MYERS INDUSTRIES INC
Form 8-K
August 09, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of report (Date of earliest event reported) August 8, 2012

MYERS INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Ohio	**1-8524**	**34-0778636**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification Number)**

1293 South Main Street, Akron, OH	**44301**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant s Telephone Number, including area code (330) 253-5592

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. **Other Events.**

On August 8, 2012, John C. Orr, the President and Chief Executive Officer of Myers Industries, Inc. (Myers), adopted a pre-arranged trading plan in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the Rule 10b5-1 Plan).

During the term of the Rule 10b5-1 Plan, Mr. Orr may sell up to 150,000 shares of Myer s common stock.

Sales of stock under Mr. Orr s Rule 10b5-1 Plan may commence on October 15, 2012 and may continue until the Rule 10b5-1 Plan expires on the earlier to occur of (i) the date on which Mr. Orr sells 150,000 shares under the plan or (ii) December 31, 2013.

Mr. Orr entered into the Rule 10b5-1 Plan as part of his personal long-term investment strategy for asset diversification and liquidity and he will have no control over the timing of the sales of shares under the Rule 10b5-1 Plan.

The Rule 10b5-1 Plan is intended to comply with Rule 10b5-1 of the Securities and Exchange Act of 1934, as amended. Under Rule 10b5-1, directors, officers and other employees who are not in possession of material non-public information may adopt a pre-arranged plan or contract for the sale of securities under specified conditions and at specified times. The stock transactions under the Rule 10b5-1 Plan will be disclosed publicly through Form 4 and, if applicable, Form 144 filings with the Securities and Exchange Commission. Myers undertakes no obligation to report on Form 8-K any Rule 10b5-1 plans that may be adopted by any of its other officers and directors or to report on Form 8-K any modifications or termination of any publicly announced trading plans, except to the extent required by law.

SIGNATURE

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

Myers Industries, Inc.
(Registrant)

DATE: August 9, 2012

By: /s/ Donald A. Merril
Donald A. Merril
Senior Vice President, Chief Financial Officer

and Corporate Secretary

; background: #FFFFFF"> 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.

	2009			**2008**		**2007***	
	Revenue	**% of Total Product Revenue****	**Y/Y%**	**Revenue**	**% of Total Product Revenue**	**Revenue**	**% of Total Product Revenue****
Converters	$ 960,502	48%	(19)%	$ 1,190,866	46%	$ 1,104,932	45%
Amplifiers	501,759	25%	(25)%	665,585	26%	618,267	25%
Other analog	261,059	13%	(18)%	318,648	12%	334,652	14%
Subtotal analog signal processing	1,723,320	86%	(21)%	2,175,099	84%	2,057,851	85%
Power management & reference	118,247	6%	(18)%	143,698	6%	124,101	5%
Total analog products	**$ 1,841,567**	91%	(21)%	**$ 2,318,797**	90%	**$ 2,181,952**	90%
General purpose DSP	167,133	8%	(29)%	234,946	9%	214,339	9%
Other DSP	6,208	0%	(79)%	29,188	1%	33,430	1%
Total DSP products	**$ 173,341**	9%	(34)%	**$ 264,134**	10%	**$ 247,769**	10%

Total Product Revenue	$	**2,014,908**	100%	(22)%	$	**2,582,931**	100%	$	**2,429,721**	100%
Revenue from one-time IP license									35,000	
Total Revenue	$	**2,014,908**			$	**2,582,931**		$	**2,464,721**	

* The year ended November 3, 2007 was a 53-week year. We follow a 52-week, or 364-day fiscal calendar that results in a 53-week year approximately every seventh year, as occurred in fiscal 2007.

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

The decrease in revenue from fiscal 2008 to fiscal 2009 was due to declining demand across our product categories in every market that we serve, particularly the industrial and consumer end markets, as a result of an overall decline in the worldwide economy.

The increase in revenue from fiscal 2007 to fiscal 2008 was the result of a broad-based increase in sales across many of our product categories. The increase in sales of converters and amplifiers was primarily attributable to an increase in demand for our products used in the industrial and communications end markets.

Revenue Trends by Geographic Region

The percentage of product sales from continuing operations by geographic region, based upon point of sale, for the last three fiscal years is as follows:

	Fiscal Year		
Region	**2009**	**2008**	**2007**
United States	20%	20%	23%
Rest of North and South America	5%	4%	3%
Europe	25%	26%	24%
Japan	17%	19%	21%
China	19%	16%	13%
Rest of Asia	14%	15%	16%

In fiscal year 2009 the predominant countries comprising Rest of North and South America are Canada and Mexico; the predominant countries comprising Europe are Germany, Sweden and France; and the predominant countries comprising Rest of Asia are Korea, Taiwan and Singapore.

In fiscal year 2008 and fiscal year 2007 the predominant countries comprising Rest of North and South America are Canada and Mexico; the predominant countries comprising Europe are Germany, France and the United Kingdom; and the predominant countries comprising Rest of Asia are Taiwan and Korea.

Sales declined in all geographic regions in the fiscal 2009, as compared to fiscal 2008, with sales in Europe and Japan experiencing the largest decline. This decline in sales in Europe was partially attributable to a decline in the automotive end market. The decline in sales in Japan was principally attributable to the general decline in consumer spending as a result of the global economic crisis. The decline in China was smaller than the decline in the other regions primarily due to the strong demand for our products used in China s recent infrastructure build-out of the country s next generation of communication technology.

Gross Margin

	Fiscal Year		
	2009	**2008**	**2007**
Gross Margin	$ 1,118,637	$ 1,577,275	$ 1,508,276
Gross Margin %	55.5%	61.1%	61.2%

Gross margin percentage was lower in fiscal 2009 by 560 basis points as compared to fiscal 2008, primarily as a result of a decrease in sales of $568.0 million and reduced operating levels in our manufacturing facilities that created adverse utilization variances.

Gross margin percentage in fiscal 2008 was lower by 10 basis points from the gross margin recorded in fiscal 2007 primarily as a result of recording revenue in fiscal 2007 of $35 million we received in exchange for the licensing of certain intellectual property rights to a third party with no associated cost of sales.

Stock-based Compensation Expense

As of October 31, 2009, the total compensation cost related to unvested equity awards not yet recognized in our statement of income was approximately $103.4 million (before tax consideration), which we will recognize over a weighted average period of 1.6 years.

During fiscal 2009, our shareholders approved and we completed an employee stock option exchange program (Option Exchange). The Option Exchange provided our eligible employees, except our 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.

See Note 3 in the Notes to Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K for further information.

Research and Development (R&D)

	Fiscal Year		
	2009	**2008**	**2007**
R&D Expenses	$ 446,980	$ 533,480	$ 509,553
R&D Expenses as a % of Product Revenue	22.2%	20.7%	21.0%

Research and development, or R&D, expenses in fiscal 2009 decreased $86.5 million, or 16%, from fiscal 2008. This decrease was primarily the result of the actions we took to constrain or permanently reduce operating expenses as well as a decrease in variable compensation expenses.

R&D expenses in fiscal 2008 increased by $23.9 million, or 5%, from the amount recorded in fiscal 2007. This increase was primarily the result of higher employee salary, benefit and variable compensation expenses, which were partially offset by one fewer week of operations in fiscal 2008 than in fiscal 2007 and lower employee stock option 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.

Selling, Marketing, General and Administrative (SMG&A)

	Fiscal Year		
	2009	**2008**	**2007**
SMG&A Expenses	$ 333,184	$ 415,682	$ 389,505
SMG&A Expenses as a % of Product Revenue	16.5%	16.1%	16.0%

Selling, marketing, general and administrative, or SMG&A, expenses in fiscal 2009 decreased $82.5 million, or 20%, from fiscal 2008. This decrease was primarily the result of our actions taken to constrain or permanently reduce operating expenses as well as a decrease in variable compensation expenses.

SMG&A expenses increased by $26.2 million, or 7%, in fiscal 2008 as compared to the amount recorded in fiscal 2007. This increase was primarily the result of higher employee salary, benefit and variable compensation expenses, which were partially offset by lower employee stock option expenses and one less week of operations in fiscal 2008 than in fiscal 2007. Fiscal 2007 also included $8.5 million related to the reimbursement of legal expenses we received as a result of the settlement of litigation in fiscal 2007.

Special Charges

Closure of Wafer Fabrication Facility in Sunnyvale

We ceased production at our California wafer fabrication facility in November 2006. We are paying the lease obligation costs on a monthly basis over the remaining lease term, which expires in 2010. We completed the clean-up activity during fiscal 2007, and we do not expect to incur any additional charges related to this action.

Reorganization of Product Development and Support Programs

We recorded special charges in fiscal years 2005, 2006 and 2007 as a result of our decision to reorganize our product development and support programs with the goal of providing greater focus on our analog and digital signal processing product programs. We terminated the employment of all employees associated with these programs and have paid all amounts owed to employees for severance. We do not expect to incur any further charges related to this reorganization action.

Consolidation of a Wafer Fabrication Facility in Limerick

In fiscal 2007, we recorded a special charge of $13.7 million as a result of our decision to only use eight-inch technology at our wafer fabrication facility in Limerick. Certain manufacturing processes and products produced on the Limerick facility s six-inch production line have transitioned to our existing eight-inch production line in Limerick while others have transitioned to external foundries. The charge was for severance and fringe benefit costs recorded under our ongoing benefit plan for 150 manufacturing employees associated with this action. As of October 31, 2009, we still employed 2 of the 150 employees included in this action. These employees must continue to be employed by us until their employment is involuntarily terminated in order to receive the severance benefit. During fiscal 2008, we recorded an additional charge of $1.5 million related to this action, of which $1.2 million was an adjustment to the original estimate of the severance costs and $0.3 million was for clean-up and closure costs that were expensed as incurred. During fiscal 2009, we recorded additional charges of $1.2 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. We do not expect to incur any further charges related to this action. We estimate that the closure of this facility will result in annual cost savings of approximately $25 million per year, which we expect to realize starting in the first quarter of fiscal 2010. We expect these annual savings will be in cost of sales, of which approximately $1 million relates to non-cash depreciation savings.

Reduction of Overhead Infrastructure Costs

During the fourth quarter of fiscal 2007, we recorded a special charge as a result of our decision to either deemphasize or exit certain businesses or products and focus investments in products and end markets where we have better opportunities for profitable growth. In September 2007, we entered into a definitive agreement to sell our Baseband Chipset Business. As a result, we decided to reduce the support infrastructure in manufacturing, engineering and SMG&A to more appropriately reflect our required overhead structure. We terminated the employment of all employees associated with this action and have paid all amounts owed to employees for severance. We do not expect to incur any further charges related to this action. These cost reduction actions, which were substantially completed in the second quarter of fiscal 2008, resulted in annual savings of approximately $15 million. We realized these savings as follows: approximately $7 million in R&D expenses, approximately $6 million in SMG&A expenses and approximately $2 million in cost of sales.

Reduction of Operating Costs

During the fourth quarter of fiscal 2008, in order to further reduce our operating cost structure, we recorded a special charge of $1.6 million for severance and fringe benefit costs recorded under our ongoing benefit plan or statutory requirements at foreign locations for 19 engineering and SMG&A employees. We terminated the employment of all employees associated with this charge and are paying amounts owed to employees for severance as income continuance.

During fiscal 2009, we recorded an additional charge of $30.3 million related to this cost reduction action. Approximately $2.1 million of this charge was for lease obligation costs for facilities that we ceased using during the first quarter of fiscal 2009; approximately $0.9 million was for the write-off of property, plant and equipment; and approximately $0.8 million was for contract termination costs and for clean-up and closure costs that were expensed as incurred. The remaining $26.5 million related to the severance and fringe benefit costs recorded under our ongoing benefit plan or statutory requirements at foreign locations, for 245 manufacturing employees and 302 engineering and SMG&A employees. As of October 31, 2009, we still employed 16 of the 547 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 believe this cost reduction action, which was substantially completed during the second quarter of fiscal 2009, will result in annual savings of approximately $36.4 million once fully implemented. We expect these annual savings will be realized as follows: approximately $31.6 million in SMG&A expenses and approximately

$4.8 million in cost of sales. A portion of these savings is reflected in our results for fiscal year 2009 and the remainder of the savings will be fully reflected in our results by the second quarter of fiscal 2010.

Closure of Wafer Fabrication Facility in Cambridge

During the first quarter of fiscal 2009, we recorded a special charge of $22.1 million as a result of our decision to consolidate our Cambridge, Massachusetts wafer fabrication facility into our existing Wilmington, Massachusetts facility. In connection with the anticipated closure of this facility, we evaluated the recoverability of the facilities manufacturing assets and concluded that there was an impairment of approximately $12.9 million based on the revised period of intended use. The remaining $9.2 million was for severance and fringe benefit costs recorded under our ongoing benefit plan for 175 manufacturing employees and 9 SMG&A employees associated with this action.

We finished production in the Cambridge fabrication facility and began clean-up activity during the fourth quarter of fiscal 2009. During the fourth quarter of fiscal 2009, we reversed approximately $1.8 million of the severance accrual. The accrual reversal was required because 51 employees either voluntarily left the Company or found alternative employment within the Company. In addition, we recorded a special charge of approximately $1.7 million for the impairment of manufacturing assets that were originally going to be moved to our other wafer fabrication facilities, but are no longer needed at those facilities and therefore have no future use. We also recorded a special charge of $0.1 million for clean-up costs as we began our cleanup of the Cambridge fabrication facility at the end of the fourth quarter of fiscal 2009. As of October 31, 2009, we still employed 33 employees included in this action. The remaining employees will continue working during the first quarter of fiscal 2010 on the cleanup and closure of the wafer fabrication facility. These employees must continue to be employed by us until their employment is involuntarily terminated in order to receive the severance benefit. We expect to incur additional expenses, that cannot be precisely determined at this time, related to this action in the first quarter of fiscal 2010 for lease termination, cleanup and closure costs. The lease charge will be taken when we cease using the building and the cleanup and closure costs will be expensed as incurred.

