
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended May 1, 2004

OR

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

For the transition period from _____ to _____

Commission File No. 1-7819

Analog Devices, Inc.

(Exact name of registrant as specified in its charter)

Massachusetts
*(State or other jurisdiction of
incorporation or organization)*

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

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

02062-9106
(Zip Code)

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

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

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

As of May 1, 2004 there were 375,859,448 shares of Common Stock, \$0.16 2/3 par value per share, outstanding.

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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	
	May 1, 2004	May 3, 2003
Net sales	\$678,530	\$501,883
Cost of sales	277,008	228,423
Gross margin	401,522	273,460
Operating expenses:		
Research and development	127,802	112,829
Selling, marketing, general and administrative	85,282	71,509
Amortization of intangibles	676	656
	213,760	184,994
Operating income	187,762	88,466
Nonoperating (income) expenses:		
Interest expense	22	8,005
Interest income	(7,311)	(10,554)
Other, net	57	(403)
	(7,232)	(2,952)
Income before income taxes	194,994	91,418
Provision for income taxes	42,411	20,112
Net income	\$152,583	\$ 71,306
Shares used to compute earnings per share – basic	374,864	364,267
Shares used to compute earnings per share – diluted	395,052	379,163
Earnings per share – basic	\$ 0.41	\$ 0.20
Earnings per share – diluted	\$ 0.39	\$ 0.19
Dividends declared per share	\$ 0.06	\$ —

See accompanying notes.

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ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(thousands, except per share amounts)

	Six Months Ended	
	May 1, 2004	May 3, 2003
Net sales	\$1,283,883	\$969,306
Cost of sales	536,896	442,709
Gross margin	746,987	526,597
Operating expenses:		
Research and development	247,755	222,138
Selling, marketing, general and administrative	164,520	140,824
Amortization of intangibles	1,353	1,308
	413,628	364,270
Operating income	333,359	162,327
Nonoperating (income) expenses:		
Interest expense	34	16,798
Interest income	(13,732)	(22,517)
Other, net	2,269	(285)
	(11,429)	(6,004)
Income before income taxes	344,788	168,331
Provision for income taxes	75,366	37,033
Net income	\$ 269,422	\$131,298
Shares used to compute earnings per share – basic	373,458	363,703
Shares used to compute earnings per share – diluted	393,978	378,680
Earnings per share – basic	\$ 0.72	\$ 0.36
Earnings per share – diluted	\$ 0.68	\$ 0.35
Dividends declared per share	\$ 0.10	\$ —

See accompanying notes.

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ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(thousands)

	May 1, 2004	November 1, 2003	May 3, 2003
Assets			
Cash and cash equivalents	\$ 712,264	\$ 517,874	\$1,138,332
Short-term investments	1,829,318	1,598,869	1,963,151
Accounts receivable, net	328,318	294,781	242,767
Inventories:			
Raw materials	9,080	7,864	12,649
Work in process	212,734	217,963	215,414
Finished goods	86,725	61,675	65,424
	308,539	287,502	293,487
Deferred tax assets	130,000	144,249	154,000
Prepaid expenses and other current assets	41,815	42,441	40,150
Total current assets	3,350,254	2,885,716	3,831,887
Property, plant and equipment, at cost:			
Land and buildings	292,930	294,349	294,290
Machinery and equipment	1,289,696	1,275,544	1,386,253
Office equipment	94,664	93,768	94,065
Leasehold improvements	117,638	118,054	127,039
	1,794,928	1,781,715	1,901,647
Less accumulated depreciation and amortization	1,128,102	1,110,575	1,175,114
Net property, plant and equipment	666,826	671,140	726,533
Deferred compensation plan investments	302,233	304,008	283,442
Other investments	5,405	37,565	2,677
Goodwill	163,373	163,373	163,373
Other intangible assets, net	7,327	8,646	9,955
Other assets	22,902	22,429	117,446
Total other assets	501,240	536,021	576,893
	<u>\$4,518,320</u>	<u>\$4,092,877</u>	<u>\$5,135,313</u>

See accompanying notes.

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

	May 1, 2004	November 1, 2003	May 3, 2003
Liabilities and Stockholders' Equity			
Short-term borrowings and current portion of obligations under capital leases			
	\$ —	\$ —	\$ 1,486
Accounts payable	149,749	99,336	93,704
Deferred income on shipments to distributors	150,429	121,345	108,980
Income taxes payable	159,074	129,810	131,763
Accrued liabilities	120,614	112,986	140,539
Total current liabilities	579,866	463,477	476,472
Long-term debt and obligations under capital leases	—	—	1,279,264
Deferred income taxes	16,000	16,562	18,000
Deferred compensation plan liability	306,245	308,435	287,664
Other non-current liabilities	17,314	16,329	18,028
Total non-current liabilities	339,559	341,326	1,602,956
Commitments and Contingencies			
Stockholders' 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, 379,876,260 shares issued (374,274,656 on November 1, 2003 and 369,772,889 on May 3, 2003)			
	63,314	62,380	61,630
Capital in excess of par value	909,482	836,233	781,782
Retained earnings	2,717,464	2,477,900	2,310,917
Accumulated other comprehensive income	96	2,966	2,274
	3,690,356	3,379,479	3,156,603
Less 4,016,812 shares in treasury, at cost (4,040,414 on November 1, 2003 and 4,456,882 on May 3, 2003)			
	91,461	91,405	100,718
Total stockholders' equity	3,598,895	3,288,074	3,055,885
	<u>\$4,518,320</u>	<u>\$4,092,877</u>	<u>\$5,135,313</u>

See accompanying notes.

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

	Six Months Ended	
	May 1, 2004	May 3, 2003
Cash flows from operating activities:		
Net income	\$ 269,422	\$ 131,298
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	74,837	84,042
Amortization of intangibles	1,353	1,308
Loss on sale of investment	1,676	—
Deferred income taxes	14,347	(6,060)
Other non-cash expense	5,693	6,251
Changes in operating assets and liabilities	60,818	(4,331)
Total adjustments	158,724	81,210
Net cash provided by operating activities	428,146	212,508
Cash flows from investing activities:		
Purchases of short-term available-for-sale investments	(2,256,776)	(2,662,975)
Maturities of short-term available-for-sale investments	2,016,917	1,984,094
Proceeds from sale of investment	35,574	—
Additions to property, plant and equipment, net	(70,426)	(29,301)
Decrease in other assets	332	8,702
Net cash used for investing activities	(274,379)	(699,480)
Cash flows from financing activities:		
Net proceeds from employee stock plans	69,872	15,723
Dividend payments to stockholders	(29,858)	—
Payments on capital lease obligations	—	(2,483)
Net decrease in variable rate borrowings	—	(3,300)
Net cash provided by financing activities	40,014	9,940
Effect of exchange rate changes on cash	609	1,611
Net increase (decrease) in cash and cash equivalents	194,390	(475,421)
Cash and cash equivalents at beginning of period	517,874	1,613,753
Cash and cash equivalents at end of period	\$ 712,264	\$ 1,138,332

See accompanying notes.

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ANALOG DEVICES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MAY 1, 2004
(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 the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 2003 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 October 30, 2004 or any future period.

The Company has a 52-53 week fiscal year that ends on the Saturday closest to the last day in October. Fiscal 2004 and fiscal 2003 are 52-week fiscal years.

Note 2 – Stock-Based Compensation

As permitted by FAS 148 and FAS 123, the Company applies the accounting provisions of Accounting Principle Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, with regard to the measurement of compensation cost for options granted under the Company's equity compensation plans, consisting of the 2001 Broad-Based Stock Option Plan, the 1998 Stock Option Plan, the Restated 1994 Director Option Plan, the Restated 1988 Stock Option Plan, the 1992 Employee Stock Purchase Plan and the 1998 International Employee Stock Purchase Plan. Had expense been recognized using the fair value method described in FAS 123, using the Black-Scholes option-pricing model, the Company would have reported the following results of operations:

	Three Months Ended	
	May 1, 2004	May 3, 2003
Net income, as reported	\$ 152,583	\$ 71,306
Add: stock-based employee compensation expense included in reported net income, net of related tax effects	1,203	1,264
Deduct: total stock-based compensation expense determined under the fair value based method for all awards, net of related tax effects	(57,027)	(56,712)
Pro forma net income	\$ 96,759	\$ 15,858
Earnings per share:		
Basic – as reported	\$ 0.41	\$ 0.20
Basic – pro forma	\$ 0.26	\$ 0.04
Diluted – as reported	\$ 0.39	\$ 0.19
Diluted – pro forma	\$ 0.25	\$ 0.04

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	Six Months Ended	
	May 1, 2004	May 3, 2003
Net income, as reported	\$ 269,422	\$ 131,298
Add: stock-based employee compensation expense included in reported net income, net of related tax effects	2,786	2,964
Deduct: total stock-based compensation expense determined under the fair value based method for all awards, net of related tax effects	(107,316)	(114,678)
Pro forma net income	\$ 164,892	\$ 19,584
Earnings per share:		
Basic – as reported	\$ 0.72	\$ 0.36
Basic – pro forma	\$ 0.44	\$ 0.05
Diluted – as reported	\$ 0.68	\$ 0.35
Diluted – pro forma	\$ 0.42	\$ 0.05

Note 3 – Comprehensive Income

Components of comprehensive income include net income and certain transactions that have generally been reported in the consolidated statement of stockholders' equity and consisted of the following:

	Three Months Ended	
	May 1, 2004	May 3, 2003
Net income	\$152,583	\$71,306
Foreign currency translation	(655)	582
Unrealized holding gains (losses) (net of taxes of \$3,294 and \$51, respectively) on securities classified as Short-term Investments	(6,116)	(94)
Change in unrealized gains (losses) on securities classified as Other Investments:		
Unrealized holding gains (losses) (net of taxes of \$438 and \$72, respectively)	813	(133)
Less: reclassification adjustment for (gains) losses included in net income	(129)	—
Net unrealized gains (losses) on securities classified as Other Investments	684	(133)
Change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	(1,918)	85
Other comprehensive income (loss)	(8,005)	440
Comprehensive income	\$144,578	\$71,746

	Six Months Ended	
	May 1, 2004	May 3, 2003
Net income	\$269,422	\$131,298
Foreign currency translation	219	1,805
Unrealized holding gains (losses) (net of taxes of \$3,294 and \$820, respectively) on securities classified as Short-term Investments	(6,116)	1,523
Change in unrealized gains (losses) on securities classified as Other Investments:		
Unrealized holding gains (losses) (net of taxes of \$1,195 and \$233, respectively)	2,218	433
Less: reclassification adjustment for (gains) losses included in net income	1,090	—
Net unrealized gains (losses) on securities classified as Other Investments	3,308	433
Change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	(281)	421
Other comprehensive income (loss)	(2,870)	4,182
Comprehensive income	\$266,552	\$135,480

Accumulated other comprehensive income at May 1, 2004 consisted of net unrealized losses on available-for-sale securities of \$(4.0) million, unrealized gains on derivative instruments of \$2.5 million, minimum pension liability adjustments of \$(2.5) million and foreign currency translation adjustments of \$4.1 million. Accumulated other comprehensive income at May 3, 2003 consisted of net unrealized losses on available-for-sale securities of \$(1.9) million, unrealized gains on derivative instruments of \$3.7 million, minimum pension liability adjustments of \$(2.1) million and foreign currency translation adjustments of \$2.6 million.

