

ANALOG DEVICES INC
Form 10-Q
May 20, 2014

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

Form 10-Q

(Mark One)

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

For the quarterly period ended May 3, 2014

OR

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

For the transition period from _____ to _____
Commission File No. 1-7819

Analog Devices, Inc.
(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction of incorporation or organization)

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

One Technology Way, Norwood, MA
(Address of principal executive offices)
(781) 329-4700

02062-9106
(Zip Code)

(Registrant's telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

As of May 3, 2014 there were 314,145,403 shares of common stock of the registrant, \$0.16 2/3 par value per share, outstanding.

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	May 3, 2014	May 4, 2013	May 3, 2014	May 4, 2013
Revenue	\$694,536	\$659,250	\$1,322,774	\$1,281,384
Cost of sales (1)	235,793	237,055	454,913	468,905
Gross margin	458,743	422,195	867,861	812,479
Operating expenses:				
Research and development (1)	136,258	128,110	264,904	253,274
Selling, marketing, general and administrative (1)	102,085	102,703	200,263	200,263
Special charges	—	—	2,685	14,071
	238,343	230,813	467,852	467,608
Operating income	220,400	191,382	400,009	344,871
Nonoperating expense (income):				
Interest expense	6,874	6,357	13,445	12,771
Interest income	(3,401)	(3,044)	(6,685)	(6,277)
Other, net	(441)	408	(10)	607
	3,032	3,721	6,750	7,101
Income before income taxes	217,368	187,661	393,259	337,770
Provision for income taxes	29,935	23,189	53,240	42,076
Net income	\$187,433	\$164,472	\$340,019	\$295,694
Shares used to compute earnings per share – basic	313,488	307,444	312,887	305,464
Shares used to compute earnings per share – diluted	318,347	313,368	318,182	311,822
Basic earnings per share	\$0.60	\$0.53	\$1.09	\$0.97
Diluted earnings per share	\$0.59	\$0.52	\$1.07	\$0.95
Dividends declared and paid per share	\$0.37	\$0.34	\$0.71	\$0.64
(1) Includes stock-based compensation expense as follows:				
Cost of sales	\$1,417	\$1,517	\$2,974	\$3,184
Research and development	\$4,278	\$5,044	\$9,137	\$10,644
Selling, marketing, general and administrative	\$4,847	\$11,395	\$9,838	\$17,189

See accompanying notes.

ANALOG DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(thousands)

	Three Months Ended		Six Months Ended	
	May 3, 2014	May 4, 2013	May 3, 2014	May 4, 2013
Net income	\$187,433	\$164,472	\$340,019	\$295,694
Foreign currency translation adjustments	4,600	(2,486)	3,860	(2,136)
Change in unrealized holding gains (losses) (net of taxes of \$98, \$25, \$65, and \$21, respectively) on available for sale securities classified as short-term investments	639	(124)	471	190
Change in unrealized gains (losses) (net of taxes of \$239, \$235, \$90, and \$293, respectively) on derivative instruments designated as cash flow hedges	2,646	(4,183)	569	(645)
Changes in pension plans including prior service cost, transition obligation, net actuarial loss and foreign currency translation adjustments, (net of taxes of \$167, \$205, \$329, and \$205 respectively)	(1,396)	3,456	(802)	(47)
Other comprehensive income (loss)	6,489	(3,337)	4,098	(2,638)
Comprehensive income	\$193,922	\$161,135		