ANALOG DEVICES INC
Form 10-Q
February 18, 2014

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

Form 10-Q

(Mark One)

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

For the quarterly period ended February 1, 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	04-2348234
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Technology Way, Norwood, MA	02062-9106
(Address of principal executive offices)	(Zip Code)

(781) 329-4700
(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 þ 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 þ 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	þ	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

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

As of February 1, 2014 there were 312,527,904 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	
	February 1, 2014	February 2, 2013
Revenue	$628,238	$622,134
Cost of sales (1)	219,120	231,850
Gross margin	409,118	390,284
Operating expenses:		
Research and development (1)	128,646	125,164
Selling, marketing, general and administrative (1)	98,178	97,560
Special charges	2,685	14,071
	229,509	236,795
Operating income	179,609	153,489
Nonoperating expense (income):		
Interest expense	6,571	6,414
Interest income	(3,284)	(3,233)
Other, net	431	199
	3,718	3,380
Income before income taxes	175,891	150,109
Provision for income taxes	23,305	18,887
Net income	$152,586	$131,222
Shares used to compute earnings per share – basic	312,286	303,484
Shares used to compute earnings per share – diluted	318,017	310,275
Basic earnings per share	$0.49	$0.43
Diluted earnings per share	$0.48	$0.42
Dividends declared and paid per share	$0.34	$0.30
(1) Includes stock-based compensation expense as follows:		
Cost of sales	$1,557	$1,667
Research and development	$4,859	$5,600
Selling, marketing, general and administrative	$4,991	$5,794

See accompanying notes.

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(thousands)

	Three Months Ended	
	February 1, 2014	February 2, 2013
Net income	$152,586	$131,222
Foreign currency translation adjustments	(740)	350
Change in unrealized holding (losses) gains (net of taxes of $33 and $46, respectively) on securities classified as short-term investments	(168)	314
Change in unrealized (losses) gains (net of taxes of $329 and $528, respectively) on derivative instruments designated as cash flow hedges	(2,077)	3,538
Changes in pension plans including prior service cost, transition obligation, net actuarial loss and foreign currency translation adjustments, (net of taxes of $162 and $0 respectively)	594	(3,503)
Other comprehensive (loss) income	(2,391)	699
Comprehensive income	$150,195	$131,921

See accompanying notes.

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

	February 1, 2014	November 2, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	$417,227	$392,089
Short-term investments	4,283,882	4,290,823
Accounts receivable, net	328,787	325,144
Inventories (1)	289,935	283,337
Deferred tax assets	112,106	136,299
Prepaid income tax	2,363	2,391
Prepaid expenses and other current assets	36,659	42,342
Total current assets	5,470,959	5,472,425
Property, Plant and Equipment, at Cost		
Land and buildings	464,771	458,853
Machinery and equipment	1,764,789	1,733,850
Office equipment	47,706	49,321
Leasehold improvements	52,270	50,870
	2,329,536	2,292,894
Less accumulated depreciation and amortization	1,800,526	1,784,723
Net property, plant and equipment	529,010	508,171
Other Assets		
Deferred compensation plan investments	18,047	17,364
Other investments	5,316	3,816
Goodwill	283,167	284,112
Intangible assets, net	28,497	28,552
Deferred tax assets	22,229	26,226
Other assets	42,243	41,084
Total other assets	399,499	401,154
	$6,399,468	$6,381,750
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Current Liabilities		
Accounts payable	$124,619	$119,994
Deferred income on shipments to distributors, net	245,236	247,428
Income taxes payable	10,678	45,490
Accrued liabilities	138,961	157,600
Total current liabilities	519,494	570,512
Non-current liabilities		
Long-term debt	872,378	872,241
Deferred income taxes	17,506	6,037
Deferred compensation plan liability	18,047	17,364
Other non-current liabilities	176,408	176,020
Total non-current liabilities	1,084,339	1,071,662
Commitments and contingencies		
Shareholders’ Equity		
Preferred stock, $1.00 par value, 471,934 shares authorized, none outstanding	—	—

Common stock, $0.16 2/3 par value, 1,200,000,000 shares authorized, 312,527,904 shares issued and outstanding (311,045,084 on November 2, 2013)	52,089	51,842
Capital in excess of par value	723,520	711,879
Retained earnings	4,102,963	4,056,401
Accumulated other comprehensive loss	(82,937)	(80,546)
Total shareholders' equity	4,795,635	4,739,576
	$6,399,468	$6,381,750

(1) Includes $2,196 and $2,273 related to stock-based compensation at February 1, 2014 and November 2, 2013, respectively.

See accompanying notes.

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

	Three Months Ended	
	February 1, 2014	February 2, 2013
Cash flows from operating activities:		
Net income	$152,586	$131,222
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	27,335	27,755
Amortization of intangibles	55	55
Stock-based compensation expense	11,407	13,061
Excess tax benefit-stock options	(7,604)	(5,975)
Deferred income taxes	(2,993)	(9,635)
Other non-cash activity	1,417	(1,362)
Changes in operating assets and liabilities	(24,730)	2,848
Total adjustments	4,887	26,747
Net cash provided by operating activities	157,473	157,969
Cash flows from investing activities:		
Purchases of short-term available-for-sale investments	(2,234,996)	(1,653,593)
Maturities of short-term available-for-sale investments	2,029,319	1,551,147
Sales of short-term available-for-sale investments	212,819	283,164
Additions to property, plant and equipment	(48,123)	(18,269)
Increase in other assets	(3,342)	(2,048)
Net cash (used for) provided by investing activities	(44,323)	160,401
Cash flows from financing activities:		
Term loan repayments	—	(60,108)
Dividend payments to shareholders	(106,024)	(90,679)
Repurchase of common stock	(88,963)	(17,001)
Proceeds from employee stock plans	79,600	113,770
Contingent consideration payment	(1,773)	(3,752)
Increase (decrease) in other financing activities	22,248	(1,027)
Excess tax benefit-stock options	7,604	5,975
Net cash used for financing activities	(87,308)	(52,822)
Effect of exchange rate changes on cash	(704)	1,416
Net increase in cash and cash equivalents	25,138	266,964
Cash and cash equivalents at beginning of period	392,089	528,833
Cash and cash equivalents at end of period	$417,227	$795,797

See accompanying notes.

ANALOG DEVICES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 1, 2014
(all tabular amounts in thousands except per share amounts and percentages)

Note 1 – Basis of Presentation

In the opinion of management, the information furnished in the accompanying condensed consolidated financial statements reflects all normal recurring adjustments that are necessary to fairly state the results for these interim periods and should be read in conjunction with Analog Devices, Inc.'s (the Company) Annual Report on Form 10-K for the fiscal year ended November 2, 2013 and related notes. The results of operations for the interim periods shown in this report are not necessarily indicative of the results that may be expected for the fiscal year ending November 1, 2014 or any future period.

Certain amounts reported in previous periods have been reclassified to conform to the fiscal 2014 presentation. Such reclassified amounts are immaterial. The Company has a 52-53 week fiscal year that ends on the Saturday closest to the last day in October. Fiscal 2014 and fiscal 2013 are 52-week fiscal years.

Note 2 – Revenue Recognition

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

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

Distributors are granted price-adjustment credits for sales to their customers 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 upon 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 the specific 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. Shipping costs are charged to cost of sales as incurred.

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 frequent contact with the distributors to ensure reserves are established for all known material issues.

As of February 1, 2014 and November 2, 2013, the Company had gross deferred revenue of $306.3 million and $309.2 million, respectively, and gross deferred cost of sales of $61.1 million and $61.8 million, respectively. Deferred income on shipments to distributors decreased in the first three months of fiscal 2014 primarily as a result of increased shipment volumes of lower margin products to end customers, partially offset by a stronger concentration of higher margin product shipments into the channel.

The Company generally offers a twelve-month warranty for its products. The Company's warranty policy provides for replacement of defective products. Specific accruals are recorded for known product warranty issues. Product warranty expenses during each of the three-month periods ended February 1, 2014 and February 2, 2013 were not material.

Note 3 – Stock-Based Compensation

Stock-based compensation is measured at the grant date based on the grant-date fair value of the awards ultimately expected to vest, and is recognized as an expense on a straight-line basis over the vesting period, which is generally five years for stock options and three years for restricted stock units. Determining the amount of stock-based compensation to be recorded requires the Company to develop estimates used in calculating the grant-date fair value of stock options.

Grant-Date Fair Value — The Company uses the Black-Scholes valuation model to calculate the grant-date fair value of stock option awards. The use of valuation models requires the Company to make estimates and assumptions, such as expected volatility, expected term, risk-free interest rate, expected dividend yield and forfeiture rates. The grant-date fair value of restricted stock units represents the value of the Company's common stock on the date of grant, reduced by the present value of dividends expected to be paid on the Company's common stock prior to vesting.

Information pertaining to the Company's stock option awards and the related estimated weighted-average assumptions to calculate the fair value of stock options granted during the three-month periods ended February 1, 2014 and February 2, 2013
are as follows:

	Three Months Ended			
Stock Options	February 1, 2014		February 2, 2013	
Options granted (in thousands)	16		20	
Weighted-average exercise price	$48.97		$39.98	
Weighted-average grant-date fair value	$7.06		$5.87	
Assumptions:				
Weighted-average expected volatility	23.0	%	24.1	%
Weighted-average expected term (in years)	5.4		5.3	
Weighted-average risk-free interest rate	1.6	%	0.7	%
Weighted-average expected dividend yield	2.7	%	3.0	%

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

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

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

Expected dividend yield — Expected dividend yield is calculated by annualizing the cash dividend declared by the Company’s Board of Directors for the current quarter and dividing that result by the closing stock price on the date of grant.

Until such time as the Company's Board of Directors declares a cash dividend for an amount that is different from the current quarter's cash dividend, the current dividend will be used in deriving this assumption. Cash dividends are not paid on options, restricted stock or restricted stock units.

Stock-Based Compensation Expense

The amount of stock-based compensation expense recognized during a period is based on the value of the awards that are ultimately expected to vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered stock-based award. Based on an analysis of its historical forfeitures, the Company has applied an annual forfeiture rate of 4.4% to all unvested stock-based awards as of February 1, 2014. The rate of 4.4% 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.

Additional paid-in-capital (APIC) Pool

The APIC pool represents the excess tax benefits related to share-based compensation that are available to absorb future tax deficiencies. If the amount of future tax deficiencies is greater than the available APIC pool, the Company records the excess as income tax expense in its condensed consolidated statements of income. During the three-month periods ended February 1, 2014 and February 2, 2013, the Company had available APIC pool to absorb tax deficiencies recorded and as a result, these deficiencies did not affect its results of operations.

Stock-Based Compensation Activity

A summary of the activity under the Company's stock option plans as of February 1, 2014 and changes during the three-month period then ended is presented below:

Activity during the Three Months Ended February 1, 2014	Options Outstanding (in thousands)	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Options outstanding November 2, 2013	18,992	$33.56		
Options granted	16	$48.97		
Options exercised	(2,507)	$31.76		
Options forfeited	(115)	$40.79		
Options expired	(24)	$45.46		
Options outstanding at February 1, 2014	16,362	$33.79	5.2	$236,988
Options exercisable at February 1, 2014	11,131	$30.04	3.8	$202,894
Options vested or expected to vest at February 1, 2014 (1)	15,976	$33.57	5.1	$234,806

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

During the three months ended February 1, 2014, the total intrinsic value of options exercised (i.e., the difference between the market price at exercise and the price paid by the employee to exercise the options) was $44.9 million and the total amount of proceeds received by the Company from the exercise of these options was $79.6 million.