Note 4 – Short-term investments

A portion of the Company's short-term investments have contractual maturities of twelve months or less at time of acquisition. Because of the short term to maturity, and hence relative price insensitivity to changes in market interest rates, amortized cost approximates fair value for all of these securities. The remainder of the Company's short-term investments have contractual maturities of greater than twelve months and are marked-to-market at the end of each month. Unrealized gains and losses, net of tax, on these securities, are included in accumulated other comprehensive income, which is a separate component of stockholders' equity.

Note 5 – Derivative Instruments and Hedging Agreements

The Company enters into forward foreign 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 Japanese Yen, British Pounds Sterling and the Euro. These foreign exchange contracts are entered into to support product sales, purchases and financing transactions made in the normal course of business, and accordingly, are not speculative in nature.

The Company records all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of the derivative financial instruments are either

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recognized periodically in earnings or in stockholders' equity as a component of other comprehensive income (OCI) depending on whether the derivative financial instrument qualifies for hedge accounting as defined by FAS 133. Changes in fair values of derivatives not qualifying for hedge accounting are reported in earnings as they occur.

Foreign Exchange Exposure Management — The Company has significant international sales and purchase transactions in foreign currencies and has a policy of hedging forecasted and actual foreign currency risk with forward foreign exchange contracts. The Company's forward foreign exchange contracts are denominated in Japanese Yen, British Pounds Sterling and the Euro and are for periods consistent with the terms of the underlying transactions, generally one year or less. Derivative instruments are employed to eliminate or minimize certain foreign currency exposures that can be confidently identified and quantified. In accordance with FAS 133, 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. As the terms of the contract and the underlying transaction are matched at inception, forward contract effectiveness is calculated by comparing the change in fair value of the contract to the change in the forward value of the anticipated transaction, with the effective portion of the gain or loss on the derivative instrument reported as a component of OCI in stockholders' 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. No ineffectiveness was recognized during the first six months of fiscal 2004 or fiscal 2003.

Additionally, the Company enters into foreign currency forward contracts that economically hedge the gains and losses generated by the remeasurement of certain recorded assets and liabilities in a non-functional currency. Changes in the fair value of these undesignated hedges are recognized in other expense immediately as an offset to the changes in the fair value of the asset or liability being hedged.

Derivative financial instruments involve, to a varying degree, elements of market and credit risk not recognized in the consolidated financial statements. The market risk associated with these instruments resulting from currency exchange rate or interest rate movements is 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 foreign exchange and interest rate instruments consist of a number of major international financial institutions with high credit ratings. The Company does not believe that there is significant risk of nonperformance by these counterparties because the Company continually monitors the credit ratings of such counterparties, and limits the financial exposure with any one financial institution. 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.

The following table summarizes activity in other comprehensive income related to derivatives classified as cash flow hedges held by the Company during the period from November 2, 2003 through May 1, 2004:

Accumulated gain included in other comprehensive income as of November 1, 2003	\$ 2,809
Changes in fair value of derivatives – gain (loss)	2,778
Less: Reclassifications into earnings from other comprehensive income	(3,059)
Accumulated gain included in other comprehensive income as of May 1, 2004	<u>\$ 2,528</u>

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

Note 6 – Special Charges

A summary of the activity in accrued restructuring is as follows:

Accrued Restructuring	Fiscal 2003		Fiscal 2002		Fiscal 2001	Total
	4 th Quarter Special Charges	2 nd Quarter Special Charges	3 rd Quarter Special Charges	4 th Quarter Special Charges	Special Charges	
Balance at November 1, 2003	\$ 2,042	\$ 6,075	\$ 1,114	\$ 678	\$ 1,423	\$ 11,332
Severance payments	(1,037)	(2,178)	(706)	(294)	(867)	(5,082)
Other cash payments	(15)	(1,759)	—	(89)	(4)	(1,867)
Effect of foreign currency translation on accrual	—	—	18	—	—	18
Balance at January 31, 2004	\$ 990	\$ 2,138	\$ 426	\$ 295	\$ 552	\$ 4,401
Severance payments	(990)	(1,111)	(80)	(90)	(310)	(2,581)
Other cash payments	—	(425)	—	(153)	—	(578)
Effect of foreign currency translation on accrual	—	—	(2)	—	—	(2)
Balance at May 1, 2004	\$ —	\$ 602	\$ 344	\$ 52	\$ 242	\$ 1,240

Fiscal 2003 Charges

During the third quarter of fiscal 2003, the Company recorded a special charge of \$0.3 million. The charge included a \$2.0 million write-down of equipment to fair value due to a decision to outsource the assembly of products in plastic packages, which had been done internally at the Company's facility in the Philippines. This amount was the net book value of the assets used in plastic assembly, net of proceeds received from the sale in the third quarter of a portion of the assets. The Company also decided to abandon efforts to develop a particular expertise in optical communications that resulted in the write-down of \$2.7 million of equipment to its fair value. During the quarter ended August 2, 2003, the Company determined that costs remaining to be paid for certain restructuring charges would be less than the amount originally recorded. Accordingly, the Company recorded a change in estimate reducing the restructuring accruals by \$4.4 million related to prior restructuring charges as more fully described below.

During the fourth quarter of fiscal 2003, the Company recorded a special charge of \$9.2 million as a result of a decision to close a small manufacturing facility in Belfast, Northern Ireland that supplied foundry substrate services for optical applications. The charge included \$2.0 million of severance and fringe benefit costs for approximately 57 manufacturing employees and 14 engineering and administrative employees. The charge also included \$6 million related to the write-down of property, plant and equipment to its fair value and \$1.2 million related to the write-down of various other assets to their fair values. The closure was completed during the second quarter of fiscal 2004.

Fiscal 2002 Charges

During the second quarter of fiscal 2002, the Company recorded special charges of approximately \$27.2 million. The second quarter charge was comprised of \$25.7 million related to the planned transfer of production from the Company's three older four-inch wafer fabrication facilities to the Company's three six-inch and one eight-inch wafer fabrication facilities, and \$3 million primarily related to the impairment of an investment, which was partially offset by an adjustment of \$1.5 million related to equipment cancellation fees recorded in fiscal year 2001. The investment impairment, which was related to an equity investment in a private company, was due to the Company's decision to abandon the product strategy for which the investment was made. Included in the \$25.7 million special charge were severance and fringe benefit costs of \$15.3 million for 509 manufacturing employees in the United States and Ireland, \$2.3 million related to the write-down of equipment to be abandoned and \$8.1 million of other charges, primarily related to lease termination and cleanup costs. The write-down of equipment was principally due to a decision to discontinue various product development strategies. In the third quarter of fiscal 2003, the Company reversed \$2.9 million of the accrual primarily due to lower than previously expected severance costs. The lower severance costs were the result of a reduction in the number of separated employees and, to a lesser extent, the average tenure of separated employees differing from estimates. The 509 employees projected to be terminated at the time of the original charge was adjusted down to 439 and, as of May 1, 2004, all of the employees had been terminated. The reduction in the number of employees to be terminated was due to the transfer of employees, which primarily occurred in the third quarter of fiscal 2003, to positions in the Company's six-inch wafer fabrication facilities where the Company experienced an unexpected increase in demand for its products. All the closure and consolidation actions planned related to the Company's four-inch wafer

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fabrication facilities are now complete. The equipment disposition and clean-up activity is underway at each site and the related clean up costs, which were included in the special charge, will be expended as this activity is completed. Since severance costs are paid as income continuance at some locations, these amounts will be expended over time subsequent to the final termination of employment.

During the third quarter of fiscal 2002, the Company recorded special charges of approximately \$12.8 million. The charges included severance and fringe benefit costs of \$3.7 million related to cost reduction actions taken in several product groups and, to a lesser extent, in manufacturing, \$3.8 million related to the impairment of an investment, \$3.4 million related to the impairment of goodwill associated with the closing of an Austrian design center acquired in fiscal 2001 and \$1.9 million primarily related to the abandonment of equipment and lease cancellation fees. The investment impairment, which was related to an equity investment in a private company, was due to the Company's decision to abandon the product strategy for which the investment was made. The severance and fringe benefit costs were for approximately 70 engineering employees in the United States, Europe and Canada, and approximately 30 manufacturing employees in the United States, all of whom had been terminated as of May 1, 2004.

