27 million, respectively, for each 100 basis point increase in interest rates.

To provide a meaningful assessment of the interest rate risk associated with our investment portfolio, we performed a sensitivity analysis to determine the impact a change in interest rates would have on the value of our investment portfolio assuming a 100 basis point parallel shift in the yield curve. Based on investment positions as of October 29, 2011 and October 30, 2010, a hypothetical 100 basis point increase in interest rates across all maturities would result in a \$4 million decline in each year in the fair market value of the portfolio. Such losses would only be realized if we sold the investments prior to maturity.

As of October 29, 2011, we had \$750 million in principal amount of senior unsecured notes outstanding, which consisted of \$375 million 5% senior unsecured notes, due July 1, 2014 and \$375 million 3% senior unsecured notes, due April 15, 2016. As of October 29, 2011, a hypothetical 100 basis point increase in market interest rates would reduce the fair value of our \$375 million of 3% senior unsecured notes outstanding by approximately \$16 million. As of October 29, 2011 and October 30, 2010 a similar increase in market interest rates would not change the fair value of our \$375 million 5% senior unsecured notes which have been hedged by an interest rate swap agreement. Any changes to fair value of the 5% senior unsecured notes would be offset by the change in the fair value of the corresponding interest rate swap.

We hold an interest rate swap agreement to hedge the benchmark interest rate of our \$375 million 5.0% senior unsecured notes due July 1, 2014. The effect of the swap is to convert our 5.0% fixed interest rate to a variable interest rate based on the three-month LIBOR plus 2.05% (2.42% as of October 29, 2011). In addition, we have a term loan facility of \$145 million that bears interest at a fluctuating rate for each period equal to the LIBOR rate corresponding with the tenor of the interest period plus a spread of 1.25% (1.61% as of October 29, 2011). If LIBOR increases by 100 basis points, our annual interest expense would increase by approximately \$5 million. However, this hypothetical change in interest rates would not impact the interest expense on our \$375 million of 3% fixed-rate debt, which is not hedged. As of October 30, 2010, a similar 100 basis point increase in LIBOR would have resulted in an increase of approximately \$4 million to our annual interest expense.

Foreign Currency Exposure

As more fully described in Note 2i in the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K, we regularly hedge our non-U.S. dollar-based exposures by entering into forward foreign currency exchange contracts. The terms of these contracts are for periods matching the duration of the underlying exposure and generally range from one month to twelve months. Currently, our largest foreign currency exposure is the Euro, primarily because our European operations have the highest proportion of our local currency denominated expenses. Relative to foreign currency exposures existing at October 29, 2011 and October 30, 2010, a 10% unfavorable movement in foreign currency exchange rates over the course of the year would expose us to approximately \$6 million in losses in earnings or cash flows.

The market risk associated with our derivative instruments results from currency exchange rates that are expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. The counterparties to the agreements relating to our foreign exchange instruments consist of a number of major international financial institutions with high credit ratings. Based on the credit ratings of our counterparties as of October 29, 2011, we do not believe that there is significant risk of nonperformance by them. 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 our 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 our obligations to the counterparties.

The following table illustrates the effect that a 10% unfavorable or favorable movement in foreign currency exchange rates, relative to the U.S. dollar, would have on the fair value of our forward exchange contracts as of October 29, 2011 and October 30, 2010:

	<u>October 29, 2011</u>	<u>October 30, 2010</u>
Fair value of forward exchange contracts asset	\$ 2,472	\$ 7,256
Fair value of forward exchange contracts after a 10% unfavorable movement in foreign currency exchange rates asset	\$ 17,859	\$22,062
Fair value of forward exchange contracts after a 10% favorable movement in foreign currency exchange rates liability	\$(13,332)	\$ (7,396)

The calculation assumes that each exchange rate would change in the same direction relative to the U.S. dollar. In addition to the direct effects of changes in exchange rates, such changes typically affect the volume of sales or the foreign currency sales price as competitors' products become more or less attractive. Our sensitivity analysis of the effects of changes in foreign currency exchange rates does not factor in a potential change in sales levels or local currency selling prices.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ANALOG DEVICES, INC.
CONSOLIDATED STATEMENTS OF INCOME
 Years ended October 29, 2011, October 30, 2010 and October 31, 2009

(thousands, except per share amounts)	2011	2010	2009
Revenue			
Revenue	\$ 2,993,320	\$ 2,761,503	\$ 2,014,908
Costs and Expenses			
Cost of sales(1)	1,006,779	962,081	896,271
Gross margin	1,986,541	1,799,422	1,118,637
Operating expenses:			
Research and development(1)	505,570	492,305	446,980
Selling, marketing, general and administrative(1)	406,707	390,560	333,184
Special charges	2,239	16,483	53,656
	914,516	899,348	833,820
Operating income from continuing operations	1,072,025	900,074	284,817
Nonoperating (income) expenses:			
Interest expense	19,146	10,429	4,094
Interest income	(9,060)	(9,837)	(15,621)
Other, net	492	(2,183)	(1,100)
	10,578	(1,591)	(12,627)
Earnings			
Income from continuing operations before income taxes	1,061,447	901,665	297,444
Provision for income taxes:			
Payable currently	198,849	200,306	38,441
Deferred	1,704	(9,866)	11,595
	200,553	190,440	50,036
Income from continuing operations, net of tax	860,894	711,225	247,408
Discontinued operations, net of tax:			
Income from discontinued operations	—	—	364
Gain on sale of discontinued operations	6,500	859	—
Total income from discontinued operations, net of tax	6,500	859	364
Net income	\$ 867,394	\$ 712,084	\$ 247,772
Shares used to compute earnings per share — Basic	299,417	297,387	291,385
Shares used to compute earnings per share — Diluted	308,236	305,861	292,698
Earnings per share — Basic			
Income from continuing operations, net of tax	\$ 2.88	\$ 2.39	\$ 0.85
Net income	\$ 2.90	\$ 2.39	\$ 0.85
Earnings per share — Diluted			
Income from continuing operations, net of tax	\$ 2.79	\$ 2.33	\$ 0.85
Net income	\$ 2.81	\$ 2.33	\$ 0.85
Dividends declared and paid per share	\$ 0.94	\$ 0.84	\$ 0.80
(1) Includes stock-based compensation expense as follows:			
Cost of sales	\$ 7,294	\$ 7,333	\$ 7,469
Research and development	\$ 23,289	\$ 23,342	\$ 22,666
Selling, marketing, general and administrative	\$ 21,775	\$ 21,077	\$ 18,478

See accompanying Notes.

ANALOG DEVICES, INC.
CONSOLIDATED BALANCE SHEETS
October 29, 2011 and October 30, 2010

(thousands, except per share amounts)

	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,405,100	\$ 1,070,000
Short-term investments	2,187,362	1,617,768
Accounts receivable less allowances of \$1,465 (\$1,581 in 2010)	348,416	387,169
Inventories(1)	295,081	277,478
Deferred tax assets	82,171	74,710
Prepaid income tax	22,002	—
Prepaid expenses and other current assets	46,216	51,874
Total current assets	<u>4,386,348</u>	<u>3,478,999</u>
Property, Plant and Equipment, at Cost		
Land and buildings	430,453	401,277
Machinery and equipment	1,606,150	1,578,493
Office equipment	51,960	56,449
Leasehold improvements	48,338	65,326
	<u>2,136,901</u>	<u>2,101,545</u>
Less accumulated depreciation and amortization	1,658,062	1,628,880
Net property, plant and equipment	<u>478,839</u>	<u>472,665</u>
Other Assets		
Deferred compensation plan investments	26,410	8,690
Other investments	2,951	1,317
Goodwill	275,087	255,580
Intangible assets, net	12,200	1,343
Deferred tax assets	37,645	52,765
Other assets	58,155	57,472
Total other assets	<u>412,448</u>	<u>377,167</u>
	<u>\$ 5,277,635</u>	<u>\$ 4,328,831</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 113,056	\$ 133,111
Deferred income on shipments to distributors, net	233,249	242,848
Income taxes payable	6,584	60,421
Current portion of long-term debt	14,500	—
Accrued liabilities	157,616	207,087
Total current liabilities	<u>525,005</u>	<u>643,467</u>
Non-current Liabilities		
Long-term debt	871,876	400,635
Deferred income taxes	1,260	1,800
Deferred compensation plan liability	26,428	8,690
Other non-current liabilities	57,653	74,522
Total non-current liabilities	<u>957,217</u>	<u>485,647</u>
Commitments and contingencies (Note 12)		
Shareholders' Equity		
Preferred stock, \$1.00 par value, 471,934 shares authorized, none outstanding	—	—
Common stock, \$0.16 ^{2/3} par value, 1,200,000,000 shares authorized, 297,960,718 shares issued and outstanding (298,652,994 on October 30, 2010)	49,661	49,777
Capital in excess of par value	289,587	286,969
Retained earnings	3,482,334	2,896,566
Accumulated other comprehensive loss	(26,169)	(33,595)
Total shareholders' equity	<u>3,795,413</u>	<u>3,199,717</u>
	<u>\$ 5,277,635</u>	<u>\$ 4,328,831</u>

(1) Includes \$2,431 and \$2,534 related to stock-based compensation at October 29, 2011 and October 30, 2010, respectively.

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years ended October 29, 2011, October 30, 2010 and October 31, 2009

(thousands)	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive (Loss) Income
	Shares	Amount			
BALANCE, NOVEMBER 1, 2008	<u>291,193</u>	<u>\$ 48,533</u>	<u>\$ —</u>	<u>\$ 2,419,908</u>	<u>\$ (48,178)</u>
Activity in Fiscal 2009					
Change in defined benefit plan measurement date				(246)	
Net Income — 2009				247,772	
Dividends declared and paid				(232,988)	
Issuance of stock under stock plans and other, net of repurchases	851	142	12,235		
Tax deficit— stock options			(810)		
Stock-based compensation expense			48,613		
Other comprehensive income					37,930
Common stock repurchased	(182)	(30)	(3,732)		
BALANCE, OCTOBER 31, 2009	<u>291,862</u>	<u>48,645</u>	<u>56,306</u>	<u>2,434,446</u>	<u>(10,248)</u>
Activity in Fiscal 2010					
Net Income — 2010				712,084	
Dividends declared and paid				(249,964)	
Issuance of stock under stock plans and other, net of repurchases	8,066	1,344	214,803		
Tax benefit — stock options			3,744		
Stock-based compensation expense			51,752		
Other comprehensive loss					(23,347)
Common stock repurchased	(1,275)	(212)	(39,636)		
BALANCE, OCTOBER 30, 2010	<u>298,653</u>	<u>49,777</u>	<u>286,969</u>	<u>2,896,566</u>	<u>(33,595)</u>
Activity in Fiscal 2011					
Net Income — 2011				867,394	
Dividends declared and paid				(281,626)	
Issuance of stock under stock plans and other, net of repurchases	8,316	1,385	215,779		
Tax benefit — stock options			63,236		
Stock-based compensation expense			52,358		
Other comprehensive income					7,426
Common stock repurchased	(9,008)	(1,501)	(328,755)		
BALANCE, OCTOBER 29, 2011	<u>297,961</u>	<u>\$ 49,661</u>	<u>\$ 289,587</u>	<u>\$ 3,482,334</u>	<u>\$ (26,169)</u>

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended October 29, 2011, October 30, 2010 and October 31, 2009

(thousands)	2011	2010	2009
Income from continuing operations, net of tax	\$ 860,894	\$ 711,225	\$ 247,408
Foreign currency translation adjustment	(647)	6,085	14,840
Net unrealized (losses) gains on securities:			
Net unrealized holding (losses) (net of taxes of \$67 in 2011, \$6 in 2010 and \$347 in 2009) on available-for-sale securities classified as short-term investments	(459)	(50)	(2,456)
Net unrealized holding (losses) gains (net of taxes of \$64 in 2011, \$175 in 2010 and \$197 in 2009) on securities classified as other investments	(118)	325	366
Net unrealized (losses) gains on securities	(577)	275	(2,090)
Derivative instruments designated as cash flow hedges:			
Changes in fair value of derivatives (net of taxes of \$539 in 2011, \$449 in 2010 and \$2,278 in 2009)	3,347	(1,339)	16,215
Realized (gain) loss reclassification (net of taxes of \$1,171 in 2011, \$458 in 2010 and \$1,609 in 2009)	(7,793)	1,863	9,657
Net change in derivative instruments designated as cash flow hedges	(4,446)	524	25,872
Accumulated other comprehensive income (loss) — pension plans:			
Transition asset (obligation) (net of taxes of \$1 in 2011, \$34 in 2010 and \$1 in 2009)	12	(80)	(34)
Net actuarial gain (loss) (net of taxes of \$1,770 in 2011, \$4,594 in 2010 and \$287 in 2009)	13,084	(30,151)	(663)
Net prior service income (net of taxes of \$0 in 2011, \$0 in 2010 and \$1 in 2009)	—	—	5
Net change in accumulated other comprehensive income (loss) — pension plans (net of taxes of \$1,771 in 2011, \$4,560 in 2010 and \$286 in 2009)	13,096	(30,231)	(692)
Other comprehensive income (loss)	7,426	(23,347)	37,930
Comprehensive income from continuing operations	868,320	687,878	285,338
Total income from discontinued operations, net of tax	6,500	859	364
Comprehensive income	\$ 874,820	\$ 688,737	\$ 285,702

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended October 29, 2011 October 30, 2010 and October 31, 2009

(thousands)	2011	2010	2009
Operations			
Cash flows from operating activities:			
Net income	\$ 867,394	\$ 712,084	\$ 247,772
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	116,873	116,083	132,493
Amortization of intangibles	1,346	4,828	7,377
Stock-based compensation expense	52,358	51,752	48,613
Gain on sale of business	(6,500)	(859)	—
Non-cash portion of special charges	—	487	15,468
Other non-cash activity	833	1,662	1,663
Excess tax benefit — stock options	(44,936)	(317)	(20)
Deferred income taxes	1,704	(9,866)	11,595
Change in operating assets and liabilities:			
Decrease (increase) in accounts receivable	40,025	(82,380)	16,561
(Increase) decrease in inventories	(17,603)	(24,274)	67,347
Decrease (increase) in prepaid expenses and other current assets	822	(4,002)	731
(Increase) decrease in deferred compensation plan investments	(17,720)	(747)	24,097
Increase in prepaid income tax	(16,681)	—	—
(Decrease) increase in accounts payable, deferred income and accrued liabilities	(90,323)	190,043	(100,064)
Increase (decrease) in deferred compensation plan liability	17,738	750	(24,801)
Income tax payments related to gain on sale of businesses	—	—	(4,105)
(Decrease) increase in income taxes payable	893	61,984	(24,909)
(Decrease) increase in other liabilities	(5,694)	(26,053)	12,330
Total adjustments	33,135	279,091	184,376
Net cash provided by operating activities	900,529	991,175	432,148
Investing Activities			
Cash flows from investing:			
Purchases of short-term available-for-sale investments	(4,289,304)	(3,478,025)	(2,812,094)
Maturities of short-term available-for-sale investments	3,436,284	2,801,727	2,274,254
Sales of short-term available-for-sale investments	282,861	234,718	74,880
Additions to property, plant and equipment, net	(122,996)	(111,557)	(56,095)
Net proceeds (expenditures) related to sale of businesses	10,000	63,036	(1,653)
Payments for acquisitions	(13,988)	—	(8,360)
(Increase) decrease in other assets	(6,595)	4,276	(5,661)
Net cash used for investing activities	(703,738)	(485,825)	(534,729)
Financing Activities			
Cash flows from financing activities:			
Proceeds from long-term debt	515,507	—	370,350
Term loan repayments	(28,392)	—	—
Dividend payments to shareholders	(281,626)	(249,964)	(232,988)
Repurchase of common stock	(330,256)	(39,848)	(3,762)
Net proceeds from employee stock plans	217,164	216,147	12,377
Increase in other financing activities	1,279	710	—
Excess tax benefit — stock options	44,936	317	20
Net cash provided by (used for) financing activities	138,612	(72,638)	145,997
Effect of exchange rate changes on cash	(303)	(2,441)	2,714
Net increase in cash and cash equivalents	335,100	430,271	46,130
Cash and cash equivalents at beginning of year	1,070,000	639,729	593,599
Cash and cash equivalents at end of year	\$ 1,405,100	\$ 1,070,000	\$ 639,729

See accompanying Notes.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended October 29, 2011, October 30, 2010 and October 31, 2009
(all tabular amounts in thousands except per share amounts)

1. Description of Business

Analog Devices, Inc. ("Analog Devices" or the "Company") is a world leader in the design, manufacture and marketing of a broad portfolio of high-performance analog, mixed-signal and digital signal processing integrated circuits (ICs) used in virtually all types of electronic equipment. Since the Company's inception in 1965, it has focused on solving the engineering challenges associated with signal processing in electronic equipment. The Company's signal processing products play a fundamental role in converting, conditioning, and processing real-world phenomena such as temperature, pressure, sound, light, speed and motion into electrical signals to be used in a wide array of electronic devices. As new generations of digital applications evolve, new needs for high-performance analog signal processing and digital signal processing (DSP) technology are generated. As a result, the Company produces a wide range of innovative products — including data converters, amplifiers and linear products, radio frequency (RF) ICs, power management products, sensors based on micro-electro mechanical systems (MEMS) technology and other sensors, and processing products, including DSP and other processors — that are designed to meet the needs of a broad base of customers.

The Company's products are embedded inside many types of electronic equipment including:

- Industrial process control systems
- Factory automation systems
- Instrumentation and measurement systems
- Energy management systems
- Aerospace and defense electronics
- Automobiles
- Digital televisions
- Medical imaging equipment
- Patient monitoring devices
- Wireless infrastructure equipment
- Networking equipment
- Optical systems
- Digital cameras
- Portable electronic devices

2. Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Upon consolidation, all intercompany accounts and transactions are eliminated. Certain amounts reported in previous years have been reclassified to conform to the fiscal 2011 presentation. Such reclassified amounts were immaterial. The Company's fiscal year is the 52-week or 53-week period ending on the Saturday closest to the last day in October. Fiscal years 2011, 2010 and 2009 were 52-week periods.

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

b. Cash, Cash Equivalents and Short-term Investments

Cash and cash equivalents are highly liquid investments with insignificant interest rate risk and maturities of three months or less at the time of acquisition. Cash, cash equivalents and short-term investments consist primarily of institutional money market funds and corporate obligations such as commercial paper and bonds. They also include bank time deposits.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company classifies its investments in readily marketable debt and equity securities as “held-to-maturity,” “available-for-sale” or “trading” at the time of purchase. There were no transfers between investment classifications in any of the fiscal years presented. Held-to-maturity securities, which are carried at amortized cost, include only those securities the Company has the positive intent and ability to hold to maturity. Securities such as bank time deposits, which by their nature are typically held to maturity, are classified as such. The Company’s other readily marketable cash equivalents and short-term investments are classified as available-for-sale. Available-for-sale securities are carried at fair value with unrealized gains and losses, net of related tax, reported in accumulated other comprehensive (loss) income.

The Company’s deferred compensation plan investments are classified as trading. See Note 7 for additional information on the Company’s deferred compensation plan investments. There were no cash equivalents or short-term investments classified as trading at October 29, 2011 or October 30, 2010.

The Company periodically evaluates its investments for impairment. There were no other-than-temporary impairments of short-term investments in any of the fiscal years presented.

Realized gains or losses recognized in nonoperating income from the sales of available-for-sale securities were not material during any of the fiscal years presented.

Unrealized gains and losses on available-for-sale securities classified as short-term investments at October 29, 2011 and October 30, 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Unrealized gains on securities classified as short-term investments	\$ 22	\$ 165
Unrealized losses on securities classified as short-term investments	(600)	(217)
Net unrealized losses on securities classified as short-term investments	<u>\$ (578)</u>	<u>\$ (52)</u>

Unrealized gains and losses in fiscal years 2011 and 2010 relate to corporate obligations.

The components of the Company’s cash and cash equivalents and short-term investments as of October 29, 2011 and October 30, 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents:		
Cash	\$ 17,857	\$ 37,460
Available-for-sale	1,374,069	1,020,993
Held-to-maturity	13,174	11,547
Total cash and cash equivalents	<u>\$ 1,405,100</u>	<u>\$ 1,070,000</u>
Short-term investments:		
Available-for-sale	\$ 2,186,782	\$ 1,587,768
Held-to-maturity (less than one year to maturity)	580	30,000
Total short-term investments	<u>\$ 2,187,362</u>	<u>\$ 1,617,768</u>

See Note 2j for additional information on the Company’s cash equivalents and short-term investments.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

c. *Supplemental Cash Flow Statement Information*

	2011	2010	2009
Cash paid during the fiscal year for:			
Income taxes	\$223,716	\$137,149	\$60,609
Interest	\$ 16,492	\$ 9,199	\$ 2,502

d. *Inventories*

Inventories are valued at the lower of cost (first-in, first-out method) or market. The valuation of inventory requires the Company to estimate obsolete or excess inventory as well as inventory that is not of saleable quality. The Company employs a variety of methodologies to determine the net realizable value of its inventory. While a portion of the calculation to record inventory at its net realizable value is based on the age of the inventory and lower of cost or market calculations, a key factor in estimating obsolete or excess inventory requires the Company to estimate the future demand for its products. If actual demand is less than the Company's estimates, impairment charges, which are recorded to cost of sales, may need to be recorded in future periods. Inventory in excess of saleable amounts is not valued, and the remaining inventory is valued at the lower of cost or market.

Inventories at October 29, 2011 and October 30, 2010 were as follows:

	2011	2010
Raw materials	\$ 28,085	\$ 22,008
Work in process	170,398	171,390
Finished goods	96,598	84,080
Total inventories	<u>\$ 295,081</u>	<u>\$ 277,478</u>

e. *Property, Plant and Equipment*

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

Buildings & building equipment	Up to 25 years
Machinery & equipment	3-8 years
Office equipment	3-8 years

Depreciation expense from continuing operations of property, plant and equipment was \$116.9 million, \$116.1 million and \$132.5 million in fiscal 2011, 2010 and 2009, respectively.

The Company reviews 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 the future undiscounted cash flows the assets are expected to generate over their remaining economic lives. If such assets are considered to be impaired, the impairment to be recognized in earnings equals the amount by which the carrying value of the assets exceeds their fair value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique. If such assets are not impaired, but their useful lives have decreased, the remaining net book value is amortized over the revised useful life.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

f. Goodwill and Intangible Assets*Goodwill*

The Company annually evaluates goodwill for impairment as well as whenever events or changes in circumstances suggest that the carrying value of goodwill may not be recoverable. The Company tests goodwill for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis on the first day of the fourth quarter (on or about August 1) or more frequently if indicators of impairment exist. For our latest annual impairment assessment that occurred on July 31, 2011, the Company identified its reporting units to be its five operating segments, which meet the aggregation criteria for one reportable segment. The performance of the test involves a two-step process. The first step of the impairment test involves comparing the fair values of the applicable reporting units with their aggregate carrying values, including goodwill. The Company determines the fair value of its reporting units using the income approach methodology of valuation that includes the discounted cash flow method as well as other generally accepted valuation methodologies. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, the Company performs the second step of the goodwill impairment test to determine the amount of impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill. No impairment of goodwill resulted in any of the fiscal years presented. The Company's next annual impairment assessment will be performed as of the first day of the fourth quarter of fiscal 2012 unless indicators arise that would require the Company to reevaluate at an earlier date. The following table presents the changes in goodwill during fiscal 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Balance at beginning of year	\$ 255,580	\$ 250,881
Acquisition of Lyric Semiconductor (Note 6)	18,865	—
Foreign currency translation adjustment	642	4,699
Balance at end of year	<u>\$ 275,087</u>	<u>\$ 255,580</u>

Intangible Assets

The Company reviews finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. Recoverability of these assets is measured by comparison of their carrying value to future undiscounted cash flows the assets are expected to generate over their remaining economic lives. If such assets are considered to be impaired, the impairment to be recognized in earnings equals the amount by which the carrying value of the assets exceeds their fair value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique. Indefinite-lived intangible assets are tested for impairment on an annual basis on the first day of the fourth quarter (on or about August 1) or more frequently if indicators of impairment exist. The impairment test involves the comparison of the fair value of the intangible asset with its carrying amount. No impairment of intangible assets resulted in any of the fiscal years presented.

Intangible assets consisted of the following:

	<u>October 29, 2011</u>		<u>October 30, 2010</u>	
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
Technology-based	\$ —	\$ —	\$ 7,166	\$ 6,323
Customer relationships	—	—	2,858	2,358
In-process research and development	12,200	—	—	—
Total	<u>\$ 12,200</u>	<u>\$ —</u>	<u>\$ 10,024</u>	<u>\$ 8,681</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Intangible assets, excluding in-process research and development (IPR&D), are amortized on a straight-line basis over their estimated useful lives or on an accelerated method of amortization that is expected to reflect the estimated pattern of economic use. IPR&D assets are considered indefinite-lived intangible assets until completion or abandonment of the associated R&D efforts. Upon completion of the projects, the IPR&D assets will be amortized over their estimated useful life. As of October 29, 2011, finite-lived intangible assets were fully amortized.