We estimate that the closure of this facility will result in annual cost savings of approximately $41 million per year, expected to be fully realized starting in the third quarter of fiscal 2010. We expect these annual savings to be realized as follows: approximately $40.2 million in cost of sales, of which approximately $4.0 million relates to non-cash depreciation savings, and approximately $0.8 million in SMG&A expenses.

Operating Income from Continuing Operations

	Fiscal Year		
	2009	**2008**	**2007**
Operating income from Continuing Operations	$ 284,817	$ 625,025	$ 568,723
Operating income from Continuing Operations as a % of Total Revenue	14.1%	24.2%	23.1%

The $340.2 million, or 54%, decrease in operating income from continuing operations in fiscal 2009 as compared to fiscal 2008 was primarily the result of a decrease in revenue of $568.0 million, a 560 basis point decrease in gross margin percentage and an increase of $50.6 million in special charges. This decrease in operating income from continuing operations was partially offset by a decrease in R&D and SMG&A expenses as more fully described above under the headings *Research and Development* and *Selling, Marketing, General and Administrative*.

The $56.3 million, or 10%, increase in operating income in fiscal 2008 as compared to fiscal 2007 was primarily the result of an increase in total revenue of $118.2 million and, to a lesser extent, a decrease in special charges of $37.4 million. This increase in operating income from continuing operations was partially offset by a 10 basis point decrease in gross margin percentage, an increase in operating expenses as more fully described above under the headings *Research and Development* and *Selling, Marketing, General and Administrative*, and the fact that fiscal 2007 included $35 million in non-product revenue that we received in exchange for the licensing of certain intellectual property rights to a third party with no associated cost of sales.

Nonoperating (Income) Expense

	Fiscal Year		
	2009	2008	2007
Interest expense	4,094		
Interest income	(15,621)	(41,041)	(77,007)
Other, net	(1,100)	(36)	(15,727)
Total nonoperating income	$ (12,627)	$ (41,077)	$ (92,734)

Nonoperating income was lower by $28.5 million in fiscal 2009 as compared to fiscal 2008 primarily due to lower interest income earned on investments as a result of lower interest rates in fiscal 2009 as compared to fiscal 2008. In addition, we incurred interest expense during fiscal 2009 as a result of the issuance of $375 million aggregate principal 5.0% senior unsecured notes on June 30, 2009. We entered into an interest rate swap in June 2009 that swaps the fixed rate of the notes to a variable rate based on the three-month LIBOR plus 2.05% (2.34% as of October 31, 2009).

Nonoperating income in fiscal 2008 was lower by $51.7 million as compared to fiscal 2007 primarily as a result of lower average invested cash balances and, to a lesser extent, lower interest rates in fiscal 2008 as compared to fiscal 2007. In addition, other income in fiscal 2007 included $10.5 million we received as part of a litigation settlement and a $7.9 million gain from the sale of an investment.

Provision for Income Taxes

	Fiscal Year		
	2009	2008	2007
Provision for Income Taxes	$ 50,036	$ 140,925	$ 159,553
Effective Income Tax Rate	16.8%	21.2%	24.1%

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 2009 was lower compared to our effective tax rate for fiscal 2008 primarily as a result of our recording special charges of $53.7 million in fiscal 2009, a majority of which provided a tax benefit at the higher U.S. tax rate, and as a result of a change in the mix of our income to jurisdictions where income is taxed at a lower rate.

Our effective tax rate for fiscal 2008 was lower by 290 basis points compared to our effective tax rate for fiscal 2007. The 2007 tax rate included the following transactions, which were taxed at the higher U.S. tax rate: the one-time receipt of $35 million associated with the licensing of intellectual property to a third party, $19 million we received from a settlement of litigation and a $7.9 million gain on the sale of an investment. In addition, the 2007 tax rate included tax expense related to the finalization of the accounting for a 2006 acquisition. These items, which had the effect of increasing the 2007 tax rate, were partially offset by a higher R&D credit in fiscal 2007 than in fiscal 2008. In addition to these isolated transactions that impacted our tax rate, a larger percentage of our profits were earned in lower tax jurisdictions during fiscal 2008, as compared to fiscal 2007, causing a decrease in our tax rate.

Income from Continuing Operations, Net of Tax

	Fiscal Year		
	2009	2008	2007
Income from Continuing Operations, net of tax	$ 247,408	$ 525,177	$ 502,123
Income from Continuing Operations, net of tax as a % of Total Revenue	12.3%	20.3%	20.4%
Diluted EPS from Continuing Operations	$ 0.85	$ 1.77	$ 1.51

Income from continuing operations, net of tax, in fiscal 2009 was lower than in fiscal 2008 by approximately $277.8 million primarily as a result of the $340.2 million decrease in operating income that was partially offset by a lower provision for income taxes in fiscal 2009.

Income from continuing operations, net of tax, in fiscal 2008 was higher than in fiscal 2007 by approximately $23.1 million primarily as a result of the $56.3 million increase in operating income from continuing operations that was partially offset by a $51.7 million decrease in nonoperating income and a lower provision for income taxes in fiscal 2008.

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 2009	2008	2007
Income (loss) from Discontinued Operations, net of tax	$ 364	$ 12,779	$ (5,216)
Gain on sale of Discontinued Operations, net of tax		248,328	
Total income (loss) from Discontinued Operations, net of tax	$ 364	$ 261,107	$ (5,216)
Diluted earnings (loss) per share from Discontinued Operations	$ 0.00	$ 0.88	$ (0.02)

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 completed a transaction with TTPCom Limited (TTPCom), whereby TTPCom transferred to us intellectual property, engineering resources, and related assets associated with the support and customization of TTPCom s GSM/GPRS/EDGE modem software for use on our existing and future generations of SoftFone® baseband processors. We also acquired development rights for AJAR, TTPCom s advanced applications platform. As a result of this transaction, we became the single point of contact for both hardware and software support for our new and existing wireless handset customers, thus improving our ability to service the needs of individual customers. During fiscal 2007, we paid $6.1 million of contingent consideration related to this acquisition.

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 Integrant 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 allows 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 were 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 were recorded as compensation expense in fiscal 2008. All revenue and technological milestones related to this acquisitions have been met and no additional payments will be made.

We have not provided pro forma results of operations for TTPCom, Integrant and AudioAsics 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 2009	2008	2007
Net Cash Provided by Operations	$ 432,148	$ 669,368	$ 820,365
Net Cash Provided by Operations as a % of Total Revenue	21.4%	25.9%	33.3%

At October 31, 2009, cash, cash equivalents and short-term investments totaled $1,816 million, an increase of $506.3 million from the fourth quarter of fiscal 2008. The primary sources of funds for fiscal 2009 were net cash generated from operating activities of $432.1 million and net proceeds of $370.4 million from the issuance of our senior unsecured notes in June 2009. The principal uses of funds for fiscal 2009 were dividend payments of $233.0 million and capital expenditures of $56.1 million.

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. The cash flows from these discontinued operations have been combined with the operating, investing and financing cash flows from continuing operations (i.e. no separate classification of cash flows from discontinued operations) for all periods presented. We believe the absence of the cash flows from these discontinued operations has not and will not have a material impact on our future liquidity and financial position. Additionally, as a result of these dispositions, we reclassified certain assets and liabilities related to these businesses to assets or liabilities of 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 further information regarding these discontinued operations.

	Fiscal Year 2009	2008
Accounts Receivable	$ 301,036	$ 315,290
Days Sales Outstanding*	48	44
Inventory	$ 253,161	$ 314,629
Days Cost of Sales in Inventory*	92	112

* 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 31, 2009 decreased $14.3 million, or 5%, from the end of the fourth quarter of fiscal 2008. The decrease in receivables was the result of lower product shipments in the fourth quarter of fiscal 2009 as compared to the fourth quarter of fiscal 2008.

Inventory at October 31, 2009 decreased by $61.5 million, or 20%, from the end of the fourth quarter of fiscal 2008. The decrease in inventory, despite a lower level of sales, is primarily a result of significant reductions in external manufacturing spending and additional factory shutdowns in fiscal 2009.

Current liabilities decreased to $386.6 million at October 31, 2009, a decrease of $182.4 million, or 32%, from $569.1 million at the end of fiscal 2008. This decrease was primarily the result of a decrease in accrued liabilities as a result of decreases in compensation and benefit accruals and to a lesser extent a decrease in income taxes payable as a result of lower profits in fiscal 2009 as compared to fiscal 2008.

Net additions to property, plant and equipment including discontinued operations, were $56.1 million in fiscal 2009, $157.4 million in fiscal 2008 and $141.8 million in fiscal 2007. We expect fiscal 2010 capital expenditures to be in the range of $60 million to $70 million.

During fiscal 2009, our Board of Directors declared cash dividends totaling $0.80 per outstanding share of common stock resulting in aggregate dividend payments of $233.0 million. After the end of the fiscal year, on November 19, 2009, our Board of Directors declared a cash dividend of $0.20 per outstanding share of our common stock. The dividend is payable on December 23, 2009 to shareholders of record on December 4, 2009 and is expected to total approximately $58.4 million. 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 $4 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 31, 2009, we had repurchased a total of approximately 114.7 million shares of our common stock for approximately $3,908.4 million under this program and an additional $91.6 million remains 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. 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 to us 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 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 Notes. We swapped the fixed interest portion of these Notes for a variable interest rate based on the three-month LIBOR plus 2.05% (2.34% as of October 31, 2009). 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 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. 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.

At October 31, 2009, our principal source of liquidity was $1,816 million of cash and cash equivalents and short-term investments. As of October 31, 2009, approximately $412.7 million of our cash and cash equivalents and short-term investments were held in the United States. The balance of our cash and cash equivalents and short-term investments was held outside the United States in various foreign subsidiaries. As we intend to reinvest certain of our foreign earnings indefinitely, this cash 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. If we are unable to address our U.S. cash requirements through operations, by efficient and timely repatriations of overseas cash, through borrowings under our current credit facility or from other sources of cash obtained at an acceptable cost, our business strategies and operating results could be adversely affected.

The volatility in the credit markets has generally diminished liquidity and capital availability in worldwide markets. We are unable to predict the likely duration and severity of the current disruptions in the credit and financial markets and adverse global economic conditions. However, 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 purchases of 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 31, 2009:

		Payment due by period			
(thousands)	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**More than 5 Years**
Contractual obligations:					
Operating leases[a]	$ 80,782	$ 24,735	$ 27,905	$ 9,887	$ 18,255
Long-term debt obligations	375,000			375,000	
Interest payments associated with long-term debt obligations[b]	93,802	18,802	37,500	37,500	
Payments due under interest rate swap agreements[c]	42,447	8,935	17,894	15,618	
Deferred compensation plan[d]	7,940	1,363			6,577
Pension funding[e]	30,050	30,050			
Total	$ 630,021	$ 83,885	$ 83,299	$ 438,005	$ 24,832

(a) Certain of our operating lease obligations include escalation clauses. These escalating payment requirements are reflected in the table.

(b) These interest payments are expected to be offset by the proceeds from our interest rate swap agreements.

(c) These interest payments are based on a variable interest rate based on the three month LIBOR plus 2.05%. The actual payments will be based on the LIBOR based rate which is set quarterly three months prior to the 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. All other columns represent installment payments to be made to those employees who have retired or are on long-term disability, or as a result of elections made by plan participants under the provisions of our Deferred Compensation Plan.

(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 2010. 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.

As of October 31, 2009, our total liabilities associated with uncertain tax positions was $26.2 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.

Off-balance Sheet Financing

As of October 31, 2009, 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 2010 to be approximately flat to the fourth quarter of fiscal 2009. Our plan is for gross margin for the first quarter of fiscal 2010 to increase to approximately 58.0% to 58.5% as a result of lower infrastructure costs and a richer mix of industrial sales. We are planning for operating expenses, excluding one-time restructuring items associated with the closure of our Cambridge wafer fabrication facility, in the first quarter of fiscal 2010 to remain approximately flat to the fourth quarter of fiscal year 2009, in line with our plan to achieve higher operating leverage going forward. As a result, our plan is for diluted EPS from continuing operations to be approximately $0.36 to $0.37 in the first quarter of fiscal 2010, excluding one-time restructuring items associated with the closure of our Cambridge wafer fabrication facility, which cannot be precisely determined at this time.

New Accounting Pronouncements

Revenue Arrangements That Include Software Elements

In October 2009, the FASB issued ASU No. 2009-14 *Software (Topic 985): Certain Revenue Arrangements That Include Software Elements* (formerly EITF Issue No. 09-3). This standard removes tangible products from the scope of software revenue recognition guidance and also provides guidance on determining whether software deliverables in an arrangement that includes a tangible product are within the scope of the software revenue guidance. More specifically, if the software sold with or embedded within the tangible product is essential to the functionality of the tangible product, then this software, as well as undelivered software elements that relate to this software, are excluded from the scope of existing software revenue guidance. ASU No. 2009-14 is effective for fiscal years that begin on or after June 15, 2010, which is our fiscal year 2011. We are currently evaluating the impact, if any, that ASU No. 2009-14 may have on our financial condition and results of operations.

Multiple-Deliverable Revenue Arrangements

In October 2009, the FASB issued ASU No. 2009-13 *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements* (formerly EITF Issue No. 08-1). 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. We are currently evaluating the impact, if any, that ASU No. 2009-13 may have on our financial condition and results of operations.

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Variable Interest Entities

In June 2009, the FASB issued SFAS 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167). SFAS 167 requires an enterprise to perform an analysis to determine whether the enterprise s variable interest or interests give it a controlling financial interest in a variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity s economic performance. SFAS 167 is effective for fiscal years that begin after November 15, 2009, which is our fiscal year 2011. We are currently evaluating the impact, if any, that SFAS 167 may have on our financial condition and results of operations.