During the fourth quarter of fiscal 2002, the Company recorded special charges of approximately \$8.4 million. The charges included severance and fringe benefit costs of \$2.5 million related to cost reduction actions taken in the sales group, several product groups and the Company's manufacturing test operations for approximately 65 employees in the United States and Europe, all of whom had been terminated as of November 1, 2003. The charges also included \$2.1 million related to the impairment of investments, \$1.8 million primarily related to the abandonment of equipment and lease cancellation fees and a change in estimate of \$2.0 million for additional estimated clean-up costs originally recorded in the second quarter of fiscal 2002. The investment impairment charges were related to the decline in fair value of a publicly traded equity investment to less than its cost basis that was determined to be other-than-temporary, and to an equity investment in a private company. The private company equity investment was part of a product strategy that the Company decided to abandon.

Of the \$48.5 million of special charges recorded in fiscal 2002, \$1.0 million remained accrued as of May 1, 2004 and primarily related to separation costs being paid as income continuance.

Fiscal 2001 Charges

During fiscal 2001, the Company recorded special charges of approximately \$47 million related to cost reduction actions taken in response to the economic climate at that time. The actions consisted of workforce reductions in manufacturing and, to a lesser extent, in selling, marketing and administrative areas as well as a decision to consolidate worldwide manufacturing operations and rationalize production planning and quality activities. The cost reductions included severance and fringe benefit costs of \$29.6 million for approximately 1,200 employees in the United States, Europe, Asia and the Philippines, all of whom had been terminated as of January 31, 2004. The special charges also included \$11.6 million related to the abandonment of equipment resulting from the consolidation of worldwide manufacturing operations and \$5.8 million of other charges primarily related to equipment and lease cancellation fees. Based on the results of negotiations with vendors regarding purchase order cancellation fees, the amount paid was \$1.5 million less than the amount recorded for such charges and, accordingly, the Company adjusted the provision for purchase order cancellation fees by \$1.5 million in the second quarter of fiscal 2002 to reflect this change in estimate. In the third quarter of fiscal 2003, the Company determined that the severance costs remaining to be paid would be \$1.3 million less than the amount originally recorded for these charges and also determined that \$0.2 million originally reserved for the termination of two leases would not be required. Therefore, the Company adjusted the provision for these severance and other costs in the third quarter of fiscal 2003 to reflect this change in estimate.

Of the \$47.0 million of special charges recorded in fiscal 2001, \$0.2 million remained accrued as of May 1, 2004, and primarily represents severance payments being paid as income continuance to certain of the 1,200 terminated employees, predominantly in the United States, substantially all of which will be paid by the end of fiscal 2004.

Note 7 – 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. In calculating diluted earnings per share, the dilutive effect of stock options is computed using the average market price for the respective period. Potential shares related to convertible debt and certain of the Company's outstanding stock options were excluded because they were anti-dilutive. Those potential shares 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	
	May 1, 2004	May 3, 2003
Basic:		
Net income	\$ 152,583	\$ 71,306
Weighted shares outstanding	374,864	364,267
Earnings per share	\$ 0.41	\$ 0.20
Diluted:		
Net income	\$ 152,583	\$ 71,306
Weighted shares outstanding	374,864	364,267
Assumed exercise of common stock equivalents	20,188	14,896
Weighted average common and common equivalent shares	395,052	379,163
Earnings per share	\$ 0.39	\$ 0.19
Anti-dilutive common stock equivalents related to:		
Outstanding stock options	1,346	43,085
Convertible debt	—	9,247
Six Months Ended		
	May 1, 2004	May 3, 2003
Basic:		
Net income	\$269,422	\$131,298
Weighted shares outstanding	373,458	363,703
Earnings per share	\$ 0.72	\$ 0.36
Diluted:		
Net income	\$269,422	\$131,298
Weighted shares outstanding	373,458	363,703
Assumed exercise of common stock equivalents	20,520	14,977
Weighted average common and common equivalent shares	393,978	378,680
Earnings per share	\$ 0.68	\$ 0.35
Anti-dilutive common stock equivalents related to:		
Outstanding stock options	1,345	43,300
Convertible debt	—	9,247

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Note 8 – Segment Information

The Company operates and tracks its results in one reportable segment. 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 as defined by Statement of Financial Accounting Standard No. 131 (FAS 131), “Disclosures about Segments of an Enterprise and Related Information.”

Note 9 – New Accounting Standards

Consolidation of Variable Interest Entities

In January 2003, the Financial Accounting Standards Board issued Financial Accounting Standards Board Interpretation No. 46 (FIN 46), “Consolidation of Variable Interest Entities”, and amended it by issuing FIN 46R in December 2003. FIN 46R requires that if an entity has a controlling financial interest in a variable interest entity, the assets, liabilities and results of activities of the variable interest entity should be included in the consolidated financial statements of the entity. Because we do not have any variable interest entities, the adoption of FIN 46R in the second quarter of fiscal 2004 did not have any effect on the Company’s financial position or results of operations.

Note 10 – Goodwill and Other Intangible Assets

Beginning in fiscal 2003, the Company adopted Statement of Financial Accounting Standards No. 142 (FAS 142), “Goodwill and Other Intangible Assets.” As a result, the Company discontinued amortizing the remaining balances of goodwill beginning November 3, 2002. Instead, the Company annually evaluates goodwill for impairment. The Company will also evaluate goodwill whenever events and changes in circumstances suggest that the carrying amount may not be recoverable from estimated future cash flows.

Other intangible assets at May 1, 2004 and November 1, 2003, which will continue to be amortized, consisted of the following:

	May 1, 2004		Nov 1, 2003	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Technology-based	\$16,923	\$10,191	\$16,923	\$ 8,994
Tradename	1,167	634	1,167	572
Other	6,147	6,085	6,147	6,025
Total	<u>\$24,237</u>	<u>\$16,910</u>	<u>\$24,237</u>	<u>\$15,591</u>

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

Fiscal Years	Amortization Expense
2004	\$2,706
2005	2,376
2006	1,381
2007	1,381
2008	802

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Note 11 – Pension Plans

The Company has various defined benefit pension and other retirement plans for certain non-U.S. employees that are consistent with local statutes 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	
	May 1, 2004	May 3, 2003
Service cost	\$ 1,772	\$ 1,449
Interest cost	1,418	1,170
Expected return on plan assets	(1,625)	(1,458)
Amortization of prior service cost	45	40
Amortization of transitional (asset) or obligation	(8)	(29)
Recognized actuarial (gain) or loss	86	91
Net periodic pension cost	<u>\$ 1,688</u>	<u>\$ 1,263</u>

	Six Months Ended	
	May 1, 2004	May 3, 2003
Service cost	\$ 3,544	\$ 2,898
Interest cost	2,836	2,340
Expected return on plan assets	(3,250)	(2,916)
Amortization of prior service cost	90	80
Amortization of transitional (asset) or obligation	(16)	(58)
Recognized actuarial (gain) or loss	172	182
Net periodic pension cost	<u>\$ 3,376</u>	<u>\$ 2,526</u>

Contributions of \$1.7 million and \$2.6 million have been made in the three and six months ended May 1, 2004, respectively. The Company presently anticipates contributing an additional \$3.4 million to fund its defined benefit pension plans in fiscal year 2004 for a total of \$6.0 million.

Note 12 – Guarantees and Product Warranties

The Company has provided certain indemnities under which it may be required to make payments to an indemnified party in connection with certain transactions and agreements, in particular, with respect to certain acquisitions and divestitures, the Company has provided customary indemnities for such matters as environmental, tax, product and employee liabilities. In addition, in connection with various other agreements, including subsidiary banking agreements, the Company may provide routine guarantees. Generally the potential amount of future maximum payments cannot be reasonably estimated and therefore, the Company has not recorded any liability for these indemnities in the consolidated financial statements. The duration of the indemnities varies, and in many cases is indefinite.

The Company generally offers a 12-month warranty for its products. The Company's warranty policy provides for replacement of the defective product. Specific accruals are recorded for known product warranty issues. Product warranty expenses were not material during the three and six month periods ended May 1, 2004 and May 3, 2003.

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Note 13 – Common Stock Repurchase

In August 2002, the Company's Board of Directors approved the repurchase of up to 15 million shares of common stock. As of May 1, 2004, the Company had repurchased 4,351,751 shares of its common stock at an average purchase price of \$22.47 per share. The repurchased shares were held as treasury shares and are being used for the employee stock purchase plan and other benefit plans.

Note 14 – Subsequent Event

On May 12, 2004, the Company's Board of Directors declared a cash dividend of \$0.06 per outstanding share of common stock. The dividend will be paid on June 16, 2004 to all stockholders of record at the close of business on May 28, 2004.

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 1, 2003.

This Quarterly Report on Form 10-Q, including the section entitled "Outlook," contains or incorporates forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management's beliefs and assumptions. In addition, other written or oral statements that constitute forward-looking statements may be made by or on our behalf. Words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. We have included important factors in the cautionary statements below under the heading "Factors That May Affect Future Results" that we believe could cause our actual results to differ materially from the forward-looking statements we make. We do not intend to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Results of Operations

Second Quarter 2004 Overview

We recorded quarterly net sales of \$678.5 million in the second quarter of fiscal 2004, an increase of 35% from the amount recorded in the second quarter of fiscal 2003 and a 12% increase in sales from the first quarter of fiscal 2004. Our gross margin improved to 59.2% in the second quarter of fiscal 2004 from 54.5% in the second quarter of fiscal 2003 and from 57.1% in the first quarter of fiscal 2004. Diluted earnings per share increased to \$0.39 per share in the second quarter of fiscal 2004 from \$0.19 per share in the second quarter of fiscal 2003 and from \$0.30 in the first quarter of fiscal 2004. We generated \$428 million in operating cash during the first six months of fiscal 2004 and had \$2,542 million of cash, cash equivalents and short-term investments at May 1, 2004.

Sales

Net sales were \$678.5 million in the second quarter of fiscal 2004, an increase of 35% from net sales of \$501.9 million in the second quarter of fiscal 2003. Net sales for the first six months of fiscal 2004 were \$1,283.9 million, an increase of 32% from \$969.3 million reported for the comparable period in fiscal 2003. The increase in net sales for both the three and six month periods of fiscal 2004 was attributable to continued strong demand across all of the end markets we serve, particularly from wireless handset, base station, automatic test equipment, consumer and industrial customers.