Amortization expense related to intangibles was \$1.3 million, \$4.8 million and \$7.4 million in fiscal 2011, 2010 and 2009, respectively.

g. Grant Accounting

Certain of the Company's foreign subsidiaries have received grants from governmental agencies. These grants include capital, employment and research and development grants. Capital grants for the acquisition of property and equipment are netted against the related capital expenditures and amortized as a credit to depreciation expense over the useful life of the related asset. Employment grants, which relate to employee hiring and training, and research and development grants are recognized in earnings in the period in which the related expenditures are incurred by the Company.

h. Translation of Foreign Currencies

The functional currency for the Company's foreign sales and research and development operations is the applicable local currency. Gains and losses resulting from translation of these foreign currencies into U.S. dollars are recorded in accumulated other comprehensive (loss) income. Transaction gains and losses and re-measurement of foreign currency denominated assets and liabilities are included in income currently, including those at the Company's principal foreign manufacturing operations where the functional currency is the U.S. dollar. Foreign currency transaction gains or losses included in other expenses, net, were not material in fiscal 2011, 2010 or 2009.

i. Derivative Instruments and Hedging Agreements

Foreign Exchange Exposure Management — The Company enters into forward foreign currency exchange contracts to offset certain operational and balance sheet exposures from the impact of changes in foreign currency exchange rates. Such exposures result from the portion of the Company's operations, assets and liabilities that are denominated in currencies other than the U.S. dollar, primarily the Euro; other significant exposures include the Philippine Peso and the British Pound. These foreign currency exchange contracts are entered into to support transactions made in the normal course of business, and accordingly, are not speculative in nature. The contracts are for periods consistent with the terms of the underlying transactions, generally one year or less. Hedges related to anticipated transactions are designated and documented at the inception of the respective hedges as cash flow hedges and are evaluated for effectiveness monthly. Derivative instruments are employed to eliminate or minimize certain foreign currency exposures that can be confidently identified and quantified. As the terms of the contract and the underlying transaction are matched at inception, forward contract effectiveness is calculated by comparing the change in fair value of the contract to the change in the forward value of the anticipated transaction, with the effective portion of the gain or loss on the derivative instrument reported as a component of accumulated other comprehensive (loss) income (OCI) in shareholders' equity and reclassified into earnings in the same period during which the hedged transaction affects earnings. Any residual change in fair value of the instruments, or ineffectiveness, is recognized immediately in other (income) expense. Additionally, the Company enters into forward foreign currency contracts that economically hedge the gains and losses generated by the re-measurement of certain recorded assets and liabilities in a non-functional currency. Changes in the fair value of these undesignated hedges are recognized in other (income) expense immediately as an offset to the changes in the fair value of the asset or liability being hedged. As of October 29, 2011 and October 30, 2010, the total notional amount of these

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

undesignated hedges was \$41.2 million and \$42.1 million, respectively. The fair value of these hedging instruments in the Company's consolidated balance sheets as of October 29, 2011 and October 30, 2010 was immaterial.

Interest Rate Exposure Management — On June 30, 2009, the Company entered into interest rate swap transactions related to its outstanding 5.0% senior unsecured notes where the Company swapped the notional amount of its \$375 million of fixed rate debt at 5.0% into floating interest rate debt through July 1, 2014. Under the terms of the swaps, the Company will (i) receive on the \$375 million notional amount a 5.0% annual interest payment that is paid in two installments on the 1st of every January and July, commencing January 1, 2010 through and ending on the maturity date; and (ii) pay on the \$375 million notional amount an annual three month LIBOR plus 2.05% (2.42% as of October 29, 2011) interest payment, payable in four installments on the 1st of every January, April, July and October, commencing on October 1, 2009 and ending on the maturity date. The LIBOR-based rate is set quarterly three months prior to the date of the interest payment. The Company designated these swaps as fair value hedges. The fair value of the swaps at inception was zero and subsequent changes in the fair value of the interest rate swaps were reflected in the carrying value of the interest rate swaps on the balance sheet. The carrying value of the debt on the balance sheet was adjusted by an equal and offsetting amount. The gain or loss on the hedged item (that is, the fixed-rate borrowings) attributable to the hedged benchmark interest rate risk and the offsetting gain or loss on the related interest rate swaps for fiscal year 2011 and fiscal year 2010 were as follows:

Statement of Income Classification	October 29, 2011			October 30, 2010		
	Loss on Swaps	Gain on Note	Net Income Effect	Gain on Swaps	Loss on Note	Net Income Effect
Other income	\$(4,614)	\$4,614	\$—	\$20,692	\$(20,692)	\$—

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

The market risk associated with the Company's derivative instruments results from currency exchange rate or interest rate movements that are expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. The counterparties to the agreements relating to the Company's derivative instruments consist of a number of major international financial institutions with high credit ratings. Based on the credit ratings of our counterparties as of October 29, 2011, we do not believe that there is significant risk of nonperformance by them. Furthermore, none of the Company's derivative transactions are subject to collateral or other security arrangements and none contain provisions that are dependent on the Company's credit ratings from any credit rating agency. While the contract or notional amounts of derivative financial instruments provide one measure of the volume of these transactions, they do not represent the amount of the Company's exposure to credit risk. The amounts potentially subject to credit risk (arising from the possible inability of counterparties to meet the terms of their contracts) are generally limited to the amounts, if any, by which the counterparties' obligations under the contracts exceed the obligations of the Company to the counterparties. As a result of the above considerations, the Company does not consider the risk of counterparty default to be significant.

The Company records the fair value of its derivative financial instruments in the consolidated financial statements in other current assets, other assets or accrued liabilities, depending on their net position, regardless of the purpose or intent for holding the derivative contract. Changes in the fair value of the derivative financial instruments are either recognized periodically in earnings or in shareholders' equity as a component of OCI. Changes in the fair value of cash flow hedges are recorded in OCI and reclassified into earnings when the underlying contract matures. Changes in the fair values of derivatives not qualifying for hedge accounting are reported in earnings as they occur.

The total notional amounts of derivative instruments designated as hedging instruments as of October 29, 2011 and October 30, 2010 were \$375 million of interest rate swap agreements accounted for as fair value hedges and \$153.7 million and \$139.9 million, respectively, of cash flow hedges denominated in Euros, British Pounds and

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Philippine Pesos. The fair values of these hedging instruments in the Company's consolidated balance sheets as of October 29, 2011 and October 30, 2010 were as follows:

	<u>Balance Sheet Location</u>	<u>Fair Value at October 29, 2011</u>	<u>Fair Value at October 30, 2010</u>
Interest rate swap agreements	Other assets	\$22,187	\$26,801
Forward foreign currency exchange contracts	Prepaid expenses and other current assets	\$ 2,038	\$ 7,542

The effects of derivative instruments designated as cash flow hedges on the consolidated statements of income for fiscal 2011 and fiscal 2010 were as follows:

	<u>October 29, 2011</u>	<u>October 30, 2010</u>
Gain (loss) recognized in OCI on derivative (net of tax of \$539 in 2011 and \$449 in 2010)	\$ 3,347	\$(1,339)
(Gain) loss reclassified from OCI into income (net of tax of \$1,171 in 2011 and \$458 in 2010)	\$(7,793)	\$ 1,863

The amounts reclassified into earnings before tax are recognized in cost of sales and operating expenses for fiscal 2011 and fiscal 2010 were as follows:

	<u>October 29, 2011</u>	<u>October 30, 2010</u>
Cost of sales	\$(4,363)	\$ (112)
Research and development	\$(2,264)	\$1,259
Selling, marketing, general and administrative	\$(2,337)	\$1,174

All derivative gains and losses included in OCI will be reclassified into earnings within the next twelve months. There was no ineffectiveness during fiscal year ended October 29, 2011 or October 30, 2010.

Accumulated Derivative Gains or Losses

The following table summarizes activity in accumulated other comprehensive (loss) income related to derivatives classified as cash flow hedges held by the Company during the period from November 1, 2009 through October 29, 2011:

	<u>2011</u>	<u>2010</u>
Balance at beginning of year	\$ 6,133	\$ 5,609
Changes in fair value of derivatives — gain (loss), net of tax	3,347	(1,339)
(Gain) loss reclassified into earnings from other comprehensive income (loss), net of tax	(7,793)	1,863
Balance at end of year	<u>\$ 1,687</u>	<u>\$ 6,133</u>

j. Fair Value

The Company defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

Level 3 — Level 3 inputs are unobservable inputs for the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date. As of October 30, 2010, the Company held no assets or liabilities measured on a recurring basis using Level 3 inputs.

The table below sets forth by level the Company's financial assets and liabilities, excluding accrued interest components, that were accounted for at fair value on a recurring basis as of October 29, 2011 and October 30, 2010. The table excludes cash on hand and assets and liabilities that are measured at historical cost or any basis other than fair value.

	October 29, 2011				October 30, 2010		
	Fair Value measurement at Reporting Date using:				Fair Value measurement at Reporting Date using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Assets							
Cash equivalents:							
Available-for-sale:							
Institutional money market funds	\$ 1,278,121	\$ —	\$ —	\$ 1,278,121	\$ 921,034	\$ —	\$ 921,034
Corporate obligations(1)	—	95,948	—	95,948	—	99,959	99,959
Short-term investments:							
Available-for-sale:							
Securities with one year or less to maturity:							
Corporate obligations(1)	—	2,169,078	—	2,169,078	—	1,520,220	1,520,220
Floating rate notes, issued at par	—	—	—	—	—	50,000	50,000
Floating rate notes(1)	—	17,704	—	17,704	—	—	—
Securities with greater than one year to maturity:							
Floating rate notes(1)	—	—	—	—	—	17,548	17,548
Other assets:							
Forward foreign currency exchange contracts(2)	—	2,472	—	2,472	—	7,256	7,256
Deferred compensation investments	26,410	—	—	26,410	8,690	—	8,690
Other investments	1,135	—	—	1,135	1,317	—	1,317
Interest rate swap agreements	—	22,187	—	22,187	—	26,801	26,801
Total assets measured at fair value	\$ 1,305,666	\$ 2,307,389	\$ —	\$ 3,613,055	\$ 931,041	\$ 1,721,784	\$ 2,652,825
Liabilities							
Long-term debt							
\$375 million aggregate principle 5.0% debt(3)	\$ —	\$ 396,337	\$ —	396,337	\$ —	\$ 400,635	\$ 400,635
Contingent consideration	—	—	13,973	13,973	—	—	—
Total liabilities measured at fair value	\$ —	\$ 396,337	\$ 13,973	\$ 410,310	\$ —	\$ 400,635	\$ 400,635

(1) The amortized cost of the Company's investments classified as available-for-sale as of October 29, 2011 and October 30, 2010 was \$2,284.9 million and \$1,639.1 million, respectively.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- (2) The Company has a master netting arrangement by counterparty with respect to derivative contracts. As of October 29, 2011 and October 30, 2010, contracts in a liability position of \$0.8 million in each year, were netted against contracts in an asset position in the consolidated balance sheets.
- (3) Equal to the accreted notional value of the debt plus the fair value of the interest rate component of the long-term debt. The fair value of the long-term debt as of October 29, 2011 and October 30, 2010 was \$413.4 million and \$416.3 million, respectively.

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

Cash equivalents and short-term investments — These investments are adjusted to fair value based on quoted market prices or are determined using a yield curve model based on current market rates.

Deferred compensation plan investments and other investments — The fair value of these mutual fund, money market fund and equity investments are based on quoted market prices.

Long-term debt — The fair value of long-term debt is based on quotes received from third-party banks.

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

Forward foreign currency exchange contracts — The estimated fair value of forward foreign currency exchange contracts, which includes derivatives that are accounted for as cash flow hedges and those that are not designated as cash flow hedges, is based on the estimated amount the Company would receive if it sold these agreements at the reporting date taking into consideration current interest rates as well as the creditworthiness of the counterparty for assets and the Company's creditworthiness for liabilities.

Contingent consideration — The fair value of contingent consideration was estimated utilizing the income approach and is based upon significant inputs not observable in the market. Changes in the fair value of the contingent consideration subsequent to the acquisition date that are primarily driven by assumptions pertaining to the achievement of the defined milestones will be recognized in operating income in the period of the estimated fair value change.

The following table summarizes the change in the fair value of the contingent consideration measured using significant unobservable inputs (Level 3) for fiscal 2011:

	<u>Contingent Consideration</u>
Balance as of October 30, 2010	\$ —
Contingent consideration liability recorded	13,790
Fair value adjustment	183
Balance as of October 29, 2011	<u>\$ 13,973</u>

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

On April 4, 2011, the Company issued \$375 million aggregate principal amount of 3.0% senior unsecured notes due April 15, 2016 (the 3.0% Notes) with semi-annual fixed interest payments due on April 15 and October 15 of each year, commencing October 15, 2011. The fair value of the 3.0% Notes as of October 29, 2011 was \$392.8 million, based on quotes received from third-party banks.

k. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates relate to the useful lives of fixed assets and identified intangible assets, allowances for doubtful accounts and customer returns, the net realizable value of inventory, potential reserves relating to litigation matters, accrued liabilities, accrued taxes, deferred tax valuation allowances, assumptions pertaining to share-based payments and other reserves. Actual results could differ from those estimates and such differences may be material to the financial statements.

l. Concentrations of Risk

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

The Company maintains cash, cash equivalents and short-term investments and long-term investments with high credit quality counterparties, continually monitors the amount of credit exposure to any one issuer and diversifies its investments in order to minimize its credit risk.

The Company sells its products to distributors and original equipment manufacturers involved in a variety of industries including industrial process automation, instrumentation, defense/aerospace, automotive, communications, computers and computer peripherals and consumer electronics. The Company has adopted credit policies and standards to accommodate growth in these markets. The Company performs continuing credit evaluations of its customers' financial condition and although the Company generally does not require collateral, the Company may require letters of credit from customers in certain circumstances. The Company provides reserves for estimated amounts of accounts receivable that may not be collected.

m. Concentration of Other Risks

The semiconductor industry is characterized by rapid technological change, competitive pricing pressures and cyclical market patterns. The Company's financial results are affected by a wide variety of factors, including general economic conditions worldwide, economic conditions specific to the semiconductor industry, the timely implementation of new manufacturing technologies, the ability to safeguard patents and intellectual property in a rapidly evolving market and reliance on assembly and test subcontractors, third-party wafer fabricators and independent distributors. In addition, the semiconductor market has historically been cyclical and subject to significant economic downturns at various times. The Company is exposed to the risk of obsolescence of its inventory depending on the mix of future business. Additionally, a large portion of the Company's purchases of external wafer and foundry services are from a limited number of suppliers, primarily Taiwan Semiconductor Manufacturing Company (TSMC). If TSMC or any of the Company's other key suppliers are unable or unwilling to manufacture and deliver sufficient quantities of components, on the time schedule and of the quality that the Company requires, the Company may be forced to engage additional or replacement suppliers, which could result in significant expenses and disruptions or delays in manufacturing, product development and shipment of product to the Company's customers. Although the Company has experienced shortages of components, materials and external foundry services from time to time, these items have generally been available to the Company as needed.

n. Revenue Recognition

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In all regions of the world, the Company defers revenue and the related cost of sales on shipments to distributors until the distributors resell the products to their customers. Therefore, the Company's revenue fully reflects end customer purchases and is not impacted by distributor inventory levels. Sales to distributors are made under agreements that allow distributors to receive price-adjustment credits, as discussed below, and to return qualifying products for credit, as determined by the Company, in order to reduce the amounts of slow-moving, discontinued or obsolete product from their inventory. These agreements limit such returns to a certain percentage of the value of the Company's shipments to that distributor during the prior quarter. In addition, distributors are allowed to return unsold products if the Company terminates the relationship with the distributor.

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

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

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

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

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

As of October 29, 2011 and October 30, 2010, the Company had gross deferred revenue of \$311.3 million and \$327.2 million, respectively, and gross deferred cost of sales of \$78.1 million and \$84.4 million, respectively. Deferred income on shipments to distributors decreased by approximately \$9.6 million in fiscal 2011 primarily as a result of the distributors' sales to their customers in fiscal 2011 exceeding the Company's shipments to its distributors during this same time period.

Shipping costs are charged to cost of sales as incurred.

The Company generally offers a 12-month warranty for its products. The Company's warranty policy provides for replacement of the defective product. Specific accruals are recorded for known product warranty issues. Product warranty expenses during fiscal 2011, 2010 or 2009 were not material.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

o. Accumulated Other Comprehensive (Loss) Income

Other comprehensive (loss) income includes certain transactions that have generally been reported in the consolidated statement of shareholders' equity. The components of accumulated other comprehensive (loss) at October 29, 2011 and October 30, 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Foreign currency translation	\$ (2,038)	\$ (1,391)
Unrealized gains on derivative instruments	1,687	6,133
Unrealized gains on available-for-sale securities	695	822
Unrealized losses on available-for-sale securities	(641)	(191)
Accumulated other comprehensive loss — pension plans:		
Transition obligation	(117)	(129)
Net actuarial loss	(25,755)	(38,839)
Total accumulated other comprehensive loss	<u>\$ (26,169)</u>	<u>\$ (33,595)</u>

The aggregate fair value of investments with unrealized losses as of October 29, 2011 and October 30, 2010 was \$1,899.4 million and \$731.0 million, respectively. These unrealized losses were primarily related to commercial paper that earns lower interest rates than current market rates. None of these investments have been in a loss position for more than twelve months.

p. Advertising Expense

Advertising costs are expensed as incurred. Advertising expense was \$4.1 million in fiscal 2011, \$3.7 million in fiscal 2010 and \$5.2 million in fiscal 2009.

q. Income Taxes

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

r. Earnings Per Share of Common Stock

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table sets forth the computation of basic and diluted earnings per share:

	2011	2010	2009
Income from continuing operations, net of tax	\$ 860,894	\$ 711,225	\$ 247,408
Total income from discontinued operations, net of tax	6,500	859	364
Net income	<u>\$ 867,394</u>	<u>\$ 712,084</u>	<u>\$ 247,772</u>
Basic shares:			
Weighted average shares outstanding	<u>299,417</u>	<u>297,387</u>	<u>291,385</u>
Earnings per share-basic:			
Income from continuing operations, net of tax	\$ 2.88	\$ 2.39	\$ 0.85
Total income from discontinued operations, net of tax	0.02	0.00	0.00
Net income	<u>\$ 2.90</u>	<u>\$ 2.39</u>	<u>\$ 0.85</u>
Diluted shares:			
Weighted average shares outstanding	299,417	297,387	291,385
Assumed exercise of common stock equivalents	8,819	8,474	1,313
Weighted average common and common equivalent shares	<u>308,236</u>	<u>305,861</u>	<u>292,698</u>
Earnings per share-diluted:			
Income from continuing operations, net of tax	\$ 2.79	\$ 2.33	\$ 0.85
Total income from discontinued operations, net of tax	0.02	0.00	0.00
Net income	<u>\$ 2.81</u>	<u>\$ 2.33</u>	<u>\$ 0.85</u>
Weighted average anti-dilutive shares related to:			
Outstanding stock options	7,298	18,206	55,827

s. **Stock-Based Compensation**

Stock-based compensation is measured at the grant date based on the grant-date fair value of the awards ultimately expected to vest, and is recognized as an expense on a straight-line basis over the vesting period, which is generally five years for stock options and generally three years for restricted stock units. Determining the amount of stock-based compensation to be recorded requires the Company to develop estimates used in calculating the grant-date fair value of stock options. The Company calculates the grant-date fair value using the Black-Scholes valuation model. The use of valuation models requires the Company to make estimates and assumptions such as expected volatility, expected term, risk-free interest rate, expected dividend yield and forfeiture rates.

See Note 3 for additional information relating to stock-based compensation.

t. **New Accounting Pronouncements**

Standards Implemented

Multiple-Deliverable Revenue Arrangements

In October 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2009-13 — *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements* (formerly EITF Issue No. 08-1) (ASU No. 2009-13). This standard modifies the revenue recognition guidance for arrangements that involve the delivery of multiple elements, such as product, software, services or support, to a customer at different

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

times as part of a single revenue generating transaction. This standard provides principles and application guidance to determine whether multiple deliverables exist, how the individual deliverables should be separated and how to allocate the revenue in the arrangement among those separate deliverables. The standard also expands the disclosure requirements for multiple-deliverable revenue arrangements. ASU No. 2009-13 is effective for fiscal years that begin on or after June 15, 2010, which is the Company's fiscal year 2011. The adoption of ASU 2009-13 in the first quarter of fiscal 2011 did not have a material impact on the Company's financial condition and results of operations.

Standards to be Implemented

Business Combinations

In December 2010, the FASB issued ASU No. 2010-29, *Business Combinations (ASC Topic 805) — Disclosure of Supplementary Pro Forma Information for Business Combinations* (ASU No. 2010-29). ASU No. 2010-29 requires a public entity to disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the prior year. It also requires a description of the nature and amount of material, nonrecurring adjustments directly attributable to the business combination included in the reported revenue and earnings. The new disclosure will be effective for the Company's first quarter of fiscal year 2012. The adoption of ASU No. 2010-29 will require additional disclosure in the event of a business combination but will not have a material impact on the Company's financial condition and results of operations.

Intangibles — Goodwill and Other

In December 2010, the FASB issued ASU No. 2010-28, *Intangibles — Goodwill and Other (ASC Topic 350)* (ASU No. 2010-28). ASU 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. ASU 2010-28 is effective for fiscal years that begin after December 15, 2010, which is the Company's fiscal year 2012. The Company does not expect the adoption of ASU No. 2010-28 to impact the Company's financial condition and results of operations.

Fair Value Measurement

In May 2011, the FASB issued ASU No. 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU No. 2011-04). ASU No. 2011-04 amended ASC 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in U.S. GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU No. 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for interim and annual periods beginning after December 15, 2011, which is the Company's second quarter of fiscal year 2012. The Company is currently evaluating the impact, if any, that ASU No. 2011-04 may have on the Company's financial condition and results of operations.

Comprehensive Income

In June 2011, the FASB issued ASU No. 2011-05, *Presentation of Comprehensive Income* (ASU No. 2011-05). ASU No. 2011-05 amended ASC 320, *Comprehensive Income*, to converge the presentation of comprehensive income between U.S. GAAP and IFRS. ASU No. 2011-05 requires that all non-owner changes in stockholders' equity be presented in either a single continuous statement of comprehensive income or in two separate but consecutive statements and also requires reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

of other comprehensive income are presented. ASU No. 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. ASU 2011-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, which is the Company's fiscal year 2013. The adoption of ASU No. 2011-05 will affect the presentation of comprehensive income but will not impact the Company's financial condition or results of operations.

Intangibles — Goodwill and Other: Testing Goodwill for Impairment

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles — Goodwill and Other (ASC Topic 350): Testing for Goodwill Impairment* (ASU No. 2011-08). ASU No. 2011-08 provides a company the option to first assess qualitative factors to determine whether the existence of certain conditions leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, a company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step goodwill impairment test is unnecessary. However, if a company concludes otherwise, then it is required to perform the two-step goodwill impairment test. ASU No. 2011-08 is effective for fiscal years that begin after December 15, 2011, which is the Company's fiscal year 2013. The Company is currently evaluating the impact, if any, that ASU No. 2011-08 may have on the Company's financial condition and results of operations.

u. Discontinued Operations

In November 2007, the Company entered into a purchase and sale agreement with certain subsidiaries of ON Semiconductor Corporation to sell the Company's CPU voltage regulation and PC thermal monitoring business which consisted of core voltage regulator products for the central processing unit in computing and gaming applications and temperature sensors and fan-speed controllers for managing the temperature of the central processing unit. During fiscal 2008, the Company completed the sale of this business. In the first quarter of fiscal 2010, proceeds of \$1 million were released from escrow and \$0.6 million net of tax was recorded as additional gain from the sale of discontinued operations. The Company does not expect any additional proceeds from this sale.

In September 2007, the Company entered into a definitive agreement to sell its Baseband Chipset Business to MediaTek Inc. The decision to sell the Baseband Chipset Business was due to the Company's decision to focus its resources in areas where its signal processing expertise can provide unique capabilities and earn superior returns. During fiscal 2008 the Company completed the sale of its Baseband Chipset Business for net cash proceeds of \$269 million. The Company made cash payments of \$1.7 million during fiscal 2009 related to retention payments for employees who transferred to MediaTek Inc. and for the reimbursement of intellectual property license fees incurred by MediaTek. During fiscal 2010, the Company received cash proceeds of \$62 million as a result of the receipt of a refundable withholding tax and also recorded an additional gain on sale of \$0.3 million, or \$0.2 million net of tax, due to the settlement of certain items at less than the amounts accrued. In fiscal 2011, additional proceeds of \$10 million were released from escrow and \$6.5 million net of tax was recorded as additional gain from the sale of discontinued operations. The Company does not expect any additional proceeds from this sale.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following amounts related to the CPU voltage regulation and PC thermal monitoring and baseband chipset businesses have been segregated from continuing operations and reported as discontinued operations. These amounts also include the revenue and costs of sales provided under a manufacturing supply agreement between the Company and a subsidiary of ON Semiconductor Corporation, which terminated during the first quarter of fiscal year 2009.

	2011	2010	2009
Total revenue	\$ —	\$ —	\$ 10,332
Cost of sales	—	—	10,847
Operating expenses	—	—	16
Gain on sale of discontinued operations	10,000	1,316	—
Income (loss) before income taxes	10,000	1,316	(531)
Provision for (benefit from) income taxes	3,500	457	(895)
Total income from discontinued operations, net of tax	<u>\$ 6,500</u>	<u>\$ 859</u>	<u>\$ 364</u>

3. Stock-Based Compensation and Shareholders' Equity

Equity Compensation Plans

The Company grants, or has granted, stock options and other stock and stock-based awards under The 2006 Stock Incentive Plan (2006 Plan). The 2006 Plan was approved by the Company's Board of Directors on January 23, 2006 and was approved by shareholders on March 14, 2006 and subsequently amended in March 2006, June 2009, September 2009, December 2009, December 2010 and June 2011. The 2006 Plan provides for the grant of up to 15 million shares of the Company's common stock, plus such number of additional shares that were subject to outstanding options under the Company's previous plans that are not issued because the applicable option award subsequently terminates or expires without being exercised. The 2006 Plan provides for the grant of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards. Employees, officers, directors, consultants and advisors of the Company and its subsidiaries are eligible to be granted awards under the 2006 Plan. No award may be made under the 2006 Plan after March 13, 2016, but awards previously granted may extend beyond that date. The Company will not grant further options under any previous plans.

While the Company may grant to employees options that become exercisable at different times or within different periods, the Company has generally granted to employees options that vest over five years and become exercisable in annual installments of 20% on each of the first, second, third, fourth and fifth anniversaries of the date of grant; 33¹/₃% on each of the third, fourth, and fifth anniversaries of the date of grant; or in annual installments of 25% on each of the second, third, fourth and fifth anniversaries of the date of grant. The maximum contractual term of all options is ten years. In addition, the Company has granted to employees restricted stock units that generally vest in one installment on the third anniversary of the grant date.

As of October 29, 2011, a total of 10,803,862 common shares were available for future grant and 47,007,728 common shares were reserved for issuance under the 2006 Plan.

Grant-Date Fair Value

The Company uses the Black-Scholes option pricing model to calculate the grant-date fair value of stock option awards. The grant date fair value of restricted stock units represents the value of the Company's common stock on the date of grant, reduced by the present value of dividends expected to be paid on the Company's common stock prior to vesting.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Information pertaining to the Company's stock option awards and the related estimated weighted-average assumptions to calculate the fair value of stock options granted is as follows:

	2011	2010	2009 Excluding Option Exchange Program	2009*
Options granted (in thousands)	1,990	1,866	5,675	20,873
Weighted-average exercise price-stock options	\$37.59	\$31.49	\$19.63	\$ 25.74
Weighted-average grant date fair value-stock options	\$ 8.62	\$ 7.77	\$ 7.42	\$ 5.97
Assumptions:				
Weighted-average expected volatility	29.3%	31.4%	58.8%	41.3%
Weighted-average expected term (in years)	5.3	5.3	5.3	4.7
Risk-free interest rate	2.1%	2.5%	1.7%	1.4%
Expected dividend yield	2.4%	2.6%	4.1%	3.2%

* Includes options granted under the stock option exchange program which is described below.