During the three months ended February 2, 2013, the total intrinsic value of options exercised (i.e., the difference between the market price at exercise and the price paid by the employee to exercise the options) was $52.0 million and the total amount of proceeds received by the Company from the exercise of these options was $113.8 million.

A summary of the Company’s restricted stock unit award activity as of February 1, 2014 and changes during the three-month period then ended is presented below:

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Activity during the Three Months Ended February 1, 2014	Restricted Stock Units Outstanding (in thousands)	Weighted-Average Grant-Date Fair Value Per Share
Restricted stock units outstanding at November 2, 2013	2,493	$37.62
Units granted	24	$46.81
Restrictions lapsed	(784)	$34.86
Forfeited	(38)	$38.50
Restricted stock units outstanding at February 1, 2014	1,695	$39.00

As of February 1, 2014, there was $70.3 million of total unrecognized compensation cost related to unvested share-based awards comprised of stock options and restricted stock units. That cost is expected to be recognized over a weighted-average period of 1.4 years . The total grant-date fair value of shares that vested during the three months ended February 1, 2014 and February 2, 2013 was approximately $39.5 million and $50.2 million, respectively.

Note 4 – Common Stock Repurchase

The Company's common stock repurchase program has been in place since August 2004. As of February 1, 2014, in the aggregate, the Board of Directors has authorized the Company to repurchase $5.0 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 February 1, 2014, the Company had repurchased a total of approximately 131.6 million shares of its common stock for approximately $4,556.6 million under this program. As of February 1, 2014, an additional $443.4 million remains available for repurchase of shares under the current authorized program. The repurchased shares are held as authorized but unissued shares of common stock. The Company also, from time to time, repurchases shares in settlement of employee tax withholding obligations due upon the vesting of restricted stock units, or in certain limited circumstances to satisfy the exercise price of options granted to the Company's employees under the Company's equity compensation plans. Any future common stock repurchases will be dependent upon several factors, including the Company's financial performance, outlook, liquidity and the amount of cash the Company has available in the United States.

Note 5 – Accumulated Other Comprehensive Income (Loss)

The following table provides the changes in accumulated other comprehensive income (loss), OCI, by component and the related tax effects during the first three months of fiscal 2014.

	Foreign currency translation adjustment	Unrealized holding Gains on securities classified as short-term investments	Unrealized holding (losses) on securities classified as short-term investments	Unrealized holding Gains (losses) on Derivatives	Pension Plans	Total
November 3, 2013	$483	$953	$(435)	$9,097	$(90,644)	$(80,546)
Other comprehensive income before reclassifications	(740)	(111)	(90)	(2,113)	(324)	(3,378)
Amounts reclassified out of other comprehensive income	—	—	—	(293)	1,080	787
Tax effects	—	30	3	329	(162)	200
Other comprehensive income	(740)	(81)	(87)	(2,077)	594	(2,391)

February 1, 2014	$(257)	$872	$(522)	$7,020	$(90,050)	$(82,937)

The amounts reclassified out of accumulated other comprehensive income into the consolidated condensed statement of income, with presentation location during each period were as follows:

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Comprehensive Income Component	Three Months Ended February 1, 2014		Location
Unrealized holding (losses) gains on derivatives			
Currency forwards	$312		Cost of sales
	(389	)	Research and development
	58		Selling, marketing, general and administrative
Treasury rate lock	(274	)	Interest, expense
	(293	)	Total before tax
	98		Tax
	$(195	)	Net of tax
Amortization of pension components			
Transition obligation	$5		a
Prior service credit	(60	)	a
Actuarial losses	1,135		a
	1,080		Total before tax
	(162	)	Tax
	$918		Net of tax
Total amounts reclassified out of accumulated other comprehensive income, net of tax	$723		

a) The amortization of pension components is included in the computation of net periodic pension cost. For further information see Note 13, Retirement Plans, contained in Item 8 of the Annual Report on Form 10-K for the fiscal year ended November 2, 2013.

The Company estimates $1.6 million of net derivative unrealized holding gains included in OCI will be reclassified into earnings within the next twelve months. There was no ineffectiveness in the three-month periods ended February 1, 2014 and February 2, 2013.

Unrealized gains and losses on available-for-sale securities classified as short-term investments at February 1, 2014 and November 2, 2013 are as follows:

	February 1, 2014		November 2, 2013	
Unrealized gains on securities classified as short-term investments	$1,026		$1,137	
Unrealized losses on securities classified as short-term investments	(601	)	(511	)
Net unrealized gains on securities classified as short-term investments	$425		$626	

As of February 1, 2014, the Company held 143 investment securities, 40 of which were in an unrealized loss position with an aggregate fair value of $1,281.6 million. As of November 2, 2013, the Company held 137 investment securities, 31 of which were in an unrealized loss position with an aggregate fair value of $972.2 million. These unrealized losses were primarily related to corporate obligations that earn lower interest rates than current market rates. None of these investments have been in a loss position for more than twelve months. As the Company does not intend to sell these investments and it is unlikely that the Company will be required to sell the investments before recovery of their amortized basis, which will be at maturity, the Company does not consider those investments to be other-than-temporarily impaired at February 1, 2014 and November 2, 2013.

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Realized gains or losses on investments are determined based on the specific identification basis and are recognized in nonoperating (income) expense. There were no material net realized gains or losses from the sales of available-for-sale investments during any of the fiscal periods presented.

Note 6 – Earnings Per Share

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

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

	Three Months Ended	
	February 1, 2014	February 2, 2013
Net Income	$152,586	$131,222
Basic shares:		
Weighted-average shares outstanding	312,286	303,484
Earnings per share basic:	$0.49	$0.43
Diluted shares:		
Weighted-average shares outstanding	312,286	303,484
Assumed exercise of common stock equivalents	5,731	6,791
Weighted-average common and common equivalent shares	318,017	310,275
Earnings per share diluted:	$0.48	$0.42
Anti-dilutive shares related to:		
Outstanding stock options	2,242	5,641

7 – Special Charges

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

The following tables display the special charges taken for ongoing actions and a roll-forward from November 2, 2013 to February 1, 2014 of the employee separation and exit cost accruals established related to these actions.

	Reduction of Operating Costs		
Statement of Income	2012	2013	2014
Workforce reductions	$7,966	$29,848	$2,685
Facility closure costs	186	—	—
Non-cash impairment charge	219	—	—
Other items	60	—	—
Total Charges	$8,431	$29,848	$2,685

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Accrued Restructuring	Reduction of Operating Costs
Balance at November 2, 2013	$19,955
First quarter 2014 special charge	2,685
Severance payments	(4,171)
Effect of foreign currency on accrual	(4)
Balance at February 1, 2014	$18,465

Reduction of Operating Costs

During fiscal 2012, the Company recorded special charges of approximately $8.4 million. These special charges included: $8.0 million for severance and fringe benefit costs in accordance with its ongoing benefit plan or statutory requirements at foreign locations for 95 manufacturing, engineering and selling, marketing, general and administrative (SMG&A) employees; $0.2 million for lease obligation costs for facilities that the Company ceased using during the third quarter of fiscal 2012; $0.1 million for contract termination costs; and $0.2 million for the write-off of property, plant and equipment. The Company terminated the employment of all employees associated with these actions.

During fiscal 2013, the Company recorded special charges of approximately $29.8 million for severance and fringe benefit costs in accordance with its ongoing benefit plan or statutory requirements at foreign locations for 235 engineering and SMG&A employees. As of February 1, 2014, the Company employed 35 of the 235 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.

During the first quarter of fiscal 2014, the Company recorded a special charge of approximately $2.7 million for severance and fringe benefit costs in accordance with its ongoing benefit plan or statutory requirements at foreign locations for 30 engineering and SMG&A employees. As of February 1, 2014, the Company employed 12 of the 30 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.

Note 8 – Segment Information

The Company operates and tracks its results in one reportable segment based on the aggregation of five operating segments. The Company designs, develops, manufactures and markets a broad range of integrated circuits. The Chief Executive Officer has been identified as the Chief Operating Decision Maker.

Revenue Trends by End Market

The following table summarizes revenue by end market. The categorization of revenue by end market is determined using a variety of data points including the technical characteristics of the product, the “sold to” customer information, the “ship to” customer information and the end customer product or application into which the Company’s product will be incorporated. As data systems for capturing and tracking this data evolve and improve, the categorization of products by end market can vary over time. When this occurs, the Company reclassifies revenue by end market for prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each end market. The results below in the consumer end market are reflective of the sale of the Company's microphone product line in the fourth quarter of fiscal 2013.

	Three Months Ended				
	February 1, 2014			February 2, 2013	
	Revenue	% of Revenue	Y/Y%	Revenue	% of Revenue*
Industrial	$290,365	46%	3%	$281,209	45%
Automotive	124,157	20%	15%	107,760	17%
Consumer	74,119	12%	(31)%	107,356	17%
Communications	139,597	22%	11%	125,809	20%
Total revenue	$628,238	100%	1%	$622,134	100%

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

Revenue Trends by Product Type

The following table summarizes revenue by product categories. The categorization of the Company’s products into broad categories is based on the characteristics of the individual products, the specification of the products and in some cases the specific uses that certain products have within applications. The categorization of products into categories is therefore subject to judgment in some cases and can vary over time. In instances where products move between product categories, the Company reclassifies the amounts in the product categories for all prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each product category. The results below in the other analog product category market are reflective of the sale of the Company's microphone product line in the fourth quarter of fiscal 2013.

	Three Months Ended				
	February 1, 2014			February 2, 2013	
	Revenue	% of Revenue	Y/Y%	Revenue	% of Revenue*
Converters	$290,551	46 %	5 %	$277,940	45 %
Amplifiers / Radio frequency	164,714	26 %	4 %	157,978	25 %
Other analog	79,419	13 %	(17)%	95,158	15 %
Subtotal analog signal processing	534,684	85 %	1 %	531,076	85 %
Power management & reference	38,710	6 %	(2)%	39,382	6 %
Total analog products	$573,394	91 %	1 %	$570,458	92 %
Digital signal processing	54,844	9 %	6 %	51,676	8 %
Total revenue	$628,238	100 %	1 %	$622,134	100 %

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

Revenue Trends by Geographic Region

Revenue by geographic region, based on the primary location of the Company's customers’ design activity for its products, for the three-month periods ended February 1, 2014 and February 2, 2013 were as follows:

	Three Months Ended	
Region	February 1, 2014	February 2, 2013
United States	$182,298	$204,271
Rest of North and South America	19,436	23,512
Europe	200,687	189,298
Japan	71,091	64,688
China	100,484	84,769
Rest of Asia	54,242	55,596
Total revenue	$628,238	$622,134

In the three-month periods ended February 1, 2014 and February 2, 2013, the predominant country comprising “Rest of North and South America” is Canada; the predominant countries comprising “Europe” are Germany, Sweden, France and the United Kingdom; and the predominant countries comprising “Rest of Asia” are Taiwan and South Korea.

Note 9 – Fair Value

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

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

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.