Approximately 80% of our net sales were from analog products and 20% of our net sales were from digital signal processing, or DSP, products in the three and six month periods ended May 1, 2004. Our analog product sales were 40% higher in the second quarter of fiscal 2004 than in the second quarter of fiscal 2003, primarily as a result of increased converter product sales. Our DSP product sales were 20% higher in the second quarter of fiscal 2004 than in the second quarter of fiscal 2003, primarily as a result of increased wireless handset and general purpose DSP product sales.

For the three months ended May 1, 2004, sales grew in every region of the world in which our products are sold, with the strongest growth in North America, where sales of our products grew 18% from the first quarter of fiscal 2004 due to an accelerating industrial economy and increased capital spending. The percentage of sales by geographic region, based upon point of sale, for the first three and six months of fiscal 2004 and fiscal 2003 is as follows:

Region	Three Months Ended		Six Months Ended	
	May 1, 2004	May 3, 2003	May 1, 2004	May 3, 2003
North America	24%	26%	23%	26%
Europe	19%	20%	18%	20%
Japan	20%	18%	20%	18%
Southeast Asia	37%	36%	39%	36%

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Gross Margin

Gross margin improved in the second quarter of fiscal 2004 to 59.2% of net sales, up 470 basis points from the second quarter of fiscal 2003 gross margin of 54.5% of net sales. For the first six months of fiscal 2004, gross margin improved to 58.2% of net sales from 54.3% of net sales in the first six months of fiscal 2003. For both the three and six month periods, the increase in gross margin was due to the favorable mix of products, the impact of cost reduction programs and the effect of fixed costs allocated across higher levels of production.

Research and Development

Research and development, or R&D, expenses amounted to \$127.8 million in the second quarter of fiscal 2004, an increase of \$15 million or 13% from the \$112.8 million recorded in the second quarter of fiscal 2003. For the six months ended May 1, 2004, R&D expenses were \$247.8 million, an increase of \$25.7 million from the \$222.1 million recorded in the same period in the prior year. R&D expenses declined as a percentage of net sales to 18.8% in the second quarter of fiscal 2004 from 22.5% in the second quarter of fiscal 2003 as a result of a 35% year-to-year increase in revenue and only a 13% year-to-year increase in R&D expenses. For the six months ended May 1, 2004, R&D expenses declined as a percentage of sales to 19.3% from 22.9% in the comparable period of the prior year due to a 32% increase in net sales and only an 11.5% increase in R&D expenses. Both the three month and six month increase in R&D expenses was significantly less than our increase in sales for the same periods as a result of the continued tight control on discretionary expenses. The increase in R&D expenses in dollars in both the three and six month periods ended May 1, 2004 compared to the same periods in the prior year was primarily the result of increased headcount, increased salary and bonus expenses.

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

Selling, Marketing, General and Administrative

Selling, marketing, general and administrative, or SMG&A, expenses were \$85.3 million and \$164.5 million in the three and six months ended May 1, 2004 as compared to \$71.5 million and \$140.8 million for the same periods in the prior year. As a percentage of sales, SMG&A declined to 12.6% of net sales for the second quarter of fiscal 2004 from 14.2% of net sales in the second quarter of fiscal 2003 as a result of a 35% year-to-year increase in revenue and only a 13% year-to-year increase in SMG&A expenses. For the six months ended May 1, 2004, SMG&A expenses declined as a percentage of sales to 12.8% from 14.5% in the comparable period of the prior year due to a 32% increase in net sales and only a 16.6% increase in SMG&A expenses. The increase in SMG&A expenses in dollars in both the three and six month periods ended May 1, 2004 compared to the same periods in the prior year was primarily the result of increased commission expenses due to the increase in net sales, increased headcount, increased salary and bonus expenses and increased legal costs associated with intellectual property litigation.

Nonoperating Income and Expense

Interest expense was \$0 million in the three and six months ended May 1, 2004 compared to \$8 million and \$17 million in the same periods in the prior year. The decrease in interest expense was the result of the redemption of our 4.75% Convertible Subordinated Notes, or notes, on October 1, 2003. Interest income was \$7.3 million and \$13.7 million for the three and six months ended May 1, 2004 compared to \$10.6 million and \$22.5 million for the comparable periods in the prior year. The decrease in interest income in both periods was attributable to lower invested cash balances due to our repayment of the \$1.2 billion in notes on October 1, 2003 and less income earned on our invested cash balances due to the decline in interest rates during fiscal 2003. The factors above, that had the effect of decreasing interest income, were partially offset during the second quarter of fiscal 2004 by the purchase of short-term investments with longer contractual maturities and therefore, higher interest rates.

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Provision for Income Taxes

Our effective income tax rate of 22% for both the three and six months ended May 1, 2004 remained consistent with the same periods of fiscal 2003.

Net Income

Net income in the second quarter of fiscal 2004 was \$152.6 million, or 22.5% of net sales, and diluted earnings per share were \$0.39 compared to net income in the second quarter of fiscal 2003 of \$71.3 million, or 14.2% of net sales, and diluted earnings per share of \$0.19. Net income for the first six months of fiscal 2004 was \$269.4 million, or 21% of net sales, and diluted earnings per share were \$0.68 compared to net income for the first six months of fiscal 2003 of \$131.3 million, or 13.5% of net sales, and diluted earnings per share of \$0.35. Both the three and six month increase in net income was due to increased revenue levels, improvements in gross margin and continued tight control over discretionary operating expenses.

Outlook

Our net sales for the second quarter of fiscal 2004 increased 12% from the first quarter of fiscal 2004 primarily as a result of increased demand for our products. Based upon our increased levels of backlog at the end of the second quarter and our expectation of continued improvement in demand for our products, our plan for the third quarter of fiscal 2004 anticipates an increase of approximately 7% to 10% in net sales from the second quarter of fiscal 2004. This sales increase, together with planned increased production levels in our factories, we believe will result in higher gross margins. Additionally, we anticipate that our operating expenses will grow at a rate that is less than the growth of our revenue. In the event that net sales and operating expenses increase as planned, and assuming no unusual items, we would expect our third quarter of fiscal 2004 diluted earnings per share to be \$0.43 to \$0.45, as compared to \$0.21 in the third quarter of fiscal 2003.

Liquidity and Capital Resources

At May 1, 2004, cash, cash equivalents and short-term investments totaled \$2,542 million, an increase of \$425 million from the fourth quarter of fiscal 2003. This increase was primarily due to operating cash inflows of \$428 million and net proceeds of \$70 million from our various employee stock programs and \$35 million from the sale of an investment, offset by capital expenditures of \$70 million and dividend payments of \$30 million.

Accounts receivable of \$328 million at the end of the second quarter of fiscal 2004 increased \$33 million, or 11%, from \$295 million at the end of the fourth quarter of fiscal 2003. Accounts receivable increased \$85 million from the end of the second quarter of fiscal 2003. The increase in accounts receivable from the second quarter of fiscal 2003 and for the first six months of fiscal 2004 resulted principally from increases in net sales. Days sales outstanding improved to 44 days at May 1, 2004 from 48 days as of January 31, 2004 and remained flat when compared to the second quarter of fiscal 2003.

Inventories increased by \$21 million, or 7%, from the end of fiscal 2003, to \$309 million at the end of the second quarter of fiscal 2004. Days cost of sales in inventory declined by 4 days to 102 days as of the end of the second quarter of fiscal 2004 from the end of the fourth quarter of fiscal 2003. The increase in inventory in dollars was attributable to production increases in response to increased demand from our customers.

Current liabilities increased to \$580 million at the end of the second quarter of fiscal 2004, an increase of \$117 million, or 25%, from the \$463 million at the end of fiscal 2003 and an increase of \$104 million, or 22%, from the \$476 million at the end of the second quarter of fiscal 2003. The increase in current liabilities for the first six months of fiscal 2004 and from the end of the second quarter of fiscal 2003 is primarily the result of increased manufacturing and operating expense levels and increased capital expenditures driven by the increase in demand for our products.

Net additions to property, plant and equipment were \$70 million in the first six months of fiscal 2004 and were funded with a combination of cash on hand and cash generated from operations. Fiscal 2004 capital expenditures are expected to be approximately \$155 million, primarily related to expenditures at our wafer fabrication and test facilities in response to increased demand for our products.

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On May 12, 2004, our Board of Directors declared a cash dividend of \$0.06 per outstanding share of common stock. The dividend is payable on June 16, 2004 to stockholders of record on May 28, 2004 and is expected to be approximately \$23 million. The payment of future dividends, if any, will be based on our quarterly financial performance.

During the three and six months ended May 1, 2004, there were no material changes to our contractual cash obligations.

We have provided certain indemnities under which we may be required to make payments to an indemnified party in connection with certain transactions and agreements, in particular with respect to certain acquisitions and divestitures, we have provided customary indemnities for such matters as environmental, tax, product and employee liabilities. In addition, in connection with various other agreements, including subsidiary banking agreements, we may provide routine guarantees. Generally the potential amount of future maximum payments cannot be reasonably estimated and therefore, we have not recorded any liability for these indemnities in the consolidated financial statements. The duration of the indemnities varies, and in many cases is indefinite.

At May 1, 2004, our principal source of liquidity was \$2,542 million of cash and cash equivalents and short-term investments. We believe that our existing sources of liquidity and cash expected to be generated from future operations, together with anticipated available long-term financing, will be sufficient to fund operations, capital expenditures and research and development efforts for at least the next twelve months and thereafter for the foreseeable future.

New Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board issued Financial Accounting Standards Board Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities", and amended it by issuing FIN 46R in December 2003. FIN 46R requires that if an entity has a controlling financial interest in a variable interest entity, the assets, liabilities and results of activities of the variable interest entity should be included in the consolidated financial statements of the entity. Because we do not have any variable interest entities, the adoption of the provisions of FIN 46R in the second quarter of fiscal 2004 did not have any effect on our financial position or results of operations.

