

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 11, 2006

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

Massachusetts

1-7819

04-2348234

-----  
(State or other juris-  
diction of incorporation

(Commission  
File Number)

(IRS Employer  
Identification No.)

One Technology Way, Norwood, MA

02062

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(Address of principal executive offices)

(Zip Code)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

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

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

Item 2.02. Results of Operations and Financial Condition

On May 11, 2006, Analog Devices, Inc. announced its financial results for the quarter ended April 29, 2006. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Form 8-K and the exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed:

99.1 Press release dated May 11, 2006 issued by Analog Devices, Inc.



SIGNATURE

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

Date: May 11, 2006

ANALOG DEVICES, INC.

By: /s/ Joseph E. McDonough

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Joseph E. McDonough  
Vice President-Finance and  
Chief Financial Officer  
(Principal Financial and  
Accounting Officer)

EXHIBIT INDEX

Exhibit No.  
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Description  
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99.1

Press release dated May 11, 2006 issued by  
Analog Devices, Inc.

## Analog Devices Announces Results for Second Quarter of Fiscal Year 2006

NORWOOD, Mass.--(BUSINESS WIRE)--May 11, 2006--Analog Devices, Inc. (NYSE: ADI)

- Board of Directors increases quarterly dividend to \$0.16 from \$0.12 per share;
- Financial results for the second quarter and guidance for the third quarter of fiscal 2006 will be discussed via conference call today at 4:30 pm.

Analog Devices, Inc. (NYSE: ADI), a global leader in high-performance semiconductors for signal processing applications, today announced revenue of \$643.9 million for the second quarter of fiscal 2006, an increase of 7% compared to the same period one year ago and an increase of 4% compared to the immediately prior quarter.

Net income under generally accepted accounting principles (GAAP) was \$145.8 million for the second quarter. Diluted earnings per share (EPS) was \$0.39 for the second quarter.

The GAAP results for the second quarter of fiscal 2006 include the following items: a gain of \$13 million related to the previously-announced sale of the digital signal processing (DSP)-based digital subscriber line (DSL) application-specific integrated circuit (ASIC) and network processor product line; expenses of \$6 million included in cost of sales and related to previously-announced restructuring actions; and \$17 million of non-cash stock option expense. These items reduced diluted EPS by \$0.02 in the second quarter.

The cash dividend was increased to \$0.16 per outstanding share of common stock. The dividend will be paid on June 14, 2006 to all shareholders of record at the close of business on May 26, 2006. This is an increase from the \$0.12 dividend paid in March of 2006.

"The second quarter was a good quarter for ADI, led by strong growth in sales to our industrial instrumentation, consumer electronics, and wireless infrastructure customers," said Jerald G. Fishman, ADI's president and chief executive officer. "Data converter, amplifier, and general-purpose DSP products were the fastest-growing product categories compared to the immediately prior quarter."

#### Profit Margins

Gross margin for the second quarter of fiscal 2006 was \$380.7 million, or 59.1% of sales. In the second quarter of fiscal 2006, gross margin was reduced by \$6.9 million, or 1.1% of sales, as a result of stock option expense and previously announced manufacturing restructuring-related expense.

Operating profits for the second quarter of fiscal 2006 totaled \$151.4 million, or approximately 23.5% of sales. In the second quarter of fiscal 2006, operating profits were reduced by \$22.8 million, as a result of stock option expense and previously announced restructuring-related expense.

#### Cash Flow and Balance Sheet

Cash flow from operations totaled \$205.1 million, or approximately 32% of sales, for the second quarter. Capital expenditures totaled \$28.8 million. The company repurchased approximately 6.2 million shares of ADI common stock for \$237.7 million and paid \$44.2 million in cash dividends. Cash and short term investments totaled approximately \$2.7 billion at the end of the second quarter.

In the second quarter, inventory increased by approximately \$21.6 million compared to the immediately prior quarter. Days cost of sales in inventory was 125 days at the end of the second quarter of fiscal 2006, compared to 124 days one year ago and 118 days at the end of the immediately prior quarter. The company increased inventory in preparation for the planned to shutdown of its California wafer fabrication facility and to fulfill planned sales growth for the third quarter.

Days sales in accounts receivable were 51 days at the end of the second quarter, compared to 49 days one year ago and 47 days at the end of the immediately prior quarter. The increase was primarily due to a disproportionate amount of shipments in the last month of the quarter as supply issues earlier in the quarter were resolved.