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

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

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

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

Stock-Based Compensation Expense

The amount of stock-based compensation expense recognized during a period is based on the value of the awards that are ultimately expected to vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered stock-based award. Based on an analysis of its historical forfeitures, the Company has applied an annual forfeiture rate of 4.3% to all unvested stock-based awards as of October 29, 2011. The rate of 4.3% represents the portion that is expected to be forfeited each year over the vesting period. This analysis will be re-evaluated quarterly and the forfeiture rate will be adjusted as necessary. Ultimately, the actual expense recognized over the vesting period will only be for those options that vest.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Additional paid-in-capital (APIC) Pool

The APIC pool represents the excess tax benefits related to share-based compensation that are available to absorb future tax deficiencies. If the amount of future tax deficiencies is greater than the available APIC pool, the Company records the excess as income tax expense in its consolidated statements of income. For fiscal years 2009 and 2010, the Company had a sufficient APIC pool to cover any tax deficiencies recorded and as a result, these deficiencies did not affect its results of operations. During fiscal 2011, the Company recognized an immaterial amount of income tax expense resulting from tax shortfalls related to share-based compensation in its consolidated statement of income.

Stock-option Exchange

During fiscal 2009, shareholders approved and the Company completed an employee stock option exchange program (Option Exchange). The Option Exchange provided eligible employees of the Company, except named executive officers and directors, the opportunity to exchange eligible stock option grants for a smaller number of new stock options with a lower exercise price, or in some instances cash, that had approximately the same fair value as the options surrendered.

On September 28, 2009 the Company granted stock options for approximately 15.2 million shares in the aggregate to approximately 3,100 employees who elected to participate in the Option Exchange. The new stock options issued were subject to a new vesting period and a new contractual term based on the grant date of the original options. In addition, the Company made cash payments of approximately \$2.6 million to approximately 5,100 employees whose exchanged options would each have resulted in a new stock option for fewer than 100 shares. As a result of the exchange, employees elected to surrender options for approximately 33.6 million options, which were cancelled upon the grant of the new options on September 28, 2009.

The exchange of options in this Option Exchange is treated as a modification of the existing stock options for accounting purposes. Accordingly, any unrecognized compensation expense from the surrendered stock options will be recognized over the original service period of the surrendered option. Because the exchange ratios were calculated to result in the fair value of surrendered eligible stock options that was approximately equal to the fair value of the new stock options replacing them, the amount of incremental expense was immaterial.

Stock-Based Compensation Activity

A summary of the activity under the Company's stock option plans as of October 29, 2011 and changes during the fiscal year then ended is presented below:

	Options Outstanding	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Options outstanding at October 30, 2010	43,079	\$ 29.87		
Options granted	1,990	\$ 37.59		
Options exercised	(8,260)	\$ 26.32		
Options forfeited	(450)	\$ 27.71		
Options expired	(2,243)	\$ 44.08		
Options outstanding October 29, 2011	<u>34,116</u>	\$ 30.27	4.5	\$ 274,486
Options exercisable at October 29, 2011	21,510	\$ 31.44	3.5	\$ 155,665
Options vested or expected to vest October 29, 2011(1)	33,507	\$ 30.29	4.4	\$ 269,320

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The total intrinsic value of options exercised (i.e. the difference between the market price at exercise and the price paid by the employee to exercise the options) during fiscal 2011, 2010 and 2009 was \$96.5 million, \$29.6 million and \$4.7 million, respectively. The total amount of proceeds received by the Company from exercise of these options during fiscal 2011, 2010 and 2009 was \$217.4 million, \$240.4 million and \$15.1 million, respectively.

Proceeds from stock option exercises pursuant to employee stock plans in the Company's statement of cash flows of \$217.2 million, \$216.1 million and \$12.4 million for fiscal 2011, 2010 and 2009, respectively, are net of the value of shares surrendered by employees in certain limited circumstances to satisfy the exercise price of options, and to satisfy employee tax obligations upon vesting of restricted stock or restricted stock units and in connection with the exercise of stock options granted to the Company's employees under the Company's equity compensation plans. The withholding amount is based on the Company's minimum statutory withholding requirement.

A summary of the Company's restricted stock unit award activity as of October 29, 2011 and changes during the year then ended is presented below:

	Restricted Stock Units Outstanding	Weighted- Average Grant- Date Fair Value Per Share
Restricted stock units outstanding at October 30, 2010	1,265	\$ 28.21
Units granted	898	\$ 34.93
Restrictions lapsed	(33)	\$ 24.28
Units forfeited	(42)	\$ 31.39
Restricted stock units outstanding at October 29, 2011	2,088	\$ 31.10

As of October 29, 2011, there was \$88.6 million of total unrecognized compensation cost related to unvested share-based awards comprised of stock options and restricted stock units. That cost is expected to be recognized over a weighted-average period of 1.3 years. The total grant-date fair value of shares that vested during fiscal 2011, 2010 and 2009 was approximately \$49.6 million, \$67.7 million and \$74.4 million, respectively.

Common Stock Repurchase Program

The Company's common stock repurchase program has been in place since August 2004. In the aggregate, the Board of Directors has authorized the Company to repurchase \$5 billion of the Company's common stock under the program. Under the program, the Company may repurchase outstanding shares of its common stock from time to time in the open market and through privately negotiated transactions. Unless terminated earlier by resolution of the Company's Board of Directors, the repurchase program will expire when the Company has repurchased all shares authorized under the program. As of October 29, 2011, the Company had repurchased a total of approximately 125.0 million shares of its common stock for approximately \$4,278.5 million under this program. An additional \$721.5 million remains available for repurchase of shares under the current authorized program. The repurchased shares are held as authorized but unissued shares of common stock. Any future common stock repurchases will be dependent upon several factors, including the amount of cash available to the Company in the United States and the Company's financial performance, outlook and liquidity. The Company also from time to time repurchases shares in settlement of employee tax withholding obligations due upon the vesting of restricted stock units, or in certain limited circumstances to satisfy the exercise price of options granted to the Company's employees under the Company's equity compensation plans.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Preferred Stock

The Company has 471,934 authorized shares of \$1.00 par value preferred stock, none of which is issued or outstanding. The Board of Directors is authorized to fix designations, relative rights, preferences and limitations on the preferred stock at the time of issuance.

4. Industry, Segment and Geographic Information

The Company operates and tracks its results in one reportable segment based on the aggregation of five operating segments. 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.

Revenue Trends by End Market

The following table summarizes revenue by end market. The categorization of revenue by end market is determined using a variety of data points including the technical characteristics of the product, the “sold to” customer information, the “ship to” customer information and the end customer product or application into which the Company’s product will be incorporated. As data systems for capturing and tracking this data evolve and improve, the categorization of products by end market can vary over time. When this occurs, the Company reclassifies revenue by end market for prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each end market. During fiscal year 2011, the Company consolidated the computer end market, which represented approximately 1% of fiscal 2011 revenue, into the consumer end market, and reclassified handset revenue, which represented approximately 3% of fiscal 2011 revenue, from the communications end market to the consumer end market, for all periods presented.

	2011			2010		2009	
	Revenue	% of Total Product Revenue*	Y/Y%	Revenue	% of Total Product Revenue	Revenue	% of Total Product Revenue
Industrial	\$ 1,397,634	47%	10%	\$ 1,267,736	46%	\$ 860,696	43%
Automotive	415,444	14%	25%	333,644	12%	200,329	10%
Consumer	586,945	20%	(6)%	626,565	23%	508,848	25%
Communications	593,297	20%	11%	533,558	19%	445,035	22%
Total Revenue	\$ 2,993,320	100%	8%	\$ 2,761,503	100%	\$ 2,014,908	100%

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

Revenue Trends by Product

The following table summarizes revenue by product categories. The categorization of the Company’s products into broad categories is based on the characteristics of the individual products, the specification of the products and in some cases the specific uses that certain products have within applications. The categorization of products into categories is therefore subject to judgment in some cases and can vary over time. In instances where products move between product categories, the Company reclassifies the amounts in the product categories for all prior periods.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each product category.

	2011			2010		2009	
	Revenue	% of Total Product Revenue	Y/Y%	Revenue	% of Total Product Revenue	Revenue	% of Total Product Revenue*
Converters	\$ 1,343,492	45%	4%	\$ 1,295,678	47%	\$ 1,005,004	50%
Amplifiers/Radio frequency	788,498	26%	12%	701,634	25%	501,942	25%
Other analog	410,233	14%	23%	334,649	12%	216,473	11%
Subtotal analog signal processing	2,542,223	85%	9%	2,331,961	84%	1,723,419	86%
Power management & reference	217,501	7%	12%	194,699	7%	118,148	6%
Total analog products	\$ 2,759,724	92%	9%	\$ 2,526,660	91%	\$ 1,841,567	91%
Digital signal processing	233,596	8%	(1)%	234,843	9%	173,341	9%
Total Revenue	\$ 2,993,320	100%	8%	\$ 2,761,503	100%	\$ 2,014,908	100%

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Geographic Information

The Company operates in the following major geographic areas. Revenue data is based upon customer location and property, plant and equipment data is based upon physical location. In fiscal years 2011, 2010 and 2009, the predominant countries comprising "Rest of North and South America" are Canada and Mexico; the predominant countries comprising "Europe" are Germany, Sweden, France and the United Kingdom; and the predominant countries comprising "Rest of Asia" are Taiwan and South Korea.

	2011	2010	2009
Revenue from continuing operations			
United States	\$ 532,011	\$ 508,187	\$ 401,608
Rest of North and South America	164,079	153,962	92,954
Europe	838,719	703,717	502,602
Japan	400,456	441,826	349,907
China	596,433	508,489	376,080
Rest of Asia	461,622	445,322	291,757
Subtotal all foreign countries	2,461,309	2,253,316	1,613,300
Total revenue	<u>\$ 2,993,320</u>	<u>\$ 2,761,503</u>	<u>\$ 2,014,908</u>
Property, plant and equipment			
United States	\$ 187,013	\$ 188,776	\$ 204,758
Ireland	128,660	139,165	155,428
Philippines	149,098	131,963	103,209
All other countries	14,068	12,761	13,121
Subtotal all foreign countries	291,826	283,889	271,758
Total property, plant and equipment	<u>\$ 478,839</u>	<u>\$ 472,665</u>	<u>\$ 476,516</u>

5. Special Charges

On an on-going basis, the Company monitors global macro-economic conditions, and continues to assess opportunities for improved operational effectiveness and efficiency and better alignment of expenses with revenues. As a result of these assessments, the Company has undertaken various restructuring actions over the past several years. These actions are described below.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table displays the special charges taken related to these actions and a roll-forward from November 1, 2008 to October 29, 2011 of the employee separation and exit cost accruals established related to these actions.

Statement of Income	Closure of Wafer Fabrication Facility in Sunnyvale	Consolidation of a Wafer Fabrication Facility in Limerick	Reduction of Operating Costs	Closure of Wafer Fabrication Facility in Cambridge	Total Special Charges
Workforce reductions	\$ —	\$ —	\$ 1,627	\$ —	\$ 1,627
Change in estimate	—	1,461	—	—	1,461
Total Fiscal 2008 Charges	\$ —	\$ 1,461	\$ 1,627	\$ —	\$ 3,088
Workforce reductions	—	—	26,583	7,446	34,029
Facility closure costs	—	1,191	2,411	57	3,659
Non-cash impairment charge	—	—	839	14,629	15,468
Other items	—	—	500	—	500
Total Fiscal 2009 Charges	\$ —	\$ 1,191	\$ 30,333	\$ 22,132	\$ 53,656
Workforce reductions	—	—	10,908	—	10,908
Facility closure costs	375	—	—	4,689	5,064
Non-cash impairment charge	—	—	487	—	487
Other items	—	—	24	—	24
Total Fiscal 2010 Charges	\$ 375	\$ —	\$ 11,419	\$ 4,689	\$ 16,483
Workforce reductions	—	—	2,239	—	2,239
Total Fiscal 2011 Charges	\$ —	\$ —	\$ 2,239	\$ —	\$ 2,239

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accrued Restructuring	Closure of Wafer Fabrication Facility in Sunnyvale	Consolidation of a Wafer Fabrication Facility in Limerick	Reduction of Operating Costs	Closure of Wafer Fabrication Facility in Cambridge	Total Special Charge
Balance at November 1, 2008	\$ 1,747	\$ 11,754	\$ 1,501	\$ —	\$ 15,002
Fiscal 2009 special charges	—	1,191	30,333	22,132	53,656
Severance payments	—	(11,802)	(21,156)	(756)	(33,714)
Facility closure costs	(1,578)	(1,164)	(1,195)	(57)	(3,994)
Non-cash impairment charge	—	—	(839)	(14,629)	(15,468)
Other payments	—	—	(503)	—	(503)
Effect of foreign currency on accrual	—	333	20	—	353
Balance at October 31, 2009	\$ 169	\$ 312	\$ 8,161	\$ 6,690	\$ 15,332
Fiscal 2010 special charges	375	—	11,419	4,689	16,483
Severance payments	—	(302)	(12,223)	(5,337)	(17,862)
Facility closure costs	(544)	—	(1,216)	(4,079)	(5,839)
Non-cash impairment charge	—	—	(487)	—	(487)
Other payments	—	—	(24)	—	(24)
Effect of foreign currency on accrual	—	(10)	(84)	—	(94)
Balance at October 30, 2010	\$ —	\$ —	\$ 5,546	\$ 1,963	\$ 7,509
Fiscal 2011 special charges	—	—	2,239	—	2,239
Severance payments	—	—	(3,913)	(1,352)	(5,265)
Facility closure costs	—	—	—	(611)	(611)
Effect of foreign currency on accrual	—	—	4	—	4
Balance at October 29, 2011	\$ —	\$ —	\$ 3,876	\$ —	\$ 3,876

Closure of Wafer Fabrication Facility in Sunnyvale

The Company ceased production at its California wafer fabrication facility in November 2006. The Company paid the related lease obligation costs on a monthly basis over the remaining lease term, which expired in March 2010. The Company recorded a one-time settlement charge of \$0.4 million in fiscal 2010 related to the termination of the lease. This action was completed during fiscal 2010.

Consolidation of a Wafer Fabrication Facility in Limerick

During fiscal 2007 through fiscal 2010, the Company recorded special charges of \$16.4 million as a result of its decision to only use eight-inch technology at its wafer fabrication facility in Limerick. These special charges included \$14.9 million for severance and fringe benefit costs in accordance with the Company's ongoing benefit plan for 150 manufacturing employees and \$1.5 million for clean-up and closure costs that were expensed as incurred. The production in the six-inch wafer fabrication facility ceased during the fourth quarter of fiscal 2009. This action was completed during fiscal 2010.

Reduction of Operating Costs

During fiscal 2008 through fiscal 2010, in order to further reduce its operating cost structure, the Company recorded special charges of approximately \$43.3 million. These special charges included: \$39.1 million for severance and fringe benefit costs in accordance with its ongoing benefit plan or statutory requirements at foreign locations for 245 manufacturing employees and 470 engineering and SMG&A employees; \$2.1 million for lease obligation costs for facilities that the Company ceased using during the first quarter of fiscal 2009; \$0.8 million for the write-off of property, plant and equipment; \$0.5 million for contract termination costs and \$0.3 million for clean-up and closure costs that were expensed as incurred; and \$0.5 million related to the impairment of intellectual property. The Company terminated the employment of all employees associated with this action and is paying amounts owed to them as income continuance.

During fiscal 2011, in order to further reduce its operating cost structure, the Company recorded a special charge of approximately \$2.2 million for severance and fringe benefit costs in accordance with its ongoing benefit plan or statutory requirements at foreign locations for 25 engineering and SMG&A employees. As of October 29, 2011, the Company still employed 13 of the 25 employees included in this cost reduction action. These employees must continue to be employed by the Company until their employment is involuntarily terminated in order to receive the severance benefit.

Closure of a Wafer Fabrication Facility in Cambridge

During fiscal 2009 and fiscal 2010, the Company recorded special charges of \$26.8 million as a result of its decision to consolidate its Cambridge, Massachusetts wafer fabrication facility into its existing Wilmington, Massachusetts facility. These special charges included: \$7.4 million for severance and fringe benefit costs recorded in accordance with the Company's ongoing benefit plan for 124 manufacturing employees and 9 SMG&A employees; \$14.6 million for the impairment of manufacturing assets; \$3.4 million for lease obligation costs for the Cambridge wafer fabrication facility, which the Company ceased using in the first quarter of fiscal 2010; and \$1.4 million for clean-up and closure costs that were expensed as incurred. This action was completed during the third quarter of fiscal 2011.

6. Acquisitions

In fiscal 2006, the Company acquired substantially all the outstanding stock of privately-held Integrant Technologies, Inc. (Integrant) of Seoul, Korea. The acquisition enabled the Company to enter the mobile TV market and strengthened its presence in the Asian region. The Company paid \$8.4 million related to the purchase of shares from the founder of Integrant during the period from July 2007 through July 2009. The Company recorded these payments as additional goodwill.

In fiscal 2006, the Company acquired all the outstanding stock of privately-held AudioAsics A/S (AudioAsics) of Roskilde, Denmark. The acquisition of AudioAsics allowed the Company to continue developing low-power audio solutions, while expanding its presence in the Nordic and Eastern European regions. The Company paid additional cash payments of \$3.1 million during fiscal 2009 for the achievement of revenue-based milestones during the period from October 2006 through January 2009, which were recorded as additional goodwill. In addition, the Company paid \$3.2 million during fiscal 2009 based on the achievement of technological milestones during the period from October 2006 through January 2009, which were recorded as compensation expense in fiscal 2008. All revenue and technological milestones related to this acquisition have been met and no additional payments will be made.

On June 9, 2011, the Company acquired privately-held Lyric Semiconductor, Inc. (Lyric) of Cambridge, Massachusetts. The acquisition of Lyric gives the Company the potential to achieve an order of magnitude improvement in power efficiency in mixed signal processing. The acquisition-date fair value of the consideration transferred totaled \$27.8 million, which consisted of \$14.0 million in initial cash payments at closing and

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

contingent consideration of up to \$13.8 million. The contingent consideration arrangement requires additional cash payments to the former equity holders of Lyric upon the achievement of certain technological and product development milestones payable during the period from June 2011 through June 2016. The Company estimated the fair value of the contingent consideration arrangement utilizing the income approach. Changes in the fair value of the contingent consideration subsequent to the acquisition date primarily driven by assumptions pertaining to the achievement of the defined milestones will be recognized in operating income in the period of the estimated fair value change. As of October 29, 2011, no contingent payments have been made and the fair value of the contingent consideration was approximately \$14.0 million. The Company allocated the purchase price to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition, resulting in the recognition of \$12.2 million of IPR&D, \$18.9 million of goodwill and \$3.3 million of net deferred tax liabilities. The goodwill recognized is attributable to future technologies that have yet to be determined as well as the assembled workforce of Lyric. Future technologies do not meet the criteria for recognition separately from goodwill because they are a part of future development and growth of the business. None of the goodwill is expected to be deductible for tax purposes. In addition, the Company will be obligated to pay royalties to the former equity holders of Lyric on revenue recognized from the sale of Lyric products and licenses through the earlier of 20 years or the accrual of a maximum of \$25 million. Royalty payments to Lyric employees require post-acquisition services to be rendered and, as such, the Company will record these amounts as compensation expense in the related periods. As of October 29, 2011, no royalty payments have been made. The Company recognized \$0.2 million of acquisition-related costs that were expensed in the third quarter of fiscal 2011. These costs are included in operating expenses in the consolidated statement of income.

The Company has not provided pro forma results of operations for Integrant, AudioAsics and Lyric herein as they were not material to the Company on either an individual or an aggregate basis. The Company included the results of operations of each acquisition in its consolidated statement of income from the date of such acquisition.

7. Deferred Compensation Plan Investments

Investments in The Analog Devices, Inc. Deferred Compensation Plan (the Deferred Compensation Plan) are classified as trading. The components of the investments as of October 29, 2011 and October 30, 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Money market funds	\$ 17,187	\$ 1,840
Mutual funds	9,223	6,850
Total Deferred Compensation Plan investments	\$ 26,410	\$ 8,690

The fair values of these investments are based on published market quotes on October 29, 2011 and October 30, 2010, respectively. Adjustments to the fair value of, and income pertaining to, Deferred Compensation Plan investments are recorded in operating expenses. Gross realized and unrealized gains and losses from trading securities were not material in fiscal 2011, 2010 or 2009.

The Company has recorded a corresponding liability for amounts owed to the Deferred Compensation Plan participants (see Note 10). These investments are specifically designated as available to the Company solely for the purpose of paying benefits under the Deferred Compensation Plan. However, in the event the Company became insolvent, the investments would be available to all unsecured general creditors.

8. Other Investments

Other investments consist of equity securities and other long-term investments. Investments are stated at fair value, which is based on market quotes or on a cost-basis, dependent on the nature of the investment, as appropriate. Adjustments to the fair value of investments classified as available-for-sale are recorded as an increase or decrease

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

in accumulated other comprehensive (loss) income, unless the adjustment is considered an other-than-temporary impairment, in which case the adjustment is recorded as a charge in the statement of income.

During fiscal 2010, the Company recognized an other-than-temporary impairment of \$0.7 million. The investment impairment was related to the decline in fair value of a publicly-traded equity investment below cost basis that was determined to be other-than-temporary.

There were no realized gains or losses recorded in fiscal 2011, 2010 or 2009.

Unrealized gains and losses on securities classified as other investments as of October 29, 2011 and October 30, 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Unrealized gains	\$ 1,038	\$ 1,041
Unrealized losses	(179)	—
Net unrealized gains on securities classified as other investments	<u>\$ 859</u>	<u>\$ 1,041</u>

9. Accrued Liabilities

Accrued liabilities at October 29, 2011 and October 30, 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Accrued compensation and benefits	\$ 91,918	\$ 128,113
Special charges	3,876	7,509
Other	61,822	71,465
Total accrued liabilities	<u>\$ 157,616</u>	<u>\$ 207,087</u>

10. Deferred Compensation Plan Liability

The deferred compensation plan liability relates to obligations due under the Deferred Compensation Plan. The Deferred Compensation Plan allows certain members of management and other highly-compensated employees and non-employee directors to defer receipt of all or any portion of their compensation. The balance represents Deferred Compensation Plan participant accumulated deferrals and earnings thereon since the inception of the Deferred Compensation Plan net of withdrawals. The Company's liability under the Deferred Compensation Plan is an unsecured general obligation of the Company.

11. Lease Commitments

The Company leases certain of its facilities, equipment and software under various operating leases that expire at various dates through 2022. The lease agreements frequently include renewal and escalation clauses and require the Company to pay taxes, insurance and maintenance costs. Total rental expense under operating leases was approximately \$45 million in fiscal 2011, \$40 million in fiscal 2010 and \$40 million in fiscal 2009.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following is a schedule of future minimum rental payments required under long-term operating leases at October 29, 2011:

Fiscal Years	Operating Leases
2012	\$ 17,590
2013	12,724
2014	6,951
2015	5,649
2016	3,669
Later Years	19,472
Total	<u>\$ 66,055</u>

12. Commitments and Contingencies

From time to time in the ordinary course of the Company's business, various claims, charges and litigation are asserted or commenced against the Company arising from, or related to, contractual matters, patents, trademarks, personal injury, environmental matters, product liability, insurance coverage and personnel and employment disputes. As to such claims and litigation, the Company can give no assurance that it will prevail. The Company does not believe that any current legal matters will have a material adverse effect on the Company's financial position, results of operations or cash flows.

13. Retirement Plans

The Company and its subsidiaries have various savings and retirement plans covering substantially all employees. The Company maintains a defined contribution plan for the benefit of its eligible U.S. employees. This plan provides for Company contributions of up to 5% of each participant's total eligible compensation. In addition, the Company contributes an amount equal to each participant's pre-tax contribution, if any, up to a maximum of 3% of each participant's total eligible compensation. The total expense related to the defined contribution plan for U.S. employees was \$21.9 million in fiscal 2011, \$20.5 million in fiscal 2010 and \$21.5 million in fiscal 2009. The Company also has various defined benefit pension and other retirement plans for certain non-U.S. employees that are consistent with local statutory requirements and practices. The total expense related to the various defined benefit pension and other retirement plans for certain non-U.S. employees was \$21.4 million in fiscal 2011, \$11.7 million in fiscal 2010 and \$10.9 million in fiscal 2009.