Critical Accounting Policies and Estimates

Management's discussion and analysis of the financial condition and results of operations is based upon the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience, knowledge of current conditions and beliefs of what could occur in the future given available information. We consider the following accounting policies to be both those most important to the portrayal of our financial condition and those that require the most subjective judgment. If actual results differ significantly from management's estimates and projections, there could be a material effect on our financial statements.

Inventory Valuation

Inventories are valued at the lower of cost (first-in, first-out method) or market. Because of the cyclical nature of the semiconductor industry, changes in inventory levels, obsolescence of technology, and product life cycles, we write down inventories to net realizable value. We employ a variety of methodologies to determine the amount of inventory reserves necessary. While a portion of the reserve is determined via reference to the age of inventory and lower of cost or market calculations, an element of the reserve is subject to significant judgments made by us about future demand for our inventory. Additionally, we have built inventory in preparation for the transfer of production from our four-inch wafer fabrication facilities to our six- and eight-inch wafer fabrication facilities for both lifetime supply and transition inventory. We have recorded certain levels of reserves related to these inventory builds. Although we believe that we have used our best efforts and available information to estimate future demand, due to the uncertain economic times and the difficulty inherent in predicting future results, it is possible that actual demand for our products will differ from our estimates. If actual demand for our products is less than our estimates, additional reserves for existing inventories may need to be recorded in future periods.

Allowance for Doubtful Accounts

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We maintain allowances for doubtful accounts, when appropriate, for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, our actual losses may exceed our estimates, and additional allowances would be required.

Long-Lived Assets and Goodwill

We review property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amount to future undiscounted cash flows the assets are expected to generate over their remaining economic life. If such assets are considered to be impaired, the impairment to be recognized in earnings equals the amount by which the carrying value of the assets exceeds their fair value determined by either a quoted market price, if any, or a value determined by utilizing a discounted cash flow technique. Although we have recognized no material impairment adjustments related to our property, plant, and equipment during the past three fiscal years, except those made in conjunction with restructuring actions, deterioration in our business in the future could lead to such impairment adjustments in future periods. Evaluation of impairment of long-lived assets requires estimates of future operating results that are used in the preparation of the expected future undiscounted cash flows. Actual future operating results and the remaining economic lives of our long-lived assets could differ from the estimates used in assessing the recoverability of these assets. These differences could result in impairment charges, which could have a material adverse impact on our results of operations.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, or FAS 142, "Goodwill and Other Intangible Assets." In the first quarter of fiscal 2003, we adopted the new rules of FAS 142 for measuring and assessing goodwill for impairment. As required by FAS 142, all remaining and future acquired goodwill is subject to annual impairment tests, or earlier if indicators of potential impairment exist. The estimates and assumptions described above along with other factors such as discount rates will affect the amount of an impairment loss, if any, we recognize under FAS 142. We are required to test goodwill annually for impairment, which may result in impairment losses that could have a material adverse impact on our results of operations.

Accounting for Income Taxes

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, or FAS 109, "Accounting for Income Taxes," which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. FAS 109 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. We evaluate the realizability of our deferred tax assets quarterly. At May 1, 2004, we had deferred tax assets of \$130 million primarily resulting from temporary differences between the book and tax bases of assets and liabilities. While these assets are not assured of realization, we have conducted an assessment of the likelihood of realization and concluded that no significant valuation allowance is required. In reaching our conclusion, we evaluated certain relevant criteria including the existence of deferred tax liabilities that can be used to absorb deferred tax assets, the taxable income in prior carryback years that can be used to absorb net operating losses and taxable income in future years. Our judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors. These changes, if any, may require material adjustments to these deferred tax assets, resulting in a reduction in net income or an increase in net loss in the period when such determinations are made.

In addition, we have provided for potential liabilities due in various foreign jurisdictions. Judgment is required in determining our 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 we believe our estimates are reasonable, no assurance can be given that the final tax outcome of these matters will not be different than that which is reflected in our historical income tax provisions and accruals. Such differences could have a material impact on our income tax provision and operating results in the period in which such determination is made.

Contingencies

From time to time, we receive notices that our products or manufacturing processes may be infringing the patent or intellectual property rights of others. We periodically assess each matter in order to determine if a contingent liability should be recorded in accordance with Statement of Financial Accounting Standards No. 5, or FAS 5, "Accounting for Contingencies". In making

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this determination, we may, depending on the nature of the matter, consult with internal and external legal counsel and technical experts. Based on the information we obtain, combined with our judgment regarding all the facts and circumstances of each matter, we determine whether it is probable that a contingent loss may be incurred and whether the amount of such loss can be reasonably estimated. Should a loss be probable and reasonably estimable, we record a contingent loss in accordance with FAS 5. In determining the amount of a contingent loss, we consider advice received from experts in the specific matter, current status of legal proceedings, settlement negotiations that may be ongoing, prior case history and other factors. Should the judgments and estimates made by us be incorrect, we may need to record additional contingent losses that could materially adversely impact our results of operations. See Note 12 to our Consolidated Financial Statements contained in Item 8 of our Annual Report on Form 10-K for the year ended November 1, 2003.

Factors That May Affect Future Results

Our future operating results are difficult to predict and may materially fluctuate.

Our future operating results are difficult to predict and may be materially affected by a number of factors, including the timing of new product announcements or introductions by us or our competitors, competitive pricing pressures, fluctuations in manufacturing yields, adequate availability of wafers and manufacturing capacity, the risk that our backlog could decline significantly, our ability to hire, retain and motivate adequate numbers of engineers and other qualified employees to meet the demands of our customers, changes in product mix, and the effect of adverse changes in economic conditions in the United States and international markets. In addition, the semiconductor market has historically been cyclical and subject to significant economic downturns. Our business is subject to rapid technological changes and there can be no assurance, depending on the mix of future business, that products stocked in inventory will not be rendered obsolete before we ship them. As a result of these and other factors, there can be no assurance that we will not experience material fluctuations in future operating results on a quarterly or annual basis.

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

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 any, of the product. At any given time, this situation could affect a portion of our backlog. As a result, we are subject to the risk of cancelation of orders leading to a sharp fall-off of sales and backlog. Further, those orders may be for products that meet the customer's unique requirements so that those canceled orders would, in addition, result in an inventory of unsaleable products, resulting in potential inventory write-offs. As a result of lengthy manufacturing cycles for certain of the products subject to these uncertainties, the amount of unsaleable product could be substantial. Reductions, cancelations or delays in orders for our products could adversely affect our operating results.

Our future success depends upon our ability to develop and market new products and enter new markets.

Our success significantly depends on our continued ability to develop and market new products. There can be no assurance that we will be able to develop and introduce new products in a timely manner or that new products, if developed, will achieve market acceptance. In addition, our growth is dependent on our continued ability to penetrate new markets where we have limited experience and competition is intense. 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 prices to an unacceptably low level or take market share from us, or that we can achieve or maintain 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. Also, some of our customers in these markets are less established, which could subject us to increased credit risk.

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

Many other companies offer products that compete with our products. Some have greater financial, manufacturing, technical and marketing resources than we have. Additionally, some formerly independent competitors have been purchased by larger companies. Our competitors also include emerging companies selling specialized products to markets we serve. 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 price competition.

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

We rely, and plan to continue to rely, on assembly and test subcontractors and on 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 delivery schedules, manufacturing yields and costs. Additionally, we utilize third-party wafer fabricators as sole-source suppliers, primarily Taiwan Semiconductor Manufacturing Company. These suppliers manufacture components in accordance with our proprietary designs and specifications. We have no written supply agreements with these sole-source suppliers and purchase our custom components through individual purchase orders. If these sole-source suppliers are unable or unwilling to manufacture and deliver sufficient quantities of components to us, on the time schedule and of the quality that we require, we may be forced to seek to engage additional or replacement suppliers, which could result in additional expenses and delays in product development or shipment of product to our customers.

We may not be able to satisfy increasing demand for our products, and increased production may lead to overcapacity and lower prices.

The cyclical nature of the semiconductor industry has resulted in sustained and short-term periods when demand for our products has increased or decreased rapidly. During periods of rapid increases in demand, our available capacity may not be sufficient to satisfy the available demand. We, and the semiconductor industry generally, expand production facilities and access to third-party foundries in response to these periods of increased demand. These capacity expansions by us and other semiconductor manufacturers may lead to overcapacity in our target markets which could lead to price erosion that would adversely impact our operating results.

Our revenues may not increase enough to offset the expense of additional capacity.

We, and the semiconductor industry generally, expand production facilities and access to third-party foundries in response to periods of increased demand which can cause operating expenses to increase. Should customer demand fail to increase or should the semiconductor industry enter a period of reduced customer demand, our financial position and results of operations could be adversely impacted as a result of underutilization of capacity or asset impairment charges.

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

We rely primarily upon know-how, rather than on patents, to develop and maintain our competitive position. There can be no assurance that others will not develop or patent similar technology or reverse engineer our products or that the confidentiality agreements upon which we rely will be adequate to protect our interests. Other companies 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 the infringing products, if such patents are found to be valid. There can be no assurance that we would be able to obtain licenses, if required, upon commercially reasonable terms, or at all. Moreover, the laws of foreign countries in which we design, manufacture and market our products may afford little or no effective protection of our proprietary technology.

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

There can be no assurance that any patent will issue on pending applications or that any patent issued to us will provide substantive protection for the technology or product covered by it. We believe that patent and mask set protection is of less significance in our business than experience, innovation and management skill. There also can be no assurance that others will not develop or patent similar technology, or reverse engineer our products, or that our confidentiality agreements with employees, consultants, silicon foundries and other suppliers and vendors will be adequate to protect our interests.