#### Revenue Analysis By Product

During the second quarter of fiscal year 2006, analog products totaled 84% of sales and DSP products totaled 16% of sales.

Revenue from analog products grew 11% compared to the same period one year ago and 5% compared to the immediately prior quarter. Data converter product sales grew 8%, amplifier sales grew 9%, and other analog product sales declined 3% compared to the immediately prior quarter. Revenue from each of these analog

product categories increased on a year-over-year basis.

Revenue from DSP products declined 10% compared to the same period one year ago and 4% compared to the immediately prior quarter due primarily to the previously announced sale of the DSP-based DSL ASIC and network processor product line. General-purpose DSP product sales grew 6% compared to the immediately prior quarter.

#### Revenue Analysis By End Market

Revenue from both the industrial and consumer end markets grew sequentially and year-over-year.

Revenue from the industrial end market, which includes factory automation, scientific and medical instrumentation, semiconductor automatic test equipment (ATE), defense electronics, and automotive applications, totaled approximately 42% of sales in the second quarter.

Revenue from the consumer end market totaled approximately 17% of sales in the second quarter.

Within the communications end market, revenue from wireless infrastructure customers grew significantly compared to the immediately prior quarter. Revenue from wireless handset customers also grew while revenue from networking customers declined, as expected, due to the previously announced sale of the DSP-based DSL ASIC and network processor product line.

Overall, revenue from the communications end markets totaled approximately 29% of sales in the second quarter of fiscal year 2006.

In line with the broader computer industry trends, revenue from customers in the computer end market declined during the quarter and was approximately 12% of sales.

#### Outlook for the Third Quarter of Fiscal 2006

Regarding the near term outlook, Mr. Fishman said, "Orders and backlog increased significantly during the second quarter. Our OEM customers and our distributors are signaling significant increases in demand for our analog and DSP products. In aggregate, we are planning for revenue in the range of \$675 million to \$685 million."

ADI is planning for gross margin in the third quarter to be approximately the same as the second quarter of fiscal 2006.

Operating expenses are planned to increase a few percent compared to the second quarter, primarily due to increased profit sharing and commissions as sales and operating margin expand.

Diluted EPS is planned to be in the range of \$0.38 to \$0.39 for the third quarter of fiscal 2006, which includes approximately \$0.06 for stock option expenses, previously-announced restructuring expenses, and expenses associated with a previously-announced acquisition.

The plan for third quarter is for days sales in accounts receivable to decline to approximately 48 days.

Days cost of sales in inventory is planned to decline in the third quarter compared to the second quarter.

#### Supplemental Information

In order to help investors compare current results to ADI's history and thereby better understand the underlying trends in the company's business, ADI has provided a table of supplemental information with this release, and on its website, which includes estimates of the impact of stock option expense, the impact of previously announced restructuring-related expenses, the impact of the gain from the sale of the DSP-based DSL ASIC and network processor product line, and the impact of expenses associated with a previously announced acquisition on the company's 2006 quarterly financial statements.

#### Conference Call Scheduled for 4:30

Mr. Fishman will discuss the second quarter's results and the near-term outlook via webcast, accessible from [www.analog.com](http://www.analog.com), today beginning at 4:30 pm EST. Investors who prefer to join by telephone may call 706-634-7193 ten minutes before the call begins and provide the password "ADI."

A replay will be available almost immediately after the call. The replay may be accessed for up to one week by dialing 800-642-1687 (replay only) and providing the conference ID: 8553665 or by visiting the Investor Relations page on ADI's web site.

#### About Analog Devices

Innovation, performance, and excellence are the cultural pillars on which Analog Devices has built one of the longest standing, highest growth companies within the technology sector. Acknowledged industry-wide as the world leader in data conversion and signal conditioning technology, Analog Devices serves over 60,000 customers, representing virtually all types of electronic equipment. Celebrating 40 years as a leading global manufacturer of high-performance integrated circuits used in analog and digital signal processing applications,

Analog Devices is headquartered in Norwood, Massachusetts, with design and manufacturing facilities throughout the world. Analog Devices' common stock is listed on the New York Stock Exchange under the ticker "ADI" and is included in the S&P 500 Index.