Transfers of Financial Assets

In June 2009, the FASB issued SFAS 166, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* (SFAS 166). SFAS 166 changes the way entities account for securitizations and other transfers of financial instruments. SFAS 166 is effective for fiscal years that begin after November 15, 2009, which is our fiscal year 2011. We are currently evaluating the impact, if any, that SFAS 166 may have on our financial condition and results of operations.

Business Combinations

In December 2007, the FASB issued ASC 805-10 (formerly SFAS 141R, *Business Combinations* *)*. ASC 805-10 requires an acquiring entity in a business combination to recognize the assets acquired, liabilities assumed and any noncontrolling interest in the acquiree at their fair value on the acquisition date. It further requires that acquisition-related costs and restructuring costs be recognized separately from the acquisition. In April 2009, the FASB updated ASC 805-10 to amend the provisions for the initial recognition and measurement, subsequent measurement and accounting, and disclosures for assets and liabilities arising from contingencies in business combinations. This update also eliminates the distinction between contractual and non-contractual contingencies. ASC 805-10 is effective for fiscal years beginning after December 15, 2008, which is our fiscal year 2010. We are currently evaluating the impact, if any, that this rule may have on our financial condition and results of operations. The adoption of ASC 805-10 will change our accounting treatment for business combinations on a prospective basis beginning in the first quarter of fiscal year 2010.

Noncontrolling Interests

In December 2007, the FASB issued ASC810-10 (formerly SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements).* ASC 810-10 clarifies that a noncontrolling or minority interest in a subsidiary is considered an ownership interest and, accordingly, requires all entities to report such interests in subsidiaries as equity in the consolidated financial statements. This topic is effective for fiscal years beginning after December 15, 2008, which is our fiscal year 2010. We are currently evaluating the impact, if any, that this rule 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 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.

Goodwill

Goodwill is subject to annual impairment tests, or earlier 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 or more frequently if we believe indicators of impairment exist. 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.

Accounting for Income Taxes

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

On November 4, 2007 (the first day of our 2008 fiscal year), we adopted new accounting principles on accounting for uncertain tax positions. These principles requires companies to determine that it is more likely than not that a tax position will be sustained by the appropriate taxing authorities before any benefit can be recorded in the financial statements. An uncertain income tax position 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 percent likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. We reevaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in known facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. 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.

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 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 31, 2009. 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 notices that our products or manufacturing processes allegedly infringe the patent or intellectual property rights of others. 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

Based on our marketable securities and short term investments outstanding as of October 31, 2009 and November 1, 2008, our annual interest income would change by approximately $20 million and $14 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 31, 2009, a hypothetical 100 basis point increase in interest rates across all maturities would result in a $3 million incremental decline in the fair market value of the portfolio. As of November 1, 2008, a similar 100 basis point shift in the yield curve would have resulted in a $2 million incremental decline in the fair market value of the portfolio. Such losses would only be realized if we sold the investments prior to maturity.

In June 2009, we entered into 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 was to convert our 5.0% fixed interest rate to a variable interest rate based on the three-month LIBOR plus 2.05% (2.34% as of October 31, 2009). If LIBOR changes by 100 basis points, our annual interest expense would change by $3.8 million.

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 31, 2009 and November 1, 2008, a 10% unfavorable movement in foreign currency exchange rates over the course of the year would not expose us to significant losses in earnings or cash flows because we hedge a high proportion of our year-end exposures against fluctuations in foreign currency exchange rates.

The market risk associated with our 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 our foreign exchange instruments consist of a number of major international financial institutions with high credit ratings. We do not believe that there is significant risk of nonperformance by these counterparties because we continually monitor the credit ratings of such counterparties. 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 31, 2009 and November 1, 2008:

	October 31, 2009	**November 1, 2008**
Fair value of forward exchange contracts asset (liability)	$ 6,427	$ (23,158)
Fair value of forward exchange contracts after a 10% unfavorable movement in foreign currency exchange rates asset (liability)	$ 20,132	$ (9,457)
Fair value of forward exchange contracts after a 10% favorable movement in foreign currency exchange rates liability	$ (6,781)	$ (38,294)

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 31, 2009, November 1, 2008 and November 3, 2007

(thousands, except per share amounts)	2009	2008	2007
Revenue			
Product revenue	$ 2,014,908	$ 2,582,931	$ 2,429,721
Revenue from one-time IP license			35,000
Total revenue	2,014,908	2,582,931	2,464,721
Costs and Expenses			
Cost of sales(1)	896,271	1,005,656	956,445
Gross margin	1,118,637	1,577,275	1,508,276
Operating expenses:			
Research and development(1)	446,980	533,480	509,553
Selling, marketing, general and administrative(1)	333,184	415,682	389,505
Special charges	53,656	3,088	40,495
	833,820	952,250	939,553
Operating income from continuing operations	284,817	625,025	568,723
Nonoperating (income) expenses:			
Interest expense	4,094		
Interest income	(15,621)	(41,041)	(77,007)
Other, net	(1,100)	(36)	(15,727)
	(12,627)	(41,077)	(92,734)
Earnings			
Income from continuing operations before income taxes and minority interest	297,444	666,102	661,457
Provision for income taxes:			
Payable currently	38,441	152,294	162,403
Deferred	11,595	(11,369)	(2,850)
	50,036	140,925	159,553
Minority interest			219
Income from continuing operations, net of tax	247,408	525,177	502,123
Discontinued operations, net of tax:			
Income (loss) from discontinued operations	364	12,779	(5,216)

Gain on sale of discontinued operations				248,328		
Total income (loss) from discontinued operations, net of tax		364		261,107		(5,216)
Net income	$	247,772	$	786,284	$	496,907
Shares used to compute earnings per share Basic		291,385		292,688		323,255
Shares used to compute earnings per share Diluted		292,698		297,110		332,301
Earnings per share Basic						
Income from continuing operations, net of tax	$	0.85	$	1.79	$	1.55
Net income	$	0.85	$	2.69	$	1.54
Earnings per share Diluted						
Income from continuing operations, net of tax	$	0.85	$	1.77	$	1.51
Net income	$	0.85	$	2.65	$	1.50
Dividends declared per share	$	0.80	$	0.76	$	0.70
(1) Includes stock-based compensation expense as follows:						
Cost of sales	$	7,469	$	7,806	$	10,591
Research and development		22,666		23,768		29,347
Selling, marketing, general and administrative		18,478		20,970		27,329

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED BALANCE SHEETS
October 31, 2009 and November 1, 2008

(thousands, except per share amounts)	**2009**	**2008**
ASSETS		
Current Assets		
Cash and cash equivalents	$ 639,729	$ 593,599
Short-term investments	1,176,244	716,087
Accounts receivable less allowances of $1,681 ($5,501 in 2008)	301,036	315,290
Inventories(1)	253,161	314,629
Deferred tax assets	78,740	102,676
Deferred compensation plan investments	1,363	942
Prepaid expenses and other current assets	40,363	40,460
Current assets of discontinued operations		5,894
Total current assets	2,490,636	2,089,577
Property, Plant and Equipment, at Cost		
Land and buildings	395,151	378,187
Machinery and equipment	1,511,822	1,512,984
Office equipment	56,294	63,071
Leasehold improvements	66,847	65,247
	2,030,114	2,019,489
Less accumulated depreciation and amortization	1,553,598	1,452,050
Net property, plant and equipment	476,516	567,439
Other Assets		
Deferred compensation plan investments	6,580	31,099
Other investments	1,485	955
Goodwill	250,881	235,175
Intangible assets, net	6,855	12,300
Deferred tax assets	73,646	65,949
Other assets	35,658	26,461
Non-current assets of discontinued operations	62,037	62,037
Total other assets	437,142	433,976
	$ 3,404,294	$ 3,090,992
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities		
Accounts payable	$ 107,334	$ 130,451

Deferred income on shipments to distributors	149,278	175,358
Income taxes payable	6,445	52,546
Deferred compensation plan liability	1,363	942
Accrued liabilities	122,193	191,307
Current liabilities of discontinued operations		18,454
Total current liabilities	386,613	569,058
Noncurrent Liabilities		
Long-term debt	379,626	
Deferred income taxes	36,232	14,310
Deferred compensation plan liability	6,577	31,800
Other noncurrent liabilities	66,097	55,561
Total noncurrent liabilities	488,532	101,671
Commitments and contingencies (Note 12)		
Shareholders Equity		
Preferred stock, $1.00 par value, 471,934 shares authorized, none outstanding		
Common stock, $0.162/3 par value, 1,200,000,000 shares authorized, 291,861,767 shares issued and outstanding (291,193,451 on November 1, 2008)	48,645	48,533
Retained earnings	2,490,752	2,419,908
Accumulated other comprehensive loss	(10,248)	(48,178)
Total shareholders equity	2,529,149	2,420,263
	$ 3,404,294	$ 3,090,992

(1) Includes $2,718 and $2,632 related to stock-based compensation at October 31, 2009 and November 1, 2008, respectively.

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
Years ended October 31, 2009, November 1, 2008 and November 3, 2007

(thousands)	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive (Loss) Income
BALANCE, OCTOBER 28, 2006	342,000	$ 57,001	$ 3,378,999	$ (261)
Activity in Fiscal 2007				
Net Income 2007			496,907	
Dividends declared and paid			(228,281)	
Issuance of stock under stock plans and other, net of repurchases	7,291	1,215	107,934	
Tax benefit-stock options			65,131	
Stock-based compensation expense			72,349	
Change in accounting principle related to defined benefit plans				10,361
Other comprehensive income				22,991
Common stock repurchased	(45,937)	(7,656)	(1,639,556)	
BALANCE, NOVEMBER 3, 2007	303,354	50,560	2,253,483	33,091
Activity in Fiscal 2008				
Net Income 2008			786,284	
Dividends declared and paid			(222,530)	
Issuance of stock under stock plans and other, net of repurchases	7,256	1,209	92,946	
Tax benefit-stock options			26,095	
Stock-based compensation expense			50,247	
Other comprehensive loss				(81,269)
Common stock repurchased	(19,417)	(3,236)	(566,617)	
BALANCE, NOVEMBER 1, 2008	291,193	48,533	2,419,908	(48,178)
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	291,862	$ 48,645	$ 2,490,752	$ (10,248)

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended October 31, 2009, November 1, 2008 and November 3, 2007

(thousands)	**2009**	**2008**	**2007**
Income from continuing operations, net of tax	$ 247,408	$ 525,177	$ 502,123
Foreign currency translation adjustment	14,840	(42,370)	10,640
Net unrealized (losses) gains on securities:			
Net unrealized holding (losses) gains (net of taxes of $347 in 2009, $372 in 2008 and $2,746 in 2007) on securities classified as short-term investments	(2,456)	2,508	5,094
Net unrealized holding gains (losses) (net of taxes of $197 in 2009, $217 in 2008 and $100 in 2007) on securities classified as other investments	366	400	(185)
Net unrealized (losses) gains on securities	(2,090)	2,908	4,909
Derivative instruments designated as cash flow hedges:			
Changes in fair value of derivatives (net of taxes of $5,496 in 2009, $1,622 in 2008 and $846 in 2007)	35,529	(10,663)	5,282
Realized (gain) loss reclassification (net of taxes of $1,609 in 2009, $2,420 in 2008 and $107 in 2007)	(9,657)	(15,912)	665
Net change in derivative instruments designated as cash flow hedges	25,872	(26,575)	5,947
Minimum pension liability adjustment (net of taxes of $0 in 2009, $0 in 2008 and $640 in 2007)			1,495
Accumulated other comprehensive (loss) income pension plans:			
Transition obligation (net of taxes of $1 in 2009 and $4 in 2008)	(34)	(43)	
Net actuarial loss (net of taxes of $287 in 2009 and $1,971 in 2008)	(663)	(15,197)	
Net prior service income (net of taxes of $1 in 2009 and $4 in 2008)	5	8	
Net change in accumulated other comprehensive loss pension plans (net of taxes of $286 in 2009 and $1,963 in 2008)	(692)	(15,232)	
Other comprehensive income (loss)	37,930	(81,269)	22,991
Comprehensive income from continuing operations	285,338	443,908	525,114
Income (loss) from discontinued operations, net of tax	364	261,107	(5,216)
Comprehensive income	$ 285,702	$ 705,015	$ 519,898

On November 3, 2007 as a result of a change in accounting principle related to defined benefit plans the Company recorded a $10.4 million adjustment, net of tax of $1.4 million, to accumulated other comprehensive income. This adjustment has been excluded from the above presentation of comprehensive income for fiscal year 2007.

See accompanying Notes.