The semiconductor industry is characterized by frequent claims and litigation involving patent and other intellectual property rights, including claims arising under our contractual indemnification of our customers. We have received from time to time, and may receive in the future, claims from third parties asserting that our products or processes infringe their patents or other intellectual property rights. In the event a third party makes a valid intellectual property claim against us and a license is not available to us on commercially reasonable terms, or at all, we could be forced either to redesign or to stop production of

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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. See Note 12 in the Notes to our Consolidated Financial Statements contained in Item 8 of our Annual Report on Form 10-K for the year ended November 1, 2003 for information concerning pending litigation that involves us. An adverse outcome in this or other litigation could have a material adverse effect on our consolidated financial position or on our consolidated results of operations or cash flows in the period in which the litigation is resolved.

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

Our success depends to a significant extent upon the continued service of our executive officers and key management and technical personnel, particularly our experienced engineers, and on our ability to continue to attract, retain, and motivate qualified personnel. 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 us 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.

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

We, and many companies in the semiconductor industry, rely on internal manufacturing capacity located in California as well as wafer fabrication foundries in Taiwan and other sub-contractors in geologically unstable locations around the world. This reliance involves risks associated with the impact of earthquakes on us and the semiconductor industry, including temporary loss of capacity, availability and cost of key raw materials and equipment and availability of key services including transport. In addition, California has experienced intermittent interruption in the availability of electricity. To date, the impact on us has been negligible. However, electricity is a critical resource for us, without which our products could not be manufactured at factories exposed to continued lengthy power interruptions. Any prolonged inability to utilize one of our manufacturing facilities as a result of fire, natural disaster, unavailability of electric power or otherwise, would have a material adverse effect on our results of operations and financial condition.

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

During the first six months of fiscal year 2004, approximately 77% of our revenues were 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. We have manufacturing facilities outside the United States in Ireland and the Philippines. In addition to being exposed to the ongoing economic cycles in the semiconductor industry, we are also subject to the economic and political risks inherent in international operations and their impact on the United States economy in general, including the risks associated with ongoing uncertainties and political and economic instability in many countries around the world as well as the economic disruption from acts of terrorism, and the response to them by the United States and its allies. These risks include air transportation disruptions, expropriation, currency controls, currency exchange rate movement, and additional costs related to tax, tariff and freight rates.

Our future operating results are dependent on the performance of independent distributors and sales representatives.

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 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 bankruptcy by these distributors. Our inability to collect open accounts receivable could adversely affect our results of operations. Termination of a significant distributor, whether at our initiative or the distributor's initiative, could disrupt our current business. If we are unable to find suitable replacements in the event of terminations by significant distributors or sales representatives, our operating results could be adversely affected.

Our manufacturing processes are highly complex and may be interrupted.

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 financial position or results of operations.

Our transition of products to more modern facilities and related inventory builds may not progress as planned.

We are transitioning products from our older four-inch wafer fabrication facilities to our six-inch and eight-inch wafer fabrication facilities. We have built inventory in preparation for this transfer for both lifetime supply and transition inventory. We have recorded certain levels of reserves related to these inventory builds. Although we believe that we have used our best efforts and information to estimate future demand, due to the uncertain economic times and the difficulty inherent in predicting future results, it is possible that actual demand for our products will differ from our estimates. If actual demand for products included in our inventory builds is less than our estimates, our financial position and results of operations could be adversely impacted.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

During the second quarter of fiscal 2004 we purchased fixed-rate short-term investments with contractual maturities of greater than twelve months. These investments are marked to market at the end of each quarter. As of May 1, 2004, the fair value of our short-term investments would change by approximately \$46 million for each 100 basis point increase or decrease in interest rates. Our annual interest income would change by approximately \$20 million in fiscal 2004 for each 100 basis point increase or decrease in interest rates compared to \$29 million in fiscal 2003. A change in interest rates would have less of an impact on our annual interest income in fiscal 2004 than in fiscal 2003 due to a combination of a lower investment balance and a portion of the investment portfolio being invested in fixed rate investments. There have been no other material changes in the information provided under ITEM 7A. "Qualitative and Quantitative Disclosures about Market Risk" set forth on page 32 of our Annual Report on Form 10-K for the year ended November 1, 2003.

ITEM 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) as of May 1, 2004. In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and our management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our CEO and CFO concluded that, as of May 1, 2004, our disclosure controls and procedures were (1) designed to ensure that material information relating to us, including our consolidated subsidiaries, is made known to our CEO and CFO by others within those entities, particularly during the period in which this report was being prepared and (2) effective, in that they provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) *Changes in Internal Controls.* No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) occurred during the second quarter ended May 1, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION**ITEM 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities**

(e) We publicly announced a stock repurchase program on August 15, 2002 under which our board of directors authorized the repurchase of up to 15 million shares 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. From February 1, 2004 through May 1, 2004, we did not repurchase any shares of common stock under the repurchase program. From the inception of the repurchase program through May 1, 2004, we repurchased a total of 4,351,751 shares. There are 10,648,249 shares of common stock that may yet be purchased under the repurchase program.

ITEM 4. Submission of Matters to a Vote of Security Holders

At our Annual Meeting of Stockholders held on March 9, 2004, our stockholders elected Messrs. Jerald G. Fishman and F. Grant Saviers to serve as Class II Directors for a term of three years by the following votes:

<u>Nominee</u>	<u>Votes For</u>	<u>Votes Withheld</u>	<u>Broker Non-Votes</u>
Jerald G. Fishman	326,432,496	5,558,862	0
F. Grant Saviers	319,391,678	12,559,680	0

Each of the following directors who were not up for reelection at the Annual Meeting of Stockholders continue to serve as directors since the Annual Meeting of Stockholders: Messrs. James A. Champy, Kenton J. Sicchitano, Lester C. Thurow, John L. Doyle and Ray Stata and Ms. Christine King.

Stockholders also ratified the selection by the audit committee of our board of directors of Ernst & Young LLP as our independent auditors for the fiscal year ending October 30, 2004 by a vote of 325,989,707 in favor, 4,189,358 opposed and 1,812,293 abstaining.

Stockholders also approved an amendment to our Restated Articles of Organization to increase the number of authorized shares of common stock from 600,000,000 shares to 1,200,000,000 shares by a vote of 311,871,102 in favor, 18,330,379 opposed and 1,789,877 abstaining.

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed as part of this Quarterly Report on Form 10-Q.

(b) Reports on Form 8-K

On February 12, 2004, we furnished a Current Report on Form 8-K under Item 12 containing a press release announcing our financial results for the fiscal quarter ended January 31, 2004.

On May 13, 2004, we furnished a Current Report on Form 8-K under Item 12 containing a press release announcing our financial results for the fiscal quarter ended May 1, 2004.

On May 14, 2004, we furnished a Current Report on Form 8-K under Item 12 containing a correction to our press release we furnished on May 13, 2004.

Items 1, 3 and 5 of PART II are not applicable and have been omitted.

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: May 18, 2004

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

Date: May 18, 2004

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

Exhibit Index

Exhibit No.	Description
3.1	Restated Articles of Organization of Analog Devices, Inc., as amended.
10.1	Analog Devices, Inc. Fiscal 2004 Bonus Plan for U.S.-Based Employees.
10.2	Analog Devices, Inc. Fiscal 2004 Bonus Plan for Europe-Based Employees.
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).

Examiner

Name
Approved

C []
P []
M [X]
R.A. []

22

P.C.

FEDERAL IDENTIFICATION
No. 04-2348234

THE COMMONWEALTH OF MASSACHUSETTS

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

RESTATED ARTICLES OF ORGANIZATION
(General Laws, Chapter 156B, Section 74)

We, Jerald G. Fishman, *President,
and Paul P. Brontas, *Clerk, of
Analog Devices, Inc.,

(Exact name of corporation)

located at One Technology Way, P.O. Box 9106, Norwood, MA 02062-9106,

(Street address of corporation Massachusetts)

do hereby certify that the following Restatement of the Articles of Organization
was duly adopted at a meeting held on June 10, 1998 by a vote of the directors

- ----- shares of ----- of ----- shares outstanding,
(type, class & series, if any)

- ----- shares of ----- of ----- shares outstanding, and
(type, class & series, if any)

- ----- shares of ----- of ----- shares outstanding,

(type, class & series, if any)

**being at least a majority of each type, class or series outstanding and entitled to vote thereon: / **being at least two-thirds of each type, class or series outstanding and entitled to vote thereon and of each type, class or series of stock whose rights are adversely affected thereby:

ARTICLE I

The name of the corporation is:

Analog Devices, Inc.

ARTICLE II

The purpose of the corporation is to engage in the following business activities:

See Attachment 2

*Delete the Inapplicable words. **Delete the inapplicable clause. Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on separate 8 1/2 x 11 sheets of paper, with a left margin of at least 1 inch. Additions to more than one article may be made on a single sheet so long as each article requiring each addition is clearly indicated.

ARTICLE III

State the total number of shares and par value, if any, of each class of stock which the corporation is authorized to issue:

TYPE VALUE	WITHOUT PAR VALUE		WITH PAR VALUE	
	NUMBER OF SHARES	TYPE	NUMBER OF SHARES	PAR
Common:		Common:	600,000,000	\$.16 2/3
Preferred:		Preferred:	*471,934	\$1.00
		(Series A Junior Participating Preferred	300,000	\$1.00)

*The number of Preferred Shares has been adjusted to reflect the cancellation of 28,066 shares of Preferred Stock that were issued and retired.

ARTICLE IV

If more than one class of stock is authorized, state a distinguishing designation for each class. Prior to the issuance of any shares of a class, if shares of another class are outstanding, the corporation must provide a

description of the preferences, voting powers, qualifications, and special or relative rights or privileges of that class and of each other class of which shares are outstanding and of each series then established within any class.

See Attachment 4

ARTICLE V

The restrictions, if any, imposed by the Articles of Organization upon the transfer of shares of stock of any class are:

None

ARTICLE VI

**Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or stockholders, or of any class of stockholders:

See Attachment 6

**If there are no provisions state "None".

Note: The preceding six (6) articles are considered to be permanent and may ONLY be changed by filing appropriate Articles of Amendment.