The tables below, set forth by level the Company's financial assets and liabilities, excluding accrued interest components that were accounted for at fair value on a recurring basis as of February 1, 2014 and November 2, 2013. The tables exclude cash on hand and assets and liabilities that are measured at historical cost or any basis other than fair value. As of February 1, 2014 and November 2, 2013, the Company held $38.6 million and $45.6 million, respectively, of cash and held-to-maturity investments that were excluded from the tables below.

	February 1, 2014 Fair Value measurement at Reporting Date using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Assets				
Cash equivalents:				
Available-for-sale:				
Institutional money market funds	$77,726	$—	$—	$77,726
Corporate obligations (1)	—	300,862	—	300,862
Short - term investments:				
Available-for-sale:				
Securities with one year or less to maturity:				
Corporate obligations (1)	—	3,798,468	—	3,798,468
Floating rate notes, issued at par	—	282,549	—	282,549
Floating rate notes (1)	—	62,761	—	62,761
Securities with greater than one year to maturity:				
Floating rate notes, issued at par	—	140,104	—	140,104
Other assets:				
Deferred compensation investments	18,514	—	—	18,514
Total assets measured at fair value	$96,240	$4,584,744	$—	$4,680,984
Liabilities				
Contingent consideration	$—	$—	$4,682	$4,682
Forward foreign currency exchange contracts (2)	—	467	—	467
Total liabilities measured at fair value	$—	$467	$4,682	$5,149

(1) The amortized cost of the Company's investments classified as available-for-sale as of February 1, 2014 was $3,886.4 million.

(2) The Company has a master netting arrangement by counterparty with respect to derivative contracts. See Note 10, Derivatives, for more information related to the Company's master netting arrangements.

	November 2, 2013 Fair Value measurement at Reporting Date using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Assets				
Cash equivalents:				
Available-for-sale:				
Institutional money market funds	$186,896	$—	$—	$186,896
Corporate obligations (1)	—	159,556	—	159,556
Short - term investments:				
Available-for-sale:				
Securities with one year or less to maturity:				
Corporate obligations (1)	—	3,764,213	—	3,764,213
Floating rate notes, issued at par	—	207,521	—	207,521
Floating rate notes (1)	—	113,886	—	113,886
Securities with greater than one year to maturity:				
Floating rate notes, issued at par	—	205,203	—	205,203
Other assets:				
Forward foreign currency exchange contracts (2)	—	2,267	—	2,267
Deferred compensation investments	17,431	—	—	17,431
Total assets measured at fair value	$204,327	$4,452,646	$—	$4,656,973
Liabilities				
Contingent consideration	—	—	6,479	6,479
Total liabilities measured at fair value	$—	$—	$6,479	$6,479

(1) The amortized cost of the Company's investments classified as available-for-sale as of November 2, 2013 was $3,824.0 million.

(2) The Company has a master netting arrangement by counterparty with respect to derivative contracts. See Note 10, Derivatives, for more information related to the Company's master netting arrangements.

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

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

Contingent consideration — The fair value of the contingent consideration was estimated utilizing the income approach and is based upon significant inputs not observable in the market. The income approach is based on two steps. The first step involves a projection of the cash flows that is based on the Company’s estimates of the timing and probability of achieving the defined milestones. The second step involves converting the cash flows into a present value equivalent through discounting. The discount rate reflects the Baa costs of debt plus the relevant risk associated with the asset and the time value of money.

The fair value measurement of the contingent consideration encompasses the following significant unobservable inputs:

Unobservable Inputs	Range
Estimated contingent consideration payments	$5,000
Discount rate	8% - 10%
Timing of cash flows	1 - 20 months
Probability of achievement	100%

Changes in the fair value of the contingent consideration subsequent to the acquisition date that are primarily driven by assumptions pertaining to the achievement of the defined milestones will be recognized in operating income in the period of the estimated fair value change. Significant increases or decreases in any of the inputs in isolation may result in a fluctuation in the fair value measurement.

The following table summarizes the change in the fair value of the contingent consideration measured using significant unobservable inputs (Level 3) as of November 2, 2013 and February 1, 2014:

	Contingent Consideration
Balance as of November 2, 2013	$6,479
Payment made (1)	(2,000)
Fair value adjustment (2)	203
Balance as of February 1, 2014	$4,682

(1) The payment is reflected in the Company's condensed consolidated statements of cash flows as cash used in financing activities related to the liability recognized at fair value as of the acquisition date and as cash provided by operating activities related to the fair value adjustments previously recognized in earnings.

(2) Recorded in research and development expense in the Company's condensed consolidated statements of income.

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

On April 4, 2011, the Company issued $375.0 million aggregate principal amount of 3.0% senior unsecured notes due April 15, 2016 (the 2016 Notes) with semi-annual fixed interest payments due on April 15 and October 15 of each year, commencing October 15, 2011. Based on quotes received from third-party banks, the fair value of the 2016 Notes as of February 1, 2014 and November 2, 2013 was $391.5 million and $392.8 million, respectively, and is classified as a Level 1 measurement according to the fair value hierarchy.

On June 3, 2013, the Company issued $500.0 million aggregate principal amount of 2.875% senior unsecured notes due June 1, 2023 (the 2023 Notes) with semi-annual fixed interest payments due on June 1 and December 1 of each year, commencing December 1, 2013. Based on quotes received from third-party banks, the fair value of the 2023 Notes as of February 1, 2014 and November 2, 2013 was $463.0 million and $466.0 million, respectively, and is classified as a Level 1 measurement according to the fair value hierarchy.

Note 10 – Derivatives

Foreign Exchange Exposure Management — The Company enters into forward foreign currency exchange contracts to offset certain operational and balance sheet exposures from the impact of changes in foreign currency exchange rates. Such exposures result from the portion of the Company’s operations, assets and liabilities that are denominated in currencies other
than the U.S. dollar, primarily the Euro; other significant exposures include the Philippine Peso, the Japanese Yen 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 reported as a component of accumulated OCI in shareholders' equity and reclassified into earnings in the same period during which the hedged transaction affects earnings. Any residual change in fair value of the instruments, or ineffectiveness, is recognized immediately in other (income) expense. Additionally, the Company enters into forward foreign currency contracts that economically hedge the gains and losses generated by the re-measurement of

certain recorded assets and liabilities in a non-functional currency. Changes in the fair value of these undesignated hedges are recognized in other (income) expense immediately as an offset to the changes in the fair value of the asset or liability being hedged. As of February 1, 2014 and November 2, 2013, the total notional amount of these undesignated hedges was $37.4 million and $33.4 million, respectively. The fair value of these undesignated hedges in the Company's condensed consolidated balance sheets as of February 1, 2014 and November 2, 2013 was immaterial.
Interest Rate Exposure Management — The Company's current and future debt may be subject to interest rate risk. The Company utilizes interest rate derivatives to alter interest rate exposure in an attempt to reduce the effects of these changes. On April 24, 2013, the Company entered into a treasury rate lock agreement with Bank of America. This agreement allowed the Company to lock a 10-year US Treasury rate of 1.7845% through June 14, 2013 for its anticipated issuance of the 2023 Notes. The Company designated this agreement as a cash flow hedge. On June 3, 2013, the Company terminated the treasury rate lock simultaneously with the issuance of the 2023 Notes which resulted in a gain of approximately $11.0 million. This gain is being amortized into interest expense over the 10-year term of the 2023 Notes. See Note 5, Accumulated Other Comprehensive Income (Loss), for more information relating to the amortization of the treasury rate lock into interest expense.
On June 30, 2009, the Company entered into interest rate swap transactions related to its outstanding 2014 Notes where the Company swapped the notional amount of its $375.0 million of fixed rate debt at 5.0% into floating interest rate debt through July 1, 2014. The Company designated these swaps as fair value hedges. The fair value of the swaps at inception was zero and subsequent changes in the fair value of the interest rate swaps were reflected in the carrying value of the interest rate swaps on the balance sheet. The carrying value of the debt on the balance sheet was adjusted by an equal and offsetting amount. The amounts earned and owed under the swap agreements were accrued each period and were reported in interest expense. There was no ineffectiveness recognized in any of the periods presented. In the second quarter of fiscal 2012, the Company terminated the interest rate swap agreement. The Company received $19.8 million in cash proceeds from the swap termination, which included $1.3 million in accrued interest. As a result of the termination, the carrying value of the 2014 Notes was adjusted for the change in the fair value of the interest component of the debt up to the date of the termination of the swap in an amount equal to the fair value of the swap, and was amortized into earnings as a reduction of interest expense over the remaining life of the debt. During the third quarter of fiscal 2013, in conjunction with the redemption of the 2014 Notes, the Company recognized the remaining $8.6 million in unamortized proceeds received from the termination of the interest rate swap as other, net expense.
The market risk associated with the Company's derivative instruments results from currency exchange rate or interest rate movements that are expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. The counterparties to the agreements relating to the Company's derivative instruments consist of a number of major international financial institutions with high credit ratings. Based on the credit ratings of the Company's counterparties as of February 1, 2014, nonperformance is not perceived to be a significant risk. Furthermore, none of the Company's derivatives 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 its condensed 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 or the ineffective portion of designated hedges are reported in earnings as they occur.

The total notional amounts of forward foreign currency derivative instruments designated as hedging instruments of cash flow hedges denominated in Euros, British Pounds, Philippine Pesos and Japanese Yen as of February 1, 2014 and November 2, 2013 was $194.6 million and $196.9 million, respectively. The fair values of these hedging instruments in the Company’s condensed consolidated balance sheets as of February 1, 2014 and November 2, 2013 were as follows:

	Balance Sheet Location	Fair Value At February 1, 2014	November 2, 2013
Forward foreign currency exchange contracts	Prepaid expenses and other current assets	$—	$2,377
	Accrued liabilities	$464	$—

For information on the unrealized holding gains (losses) on derivatives included in and reclassified out of accumulated other comprehensive income into the condensed consolidated statement of income related to forward foreign currency exchange contracts, see Note 5, Accumulated Other Comprehensive Income (Loss).

All of the Company's derivative financial instruments are subject to master netting arrangements that allow the Company and its counterparties to net settle amounts owed to each other. Derivative assets and liabilities that can be net settled under these arrangements have been presented in the Company's consolidated balance sheet on a net basis. As of February 1, 2014 and November 2, 2013, none of the master netting arrangements involved collateral. The following table presents the gross amounts of the Company's derivative assets and liabilities and the net amounts recorded in our consolidated balance sheet:

	February 1, 2014	November 2, 2013
Gross amount of recognized (liabilities) assets	$(3,221)	$4,217
Gross amounts offset in the consolidated balance sheet	2,754	(1,950)
Net amount presented in the consolidated balance sheet (liabilities) assets	$(467)	$2,267

Note 11 – Goodwill and Intangible Assets

Goodwill

The Company evaluates goodwill for impairment annually, as well as whenever events or changes in circumstances suggest that the carrying value of goodwill may not be recoverable. The Company tests goodwill for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis on the first day of the fourth quarter (on or about August 3) or more frequently if indicators of impairment exist. For the Company's latest annual impairment assessment that occurred on August 4, 2013, the Company identified its reporting units to be its five operating segments, which meet the aggregation criteria for one reportable segment. The performance of the test involves a two-step process. The first step of the impairment test involves comparing the fair values of the applicable reporting units with their aggregate carrying values, including goodwill. The Company determines the fair value of its reporting units using the income approach methodology of valuation that includes the discounted cash flow method, as well as other generally accepted valuation methodologies. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, the Company performs the second step of the goodwill impairment test to determine the amount of impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill. No impairment of goodwill resulted in any of the fiscal periods presented. The Company's next annual impairment assessment will be performed as of the first day of the fourth quarter of fiscal 2014, unless indicators arise that would require the Company to reevaluate at an earlier date. The following table presents the changes in goodwill during the first three months of fiscal 2014:

	Three Months Ended February 1, 2014
Balance as of November 2, 2013	$284,112
Foreign currency translation adjustment	(945)
Balance as of February 1, 2014	$283,167

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

a discounted cash flow technique. As of February 1, 2014 and November 2, 2013, the Company's finite-lived intangible assets consisted of the following which related to the acquisition of Multigig, Inc. (See Note 16, Acquisitions):

	February 1, 2014		November 2, 2013	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Technology-based	$1,100	$403	$1,100	$348

For the three-month periods ended February 1, 2014 and February 2, 2013, amortization expense related to finite-lived intangible assets was $0.1 million and $0.1 million, respectively. The remaining amortization expense will be recognized over a period of approximately 3.3 years.