ANALOG DEVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended October 31, 2009, November 1, 2008 and November 3, 2007

(thousands)	2009	2008	2007
Operations			
Cash flows from operating activities:			
Net income	$ 247,772	$ 786,284	$ 496,907
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	132,493	144,222	142,173
Amortization of intangibles	7,377	9,250	12,610
Stock-based compensation expense	48,613	50,247	72,652
Gain on sale of business		(248,328)	
Gain on sale of investments			(7,919)
Minority interest			(219)
Non-cash portion of special charges	15,468		438
Other non-cash activity	1,663	310	853
Excess tax benefit stock options	(20)	(18,586)	(40,871)
Deferred income taxes	11,595	(11,369)	(2,850)
Change in operating assets and liabilities:			
Decrease (increase) in accounts receivable	16,561	48,903	(27,011)
Decrease in inventories	67,347	16,784	16,549
Decrease in prepaid expenses and other current assets	731	6,557	34,890
Decrease (increase) in deferred compensation plan investments	24,097	4,401	(4,755)
(Decrease) increase in accounts payable, deferred income and accrued liabilities	(100,064)	(60,736)	53,693
(Decrease) increase in deferred compensation plan liability	(24,801)	(3,811)	4,811
Income tax payments related to gain on sale of businesses	(4,105)	(110,401)	
(Decrease) increase in income taxes payable	(24,909)	41,443	53,119
Increase in other liabilities	12,330	14,198	15,295
Total adjustments	184,376	(116,916)	323,458
Net cash provided by operating activities	432,148	669,368	820,365
Investing Activities			
Cash flows from investing:			
Purchases of short-term available-for-sale investments	(2,787,141)	(1,831,363)	(1,807,476)
Maturities of short-term available-for-sale investments	2,324,181	1,774,391	2,943,468
Additions to property, plant and equipment, net	(56,095)	(157,408)	(141,810)
Proceeds from sale of investment			8,003
Net (expenditures) proceeds from sale of businesses	(1,653)	403,181	
Payments for acquisitions	(8,360)	(3,146)	(9,160)
(Increase) decrease in other assets	(5,661)	2,708	(8,438)

Net cash (used) provided by investing activities	(534,729)	188,363	984,587
Financing Activities			
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	370,350		
Dividend payments to shareholders	(232,988)	(222,530)	(228,281)
Repurchase of common stock	(3,762)	(569,853)	(1,647,212)
Net proceeds from employee stock plans	12,377	94,155	109,149
Other financing activities		(366)	
Excess tax benefit stock options	20	18,586	40,871
Net cash provided (used) by financing activities	145,997	(680,008)	(1,725,473)
Effect of exchange rate changes on cash	2,714	(9,096)	1,546
Net increase in cash and cash equivalents	46,130	168,627	81,025
Cash and cash equivalents at beginning of year	593,599	424,972	343,947
Cash and cash equivalents at end of year	$ 639,729	$ 593,599	$ 424,972

See accompanying Notes.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended October 31, 2009, November 1, 2008 and November 3, 2007
(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 technical support of high-performance analog, mixed-signal and digital signal processing integrated circuits used in industrial, communication, computer and consumer applications. 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 convert real-world phenomena such as light, sound, temperature, motion and pressure into electrical signals to be used in a wide array of electronic equipment. Used by over 60,000 customers worldwide, the Company s products are embedded inside many types of electronic equipment including industrial process controls, factory automation systems, defense electronics, portable wireless communications devices, cellular basestations, central office networking equipment, computers, automobiles, medical equipment, digital cameras and digital televisions. Signal processing technology is a critical element of high-speed communications, digital entertainment, and other consumer, computer and industrial applications. As new generations of digital applications evolve, they generate new needs for high-performance analog signal processing, digital signal processing, or DSP, and power management technology. The Company produces a wide range of products to address the sensing, conditioning, conversion, processing, and power needs of a broad base of customers.

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. Amounts pertaining to the non-controlling ownership interest held by a third party in the operating results and financial position of the Company s majority-owned subsidiaries are reported as minority interest. 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 year 2009 and fiscal year 2008 were 52-week periods and fiscal year 2007 was a 53-week period. Certain amounts reported in previous years have been reclassified to conform to the fiscal 2009 presentation. Such reclassifications were immaterial.

During the first quarter of fiscal 2008, 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. The Company has reflected the financial results of these businesses as discontinued operations in the consolidated statements of income for all periods presented. The assets and liabilities of these businesses are reflected as assets and liabilities of discontinued operations in the consolidated balance sheets as of October 31, 2009 and November 1, 2008. The historical results of operations of these businesses have been segregated from the Company s consolidated financial statements and are included in income (loss) from discontinued operations, net of tax, in the consolidated statements of income.

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 corporate obligations such as commercial paper and corporate bonds and institutional money market funds. They also include bank time deposits.

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

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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. No realized gains or losses were recorded during any of the fiscal years presented.

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

There were no unrealized losses on available-for-sale securities classified as short-term investments at October 31, 2009 and November 1, 2008.

Unrealized gains on available-for-sale securities classified as short-term investments at October 31, 2009 and November 1, 2008 were as follows:

	2009	2008
Unrealized gains on securities classified as short term investments	$ 4	$ 2,807

Unrealized gains in 2009 and 2008 relate to corporate obligations.

There were no cash equivalents or short-term investments classified as trading at October 31, 2009 and November 1, 2008. All of the Company s short-term investments were classified as available-for-sale. All short-term securities at October 31, 2009 have maturities less than one year. The components of the Company s cash, cash equivalents and short-term investments as of October 31, 2009 and November 1, 2008 were as follows:

	2009	2008
Cash and cash equivalents:		
Cash	$ 30,744	$ 27,910
Available-for-sale:		
Institutional money market funds	553,295	197,735
Corporate obligations	50,981	321,200
Held-to-maturity:		
Euro time deposits	4,709	46,754
Total cash and cash equivalents	$ 639,729	$ 593,599
Short-term investments:		
Securities with one year or less to maturity:		

Corporate obligations	$ 1,176,244	$ 716,087
Total short-term investments	$ 1,176,244	$ 716,087

The amortized cost of the Company s investments classified as corporate obligations as of October 31, 2009 and November 1, 2008 was $1,137.9 million and $991.3 million, respectively.

c. Supplemental Cash Flow Statement Information

	2009	**2008**	**2007**
Cash paid during the fiscal year for:			
Income taxes	$ 60,609	$ 201,974	$ 102,349
Interest	$ 2,502	$	$

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 31, 2009 and November 1, 2008 were as follows:

	2009	2008
Raw materials	$ 13,373	$ 15,350
Work in process	173,696	200,436
Finished goods	66,092	98,843
Total inventories	$ 253,161	$ 314,629

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; 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 $132 million, $144 million and $139 million in fiscal 2009, 2008 and 2007, 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.

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 in the fourth quarter or more frequently if indicators of impairment exist. 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

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

reporting units with their aggregate carrying values, including goodwill. The Company generally 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 from the Company s most recent evaluation of goodwill for impairment, which occurred in the fourth quarter of fiscal 2009. No impairment of goodwill resulted in any of the fiscal years presented. The Company s next annual impairment assessment will be made in the fourth quarter of fiscal 2010 unless indicators arise that would require the Company to reevaluate at an earlier date. The following table presents the changes in goodwill during fiscal 2009 and 2008:

	2009	2008
Balance at beginning of year	$ 235,175	$ 279,469
Acquisition of AudioAsics(1)	3,071	
Acquisition of Integrant Technologies(2)	2,098	2,988
Goodwill allocated to sale of businesses(3)		(12,649)
Foreign currency translation adjustment	10,537	(34,633)
Balance at end of year	$ 250,881	$ 235,175

(1) The Company made its final milestone payment related to this 2006 acquisition in the second quarter of fiscal 2009.

(2) The Company purchased the remaining outstanding minority shares related to this 2006 acquisition during fiscal 2008 and fiscal 2009, which resulted in an additional $3.0 million and $2.1 million, respectively, of goodwill.

(3) The Company allocated $12.6 million of goodwill in connection with the sale of its Baseband Chipset Business to MediaTek Inc. and the sale of its CPU voltage regulation and PC thermal monitoring business to ON Semiconductor Corporation in fiscal 2008.

Intangible Assets

The Company reviews identified intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. Recoverability of these assets is measured by comparison of their carrying value to future undiscounted cash flows the assets are expected to generate over their remaining economic lives. If such assets are considered to be impaired, the impairment to be recognized in earnings equals the amount by which the carrying value of the assets exceeds their fair value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique.

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

	October 31, 2009		November 1, 2008	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Technology-based	$ 39,924	$ 34,213	$ 36,516	$ 25,731
Tradename	1,478	1,478	1,438	1,430
Customer relationships	5,181	4,037	4,529	3,022
Other	6,582	6,582	6,534	6,534
Total	$ 53,165	$ 46,310	$ 49,017	$ 36,717

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Intangible assets 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. The remaining amortization expense will be recognized over a weighted-average period of approximately 0.9 years.

Amortization expense from continuing operations, related to intangibles was $7.4 million, $9.3 million and $9.2 million in fiscal 2009, 2008 and 2007, respectively.

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

Fiscal Years	Amortization Expense
2010	$ 5,425
2011	$ 1,430

g. Grant Accounting

Certain of the Company s foreign subsidiaries have received various 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 remeasurement 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 2009, 2008 or 2007.

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 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 remeasurement of certain recorded assets and liabilities in a non-functional currency. Changes in the fair value of these undesignated hedges are recognized in other income/expense immediately as an offset to the changes in the fair value of the asset or liability being hedged.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of October 31, 2009, the total notional amount of these undesignated hedges was $38 million. The fair value of these hedging instruments in the Company s condensed consolidated balance sheet as of October 31, 2009 was immaterial.

Interest Rate Exposure Management On June 30, 2009, the Company entered into interest rate swap transactions related to its outstanding 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% (2.34% as of October 31, 2009) 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 were 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 fixed-rate borrowings) attributable to the hedged benchmark interest rate risk and the offsetting gain or loss on the related interest rate swaps as of October 31, 2009 is as follows:

Income Statement Classification	Gain/(Loss) on Swaps	Gain/(Loss) on Note	Net Income Effect
Other income	$ 6,109	$ (6,109)	$

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. The Company does not believe that there is significant risk of nonperformance by these counterparties because the Company continually monitors the credit ratings of such counterparties. 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 amount of derivative instruments designated as hedging instruments as of October 31, 2009 is as follows: $375 million of interest rate swap agreements accounted as fair value hedges, and $128.0 million of

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

cash flow hedges denominated in Euros, British Pounds and Philippine Pesos. The fair value of these hedging instruments in our condensed consolidated balance sheet as of October 31, 2009 was as follows:

	Balance Sheet Location	Fair Value
Interest rate swap agreements	Other assets	$ 6,109
Forward foreign currency exchange contracts	Prepaid expenses and other current assets	$ 6,460

The effect of derivative instruments designated as cash flow hedges on our condensed consolidated statement of income for fiscal 2009 was as follows:

	2009
Gain recognized in OCI on derivatives, net of tax of $5,496	$ 35,529
Loss reclassified from OCI into income, net of tax of $1,609	$ (9,657)

The amounts reclassified into earnings before tax are recognized in cost of sales and operating expenses as follows: $4.9 million in cost of sales, $3.6 million in research and development and $2.8 million in selling, marketing, general and administrative. All derivative gains and losses included in OCI will be reclassified into earnings within the next 12 months. There was no ineffectiveness during the fiscal year ended October 31, 2009.

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 4, 2007 through October 31, 2009:

	2009	2008
Balance at beginning of year	$ (20,263)	$ 6,312
Changes in fair value of derivatives gain (loss), net of tax	35,529	(10,663)
Reclassifications into earnings from other comprehensive loss , net of tax	(9,657)	(15,912)
Balance at end of year	$ 5,609	$ (20,263)

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

j. Fair Values of Financial Instruments

The Company defines fair value as the price that would be received to sell an asset or 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.

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 31, 2009, the Company held no assets or liabilities valued using Level 3 inputs during the period.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The table below sets forth by level the Company s financial assets and liabilities that were accounted for at fair value as of October 31, 2009. The table does not include cash on hand and also does not include assets and liabilities that are measured at historical cost or any basis other than fair value.

	Portion of Carrying Value Measured at Fair Value October 31, 2009	Fair Value measurement at Reporting Date using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets			
Cash Equivalents:			
Institutional money market funds	$ 553,295	$ 553,295	$
Corporate obligations	50,981		50,981
Euro time deposits	4,709		4,709
Short term investments:			
Corporate obligations	1,176,244		1,176,244
Other Assets:			
Interest rate swap agreements	6,109		6,109
Deferred compensation investments	7,943	7,943	
Forward foreign currency exchange contracts	6,427		6,427
Other investments	1,485	1,485	
Total assets measured at fair value	$ 1,807,193	$ 562,723	$ 1,244,470
Liabilities			
Long-term debt	$ 379,626	$	$ 379,626
Total liabilities measured at fair value	$ 379,626	$	$ 379,626

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 investments is based on quoted market prices.

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

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 to sell these agreements at the reporting date taking into consideration current interest rates as well as the creditworthiness of the counterparty for assets and our creditworthiness for liabilities.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 financial institutions and monitors the amount of credit exposure to any one issuer.

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.

ANALOG DEVICES, INC.

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 product 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 31, 2009 and November 1, 2008, the Company had gross deferred revenue of $230.8 million and $279.3 million, respectively, and gross deferred cost of sales of $81.5 million and $103.9 million, respectively. Deferred income on shipments to distributors decreased by $26.1 million in fiscal 2009 as a result of the distributors sales to their customers in fiscal 2009 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 2009, 2008 and 2007 were not material.

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

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) income at October 31, 2009 and November 1, 2008 consisted of the following:

	2009	2008
Accumulated other comprehensive (loss) income pension plans:		
Prior service income	$	$ (5)
Transition obligation	(49)	(15)
Net actuarial loss	(8,688)	(8,025)
Unrealized gain on available-for-sale securities	356	2,446
Foreign currency translation	(7,476)	(22,316)
Unrealized gains (losses) on derivative instruments	5,609	(20,263)
Total accumulated other comprehensive loss	$ (10,248)	$ (48,178)

p. Advertising Expense

Advertising costs are expensed as incurred. Advertising expense was $5.2 million in fiscal 2009, $10.0 million in fiscal 2008 and $10.2 million in fiscal 2007.

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 noncurrent 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. 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.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	2009	2008	2007
Income from continuing operations, net of tax	$ 247,408	$ 525,177	$ 502,123
Total income (loss) from discontinued operations, net of tax	364	261,107	(5,216)
Net income	$ 247,772	$ 786,284	$ 496,907
Basic shares:			
Weighted-average shares outstanding	291,385	292,688	323,255
Earnings per share-basic:			
Income from continuing operations, net of tax	$ 0.85	$ 1.79	$ 1.55
Total income (loss) from discontinued operations, net of tax	0.00	0.89	(0.02)
Net income(1)	$ 0.85	$ 2.69	$ 1.54
Diluted shares:			
Weighted-average shares outstanding	291,385	292,688	323,255
Assumed exercise of common stock equivalents	1,313	4,422	9,046
Weighted-average common and common equivalent shares	292,698	297,110	332,301
Earnings per share-diluted:			
Income from continuing operations, net of tax	$ 0.85	$ 1.77	$ 1.51
Total income (loss) from discontinued operations, net of tax	0.00	0.88	(0.02)
Net income(1)	$ 0.85	$ 2.65	$ 1.50
Weighted-average anti-dilutive shares related to:			
Outstanding stock options	55,827	57,364	49,915

(1) The sum of the individual per share amounts may not equal due to rounding.