ARTICLE VII

The effective date of the restated Articles of Organization of the corporation shall be the date approved and filed by the Secretary of the Commonwealth. If a later effective date is desired, specify such date which shall not be more than thirty days after the date of filing.

ARTICLE VIII

The information contained in Article VIII is not a permanent part of the Articles of Organization.

a. The street address (post office boxes are not acceptable) of the principal office of the corporation in Massachusetts is:

One Technology Way, Norwood, MA 02062-9106

b. The name, residential address and post office address of each director and officer of the corporation is as follows:

NAME	RESIDENTIAL ADDRESS	POST OFFICE ADDRESS
------	---------------------	---------------------

President:

Treasurer:

Clerk: See Attachment 8

Donna A. Pace

Corporate Paralegal
Hale and Dorr LLP

60 State Street
Boston, MA 02109

Telephone: (617) 526-5179

ATTACHMENT 4

4. If more than one class is authorized, a description of each of the different classes of stock with, if any, the preferences, voting powers, qualifications, special or relative rights or privileges as to each class thereof and any series now established:

RIGHTS, PREFERENCES, LIMITATIONS AND RESTRICTIONS ON CAPITAL STOCK.

The following is a statement of the designations and the powers, preferences and rights and the qualifications, limitations or restrictions thereof, in respect of the authorized capital stock of the corporation.

A. ISSUANCE IN SERIES.

The Preferred Stock may be issued in one or more series at such time or times and for such consideration or considerations as the Board of Directors may determine. Each series shall be so designated as to distinguish the shares thereof from the shares of all other series and classes. Except as to the relative rights and preferences referred to in paragraph B below, in respect of any or all of which there may be variations between different series, all shares of Preferred Stock shall be identical. Different series of Preferred Stock shall not be construed to constitute different classes of shares for the purpose of voting by classes.

B. I. AUTHORITY TO ESTABLISH VARIATIONS BETWEEN SERIES.

The Board of Directors is expressly authorized, subject to the limitations prescribed by law and the provisions of these Articles of Organization, to provide by adopting a vote or votes, a certificate of which shall be filed in accordance with the Business Corporation Law of the Commonwealth of Massachusetts, for the issue of the Preferred Stock in one or more series, each with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof as shall be stated in the vote or votes creating such series. The authority of the Board of Directors with respect to each such series shall include without limitation of the foregoing the right to determine and fix:

(1) The distinctive designation of such series and the number of shares to constitute such series;

(2) The rate at which dividends on the shares of such series shall be

declared and paid, or set aside for payment, whether dividends at the rate so determined shall be cumulative, and whether the shares of such series shall be entitled to any participating or other dividends in addition to dividends at the rate so determined, and if so on what terms;

(3) The right, if any, of the corporation to redeem shares of the particular series and, if redeemable, the price, terms and manner of such redemption;

(4) The special and relative rights and preferences, if any, and the amount or amounts per share, which the shares of such series shall be entitled to receive upon any voluntary or involuntary liquidation, dissolution or winding up of the corporation;

(5) The terms and conditions, if any, upon which shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or classes, including the price or prices or the rate or rates of conversion or exchange and the terms of adjustment, if any;

(6) The obligation, if any, of the corporation to retire or purchase shares of such series pursuant to a sinking fund or fund of a similar nature or otherwise, and the terms and conditions of such obligation;

(7) Voting rights, if any, provided that the shares of all series with voting rights shall not have more than one vote per share;

(8) Limitations, if any, on the issuance of additional shares of such series or any shares of any other series of Preferred Stock; and

(9) Such other preferences or restrictions or qualifications thereof as the Board of Directors may deem advisable and are not inconsistent with law and the provisions of these Articles.

II. SERIES A JUNIOR PARTICIPATING PREFERRED STOCK.

Pursuant to the authority vested in the Board of Directors of the Corporation by Article 4 of these Articles, the Board of Directors has designated a series of Preferred Stock, \$1.00 par value per shares (the "Preferred Stock"), of the Corporation and hereby states the designation, and number of shares, and fixes the relative rights, preferences and limitations thereof as follows:

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK:

Section 1. DESIGNATION AND AMOUNT. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be three hundred thousand (300,000). Such number of shares may be increased or decreased by resolution of the Board of Directors prior to issuance; PROVIDED, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. DIVIDENDS AND DISTRIBUTIONS.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock, par value \$.16 $\frac{2}{3}$ per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds of the Corporation legally available for the payment of dividends, quarterly dividends payable in cash on the last day of each fiscal quarter of the Corporation in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$100 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. In the event the Corporation shall at any time declare or pay any dividend on the Series A Preferred Stock payable in shares of Series A Preferred Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Series A Preferred Stock (by reclassification or otherwise than by payment of a dividend in shares of Series A Preferred Stock) into a greater or lesser number of shares of Series A Preferred Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the first sentence of this Section 2(A) shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Series A Preferred Stock that were outstanding immediately prior to such event and the denominator of which is the number of shares of Series A Preferred Stock outstanding immediately after such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it

declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock) and the Corporation shall pay such dividend or distribution on the Series A Preferred Stock before the dividend or distribution declared on the Common Stock is paid or set apart; provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$100 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. VOTING RIGHTS. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. In the event the Corporation shall at any time declare or pay any dividend on the Series A Preferred Stock payable in shares of Series A Preferred Stock, or effect a

subdivision, combination or consolidation of the outstanding shares of Series A Preferred Stock (by reclassification or otherwise than by payment of a dividend in shares of Series A Preferred Stock) into a greater or lesser number of shares of Series A Preferred Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Series A Preferred Stock that were outstanding immediately prior to such event and the denominator of which is the number of shares of Series A Preferred Stock outstanding immediately after such event.

(B) Except as otherwise provided herein, in the Articles of Organization or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) (i) If at any time dividends on any Series A Preferred Stock shall be in arrears in an amount equal to six quarterly dividends thereon, the holders of the Series A Preferred Stock, voting as a separate series from all other series of Preferred Stock and classes of capital stock, shall be entitled to elect two members of the Board of Directors in addition to any Directors elected by any other series, class or classes of securities and the authorized number of Directors will automatically be increased by two. Promptly thereafter, the Board of Directors of the Corporation shall, as soon as may be practicable, call a special meeting of holders of Series A Preferred Stock for the purpose of electing such members of the Board of Directors. Such special meeting shall in any event be held within 45 days of the occurrence of such arrearage.

(ii) During any period when the holders of Series A Preferred Stock, voting as a separate series, shall be entitled and shall have exercised their right to elect two Directors, then, and during such time as such right continues, (a) the then authorized number of Directors shall be increased by two, and the holders of Series A Preferred Stock, voting as a separate series, shall be entitled to elect the additional Directors so provided for, and (b) each such additional Director shall not be a member of any existing class of the Board of Directors, but shall serve until the next annual meeting of stockholders for the election of Directors, or until his successor shall be elected and shall qualify, or until his right to hold such office terminates pursuant to the provisions of this Section 3(C).

(iii) A Director elected pursuant to the terms hereof may be removed with or without cause by the holders of Series A Preferred Stock entitled to vote in an election of such Director.

(iv) If, during any interval between annual meetings of stockholders for the election of Directors and while the holders of Series A Preferred Stock shall be entitled to elect two Directors, there is no such Director in office by reason of resignation, death or removal, then, promptly thereafter, the Board of Directors shall

call a special meeting of the holders of Series A Preferred Stock for the purpose of filling such vacancy and such vacancy shall be filled at such special meeting. Such special meeting shall in any event be held within 45 days of the occurrence of such vacancy.

(v) At such time as the arrearage is fully cured, and all dividends accumulated and unpaid on any shares of Series A Preferred Stock outstanding are paid, and, in addition thereto, at least one regular dividend has been paid subsequent to curing such arrearage, the term of office of any Director elected pursuant to this Section 3(C), or his successor, shall automatically terminate, and the authorized number of Directors shall automatically decrease by two, the rights of the holders of the shares of the Series A Preferred Stock to vote as provided in this Section 3(C) shall cease, subject to renewal from time to time upon the same terms and conditions, and the holders of shares of the Series A Preferred Stock shall have only the limited voting rights elsewhere herein set forth.

(D) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. CERTAIN RESTRICTIONS.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. REACQUIRED SHARES. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Articles of Organization, or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. LIQUIDATION, DISSOLUTION OR WINDING UP.

(A) Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$1000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up.

(B) Neither the consolidation, merger or other business combination of the Corporation with or into any other corporation nor the sale, lease, exchange or conveyance of all or any part of the property, assets or business of the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation for purposes of this Section 6.

(C) In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of paragraph (A) of this Section 6 shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. In the event the Corporation shall at any time declare or pay any dividend on the Series A Preferred Stock payable in shares of Series A Preferred Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Series A Preferred Stock (by reclassification or otherwise than by payment of a dividend in shares of Series A Preferred Stock) into a greater or lesser number of shares of Series A Preferred Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of paragraph (A) of this Section 6 shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Series A Preferred Stock that were outstanding immediately prior to such event and the denominator of which is the number of shares of Series A Preferred Stock outstanding immediately after such event.

Section 7. CONSOLIDATION, MERGER, ETC. Notwithstanding anything to the contrary contained herein, in case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. In the event the Corporation shall at any time declare or pay any dividend on the Series A Preferred Stock payable in shares of Series A Preferred Stock, or effect a subdivision, combination or

consolidation of the outstanding shares of Series A Preferred Stock (by reclassification or otherwise than by payment of a dividend in shares of Series A Preferred Stock) into a greater or lesser number of shares of Series A Preferred Stock, then in each such case the amount set forth in the first sentence of this Section 7 with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Series A Preferred Stock that were outstanding immediately prior to such event and the denominator of which is the number of shares of Series A Preferred Stock outstanding immediately after such event.