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

Fiscal Year	Amortization Expense
Remainder of fiscal 2014	$165
2015	$220
2016	$220
2017	$92

Indefinite-lived intangible assets are tested for impairment on an annual basis on the first day of the fourth quarter (on or about August 3) or more frequently if indicators of impairment exist. No impairment of intangible assets resulted from the impairment tests in any of the fiscal periods presented.

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

Indefinite-lived intangible assets consisted of $27.8 million of IPR&D as of February 1, 2014 and November 2, 2013.

Note 12 – Pension Plans

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

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

	Three Months Ended	
	February 1, 2014	February 2, 2013
Service cost	$3,398	$2,856
Interest cost	3,530	3,137
Expected return on plan assets	(3,416)	(2,952)
Amortization of initial net obligation	5	5
Amortization of prior service cost	(61)	(58)
Amortization of net loss	1,143	748
Net periodic pension cost	$4,599	$3,736

Pension contributions of $4.6 million were made by the Company during the three months ended February 1, 2014. The Company presently anticipates contributing an additional $12.9 million to fund its defined benefit pension plans in fiscal year 2014 for a total of $17.5 million.

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Note 13 – Revolving Credit Facility

As of February 1, 2014, the Company had $4,701.1 million of cash and cash equivalents and short-term investments, of which $1,244.1 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 its foreign earnings indefinitely, this cash is not available to meet the Company's cash requirements in the United States, including cash dividends and common stock repurchases. During December 2012, the Company terminated its five-year, $165.0 million unsecured revolving credit facility with certain institutional lenders entered into in May 2008. On December 19, 2012, the Company entered into a five-year, $500.0 million senior unsecured revolving credit facility with certain institutional lenders (the Credit Agreement). To date, the Company has not borrowed under this credit facility but the Company may borrow in the future and use the proceeds for repayment of existing indebtedness, stock repurchases, acquisitions, capital expenditures, working capital and other lawful corporate purposes. Revolving loans under the Credit Agreement (other than swing line loans) bear interest, at the Company's option, at either a rate equal to (a) the Eurodollar Rate (as defined in the Credit Agreement) plus a margin based on the Company's debt rating or (b) the Base Rate (defined as the highest of (i) the Bank of America prime rate, (ii) the Federal Funds Rate (as defined in the Credit Agreement) plus .50% and (iii) one month Eurodollar Rate plus 1.00%) plus a margin based on the Company's debt rating. The terms of the facility impose restrictions on the Company’s ability to undertake certain transactions, to create certain liens on assets and to incur certain subsidiary indebtedness. In addition, the Credit Agreement contains a consolidated leverage ratio covenant of total consolidated funded debt to consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) of not greater than 3.0 to 1.0. As of February 1, 2014, the Company was compliant with these covenants.

Note 14 – Debt

On June 30, 2009, the Company issued $375.0 million aggregate principal amount of 5.0% senior unsecured notes due July 1, 2014 (the 2014 Notes) with semi-annual fixed interest payments due on January 1 and July 1 of each year, commencing January 1, 2010. The sale of the 2014 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 were amortized over the term of the 2014 Notes.

On June 30, 2009, the Company entered into interest rate swap transactions related to its outstanding 2014 Notes where the Company swapped the notional amount of its $375.0 million of fixed rate debt at 5.0% into floating interest rate debt through July 1, 2014. 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. In fiscal 2012, the Company terminated the interest rate swap agreement. The Company received $19.8 million in cash proceeds from the swap termination, which included $1.3 million in accrued interest. The proceeds, net of interest received, are disclosed in cash flows from financing activities in the Company's condensed consolidated statements of cash flows. As a result of the termination, the carrying value of the 2014 Notes was adjusted for the change in the fair value of the interest component of the debt up to the date of the termination of the swap in an amount equal to the fair value of the swap, and was amortized into earnings as a reduction of interest expense over the remaining life of the debt. During the third quarter of fiscal 2013, in conjunction with the redemption of the 2014 Notes, the Company recognized the remaining $8.6 million unamortized proceeds received from the termination of the interest rate swap as other, net expense, within non-operating (income) expense.

During the third quarter of fiscal 2013, the Company redeemed its outstanding 2014 Notes. The redemption price was 104.744% of the principal amount of the 2014 Notes. The Company applied the provisions of Accounting Standards Codification (ASC) Subtopic 470-50, Modifications and Extinguishments (ASC 470-50) in order to determine if the terms of the debt were substantially different and, as a result, whether to apply modification or extinguishment accounting. The Company concluded that the debt transaction qualified as a debt extinguishment and as a result recognized a net loss on debt extinguishment of approximately $10.2 million recorded in other, net expense within non-operating (income) expense. This loss was comprised of the make-whole premium of $17.8 million paid to bondholders on the 2014 Notes in accordance with the terms of the notes, the recognition of the remaining $8.6 million of unamortized proceeds received from the termination of the interest rate swap associated with the debt, and the write off of approximately $1.0 million of debt issuance and discount costs that remained to be amortized. The write off of the remaining unamortized portion of debt issuance costs, discount and swap proceeds were reflected in the Company's condensed consolidated statements of cash flows within operating activities, and the make-whole premium is reflected within financing activities.

On December 22, 2010, Analog Devices Holdings B.V., a wholly owned subsidiary of the Company, entered into a credit agreement with Bank of America, N.A., London Branch as administrative agent. The borrower’s obligations were guaranteed by the Company. The credit agreement provided for a term loan facility of $145.0 million, which was set to mature on

December 22, 2013. During the first quarter of fiscal 2013, the Company repaid the remaining outstanding principal balance on the loan of $60.1 million and the credit agreement was terminated. The terms of the agreement provided for a three year principal amortization schedule with $3.6 million payable quarterly every March, June, September and December with the balance payable upon the maturity date. During fiscal 2011 and fiscal 2012, the Company made additional principal payments of $17.5 million and $42.0 million, respectively. The loan bore interest at a fluctuating rate for each period equal to the LIBOR rate corresponding with the tenor of the interest period plus a spread of 1.25%. The terms of this facility included limitations on subsidiary indebtedness and on liens against the assets of the Company and its subsidiaries, and also included financial covenants that required the Company to maintain a minimum interest coverage ratio and not exceed a maximum leverage ratio.

On April 4, 2011, the Company issued $375.0 million aggregate principal amount of 3.0% senior unsecured notes due April 15, 2016 (the 2016 Notes) with semi-annual fixed interest payments due on April 15 and October 15 of each year, commencing October 15, 2011. The sale of the 2016 Notes was made pursuant to the terms of an underwriting agreement, dated March 30, 2011, between the Company and Credit Suisse Securities (USA) LLC and Merrill Lynch, Pierce, Fenner and Smith Incorporated, as representative of the several underwriters named therein. The net proceeds of the offering were $370.5 million, after issuing at a discount and deducting expenses, underwriting discounts and commissions, which will be amortized over the term of the 2016 Notes. The indenture governing the 2016 Notes contains covenants that may limit the Company’s ability to: incur, create, assume or guarantee any debt for borrowed money secured by a lien upon a principal property; enter into sale and lease-back transactions with respect to a principal property; and consolidate with or merge into, or transfer or lease all or substantially all of its assets to, any other party. As of February 1, 2014, the Company was compliant with these covenants. The 2016 Notes are subordinated to any future secured debt and to the other liabilities of the Company’s subsidiaries.

On June 3, 2013, the Company issued $500.0 million aggregate principal amount of 2.875% senior unsecured notes due June 1, 2023 (the 2023 Notes) with semi-annual fixed interest payments due on June 1 and December 1 of each year, commencing December 1, 2013. Prior to issuing the 2023 Notes, on April 24, 2013, the Company entered into a treasury rate lock agreement with Bank of America. This agreement allowed the Company to lock a 10-year US Treasury rate of 1.7845% through June 14, 2013 for its anticipated issuance of the 2023 Notes. Upon issuing the 2023 Notes, the Company simultaneously terminated the treasury rate lock agreement resulting in a gain of approximately $11.0 million. This gain will be amortized into interest expense over the 10-year term of the 2023 Notes. The sale of the 2023 Notes was made pursuant to the terms of an underwriting agreement, dated as of May 22, 2013, among the Company and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as the representatives of the several underwriters named therein. The net proceeds of the offering were $493.9 million, after discount and issuance costs. Debt discount and issuance costs will be amortized through interest expense over the term of the 2023 Notes. The indenture governing the 2023 Notes contains covenants that may limit the Company's ability to: incur, create, assume or guarantee any debt for borrowed money secured by a lien upon a principal property; enter into sale and lease-back transactions with respect to a principal property; and consolidate with or merge into, or transfer or lease all or substantially all of its assets to, any other party. As of February 1, 2014, the Company was compliant with these covenants. The notes are subordinated to any future secured debt and to the other liabilities of the Company's subsidiaries.

The Company’s principal payments related to its debt obligations are due as follows: $375.0 million in fiscal 2016 and $500.0 million in fiscal 2023.

Note 15 – Inventories

Inventories at February 1, 2014 and November 2, 2013 were as follows:

	February 1, 2014	November 2, 2013
Raw materials	$19,625	$19,641
Work in process	182,361	175,155
Finished goods	87,949	88,541
Total inventories	$289,935	$283,337

Note 16 – Acquisitions

On March 30, 2012, the Company acquired privately-held Multigig, Inc. (Multigig) of San Jose, California. The acquisition of Multigig is expected to enhance the Company’s clocking capabilities in stand-alone and embedded applications and strengthen the Company’s high speed signal processing solutions. The acquisition-date fair value of the consideration transferred totaled $26.8 million, which consisted of $24.2 million in initial cash payments at closing and an additional $2.6 million subject to an indemnification holdback that was payable within 15 months of the transaction date. During the third quarter of fiscal 2012, the Company reduced this holdback amount by $0.1 million as a result of indemnification claims. During the third quarter of fiscal 2013, the Company paid the remaining $2.5 million due under the holdback. The Company's assessment of fair value of the tangible and intangible assets acquired and liabilities assumed was based on their estimated fair values at the date of acquisition, resulting in the recognition of $15.6 million of IPR&D, $1.1 million of developed technology, $7.0 million of goodwill and $3.1 million of net deferred tax assets. The goodwill recognized is attributable to future technologies that have yet to be determined as well as the assembled workforce of Multigig. Future technologies do not meet the criteria for recognition separately from goodwill because they are a part of future development and growth of the business. None of the goodwill is expected to be deductible for tax purposes. During the fourth quarter of fiscal 2012, the Company finalized its purchase accounting for Multigig, which resulted in adjustments of $0.4 million to deferred taxes and goodwill. In addition, the Company will be obligated to pay royalties to the Multigig employees on revenue recognized from the sale of certain Multigig products through the earlier of 5 years or the aggregate maximum payment of $1.0 million. Royalty payments to Multigig employees require post-acquisition services to be rendered and, as such, the Company will record these amounts as compensation expense in the related periods. As of February 1, 2014, no royalty payments have been made. The Company recognized $0.5 million of acquisition-related costs that were expensed in fiscal 2012, which were included in operating expenses in the Company's condensed consolidated statement of income.