Non-U.S. Plan Disclosures

The Company's funding policy for its foreign defined benefit pension plans is consistent with the local requirements of each country. The plans' assets consist primarily of U.S. and non-U.S. equity securities, bonds, property and cash. The benefit obligations and related assets under these plans have been measured at October 29, 2011 and October 30, 2010.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Components of Net Periodic Benefit Cost

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Service cost	\$ 9,175	\$ 5,933	\$ 6,368
Interest cost	11,395	9,594	9,525
Expected return on plan assets	(10,938)	(11,079)	(10,703)
Amortization of prior service cost	—	1	5
Amortization of transition obligation (asset)	15	(27)	(40)
Recognized actuarial loss (gain)	1,630	(133)	(519)
Subtotal	<u>\$ 11,277</u>	<u>\$ 4,289</u>	<u>\$ 4,636</u>
Settlement impact	—	(39)	207
Special termination benefits	—	—	281
Net periodic pension cost	<u>\$ 11,277</u>	<u>\$ 4,250</u>	<u>\$ 5,124</u>

The special termination benefits presented relate to certain early retirement benefits provided in certain jurisdictions.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Benefit Obligations and Plan Assets

Obligation and asset data of the Company's non-U.S. plans at each fiscal year end is presented in the following table:

	<u>2011</u>	<u>2010</u>
Change in Benefit Obligation		
Benefit obligation at beginning of year	\$ 215,012	\$ 165,047
Service cost	9,175	5,933
Interest cost	11,395	9,594
Participant contributions	2,301	2,378
Premiums paid	(192)	(81)
Actuarial (gain) loss	(27,544)	40,227
Benefits paid	(2,625)	(3,170)
Exchange rate adjustment	3,391	(4,916)
Benefit obligation at end of year	<u>\$ 210,913</u>	<u>\$ 215,012</u>
Change in Plan Assets		
Fair value of plan assets at beginning of year	\$ 176,220	\$ 135,643
Actual return on plan assets	(2,938)	17,480
Employer contributions	9,233	28,433
Participant contributions	2,301	2,378
Premiums paid	(192)	(81)
Benefits paid	(2,625)	(3,170)
Exchange rate adjustment	2,755	(4,463)
Fair value of plan assets at end of year	<u>\$ 184,754</u>	<u>\$ 176,220</u>
Reconciliation of Funded Status		
Funded status	<u>\$ (26,159)</u>	<u>\$ (38,792)</u>
Amounts Recognized in the Balance Sheet		
Non-current assets	\$ 2,741	\$ 4,160
Current liabilities	(573)	(520)
Non-current liabilities	(28,327)	(42,432)
Net amount recognized	<u>\$ (26,159)</u>	<u>\$ (38,792)</u>

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	2011	2010
Reconciliation of Amounts Recognized in the Statement of Financial Position		
Initial net obligation	\$ (125)	\$ (138)
Net loss	(30,613)	(45,467)
Accumulated other comprehensive loss	(30,738)	(45,605)
Accumulated contributions in excess of net periodic benefit cost	4,579	6,813
Net amount recognized	<u>\$ (26,159)</u>	<u>\$ (38,792)</u>
Changes Recognized in Other Comprehensive Income		
<i>Changes in plan assets and benefit obligations recognized in other comprehensive income</i>		
Net (gain) loss arising during the year (includes curtailment gains not recognized as a component of net periodic cost)	\$ (13,667)	\$ 33,828
Effect of exchange rates on amounts included in accumulated other comprehensive income	445	765
<i>Amounts recognized as a component of net periodic benefit cost</i>		
Amortization, settlement or curtailment recognition of net transition (obligation) asset	(15)	27
Amortization or curtailment recognition of prior service cost	—	(1)
Amortization or settlement recognition of net (loss) gain	(1,630)	172
Total recognized in other comprehensive (income) loss	<u>\$ (14,867)</u>	<u>\$ 34,791</u>
Total recognized in net periodic cost and other comprehensive (income) loss	<u>\$ (3,590)</u>	<u>\$ 39,041</u>
Estimated amounts that will be amortized from accumulated other comprehensive (loss) income over the next fiscal year		
Initial net obligation	\$ (20)	\$ (15)
Net loss	(366)	(1,625)
Total	<u>\$ (386)</u>	<u>\$ (1,640)</u>

The accumulated benefit obligation for non-U.S. pension plans was \$169.0 million and \$168.9 million at October 29, 2011 and October 30, 2010, respectively.

Information relating to the Company's non-U.S. plans with projected benefit obligations in excess of plan assets and accumulated benefit obligations in excess of plan assets at each fiscal year end is presented in the following table:

	2011	2010
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligation	\$ 180,182	\$ 188,741
Fair value of plan assets	\$ 151,281	\$ 145,789
Plans with accumulated benefit obligations in excess of plan assets:		
Projected benefit obligation	\$ 25,236	\$ 23,278
Accumulated benefit obligation	\$ 21,022	\$ 19,360
Fair value of plan assets	\$ 635	\$ 602

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Assumptions

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

	<u>2011</u>	<u>2010</u>
Discount rate	5.60%	5.33%
Rate of increase in compensation levels	3.07%	3.40%

Net annual periodic pension cost was determined using the following weighted average assumptions:

	<u>2011</u>	<u>2010</u>
Discount rate	5.33%	6.32%
Expected long-term return on plan assets	6.15%	6.73%
Rate of increase in compensation levels	3.40%	3.72%

The expected long-term rate of return on assets is a weighted-average of the long-term rates of return selected for the various countries where the Company has funded pension plans. The expected long-term rate of return on assets assumption is selected based on the facts and circumstances that exist as of the measurement date and the specific portfolio mix of plan assets. Management, in conjunction with its actuaries, reviewed anticipated future long-term performance of individual asset categories and considered the asset allocation strategy adopted by the Company and/or the trustees of the plans. While the review considered recent fund performance and historical returns, the assumption is primarily a long-term prospective rate.

The Company's investment strategy is based on an expectation that equity securities will outperform debt securities over the long term. Accordingly, in order to maximize the return on assets, a majority of assets are invested in equities. Investments within each asset class are diversified to reduce the impact of losses in single investments. The use of derivative instruments is permitted where appropriate and necessary to achieve overall investment policy objectives and asset class targets.

The Company establishes strategic asset allocation percentage targets and appropriate benchmarks for each significant asset class to obtain a prudent balance between return and risk. The interaction between plan assets and benefit obligations is periodically studied by the Company and its actuaries to assist in the establishment of strategic asset allocation targets.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fair value of plan assets

The following table presents plan assets measured at fair value on a recurring basis by investment categories as of October 29, 2011 and October 30, 2010 using the same three-level hierarchy described in Note 2j:

	October 29, 2011				October 30, 2010			
	Fair Value Measurement at Reporting Date Using:				Fair Value Measurement at Reporting Date Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Unit trust funds(1)	\$ —	\$ 100,161	\$ —	\$ 100,161	\$ —	\$ 131,650	\$ —	\$ 131,650
Equities(1)	2,003	56,163	614	58,780	1,589	19,356	607	21,552
Fixed income securities(2)	—	21,984	—	21,984	—	19,214	—	19,214
Property(3)	—	—	3,166	3,166	—	—	3,186	3,186
Cash and cash equivalents	663	—	—	663	618	—	—	618
Total assets measured at fair value	\$ 2,666	\$ 178,308	\$ 3,780	\$ 184,754	\$ 2,207	\$ 170,220	\$ 3,793	\$ 176,220

- (1) The majority of the assets in these categories are invested in a mix of equities, including those from North America, Europe and Asia. The funds are valued using the net asset value method in which an average of the market prices for underlying investments is used to value the fund. Due to the nature of the underlying assets of these funds, changes in market conditions and the economic environment may significantly impact the net asset value of these investments and, consequently, the fair value of the investments. These investments are redeemable at net asset value to the extent provided in the documentation governing the investments. However, these redemption rights may be restricted in accordance with governing documents. Publicly traded securities are valued at the last trade or closing price reported in the active market in which the individual securities are traded. Level 3 securities are valued at book value per share based upon the financial statements of the investment.
- (2) The majority of the assets in this category are invested in funds primarily concentrated in non-U.S. debt instruments. The funds are valued using the net asset value method in which an average of the market prices for underlying investments is used to value the fund.
- (3) The majority of the assets in this category are invested in properties in Ireland, the UK, Europe and established international markets. Investments in properties are stated at estimated fair values based upon valuations by external independent property values.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The table below presents a reconciliation of the plan assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for fiscal years 2010 and 2011.

	<u>Properties</u>	<u>Equities</u>
Balance as of October 31, 2009	\$ 2,340	\$ 550
Purchases, sales, and settlements, net	899	—
Realized and unrealized return on plan assets	(53)	—
Effect on conversion to United States dollar	—	57
Balance as of October 30, 2010	\$ 3,186	\$ 607
Purchases, sales, and settlements, net	64	—
Realized and unrealized return on plan assets	(141)	—
Effect on conversion to United States dollar	57	7
Balance as of October 29, 2011	\$ 3,166	\$ 614

Estimated future cash flows

Expected fiscal 2012 Company contributions and estimated future benefit payments are as follows:

Expected Company Contributions	
2012	\$ 10,342
Expected Benefit Payments	
2012	\$ 3,673
2013	\$ 4,251
2014	\$ 4,372
2015	\$ 4,280
2016	\$ 4,673
2017 through 2021	\$ 33,722

14. Income Taxes

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
U.S. federal statutory tax rate	35.0%	35.0%	35.0%
Income tax provision reconciliation:			
Tax at statutory rate:	\$ 371,506	\$ 315,583	\$ 104,105
Irish income subject to lower tax rate	(143,938)	(129,741)	(50,972)
State income taxes, net of federal benefit	1,162	2,622	406
Valuation reserve	(6,700)	—	—
Research and development tax credits	(14,681)	(1,045)	(5,153)
Settlement of tax examination	(10,804)	—	—
Net foreign tax in excess of U.S. federal statutory tax rate	338	1,315	1,123
Other, net	3,670	1,706	527
Total income tax provision	<u>\$ 200,553</u>	<u>\$ 190,440</u>	<u>\$ 50,036</u>

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	2011	2010	2009
Pretax income:			
Domestic	\$ 355,819	\$ 289,748	\$ 1,133
Foreign	705,628	611,917	296,311
Income from continuing operations before income taxes	<u>\$ 1,061,447</u>	<u>\$ 901,665</u>	<u>\$ 297,444</u>

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

	2011	2010	2009
Current:			
Federal tax (benefit)	\$ 92,103	\$ 117,097	\$ (5,191)
Foreign	104,959	79,055	43,007
State	1,787	4,154	625
Total current	<u>\$ 198,849</u>	<u>\$ 200,306</u>	<u>\$ 38,441</u>
Deferred (prepaid):			
Federal	\$ 9,399	\$ (6,159)	\$ 16,718
State	(5,762)	(173)	315
Foreign	(1,933)	(3,534)	(5,438)
Total deferred (prepaid)	<u>\$ 1,704</u>	<u>\$ (9,866)</u>	<u>\$ 11,595</u>

The Company continues to intend to reinvest certain of its foreign earnings indefinitely. Accordingly, no U.S. income taxes have been provided for approximately \$2,805 million of unremitted earnings of international subsidiaries. As of October 29, 2011, the amount of unrecognized deferred tax liability on these earnings was \$736 million.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The significant components of the Company's deferred tax assets and liabilities for the fiscal years ended October 29, 2011 and October 30, 2010 are as follows:

	2011	2010
Deferred tax assets:		
Inventory reserves	\$ 23,503	\$ 24,495
Deferred income on shipments to distributors	34,061	32,870
Reserves for compensation and benefits	21,164	26,199
Tax credit carryovers	41,468	50,384
Stock-based compensation	91,417	75,827
Depreciation	4,781	4,553
Other	(592)	1,251
Total gross deferred tax assets	215,802	215,579
Valuation allowance	(34,768)	(50,384)
Total deferred tax assets	181,034	165,195
Deferred tax liabilities:		
Depreciation	(36,624)	(12,185)
Undistributed earnings of foreign subsidiaries	(24,025)	(24,229)
Other	(1,829)	(3,106)
Total gross deferred tax liabilities	(62,478)	(39,520)
Net deferred tax assets	\$ 118,556	\$ 125,675

The valuation allowances of \$34.8 million and \$50.4 million at October 29, 2011 and October 30, 2010, respectively, are a valuation allowance for the Company's state credit carryovers that began expiring in 2008.

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

As of October 29, 2011 and October 30, 2010, the Company had a liability of \$9.7 million and \$18.4 million, respectively, for gross unrealized tax benefits, all of which, if settled in the Company's favor, would lower the Company's effective tax rate in the period recorded. In addition, as of October 29, 2011 and October 30, 2010, the Company had a liability of approximately \$11.1 million and \$9.9 million, respectively, for interest and penalties. The Company includes interest and penalties related to unrecognized tax benefits within the provision for taxes in the consolidated statements of income. The total liability as of October 29, 2011 and October 30, 2010 of \$20.8 million and \$28.3 million, respectively, for uncertain tax positions is classified as non-current, and is included in other non-current liabilities, because the Company believes that the ultimate payment or settlement of these liabilities may not occur within the next twelve months. The consolidated statements of income for fiscal years 2011, 2010 and 2009 include \$0.9 million, \$1.8 million and \$1.7 million, respectively, of interest and penalties related to these uncertain tax positions. Over the next fiscal year, the Company anticipates the liability to be reduced by \$5.2 million for a tax settlement payment and the possible expiration of income tax statute of limitations.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the changes in the total amounts of unrealized tax benefits for fiscal 2009 through fiscal 2011.

Balance, November 1, 2008	\$ 13,750
Additions for tax positions of 2009	4,411
Balance, October 31, 2009	18,161
Additions for tax positions of 2010	286
Balance, October 30, 2010	\$ 18,447
Additions for tax positions related to prior years	9,265
Reductions for tax positions related to prior years	(17,677)
Settlements with taxing authorities	(370)
Balance, October 29, 2011	\$ 9,665

Fiscal Years 2004 and 2005 IRS Examination

During the fourth quarter of fiscal 2007, the Internal Revenue Service (IRS) completed its field examination of the Company's fiscal years 2004 and 2005. On January 2, 2008, the IRS issued its report for fiscal 2004 and 2005, which included four proposed adjustments related to these two fiscal years that the Company protested to the IRS Appeals Office. Two of the unresolved matters were one-time issues that pertain to Section 965 of the Internal Revenue Code related to the beneficial tax treatment of dividends paid from foreign owned companies under The American Jobs Creation Act. The other matters pertained to the computation of the research and development (R&D) tax credit and certain profits earned from manufacturing activities carried on outside the United States. The Company recorded a tax liability for a portion of the proposed R&D tax credit adjustment. These four items had an additional potential tax liability of \$46 million. The Company concluded, based on discussions with its tax advisors, that these items were not likely to result in any additional tax liability. Therefore, the Company did not record a tax liability for these items.

During the second quarter of fiscal 2011, the Company reached settlement with the IRS Appeals Office on three of the four items under protest. The remaining unresolved matter is a one-time issue pertaining to Section 965 of the Internal Revenue Code related to the beneficial tax treatment of dividends from foreign owned companies under The American Jobs Creation Act. The Company will file a petition with the Tax Court with respect to this open matter. The potential liability for this adjustment is \$36.5 million. The Company has concluded, based on discussions with its tax advisors, that this item is not likely to result in any additional tax liability. Therefore, the Company has not recorded any additional tax liability for this issue.

Fiscal Years 2006 and 2007 IRS Examination

During the third quarter of fiscal 2009, the IRS completed its field examination of the Company's fiscal years 2006 and 2007. The IRS and the Company agreed on the treatment of a number of issues that have been included in an Issue Resolutions Agreement related to the 2006 and 2007 tax returns. However, no agreement was reached on the tax treatment of a number of issues for the fiscal 2006 and fiscal 2007 years, including the same R&D tax credit and foreign manufacturing issues mentioned above related to fiscal 2004 and 2005, the pricing of intercompany sales (transfer pricing) and the deductibility of certain stock option compensation expenses. The Company recorded taxes related to a portion of the proposed R&D tax credit adjustment. These four items had an additional potential total tax liability of \$195 million. The Company concluded, based on discussions with its tax advisors that these items were not likely to result in any additional tax liability. Therefore, the Company did not record any additional tax liability for these items and appealed these proposed adjustments through the normal processes for the resolution of differences between the IRS and taxpayers.

During the second quarter of fiscal 2011, the Company reached an agreement with the IRS Appeals Office on three of the four protested items, two of which were the same issues settled relating to the 2004 and 2005 fiscal years. Transfer pricing remained as the only item under protest with the IRS Appeals Office related to the fiscal

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

2006 and fiscal 2007 years. The potential U.S. tax liability for this matter would have been \$157.5 million. The Company concluded, based on discussions with its tax advisors, that this item was not likely to result in any additional tax liability. Therefore, the Company did not record a tax liability for this issue.

During the third quarter of fiscal 2011, the Company reached an agreement with the IRS Appeals Office on transfer pricing, the remaining item under protest related to the fiscal 2006 and fiscal 2007 years. Under this agreement, there is no tax owed on the transfer pricing issue for those years.

As a result of settling all but the one-time issue pertaining to Section 965 of the Internal Revenue Code related to the beneficial tax treatment of dividends from foreign owned companies under The American Jobs Creation Act for the fiscal 2004 through fiscal 2007 years at the IRS Appeals Office, the Company recorded a net \$10.8 million tax benefit in the second quarter of fiscal 2011. The Company will file a petition with the Tax Court for the open matter.

Fiscal Years 2008 through 2010

The Company files U.S. federal, U.S. state and non-U.S. tax returns. The following major jurisdictions are no longer subject to examination: U.S. federal prior to fiscal year 2008 and Ireland prior to fiscal year 2007.

Although the Company believes its estimates of income tax payable are reasonable, no assurance can be given that the Company will prevail in the matters raised and that the outcome of one or all of these matters will not be different than that which is reflected in the historical income tax provisions and accruals. The Company believes such differences would not have a material impact on the Company's financial condition but could have a material impact on the Company's income tax provision, operating results and operating cash flows in the period in which such matters are resolved as well as for subsequent years.

15. Revolving Credit Facility

As of October 29, 2011, the Company had \$3,592.5 million of cash and cash equivalents and short-term investments, of which \$1,170.5 million was held in the United States. The balance of the Company's cash and cash equivalents and short-term investments was held outside the United States in various foreign subsidiaries. As the Company intends to reinvest certain of its foreign earnings indefinitely, this cash is not available to meet certain of the Company's cash requirements in the United States, including for cash dividends and common stock repurchases. The Company entered into a five-year, \$165 million unsecured revolving credit facility with certain institutional lenders in May 2008. To date, the Company has not borrowed under this credit facility but the Company may borrow in the future and use the proceeds for support of commercial paper issuance, stock repurchases, dividend payments, acquisitions, capital expenditures, working capital and other lawful corporate purposes. Any advances under this credit agreement will accrue interest at rates that are equal to LIBOR plus a margin that is based on the Company's leverage ratio. The terms of the facility impose restrictions on the Company's ability to undertake certain transactions, to create certain liens on assets and to incur certain subsidiary indebtedness. The terms of this facility also include financial covenants that require the Company to maintain a minimum interest coverage ratio and not exceed a maximum leverage ratio. As of October 29, 2011, the Company was compliant with these covenants.

16. Debt

On June 30, 2009, the Company issued \$375 million aggregate principal amount of 5.0% senior unsecured notes due July 1, 2014 (the 5.0% Notes) with semi-annual fixed interest payments on January 1 and July 1 of each year, commencing January 1, 2010. The sale of the 5.0% Notes was made pursuant to the terms of an underwriting agreement dated June 25, 2009 between the Company and Credit Suisse Securities (USA) LLC, as representative of the several underwriters named therein. The net proceeds of the offering were \$370.4 million, after issuing at a discount and deducting expenses, underwriting discounts and commissions, which will be amortized over the term of the 5.0% Notes. The indenture governing the 5.0% Notes contains covenants that may limit the Company's ability to: incur, create, assume or guarantee any debt for borrowed money secured by a lien upon a principal property; enter into sale and lease-back transactions with respect to a principal property; and consolidate with or merge into, or transfer or lease all or substantially all of its assets to, any other party. As of October 29, 2011, the

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Company was compliant with these covenants. The notes are subordinated to any future secured debt and to the other liabilities of our subsidiaries.

On June 30, 2009, the Company entered into interest rate swap transactions where the Company swapped the notional amount of its \$375 million of fixed rate debt at 5.0% into floating interest rate debt through July 1, 2014. Under the terms of the swaps, the Company will (i) receive on the \$375 million notional amount a 5.0% annual interest payment that is paid in two installments on the 1st business day of every January and July, commencing January 1, 2010 through and ending on the maturity date; and (ii) pay on the \$375 million notional amount an annual three month LIBOR plus 2.05% (2.42% as of October 29, 2011) interest payment, payable in four installments on the 1st business day of every January, April, July and October, commencing on October 1, 2009 and ending on the maturity date. The LIBOR-based rate is set quarterly three months prior to the date of the interest payment. The Company designated these swaps as fair value hedges. The changes in the fair value of the interest rate swaps were reflected in the carrying value of the interest rate swaps in other assets on the balance sheet. The carrying value of the debt on the balance sheet was adjusted by an equal and offsetting amount.

On December 22, 2010, Analog Devices Holdings B.V., a wholly owned subsidiary of the Company, entered into a credit agreement with Bank of America, N.A., London Branch as administrative agent. The borrower's obligations are guaranteed by the Company. The credit agreement provides for a term loan facility of \$145 million, which matures on December 22, 2013. The terms of the agreement provide for a three year principle amortization schedule with \$3.6 million payable quarterly every March, June, September and December with the balance payable upon the maturity date. During the third quarter of fiscal 2011 the Company made an additional principal payment of \$17.5 million. The loan will bear interest at a fluctuating rate for each period equal to the LIBOR rate corresponding with the tenor of the interest period plus a spread of 1.25% (1.61% as of October 29, 2011). The terms of this facility include limitations on subsidiary indebtedness and on liens against the assets of the Company and its subsidiaries, and also include financial covenants that require the Company to maintain a minimum interest coverage ratio and not exceed a maximum leverage ratio. As of October 29, 2011, the Company was compliant with these covenants. As of October 29, 2011, \$14.5 million of this debt was classified as short-term.

On April 4, 2011, the Company issued \$375 million aggregate principal amount of 3.0% senior unsecured notes due April 15, 2016 (the 3.0% Notes) with semi-annual fixed interest payments due on April 15 and October 15 of each year, commencing October 15, 2011. The sale of the 3.0% Notes was made pursuant to the terms of an underwriting agreement dated March 30, 2011 between the Company and Credit Suisse Securities (USA) LLC and Merrill Lynch, Pierce, Fenner and Smith Incorporated, as representative of the several underwriters named therein. The net proceeds of the offering were \$370.5 million, after issuing at a discount and deducting expenses, underwriting discounts and commissions, which will be amortized over the term of the 3.0% Notes. The indenture governing the 3.0% Notes contains covenants that may limit the Company's ability to: incur, create, assume or guarantee any debt for borrowed money secured by a lien upon a principal property; enter into sale and lease-back transactions with respect to a principal property; and consolidate with or merge into, or transfer or lease all or substantially all of its assets to, any other party. As of October 29, 2011, the Company was compliant with these covenants. The notes are subordinated to any future secured debt and to the other liabilities of our subsidiaries.

The Company's principle payments related to its long-term debt obligations are as follows: \$14.5 million in fiscal years 2012 and 2013; \$462.6 million in fiscal year 2014; and \$375 million in fiscal year 2016.

17. Subsequent Events

On November 18, 2011, the Board of Directors of the Company declared a cash dividend of \$0.25 per outstanding share of common stock. The dividend will be paid on December 21, 2011 to all shareholders of record at the close of business on December 2, 2011.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Analog Devices, Inc.

We have audited the accompanying consolidated balance sheets of Analog Devices, Inc. as of October 29, 2011 and October 30, 2010, and the related consolidated statements of income, shareholders' equity, comprehensive income, and cash flows for each of the three years in the period ended October 29, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15(b). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Analog Devices, Inc. at October 29, 2011 and October 30, 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended October 29, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Analog Devices, Inc.'s internal control over financial reporting as of October 29, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 22, 2011 expressed an unqualified opinion thereon.

Ernst + Young LLP

Boston, Massachusetts
November 22, 2011

ANALOG DEVICES, INC.
SUPPLEMENTARY FINANCIAL INFORMATION
(Unaudited)

Quarterly financial information for fiscal 2011 and fiscal 2010 (thousands, except per share amounts and as noted):

	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10
Revenue	716,134	757,902	790,780	728,504	769,990	720,290	668,240	602,983
Cost of sales	255,620	248,262	256,566	246,331	253,761	240,088	233,725	234,507
Gross margin	460,514	509,640	534,214	482,173	516,229	480,202	434,515	368,476
% of Revenue	64.3%	67.2%	67.6%	66.2%	67.0%	66.7%	65.0%	61.1%
Research and development	123,889	128,476	130,460	122,745	128,140	126,987	122,780	114,398
Selling, marketing, general and administrative	99,094	102,323	105,268	100,022	102,349	102,070	97,660	88,481
Special charges	2,239	—	—	—	—	—	—	16,483
Total operating expenses	225,222	230,799	235,728	222,767	230,489	229,057	220,440	219,362
Operating income from continuing operations	235,292	278,841	298,486	259,406	285,740	251,145	214,075	149,114
% of Revenue	33%	37%	38%	36%	37%	35%	32%	25%
Nonoperating (income) expenses:								
Interest expense	6,079	6,159	4,078	2,830	2,709	2,614	2,568	2,538
Interest income	(2,183)	(2,395)	(2,197)	(2,285)	(2,426)	(3,206)	(2,025)	(2,180)
Other, net	396	206	(151)	41	(2,600)	416	(488)	489
Total nonoperating (income) expense	4,292	3,970	1,730	586	(2,317)	(176)	55	847
Income from continuing operations before income taxes	231,000	274,871	296,756	258,820	288,057	251,321	214,020	148,267
% of Revenue	32%	36%	38%	36%	37%	35%	32%	25%
Provision for income taxes	47,473	54,936	54,930	43,214	63,063	51,830	46,880	28,667
Net income from continuing operations	183,527	219,935	241,826	215,606	224,994	199,491	167,140	119,600
Gain on sale of discontinued operations	—	—	—	6,500	—	—	—	859
Net income	183,527	219,935	241,826	222,106	224,994	199,491	167,140	120,459
% of Revenue	26%	29%	31%	30%	29%	28%	25%	20%
Earnings per share — basic								
Income from continuing operations	0.61	0.73	0.81	0.72	0.75	0.67	0.56	0.40
Net income	0.61	0.73	0.81	0.74	0.75	0.67	0.56	0.41
Earnings per share — diluted								
Income from continuing operations	0.60	0.71	0.78	0.70	0.73	0.65	0.55	0.39
Net income	0.60	0.71	0.78	0.72	0.73	0.65	0.55	0.40
Shares used to compute earnings per share (in thousands):								
Basic	298,910	299,616	299,923	299,218	298,228	298,027	297,825	295,469
Diluted	305,734	308,744	309,619	308,848	306,711	306,168	305,836	304,730
Dividends declared per share	0.25	0.25	0.22	0.22	0.22	0.22	0.20	0.20

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) *Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of Analog's disclosure controls and procedures as of October 29, 2011. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of October 29, 2011, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) *Management's Report on Internal Control Over Financial Reporting.*

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of October 29, 2011. In making this assessment, the company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Based on this assessment, our management concluded that, as of October 29, 2011, our internal control over financial reporting is effective based on those criteria.

Our independent registered public accounting firm that audited the financial statements included in this annual report has issued an attestation report on our internal control over financial reporting. This report appears below.

(c) *Attestation Report of the Registered Public Accounting Firm*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Analog Devices, Inc.