Safe harbor statement under the Private Securities Litigation Reform Act of 1995:

This press release contains forward-looking statements, including our statements regarding expected sales growth, revenue, earnings, operating margins, and other financial results, expected increases in customer demand for our products, and expected cash dividends, that are based on our current expectations, beliefs, assumptions, estimates, forecasts, and projections about the industry and markets in which Analog Devices operates. The statements contained in this release are not guarantees of future performance, are inherently uncertain, and involve certain risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements, and such statements should not be relied upon as representing Analog Devices' expectations or beliefs as of any date subsequent to the date of this press release. We do not undertake any obligation to update forward-looking statements made by us. Important factors that may affect future operating results include the effects of adverse changes in overall economic conditions, currency exchange rate fluctuations, the timing and duration of market upturns and downturns, the growth or contraction of the markets we serve, demand for semiconductors generally and for our products in particular, the risk that our backlog could decline significantly, adverse results in various litigation matters, our ability to hire engineers, salespeople and other qualified employees needed to meet the expected demands of our customers, reversals or slowdowns in the markets or customers served by our products, the adverse effects of building inventories to meet planned growth that fails to materialize, the occurrence and frequency of inventory and lead-time reduction cycles, raw material availability, availability of both internal and external manufacturing capacity, technological and product development risks, competitors' actions and technological innovations, and other risk factors described in our most recent Form 10-Q for the fiscal quarter ended January 28, 2006, as filed with the Securities and Exchange Commission.

Analog Devices, Second Quarter, Fiscal 2006

Sales/Earnings Summary (GAAP)  
(In thousands, except per-share amounts)

	2Q 06	1Q 06	2Q 05
Three Months Ended	April 29, 2006	January 28, 2006	April 30, 2005
Net Sales	\$643,872	\$621,302	\$603,726
Y/Y Growth	7%	7%	-11%
Q/Q Growth	4%	0%	4%
Cost of Sales	263,201	260,515	257,327
Gross Margin	380,671	360,787	346,399
Percent of Sales	59.1%	58.1%	57.4%
Operating Expenses:			
R&D	131,848	131,288	126,642
Selling, Marketing and G&A	97,432	96,281	85,813
Special Charges	-	1,013	-
Operating Income	151,391	132,205	133,944
Percent of Sales	23.5%	21.3%	22.2%
Other Income	(39,225)	(20,592)	(16,768)
Income Before Tax	190,616	152,797	150,712
Provision for Taxes	44,795	32,240	33,113
Tax Rate	23.5%	21.1%	22%
Net Income	\$145,821	\$120,557	\$117,599
Percent of Sales	22.6%	19.4%	19.5%
Shares used for EPS - Basic	364,225	366,135	370,674
Shares used for EPS - Diluted	376,811	380,337	382,337
Earnings per Share - Basic	\$0.40	\$0.33	\$0.32
Earnings per Share - Diluted	\$0.39	\$0.32	\$0.31
Dividends paid per share	\$0.12	\$0.12	\$0.06

Supplemental Information

Our GAAP Financial Statements Include the Following Amounts of Stock-based Compensation Expense Related to the Adoption of FAS123R, Restructuring Related Expense, Tax Expense Associated with the Repatriation of Foreign Earnings, Gain on Sale of a Product Line and Acquisition Related Costs

(in thousands, except per-share amounts)

	4Q 05 Actual	1Q 06 Actual	2Q 06 Actual	3Q 06 Estimate	4Q 06 Estimate
<b>COST OF SALES</b>					
Stock-based compensation expense	\$-	\$954	\$990	\$2,848	\$2,944
Restructuring related expenses	-	5,903	5,877	5,877	5,877
<b>GROSS MARGIN</b>					
% Sales	0.0%	-1.1%	-1.1%	(8,725)	(8,821)
<b>OPERATING EXPENSE</b>					
Engineering - stock-based compensation expense	-	9,562	8,282	7,409	6,778
Selling, Marketing, G&A - stock-based compensation expense	-	10,090	7,684	7,258	6,730
Acquisition related costs	-	-	-	5,000	-
Special charges	31,480	1,013	-	-	7,407
<b>TOTAL OPERATING EXPENSE</b>					
% Sales	5.1%	3.3%	2.5%	19,667	20,915
<b>OPERATING PROFIT (LOSS) BEFORE TAX</b>					
% Sales	-5.1%	-4.4%	-3.5%	(28,392)	(29,736)
<b>Non-operating expense (income)</b>					
% Sales	0.0%	0.0%	-2.0%	-	-
<b>Tax benefit of above items</b>					
Tax expense associated with the repatriation of foreign earnings	(10,118)	(8,344)	(2,279)	(7,761)	(9,486)
<b>NET INCOME (LOSS)</b>					
% Sales	-11.3%	-3.1%	-1.2%	\$(20,631)	\$(20,250)
<b>EARNINGS (LOSS) PER SHARE</b>					
Repatriation of foreign earnings	\$(0.128)	\$-	\$-	\$-	\$-
Gain on sale of a product line	-	-	0.022	-	-
Stock-based compensation	-	(0.039)	(0.032)	(0.033)	(0.031)
Restructuring related expenses	(0.054)	(0.012)	(0.010)	(0.010)	(0.023)
Acquisition related costs	-	-	-	(0.012)	-
<b>EARNINGS (LOSS) PER SHARE</b>					
	\$(0.182)	\$(0.051)	\$(0.020)	\$(0.055)	\$(0.054)