On June 9, 2011, the Company acquired privately-held Lyric Semiconductor, Inc. (Lyric) of Cambridge, Massachusetts. The acquisition of Lyric gives the Company the potential to achieve significant improvement in power efficiency in mixed signal processing. The acquisition-date fair value of the consideration transferred totaled $27.8 million, which consisted of $14.0 million in initial cash payments at closing and contingent consideration of up to $13.8 million. The contingent consideration arrangement requires additional cash payments to the former equity holders of Lyric upon the achievement of certain technological and product development milestones payable during the period from June 2011 through June 2016. The Company estimated the fair value of the contingent consideration arrangement utilizing the income approach. Changes in the fair value of the contingent consideration subsequent to the acquisition date primarily driven by assumptions pertaining to the achievement of the defined milestones will be recognized in operating income in the period of the estimated fair value change. As of February 1, 2014, the Company had paid $10.0 million in contingent consideration. These payments are reflected in the Company's condensed consolidated statements of cash flows as cash used in financing activities related to the liability recognized at fair value as of the acquisition date and cash provided by operating activities related to the fair value adjustments previously recognized in earnings. The Company's assessment of fair value of the tangible and intangible assets acquired and liabilities assumed was based on their estimated fair values at the date of acquisition, resulting in the recognition of $12.2 million of IPR&D, $18.9 million of goodwill and $3.3 million of net deferred tax liabilities. The goodwill recognized is attributable to future technologies that have yet to be determined as well as the assembled workforce of Lyric. Future technologies do not meet the criteria for recognition separately from goodwill because they are a part of future development and growth of the business. None of the goodwill is expected to be deductible for tax purposes. The fair value of the remaining contingent consideration was approximately $4.7 million as of February 1, 2014, of which $3.8 million is included in accrued liabilities and $0.9 million is included in other non-current liabilities in the Company's condensed consolidated balance sheet. In addition, the Company will be obligated to pay royalties to the former equity holders of Lyric on revenue recognized from the sale of Lyric products and licenses through the earlier of 20 years or the accrual of a maximum of $25.0 million. Royalty payments to Lyric employees require post-acquisition services to be rendered and, as such, the Company will record these amounts as compensation expense in the related periods. As of February 1, 2014, no royalty payments have been made. The Company recognized $0.2 million of acquisition-related costs that were expensed in fiscal 2011, which were included in operating expenses in the Company's condensed consolidated statement of income.

Note 17 – Income Taxes

The Company has provided for potential tax 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 from 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.

The Company’s effective tax rate reflects the applicable tax rate in effect in the various tax jurisdictions around the world where our income is earned. The Company's effective tax rate for all periods presented is lower than the U.S. federal statutory rate of 35% primarily due to lower statutory tax rates applicable to the Company's operations in jurisdictions in which the Company operates.

The Company has filed a petition with the U.S. Tax Court for one open matter for fiscal years 2006 and 2007 that pertains to Section 965 of the Internal Revenue Code related to the beneficial tax treatment of dividends paid from foreign owned companies under The American Jobs Creation Act. The potential liability for this adjustment is $36.5 million. On September 18, 2013, in a matter not involving the Company, the U.S. Tax Court held that accounts receivable created under Rev. Proc. 99-32 may constitute indebtedness for purposes of Section 965 (b)(3) of the Internal Revenue Code and that the IRS was not precluded from reducing the beneficial dividend received deduction because of the increase in related-party indebtedness (BMC Software Inc. v Commissioner, 141 T.C. No. 5 2013). After analyzing the Tax Court’s decision, the Company has determined that its tax position with respect to Section 965(b)(3) of the Internal Revenue Code no longer meets the more likely than not standard of recognition for accounting purposes. Accordingly, the Company recorded a $36.5 million reserve for this matter in the fourth quarter of fiscal 2013.

None of the Company's U.S. federal tax returns for years prior to fiscal year 2010 are subject to examination.

None of the Company's Ireland tax returns for years prior to fiscal year 2009 are subject to examination.

Unrealized Tax Benefits

The following table summarizes the changes in the total amounts of unrealized tax benefits for the three months ended February 1, 2014.

	Unrealized Tax Benefits
Balance, November 2, 2013	$68,139
Additions for tax positions related to current year	1,260
Reductions for tax positions related to prior years	(545)
Balance, February 1, 2014	$68,854

Note 18 – New Accounting Pronouncements

Standards Implemented

Comprehensive Income

In January 2013, the FASB issued ASU No. 2013-02, Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income (ASU No. 2013-02), which seek to improve the reporting of reclassifications out of accumulated other comprehensive income by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. The amendments in ASU No. 2013-02 supersede the presentation requirements for reclassifications out of accumulated other comprehensive income in ASU No. 2011-05, Presentation of Comprehensive Income, and ASU No. 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05. ASU No. 2013-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2012, which is the Company's first quarter of fiscal year 2014. The adoption of ASU No. 2013-02 in the first quarter of fiscal 2014 required additional disclosures related to comprehensive income but did not impact the Company's financial condition or results of operations.

Balance Sheet

In December 2011, the FASB issued ASU No. 2011-11, Disclosures about Offsetting Assets and Liabilities (ASU No. 2011-11). ASU No. 2011-11 amended ASC 210, Balance Sheet, to converge the presentation of offsetting assets and liabilities between U.S. GAAP and IFRS. ASU No. 2011-11 requires that entities disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. ASU No. 2011-11 is effective for fiscal years, and interim periods within those years, beginning after January 1, 2013, which is the Company’s fiscal year 2014. Subsequently, in January 2013, the FASB issued ASU No. 2013-01, Clarifying the Scope of Disclosures about offsetting Assets and Liabilities, which clarifies that the scope of ASU No. 2011-11 applies to derivatives accounted for in accordance with Topic 815, Derivatives and Hedging, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreement. The adoption of ASU No. 2011-11 and ASU No. 2013-01 in the first quarter of fiscal 2014 required additional disclosures related to offsetting assets and liabilities but did not impact the Company's financial condition or results of operations.

Standards to be Implemented

Income Taxes

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (ASU No. 2013-11). ASU No. 2013-11 requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward, with certain exceptions. ASU No. 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, which is the Company's first quarter of fiscal year 2015. The adoption of ASU No. 2013-11 in the first quarter of fiscal 2015 will affect the presentation of the Company's unrecognized tax benefits but will not impact the Company's financial condition or results of operations.

Note 19 – Subsequent Events

On February 17, 2014, the Board of Directors of the Company declared a cash dividend of $0.37 per outstanding share of common stock. The dividend will be paid on March 11, 2014 to all shareholders of record at the close of business on February 28, 2014.

Also on February 17, 2014, the Board of Directors of the Company approved an increase to the Company's stock repurchase program authorization to $1.0 billion. Under the program, the Company may repurchase outstanding shares of common stock from time to time in the open market or through privately negotiated transactions.

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

This information should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in Item 1 of this Quarterly Report on Form 10-Q and the audited consolidated financial statements and related notes and Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the fiscal year ended November 2, 2013.

This Management's Discussion and Analysis of Financial Condition and Results of Operations, including in particular the section entitled “Outlook,” contains forward-looking statements regarding future events and our future results that are subject to the safe harbor created under the Private Securities Litigation Reform Act of 1995 and other safe harbors under the Securities Act of 1933 and the Securities Exchange Act of 1934. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “continues,” “may” and "will," and variations of such words and similar expressions intended to identify such forward-looking statements. In addition, any statements that refer to projections regarding our future financial performance; our anticipated growth and trends in our businesses; our future capital needs and capital expenditures; our future market position and expected competitive changes in the marketplace for our products; our ability to pay dividends or repurchase stock; our ability to service our outstanding debt; our expected tax rate; the effect of new accounting pronouncements; and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified in Part II, Item 1A. "Risk Factors" and elsewhere herein. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements except to the extent required by law.

Results of Operations

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

Overview

	Three Months Ended							
	February 1, 2014		February 2, 2013		$ Change	% Change	
Revenue	$628,238		$622,134		$6,104	1	%
Gross margin %	65.1	%	62.7	%			
Net income	$152,586		$131,222		$21,364	16	%
Net income as a % of revenue	24.3	%	21.1	%			
Diluted EPS	$0.48		$0.42		$0.06	14	%

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

Revenue Trends by End Market

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

	Three Months Ended February 1, 2014				February 2, 2013		
	Revenue	% of Revenue		Y/Y%	Revenue	% of Revenue*	
Industrial	$290,365	46	%	3 %	$281,209	45	%
Automotive	124,157	20	%	15 %	107,760	17	%
Consumer	74,119	12	%	(31)%	107,356	17	%
Communications	139,597	22	%	11 %	125,809	20	%
Total revenue	$628,238	100	%	1 %	$622,134	100	%

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

The year-to-year decrease in revenue in the consumer end market was primarily the result of the sale of our microphone product line in the fourth quarter of fiscal 2013. Automotive end market revenue increased in the three-month period ended February 1, 2014 as compared to the three-month period ended February 2, 2013 primarily as a result of increasing electronic content in vehicles and higher demand for new vehicles. Communications end market revenue increased in the three-month period ended February 1, 2014 as compared to the three-month period ended February 2, 2013 primarily as a result of increased wireless base station deployment activity in China.

Revenue Trends by Product Type

The following table summarizes revenue by product categories. The categorization of our products into broad categories is based on the characteristics of the individual products, the specification of the products and in some cases the specific uses that certain products have within applications. 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.

	Three Months Ended February 1, 2014				February 2, 2013		
	Revenue	% of Revenue		Y/Y%	Revenue	% of Revenue*	
Converters	$290,551	46	%	5 %	$277,940	45	%
Amplifiers / Radio frequency	164,714	26	%	4 %	157,978	25	%
Other analog	79,419	13	%	(17)%	95,158	15	%
Subtotal analog signal processing	534,684	85	%	1 %	531,076	85	%
Power management & reference	38,710	6	%	(2)%	39,382	6	%
Total analog products	$573,394	91	%	1 %	$570,458	92	%
Digital signal processing	54,844	9	%	6 %	51,676	8	%
Total revenue	$628,238	100	%	1 %	$622,134	100	%

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

The year-to-year increase in total revenue was primarily the result of improving demand across most product type categories, which was offset by declines in the other analog product category primarily as a result of the sale of our microphone product line in the fourth quarter of fiscal 2013.