We have audited Analog Devices, Inc.'s internal control over financial reporting as of October 29, 2011, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Analog Devices, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Analog Devices, Inc. maintained, in all material respects, effective internal control over financial reporting as of October 29, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Analog Devices, Inc. as of October 29, 2011 and October 30, 2010, and the related consolidated statements of income, shareholders' equity, comprehensive income, and cash flows for each of the three years in the period ended October 29, 2011 of Analog Devices, Inc. and our report dated November 22, 2011 expressed an unqualified opinion thereon.

Ernst + Young LLP

Boston, Massachusetts
November 22, 2011

(d) *Changes in Internal Controls over Financial Reporting.* No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) occurred during the fiscal quarter ended October 29, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item relating to our directors and nominees is contained in our 2012 proxy statement under the caption "Proposal 1 — Election of Directors" and is incorporated herein by reference. Information required by this item relating to our executive officers is contained under the caption "EXECUTIVE OFFICERS OF THE COMPANY" in Part I of this Annual Report on Form 10-K and is incorporated herein by reference. Information required by this item relating to compliance with Section 16(a) of the Securities Exchange Act of 1934 is contained in our 2012 proxy statement under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" and is incorporated herein by reference.

We have adopted a written code of business conduct and ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and have posted it in the Corporate Governance section of our website which is located at www.analog.com. To the extent permitted by NYSE and SEC regulations, we intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding any amendments to, or waivers from, our code of business conduct and ethics by posting such information on our website which is located at www.analog.com.

During the fourth quarter of fiscal 2011, we made no material change to the procedures by which shareholders may recommend nominees to our Board of Directors, as described in our 2011 proxy statement.

Information required by this item relating to the audit committee of our Board of Directors is contained in our 2012 proxy statement under the caption "Corporate Governance — Board of Directors Meetings and Committees — Audit Committee" and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is contained in our 2012 proxy statement under the captions "Corporate Governance — Director Compensation" and "Information About Executive Compensation" and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item relating to security ownership of certain beneficial owners and management is contained in our 2012 proxy statement under the caption "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference. Information required by this item relating to securities authorized for issuance under equity compensation plans is contained in our 2012 proxy statement under the caption "Information About Executive Compensation — Securities Authorized for Issuance Under Equity Compensation Plans" and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item relating to transactions with related persons is contained in our 2012 proxy statement under the caption "Corporate Governance — Certain Relationships and Related Transactions" and is incorporated herein by reference. Information required by this item relating to director independence is contained in our 2012 proxy statement under the caption "Corporate Governance — Determination of Independence" and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item is contained in our 2012 proxy statement under the caption "Corporate Governance — Independent Registered Public Accounting Firm Fees and Other Matters" and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following are filed as part of this Annual Report on Form 10-K:

1. Financial Statements

The following consolidated financial statements are included in Item 8 of this Annual Report on Form 10-K:

- Consolidated Statements of Income for the years ended October 29, 2011, October 30, 2010 and October 31, 2009
- Consolidated Balance Sheets as of October 29, 2011 and October 30, 2010
- Consolidated Statements of Shareholders' Equity for the years ended October 29, 2011, October 30, 2010 and October 31, 2009
- Consolidated Statements of Comprehensive Income for the years ended October 29, 2011, October 30, 2010 and October 31, 2009
- Consolidated Statements of Cash Flows for the years ended October 29, 2011, October 30, 2010 and October 31, 2009

(b) Financial Statement Schedules

The following consolidated financial statement schedule is included in Item 15(b) of this Annual Report on Form 10-K:

Schedule II — Valuation and Qualifying Accounts

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

(c) Exhibits

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed or furnished with or incorporated by reference in this Annual Report on Form 10-K.

**ANALOG DEVICES, INC.
ANNUAL REPORT ON FORM 10-K
YEAR ENDED OCTOBER 29, 2011
ITEM 15(b)
FINANCIAL STATEMENT SCHEDULE**

ANALOG DEVICES, INC.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Years ended October 29, 2011, October 30, 2010 and October 31, 2009

(Thousands)

Description	Balance at Beginning of Period	Additions Charged to Income Statement	Deductions	Balance at End of Period
Accounts Receivable Reserves and Allowances:				
Year ended October 31, 2009	\$ 5,501	\$ 3,628	\$ 7,448	\$ 1,681
Year ended October 30, 2010	\$ 1,681	\$ 2,918	\$ 3,018	\$ 1,581
Year ended October 29, 2011	\$ 1,581	\$ 846	\$ 962	\$ 1,465

Name	Title	Date
/s/ PAUL J. SEVERINO Paul J. Severino	Director	November 22, 2011
/s/ KENTON J. SICCHITANO Kenton J. Sicchitano	Director	November 22, 2011

Exhibit Index

Exhibit No.	Description
1.1	Underwriting Agreement, dated June 25, 2009, between Analog Devices, Inc. and Credit Suisse Securities (USA) LLC, as representative of the several underwriters named therein, filed as exhibit 1.1 to the Company's Current Report on Form 8-K (File No. 1-7819), filed with the Commission on June 30, 2009 and incorporated herein by reference.
1.2	Underwriting Agreement, dated March 30, 2011, between Analog Devices, Inc. and Credit Suisse Securities (USA) LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the several underwriters named therein, filed as exhibit 1.1 to the Company's Current Report on Form 8-K (File No. 1-7819), filed with the Commission on March 31, 2011 and incorporated herein by reference.
2.1	Purchase and Sale Agreement, dated as of September 9, 2007, among Analog Devices, Inc., various subsidiaries, and MediaTek Inc., filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2007 (File No. 1-7819) as filed with the Commission on November 30, 2007 and incorporated herein by reference.
2.2	Amendment No. 1 to Purchase and Sale Agreement, dated January 11, 2008, among Analog Devices, Inc., various subsidiaries, and MediaTek Inc. filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819), as filed with the Commission on January 16, 2008 and incorporated herein by reference.
2.3	License Agreement, dated as of January 11, 2008, among Analog Devices, Inc., Analog Devices B.V., MediaTek Inc. and MediaTek Singapore Pte. Ltd., filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819), as filed with the Commission on January 16, 2008 and incorporated herein by reference.
3.1	Restated Articles of Organization of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 3, 2008 (File No. 1-7819) as filed with the Commission on May 20, 2008 and incorporated herein by reference.
3.2	Amendment to Restated Articles of Organization of Analog Devices, Inc., filed as exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on December 8, 2008 (File No. 1-7819) and incorporated herein by reference.
3.3	Amended and Restated By-Laws of Analog Devices, Inc., filed as exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on January 28, 2010 (File No. 1-7819) and incorporated herein by reference.
4.1	Indenture, by and between Analog Devices, Inc. and The Bank of New York Mellon Trust Company, N.A. (as Trustee) dated as of June 30, 2009, filed as exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 1, 2009 (File No. 1-7819) and incorporated herein by reference.
4.2	Supplemental Indenture, dated June 30, 2009, between Analog Devices, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, filed as exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 1-7819), filed with the Commission on June 30, 2009 and incorporated herein by reference.
4.3	Form of 5.00% Global Note due July 1, 2014, filed as exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 1-7819), filed with the Commission on June 30, 2009 and incorporated herein by reference
4.4	Supplemental Indenture, dated April 4, 2011, between Analog Devices, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, filed as exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 1-7819), filed with the Commission on April 4, 2011 and incorporated herein by reference.
4.5	Form of 3.00% Global Note due April 15, 2016, filed as exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 1-7819), filed with the Commission on April 4, 2011 and incorporated herein by reference.
*10.1	Analog Devices, Inc. Amended and Restated Deferred Compensation Plan, incorporated herein by reference to exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on December 8, 2008 (File No. 1-7819) and incorporated herein by reference.

Exhibit No.	Description
*10.2	First Amendment to the Analog Devices, Inc. Amended and Restated Deferred Compensation Plan, filed as an exhibit to the Company's Quarterly Report on Form 10-Q for fiscal quarter ended July 30, 2011 (File No. 1-7819) as filed with the Commission on August 16, 2011 and incorporated herein by reference.
*10.3	Trust Agreement for Deferred Compensation Plan dated as of October 1, 2003 between Analog Devices, Inc. and Fidelity Management Trust Company, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 2003 (File No. 1-7819) as filed with the Commission on December 23, 2003 and incorporated herein by reference.
*10.4	First Amendment to Trust Agreement for Deferred Compensation Plan between Analog Devices, Inc. and Fidelity Management Trust Company dated as of January 1, 2005, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 28, 2006 (File No. 1-7819) as filed with the Commission on November 20, 2006 and incorporated herein by reference.
*10.5	Second Amendment to Trust Agreement for Deferred Compensation Plan between Analog Devices, Inc. and Fidelity Management Trust Company dated as of December 10, 2007, filed as exhibit 10.41 to the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 2008 (File No. 1-7819) as filed with the Commission on November 25, 2008 and incorporated herein by reference.
*10.6	Restated 1988 Stock Option Plan of Analog Devices, Inc., filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 3, 1997 (File No. 1-7819) as filed with the Commission on June 17, 1997 and incorporated herein by reference.
*10.7	Restated 1994 Director Option Plan of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 2, 2002 (File No. 1-7819) as filed with the Commission on January 29, 2003 and incorporated herein by reference.
*10.8	1998 Stock Option Plan of Analog Devices Inc., as amended, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 2, 2002 (File No. 1-7819) as filed with the Commission on January 29, 2003 and incorporated herein by reference.
*10.9	Analog Devices, Inc. 2001 Broad-Based Stock Option Plan, as amended, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 2, 2002 (File No. 1-7819) as filed with the Commission on January 29, 2003 and incorporated herein by reference.
†*10.10	Amended and Restated 2006 Stock Incentive Plan of Analog Devices, Inc., filed herewith.
*10.11	Form of Global Non-Qualified Stock Option Agreement for Employees for usage under the Company's 2006 Stock Incentive Plan, filed as an exhibit to the Company's Quarterly Report on Form 10-Q for fiscal quarter ended July 30, 2011 (File No. 1-7819) as filed with the Commission on August 16, 2011 and incorporated herein by reference.
†*10.12	Form of Agreement for Grants of Non-Qualified Stock Options to Directors for usage under the Company's 2006 Stock Incentive Plan, filed herewith.
*10.13	Form of Global Restricted Stock Unit Agreement for Employees for usage under the Company's 2006 Stock Incentive Plan, filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819), as filed with the Commission on December 3, 2010 and incorporated herein by reference.
†*10.14	Form of Agreement for Grants of Restricted Stock Units to Directors for usage under the Company's 2006 Stock Incentive Plan, filed herewith.
*10.15	Analog Devices BV (Ireland) Employee Stock Option Program, as amended, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 2, 2002 (File No. 1-7819) as filed with the Commission on January 29, 2003 and incorporated herein by reference.
10.16	BCO Technologies Plc Unapproved Share Option Scheme, filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-50092) as filed with the Commission on November 16, 2000 and incorporated herein by reference.
10.17	BCO Technologies Plc Approved Share Option Scheme, filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-50092) as filed with the Commission on November 16, 2000 and incorporated herein by reference.

Exhibit No.	Description
10.18	ChipLogic, Inc. Amended and Restated 1998 Stock Plan, filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-53314) as filed with the Commission on January 5, 2001 and incorporated herein by reference.
10.19	Staccato Systems, Inc. 1998 Stock Plan, filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-53828) as filed with the Commission on January 17, 2001 and incorporated herein by reference.
10.20	Various individual stock restriction and similar agreements between the registrant and employees thereof relating to ChipLogic, Inc., filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-57444) as filed with the Commission on March 22, 2001, as amended by Amendment No. 1 filed as an exhibit to the Company's Post-Effective Amendment to Registration Statement on Form S-8 (File No. 333-57444) as filed with the Commission on March 23, 2001 and incorporated herein by reference.
*10.21	Amended and Restated Employment Agreement between Jerald G. Fishman and Analog Devices, Inc., dated January 14, 2010, filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819) as filed with the Commission on January 19, 2010 and incorporated herein by reference.
*10.22	Executive Retention Agreement dated October 22, 2007 between Jerald G. Fishman and Analog Devices, Inc., filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819) as filed with the Commission on October 26, 2007 and incorporated herein by reference.
*10.23	Amendment to Long-Term Retention Agreement between Jerald G. Fishman and Analog Devices, Inc., filed as exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-7819) as filed with the Commission on January 19, 2010 and incorporated herein by reference.
*10.24	Letter Agreement between Analog Devices Inc. and Jerald G. Fishman dated June 21, 2000 relating to acceleration of stock options upon the occurrence of certain events, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 28, 2000 (File No. 1-7819) as filed with the Commission on January 26, 2001 and incorporated herein by reference.
*10.25	Amendment dated as of October 22, 2007 to the Employee Retention Agreement dated as of January 16, 1989 between Jerald G. Fishman and Analog Devices, Inc., filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-7819) as filed with the Commission on October 26, 2007 and incorporated herein by reference.
*10.26	2012 Executive Performance Incentive Plan, filed as exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-7819), filed with the Commission on September 16, 2011 and incorporated herein by reference.
*10.27	2011 Executive Performance Incentive Plan, filed as exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-7819), filed with the Commission on November 4, 2010 and incorporated herein by reference.
*10.28	Form of Employee Retention Agreement, as amended and restated, filed as exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 2008 (File No. 1-7819) as filed with the Commission on November 25, 2008 and incorporated herein by reference.
*10.29	Form of Amendment to Employee Retention Agreement, incorporated herein by reference to exhibit 10.3 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 8, 2008 (File No. 1-7819).
*10.30	Employee Change in Control Severance Policy of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 30, 1999 (File No. 1-7819) as filed with the Commission on January 28, 2000 and incorporated herein by reference.
*10.31	Senior Management Change in Control Severance Policy of Analog Devices, Inc., as amended, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 30, 1999 (File No. 1-7819) as filed with the Commission on January 28, 2000 and incorporated herein by reference.
*10.32	Offer Letter for David A. Zinsner, dated November 18, 2008, filed as exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2009 (File No. 1-7819) as filed with the Commission on February 18, 2009 and incorporated herein by reference.

Exhibit No.	Description
*10.33	Form of Indemnification Agreement for Directors and Officers, filed as exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 2008 (File No. 1-7819) as filed with the Commission on November 25, 2008 and incorporated herein by reference.
10.34	Amended and Restated Lease Agreement dated May 1, 1992 between Analog Devices, Inc. and the trustees of Everett Street Trust relating to the premises at 3 Technology Way, Norwood, Massachusetts, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 1997 (File No. 1-7819) as filed with the Commission on January 28, 1998 and incorporated herein by reference.
10.35	Guaranty dated as of May 1, 1994 between Analog Devices, Inc. and Metropolitan Life Insurance Company relating to the premises at 3 Technology Way, Norwood, Massachusetts, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 30, 1999 (File No. 1-7819) as filed with the Commission on January 28, 2000 and incorporated herein by reference.
10.36	Letter Agreement dated as of May 18, 1994 between Analog Devices, Inc. and Metropolitan Life Insurance Company relating to the premises at 3 Technology Way, Norwood, Massachusetts, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 30, 1999 (File No. 1-7819) as filed with the Commission on January 28, 2000 and incorporated herein by reference.
10.37	Reimbursement Agreement dated May 18, 1992 between Analog Devices, Inc. and the trustees of Everett Street Trust, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 1997 (File No. 1-7819) as filed with the Commission on January 28, 1998 and incorporated herein by reference.
10.38	Lease Agreement dated November 14, 1997, as amended, between Analog Devices, Inc. and Liberty Property Limited Partnership, relating to premises located at 7736 McCloud Road, Greensboro, North Carolina, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 28, 2006 (File No. 1-7819) as filed with the Commission on November 20, 2006 and incorporated herein by reference.
10.39	Fifth Amendment dated September 14, 2007 to Lease Agreement dated November 14, 1997, as amended, between Analog Devices, Inc. and Crown-Greensboro I, LLC (as successor to Liberty Property Limited Partnership), relating to premises located at 7736 McCloud Road, Greensboro, North Carolina, filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended November 3, 2007 (File No. 1-7819) as filed with the Commission on November 30, 2007 and incorporated herein by reference.
†12.1	Computation of Consolidated Ratios of Earnings to Fixed Charges.
†21	Subsidiaries of the Company.
†23	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
†31.1	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the 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 Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).
†32.1	Certification Pursuant to 18 U.S.C. Section 1350 (Chief Executive Officer).
†32.2	Certification Pursuant to 18 U.S.C. Section 1350 (Chief Financial Officer).
101. INS	XBRL Instance Document.
101. SCH	XBRL Schema Document.
101. CAL	XBRL Calculation Linkbase Document.
101. LAB	XBRL Labels Linkbase Document.
101. PRE	XBRL Presentation Linkbase Document.
101. DEF	XBRL Definition Linkbase Document

† Filed herewith.

* Management contracts and compensatory plan or arrangements required to be filed as an Exhibit pursuant to Item 15(b) of Form 10-K.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Income for the years ended October 29, 2011, October 30, 2010 and October 31, 2009, (ii) Consolidated Balance Sheets at October 29, 2011 and October 30, 2010, (iii) Consolidated Statements of Shareholders' Equity for the years ended October 29, 2011, October 30, 2010 and October 31, 2009, (iv) Consolidated Statements of Comprehensive Income for the years ended October 29, 2011, October 30, 2010 and October 31, 2009, (v) Consolidated Statements of Cash Flows for the years ended October 29, 2011, October 30, 2010 and October 31, 2009, (vi) Notes to Consolidated Financial Statements.

ANALOG DEVICES, INC.
2006 STOCK INCENTIVE PLAN

1. Purpose

The purpose of this 2006 Stock Incentive Plan (the "Plan") of Analog Devices, Inc., a Massachusetts corporation (the "Company"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to align their interests with those of the Company's stockholders. Except where the context otherwise requires, the term "Company" shall include any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code") and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors of the Company (the "Board").

2. Eligibility

All of the Company's employees, officers, directors, consultants and advisors are eligible to receive options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards (each, an "Award") under the Plan. Each person who receives an Award under the Plan is deemed a "Participant".

3. Administration and Delegation

(a) Administration by Board of Directors. The Plan will be administered by the Board. The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may construe and interpret the terms of the Plan and any Award agreement entered into under the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency. All decisions by the Board shall be made in the Board's sole discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award. No director or person acting pursuant to the authority delegated by the Board shall be liable for any action or determination relating to or under the Plan made in good faith.

(b) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "Committee"). All references in the Plan to the "Board" shall mean the Board or a Committee of the Board or the officers referred to in Section 3(c) to the

extent that the Board's powers or authority under the Plan have been delegated to such Committee or officers.

(c) Delegation to Officers. To the extent permitted by applicable law, the Board may delegate to one or more officers of the Company the power to grant Awards to employees or officers of the Company or any of its present or future subsidiary corporations and to exercise such other powers under the Plan as the Board may determine, provided that the Board shall fix the terms of the Awards to be granted by such officers (including the exercise price of such Awards, which may include a formula by which the exercise price will be determined) and the maximum number of shares subject to Awards that the officers may grant; provided further, however, that no officer shall be authorized to grant Awards to any "executive officer" of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) or to any "officer" of the Company (as defined by Rule 16a-1 under the Exchange Act).

4. Stock Available for Awards

(a) Number of Shares. Subject to adjustment under Section 11, Awards may be made under the Plan for up to 15,000,000 shares of common stock, \$.162²/₃ par value per share, of the Company (the "Common Stock"), plus any shares that are subject to outstanding options under the 1998 Stock Option and 2001 Broad-Based Stock Option Plan (collectively, the "Prior Plans") as of the adoption of this Plan by the Board but are not issued under the Prior Plans as a result, and to the extent, of the termination or expiration of the applicable option prior to the exercise thereof. From and after the Effective Date, the Company shall issue no further options under the Prior Plans, and such Prior Plans shall terminate, except to the extent they apply to options outstanding under the Prior Plans as of the Effective Date.

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

(b) Counting of Shares. Subject to adjustment under Section 11, an Option or Stock Appreciation Right shall be counted against the share limit specified in Section 4(a) as one share for each share of common stock subject to the Option or Stock Appreciation Right, and any Award of Restricted Stock, Restricted Stock Units or Other Stock Unit Awards with a per share or per unit purchase price lower than 100% of Fair Market Value (as defined below) on the date

of grant (a "Full Value Award") shall be counted against the share limit specified in Section 4(a) as three shares for each one share of Common Stock subject to such Full Value Award. To the extent that a share that was subject to an Award that counted as three shares against the Plan reserve pursuant to Section 4(a) is returned to the Plan pursuant to Section 4(a), such reserve will be credited with three shares.

(c) Sub-limits. Subject to adjustment under Section 11, the maximum number of shares of Common Stock with respect to which Options and Stock Appreciation Rights may be granted to any Participant under the Plan shall be 2,000,000 per fiscal year of the Company, and the maximum number of shares of Common Stock with respect to which Restricted Stock Awards, Restricted Stock Units and Other Stock Unit Awards may be granted to any Participant under the Plan shall be 1,000,000 per fiscal year of the Company. For purposes of the foregoing limit, the combination of an Option in tandem with a Stock Appreciation Right shall be treated as a single Award. The per-Participant limit described in this Section 4(c) shall be construed and applied consistently with Section 162(m) of the Code or any successor provision thereto, and the regulations thereunder ("Section 162(m)").

5. Stock Options

(a) General. The Board may grant options to purchase Common Stock (each, an "Option") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable. An Option which is not intended to be an Incentive Stock Option (as hereinafter defined) shall be designated a "Nonstatutory Stock Option".

(b) Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "Incentive Stock Option") shall only be granted to employees of the Company, any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code, and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. The Company shall have no liability to a Participant, or any other party, if an Option (or any part thereof) that is intended to be an Incentive Stock Option is not an Incentive Stock Option or for any action taken by the Board pursuant to Section 12(f), including without limitation the conversion of an Incentive Stock Option to a Nonstatutory Stock Option. The maximum number of shares that may be issued upon exercise of Incentive Stock Options under the Plan shall be 15,000,000, as adjusted pursuant to Section 11.

(c) Exercise Price. The Board shall establish the exercise price of each Option and specify such exercise price in the applicable option agreement; provided, however, that the exercise price shall be not less than 100% of the Fair Market Value per share of Common Stock on the date the Option is granted. For purposes of this Plan, "Fair Market Value" shall mean the fair market value as determined by (or in a manner approved by) the Board.

(d) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement; provided, however, that no Option will be granted for a term in excess of 10 years.

(e) Exercise of Option. Options may be exercised by delivery to the Company, or an agent of the Company, of a written notice of exercise signed by the proper person or by any other form of notice (including electronic notice) approved by the Board, together with payment in full as specified in Section 5(f) for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Company following exercise either as soon as practicable or, subject to such conditions as the Board shall specify, on a deferred basis (with the Company's obligation to be evidenced by an instrument providing for future delivery of the deferred shares at the time or times specified by the Board).

(f) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(1) in cash or by check, payable to the order of the Company;

(2) except as may otherwise be provided in the applicable option agreement, by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(3) except as otherwise provided in the applicable option agreement, by delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their Fair Market Value, provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Board in its discretion and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(4) if provided for in the applicable option agreement or approved by the Company, in its sole discretion, by payment of such other lawful consideration as the Board may determine; or

(5) by any combination of the above permitted forms of payment.

(g) Limitation on Repricing. Unless such action is approved by the Company's stockholders: (1) no outstanding Option granted under the Plan may be amended to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option (other than adjustments pursuant to Section 11) and (2) the Board may not cancel any outstanding option (whether or not granted under the Plan) and grant in consideration therefor new Options under the Plan covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled option.

(h) No Reload Rights. No option granted under the Plan shall contain any provision entitling the optionee to the automatic grant of additional Options in connection with any exercise of the original Option.

(i) Substitute Options. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards in substitution for any options or other stock or stock-based awards granted by such entity or an affiliate thereof. Substitute Awards may be granted on such terms as the Board deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the other sections of this Section 5 or in Section 2. Substitute Awards shall not count against the overall share limit set forth in Section 4(a), except as may be required by reason of Section 422 and related provisions of the Code.

6. Stock Appreciation Rights.

(a) General. The Board may grant Awards consisting of a Stock Appreciation Right ("SAR") entitling the holder, upon exercise, to receive an amount in Common Stock or cash or a combination thereof (as specified by the Board in the applicable Award agreement or otherwise) determined by reference to appreciation, from and after the date of grant, in the fair market value of a share of Common Stock. The date as of which such appreciation or other measure is determined shall be the exercise date.

(b) Grants. Stock Appreciation Rights may be granted in tandem with, or independently of, Options granted under the Plan.

(1) Tandem Awards. When Stock Appreciation Rights are expressly granted in tandem with Options, (i) the Stock Appreciation Right will be exercisable only at such time or times, and to the extent, that the related Option is exercisable (except to the extent designated by the Board in connection with a Reorganization Event or a Change in Control Event) and will be exercisable in accordance with the procedure required for exercise of the related Option; (ii) the Stock Appreciation Right will terminate and no longer be exercisable upon the termination or exercise of the related Option, except to the extent designated by the Board in connection with a Reorganization Event or a Change in Control Event and except that a Stock Appreciation Right granted with respect to less than the full number of shares covered by an Option will not be reduced until the number of shares as to which the related Option has been exercised or has terminated exceeds the number of shares not covered by the Stock Appreciation Right; (iii) the Option will terminate and no longer be exercisable upon the exercise of the related Stock Appreciation Right; and (iv) the Stock Appreciation Right will be transferable only with the related Option.

(2) Independent SARs. A Stock Appreciation Right not expressly granted in tandem with an Option will become exercisable at such time or times, and on such conditions, as the Board may specify in the SAR Award.

(c) Grant Price. The Board shall establish the exercise or grant price of each SAR and specify such price in the applicable Award agreement; provided, however, that the exercise or grant price shall be not less than 100% of the Fair Market Value per share of Common Stock on the date the SAR is granted.

(d) Duration of SAR. Each SAR shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable Award agreement; provided, however, that no SAR will be granted for a term in excess of 10 years.

(e) Exercise. Stock Appreciation Rights may be exercised by delivery to the Company, or an agent of the Company, of a written notice of exercise signed by the proper person or by any other form of notice (including electronic notice) approved by the Board, together with any other documents required by the Board.

(f) Limitation on Repricing. Unless such action is approved by the Company's stockholders: (1) no outstanding SAR granted under the Plan may be amended to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding SAR (other than adjustments pursuant to Section 11) and (2) the Board may not cancel any outstanding SAR (whether or not granted under the Plan) and grant in consideration therefor new SARs under the Plan covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled SAR.