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. 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 of 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

Revenue Arrangements That Include Software Elements

In October 2009, the FASB issued ASU No. 2009-14 *Software (Topic 985): Certain Revenue Arrangements That Include Software Elements* (formerly EITF Issue No. 09-3). This standard removes tangible products from the scope of software revenue recognition guidance and also provides guidance on determining whether software deliverables in an arrangement that includes a tangible product are within the scope of the software revenue

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

guidance. More specifically, if the software sold with or embedded within the tangible product is essential to the functionality of the tangible product, then this software, as well as undelivered software elements that relate to this software, are excluded from the scope of existing software revenue guidance. ASU No. 2009-14 is effective for fiscal years that begin on or after June 15, 2010, which is the Company s fiscal year 2011. The Company is currently evaluating the impact, if any, that ASU No. 2009-14 may have on the Company s financial condition and results of operations.

Multiple-Deliverable Revenue Arrangements

In October 2009, the FASB issued ASU No. 2009-13 *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements* (formerly EITF Issue No. 08-1). 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 the Company s fiscal year 2011. The Company is currently evaluating the impact, if any, that ASU No. 2009-13 may have on the Company s financial condition and results of operations.

Variable Interest Entities

In June 2009, the FASB issued SFAS 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167). SFAS 167 requires an enterprise to perform an analysis to determine whether the enterprise s variable interest or interests give it a controlling financial interest in a variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity s economic performance. SFAS 167 is effective for fiscal years that begin after November 15, 2009, which is the Company s fiscal year 2011. The Company is currently evaluating the impact, if any, that SFAS 167 may have on the Company s financial condition and results of operations.

Transfers of Financial Assets

In June 2009, the FASB issued SFAS 166, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* (SFAS 166). SFAS 166 changes the way entities account for securitizations and other transfers of financial instruments. SFAS 166 is effective for fiscal years that begin after November 15, 2009, which is the Company s fiscal year 2011. The Company is currently evaluating the impact, if any, that SFAS 166 may have on the Company s financial condition and results of operations.

Business Combinations

In December 2007, the FASB issued ASC 805-10 (formerly SFAS 141R, *Business Combinations*). ASC 805-10 requires an acquiring entity in a business combination to recognize the assets acquired, liabilities assumed and any noncontrolling interest in the acquiree at their fair value on the acquisition date. It further requires that acquisition-related costs and restructuring costs be recognized separately from the acquisition. In April 2009 the FASB updated ASC 805-10 to amend the provisions for the initial recognition and measurement, subsequent measurement and accounting, and disclosures for assets and liabilities arising from contingencies in business combinations. This update also eliminates the distinction between contractual and non-contractual contingencies. ASC 805-10 is effective for fiscal years beginning after December 15, 2008, which is the Company s fiscal year 2010. The Company is currently evaluating the impact, if any, that this rule may have on the Company s financial

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

condition and results of operations. The adoption of ASC 805-10 will change the Company s accounting treatment for business combinations on a prospective basis beginning in the first quarter of fiscal year 2010.

Noncontrolling Interests

In December 2007, the FASB issued ASC 810-10 (formerly SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements).* ASC 810-10 clarifies that a noncontrolling or minority interest in a subsidiary is considered an ownership interest and, accordingly, requires all entities to report such interests in subsidiaries as equity in the consolidated financial statements. This topic is effective for fiscal years beginning after December 15, 2008, which is the Company s fiscal year 2010. The Company is currently evaluating the impact, if any, that this rule 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 consists of core voltage regulator products for the central processing unit in computing and gaming applications and temperature sensors and fan-speed controllers for managing the temperature of the central processing unit. During the first quarter of fiscal 2008, the Company completed the sale of this business for net cash proceeds of $138 million, which was net of other cash payments of approximately $1.4 million. The Company made final additional cash payments of approximately $2.2 million in the second quarter of fiscal 2008. In connection with the purchase and sale agreement, $7.5 million was placed into escrow and was excluded from the gain calculations. The Company recorded a pre-tax gain in the first quarter of fiscal 2008 of $78 million, or $43 million net of tax, which was recorded as a gain on sale of discontinued operations. During the third quarter of fiscal 2008, additional proceeds were released from escrow and an additional pre-tax gain of $6.6 million, or $3.8 million net of tax, was recorded as a gain on sale of discontinued operations. Additionally, at the time of the sale, the Company entered into a one-year manufacturing supply agreement with a subsidiary of ON Semiconductor Corporation for an additional $37 million. The Company has allocated the proceeds from this arrangement based on the fair value of the two elements of this transaction: 1) the sale of a business and 2) the obligation to manufacture product for a one-year period. As a result, $85 million was recorded as a liability related to the manufacturing supply agreement, all of which has been utilized. The liability was included in current liabilities of discontinued operations on the Company s consolidated balance sheet. The Company recorded the revenue associated with this manufacturing supply agreement in discontinued operations. As a result, the Company classified inventory for this arrangement as a current asset of discontinued operations. The Company may receive additional proceeds of up to $1 million, currently held in escrow, upon the resolution of certain contingent items, which would be recorded as additional gain from the sale of discontinued operations.

In September 2007, the Company entered into a definitive agreement to sell its Baseband Chipset Business to MediaTek Inc. The decision to sell the Baseband Chipset Business was due to the Company s decision to focus its resources in areas where its signal processing expertise can provide unique capabilities and earn superior returns. On January 11, 2008, the Company completed the sale of its Baseband Chipset Business for net cash proceeds of $269 million. The cash proceeds received were net of a refundable withholding tax of $62 million and other cash payments of approximately $9 million. The Company made additional cash payments of $7.8 million during fiscal 2008, primarily related to transaction fees and retention payments to employees that transferred to MediaTek Inc. The Company made additional 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 Inc. The Company recorded a pre-tax gain in fiscal 2008 of $278 million, or $202 million net of tax, which is recorded as a gain on sale of discontinued operations. The Company may receive additional proceeds of up to $10 million, currently held in escrow, upon the resolution of certain contingent items, which would be recorded as additional gain from the sale of discontinued operations.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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.

	2009	2008	2007
Total revenue	$ 10,332	$ 115,600	$ 275,106
Cost of sales	10,847	95,070	197,965
Operating expenses:			
Research and development	(42)	12,639	80,977
Selling, marketing, general and administrative	58	2,312	10,639
Gain on sale of discontinued operations		362,594	
Income (loss) before income taxes	(531)	368,173	(14,475)
Provision for (benefit from) income taxes	(895)	107,066	(9,259)
Income (loss) from discontinued operations, net of tax	$ 364	$ 261,107	$ (5,216)

	October 31, 2009	November 1, 2008
Inventory	$	$ 5,894
Total assets reclassified to current assets of discontinued operations	$	$ 5,894
Refundable foreign withholding tax	$ 62,037	$ 62,037
Total assets reclassified to non-current assets of discontinued operations	$ 62,037	$ 62,037
Accounts payable	$	$ 1,540

Income taxes payable			4,105
Accrued liabilities			12,809
Total liabilities reclassified to current liabilities of discontinued operations	$	$	18,454

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 and September 2009. 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

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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; $33^1/_3$% 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.

Grant-Date Fair Value

The Company uses the Black-Scholes option pricing model to calculate the grant-date fair value of an award. Information pertaining to the Company s stock option awards and the related estimated weighted-average assumptions to calculate the fair value of stock options granted are as follows:

	2009 Excluding Option Exchange Program	2009*	2008	2007
Options granted (in thousands)	5,675	20,873	5,827	7,691
Weighted-average exercise prices-stock options	$ 19.63	$ 25.74	$ 29.79	$ 33.52
Weighted-average grant date fair value-stock options	$ 7.42	$ 5.97	$ 7.90	$ 9.50
Assumptions:				
Weighted-average expected volatility	58.8%	41.3%	32.4%	30.5%
Weighted-average expected term (in years)	5.3	4.7	5.1	5.1
Risk-free interest rate	1.7%	1.4%	3.2%	4.6%
Expected dividend yield	4.1%	3.2%	2.4%	2.2%

* 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 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.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 31, 2009. 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.

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.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Stock-Based Compensation Activity

A summary of the activity under the Company s stock option plans as of October 31, 2009 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 November 1, 2008	70,340	$ 36.63		
Options granted	5,675	$ 19.63		
Options exercised	(785)	$ 19.28		
Options forfeited	(992)	$ 33.01		
Options expired	(3,313)	$ 39.78		
Options granted under Option Exchange	15,198	$ 28.02		
Options cancelled under Option Exchange	(33,660)	$ 40.87		
Options outstanding October 31, 2009	52,463	$ 29.71	4.6	$ 66,908
Options exercisable at October 31, 2009	24,484	$ 32.39	2.8	$ 33,129
Options vested or expected to vest October 31, 2009(1)	50,481	$ 29.84	4.6	$ 63,891

(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.

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 2009, fiscal 2008 and fiscal 2007 was $4.7 million, $121.7 million and $152.6 million, respectively. The total amount of proceeds received by the Company from exercise of these options during fiscal 2009, fiscal 2008 and fiscal 2007 was $15.1 million, $100.6 million and $109.1 million, respectively. The total grant-date fair value of stock options that vested during fiscal 2009, fiscal 2008 and fiscal 2007 was approximately $73.6 million, $77.6 million and $72.8 million, respectively.

The total cash received from stock option exercises pursuant to employee stock plans in the Company s statement of cash flows is net of the value of shares surrendered by employees to satisfy employee tax obligations upon vesting of restricted stock or restricted stock units and in connection with the exercise of stock options granted to the Company s employees under the Company s equity compensation plans. The withholding amount is based on the Company s minimum statutory withholding requirement.

A summary of the Company s restricted stock and restricted stock unit award activity as of October 31, 2009 and changes during the year then ended is presented below:

	Restricted Shares or Units Outstanding		Weighted-Average Grant Date Fair Value Per Share
Restricted shares and units outstanding at November 1, 2008	92	$	30.41
Awards granted	76	$	17.14
Restrictions lapsed	(25)	$	33.30
Awards forfeited	(8)	$	33.70
Restricted shares and units outstanding at October 31, 2009	135	$	22.19

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of October 31, 2009, there was $103.4 million of total unrecognized compensation cost related to unvested share-based awards comprised of stock options and restricted shares. That cost is expected to be recognized over a weighted-average period of 1.6 years.

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

		Restricted Awards Outstanding			Options Outstanding		
Stock Award Activity	**Shares Available for Grant**	**Number**		**Weighted-Average Grant Date Fair-Value Per Share**	**Number**		**Weighted-Average Price Per Share**
Balance, October 28, 2006	17,970	55	$	35.35	84,461	$	34.09
Shares cancelled upon termination of stock plans	(5)						
Restricted awards granted(1)	(118)	39		34.89			
Restrictions lapsed		(15)		36.12			
Options granted	(7,691)				7,691		33.52
Options exercised					(7,252)		15.06
Options forfeited or expired	4,742				(4,742)		40.42
Balance, November 3, 2007	14,898	79	$	34.97	80,158	$	35.39
Shares cancelled upon termination of stock plans	(34)						
Restricted awards granted(1)	(106)	35		27.06			
Restrictions lapsed		(20)		35.86			
Restricted awards forfeited	4	(2)		31.09			
Options granted	(5,827)				5,827		29.79
Options exercised					(7,418)		13.56
Options forfeited or expired	8,227				(8,227)		40.47
Balance, November 1, 2008	17,162	92	$	30.41	70,340	$	36.63
Shares cancelled upon termination of stock plans	(3)						
Restricted awards granted(1)	(228)	76		17.14			
Restrictions lapsed		(25)		33.30			

Restricted awards forfeited	24	(8)		33.70			
Options granted	(5,675)				5,675		19.63
Options exercised					(785)		19.28
Options forfeited or expired	4,305				(4,305)		38.22
Options granted under Option Exchange	(15,198)				15,198		28.02
Options cancelled under Option Exchange(2)	15,198				(33,660)		40.87
Balance, October 31, 2009	15,585	135	$	22.19	52,463	$	29.71

(1) The 2006 Plan provides that for purposes of determining the number of shares available for issuance under the 2006 Plan, any restricted stock award, restricted stock unit or other stock-based award with a per share or per unit price lower than the fair market value of our common stock on the date of grant (a Full-Value Award) will be counted as three shares for each share subject to the Full-Value Award.

(2) Per the terms of the option exchange program, shares underlying options surrendered that were not exchanged for new options are no longer available for future grants.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of October 31, 2009, a total of 68,183,182 common shares were reserved for issuance under the Company s stock option plans.

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 $4 billion of the Company s common stock under the program. Under the program, the Company may repurchase outstanding shares of its common stock from time to time in the open market and through privately negotiated transactions. Unless terminated earlier by resolution of the Company s Board of Directors, the repurchase program will expire when the Company has repurchased all shares authorized under the program. As of October 31, 2009, the Company had repurchased a total of approximately 114.7 million shares of its common stock for approximately $3,908.4 million under this program. An additional $91.6 million of shares remains available for repurchase under the current authorized program. The repurchased shares are held as authorized but unissued shares of common stock. The Company also from time to time repurchases shares in settlement of employee tax withholding obligations due upon the vesting of restricted stock or restricted stock units, or the exercise of stock options. 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.

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 three 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 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.