Revenue Trends by Geographic Region

Revenue by geographic region, based upon the primary location of our customers' design activity for our products for the three-month periods ended February 1, 2014 and February 2, 2013 were as follows:

Region	Three Months Ended February 1, 2014	February 2, 2013	$ Change	% Change
United States	$182,298	$204,271	$(21,973)	(11)%
Rest of North and South America	19,436	23,512	(4,076)	(17)%
Europe	200,687	189,298	11,389	6%
Japan	71,091	64,688	6,403	10%
China	100,484	84,769	15,715	19%
Rest of Asia	54,242	55,596	(1,354)	(2)%
Total revenue	$628,238	$622,134	$6,104	1%

In the three-month periods ended February 1, 2014 and February 2, 2013, the predominant country comprising "Rest of North and South America" is Canada; the predominant countries comprising "Europe" are Germany, Sweden, France and the United Kingdom; and the predominant countries comprising "Rest of Asia" are Taiwan and South Korea.

On a regional basis, the year-to-year sales decline in North America was primarily the result of lower demand for products used in consumer applications. The year-over-year sales increase in China was primarily the result of an increase in demand in the communications and industrial end markets. The year-over-year sales increase in Japan was primarily the result of an increase in demand in the automotive and industrial end markets.

Gross Margin

	Three Months Ended February 1, 2014	February 2, 2013	$ Change	% Change
Gross margin	$409,118	$390,284	$18,834	5%
Gross margin %	65.1%	62.7%		

Gross margin percentage increased by 240 basis points in the three months ended February 1, 2014, as compared to the same period of fiscal 2013, primarily as a result of improved factory utilization levels in our manufacturing facilities.

Research and Development (R&D)

	Three Months Ended February 1, 2014	February 2, 2013	$ Change	% Change
R&D expenses	$128,646	$125,164	$3,482	3%
R&D expenses as a % of revenue	20.5%	20.1%		

R&D expenses increased 3% year-over-year primarily as a result of increases in operational spending for engineering supplies and consultants and, to a lesser extent, R&D employee salary and benefit expenses and variable compensation expense linked to our overall profitability and revenue growth.

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. We have hundreds of R&D projects underway, none of which we believe are material on an individual basis. We expect to continue the development of innovative technologies and processes for new products. We believe that a continued commitment to R&D is essential to maintain product leadership with our existing products as well as 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)

	Three Months Ended				
	February 1, 2014	February 2, 2013	$ Change	% Change	
SMG&A expenses	$98,178	$97,560	$618	1	%
SMG&A expenses as a % of revenue	15.6 %	15.7 %			

SMG&A expenses increased slightly year-over-year as increases in operational spending were partially offset by decreases in SMG&A employee salary and benefit expenses and variable compensation expense linked to our overall profitability and revenue growth.

Special Charges – Reduction of Operating Costs

We monitor global macroeconomic conditions on an ongoing basis, and continue to assess opportunities for improved operational effectiveness and efficiency as well as a better alignment of expenses with revenues. As a result of these assessments, we have undertaken various restructuring actions over the past several years. These reductions relating to ongoing actions are described below.

During fiscal 2012, we recorded special charges of approximately $8.4 million. These special charges included: $8.0 million for severance and fringe benefit costs in accordance with our ongoing benefit plan or statutory requirements at foreign locations for 95 manufacturing, engineering and SMG&A employees; $0.2 million for lease obligation costs for facilities that we ceased using during the third quarter of fiscal 2012; $0.1 million for contract termination costs; and $0.2 million for the write-off of property, plant and equipment. These actions resulted in annual cost savings of approximately $12.0 million. We have terminated the employment of all employees associated with these actions.

During fiscal 2013, we recorded special charges of approximately $29.8 million for severance and fringe benefit costs in accordance with our ongoing benefit plan or statutory requirements at foreign locations for 235 engineering and SMG&A employees. As of February 1, 2014, we employed 35 of the 235 employees included in this cost reduction action. These employees must continue to be employed by us until their employment is involuntarily terminated in order to receive the severance benefit. We estimate these actions will result in annual cost savings of approximately $32.6 million, once fully implemented, which we expect will be used to make additional investments in products that we expect will drive revenue growth in the future.

During the first quarter of fiscal 2014, we recorded a special charge of approximately $2.7 million for severance and fringe benefit costs in accordance with our ongoing benefit plan or statutory requirements at foreign locations for 30 engineering and SMG&A employees. As of February 1, 2014, we employed 12 of the 30 employees included in this cost reduction action. These employees must continue to be employed by us until their employment is involuntarily terminated in order to receive the severance benefit. We estimate this action will result in annual cost savings of approximately $4.5 million, once fully implemented.

Operating Income

	Three Months Ended				
	February 1, 2014	February 2, 2013	$ Change	% Change	
Operating income	$179,609	$153,489	$26,120	17	%
Operating income as a % of revenue	28.6 %	24.7 %			

The year-over-year increase in operating income in the three months ended February 1, 2014 was primarily the result of an increase in revenue of $6.1 million, a 240 basis point increase in gross margin percentage and a decrease in special charges of $11.4 million as more fully described above under the heading Special Charges—Reduction of Operating Costs.

Provision for Income Taxes

	Three Months Ended		
	February 1, 2014	February 2, 2013	$ Change
Provision for income taxes	$23,305	$18,887	$4,418
Effective income tax rate	13.2 %	12.6 %	

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

The increase in our effective tax rate for the first quarter of fiscal 2014 compared to the first quarter of fiscal 2013 was primarily due to the inclusion in the three months ended February 2, 2013 of a benefit from the reinstatement of the U.S. federal research and development tax credit in January 2013 retroactive to January 1, 2012, partially offset by an increase in income earned in lower tax rate jurisdictions.

We expect our effective tax rate to be approximately 13% for the remainder of fiscal 2014.

Net Income

	Three Months Ended			
	February 1, 2014	February 2, 2013	$ Change	% Change
Net Income	$152,586	$131,222	$21,364	16 %
Net Income as a % of revenue	24.3 %	21.1 %		
Diluted EPS	$0.48	$0.42		

Net income increased 16% in the three months ended February 1, 2014 as compared to the same period of fiscal 2013 as the $26.1 million increase in operating income was partially offset by a higher provision for income taxes in the first quarter of fiscal 2014.

Outlook

The following statements are based on current expectations. These statements are forward-looking and our actual results may differ materially as a result of, among other things, the important factors contained in Part II, Item 1A. "Risk Factors" in this Quarterly Report on Form 10-Q. 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 and we disclaim any obligation to update these forward-looking statements.

We are planning for revenue in the second quarter of fiscal 2014 to be in the range of approximately $660 million to $680 million. Our plan is for gross margin for the second quarter of fiscal 2014 to increase between 50 and 100 basis points and for operating expenses to increase by approximately 2% from the first quarter of fiscal 2014. We expect our effective tax rate to be approximately 13%. As a result, we are planning for diluted earnings per share to be in the range of $0.54 to $0.58 in the second quarter of fiscal 2014.

Liquidity and Capital Resources

At February 1, 2014, our principal source of liquidity was $4,701.1 million of cash and cash equivalents and short-term investments, of which approximately $1,244.1 million was held in the United States. The balance of our cash and cash equivalents and short-term investments was held outside the United States in various foreign subsidiaries. As we intend to
reinvest our foreign earnings indefinitely, this cash held outside the United States is not available to meet our cash requirements in the United States, including cash dividends and common stock repurchases. Our cash and cash equivalents consist of highly liquid investments with maturities of three months or less at the time of acquisition and our short-term investments consist primarily of corporate obligations, such as commercial paper and floating rate notes, bonds and bank time deposits. We maintain these balances with high credit quality counterparties, continually monitor the amount of credit exposure to any one issuer and diversify our investments in order to minimize our credit risk.

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

	Three Months Ended	
	February 1, 2014	February 2, 2013
Net cash provided by operating activities	$157,473	$157,969
Net cash provided by operations as a % of revenue	25.1 %	25.4 %
Net cash (used for) provided by investing activities	$(44,323)	$160,401
Net cash used for financing activities	$(87,308)	$(52,822)

At February 1, 2014, cash and cash equivalents totaled $417.2 million. The following changes contributed to the net increase in cash and cash equivalents of $25.1 million in the first three months of fiscal 2014, as compared to the same period of fiscal 2013.

Operating Activities

During the first three months of fiscal 2014 we generated cash from operating activities of $157.5 million, a slight decrease compared to the first three months of fiscal 2013 primarily as a result of net cash outflows from working capital changes, partially offset by higher net income adjusted for non-cash items.

Investing Activities

During the first three months of fiscal 2014 cash used for investing activities included $48.1 million for property, plant and equipment additions and $7.1 million for the net purchases of available-for-sale short term investments.

Financing Activities

During the first three months of fiscal 2014 cash used for financing activities included proceeds of $79.6 million from the exercise of employee stock options. We distributed $106.0 million to our shareholders in dividend payments and repurchased 1.8 million shares of our common stock for $89.0 million.

Working Capital

	February 1, 2014	November 2, 2013	$ Change	% Change
Accounts receivable, net	$328,787	$325,144	$3,643	1 %
Days sales outstanding	48	44		
Inventory	$289,935	$283,337	$6,598	2 %
Days cost of sales in inventory	121	111		

The increase in accounts receivable in dollars and in days was primarily the result of higher product shipments made in the final month of the first quarter of fiscal 2014 as compared to the final month of the fourth quarter of fiscal 2013. Inventory increased as compared to the end of the fourth quarter of fiscal 2013 as a result of lower than expected shipments made into the distributor channel and anticipated higher sales demand. Our inventory levels are impacted by our need to support forecasted sales demand and variations between those forecasts and actual demand. Days cost of sales in inventory increased from 111 days at the end of the fourth quarter of fiscal 2013 to 121 days at the end of the first quarter of fiscal 2014 as a result of the increased inventory levels and a decrease in cost of sales resulting from improved factory utilization.

Current liabilities decreased to $519.5 million at February 1, 2014, a decrease of $51.0 million, or 9%, from $570.5 million at the end of fiscal 2013. This decrease was primarily due to a decrease in income taxes payable and accrued liabilities. The decrease in accrued liabilities was primarily the result of lower salary and variable compensation expense accruals.

As of February 1, 2014 and November 2, 2013, we had gross deferred revenue of $306.3 million and $309.2 million, respectively, and gross deferred cost of sales of $61.1 million and $61.8 million, respectively. Deferred income on shipments to distributors decreased in the first three months of fiscal 2014 primarily as a result of increased shipment volumes of lower margin products to end customers, partially offset by a stronger concentration of higher margin product shipments into the

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channel. Sales to distributors are made under agreements that allow distributors to receive price-adjustment credits and to return qualifying products for credit, as determined by us, in order to reduce the amounts of slow-moving, discontinued or obsolete product from their inventory. Given the uncertainties associated with the levels of price-adjustment credits to be granted to distributors, the sales price to the distributors is not fixed or determinable until the distributors resell the products to their customers. Therefore, we defer revenue recognition from sales to distributors until the distributors have sold the products to their customers. The amount of price-adjustments is dependent on future overall market conditions, and therefore the levels of these adjustments could fluctuate significantly from period to period. To the extent that we experience a significant increase in the amount of credits we issue to our distributors, there could be a material impact on the ultimate revenue and gross margin recognized relating to these transactions.

Debt

As of February 1, 2014, we had $872.4 million in principal outstanding on our long term debt. Our debt obligations consist of the following:

$375.0 Million Aggregate Principal Amount of 3.0% Senior Unsecured Notes (2016 Notes)

On April 4, 2011, we issued $375.0 million aggregate principal amount of 3.0% senior unsecured notes due April 15, 2016 (the 2016 Notes) with semi-annual fixed interest payments due on April 15 and October 15 of each year, commencing October 15, 2011.