7. Restricted Stock.

(a) General. The Board may grant Awards entitling recipients to acquire shares of Common Stock ("Restricted Stock"), subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award.

(b) Terms and Conditions. Subject to Section 7(c), the Board shall determine the terms and conditions of a Restricted Stock Award, including the conditions for vesting and forfeiture and the issue price, if any.

(c) Limitations on Vesting Conditions. No vesting condition that is based on performance criteria and level of achievement versus such criteria shall be based on performance over a period of less than 12 months, and no vesting condition that is based upon continued employment or the passage of time shall provide for vesting in full of a Restricted Stock Award in less than equal pro rata installments over three years from the date the Award is made, other than (i) in the event of death, disability or retirement of the Participant, or (ii) Awards made to members of the Board of Directors, in each case as specified in the Agreement evidencing such Award.

(d) Dividends. Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such shares, unless otherwise provided by the Board. If any such dividends or distributions are paid in shares, or consist of an extraordinary cash dividend, the shares or cash will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid, unless otherwise provided by the Board.

(e) Stock Certificates. The Company may require that the stock certificates, if any, issued in respect of a Restricted Stock Award shall be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died,

to the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, "Designated Beneficiary" shall mean the Participant's estate.

8. Restricted Stock Units.

(a) General. The Board may grant Awards consisting of Restricted Stock Units. "Restricted Stock Unit" means a fictional share of Common Stock granted to a Participant and represented initially by a bookkeeping entry.

(b) Terms and Conditions. Subject to Section 8(c), the Board shall determine the terms and conditions of a Restricted Stock Unit, including the conditions for vesting and forfeiture and issue price, if any. Upon the vesting of and/or lapsing of any other restrictions with respect to each Restricted Stock Unit, the Participant shall be entitled to receive from the Company one share of Common Stock or an amount of cash equal to the Fair Market Value of one share of Common Stock, as specified by the Board in the applicable Award agreement or otherwise. The Board may, in its discretion, provide that settlement of Restricted Stock Units shall be deferred, on a mandatory basis or at the election of the Participant.

(c) Limitations on Vesting Conditions. No vesting condition that is based on performance criteria and level of achievement versus such criteria shall be based on performance over a period of less than 12 months, and no vesting condition that is based upon continued employment or the passage of time shall provide for vesting in full of a Restricted Stock Unit in less than equal pro rata installments over three years from the date the Award is made, other than (i) in the event of death, disability or retirement of the Participant, (ii) Awards made to members of the Board of Directors or, (iii) in the discretion of the Board, when the granting of such Restricted Stock Units in any foreign jurisdiction is delayed in connection with registration or approval to be obtained in connection with such Restricted Stock Units, in each case as specified in the Agreement evidencing such Award.

(d) Voting Rights. A Participant shall have no voting rights with respect to any Restricted Stock Units.

(e) Dividends. Unless otherwise provided by the Board, in its sole discretion, a grant of Restricted Stock Units shall not entitle Participants with the right to receive an amount equal to any dividends or other distributions declared and paid on an equal number of outstanding shares of Common Stock ("Dividend Equivalents"). Dividend Equivalents may be paid currently or credited to an account for the Participants, may be settled in cash and/or shares of Common Stock and may be subject to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which paid, as determined by the Board in its sole discretion, subject in each case to such terms and conditions as the Board shall establish.

9. Performance Awards.

(a) Grants. Restricted Stock Awards, Restricted Stock Units and other Awards under the Plan may be made subject to the achievement of performance measures pursuant to this Section 9 ("Performance Awards").

(b) Committee. Grants of Performance Awards to any Covered Employee intended to qualify as “performance-based compensation” under Section 162(m) (“Performance-Based Compensation”) shall be made only by a Committee (or subcommittee of a Committee) comprised solely of two or more directors eligible to serve on a committee making Awards qualifying as “performance-based compensation” under Section 162(m) of the Code. In the case of such Awards granted to Covered Employees, references to the Board or to a Committee shall be deemed to be references to such Committee or subcommittee. “Covered Employee” shall mean any person who is a “covered employee” under Section 162(m)(3) of the Code.

(c) Performance Measures. For any Award that is intended to qualify as Performance-Based Compensation, the Committee shall specify in the applicable Award agreement that the degree of granting, vesting and/or payout shall be subject to the achievement of one or more objective performance measures established by the Committee, which shall be based on the relative or absolute attainment of specified levels of one or any combination of the following: (a) net income, (b) earnings before or after discontinued operations, interest, taxes, depreciation and/or amortization, (c) operating profit before or after discontinued operations and/or taxes, (d) sales, (e) sales growth, (f) earnings growth, (g) cash flow, free cash flow or cash position, (h) gross margins or margin percentages, (i) stock price, (j) market share, (k) return on sales, assets, equity or investment, (l) improvement of financial ratings, (m) achievement of balance sheet or income statement objectives or (n) total shareholder return, (o) product release schedules, (p) product shipment targets, (q) customer satisfaction or (r) new product innovation. Such measures may be absolute in their terms or measured against or in relationship to other companies comparably, similarly or otherwise situated and may be determined on a total or per share basis. Such performance measures may be adjusted to exclude any one or more of (i) extraordinary items, (ii) gains or losses on the dispositions of discontinued operations, (iii) the cumulative effects of changes in accounting principles, (iv) the writedown of any asset, (v) stock based compensation, and (vi) charges for restructuring and rationalization programs. Such performance measures: (i) may vary by Participant and may be different for different Awards; (ii) may be particular to a Participant or the department, branch, line of business, subsidiary or other unit in which the Participant works and may cover such period as may be specified by the Committee; and (iii) shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m). Awards that are not intended to qualify as Performance-Based Compensation may be based on these or such other performance measures as the Board may determine.

(d) Adjustments. Notwithstanding any provision of the Plan, with respect to any Performance Award that is intended to qualify as Performance-Based Compensation, the Committee may adjust downwards, but not upwards, the cash or number of shares payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance measures except in the case of the death or disability of the Participant.

(e) Other. The Committee shall have the power to impose such other restrictions on Awards subject to this Section 9 as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for Performance-Based Compensation.

10. Other Stock-Based Awards.

(a) Grants. Other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property, may be granted hereunder to Participants (“Other Stock Unit Awards”), including without limitation Awards entitling recipients to receive shares of Common Stock to be delivered in the future. Such Other Stock Unit Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock Unit Awards may be paid in shares of Common Stock or cash, as the Board shall determine. Subject to the provisions of the Plan, the Board shall determine the terms and conditions of each Other Stock Unit Award, including any purchase price applicable thereto.

(b) Limitations on Vesting Conditions. No vesting condition that is based on performance criteria and level of achievement versus such criteria shall be based on performance over a period of less than 12 months, and no vesting condition that is based upon continued employment or the passage of time shall provide for vesting in full of a Other Stock Unit Award in less than pro rata rate installments over three years from the date the Award is made, other than in the event of death, disability or retirement of the Participant, in each case as specified in the Agreement evidencing such Award.

11. Adjustments for Changes in Common Stock and Certain Other Events.

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under this Plan, (ii) the sub-limits set forth in Section 4(c), (iii) the share counting provisions of Section 4(b), (iv) the number and class of securities and exercise price per share of each outstanding Option, (v) the share- and per-share provisions of each Stock Appreciation Right, (vi) the repurchase price per share subject to each outstanding Restricted Stock Award and Restricted Stock Unit and (vii) the share- and per-share-related provisions of each outstanding Other Stock Unit Award, shall be appropriately adjusted by the Company (or substituted Awards may be made, if applicable) to the extent determined by the Board.

(b) Reorganization and Change in Control Events.

(1) Definitions.

(a) A “Reorganization Event” shall mean:

- (i) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled;
- (ii) any exchange of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange transaction; or
- (iii) any liquidation or dissolution of the Company.

(b) A "Change in Control Event" shall mean:

- (i) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership of any capital stock of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) 50% or more of either (x) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (y) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control Event: (A) any acquisition directly from the Company (excluding an acquisition pursuant to the exercise, conversion or exchange of any security exercisable for, convertible into or exchangeable for common stock or voting securities of the Company, unless the Person exercising, converting or exchanging such security acquired such security directly from the Company or an underwriter or agent of the Company), (B) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (C) any acquisition by any corporation pursuant to a Business Combination (as defined below) which complies with clauses (x) and (y) of subsection (ii) of this definition; or
- (ii) the consummation of a merger, consolidation, reorganization, recapitalization or share exchange involving the Company or a sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), unless, immediately following such Business Combination, each of the following two conditions is satisfied: (x) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors, respectively, of the resulting or acquiring corporation in such Business Combination (which shall include, without limitation, a corporation

which as a result of such transaction owns the Company or substantially all of the Company's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the "Acquiring Corporation") in substantially the same proportions as their ownership of the Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively, immediately prior to such Business Combination and (y) no Person (excluding any employee benefit plan (or related trust) maintained or sponsored by the Company or by the Acquiring Corporation) beneficially owns, directly or indirectly, 30% or more of the then-outstanding shares of common stock of the Acquiring Corporation, or of the combined voting power of the then-outstanding securities of such corporation entitled to vote generally in the election of directors (except to the extent that such ownership existed prior to the Business Combination); or

(iii) the liquidation or dissolution of the Company.

(c) "Good Reason" shall mean any significant diminution in the Participant's title, authority, or responsibilities from and after such Reorganization Event or Change in Control Event, as the case may be, or any reduction in the annual cash compensation payable to the Participant from and after such Reorganization Event or Change in Control Event, as the case may be, or the relocation of the place of business at which the Participant is principally located to a location that is greater than 50 miles from its location immediately prior to such Reorganization Event or Change in Control Event.

(d) "Cause" shall mean:

(i) any willful failure by the Participant, which failure is not cured within 30 days of written notice to the Participant from the Company, to perform his or her material responsibilities to the Company; or

(ii) any willful misconduct by the Participant which affects the business reputation of the Company.

(2) Effect on Options.

(a) Reorganization Event. Upon the occurrence of a Reorganization Event (regardless of whether such event also constitutes a Change in Control Event), or the execution by the Company of any agreement with respect to a Reorganization Event (regardless of whether such event will result in a Change in Control Event), the Board shall provide that all outstanding Options shall be assumed, or equivalent options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof); provided that, notwithstanding anything to the contrary in the Plan, if such Reorganization Event also constitutes a Change in Control Event,

except to the extent specifically provided to the contrary in the instrument evidencing any Option or any other agreement between a Participant and the Company (A) one-half of the number of shares subject to the Option which were not already vested shall be exercisable upon the occurrence of such Reorganization Event and, subject to (B) below, the remaining one-half of such number of shares shall continue to become vested in accordance with the original vesting schedule set forth in such option, with one-half of the number of shares that would otherwise have become vested on each subsequent vesting date in accordance with the original schedule becoming vested on each subsequent vesting date and (B) such assumed or substituted options shall become immediately exercisable in full if, on or prior to the first anniversary of the date of the consummation of the Reorganization Event, the Participant's employment with the Company or the acquiring or succeeding corporation is terminated for Good Reason by the Participant or is terminated without Cause by the Company or the acquiring or succeeding corporation. For purposes hereof, an Option shall be considered to be assumed if, following consummation of the Reorganization Event, the Option confers the right to purchase, for each share of Common Stock subject to the Option immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise of Options to consist solely of common stock of the acquiring or succeeding corporation (or an affiliate thereof) equivalent in value (as determined by the Board) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

Notwithstanding the foregoing and anything to the contrary in the Plan, if the acquiring or succeeding corporation (or an affiliate thereof) does not agree to assume, or substitute for, such Options, or in the event of a liquidation or dissolution of the Company, the Board shall, upon written notice to the Participants, provide that all then unexercised Options will become exercisable in full as of a specified time prior to the Reorganization Event and will terminate immediately prior to the consummation of such Reorganization Event, except to the extent exercised by the Participants before the consummation of such Reorganization Event; provided, however, that in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share of Common Stock surrendered pursuant to such Reorganization Event (the "Acquisition Price"), then the Board may instead provide that all outstanding Options shall terminate upon consummation of such Reorganization Event and that each Participant shall receive, in exchange therefor, a cash payment equal to the amount (if any) by which (A) the Acquisition Price multiplied by the number of shares of Common Stock subject to such outstanding Options (whether or not then exercisable), exceeds (B) the aggregate exercise price of such Options.

(b) Change in Control Event that is not a Reorganization Event. Upon the occurrence of a Change in Control Event that does not also constitute a Reorganization Event, except to the extent specifically provided to the contrary in the instrument evidencing any Option or any other agreement between a Participant and the Company, and notwithstanding anything to the contrary in the Plan, the vesting schedule of such Option shall be accelerated in

part so that one-half of the number of shares that would otherwise have first become vested on any date after the date of the Change in Control Event shall immediately become exercisable. The remaining one-half of such number of shares shall continue to become vested in accordance with the original vesting schedule set forth in such Option, with one-half of the number of shares that would otherwise have become vested on each subsequent vesting date in accordance with the original schedule becoming vested on each such subsequent vesting date; provided, however, that each such Option shall be immediately exercisable in full if, on or prior to the first anniversary of the date of the consummation of the Change in Control Event, the Participant's employment with the Company or the acquiring or succeeding corporation is terminated for Good Reason by the Participant or is terminated without Cause by the Company or the acquiring or succeeding corporation.

(3) Effect on Restricted Stock Awards.

(a) Reorganization Event. Upon the occurrence of a Reorganization Event (regardless of whether such event also constitutes a Change in Control Event), the repurchase and other rights of the Company under each outstanding Restricted Stock Award shall inure to the benefit of the Company's successor and shall apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to such Restricted Stock Award.

(b) Change in Control Event. Upon the occurrence of a Change in Control Event (regardless of whether such event also constitutes a Reorganization Event), except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock Award or any other agreement between a Participant and the Company, and notwithstanding anything to the contrary in the Plan, the vesting schedule of all Restricted Stock Awards shall be accelerated in part so that one-half of the number of shares that would otherwise have first become free from conditions or restrictions on any date after the date of the Change in Control Event shall immediately become free from conditions or restrictions. Subject to the following sentence, the remaining one-half of such number of shares shall continue to become free from conditions or restrictions in accordance with the original schedule set forth in such Award, with one-half of the number of shares that would otherwise have become free from conditions or restrictions on each subsequent vesting date in accordance with the original schedule becoming free from conditions or restrictions on each subsequent vesting date. In addition, each such Award shall immediately become free from all conditions or restrictions if, on or prior to the first anniversary of the date of the consummation of the Change in Control Event, the Participant's employment with the Company or the acquiring or succeeding corporation is terminated for Good Reason by the Participant or is terminated without Cause by the Company or the acquiring or succeeding corporation.

(4) Effect on Restricted Stock Unit Awards.

(a) Reorganization Event. Upon the occurrence of a Reorganization Event (regardless of whether such event constitutes a Change in Control Event), the Board shall provide that all outstanding Restricted Stock Unit Awards shall be assumed, or an equivalent award providing for Restricted Stock Units shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof); provided that, notwithstanding anything to the contrary in

the Plan, if such Reorganization Event also constitutes both a Change in Control Event and a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i), except to the extent specifically provided to the contrary in the instrument evidencing any Award or any other agreement between the Participant and the Company, (A) one-half of the number of Restricted Stock Units that vest after the Reorganization Event shall immediately vest in full as of the consummation of the Reorganization Event and, subject to (B) below, the remaining one-half of the number of unvested Restricted Stock Units shall continue to vest in accordance with the original schedule set forth in such Restricted Stock Unit Award, with one-half of the number of Restricted Stock Units that would otherwise have become vested on each subsequent vesting date in accordance with the original schedule becoming vested on each subsequent vesting date and (B) such assumed or substituted Restricted Stock Unit award shall immediately become vested in full if, on or prior to the first anniversary of the date of the consummation of the Reorganization Event, the Participant's employment with the Company or the acquiring or succeeding corporation is terminated for Good Reason (as defined in Section 11(b)(4)(c) below) by the Participant or is terminated without Cause by the Company or the acquiring or succeeding corporation.

For purposes hereof, a Restricted Stock Unit Award shall be considered to be assumed if, following consummation of the Reorganization Event, the Restricted Stock Unit Award confers the right to receive upon vesting and conversion for each Restricted Stock Unit immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof) (or if holders of Common Stock were offered a choice of consideration and the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock was not common stock of the acquiring or succeeding corporation), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the vesting and conversion of Restricted Stock Units to consist solely of common stock of the acquiring or succeeding corporation (or an affiliate thereof) equivalent in value (as determined by the Board of Directors) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

Notwithstanding the foregoing and anything to the contrary in the Plan, if the acquiring or succeeding corporation (or an affiliate thereof) does not agree to assume, or substitute for, a Restricted Stock Unit Award, or in the event of a liquidation or dissolution of the Company, the Board of Directors shall, upon written notice to the Participant, (A) provide that all then unvested Restricted Stock Units that are exempt from Section 409A will vest in full as of immediately prior to the Reorganization Event; provided, however, that in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share of Common Stock surrendered pursuant to such Reorganization Event (the "Acquisition Price"), then the Board of Directors may instead provide that all such unvested Restricted Stock Units shall terminate upon consummation of such Reorganization Event and that the Participant shall receive, in exchange therefor, a cash payment equal to the amount equal to the Acquisition Price multiplied by the number of shares of

Common Stock issuable under such unvested Restricted Stock Units; and (B) provide that all then unvested Restricted Stock Units that are not exempt from Section 409A shall be treated in the same manner Restricted Stock Units subject to clause (A) if such Reorganization Event also is a "change in control event" as described in Treasury Regulation Section 1.409A-3(i)(5)(i) and if not, shall be terminated as of the Reorganization Event without any payment for the unvested Restricted Stock Units.

(b) Change in Control Event that is not a Reorganization Event. Upon the occurrence of a Change in Control Event that also is a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i) that does not constitute a Reorganization Event, except to the extent specifically provided to the contrary in the instrument evidencing any award or any other agreement between the Participant and the Company, (A) one-half of the number of Restricted Stock Units that vest after the Change in Control Event shall immediately vest in full as of the consummation of the Change in Control Event and be converted and delivered to the Participant and, subject to (B) below, the remaining one-half of the number of unvested Restricted Stock Units shall continue to vest in accordance with the original schedule set forth in such Restricted Stock Unit Award, with one-half of the number of Restricted Stock Units that would otherwise have become vested on each subsequent vesting date in accordance with the original schedule becoming vested on each subsequent vesting date and (B) such Restricted Stock Unit Award shall immediately become vested in full if, on or prior to the first anniversary of the date of the consummation of the Change in Control Event, the Participant's employment with the Company is terminated for Good Reason (as defined in Section 11(b)(4)(c) below) by the Participant or is terminated without Cause by the Company.

(c) Definition of Good Reason for the purposes this Section 11(b)(4) of the Plan.

- (i) For any Restricted Stock Unit Awards granted on or before December 10, 2009, "Good Reason" shall mean good reason as defined in Section 11(b)(1)(c) of the Plan.
- (ii) For any Restricted Stock Unit Awards granted after December 10, 2009, "Good Reason" shall mean any significant diminution in the Participant's title, authority, or responsibilities from and after such Reorganization Event or Change in Control Event, as the case may be, or any material reduction in the annual cash compensation payable to the Participant from and after such Reorganization Event or Change in Control Event, as the case may be, or the relocation of the place of business at which the Participant is principally located to a location that is greater than 50 miles from its location immediately prior to such Reorganization Event or Change in Control Event. Notwithstanding the occurrence of any such event or circumstance, such occurrence shall not be deemed to constitute Good Reason unless (x) the Participant gives the Company notice of termination no more than 90 days after the initial existence of such event or circumstance, (y) such

event or circumstance has not been fully corrected by the Company within 30 days of the Company's receipt of such notice and (z) the Participant's termination occurs within 60 days following the Company's receipt of such notice.

(5) Effect on Stock Appreciation Rights and Other Stock Unit Awards. The Board may specify in an Award at the time of the grant the effect of a Reorganization Event and Change in Control Event on any SAR or Other Stock Unit Award.

12. General Provisions Applicable to Awards

(a) Transferability of Awards. Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an Incentive Stock Option, pursuant to a qualified domestic relations order, and, during the life of the Participant, shall be exercisable only by the Participant; provided, however, that the Board may permit or provide in an Award for the gratuitous transfer of the Award by the Participant to or for the benefit of any immediate family member, family trust or family partnership established solely for the benefit of the Participant and/or an immediate family member thereof if, with respect to such proposed transferee, the Company would be eligible to use a Form S-8 for the registration of the sale of the Common Stock subject to such Award under the Securities Act of 1933, as amended; provided, further, that the Company shall not be required to recognize any such transfer until such time as the Participant and such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument in form and substance satisfactory to the Company confirming that such transferee shall be bound by all of the terms and conditions of the Award. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Board shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan. In the event of any conflict between the terms of any Award agreement and this Plan, this Plan shall govern and control.

(c) Board Discretion. Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly.

(d) Termination of Status. The Board shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

(e) Withholding. The Company may require each Participant to pay to the Company, or make provision satisfactory to the Company for payment of, any taxes, social security contributions or other similar amounts required by law to be withheld in connection with an Award to such Participant. Unless otherwise provided for in the applicable Award agreement, a Participant may satisfy such tax obligations in whole or in part by delivery of shares of Common

Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value; provided, however, except as otherwise provided by the Board, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income). Shares surrendered to satisfy tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements. The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

(f) Amendment of Award. Except as set forth in Sections 5(g) and 6(f), the Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option; provided that the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

(g) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(h) Acceleration. Notwithstanding anything to the contrary in the Plan, the Board may at any time provide that any Award shall become immediately exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

13. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares. Notwithstanding the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to such Option are adjusted as of the date of the distribution of the dividend (rather

than as of the record date for such dividend), then an optionee who exercises an Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(c) Effective Date and Term of Plan. The Plan shall become effective on the date the Plan has been approved by the Company's stockholders (the "Effective Date"). No Awards shall be granted under the Plan after the completion of 10 years from the Effective Date, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. Except as set forth in Sections 5(g) and 6(f), the Board may amend, suspend or terminate the Plan or any portion thereof at any time; provided that (i) to the extent required by Section 162(m), no Award granted to a Participant that is intended to comply with Section 162(m) after the date of such amendment shall become exercisable, realizable or vested, as applicable to such Award, unless and until such amendment shall have been approved by the Company's stockholders if required by Section 162(m) (including the vote required under Section 162(m)); (ii) no amendment that would require stockholder approval under the rules of the New York Stock Exchange ("NYSE") may be made effective unless and until such amendment shall have been approved by the Company's stockholders; and (iii) if the NYSE amends its corporate governance rules so that such rules no longer require stockholder approval of "material revisions" to equity compensation plans, then, from and after the effective date of such amendment to the NYSE rules, no amendment to the Plan (A) materially increasing the number of shares authorized under the Plan (other than pursuant to Section 11), (B) expanding the types of Awards that may be granted under the Plan, or (C) materially expanding the class of participants eligible to participate in the Plan shall be effective unless stockholder approval is obtained. In addition, if at any time the approval of the Company's stockholders is required as to any other modification or amendment under Section 422 of the Code or any successor provision with respect to Incentive Stock Options, the Board may not effect such modification or amendment without such approval.

(e) Provisions for Foreign Participants. The Board may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to recognize differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

(f) Section 409A.

(1) It is the intent of the Company that any deferral of the receipt of the payment of cash or the delivery of shares of Common Stock that the Board may permit or require and Award that is granted that is subject to Section 409A of the Code ("Section 409A") comply with the requirements of Section 409A; provided that no guaranty is made by the Company to Participants that Awards will so comply.

(2) The following provisions apply to each Award granted or outstanding under this Plan that are intended to comply with (and not be exempt from) Section 409A: (i) each delivery of shares or cash under each such Award shall be treated as a separate payment for

purposes of Section 409A; (ii) notwithstanding anything in the Award or in the Plan to the contrary, neither the Participant nor the Company may accelerate or defer the delivery of the cash or shares under the Award to a date other than those specified in the Award unless specifically permitted or required by Section 409A; (iii) if a Participant becomes a "specified employee" of the Company (within the meaning of Section 409A) and any of the shares or cash to be delivered under each such Award may be delivered on account of the Participant's "separation from service" (within the meaning of Section 409A), then any shares or cash that otherwise would have been delivered within the six month period following the separation from service shall be delivered on the date that is six months and one day following the separation from service, with any remaining delivery of shares or cash to be made in accordance with the terms of the Award.

(3) Notwithstanding Section 13(f)(2)(iii), if a Participant was granted an Award that is intended to comply with (and not be exempt from) Section 409A on or before December 10, 2009, and the Participant becomes a "specified employee" of the Company (within the meaning of Section 409A) and any of the shares or cash to be delivered under each such Award may be delivered on account of the Participant's "separation from service" (within the meaning of Section 409A), then instead of Section 13(f)(2)(iii) applying, any shares or cash that otherwise would have been delivered within the six month period following the separation from service shall be delivered on the later of (i) the date that is six months and one day following the separation from service, or (ii) July 1, 2010, with any remaining delivery of shares or cash to be made in accordance with the terms of the Award.

(g) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than such state.

**AMENDED APPENDIX A
TO THE 2006 STOCK INCENTIVE PLAN**

A. 1. GENERAL

1.1. This appendix (the "APPENDIX") shall apply only to optionees who are employees /advisors/consultants of one of the two following companies, Analog Devices (Israel) Ltd., Analog Development (Israel) 1996 Ltd, and are residents of the state of Israel for the payment of tax. The provisions specified hereunder shall form an integral part of the 2006 Stock Incentive Plan of Analog Devices Inc. (hereinafter: the "PLAN"), which applies to the issuance of options to purchase Common Stock of Analog Devices Inc. (hereinafter: the "COMPANY"). According to the Plan, options to purchase the Company's Common Stock may be issued to employees, directors and consultants and advisors of the Company or its Affiliates

1.2 This Appendix is effective with respect to Options granted as of March 14, 2006 and shall comply with Amendment no. 132 of the Israeli Tax Ordinance.

1.3. This Appendix is to be read as a continuation of the Plan and only modifies Options granted to Israeli optionees so that they comply with the requirements set by the Israeli law in general, and in particular with the provisions of Section 102 (as specified herein), as may be amended or replaced from time to time. For the avoidance of doubt, this Appendix does not add to or modify the Plan in respect of any other category of optionees.

1.4. The Plan and this Appendix are complimentary to each other and shall be deemed as one. In any case of contradiction, whether explicit or implied, between the provisions of this Appendix and the Plan, the provisions set out in the Appendix shall prevail.