	2009		**2008**		**2007***	
		% of		**% of**		**% of**

	Revenue	Total Product Revenue	Y/Y%	Revenue	Total Product Revenue**	Revenue	Total Product Revenue
Industrial	$ 1,049,158	52%	(24)%	$ 1,386,874	54%	$ 1,323,252	54%
Communications	512,941	25%	(13)%	590,267	23%	477,645	20%
Consumer	400,290	20%	(22)%	512,339	20%	523,793	22%
Computer	52,519	3%	(44)%	93,451	4%	105,031	4%
Total Product Revenue	**$ 2,014,908**	100%	(22)%	**$ 2,582,931**	100%	**$ 2,429,721**	100%
Revenue from one-time IP license						35,000	
Total Revenue	**$ 2,014,908**			**$ 2,582,931**		**$ 2,464,721**	

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

* The year ended November 3, 2007 was a 53-week year. The Company follows a 52-week, or 364-day fiscal calendar that results in a 53-week year approximately every seventh year, as occurred in fiscal 2007.

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

	2009			2008		2007*	
	Revenue	**% of Total Product Revenue****	**Y/Y%**	**Revenue**	**% of Total Product Revenue**	**Revenue**	**% of Total Product Revenue****
Converters	$ 960,502	48%	(19)%	$ 1,190,866	46%	$ 1,104,932	45%
Amplifiers	501,759	25%	(25)%	665,585	26%	618,267	25%
Other analog	261,059	13%	(18)%	318,648	12%	334,652	14%
Subtotal analog signal processing	1,723,320	86%	(21)%	2,175,099	84%	2,057,851	85%
Power management & reference	118,247	6%	(18)%	143,698	6%	124,101	5%
Total analog products	**$ 1,841,567**	91%	(21)%	**$ 2,318,797**	90%	**$ 2,181,952**	90%
General purpose DSP	167,133	8%	(29)%	234,946	9%	214,339	9%
Other DSP	6,208	0%	(79)%	29,188	1%	33,430	1%
Total DSP products	**$ 173,341**	9%	(34)%	**$ 264,134**	10%	**$ 247,769**	10%

Total Product Revenue	**$ 2,014,908**	100%	(22)%	**$ 2,582,931**	100%	**$ 2,429,721**	100%
Revenue from one-time IP license						35,000	
Total Revenue	**$ 2,014,908**			**$ 2,582,931**		**$ 2,464,721**	

* The year ended November 3, 2007 was a 53-week year. The Company follows a 52-week, or 364-day fiscal calendar that results in a 53-week year approximately every seventh year, as occurred in fiscal 2007.

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

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Geographic Information

The Company operates in the following major geographic areas. Product revenue data is based upon customer location and property, plant and equipment data is based upon physical location. In fiscal year 2009 the predominant countries comprising Rest of North and South America are Canada and Mexico; the predominant countries comprising Europe are Germany, Sweden and France; and the predominant countries comprising Rest of Asia are Korea, Taiwan and Singapore. In fiscal year 2008 and fiscal year 2007 the predominant countries comprising Rest of North and South America are Canada and Mexico; the predominant countries comprising Europe are Germany, France and the United Kingdom; and the predominant countries comprising Rest of Asia are Taiwan and Korea.

	2009	2008	2007
Product Revenue from continuing operations			
United States	$ 401,608	$ 524,197	$ 551,177
Rest of North and South America	92,954	97,449	82,761
Europe	502,602	679,778	598,334
Japan	349,907	503,059	506,514
China	376,080	401,060	310,211
Rest of Asia	291,757	377,388	380,724
Subtotal all foreign countries	1,613,300	2,058,734	1,878,544
Total product revenue	$ 2,014,908	$ 2,582,931	$ 2,429,721
Property, plant and equipment			
United States	$ 204,758	$ 251,616	
Ireland	155,428	186,487	
Philippines	103,209	116,622	
All other countries	13,121	12,714	
Subtotal all foreign countries	271,758	315,823	
Total property, plant and equipment	$ 476,516	$ 567,439	

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Special Charges

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

Income Statement	Closure of Wafer Fabrication Facility in Sunnyvale	Reorganization of Product Development and Support Programs	Consolidation of a Wafer Fabrication Facility in Limerick	Reduction of Overhead Infrastructure Costs	Reduction of Operating Costs	Closure of Wafer Fabrication Facility in Cambridge	Total Special Charges
Fiscal 2005 Charges:							
Workforce reductions	$ 20,315	$ 11,165	$	$	$	$	$ 31,480
Total Fiscal 2005 Charges	$ 20,315	$ 11,165	$	$	$	$	$ 31,480
Fiscal 2006 Charges:							
Facility closure costs		554					554
Abandonment of equipment		459					459
Other items		462					462
Change in estimate	(2,029)						(2,029)
Workforce reductions		2,344					2,344
Total Fiscal 2006 Charges	$ (2,029)	$ 3,819	$	$	$	$	$ 1,790
Fiscal 2007 Charges:							
Facility closure costs	10,288						10,288
Workforce reductions		4,165	13,748	10,711			28,624
Other items		859		1,637			2,496
Change in estimate		(913)					(913)
Total Fiscal 2007 Charges	$ 10,288	$ 4,111	$ 13,748	$ 12,348	$	$	$ 40,495

Fiscal 2008 Charges:							
Workforce reductions					1,627		1,627
Change in estimate			1,461				1,461
Total Fiscal 2008 Charges	$	$	$ 1,461	$	$ 1,627	$	$ 3,088
Fiscal 2009 Charges:							
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

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Accrued Restructuring	Closure of Wafer Fabrication Facility in Sunnyvale	Reorganization of Product Development and Support Programs	Consolidation of a Wafer Fabrication Facility in Limerick	Reduction of Overhead Infrastructure Costs	Reduction of Operating Costs	Closure of Wafer Fabrication Facility in Cambridge	Total Special Charges
Balance at October 28, 2006	$ 5,903	$ 4,976	$	$	$	$	$ 10,879
Fiscal 2007 special charges	10,288	4,111	13,748	12,348			40,495
Severance payments	(5,573)	(4,717)		(767)			(11,057)
Facility closure costs	(6,616)	(23)					(6,639)
Non-cash impairment charge				(438)			(438)
Other payments		(596)					(596)
Effect of foreign currency on accrual		18		3			21
Balance at November 3, 2007	$ 4,002	$ 3,769	$ 13,748	$ 11,146	$	$	$ 32,665
Fiscal 2008 special charges			1,461		1,627		3,088
Severance payments	(253)	(2,178)	(1,727)	(8,085)	(126)		(12,369)
Facility closure costs	(2,002)	(45)	(279)				(2,326)
Other payments		(155)		(1,200)			(1,355)
Effect of foreign currency on accrual		24	(1,449)	(97)			(1,522)
Balance at November 1, 2008	$ 1,747	$ 1,415	$ 11,754	$ 1,764	$ 1,501	$	$ 18,181
Fiscal 2009 special charges			1,191		30,333	22,132	53,656
Severance payments		(1,441)	(11,802)	(1,816)	(21,156)	(756)	(36,971)
Facility closure costs	(1,578)	(25)	(1,164)		(1,195)	(57)	(4,019)

Non-cash impairment charge					(839)	(14,629)	(15,468)
Other payments					(503)		(503)
Effect of foreign currency on accrual		51	333	52	20		456
Balance at October 31, 2009	$ 169	$	$ 312	$	$ 8,161	$ 6,690	$ 15,332

Special Charges

Closure of Wafer Fabrication Facility in Sunnyvale

The Company ceased production at its California wafer fabrication facility in November 2006. The Company is paying the lease obligation costs on a monthly basis over the remaining lease term, which expires in 2010. The Company completed the clean-up activity during fiscal 2007, and does not expect to incur any additional charges related to this action.

Reorganization of Product Development and Support Programs

The Company recorded special charges in fiscal years 2005, 2006 and 2007 as a result of its decision to reorganize its product development and support programs with the goal of providing greater focus on its analog and

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

digital signal processing product programs. The Company terminated the employment of all employees associated with these programs and has paid out all amounts owed to employees for severance. The Company does not expect to incur any further charges related to this reorganization action.

Consolidation of a Wafer Fabrication Facility in Limerick

In fiscal 2007, the Company recorded a special charge of $13.7 million as a result of its decision to only use eight-inch technology at its wafer fabrication facility in Limerick. Certain manufacturing processes and products produced on the Limerick facility s six-inch production line have transitioned to the Company s existing eight-inch production line in Limerick while others have transitioned to external foundries. The charge was for severance and fringe benefit costs recorded under the Company s ongoing benefit plan for 150 manufacturing employees associated with this action. As of October 31, 2009, the Company still employed 2 of the 150 employees included in this action. These employees must continue to be employed by the Company until their employment is involuntarily terminated in order to receive the severance benefit. During fiscal 2008, the Company recorded an additional charge of $1.5 million related to this action, of which $1.2 million was an adjustment to the original estimate of the severance costs and $0.3 million was for clean-up and closure costs that were expensed as incurred. During fiscal 2009, the Company recorded additional charges of $1.2 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. The Company does not expect to incur any further charges related to this action.

Reduction of Overhead Infrastructure Costs

During the fourth quarter of fiscal 2007, the Company recorded a special charge as a result of its decision to either deemphasize or exit certain businesses or products and focus investments in products and end markets where it has better opportunities for profitable growth. In September 2007, the Company entered into a definitive agreement to sell its Baseband Chipset Business. As a result, the Company decided to reduce the support infrastructure in manufacturing, engineering and SMG&A to more appropriately reflect its required overhead structure. The Company terminated the employment of all employees associated with this action and has paid all amounts owed to employees for severance as income continuance. The Company does not expect to incur any further charges related to this action.

Reduction of Operating Costs

During the fourth quarter of fiscal 2008, in order to further reduce its operating cost structure, the Company recorded a special charge of $1.6 million for severance and fringe benefit costs recorded under its ongoing benefit plan or statutory requirements at foreign locations for 19 engineering and SMG&A employees. The Company terminated the employment of all employees associated with this charge and is paying amounts owed to employees for severance as income continuance.

During fiscal 2009, the Company recorded an additional charge of $30.3 million related to this cost reduction action. Approximately $2.1 million of this charge was for lease obligation costs for facilities that the Company ceased using during the first quarter of fiscal 2009; approximately $0.9 million was for the write-off of property, plant and equipment; and approximately $0.8 million was for contract termination costs and for clean-up and closure costs that were expensed as incurred. The remaining $26.5 million related to the severance and fringe benefit costs recorded under the Company s ongoing benefit plan or statutory requirements at foreign locations, for 245 manufacturing employees and 302 engineering and SMG&A employees. As of October 31, 2009, the Company still employed 16 of the 547 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.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Closure of Wafer Fabrication Facility in Cambridge

During the first quarter of fiscal 2009, the Company recorded a special charge of $22.1 million as a result of its decision to consolidate its Cambridge, Massachusetts wafer fabrication facility into its existing Wilmington, Massachusetts facility. In connection with the anticipated closure of this facility, the Company evaluated the recoverability of the facility s manufacturing assets and concluded that there was an impairment of approximately $12.9 million based on the revised period of intended use. The remaining $9.2 million was for severance and fringe benefit costs recorded under the Company s ongoing benefit plan for 175 manufacturing employees and 9 SMG&A employees associated with this action.

We finished production in the Cambridge fabrication facility and began clean-up activities during the fourth quarter of fiscal 2009. During the fourth quarter of fiscal 2009, the Company reversed approximately $1.8 million of its severance accrual. The accrual reversal was required because 51 employees either voluntarily left the Company or found alternative employment within the Company. In addition, the Company recorded a special charge of approximately $1.7 million for the impairment of manufacturing assets that were originally going to be moved to our other wafer fabrication facilities but are no longer needed at those facilities and therefore have no future use. The Company also recorded a special charge of $0.1 million for clean-up costs as the Company began its cleanup of the Cambridge fabrication facility at the end of the fourth quarter of fiscal 2009. As of October 31, 2009, the Company still employed 33 of the employees included in this action. The remaining employees will continue working during the first quarter of fiscal 2010 on the cleanup and closure of the wafer fabrication facility. These employees must continue to be employed by the Company until their employment is involuntarily terminated in order to receive the severance benefit. The Company expects to incur additional expenses, that cannot be precisely determined at this time, related to this action in the first quarter of fiscal 2010 for lease termination, cleanup and closure costs. The lease charge will be taken when the Company ceases using the building and the cleanup and closure costs will be expensed as incurred.

6. Acquisitions

In fiscal 2006, the Company completed a transaction with TTPCom Limited (TTPCom), whereby TTPCom transferred to the Company intellectual property, engineering resources, and related assets associated with the support and customization of TTPCom s GSM/GPRS/EDGE modem software for use on the Company s existing and future generations of SoftFone® baseband processors. The Company also acquired development rights for AJAR, TTPCom s advanced applications platform. As a result of this transaction, the Company became the single point of contact for both hardware and software support for its new and existing wireless handset customers, thus improving the Company s abilities to service the needs of individual customers. During fiscal 2007, the Company paid $6.1 million of contingent consideration related to this acquisition.

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 allows 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 acquisitions have been met and no additional payments will be made.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company has not provided pro forma results of operations for TTPCom, Integrant and AudioAsics 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 31, 2009 and November 1, 2008 were as follows:

	2009	2008
Corporate obligations	$	$ 22,785
Money market funds	1,730	2,841
Mutual funds	6,213	6,415
Total deferred compensation plan investments short and long term	$ 7,943	$ 32,041

The fair values of these investments are based on published market quotes on October 31, 2009 and November 1, 2008, respectively. Adjustments to 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 2009, 2008 or 2007.

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 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.

There were no realized gains or losses recorded in fiscal 2009 or 2008. Realized gains of $7.9 million were recorded in fiscal 2007 related to the sale of a cost-basis investment.

Unrealized gains and losses on securities classified as other investments at of October 31, 2009 and November 1, 2008 were as follows :

	2009	2008
Unrealized gains	$ 1,258	$ 805
Unrealized losses	(718)	(828)
Net unrealized gains (losses) on securities classified as other investments	$ 540	$ (23)

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Accrued Liabilities

Accrued liabilities at October 31, 2009 and November 1, 2008 consisted of the following:

	2009	2008
Accrued compensation and benefits	$ 58,272	$ 91,997
Special charges	15,332	18,181
Other	48,589	81,129
Total accrued liabilities	$ 122,193	$ 191,307

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 2025. 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 $40 million in fiscal 2009, $43 million in fiscal 2008 and $43 million in fiscal 2007.