$500.0 Million Aggregate Principal Amount of 2.875% Senior Unsecured Notes (2023 Notes)

On June 3, 2013, we issued $500.0 million aggregate principal amount of 2.875% senior unsecured notes due June 1, 2023 (the 2023 Notes) with semi-annual fixed interest payments due on June 1 and December 1 of each year, commencing December 1, 2013.

The indentures governing the 2016 Notes and the 2023 Notes contain covenants that may limit our ability to: incur, create, assume or guarantee any debt for borrowed money secured by a lien upon a principal property; enter into sale and lease-back transactions with respect to a principal property; and consolidate with or merge into, or transfer or lease all or substantially all of our assets to, any other party. As of February 1, 2014, we were compliant with these covenants. See Note 14, Debt, of the Notes to our Condensed Consolidated Financial Statements contained in Item 1 of this Quarterly Report on Form 10-Q for further information on our outstanding debt.

Revolving Credit Facility

During December 2012, we terminated our five-year, $165.0 million unsecured revolving credit facility with certain institutional lenders entered into in May 2008. On December 19, 2012, we entered into a five-year, $500.0 million senior unsecured revolving credit facility with certain institutional lenders. To date, we have not borrowed under this credit facility but we may borrow in the future and use the proceeds for repayment of existing indebtedness, stock repurchases, acquisitions, capital expenditures, working capital and other lawful corporate purposes. The terms of the facility impose restrictions on our ability to undertake certain transactions, to create certain liens on assets and to incur certain subsidiary indebtedness. In addition, the credit agreement contains a consolidated leverage ratio covenant of total consolidated funded debt to consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) of not greater than 3.0 to 1.0. As of February 1, 2014, we were compliant with these covenants.

$375.0 Million Aggregate Principal Amount of 5.0% Senior Unsecured Notes (2014 Notes)

During the third quarter of fiscal 2013, we redeemed our outstanding 2014 Notes which were due on July 1, 2014. The redemption price was 104.744% of the principal amount of the notes. We recognized a net loss on debt extinguishment of approximately $10.2 million recorded in other, net expense within non-operating (income) expense. The loss was comprised of the make-whole premium of $17.8 million paid to bondholders on the 2014 Notes in accordance with the terms of the notes, the recognition of the remaining $8.6 million of unamortized proceeds received from the termination of the interest rate swap associated with the debt, and the write off of approximately $1.0 million of debt issuance and discount costs that remained to be amortized. The write off of the remaining unamortized portion of debt issuance costs, discount and swap proceeds are reflected in our condensed consolidated statements of cash flows within operating activities, and the make-whole premium is reflected within financing activities.

Stock Repurchase Program

Our common stock repurchase program has been in place since August 2004. As of February 1, 2014, in the aggregate, our Board of Directors has authorized us to repurchase $5.0 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 February 1, 2014, we had repurchased a total of approximately 131.6 million shares of our common stock for approximately $4,556.6 million under this program. As of February 1, 2014, an additional $443.4 million remains available for repurchase of shares under the current authorized program. The repurchased shares are held as authorized but unissued shares of common stock. We also from time to time repurchase shares in settlement of employee tax withholding obligations due upon the vesting of restricted stock units or the exercise of stock options, or in certain limited circumstances to satisfy the exercise price of options granted to our employees under our equity compensation plans. Any future common stock repurchases will be based on several factors, including our financial performance, outlook, liquidity and the amount of cash we have available in the United States.

Capital Expenditures

Net additions to property, plant and equipment were $48.1 million in the first three months of fiscal 2014 and were funded with a combination of cash on hand and cash generated from operations. We expect capital expenditures for fiscal 2014 to consist of $117.0 million for ongoing capital spending and approximately $55.0 million for new buildings we are constructing. These capital expenditures will be funded with a combination of cash on hand and cash generated from operations.

Dividends

On February 17, 2014, our Board of Directors declared a cash dividend of $0.37 per outstanding share of common stock. The dividend will be paid on March 11, 2014 to all shareholders of record at the close of business on February 28, 2014 and is expected to total approximately $115.6 million. We currently expect quarterly dividends to continue at $0.37 per share, although they remain subject to determination and declaration by our Board of Directors. The payment of future dividends, if any, will be based on several factors, including our financial performance, outlook and liquidity.

Contractual Obligations

There have not been any material changes during the first three months of fiscal 2014 to the amounts presented in the table summarizing our contractual obligations included in our Annual Report on Form 10-K for the fiscal year ended November 2, 2013.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) that are adopted by us as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards will not have a material impact on our future financial condition and results of operations. See Note 18, New Accounting Pronouncements, of the Notes to our Condensed Consolidated Financial Statements contained in Item 1 of this Quarterly Report on Form 10-Q for a description of recently issued and adopted accounting pronouncements, including the dates of adoption and impact on our historical financial condition and results of operations.

Critical Accounting Policies and Estimates

There were no material changes in the first three months of fiscal 2014 to the information provided under the heading “Critical Accounting Policies and Estimates” included in our Annual Report on Form 10-K for the fiscal year ended November 3, 2013.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes in the first three months of fiscal 2014 to the information provided under Item 7A. “Quantitative and Qualitative Disclosures about Market Risk” set forth in our Annual Report on Form 10-K for the fiscal year ended November 2, 2013.

ITEM 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of February 1, 2014. 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 February 1, 2014, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Changes in Internal Control over Financial Reporting. No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended February 1, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1A. Risk Factors

Set forth below and elsewhere in this report and in other documents we file with the SEC are descriptions of the risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this report. The description below includes any material changes to and supersedes the description of the risk factors affecting our business previously discussed in "Part I, Item 1A Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended November 2, 2013.

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

There is significant continuing uncertainty regarding the stability of global credit and financial markets. These economic uncertainties may lead consumers and businesses to postpone spending, which may cause our customers to cancel, decrease or delay their existing and future orders for our products and make it difficult for us to accurately forecast and plan our future business activities. Financial difficulties experienced by our customers could result in nonpayment or payment delays for previously purchased products, thereby increasing our credit risk exposure. Uncertainty regarding the future stability of the Euro Zone could cause the value of the Euro to deteriorate, thus reducing the purchasing power of our European customers. In addition, financial difficulties experienced by our suppliers or distributors could result in product delays, increased accounts receivable defaults and inventory challenges. During the past few years, many governments adopted stimulus or spending programs designed to ease the economic impact of the crisis. Some of our businesses benefited from these stimulus programs and there can be no assurance that such programs will continue in the future. If economic conditions deteriorate, we may record additional charges relating to restructuring costs or the impairment of assets and our business and results of operations could be materially and adversely affected.

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

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

- the effects of adverse economic conditions in the markets in which we sell our products;
- changes in customer demand for our products and for end products that incorporate our products;
- our ability to effectively manage our cost structure in both the short term and over a longer duration;
- the timing of new product announcements or introductions by us, our customers or our competitors;
- competitive pricing pressures;
- fluctuations in manufacturing yields, adequate availability of wafers and other raw materials, and manufacturing, assembly and test capacity;

- the ability of our third-party suppliers, subcontractors and manufacturers to supply us with sufficient quantities of raw materials, products and/or components;
- any significant decline in our backlog;
- the timing, delay or cancellation of significant customer orders and our ability to manage inventory;

- our ability to hire, retain and motivate adequate numbers of engineers and other qualified employees to meet the demands of our customers;
- the increasing costs of providing employee benefits, including health insurance, pension plan contributions and retirement benefits;
- changes in geographic, product or customer mix;
- our ability to utilize our manufacturing facilities at efficient levels;
- potential significant litigation-related costs;
- the difficulties inherent in forecasting future operating expense levels, including with respect to costs associated with labor, utilities, transportation and raw materials;
- the costs related to compliance with increasing worldwide environmental and social responsibility regulations;
- changes in our effective tax rates in the United States, Ireland or worldwide; and
- the effects of public health emergencies, natural disasters, widespread travel disruptions, security risks, terrorist activities, international conflicts and other events beyond our control.

In addition, the semiconductor market has historically been cyclical and subject to significant economic upturns and downturns. Our business is subject to rapid technological changes and there can be no assurance (i) that products stocked in our inventory will not be rendered obsolete before we ship them, or (ii) that we will be able to produce products in a timely fashion to accommodate changing customer demand. As a result of these and other factors, there can be no assurance that we will not experience material fluctuations in future revenue, gross margins, operating results and net income on a quarterly or annual basis. Our historical financial performance and results of operations should not be relied upon as indicators of future performance or results. In addition, if our revenue, gross margins, operating results and net income do not meet the expectations of securities analysts or investors, the market price of our common stock may decline.

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

A number of factors may increase our future effective tax rate, including: changes in tax laws or the interpretation of such tax laws; increases in tax rates in various jurisdictions; variation in the jurisdictions in which profits are earned and taxed; repatriation of non-U.S. earnings; any adverse resolution of ongoing tax audits or adverse rulings from taxing authorities worldwide; changes in the valuation of our deferred tax assets and liabilities; adjustments to income taxes upon finalization of various tax returns; increases in expenses not deductible for tax purposes, including executive compensation subject to the limitations of Section 162(m) of the Internal Revenue Code and amortization of assets acquired in connection with strategic transactions; decreased availability of tax deductions for stock-based compensation awards worldwide; and changes in available tax credits. Any significant increase in our future effective tax rates could adversely impact our net income during future periods.

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

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

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

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

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

We face intense technological and pricing competition in the semiconductor industry, and we expect this competition to increase in the future, including from companies located outside the United States. Many companies have sufficient financial, manufacturing, technical, sales and marketing resources to develop and market products that compete with our products. Some of our competitors may have more advantageous supply or development relationships with our current and potential customers or suppliers. Our competitors also include emerging companies selling specialized products in markets we serve.

Competition is generally based on design and quality of products, product performance, features and functionality, and product pricing, availability and capacity, with the relative importance of these factors varying among products, markets and customers. Existing or new competitors may develop products or technologies that more effectively address the demands of our customers and markets with enhanced performance, features and functionality, lower power requirements, greater levels of integration or lower cost. Increased competition in certain markets has resulted in and may continue to result in declining average selling prices, reduced gross margins and loss of market share in those markets. There can be no assurance that we will be able to compete successfully in the future against existing or new competitors, or that our operating results will not be adversely affected by increased competition.

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

We rely, and plan to continue to rely, on suppliers, assembly and test subcontractors, freight carriers, and third-party wafer fabricators to supply most of our wafers that can be manufactured using industry-standard submicron processes. This reliance involves several risks, including reduced control over availability, capacity utilization, delivery schedules, manufacturing yields, and costs. We currently source approximately 50% of our wafer requirements annually from third-party wafer fabrication foundries, primarily Taiwan Semiconductor Manufacturing Company, or TSMC. In addition, these suppliers often provide manufacturing services to our competitors and therefore periods of increased industry demand may result in capacity constraints. In certain instances, the third-party supplier is the sole source of highly specialized processing services. If our suppliers are unable or unwilling to manufacture and deliver components to us on the time schedule and of the quality or quantity that we require or provide us with required manufacturing processes, we may be forced to seek to engage additional or replacement suppliers, which could result in additional expenses and delays in product development or shipment of product to our customers. If replacement suppliers or manufacturing processes are not available, we may also experience delays in product development or shipment which could, in turn, result in the temporary or permanent loss of customers.