1.5. Any capitalized terms not specifically defined in this Appendix shall be construed according to the interpretation given to it in the Plan.

B. 2. DEFINITIONS

2.1 "AFFILIATE" means any "employing company" within the meaning of Section 102(a) of the Ordinance.

2.2 "APPROVED 102 OPTION" means an Option granted pursuant to Section 102(b) of the Ordinance and held in trust by a Trustee for the benefit of the optionee.

2.3 "CAPITAL GAIN OPTION (CGO)" means an Approved 102 Option elected and designated by the Company to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) of the Ordinance.

2.4 "CONTROLLING SHAREHOLDER" shall have the meaning ascribed to it in Section 32(9) of the Ordinance.

2.5 "EMPLOYEE" means a person who is employed by the Company or its Affiliates, including an individual who is serving as a director or an office holder, but excluding any Controlling Shareholder.

2.6 "ITA" means the Israeli Tax Authorities.

2.7 "NON-EMPLOYEE" means a consultant, adviser, service provider, Controlling Shareholder or any other person who is not an Employee.

2.8 "ORDINARY INCOME OPTION (OIO)" means an Approved 102 Option elected and designated by the Company to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1) of the Ordinance.

2.9 "OPTION" means an option to purchase one or more Common Stock of the Company pursuant to the Plan.

2.10 "102 OPTION" means any Option granted to Employees pursuant to Section 102 of the Ordinance.

2.11 "3(i) OPTION" means an Option granted pursuant to Section 3(i) of the Ordinance to any person who is a Non- Employee.

2.12 "OPTION AGREEMENT" means the share option agreement between the Company and a optionee that sets out the terms and conditions of an Option.

2.13 "ORDINANCE" means the 1961 Israeli Income Tax Ordinance [New Version] 1961 as now in effect or as hereafter amended.

2.14 "SECTION 102" means section 102 of the Ordinance and any regulations, rules, orders or procedures promulgated there under as now in effect or as hereafter amended.

2.15 "TRUSTEE" means any individual or entity appointed by the Company to serve as a trustee and approved by the ITA, all in accordance with the provisions of Section 102(a) of the Ordinance.

2.16 "UNAPPROVED 102 OPTION" means an Option granted pursuant to Section 102(c) of the Ordinance and not held in trust by a Trustee.

C. 3. ISSUANCE OF OPTIONS

3.1 The persons eligible for participation in the Plan as optionees shall include any Employees and/or Non-Employees of the Company or of any Affiliate; provided, however, that (i) Employees may only be granted 102 Options; and (ii) Non-Employees and/or Controlling Shareholders may only be granted 3(i) Options

3.2 The Company may designate Options granted to Employees pursuant to Section 102 as Unapproved 102 Options or Approved 102 Options.

3.3 The grant of Approved 102 Options shall be made under this Appendix adopted by the Board, and shall be conditioned upon the approval of this Appendix by the ITA.

3.4 Approved 102 Options may either be classified as Capital Gain Options (“CGOs”) or Ordinary Income Options (“OIOs”).

3.5 No Approved 102 Options may be granted under this Appendix to any eligible Employee, unless and until, the Company’s election of the type of Approved 102 Options as CGI or OIO granted to Employees (the “ELECTION”), is appropriately filed with the ITA. Such Election shall become effective beginning the first Grant Date of an Approved 102 Option under this Appendix and shall remain in effect until the end of the year following the year during which the Company first granted Approved 102 Options. The Election shall obligate the Company to grant only the type of Approved 102 Option it has elected, and shall apply to all optionees who were granted Approved 102 Options during the period indicated herein, all in accordance with the provisions of Section 102(g) of the Ordinance. For the avoidance of doubt, such Election shall not prevent the Company from granting Unapproved 102 Options simultaneously.

3.6 All Approved 102 Options must be held in trust by a Trustee, as described in Section 4_ below.

3.7 For the avoidance of doubt, the designation of Unapproved 102 Options and Approved 102 Options shall be subject to the terms and conditions set forth in Section 102.

D. 4. TRUSTEE

4.1 Approved 102 Options which shall be granted under this Appendix and/or any Common Stock allocated or issued upon exercise of such Approved 102 Options and/or other shares received subsequently following any realization of rights, including bonus shares, shall be allocated or issued to the Trustee and held for the benefit of the optionees for such period of time as required by Section 102 or any regulations, rules or orders or procedures promulgated there under (the “Holding Period”). In the case the requirements for Approved 102 Options are not met, then the Approved 102 Options shall be regarded as Unapproved 102 Options, all in accordance with the provisions of Section 102.

4.2 Notwithstanding anything to the contrary, the Trustee shall not release any Common Stock allocated or issued upon exercise of Approved 102 Options prior to the full payment of the optionee’s tax liabilities arising from Approved 102 Options which were granted to him and/or any Common Stock allocated or issued upon exercise of such Options.

4.3 Upon receipt of Approved 102 Option, the optionee will sign an undertaking to release the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in relation with this Appendix, or any Approved 102 Option or Ordinary Share granted to him there under.

4.4 With respect to any Approved 102 Option, subject to the provisions of Section 102 and any rules or regulation or orders or procedures promulgated thereunder, an Optionee shall not sell or release from trust any Share received upon the exercise of an Approved 102 Option and/or any share received subsequently following any realization of rights, including without limitation, bonus shares, until the lapse of the Holding Period required under Section 102 of the Ordinance. Notwithstanding the above, if any such sale or release occurs during the Holding Period, the

sanctions under Section 102 of the Ordinance and under any rules or regulation or orders or procedures promulgated thereunder shall apply to and shall be borne by such Optionee.

E. 5. THE OPTIONS

The terms and conditions upon which the Options shall be issued and exercised, shall be as specified in the Option Agreement to be executed pursuant to the Plan and to this Appendix. Each Option Agreement shall state, inter alia, the number of Common Stock to which the Option relates, the vesting provisions and the exercise price.

6. OPTION EXERCISE PRICE

Solely for the purpose of determining the tax liability pursuant to Section 102(b)(3) of the Ordinance, if at the date of grant the Company's shares are listed on any established stock exchange or a national market system or if the Company's shares will be registered for trading within ninety (90) days following the date of grant of the CGOs, the option exercise price of the Common Stock at the date of grant shall be determined in accordance with the average value of the Company's New York Stock Exchange closing share price on the thirty (30) trading days preceding the date of grant or on the thirty (30) trading days following the date of registration for trading, as the case may be. In no case, however, shall the option exercise price be less than the closing share price of the Company's stock on the date of grant.

F. 7. EXERCISE OF OPTIONS

1. Options shall be exercised by the optionee by giving notice to the Company and/or to any third party designated by the Company (the "REPRESENTATIVE"), in such form and method as may be determined by the Company and, when applicable, by the Trustee, in accordance with the requirements of Section 102, which exercise shall be effective upon receipt of such notice by the Company and/or the Representative and the payment of the exercise price for the number of Common Stock with respect to which the option is being exercised, at the Company's or the Representative's principal office. The notice shall specify the number of Common Stock with respect to which the option is being exercised.

G. 8. ASSIGNABILITY AND SALE OF OPTIONS

8.1. Notwithstanding any other provision of the Plan, no Option or any right with respect thereto, purchasable hereunder, whether fully paid or not, shall be assignable, transferable or given as collateral or any right with respect to them given to any third party whatsoever, and during the lifetime of the optionee each and all of such optionee's rights to purchase Common Stock hereunder shall be exercisable only by the optionee.

Any such action made directly or indirectly, for an immediate validation or for a future one, shall be void.

8.2 As long as Options or Common Stock purchased pursuant to thereto are held by the Trustee on behalf of the optionee, all rights of the optionee over the shares are personal, can not be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

H. 9. INTEGRATION OF SECTION 102 AND TAX ASSESSING OFFICER'S PERMIT

9.1. With regards to Approved 102 Options, the provisions of the Plan and/or the Appendix and/or the Option Agreement shall be subject to the provisions of Section 102 and the Tax Assessing Officer's permit, and the said provisions and permit shall be deemed an integral part of the Plan and of the Appendix and of the Option Agreement.

9.2. Any provision of Section 102 and/or the said permit which is necessary in order to receive and/or to keep any tax benefit pursuant to Section 102, which is not expressly specified in the Plan or the Appendix or the Option Agreement, shall be considered binding upon the Company and the optionees.

I. 10. DIVIDEND

With respect to all Shares (but excluding, for avoidance of any doubt, any unexercised Options) allocated or issued upon the exercise of Options purchased by the Optionee and held by the Optionee or by the Trustee, as the case may be, the Optionee shall be entitled to receive dividends in accordance with the quantity of such Shares, subject to the provisions of the Company's Incorporation Documents (and all amendments thereto) and subject to any applicable taxation on distribution of dividends, and when applicable subject to the provisions of Section 102 and the rules, regulations or orders promulgated thereunder.

J. 11. TAX CONSEQUENCES

11.1 Any tax consequences arising from the grant or exercise of any Option, from the payment for Common Stock covered thereby or from any other event or act (of the Company, and/or its Affiliates, and the Trustee or the optionee), hereunder, shall be borne solely by the optionee. The Company and/or its Affiliates, and/or the Trustee shall withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the optionee shall agree to indemnify the Company and/or its Affiliates and/or the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the optionee.

11.2 The Company and/or, when applicable, the Trustee shall not be required to release any share certificate to an optionee until all required payments have been fully made.

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AMENDED APPENDIX B
RULES OF THE ANALOG DEVICES INC.
2006 STOCK INCENTIVE PLAN
FOR GRANTS OF OPTIONS TO PARTICIPANTS IN FRANCE

1. Introduction

The Board of Directors of Analog Devices Inc. (the "Company") has established the 2006 Stock Incentive Plan (the "U.S. Plan") for the benefit of certain employees of the Company and its Subsidiaries, including its Subsidiaries in France (the "French Subsidiaries") of which the Company holds directly or indirectly at least 10% of the share capital.

Sections 3 and 13 (e) of the U.S. Plan authorize the Board of Directors and a Committee as appointed by the Board of Directors (the "Committee") to establish, amend, and rescind any rules and regulations relating to the U.S. Plan and to make all other determinations that may be necessary or advisable for the administration of the U.S. Plan. Pursuant to the foregoing authority, the Committee, therefore, intends to establish a sub-plan of the U.S. Plan for the purpose of granting Options which qualify for the favorable tax and social security treatment in France applicable to shares granted for no consideration under Sections L. 225-177 to L. 225-186-1 of the French Commercial Code, as amended ("French-qualified Options"), to qualifying participants in France who are resident in France for French tax purposes and/or subject to the French social security regime ("French Participants").

The terms of the U.S. Plan as attached hereto, shall, subject to the limitations set forth in the following rules, constitute the Rules of the Analog Devices Inc 2006 Stock Incentive Plan for Grants of Options in France (the "French Option Plan").

Under the French Option Plan, the French Participants will be granted only French-qualified Options as defined below under Section 2.

2. Definitions

Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the U.S. Plan. The terms set forth below shall have the following meanings:

(a) The term "Option" shall include both:

- (i) purchase stock options (rights to acquire Shares repurchased by the Company prior to the date on which the options become exercisable); and
- (ii) subscription stock options (rights to subscribe newly issued Shares).

(b) The term "Grant Date" shall be the date on which the Committee both:

- (i) designates the optionee; and

(ii) specifies the terms and conditions of the French-qualified Option including the number of Shares and the method for determining the Exercise Price.

(c) The term "Exercise Price" shall be the price to purchase each Share.

(d) The term "Closed Period" shall mean a closed period as set forth in Section L. 225-177 of the French Commercial Code, as amended, which is as follows:

(i) twenty (20) trading days following the issuance of a coupon granting the right to receive dividends or to purchase Shares of the Company;

(ii) ten (10) quotation days preceding and following the disclosure to the public of the consolidated financial statements or the annual statements of the Company; or

(iii) any period during which the corporate management of the Company (*i.e.*, those involved in the governance of the Company, such as the Board, Committee, supervisory directorate, etc.) possess confidential information which could, if disclosed to the public, significantly impact the trading price of the Shares, until ten (10) quotation days after the day such information is disclosed to the public.

If, after adoption of the French Option Plan, the French Commercial Code is amended to modify the definition and/or applicability of the Closed Periods to French-qualified Options, such amendments shall become applicable to any French-qualified Options granted under this French Option Plan to the extent required under French law.

(e) The term "Effective Grant Date" shall mean the date on which the French-qualified Option is effectively granted (*i.e.*, the date on which the condition precedent of the expiration of a Closed Period applicable to the French-qualified Option, if any, is satisfied, which is the first day after any Closed Period). Such condition precedent shall be satisfied when the Board, Committee or other authorized corporate body shall determine that the granting of French-qualified Options is no longer prevented under a Closed Period. If the Grant Date does not occur within a Closed Period, the "Effective Grant Date" shall be the same day as the "Grant Date" without any need for Board or Committee action.

(f) The term "Disability" shall mean disability as determined in categories 2 and 3 under Section L. 341-4 of the French Social Security Code, as amended, and subject to the fulfillment of related conditions.

(g) The term "Forced Retirement" shall mean forced retirement as determined under Section L. 1237-5 of the French Labor Code, as amended, and subject to the fulfillment of related conditions.

3. Eligibility

Notwithstanding any other term of this French Option Plan, French-qualified Options may be granted only to employees or corporate directors of the French Subsidiaries who hold less than ten percent (10%) of the outstanding Shares of the Company and who otherwise satisfy the eligibility conditions of Section 2 of the U.S. Plan.

Subject to the paragraph below, any French Participant who, on the Grant Date of the Option, and to the extent required under French law, is employed under the terms and conditions of an employment contract (“*contrat de travail*”) by a French Subsidiary or who is a corporate officer of a French Subsidiary shall be eligible to receive, at the discretion of the Committee, French-qualified Options under this French Option Plan, provided he or she also satisfies the eligibility conditions of Section 2 of the U.S. Plan.

French-qualified Options may not be issued to corporate executives of French Subsidiaries, other than the managing directors (*Président du Conseil d'Administration, Directeur Général, Directeur Général Délégué, Membre du Directoire, Gérant de Sociétés par actions*) unless the corporate executive is an employee of a French Subsidiary, as defined by French law.

4. Term of Option

Options granted pursuant to the French Option Plan will expire not later than nine and one-half (9½) years after the Effective Grant Date subject, however, to the early termination provisions set forth herein.

5. Modifications to Grant Terms

Notwithstanding any provision in the U.S. Plan, the terms and conditions of the French-qualified Options (Exercise Price, number of underlying Shares and vesting period) may not be modified after the Effective Grant Date, except as provided under Sections 7, 8, and 9 of the French Option Plan, or as otherwise in keeping with French law.

6. Exercise Price and Consideration

(a) The method for determining the Exercise Price for the Option shall be fixed by the Committee on the Grant Date. The Exercise Price shall be stated in the Benefit Agreement or other grant materials distributed to employees. If the French-qualified Option is considered as granted on the Effective Grant Date, the Exercise Price will be determined in accordance with the method for determining the Exercise Price set forth by the Committee on the Grant Date. In no event shall the Exercise Price be less than the greatest of:

- (i) with respect to purchase stock options: the higher of either 80% of the average of the closing price of the Shares during the 20 days of quotation immediately preceding the Effective Grant Date or 80% of the average of the purchase price paid for such Shares by the Company;

- (ii) with respect to subscription stock options: 80% of the average of the closing price of such Shares during the 20 days of quotation immediately preceding the Effective Grant Date; and
- (iii) 100% of the Fair Market Value per Share as defined under the U.S. Plan, as determined on the Effective Grant Date.

(b) Upon exercise of an Option, payment of the full Exercise Price and any required withholding tax or social security contributions, if any, shall be paid either by:

- (i) cash;
- (ii) check;
- (iii) same day sale exercise; or
- (iv) any combination of the foregoing methods of payment.

No delivery, surrender or attestation to the ownership of previously owned Shares may be used to pay the Exercise Price.

(c) The Shares acquired upon exercise of the Option will be recorded in an account in the name of the shareholder with a broker or in such other manner as the Company may otherwise determine in order to ensure compliance with applicable law and with applicable holding periods.

7. Exercise Dates

(a) The Options will vest and be exercisable pursuant to the terms and conditions set forth in the U.S. Plan, the French Option Plan and the Benefit Agreement delivered to each French Participant. The vesting and exercisability of the Option may be modified only as provided in this French Option Plan or to the extent authorized by French law.

To obtain the French-qualified treatment, the French Participant shall not sell or transfer Shares acquired upon exercise of an Option before the expiration of the applicable holding period for French-qualified Options set forth by Section 163 bis C of the French Tax Code, as amended, except as provided in this French Option Plan, or as otherwise in keeping with French law. To prevent the French Participant from selling the Shares subject to the Option before the expiration of the applicable holding period, the Committee may, in its discretion, restrict the vesting and/or exercisability of the Option and/or the sale of Shares until the expiration of the applicable holding period, as set forth in the applicable Stock Option Agreement to be delivered to each French Participant. In any case, the restriction on the sale of the Shares cannot exceed three (3) years from the date of the effective exercise of the Options. However, the French Participant may be permitted to vest in or exercise the Option or sell the Shares subject to the Option before the expiration of the applicable holding period in the cases of Disability, death, Forced Retirement or dismissal, as defined in Section 91-ter of Exhibit II to the French Tax Code, as amended, and as set forth in the applicable Stock Option Agreement to be delivered to the French Participant.

(b) Notwithstanding Section 4, if a French Participant's service to the Company or any parent, Subsidiary or affiliate of the Company terminates by reason of his or her death while he or she is actively employed, his or her French-qualified Options may thereafter be exercised in full (with respect to all French-qualified Options, vested or unvested at the time of death) by his or her designated beneficiary, or by will or by the laws of descent and distribution, as determined under local law for the six (6)-month period following the French Participant's death.

(c) In the event of death following termination of service, vested French-qualified Options may be exercised, by the French Participant's designated beneficiary, or by will or by the laws of descent and distribution, as determined under local law, only during the six (6)-month period following the French Participant's death.

The six (6)-month exercise period will apply without regard to the term of the Option as described in Section 4 above. Any French-qualified Option which remains unexercised shall expire six (6) months following the date of the French Participant's death.

(d) If a French Participant ceases to be employed by the Company or any parent, Subsidiary or affiliate of the Company by reason of Disability (as defined in this French Option Plan), French Participant's Option will benefit from the favorable treatment of French-qualified Options, irrespective of the date of sale of the Shares, but only in the specific circumstances provided for by Section 163 bis C of the French Tax Code, as amended.

(e) If a French Participant ceases to be employed by the Company or any parent, Subsidiary or affiliate of the Company for reason of his or her Forced Retirement or dismissal as defined by Section 91-ter of Exhibit II to the French Tax Code and as construed by the French Tax Circulars and subject to the fulfillment of related conditions, his or her Option will benefit from the favorable treatment of French-qualified Options, irrespective of the date of sale of the Shares, only if exercised at least three (3) months prior to the effective date of the Forced Retirement or three (3) months prior to the date of the effective date of dismissal which is currently defined by French labor rules as the date of the sending of the letter of dismissal to the French Participant, as defined by French law and as construed by French tax and social security guidelines and court decisions of French Labor Courts.

8. Adjustments — Change in Control

(a) Adjustments of French-qualified Options issued hereunder shall be made to preclude the dilution or enlargement of benefits under the French-qualified Option only in the event of the transactions by the Company listed under Section L. 225-181 of the French Commercial Code, as amended, and in case of a repurchase of Shares by the Company at a price which is higher than the stock quotation price in the open market, and according to the provisions of Section L. 228-99 of the French Commercial Code, as amended, as well as according to specific decrees. In the event of an adjustment other than as described above, the Options may no longer qualify for favorable tax and social security treatment under French law.

(b) Nevertheless, the Board or the Committee, at its discretion, may decide to make adjustments in the case of a transaction as described in Sections 5(i) and 11 of the U.S. Plan, for which adjustments may not be authorized under French law, in which case, the Options may no

longer qualify as French-qualified awards and the favorable tax and social security treatment may be lost.

9. Disqualification of Options

If Options are otherwise modified or adjusted in a manner in keeping with the terms of the U.S. Plan or as mandated as a matter of law and the modification or adjustment is contrary to the terms and conditions of this French Option Plan, Options may no longer qualify as French-qualified Options. If Options no longer qualify as French-qualified Options, the Committee may, provided it is authorized to do so under the U.S. Plan, determine to lift, shorten or terminate certain restrictions applicable to the vesting of the Options, the exercisability of the Options, or the sale of the Shares which may have been imposed under this French Option Plan or in the Benefit Agreement delivered to the French Participant.

10. Interpretation

It is intended that Options granted under the French Option Plan shall qualify for the favorable tax and social security treatment applicable to Options granted under Sections L. 225-177 to L. 225-186-1 of the French Commercial Code, as amended, and in accordance with the relevant provisions set forth by French tax law and the French tax administration, but no undertaking is made to maintain such status.

The terms of the French Option Plan shall be interpreted accordingly and in accordance with the relevant provisions set forth by French tax and social security laws, as well as the French tax and social security administrations and the relevant guidelines released by the French tax and social security authorities and subject to the fulfillment of legal, tax and reporting obligations.

In the event of any conflict between the provisions of the French Option Plan and the U.S. Plan, the provisions of this French Option Plan shall control for any grants of Options made thereunder to French Participants.

11. Employment Rights

The adoption of this French Option Plan shall not confer upon the French Participant, or any employees of a French entity, any employment rights and shall not be construed as a part of any employment contracts that a French Subsidiary has with its employees.

12. Non-Transferability.

Notwithstanding any provision in the U.S. Plan to the contrary and, except in the case of death and in accordance with local applicable laws, the French-qualified Options shall not be transferred to any third party. In addition, the French-qualified Options are only exercisable by the French Participant during the lifetime of the French Participant.

14. Amendments

Subject to the terms of the U.S. Plan, the Board or Committee reserves the right to amend or terminate the French Option Plan at any time.

16. Effective Date

The French Option Plan is effective as of September 15, 2009.

**APPENDIX C
AUSTRALIAN ADDENDUM**

1. PURPOSE

This Addendum (the "Australian Addendum") to the Analog Devices, Inc. ("Company") 2006 Stock Incentive Plan (as amended) ("U.S. Plan") is adopted to set out rules which, together with those provisions of the U.S. Plan which this Australian Addendum does not replace, will:

- (a) govern the operation of the Plan with respect to Australian resident employees of the Company and its Australian Subsidiaries; and
- (b) provide for the Plan to comply with ASIC Class Order 03/184 ("Class Order"), relevant provisions of the Corporations Act and ASIC Regulatory Guide 49.

2. DEFINITIONS AND INTERPRETATION

Except as set out in this clause 2, capitalised terms used in this document have the meaning ascribed to them in the U.S. Plan. If any conflict occurs between the provisions of this Australian Addendum and the provisions of the U.S. Plan, these provisions prevail.

For the purposes of this Australian Addendum:

ASIC means the Australian Securities and Investments Commission;

Associated Body Corporate means, as determined in accordance with the Corporations Act, a body corporate:

- (a) that is a related body corporate of the Company;
- (b) that has voting power in the Company of not less than 20%; or
- (c) in which the Company has voting power of not less than 20%;

Australian Award means the award of an Option, Share, Restricted Stock Unit or Dividend Equivalent under the terms of the Plan;

Australian Offerees means all persons to whom an offer of an Australian Award is made in Australia under the Plan;

Australian Subsidiary means an Australian Associated Body Corporate;

Common Stock means the common stock of the Company;

Company means Analog Devices, Inc.;

Corporations Act means Corporations Act 2001 (Cth);

Dividend Equivalent means a right to receive a cash payment equal to the amount of any dividends that the Company may declare on its Shares that may be granted in connection with

any award of Restricted Stock Units at the Company's discretion, in accordance with the U.S. Plan;

Offer means an offer received in Australia to acquire Shares, Options, Restricted Stock Units or Dividend Equivalents under the terms of the Plan;

Option means an option to acquire a Share;

Plan means the U.S. Plan as modified for implementation in Australia by this Australian Addendum;

Share means a share of Common Stock; and

Restricted Stock Unit means an unfunded promise by the Company to deliver the number of Shares underlying the Restricted Stock Unit following the lapse of specified restrictions.

3. FORM OF AWARDS

The Company may only grant Australian Awards under the Plan in Australia.

Options and Restricted Stock Units may be offered for no more than nominal consideration (i.e. consideration of not more than one (1) cent per Option/Restricted Stock Unit).

4. AUSTRALIAN OFFEREES

The Company may extend an Offer only to Australian Offerees who at the time of the Offer are full or part-time employees or directors of the Company or an Associated Body Corporate.

5. NO CONTRIBUTION OR TRUST

An Offer must not involve a contribution plan or any offer, issue or sale being made through a trust.

6. AUSTRALIAN OFFER DOCUMENT

6.1 Form of Offer

The Company shall make an Offer in Australia to participate in the Plan via a written document ("Offer Document") which must set out the terms of the Offer and include or be accompanied by the following:

- (a) a summary or a copy of the Plan;
- (b) where only a summary of the Plan is provided, an undertaking that during the period ("Offer Period") in which an Australian Award may be issued or Shares may be acquired through exercise of an Australian Award, the Company or its Australian Subsidiary will, within a reasonable period of an Australian Offeree so requesting, provide the offeree without charge with a copy of the Plan.

The Company must take reasonable steps to ensure that any Australian Offeree to whom an Offer is made is given a copy of the Offer Document.

6.2 Australian Dollar Equivalent of Exercise and Issue Price

If the Offer requires the Australian Offeree to pay a purchase price to receive the Australian Award granted under the Plan, the Offer Document must specify the Australian dollar equivalent of the purchase price of the Australian Award as at the date of the Offer.

For the offer of Options, the Offer Document must specify the Australian dollar equivalent of the exercise price of the Options ("Exercise Price") at the date of the Offer.

For offers of Shares, the Offer Document must specify the Australian dollar equivalent of the issue price of the Shares the subject of the Offer ("Issue Price") as at the date of the Offer.

6.3 Updated Price Information

The Offer Document must include an undertaking that, and an explanation of the way in which the Company or its Australian Subsidiary will (during the Offer Period and within a reasonable period of an Australian Offeree so requesting), make available to the Australian Offeree the following information:

- (a) the Australian dollar equivalent of the current market price of a share of Common Stock as at the date of the Australian Offeree's request;
- (b) in the case of the Options, the Australian dollar equivalent of the Exercise Price, as at the date of the Australian Offeree's request; and
- (c) in the case of Shares, if there is an Issue Price, the Australian dollar equivalent of the Issue Price as at the date of the Australian Offeree's request.