The following is a schedule of future minimum rental payments required under long-term operating leases at October 31, 2009:

Fiscal Years	Operating Leases
2010	$ 24,735
2011	19,086
2012	8,819
2013	6,011
2014	3,876
Later Years	18,255

Total	$	80,782

12. Commitments and Contingencies

From time to time in the ordinary course of our 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.

13. Maxim Litigation Settlement

The Company executed a legal settlement with Maxim Integrated Products, Inc. (Maxim) during the second quarter of fiscal 2007, which resulted in the Company receiving $19 million. The Company recorded $8.5 million as

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

a credit to legal expense in selling, marketing, general and administrative expense because this amount represents the fair value of external legal costs incurred by the Company in this matter. The remaining $10.5 million has been recorded in other income because the amount was not related to the reimbursement of external legal costs and management deems it to be an isolated event. This amount is earned in full because the Company has no future obligation to Maxim with respect to this payment.

14. 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 $21.5 million in fiscal 2009, $22.6 million in fiscal 2008 and $20.8 million in fiscal 2007. 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 $10.9 million in fiscal 2009, $13.9 million in fiscal 2008 and $17.3 million in fiscal 2007.

In the fourth quarter of fiscal 2007, the Company began to recognize the funded status of defined-benefit post retirement plans on the Company s consolidated balance sheets and changes in the funded status in comprehensive (loss) income. During fiscal 2009 the measurement date of the plan s funded status was changed from September 30 to October 31, 2009, the same as the Company s fiscal year end.

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 31, 2009 and September 30, 2008.

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

	2009	2008	2007
Service cost	$ 6,368	$ 9,580	$ 10,890
Interest cost	9,525	10,234	8,862
Expected return on plan assets	(10,703)	(12,312)	(9,584)
Amortization of prior service cost	5	8	8
Amortization of transitional asset	(40)	(44)	(39)
Recognized actuarial loss	(519)	189	804
Net periodic pension cost	$ 4,636	$ 7,655	$ 10,941

Curtailment impact	$		$	1	$	
Settlement impact	$	207	$		$	85
Special termination benefits	$	281	$	15	$	207

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

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	2009	2008
Change in Benefit Obligation		
Benefit obligation at beginning of year	$ 149,428	$ 180,771
Adjustments due to change in defined benefit plans measurement date:		
a. Service cost and interest cost during gap period	1,204	
b. Additional experience during gap period	(10,099)	
c. Gap period benefit payments from plan, employee contributions, expenses, taxes and premiums paid	(1,222)	
Service cost	6,368	9,580
Interest cost	9,525	10,234
Curtailment		(335)
Settlement	(2,816)	
Special termination benefits	281	15
Participant contributions	2,496	2,973
Transfers	(1,298)	
Premiums paid	(201)	(207)
Actuarial gain	(3,244)	(28,117)
Benefits paid	(3,925)	(3,642)
Exchange rate adjustment	18,550	(21,844)
Benefit obligation at end of year	$ 165,047	$ 149,428
Change in Plan Assets		
Fair value of plan assets at beginning of year	$ 120,914	$ 167,805
Adjustments due to change in defined benefit plans measurement date:		
b. Additional experience during gap period	(9,807)	
c. Gap period benefit payments from plan, employee contributions, expenses, taxes and premiums paid	(1,222)	
Actual return on plan assets	8,839	(36,452)
Employer contributions	7,639	7,955
Participant contributions	2,496	2,973
Settlements	(2,816)	
Acquisitions/divestitures	(1,298)	
Premiums paid	(201)	(207)
Benefits paid	(3,925)	(3,642)
Exchange rate adjustment	15,024	(17,518)
Fair value of plan assets at end of year	$ 135,643	$ 120,914
Reconciliation of Funded Status		

Funded status	$ (29,404)	$ (28,514)
Contribution between September 30 and fiscal year end		596
Net amount recognized	$ (29,404)	$ (27,918)
Amounts Recognized in the Balance Sheet		
For years after the change in accounting principle related to defined benefit plans		
Current liabilities	$ (832)	$ (758)
Noncurrent liabilities	(28,572)	(27,160)
Net amount recognized	$ (29,404)	$ (27,918)

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	2009	2008
Reconciliation of Amounts Recognized in the Statement of Financial Position		
Initial net obligation	$ (93)	$ (58)
Prior service cost	(1)	(7)
Net loss	(10,720)	(10,344)
Accumulated other comprehensive loss	(10,814)	(10,409)
Accumulated contributions below net periodic benefit cost	(18,590)	(17,509)
Net amount recognized	$ (29,404)	$ (27,918)
Other Comprehensive Income Changes Recognized in Other Comprehensive Income		
Changes in plan assets and benefit obligations recognized in other comprehensive income		
Net loss arising during the year (includes curtailment gains not recognized as a component of net periodic cost)	$ (1,380)	$ 20,313
Effect of exchange rates on amounts included in accumulated other comprehensive income	843	(2,964)
Amounts recognized as a component of net periodic benefit cost		
Amortization, settlement or curtailment recognition of net transition asset	40	44
Amortization or curtailment recognition of prior service cost	(5)	(9)
Amortization or settlement recognition of net gain (loss)	312	(189)
Total recognized in other comprehensive (income) loss	$ (190)	$ 17,195
Total recognized in net periodic benefit and other comprehensive loss (income)	$ 4,934	$ 24,866
Changes recognized in balance sheet		
Balance sheet recognition of change in defined benefit plans measurement date		
Amortization amounts during gap period	$ 21	N/A
Experience gain during gap period	574	N/A
Total	$ 595	N/A
Estimated amounts that will be amortized from accumulated other comprehensive (loss) income over the next fiscal year		
Initial net asset	$ 33	$ 36
Prior service cost	(1)	(6)
Net gain	113	191
Total	$ 145	$ 221

The accumulated benefit obligation for non-U.S. pension plans was $127.3 million and $107.4 million at October 31, 2009 and September 30, 2008, respectively.

The projected benefit obligation and fair value of plan assets for non-U.S. pension plans with projected benefit obligations in excess of plan assets were $165.0 million and $135.6 million, respectively, at October 31, 2009 and $149.4 million and $120.9 million, respectively, at September 30, 2008.

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for non-U.S. pension plans with accumulated benefit obligation in excess of plan assets were $42.5 million, $38.7 million and $19.4 million, respectively, at October 31, 2009, and $37.1 million, $32.8 million and $16.6 million, respectively, at September 30, 2008.

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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:

	2009	2008
Discount rate	6.32%	6.39%
Rate of increase in compensation levels	3.72%	3.94%

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

	2009	2008
Discount rate	6.60%	5.64%
Expected long-term return on plan assets	7.16%	7.14%
Rate of increase in compensation levels	3.87%	3.83%

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.

Expected fiscal 2010 Company contributions and estimated future benefit payments are as follows:

Expected Company Contributions	
2010	$ 30,050
Expected Benefit Payments	
2010	$ 3,454
2011	$ 3,450
2012	$ 4,600
2013	$ 6,031
2014	$ 6,587
2015-2018	$ 32,533

The Company s year-end pension plan weighted average asset allocations by category were:

2009

		Strategic Target
Equities	69%	69%
Bonds	27%	27%
Cash	1%	0%
Property	3%	4%
Total	100%	100%

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Determination for adjustment due to change in defined benefit plans measurement date		
Adjustment to retained earnings		
a. Service (cost)	$	(479)
b. Interest (cost)		(725)
c. Expected return on asset		866
Service (cost), interest (cost), and expected return on assets		(338)
d. Amortization of transition asset		2
e. Amortization of past service credit (cost)		
f. Amortization of gain		19
Total amortizations		21
g. Total adjustment to retained earnings	$	(317)
Adjustment to accumulated other comprehensive income (loss)		
a. Total amortizations	$	(21)
b. Additional experience gain (loss) during gap period		
Liability gain during gap period		10,099
Asset loss during gap period		(10,673)
Total experience loss during gap period		(574)
c. Total adjustment to accumulated other comprehensive income (loss)	$	(595)

The fundamental goal underlying the pension plans investment policy is to achieve a total rate of return that exceeds inflation over the long-term by using a certain mix of assets depending on the profile of the specific plan. Investment practices must comply with applicable laws and regulations.

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)

15. Income Taxes

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

	2009	2008	2007
U.S. federal statutory tax rate	35.0%	35.0%	35.0%
Income tax provision reconciliation:			
Tax at statutory rate:	$ 104,105	$ 233,136	$ 231,510
Irish income subject to lower tax rate	(50,972)	(92,732)	(65,673)
Domestic and international tax examination charges including penalties.			4,363
State income taxes, net of federal benefit	406	1,150	1,744
Research and development tax credits	(5,153)	(3,401)	(14,667)
Net foreign tax in excess of U.S. federal statutory tax rate	1,123	2,350	1,729
Other, net	527	422	547
Total income tax provision	$ 50,036	$ 140,925	$ 159,553

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

	2009	2008	2007
Pretax income:			
Domestic	$ 1,133	$ 186,130	$ 282,410
Foreign	296,311	479,972	379,047
Total income before income taxes and discontinued operations	$ 297,444	$ 666,102	$ 661,457

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

	2009	2008	2007
Current:			
Federal (benefit) tax	$ (5,191)	$ 79,642	$ 101,183
Foreign	43,007	70,882	58,785
State	625	1,770	2,435

Total current	$ 38,441	$ 152,294	$ 162,403
Deferred (prepaid):			
Federal	$ 17,033	$ (7,268)	$ (2,336)
Foreign	(5,438)	(4,101)	(514)
Total deferred	$ 11,595	$ (11,369)	$ (2,850)

The Company continues to intend to reinvest certain of its foreign earnings indefinitely. Accordingly, no U.S. income taxes have been provided for approximately $1,851 million of unremitted earnings of international subsidiaries. As of October 31, 2009, the amount of unrecognized deferred tax liability on these earnings was $480 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 31, 2009 and November 1, 2008 are as follows:

	2009	2008
Deferred tax assets:		
Inventory reserves	$ 30,365	$ 33,058
Deferred income on shipments to distributors	25,775	24,913
Reserves for compensation and benefits	25,182	29,287
Tax credit carryovers	52,443	48,073
Mark-to-market adjustment	(124)	4,657
Stock-based compensation	62,496	73,619
Depreciation	4,163	
Other	3,702	3,091
Total gross deferred tax assets	204,002	216,698
Valuation allowance	(51,616)	(48,073)
Total deferred tax assets	152,386	168,625
Deferred tax liabilities:		
Depreciation	(13,498)	673
Acquisition Accounting	(2,226)	(4,318)
Undistributed earnings of foreign subsidiaries	(18,853)	(9,484)
Other	(1,655)	(1,181)
Total gross deferred tax liabilities	(36,232)	(14,310)
Net deferred tax assets	$ 116,154	$ 154,315

The valuation allowances of $51.6 million and $48.1 million at October 31, 2009 and November 1, 2008, respectively, are a full 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.

On November 4, 2007 (the first day of its 2008 fiscal year), the Company adopted new accounting principles on accounting for uncertain tax positions. These principles require companies to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any benefit can be recorded in the financial statements. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. There were no changes to the Company s liabilities for uncertain tax positions as a result of the adoption these provisions. As of October 31, 2009 and November 1, 2008, the Company had a liability of $18.2 million and $13.8 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 31, 2009 and November 1, 2008, the Company had a liability of approximately $8.0 million and $6.4 million respectively, for interest and penalties. The total liability as of October 31, 2009 and November 1, 2008 of $26.2 million and $20.2 million, respectively, for uncertain tax positions is classified as non-current, and

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

included in other non-current liabilities, because the Company believes that the ultimate payment or settlement of these liabilities will not occur within the next twelve months. Prior to the adoption of these provisions, these amounts were included in current income tax payable. The Company includes interest and penalties related to unrecognized tax benefits within the provision for taxes in the condensed consolidated statements of income, and as a result, no change in classification was made upon adopting these provisions. The condensed consolidated statements of income for fiscal year 2009 and fiscal year 2008 include $1.7 million and $1.3 million, respectively, of interest and penalties related to these uncertain tax positions. Due to the complexity associated with its tax uncertainties, the Company cannot make a reasonably reliable estimate as to the period in which it expects to settle the liabilities associated with these uncertain tax positions.

The following table summarizes the changes in the total amounts of uncertain tax positions for fiscal 2008 and fiscal 2009.

Balance, November 3, 2007	$ 9,889
Additions for tax positions of current year	3,861
Balance, November 1, 2008	13,750
Additions for tax positions of current year	4,411
Balance, October 31, 2009	$ 18,161

Fiscal Year 2004 and 2005 IRS Examination

During the fourth quarter of fiscal 2007, the 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 proposed adjustments related to these two fiscal years. The Company has recorded taxes and penalties related to certain of these proposed adjustments. There are four items with an additional potential total tax liability of $46 million. The Company has concluded, based on discussions with its tax advisors, that these four items are not likely to result in any additional tax liability. Therefore, the Company has not recorded any additional tax liability for these items and is appealing these proposed adjustments through the normal processes for the resolution of differences between the IRS and taxpayers. The Company s initial meetings with the appellate division of the IRS were held during fiscal year 2009. Two of the unresolved matters are one-time issues and pertain to Section 965 of the Internal Revenue Code related to the beneficial tax treatment of dividends from foreign owned companies under The American Jobs Creation Act. The other matters pertain to the computation of research and development (R&D) tax credits and the profits earned from manufacturing activities carried on outside the United States. These latter two matters could impact taxes payable for fiscal 2004 and 2005 as well as for subsequent years.