(In thousands)

	2Q 06	1Q 06	2Q 05
	April 29, 2006	January 28, 2006	April 30, 2005
Cash & Short-term Investments	\$2,692,796	\$2,735,114	\$2,617,259
Accounts Receivable, Net	357,880	317,730	320,972
Inventories (1)	359,420	337,835	350,896
Other Current Assets	147,380	151,302	126,865
<b>Total Current Assets</b>	<b>3,557,476</b>	<b>3,541,981</b>	<b>3,415,992</b>
PP&E, Net	561,538	576,798	636,249
Investments	30,532	29,249	300,303
Intangible Assets	166,795	167,186	168,063
Other	87,006	58,964	67,719
<b>Total Assets</b>	<b>\$4,403,347</b>	<b>\$4,374,178</b>	<b>\$4,588,326</b>
Deferred Income-Shipments to Distributors	\$152,864	\$132,332	\$128,957
Other Current Liabilities	542,820	471,851	413,969
Non-Current Liabilities	64,732	60,366	329,532
Stockholders' Equity	3,642,931	3,709,629	3,715,868
<b>Total Liabilities &amp; Equity</b>	<b>\$4,403,347</b>	<b>\$4,374,178</b>	<b>\$4,588,326</b>
Days Sales Outstanding	51	47	49
Days Cost of Sales in Inventory	125	118	124

(1) includes \$3,947 and \$1,937 related to stock-based compensation expense in 2Q06 and 1Q06, respectively.

Cash Flow Statement (GAAP)  
(In thousands)

	2Q 06	1Q 06	2Q 05
	April 29, 2006	January 28, 2006	April 30, 2005
Three Months Ended			
Cash flows from operating activities:			
Net Income	\$145,821	\$120,557	\$117,599
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	42,687	43,079	39,013
Amortization of intangibles	404	404	685
Stock-based compensation	17,217	21,307	786
Gain on sale of a product line	(13,027)	-	-
Non-cash portion of special charge	-	459	-
Other non-cash expense	23	557	33
Tax benefit - stock option exercises	(14,736)	-	-
Deferred income taxes	(4,776)	(15,625)	6,423
Changes in operating assets and liabilities	31,526	4,517	10,662
<b>Total adjustments</b>	<b>59,318</b>	<b>54,698</b>	<b>57,602</b>
<b>Net cash provided by operating activities</b>	<b>205,139</b>	<b>175,255</b>	<b>175,201</b>
Percent of Sales	31.9%	28.2%	29.0%

Cash flows from investing activities:			
Additions to property, plant and equipment, net	(28,822)	(20,360)	(21,632)
Purchases of short-term available-for-sale investments	(421,103)	(954,871)	(942,687)
Maturities of short-term available-for-sale investments	441,630	726,807	824,864

Proceeds from sale of a product line	23,070	-	-
Decrease (increase) in other assets	330	3,526	(96)
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Net cash provided (used) by investing activities	15,105	(244,898)	(139,551)
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Cash flows from financing activities:			
Dividend payments to shareholders	(44,191)	(44,094)	(22,257)
Repurchase of common stock	(237,709)	(125,098)	(123,493)
Net proceeds from employee stock plans	20,994	38,685	14,818
Tax benefit - stock option exercises	14,736	-	-
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Net cash used for financing activities	(246,170)	(130,507)	(130,932)
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Effect of exchange rate changes on cash	562	414	314
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Net decrease in cash and cash equivalents	(25,364)	(199,736)	(94,968)
Cash and cash equivalents at beginning of period	427,855	627,591	409,336
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Cash and cash equivalents at end of period	\$402,491	\$427,855	\$314,368
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CONTACT: Analog Devices, Inc.  
 Maria Tagliaferro  
 781-461-3282 (phone)  
 781-461-3491 (fax)  
 investor.relations@analog.com (email)