For the purposes of this clause 6.3, the current market price of a share of Common Stock shall be taken as the price published as the closing sales price for such stock on the trading day preceding the date of the request, as traded on the New York Stock Exchange. Please note that for Australian tax purposes, market value is defined differently.

6.4 Exchange Rate for Australian Dollar Equivalent

For the purposes of clauses 6.2 and 6.3, the Australian dollar equivalent of the Exercise Price, Issue Price and current market price of a share of Common Stock are calculated by reference to the relevant exchange rate published by an Australian bank no earlier than the business day before the day to which the price relates.

6.5 General Advice Only

The Offer Document will include a statement to the effect that any advice given by the Company or an Australian Subsidiary in connection with the Offer is general advice only, and that Australian Offerees should consider obtaining their own financial product advice from an independent person who is licensed by ASIC to give such advice.

7. RESTRICTION ON CAPITAL RAISING: 5% LIMIT

In the case where an Offer under the Plan may involve or result in the issue of shares of Common Stock (including as a result of the exercise or upon the vesting of any Australian Award), the number of shares of Common Stock that are the subject of the Offer when aggregated with:

- (a) the number of shares of Common Stock in the same class which would be issued were each outstanding offer with respect to shares of Common Stock, units of shares of Common Stock and options to acquire unissued shares of Common Stock, made under an employee share scheme, to be accepted or exercised (as the case may be); and
- (b) the number of shares of Common Stock in the same class issued during the previous five years under the Plan or any other employee share scheme extended only to full or part time employees (including directors) of the Company and its Associated Bodies Corporate;

disregarding any offer made, or option acquired or shares of Common Stock issued by way of or as a result of:

- (c) an offer, to a person situated at the time of receipt of the offer outside Australia; or
- (d) an offer that was an excluded offer or invitation within the meaning of the Corporations Law as it stood prior to 13 March 2000; or
- (e) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
- (f) an offer that did not require the giving of a Product Disclosure Statement (within the meaning of the Corporations Act) because of section 1012D of the Corporations Act;
- (g) an offer made under a disclosure document or a Product Disclosure Statement,

must not exceed 5% of the total number of issued shares in that class of shares of Common Stock as at the time of the offer.

8. LOAN OR FINANCIAL ASSISTANCE

If the Company or an Associated Body Corporate offers an Australian Offeree any loan or other financial assistance for the purpose of acquiring any financial product to which the Offer relates, the Offer Document must disclose the conditions, obligations and risks associated with such loan or financial assistance.

9. LODGEMENT OF OFFER DOCUMENT WITH ASIC

The Company shall lodge a copy of the Offer Document (which need not contain details of the offer particular to the Australian Offeree such as the identity or entitlement of the Australian Offeree) and each accompanying document to ASIC not later than 7 days after the first provision of that material to an Australian Offeree.

10. COMPLIANCE WITH UNDERTAKINGS

The Company or an Australian Subsidiary shall comply with any undertaking required to be made in the Offer Document by the Class Order, such as the undertaking to provide pricing information on request.

* * * *

B-12



**2006 STOCK INCENTIVE PLAN
NON-QUALIFIED STOCK OPTION Private &
Confidential (Addressee Only)**

2006 Stock Incentive Plan: Director Version
Division: ABC Division
Location: Norwood, MA

We are pleased to advise you that you have been granted an option to purchase that number of shares of Analog Devices, Inc. Common Stock set forth below subject to the terms and conditions of the Analog Devices, Inc. 2006 Stock Incentive Plan (the "Plan") and this Non-Qualified Stock Option Agreement (the "Option"). The grant of this Option reflects Analog's confidence in your commitment and contributions to the success and continued growth of Analog Devices, Inc. (the "Company").

GRANT OF OPTION: This Agreement confirms that, subject to the terms and conditions of the Plan, the Company has granted to you (the "Optionee"), effective on the Date of Grant set forth below, an option to purchase shares of the Company's Common Stock (the "Option Shares") as follows:

Date of Grant:	March xx, 20[11]
Number of Option Shares Granted:	[xx]
Option Exercise Price Per Share:	\$ [xx]

ALL TERMS NOT DEFINED HEREIN SHALL HAVE THE MEANINGS ASSIGNED TO SUCH TERMS IN THE PLAN.

EXERCISE OF OPTION: The Option is exercisable in full on the earlier of March xx, 20[12] or the date of the Company's next annual meeting of shareholders.

TERM OF OPTION; TERMINATION OF SERVICE:

1. Except as otherwise provided below, (a) unless earlier exercised, the Option shall terminate on, and shall not be exercisable after, three (3) months after the Optionee ceases to be a Director of the Company and (b) the Option shall be exercisable by the Optionee (or his or her successor in interest) only to the extent that such Option was exercisable on or prior to the date of such termination.
2. If the Optionee dies while a Director of the Company, the Option shall become exercisable in full on the date of death and shall continue to be exercisable (by the Optionee's successor in interest) until the date that is ten (10) years after the Date of Grant, at which time the Option shall terminate.
3. If the Optionee ceases to be a Director by reason of retirement as a Director, this Option shall cease vesting at the time the Optionee ceases to be a Director, and any Option Shares that are vested on the date of such retirement shall continue to be exercisable until the date that is ten (10) years after the Date of Grant. For purposes of this provision, "retirement" shall mean any mutually agreed departure from the Board after a Director has reached the age of 60.
4. If the Optionee ceases to be a Director by reason of the Director's removal under Section 2.7 of the Company's Bylaws, this Option shall, at the time the Optionee ceases to be a Director, terminate and all Option Shares that are then vested shall forthwith cease to be exercisable.
5. If the Optionee ceases to be a Director by reason of disability (as determined by the Company), the Option Shares which are not exercisable as of the date of disability shall become exercisable on the date that they otherwise would have become exercisable if the Optionee's service as a Director had not been terminated due to disability. Any Option Shares that are exercisable shall continue to be exercisable until the date that is ten (10) years after the Date of Grant, at which time the Option shall terminate.
6. If the Optionee becomes an employee of the Company and in connection with such employment ceases to serve as a Director, this Option shall continue to vest in accordance with the terms hereof until the date that the Optionee's employment with the Company is terminated, and any Option Shares that are exercisable on the date of such termination shall continue to be exercisable for a period of three (3) months following such termination date, provided that in no event shall the Option be exercisable later than the date that is ten (10) years after the Date of Grant.

As used herein, the terms "employment" and "employee" shall mean and include any one of the following relationships with the Company or one of its subsidiaries: director, employee, consultant or advisor.

PAYMENT OF PURCHASE PRICE: The following payment methods may be used to purchase Option Shares in accordance with the terms of the Plan:

1. A cashless exercise in a manner described in Section 5(f)(2) of the Plan.
2. Cash or check payable to the Company.
3. Delivery by the Optionee of shares of Common Stock of the Company owned by the Optionee and subject to such other terms and conditions contained in the Plan.
4. Any combination of the above methods.

NON-TRANSFERABILITY OF OPTION: Except as provided by will or the laws of descent and distribution, or as permitted by the Plan, this Option is personal and no rights granted hereunder shall be transferred, assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise), nor shall any such rights be subject to execution, attachment or similar process.

ADJUSTMENT: This Option is subject to adjustment (including with respect to vesting of the Option Shares) upon certain changes in the Company's common stock and certain other events, including a Change in Control Event or a Reorganization Event, as provided in Section 11 of the Plan.

CHANGE IN CONTROL: Upon the occurrence of a Change in Control Event (as defined in Section 11(b) of the Plan), this Option shall vest and be exercisable in full, whether or not then exercisable in accordance with its terms, and shall continue to be exercisable until the date that is ten (10) years after the Date of Grant.

WITHHOLDING TAXES: As a condition to the issuance of shares upon exercise of the Option, the Optionee shall pay to the Company, or make provision satisfactory to the Company for payment of, an amount sufficient to satisfy federal, state and local withholding tax requirements in accordance with Section 12(e) of the Plan.

A copy of the Plan prospectus is available from the Stock Plan Administrator, Stock_Plan_Admin@Analog.com. If you have any questions regarding your stock option, please contact the Stock Plan Administrator or Fran Sarro, Assistant Treasurer, at (781) 461-3907 or email Fran.Sarro@Analog.com.

Ray Stata
Chairman of the Board

Jerald G. Fishman
President & Chief Executive Officer



**RESTRICTED STOCK UNIT AGREEMENT GRANT OF
RESTRICTED STOCK UNIT DIRECTORS
Private & Confidential (Addressee Only)**

2006 Stock Incentive Plan: Director RSU Version
Division: ABC Division
Location: US

We are pleased to advise the Participant that Analog Devices, Inc., a Massachusetts corporation (the "Company"), has granted to the Participant Restricted Stock Units ("RSUs") on the terms and conditions set forth below (the "Award"). This Award reflects the Company's confidence in the Participant's commitment and contributions to the success and continued growth of the Company.

1. Restricted Stock Unit.

This agreement confirms that, subject to the terms and conditions of the Analog Devices, Inc. 2006 Stock Incentive Plan (the "Plan"), the Company has granted to the Participant (the "Participant"), effective on the Date of Grant set forth below, that number of RSUs set forth below:

Date of Grant:	March xx, 20[11]
Number of RSUs:	[xxx]
Vesting Schedule:	The RSUs shall vest on the earlier of March xx, 20[12] or the date of the Company's next annual meeting of shareholders

Each one (1) RSU shall, if and when it vests in accordance with this Award, automatically convert into one (1) share of common stock, US\$0.16 2/3 par value, of the Company ("Common Stock") issuable as provided below. The RSUs are subject to the vesting provisions set forth in Section 2, the restrictions on transfer set forth in Section 3 and the right of the Company to retain Shares (as defined below) pursuant to Section 7.

2. Vesting and Conversion.

- (a) Subject to the terms of the Plan and this Award, the RSUs shall vest in accordance with the schedule set forth in Section 1. For purposes of this Award, RSUs that have not vested as of any particular time in accordance with this Section 2(a) are referred to as "Unvested RSUs." The shares of Common Stock that are issuable upon the vesting and conversion of the RSUs are referred to in this Award as "Shares." As soon as administratively practicable after the issuance of any Shares upon the vesting and conversion of RSUs, and subject to the terms and conditions set forth herein, the Company shall deliver or cause to be delivered evidence (which may include a book entry by the Company's transfer agent) of the Shares so issued in the name of the Participant to the brokerage firm designated by the Company to maintain the brokerage account established for the Participant. Notwithstanding the foregoing, the Company shall not be obligated to issue Shares to or in the name of the Participant upon the vesting and conversion of any RSUs unless the issuance of such Shares shall comply with all relevant provisions of law and other legal requirements including, without limitation, any applicable securities laws and the requirements of any stock exchange upon which shares of Common Stock may then be listed.
- (b) In the event the Participant ceases to be a Director for any reason or no reason (other than due to death, Disability or otherwise as provided in the Plan or below), then in each such case, all of the Unvested RSUs as of the date of termination shall terminate and be cancelled immediately and automatically and the Participant shall have no further rights with respect to such Unvested RSUs.
- (c) In the event the Participant dies while a Director of the Company, all Unvested RSUs shall vest in full as of the date of the Participant's death.
- (d) In the event the Participant ceases to be a Director by reason of a Disability (as defined below), the Unvested RSUs as of the date of the Participant cease to be a Director shall vest in full as of such date. For the purpose of this Award, "Disability" means (i) the Participant's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, as determined by the Company.
- (e) If the Participant becomes an employee of the Company and, in connection with such employment, ceases to serve as a Director of the Company, Unvested RSUs shall vest in accordance with the terms hereof until the date that the Participant's employment with the Company is terminated.
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- (f) Notwithstanding anything in the Plan or herein, all Unvested RSUs shall vest in full as of a Change in Control Event (as defined in the Plan).
- (g) For purposes of this Award, employment with the Company shall include being an employee, consultant or advisor with any direct or indirect parent or subsidiary of the Company, or any successor to the Company or any such parent or subsidiary of the Company.
3. Restrictions on Transfer.
- (a) The Participant shall not sell, assign, transfer, pledge or otherwise encumber any RSUs, either voluntarily or by operation of law.
- (b) The Company shall not be required (i) to transfer on its books any of the RSUs which have been transferred in violation of any of the provisions set forth herein or (ii) to treat as the owner of such RSUs any transferee to whom such RSUs have been transferred in violation of any of the provisions contained herein.
4. Not a Shareholder. The RSUs represent an unfunded, unsecured promise by the Company to deliver Shares upon vesting and conversion of the RSUs, and until vesting of the RSUs and issuance of the Shares, the Participant shall not have any of the rights of a shareholder with respect to the Shares underlying the RSUs. For the avoidance of doubt, the Participant shall have no right to receive any dividends and shall have no voting rights with respect to the Shares underlying the RSUs for which the record date is on or before the date on which the Shares underlying the RSUs are issued to the Participant.
5. Provisions of the Plan. The RSUs and Shares, including the grant and issuance thereof, are subject to the provisions of the Plan. A copy of the Plan prospectus is available on the Company's Intranet at www.analog.com/employee (from Signals home page, click Knowledge Centers, HR, Employee Stock Programs. The related documents can be found in the right-hand column).
6. Consideration. Any Shares that are issued and any cash payment that is delivered, in either case upon settlement of the RSUs pursuant to this Award, will be in consideration of the Participant's service as a member of the Board of Directors of the Company and/or his continued employment with the Company, which consideration is deemed sufficient.
7. Withholding Taxes.
- (a) Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant's responsibility, and that the Company (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the RSUs, the vesting of the RSUs, the subsequent sale of any Shares acquired pursuant to the RSUs and the receipt of any dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax-Related Items.
- (b) Prior to the delivery of Shares upon the vesting of the RSUs, if any taxing jurisdiction requires withholding of Tax-Related Items, the Company may withhold a sufficient number of whole Shares otherwise issuable upon the vesting of the RSUs that have an aggregate Fair Market Value (as defined under the Plan) sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items (determined by reference to the closing price of the Common Stock on the New York Stock Exchange on the applicable vesting date). No fractional Shares will be withheld or issued pursuant to the grant of the RSUs and the issuance of Shares hereunder. Alternatively, the Company may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from the Participant's salary or other amounts payable to the Participant, with no withholding in Shares. In the event the withholding requirements are not satisfied through the withholding of Shares or through the Participant's salary or other amounts payable to the Participant, no Shares will be issued upon vesting of the RSUs unless and until satisfactory arrangements (as determined by the Compensation Committee of the Board of Directors) have been made by the Participant with respect to the payment of any Tax-Related Items which the Company determines, in its sole discretion, must be withheld or collected with respect to such RSUs. By accepting this grant of RSUs, the Participant expressly consents to the withholding of Shares and/or cash as provided for hereunder. All other Tax-Related Items related to the RSUs and any Shares delivered in payment thereof are the Participant's sole responsibility.
8. Option of Company to Deliver Cash. Notwithstanding any of the other provisions of this Award and except where otherwise prohibited under local law or where cash settlement may present adverse tax consequences to the Participant, at the time the RSUs vest, the Company may elect, in the sole discretion of the Compensation Committee of the Board of Directors, to deliver by wire transfer to the Participant in lieu of Shares an equivalent amount of cash (determined by reference to the closing price of the
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Common Stock on the New York Stock Exchange on the applicable vesting date). If the Company elects to deliver cash to the Participant, the Company is authorized to retain such amount as is sufficient in the opinion of the Company to satisfy the tax withholding obligations of the Company pursuant to Section 7 herein.

9. **Data Privacy.** The Company hereby notifies the Participant of the following in relation to the Participant's personal data and the collection, processing and transfer of such data in relation to the grant of the RSUs and the Participant's participation in the Plan, pursuant to applicable personal data protection laws. The collection, processing and transfer of the Participant's personal data is necessary for the Company's administration of the Plan and the Participant's participation in the Plan, and the Participant's denial and/or objection to the collection, processing and transfer of personal data may affect the Participant's ability to participate in the Plan. As such, the Participant voluntarily acknowledges, consents and agrees (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company holds certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Participant or collected, where lawful, from third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The data processing will take place through electronic and non-electronic means according to logistics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Participant's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Participant's participation in the Plan.

The Company will transfer Data as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. The Participant hereby authorizes (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any Shares acquired pursuant to the Plan.

The Participant may, at any time, exercise the Participant's rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (d) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Participant's participation in the Plan. The Participant may seek to exercise these rights by contacting the Participant's local HR manager.

10. **Repatriation: Compliance with Laws.** The Participant agrees, as a condition of the grant of the RSUs, as applicable, to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of the Shares acquired pursuant to the RSUs) in accordance with all foreign exchange rules and regulations applicable to the Participant. In addition, the Participant also agrees to take any and all actions, and consent to any and all actions taken by the Company and its subsidiaries, as may be required to allow the Company and its subsidiaries to comply with all laws, rules and regulations applicable to the Participant. Finally, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal legal and tax obligations under all laws, rules and regulations applicable to the Participant.

11. **Miscellaneous.**

- (a) **No Rights to Board Service.** The grant of the RSUs shall not confer upon the Participant any right to continue to serve on the Board of Directors of the Company or, if applicable, as an employee of the Company or its subsidiaries, nor limit in any way the terms of the Participant's service on the Board of Directors, including for removal therefrom. The vesting of the RSUs pursuant to Section 2 hereof is earned only by satisfaction of the performance conditions, if any, and continuing service on the Board of Directors or as otherwise set forth in Section 2 (not through the act of being elected, hired or engaged or being granted the RSUs hereunder).
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- (b) **Discretionary Nature.** The Participant acknowledges and agrees that the Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the RSUs under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of RSUs or any other award under the Plan or other benefits in lieu thereof in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of Shares subject to the grant, and the vesting provisions. Any amendment, modification or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Participant's employment with the Company.
 - (c) **Exclusion from Termination Indemnities and Other Benefits.** The Participant's participation in the Plan is voluntary. The value of the RSUs and any other awards granted under the Plan is an extraordinary item of compensation outside the scope of the Participant's service on the Board of Directors of the Company. Any grant under the Plan, including the grant of the RSUs, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.
 - (d) **Severability.** The invalidity or unenforceability of any provision of this Award shall not affect the validity or enforceability of any other provision of this Award, and each other provision of this Award shall be severable and enforceable to the extent permitted by law.
 - (e) **Waiver.** Any provision for the benefit of the Company contained in this Award may be waived, either generally or in any particular instance, by the Compensation Committee of the Board of Directors of the Company.
 - (f) **Binding Effect.** This Award shall be binding upon and inure to the benefit of the Company and the Participant and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the restrictions on transfer set forth in Section 3 of this Award.
 - (g) **Notice.** Each notice relating to this Award shall be in writing (which shall include electronic form) and delivered in person, electronically or by first class mail, postage prepaid, to the address as hereinafter provided. Each notice shall be deemed to have been given on the date it is received. Each notice to the Company shall be addressed to it at its offices at Analog Devices, Inc., One Technology Way, Norwood, Massachusetts, 02062, Attention: Chief Financial Officer. Each notice to the Participant shall be addressed to the Participant at the Participant's last known mailing or email address, as applicable, on the records of the Company.
 - (h) **Pronouns.** Whenever the context may require, any pronouns used in this Award shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.
 - (i) **Entire Agreement.** This Award and the Plan constitute the entire understanding between the parties, and supersede all prior agreements and understandings, relating to the subject matter of these documents.
 - (j) **Governing Law.** This Award shall be construed, interpreted and enforced in accordance with the internal laws of the Commonwealth of Massachusetts without regard to any applicable conflicts of laws.
 - (k) **Interpretation.** The interpretation and construction of any terms or conditions of this Award or the Plan, or other matters related to the Plan, by the Compensation Committee of the Board of Directors of the Company shall be final and conclusive.
 - (l) **Participant's Acceptance.** The Participant is urged to read this Award carefully and to consult with his or her own legal counsel regarding the terms and consequences of this Award and the legal and binding effect of this Award. By virtue of his or her acceptance of this Award, the Participant is deemed to have accepted and agreed to all of the terms and conditions of this Award and the provisions of the Plan.
 - (m) **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to the RSUs or other awards granted to the Participant under the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
 - (n) **English Language.** The Participant acknowledges and agrees that it is the Participant's express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the RSUs, be drawn up in English. If the Participant has received this Agreement, the Plan or any other documents related to the RSUs translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version shall control.
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- (o) Addendum. Notwithstanding any provisions herein to the contrary, the RSUs shall be subject to any special terms and conditions for the Participant's country of residence (and, if any, country of employment, if different), as may be set forth in an addendum to this Agreement (the "Addendum"). Further, if the Participant transfers the Participant's residence and/or employment to another country reflected in an Addendum, the special terms and conditions for such country will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan. Any Addendum shall constitute part of this Agreement.
- (p) Additional Requirements. The Company reserves the right to impose other requirements on the RSUs, any Shares acquired pursuant to the RSUs, and the Participant's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law or to facilitate the administration of the Plan. Such requirements may include (but are not limited to) requiring the Participant to sign any agreements or undertakings that may be necessary to accomplish the foregoing.
- (q) Private Placement. The Company has submitted regulatory filings in the United States in connection with the stock incentive plan under which this Award was made. The Company has not submitted any registration statement, prospectus or other filings with other local securities authorities (unless otherwise required under such local law), and the grant of the Award is not intended to be a public offering of securities in any other jurisdiction or subject to the supervision of other local securities authorities.
- (r) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any non-cash distribution to holders of Common Stock, the number of RSUs, and Shares issuable upon vesting and conversion thereof, shall be appropriately adjusted in such manner as shall be determined by the Compensation Committee of the Board of Directors of the Company.
- (s) Amendment. This Award may be amended or modified only by a written instrument executed by both the Company and the Participant.

Ray Stata
Chairman of the Board

Jerald G. Fishman
President & Chief Executive Officer

Analog Devices, Inc.
Ratio of Earnings to Fixed Charges

<small>(In thousands, except ratios)</small>	Fiscal Year Ended				
	November 3, 2007	November 1, 2008	October 31, 2009	October 30, 2010	October 29, 2011
Determination of earnings:					
Income from continuing operations before provision for taxes on income	\$ 661,457	\$ 666,102	\$ 297,444	\$ 901,665	\$ 1,061,447
Amortization of Capitalized interest	982	982	982	440	54
Fixed charges	1,834	1,607	5,243	11,388	19,892
Total earnings as defined	664,273	668,691	303,669	913,493	1,081,393
Fixed Charges:					
Interest and amortization expense	7	81	3,853	10,226	18,892
Interest portion of rent expense	1,827	1,526	1,390	1,162	1,000
Fixed charges	1,834	1,607	5,243	11,388	19,892
Capitalized interest	—	—	—	—	—
Total fixed charges	\$ 1,834	\$ 1,607	\$ 5,243	\$ 11,388	\$ 19,892
Ratio of earnings to fixed charges	362.2	416.1	57.9	80.2	54.4

SUBSIDIARIES OF ANALOG DEVICES, INC.
As of October 29, 2011

Name of Subsidiary	State or Other Jurisdiction of Incorporation or Organization
Analog Devices Limited	United Kingdom
Analog Devices, GmbH	Germany
Analog Devices, SAS	France
Analog Devices, K.K.	Japan
Analog Devices A/S	Denmark
Analog Devices A.B.	Sweden
Analog Devices (Finland) Oy	Finland
Analog Devices SRL	Italy
Analog Devices, GMBH	Austria
Analog Devices Korea, Ltd.	Korea
Integrant Technologies, Inc.	Korea
Analog Devices, B.V.	The Netherlands
Analog Devices Holdings, B.V.	The Netherlands
Analog Devices Nederland, B.V.	The Netherlands
Analog Devices (Philippines), Inc.	The Philippines
Analog Devices Gen. Trias, Inc.	The Philippines
Analog Devices Realty Holdings, Inc. (40% owned)	The Philippines
Analog Devices Taiwan, Ltd.	Taiwan
Analog Devices Hong Kong, Ltd.	Hong Kong
Analog Devices Pty, Ltd.	Australia
Analog Devices Australia Pty, Ltd.	Australia
Analog Devices India Private Limited	India
Analog Devices International Financial Services Limited	Ireland
Analog Devices Israel, Ltd.	Israel
Analog Devices (China) Co. Ltd.	China
Analog Devices (Shanghai) Co. Ltd.	China
Analog Devices Canada, Ltd.	Canada
Analog Devices S.L.	Spain
ADI Micromachines, Inc.	Delaware
Lyric Semiconductor, Inc.	Delaware
Analog Devices International, Inc.	Massachusetts

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 2-63561, 2-90023, 2-95495, 33-2502, 33-4067, 33-22604, 33-22605, 33-29484, 33-39851, 33-39852, 33-43128, 33-46520, 33-46521, 33-60642, 33-60696, 33-61427, 33-64849, 333-04771, 333-04819, 333-04821, 333-08493, 333-40222, 333-40224, 333-47787, 333-47789, 333-48243, 333-56529, 333-57444, 333-69359, 333-79551, 333-87055, 333-50092, 333-53314, 333-53828, 333-75170, 333-113510, 333-132409, 33-156309 and 333-163653, and Form S-3 Nos. 333-08505, 333-08509, 333-17651, 333-87053, 333-48928, 333-51530, 333-53660 and 333-160215) of Analog Devices, Inc. and in the related Prospectuses of our reports dated November 22, 2011, with respect to the consolidated financial statements and schedule of Analog Devices, Inc., and the effectiveness of internal control over financial reporting of Analog Devices, Inc., included in this Annual Report (Form 10-K) for the year ended October 29, 2011.

/s/ Ernst & Young LLP

Boston, Massachusetts
November 22, 2011

CERTIFICATION

I, Jerald G. Fishman, certify that:

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

/s/ Jerald G. Fishman

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

Dated: November 22, 2011

CERTIFICATION

I, David A. Zinsner, certify that:

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

/s/ David A. Zinsner

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

Dated: November 22, 2011

**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 Annual Report on Form 10-K of Analog Devices, Inc. (the "Company") for the period ended October 29, 2011 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.

/s/ Jerald G. Fishman

Jerald G. Fishman
Chief Executive Officer

Dated: November 22, 2011

**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 Annual Report on Form 10-K of Analog Devices, Inc. (the "Company") for the period ended October 29, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, David A. Zinsner, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

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

/s/ David A. Zinsner

David A. Zinsner
Chief Financial Officer

Dated: November 22, 2011