Fiscal Year 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 have 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, including the same R&D 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. During the third quarter of fiscal 2009, the IRS issued its report for fiscal 2006 and fiscal 2007, which included proposed adjustments related to these two fiscal years. The Company has recorded taxes and penalties related to certain of these proposed adjustments. There are four items with an additional potential total tax liability of $195 million. The Company concluded, based on discussions with its tax advisors, that these four items are not likely to result in any additional tax liability. Therefore, the Company has not recorded any additional tax liability for these items and is appealing these proposed adjustments through the normal processes for the resolution of differences between the IRS and taxpayers. With the exception of the

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

proposed adjustment related to the deductibility of certain stock option expenses, the other three matters could impact taxes payable for fiscal 2006 and 2007 as well as for subsequent years.

Fiscal Year 2008 and 2009 IRS Examination

The IRS has not started their examination of fiscal year 2008 or fiscal year 2009.

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.

16. Revolving Credit Facility

As of October 31, 2009, the Company had $1,816 million of cash and cash equivalents and short term investments, of which $412.7 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. If the Company is unable to address its U.S. cash requirements through operations, by efficient and timely repatriations of overseas cash, through borrowings under its current credit facility or from other sources of cash obtained at an acceptable cost, its business strategies and operating results could be adversely affected. 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 this facility also include financial covenants that require the Company to maintain a minimum interest coverage ratio and not exceed a maximum leverage ratio. The Company is currently compliant with these covenants. The terms of the facility also impose restrictions on the Company s ability to undertake certain transactions, to create certain liens on assets and to incur certain subsidiary indebtedness.

17. Long-Term Debt

On June 30, 2009, the Company issued $375 million aggregate principal amount of 5.0% senior unsecured notes due July 1, 2014 (the Notes) with semi-annual fixed interest payments on January 1 and July 1 of each year, commencing January 1, 2010. The sale of the 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 Notes. The indenture governing the 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.

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 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

ANALOG DEVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

LIBOR plus 2.05% (2.34% as of October 31, 2009) 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 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.

18. Subsequent Events

The Company has evaluated subsequent events through the issuance of these financial statements which occurred on November 24, 2009. On November 19, 2009, the Board of Directors of the Company declared a cash dividend of $0.20 per outstanding share of common stock. The dividend will be paid on December 23, 2009 to all shareholders of record at the close of business on December 4, 2009.

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 31, 2009 and November 1, 2008, 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 31, 2009. Our audits also included the financial statement schedule listed in the Index at Item 15(c). 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 31, 2009 and November 1, 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended October 31, 2009, 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.

As discussed in Note 14 to the consolidated financial statements, effective November 3, 2007, the Company adopted the guidance originally issued in Statement of Financial Accounting Standards No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (codified primarily in FASB ASC Topic 715-20, *Defined Benefit Plans-General*). Additionally, as discussed in Note 15 to the consolidated financial statements, effective November 4, 2007, the Company adopted the guidance originally issued in Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109* (codified primarily in FASB ASC Topic 740, *Income Taxes*).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Analog Devices, Inc. s internal control over financial reporting as of October 31, 2009, 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 24, 2009 expressed an unqualified opinion thereon.

Boston, Massachusetts
November 24, 2009

ANALOG DEVICES, INC.

SUPPLEMENTARY FINANCIAL INFORMATION
(Unaudited)

Quarterly financial information for fiscal 2009 and fiscal 2008 (thousands, except per share amounts and as noted):

	4Q09	**3Q09**	**2Q09**	**1Q09**	**4Q08**	**3Q08**	**2Q08**	**1Q08**
Revenue	571,600	491,991	474,748	476,569	660,696	658,986	649,340	613,909
Cost of sales	249,746	225,762	213,196	207,567	257,039	257,192	253,319	238,106
Gross margin	321,854	266,229	261,552	269,002	403,657	401,794	396,021	375,803
% of Revenue	56.3%	54.1%	55.1%	56.4%	61.1%	61.0%	61.0%	61.2%
Research and development	110,126	107,578	109,448	119,828	133,451	135,837	134,653	129,539
Selling, marketing, general and administrative	83,356	79,706	82,276	87,846	106,381	104,767	104,183	100,351
Special charges			11,919	41,737	3,088			
Total operating expenses	193,482	187,284	203,643	249,411	242,920	240,604	238,836	229,890
Operating income from continuing operations	128,372	78,945	57,909	19,591	160,737	161,190	157,185	145,913
% of Revenue	22%	16%	12%	4%	24%	25%	24%	24%
Nonoperating (income) expenses:								
Interest expense	2,726	1,368						
Interest income	(1,740)	(2,558)	(3,527)	(7,796)	(9,641)	(8,205)	(10,669)	(12,526)
Other, net	160	108	(797)	(571)	(987)	664	114	173
Total nonoperating (income) expense	1,146	(1,082)	(4,324)	(8,367)	(10,628)	(7,541)	(10,555)	(12,353)
Income from continuing operations before income taxes and minority interest	127,226	80,027	62,233	27,958	171,365	168,731	167,740	158,266
% of Revenue	22%	16%	13%	6%	26%	26%	26%	26%

Provision for income taxes	21,617	14,567	10,479	3,373	27,123	39,536	37,848	36,418
Net Income from continuing operations	105,609	65,460	51,754	24,585	144,242	129,195	129,892	121,848
Net income (loss) from discontinued operations				364	2,086	5,611	3,194	1,888
(Loss) gain on Sale of Discontinued Operations					(2,457)	3,802		246,983
Net Income	105,609	65,460	51,754	24,949	143,871	138,608	133,086	370,719
% of Revenue	18%	13%	11%	5%	22%	21%	20%	60%
Earnings per share basic								
Income from continuing operations	0.36	0.22	0.18	0.08	0.50	0.44	0.45	0.41
Net income	0.36	0.22	0.18	0.09	0.49	0.48	0.46	1.24
Earnings per share diluted								
Income from continuing operations	0.36	0.22	0.18	0.08	0.49	0.44	0.44	0.40
Net income	0.36	0.22	0.18	0.09	0.49	0.47	0.45	1.22
Shares used to compute earnings per share (in thousands):								
Basic	291,739	291,387	291,227	291,187	290,847	290,376	290,389	299,141
Diluted	294,016	293,084	292,446	291,248	293,820	295,001	295,360	304,260
Dividends declared per share	0.20	0.20	0.20	0.20	0.20	0.20	0.18	0.18

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 31, 2009. 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 31, 2009, 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 31, 2009. 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 31, 2009, our internal control over financial reporting is effective based on those criteria.

Our independent registered public accounting firm 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 31, 2009, 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 31, 2009, 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 31, 2009 and November 1, 2008, 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 31, 2009 of Analog Devices, Inc. and our report dated November 24, 2009 expressed an unqualified opinion thereon.

Boston, Massachusetts
November 24, 2009

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(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 31, 2009 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 2010 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 2010 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. 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 2009, we made no material change to the procedures by which shareholders may recommend nominees to our Board of Directors, as described in our 2009 proxy statement.

Information required by this item relating to the audit committee of our Board of Directors is contained in our 2010 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 2010 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 2010 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 2010 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 2010 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 2010 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 2010 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 31, 2009, November 1, 2008 and November 3, 2007

Consolidated Balance Sheets as of October 31, 2009 and November 1, 2008

Consolidated Statements of Shareholders Equity for the years ended October 31, 2009, November 1, 2008 and November 3, 2007

Consolidated Statements of Comprehensive Income for the years ended October 31, 2009, November 1, 2008 and November 3, 2007

Consolidated Statements of Cash Flows for the years ended October 31, 2009, November 1, 2008 and November 3, 2007

(b) Exhibits

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

(c) Financial Statement Schedules

The following consolidated financial statement schedule is included in Item 15(c) 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.

ANALOG DEVICES, INC.
ANNUAL REPORT ON FORM 10-K
YEAR ENDED OCTOBER 31, 2009
ITEM 15(c)
FINANCIAL STATEMENT SCHEDULE

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Schedule Of Valuation And Qualifying Accounts Disclosure

ANALOG DEVICES, INC.

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

Years ended October 31, 2009, November 1, 2008 and November 3, 2007
(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 November 3, 2007	$ 2,533	$ 4,753	$ 3,675	$ 3,611
Year ended November 1, 2008	$ 3,611	$ 8,427	$ 6,537	$ 5,501
Year ended October 31, 2009	$ 5,501	$ 3,628	$ 7,448	$ 1,681

SIGNATURES

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

ANALOG DEVICES, INC.

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

Date: November 24, 2009

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

Name	Title	Date
/s/ Ray Stata Ray Stata	Chairman of the Board	November 24, 2009
/s/ Jerald G. Fishman Jerald G. Fishman	President, Chief Executive Officer and Director (Principal Executive Officer)	November 24, 2009
/s/ David A. Zinsner David A. Zinsner	Vice President-Finance and Chief Financial Officer (Principal Financial Officer)	November 24, 2009
/s/ Seamus Brennan Seamus Brennan	Vice President, Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)	November 24, 2009
/s/ James A. Champy James A. Champy	Director	November 24, 2009
/s/ John L. Doyle John L. Doyle	Director	November 24, 2009
/s/ John C. Hodgson John C. Hodgson	Director	November 24, 2009

/s/ Yves-Andre Istel	Director	November 24, 2009
Yves-Andre Istel		
/s/ Neil Novich	Director	November 24, 2009
Neil Novich		

Name	Title	Date
/s/ F. Grant Saviers	Director	November 24, 2009
F. Grant Saviers		
/s/ Paul J. Severino	Director	November 24, 2009
Paul J. Severino		
/s/ Kenton J. Sicchitano	Director	November 24, 2009
Kenton J. Sicchitano		

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.
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 December 3, 2008 (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
*10.1	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 January 28, 2006 (File No. 1-7819) as filed with the Commission on February 15, 2006 and incorporated herein by reference.
*10.2	Amendment No. 1 to Analog Devices, Inc. Amended and Restated Deferred Compensation Plan, 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.
*10.3	

	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.
*10.4	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.

Exhibit No.	Description
*10.5	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.
*10.6	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.
*10.7	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.
*10.8	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.
*10.9	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.
10.10	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.
*10.11	2006 Stock Incentive Plan of Analog Devices, Inc., filed as Appendix A of the Company s Definitive Proxy Statement on Schedule 14A filed with the Commission on February 8, 2006 (File No. 1-7819) and incorporated herein by reference.
*10.12	Amendment No. 1 to 2006 Stock Incentive Plan of Analog Devices, Inc., 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.
*10.13	Second Amendment to 2006 Stock Incentive Plan of Analog Devices, Inc., filed as exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended August 1, 2009 (File No. 1-7819) as filed with the Commission on August 18, 2009 and incorporated herein by reference.
* 10.14	Third Amendment to 2006 Stock Incentive Plan of Analog Devices, Inc.
*10.15	Form of Confirming Memorandum for Grants of Non-Qualified Stock Options to 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 22, 2006 and incorporated herein by reference.
*10.16	Form of Confirming Memorandum for Grants of Non-Qualified Stock Options to Directors 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 the fiscal quarter ended August 4, 2007 (File No. 1-7819) as filed with the Commission on August 21, 2007 and incorporated herein by reference.
*10.17	Form of Restricted Stock Agreement 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 September 25, 2006 and incorporated herein by reference.
*10.18	Form of Restricted Stock Unit Confirming Memorandum 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 September 25, 2006 and incorporated herein by reference.
*10.19	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.
10.20	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.

Exhibit No.	Description
10.21	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.
10.22	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.
10.23	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.
10.24	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.
*10.25	Employment Agreement dated November 14, 2005 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 November 15, 2005 and incorporated herein by reference.
*10.26	Amendment dated as of October 22, 2007 to the Employment Agreement dated as of November 14, 2005 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.
*10.27	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.
*10.28	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.
*10.29	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.
*10.30	Description of 2009 Executive Bonus Plan.
*10.31	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.
10.32	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).
*10.33	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.
*10.34	

	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.
*10.35	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
*10.36	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.
10.37	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.
10.38	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.
10.39	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.
10.40	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.
10.41	Lease Agreement dated February 8, 1996 between Analog Devices, Inc. and Massachusetts Institute of Technology, relating to premises located at 21 Osborn Street, Cambridge, Massachusetts, filed as an exhibit to the Company s Annual Report on Form 10-K for the fiscal year ended November 3, 2001 (File No. 1-7819) as filed with the Commission on January 28, 2002 and incorporated herein by reference.
10.42	First Amendment dated December 13, 1996 to Lease Agreement dated February 8, 1996 between Analog Devices, Inc. and Massachusetts Institute of Technology, relating to premises located at 21 Osborn Street, Cambridge, Massachusetts, filed as an exhibit to the Company s 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.
10.43	Second Amendment dated December 20, 1996 to Lease Agreement dated February 8, 1996 between Analog Devices, Inc. and Massachusetts Institute of Technology, relating to premises located at 21 Osborn Street, Cambridge, Massachusetts, filed as an exhibit to the Company s 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.
10.44	Third Amendment dated May 27, 1997 to Lease Agreement dated February 8, 1996 between Analog Devices, Inc. and Massachusetts Institute of Technology, relating to premises located at 21 Osborn Street, Cambridge, Massachusetts, filed as an exhibit to the Company s 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.
10.45	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.
10.46	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.

Exhibit No.	Description
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 31, 2009, November 1, 2008, and November 3, 2007, (ii) Consolidated Balance Sheets at October 31, 2009 and November 1, 2008, (iii) Consolidated Statements of Shareholders Equity for the years ended October 31, 2009, November 1, 2008, and November 3, 2007, (iv) Consolidated Statements of Comprehensive Income for the years ended October 31, 2009, November 1, 2008, and November 3, 2007, (v) Consolidated Statements of Cash Flows for the years ended October 31, 2009, November 1, 2008, and November 3, 2007 and (vi) Notes to Consolidated Financial Statements.

In accordance with Rule 406T of Regulation S-T, the XBRL-related information in Exhibit 101 to this Annual Report on Form 10-K is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act, is deemed not filed for purposes of section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.