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

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

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

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

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

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

The semiconductor industry is characterized by frequent claims and litigation involving patent and other intellectual property rights, including claims arising under our contractual obligations to indemnify our customers. Other companies or individuals have obtained patents covering a variety of semiconductor designs and processes, and we might be required to obtain licenses under some of these patents or be precluded from making and selling infringing products, if those patents are found to be valid and infringed by us. In the event a third party makes a valid intellectual property claim against us and a license is not available to us on commercially reasonable terms, or at all, we could be forced either to redesign or to stop production of products incorporating that intellectual property, and our operating results could be materially and adversely affected. Litigation may be necessary to enforce our patents or other of our intellectual property rights or to defend us against claims of infringement, and this litigation could be costly and divert the attention of our key personnel. We could be subject to indemnity, warranty or product liability claims that could lead to significant costs and expenses as we defend those claims or pay damage awards. There can be no assurance that we are adequately insured to protect against all claims and potential liabilities. We may incur costs and expenses relating to a recall of our customers' products due to an alleged failure of components we supply. An adverse outcome in litigation could have a material adverse effect on our financial position or on our operating results or cash flows in the period in which the litigation is resolved.

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

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

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

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

A significant disruption in, or breach in security of, our information technology systems could materially and adversely affect our business or reputation.

We rely on information technology systems throughout our company to keep financial records, process orders, manage inventory, coordinate shipments to customers, and operate other critical functions such as internet connectivity, network communications and email. Our information technology systems may be susceptible to damage, disruptions or shutdowns due to power outages, hardware failures, telecommunication failures, user errors, catastrophes or other unforeseen events. We may also be subject to security breaches caused by computer viruses, illegal break-ins or hacking, sabotage, or acts of vandalism by third parties. Our security measures or those of our third party service providers may not detect or prevent security breaches. If we were to experience a prolonged disruption in the information technology systems that involve our internal communications or our interactions with customers or suppliers, it could result in the loss of sales and customers and significant incremental costs, which could adversely affect our business. In addition, security breaches of our information technology systems could result in the misappropriation or unauthorized disclosure of confidential information belonging to us or to our employees, partners, customers or suppliers, which could result in our suffering significant financial or reputational damage.

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

To remain competitive, we may need to acquire other companies, purchase or license technology from third parties, or enter into other strategic transactions in order to introduce new products or enhance our existing products.
An element of our business strategy involves expansion through the acquisitions of businesses, assets, products or technologies that allow us to complement our existing product offerings, expand our market coverage, increase our engineering workforce or enhance our technological capabilities. We may not be able to find businesses that have the technology or resources we need and, if we find such businesses, we may not be able to purchase or license the technology or resources on commercially favorable terms or at all. Acquisitions and technology licenses are difficult to identify and complete for a number of reasons, including the cost of potential transactions, competition among prospective buyers and licensees, the need for regulatory approvals, and difficulties related to integration efforts. Both in the U.S. and abroad, governmental regulation of acquisitions has become more complex, increasing the costs and risks of undertaking significant acquisitions. In order to finance a potential transaction, we may need to raise additional funds by issuing securities or borrowing money. We may not be able to find financing on favorable terms, and the sale of our stock may result in the dilution of our existing shareholders or the issuance of securities with rights that are superior to the rights of our common shareholders.
Acquisitions also involve a number of risks, including:

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

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- increased risk of costly and time-consuming litigation.

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

We rely on supplies, services and manufacturing capacity located in geologically unstable areas, which could affect our ability to produce products.

We, like many companies in the semiconductor industry, rely on supplies, services, internal manufacturing capacity, wafer fabrication foundries and other subcontractors in geologically unstable locations around the world. The impact of earthquakes, tsunamis and flooding would disrupt local semiconductor-related businesses, and adversely affect manufacturing capacity, availability and cost of key raw materials, utilities and equipment, and availability of key services, including transport of our products worldwide. Our insurance may not adequately cover losses resulting from such disruptions. Any prolonged inability to utilize one of our manufacturing facilities, or those of our subcontractors or third-party wafer fabrication foundries, as a result of fire, flood, natural disaster, unavailability of utilities or otherwise, could result in a temporary or permanent loss of customers for affected products, which could have a material adverse effect on our results of operations and financial condition.

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

We have significant operations and manufacturing facilities outside the United States, including in Ireland and the Philippines. The majority of our revenue is derived from customers in international markets. Although we engage in hedging transactions to reduce our exposure to currency exchange rate fluctuations, there can be no assurance that our competitive position will not be adversely affected by changes in the exchange rate of the United States dollar against other currencies. Potential interest rate increases, as well as high energy costs, could have an adverse impact on industrial and consumer spending patterns and could adversely impact demand for our products. At February 1, 2014, our principal source of liquidity was $4,701.1 million of cash and cash equivalents and short-term investments, of which approximately $1,244.1 million was held in the United States and the remaining balance was held outside the United States in various foreign subsidiaries. As we intend to reinvest our foreign earnings indefinitely, this cash held outside the United States is not readily available to meet our cash requirements in the United States. We require a substantial amount of cash in the United States for operating requirements, stock repurchases, cash dividends and acquisitions. If we are unable to address our U.S. cash requirements through operations, through borrowings under our current credit facility, through future debt or equity offerings or from other sources of cash obtained at an acceptable cost, it may be necessary for us to consider repatriation of earnings that are permanently reinvested, and we may be required to pay additional taxes under current tax laws, which could have a material effect on our results of operations and financial condition.

In addition to being exposed to the ongoing economic cycles in the semiconductor industry, we are also subject to the economic, political and legal risks inherent in international operations, including the risks associated with the recent crisis in global credit and financial markets, ongoing uncertainties and political and economic instability in many countries around the world, as well as economic disruption from acts of terrorism and the response to them by the United States and its allies. Other business risks associated with global operations include increased managerial complexities, air transportation disruptions, expropriation, currency controls, currency exchange rate movement, additional costs related to foreign taxes, tariffs and freight rate increases, exposure to different business practices and legal standards, particularly with respect to price protection, competition practices, intellectual property, anti-corruption and environmental compliance, trade and travel restrictions, pandemics, import and export license requirements and restrictions, difficulties in staffing and managing worldwide operations, and accounts receivable collections. We also incur significant costs associated with our foreign defined benefit pension plans. There can be no assurance that the value of the plan assets will be sufficient in the future and it is possible that we may be required to make higher cash contributions to the plans in future years, which would reduce the cash available for other business purposes.

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

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

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

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

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

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

If we are unable to generate sufficient cash flow, we may not be able to service our debt obligations, including making payments on our outstanding senior unsecured notes.

In April 2011, we issued in a public offering $375.0 million aggregate principal amount of 3.0% senior unsecured notes due April 15, 2016 (the 2016 Notes). In June 2013, we issued in a public offering $500.0 million aggregate principal amount of 2.875% senior unsecured notes due June 1, 2023 (the 2023 Notes and together with the 2016 Notes, the Notes). Our ability to make payments of principal and interest on our indebtedness when due depends upon our future performance, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting our consolidated operations, many of which are beyond our control. If we are unable to generate sufficient cash flow from operations in the future to service our outstanding debt, we may be required to, among other things:

- seek additional financing in the debt or equity markets;
- refinance or restructure all or a portion of our indebtedness, including the Notes;
- borrow under our existing revolving credit facility;
- divert funds that would otherwise be invested in our operations;
- sell selected assets; or
- reduce or delay planned capital expenditures or operating expenditures.

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

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

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

The stock market has historically experienced volatility, especially within the semiconductor industry, that often has been unrelated to the performance of particular companies. These market fluctuations may cause our stock price to fall regardless of our operating results.
Our directors and executive officers periodically sell shares of our common stock in the market, including pursuant to Rule 10b5-1 trading plans. Regardless of the individual's reasons for such sales, securities analysts and investors could view such sales as a negative indicator and our stock price could be adversely affected as a result.

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

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (c)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
November 3, 2013 through November 30, 2013	65,730	$ 47.14	63,800	$ 515,352,164
December 1, 2013 through December 28, 2013	127,839	$ 48.26	124,900	$ 509,325,557
December 29, 2013 through February 1, 2014	1,619,673	$ 49.20	1,341,400	$ 443,358,596
Total	1,813,242	$ 49.06	1,530,100	$ 443,358,596

(a) Includes 283,142 shares withheld by us from employees to satisfy employee tax obligations upon vesting of restricted stock units granted to our employees under our equity compensation plans.

(b) The average price paid per share of stock repurchased under the stock repurchase program includes the commissions paid to the brokers. The average price paid for shares in connection with vesting of restricted stock are averages of the closing stock price at the vesting date which is used to calculate the number of shares to be withheld.

(c) Shares repurchased pursuant to the stock repurchase program publicly announced on August 12, 2004. As of February 1, 2014, in the aggregate, our Board of Directors has authorized us to repurchase $5.0 billion of our common stock. Under the repurchase program, we may repurchase outstanding shares of our common stock from time to time in the open market and through privately negotiated transactions. Unless terminated earlier by resolution of our Board of Directors, the repurchase program will expire when we have repurchased all shares authorized for repurchase under the repurchase program.

ITEM 6. Exhibits

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

SIGNATURES

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

	ANALOG DEVICES, INC.	
Date: February 18, 2014	By:	/S/ VINCENT T. ROCHE Vincent T. Roche President and Chief Executive Officer (Principal Executive Officer)
Date: February 18, 2014	By:	/S/ DAVID A. ZINSNER David A. Zinsner Vice President, Finance and Chief Financial Officer (Principal Financial Officer)

Exhibit Index

Exhibit No.	Description
10.1†	Analog Devices, Inc. Amended and Restated 2006 Stock Incentive Plan.
10.2†	Form of Global Non-Qualified Stock Option Agreement for Employees for usage under the Analog Devices, Inc. Amended and Restated 2006 Stock Incentive Plan.
10.3†	Form of Non-Qualified Stock Option Agreement for Directors for usage under the Analog Devices, Inc. Amended and Restated 2006 Stock Incentive Plan.
10.4†	Form of Global Restricted Stock Unit Agreement for Employees for usage under the Analog Devices, Inc. Amended and Restated 2006 Stock Incentive Plan.
10.5†	Form of Performance Restricted Stock Unit Agreement for Employees for usage under the Analog Devices, Inc. Amended and Restated 2006 Stock Incentive Plan.
10.6†	Form of Restricted Stock Unit Agreement for Directors for usage under the Analog Devices, Inc. Amended and Restated 2006 Stock Incentive Plan.
31.1†	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
31.2†	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).
32.1†	Certification Pursuant to 18 U.S.C. Section 1350 (Chief Executive Officer).
32.2†	Certification Pursuant to 18 U.S.C. Section 1350 (Chief Financial Officer).
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 or furnished herewith.
**	Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Statements of Income for the three months ended February 1, 2014 and February 2, 2013, (ii) Condensed Consolidated Statements of Comprehensive Income for the three months ended February 1, 2014 and February 2, 2013, (iii) Condensed Consolidated Balance Sheets at February 1, 2014 and November 2, 2013, (iv) Condensed Consolidated Statements of Cash Flows for the three months ended February 1, 2014 and February 2, 2013 and (v) Notes to Condensed Consolidated Financial Statements for the three months ended February 1, 2014.