Section 8. NO REDEMPTION. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. RANK. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Preferred Stock issued either before or after the issuance of the Series A Preferred Stock, unless the terms of any such series shall provide otherwise.

Section 10. AMENDMENT. At such time as any shares of Series A Preferred Stock are outstanding, the Articles of Organization, as amended, of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

Section 11. FRACTIONAL SHARES. Series A Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and have the benefit of all other rights of holders of Series A Preferred Stock.

C. STATEMENT OF LIMITATIONS, RELATIVE RIGHTS AND POWERS IN RESPECT OF SHARES OF COMMON STOCK.

(1) After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of paragraph B above) shall have been met and after the corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of said paragraph B), then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amount (fixed in accordance with the provisions of said paragraph B) to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding up of this corporation, the holders of the

Common Stock shall be entitled to receive all the remaining assets of this corporation, tangible and intangible, of whatever kind available for distribution to the stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

(3) Except as may otherwise be required by law or the provisions of these Articles, or by the Board of Directors pursuant to authority granted in these Articles, each holder of Common Stock shall have one vote in respect of each share of stock held by him in all matters voted upon by the stockholders.

D. DENIAL OF PREEMPTIVE RIGHTS.

No holder of shares of the Common Stock or of the Preferred Stock shall be entitled as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class whatsoever of the corporation, or of securities convertible into stock of any class, whether now or hereafter authorized, or whether issued for cash or other consideration or by way of dividend.

6A. INDEMNIFICATION

Section 1. ACTIONS, SUITS AND PROCEEDINGS. Except as otherwise provided below, the Corporation shall, to the fullest extent authorized by Chapter 156B of the Massachusetts General Laws, as the same exists or may hereafter be amended (in the case of any such amendment, only to the extent that such amendment either (i) permits the Corporation to provide broader indemnification rights than such laws permitted prior to such amendment or (ii) prohibits or limits any of the indemnification rights previously set forth in such laws), indemnify each person who is, or shall have been, a director or officer of the Corporation or who is or was a director or employee of the Corporation and is serving, or shall have served, at the request of the Corporation, as a director or officer of another organization or in any capacity with respect to any employee benefit plan of the Corporation, against all liabilities and expenses (including judgments, fines, penalties, amounts paid or to be paid in settlement, and reasonable attorneys' fees) imposed upon or incurred by any such person (the "Indemnitee") in connection with, or arising out of, the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which he may be a defendant or with which he may be threatened or otherwise involved, directly or indirectly, by reason of his being or having been such a director or officer or as a result of his serving or having served with respect to any such employee benefit plan; PROVIDED, HOWEVER, that the Corporation shall provide no indemnification with respect to any matter as to which any such Indemnitee shall be finally adjudicated in such action, suit or proceeding not to have acted in good faith in the reasonable belief that his action was (i) in the best interests of the Corporation or (ii) to the extent such matter relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan.

Section 2. SETTLEMENTS. The right to indemnification conferred in this Article shall include the right to be paid by the Corporation for liabilities and expenses incurred in connection with the settlement or compromise of any such action, suit or proceeding, pursuant to a consent decree or otherwise, unless a determination is made, within 45 days after receipt by the Corporation of a written request by the Indemnitee for indemnification, that such settlement or compromise is not in the best interests of the Corporation or, to the extent such matter relates to service with respect to an employee benefit plan, that such settlement or compromise is not in the best interests of the participants or beneficiaries of such plan. Any such determination shall be made (i) by the Board of Directors of the Corporation by a majority vote of a quorum consisting of disinterested directors, or (ii) if such quorum is not obtainable, by a majority of the disinterested directors of the Corporation then in office. Notwithstanding the foregoing, if there are less than two disinterested directors then in office, the Board of Directors shall promptly direct that independent legal counsel (who may be regular legal counsel to the Corporation) determine, based on facts known to such counsel at such time, whether such Indemnitee acted in good faith in the reasonable belief that his action was in the best interests of the Corporation or the participants or beneficiaries of any such employee benefit plan, as the case may be; and, in such event, indemnification shall be made to such Indemnitee unless, within 45 days after receipt by the Corporation of the request by such Indemnitee for indemnification, such independent legal

counsel in a written opinion to the Corporation determines that such Indemnitee did not act in good faith in the reasonable belief that his action was in the best interests of the Corporation or the participants or beneficiaries of any such employee benefit plan, as the case may be.

Section 3. NOTIFICATION AND DEFENSE OF CLAIM. As a condition precedent to his right to be indemnified, the Indemnitee must give to the Corporation notice in writing as soon as practicable of any action, suit or proceeding involving him for which indemnity will or could be sought. With respect to any action, suit or proceeding of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to such Indemnitee. After notice from the Corporation to the Indemnitee of its election so to assume such defense, the Corporation shall not be liable to such Indemnitee for any legal or other expenses subsequently incurred by such Indemnitee in connection with such claim, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of the Indemnitee unless (i) the employment of counsel by the Indemnitee has been authorized by the Corporation, (ii) counsel to the Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and the Indemnitee in the conduct of the defense of such action or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, in each of which cases, the fees and expenses of counsel for the Indemnitee shall be at the expense of the Corporation, except as otherwise expressly provided by this Article. The Corporation shall not be entitled to assume the defense of any claim brought by or on behalf of the Corporation or as to which counsel for the Indemnitee shall have reasonably made the conclusion provided for in (ii) above.

Section 4. ADVANCE OF EXPENSES. Subject to Section 3 above, the right to indemnification conferred in this Article shall include the right to be paid by the Corporation for expenses (including reasonable attorneys' fees) incurred in defending a civil or criminal action, suit or proceeding in advance of its final disposition, subject to receipt of an undertaking by the Indemnitee to repay such payment if it is ultimately determined that the Indemnitee is not entitled to indemnification under this Article. Such undertaking may be accepted without reference to the financial ability of such Indemnitee to make such repayment. Notwithstanding the foregoing, no advance shall be made by the Corporation under this Section 4 if a determination is reasonably and promptly made by the Board of Directors by a majority vote of a

quorum consisting of disinterested directors or, if such quorum is not obtainable, by a majority of the disinterested directors of the Corporation then in office or, if there are not at least two disinterested directors then in office, by independent legal counsel (who may be regular legal counsel to the Corporation) in a written opinion that, based on facts known to the Board or counsel at such time, such Indemnitee did not act in good faith in the reasonable belief that his action was in the best interests of the Corporation or the participants or beneficiaries of an employee benefit plan of the Corporation, as the case may be.

Section 5. PARTIAL INDEMNITY. If an Indemnitee is entitled under any provision of this Article to indemnification by the Corporation for some or a portion of the liabilities or expenses imposed upon or incurred by such Indemnitee in the investigation, defense, appeal or settlement of any action, suit or proceeding but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify the Indemnitee for the portion of such liabilities or expenses to which such Indemnitee is entitled.

Section 6. RIGHTS NOT EXCLUSIVE. The right to indemnification and the payment of expenses incurred in defending any action, suit or proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Organization, By-Laws, agreement, vote of stockholders or directors or otherwise. Without limiting the generality of the foregoing, the Corporation, acting through its Board of Directors, may enter into agreements with any director, officer, employee or agent of the Corporation providing for indemnification rights equivalent to or greater than the indemnification rights set forth in this Article.

Section 7. INSURANCE. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another organization or employee benefit plan against any expense or liability incurred by him in any such capacity, or arising out of the status as such, whether or not the Corporation would have the power to indemnify such person against such expense or liability under Chapter 156B of the Massachusetts General laws.

Section 8. INSURANCE OFFSET. The Corporation's obligation to provide indemnification under this Article shall be offset to the extent of any other source of indemnification or any otherwise applicable insurance coverage under a policy maintained by the Corporation or any other person.

Section 9. AMENDMENT. Without the consent of a person entitled to the indemnification and other rights provided in this Article (unless otherwise required by Chapter 156B of the Massachusetts General Laws), no amendment modifying or

terminating such rights shall adversely affect such person's rights under this Article with respect to the period prior to such Amendment.

Section 10. MERGERS, ETC. If the Corporation is merged into or consolidated with another corporation and the Corporation is not the surviving corporation, or if substantially all of the assets of the Corporation are acquired by any other corporation, or in the event of any other similar reorganization involving the Corporation, the Board of Directors of the Corporation or the board of directors of any corporation assuming the obligations of the Corporation shall assume the obligations of the Corporation under this Article, through the date of such merger, consolidation, sale or reorganization, with respect to each person who is entitled to indemnification rights under this Article as of such date.

Section 11. SAVINGS CLAUSE. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any liabilities and expenses with respect to any action, suit or proceeding to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and to the full extent permitted by applicable law.

Section 12. DEFINITIONS. As used in this Article, the term "director", "officer" and "person" include their respective heirs, executors, administrators, and legal representatives, and an "interested" director is one against whom in such capacity the proceedings in question or another proceeding on the same or similar grounds is then pending.

6B. STOCKHOLDERS' MEETINGS

Meetings of Stockholders of the Corporation may be held anywhere in the United States.

6C. AMENDMENT OF BY-LAWS

The power to make, amend or repeal by-laws shall be in the Stockholders, provided, however, that the by-laws may provide that the directors may make, amend or repeal the by-laws in whole or in part, except with respect to any provisions thereof which according to law, the Articles of Organization or by-laws requires action by the Stockholders.

6D. LIMITATION OF DIRECTOR LIABILITY

To the fullest extent permitted by Chapter 156B of the Massachusetts General Laws, as it may be amended from time to time, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages

for breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability.

Attachment 8

ANALOG DEVICES, INC.

OFFICERS

TITLE -----	NAME -----	RESIDENTIAL ADDRESS -----	POST OFFICE ADDRESS -----
Chief Executive Officer and President	Jerald G. Fishman	169 Hickory Road Weston, MA 02193	One Technology Way Norwood, MA 02062-9106
Clerk	Paul P. Broutas	22 Conant Road Weston, MA 02193	Hale and Dorr LLP 60 State Street Boston, MA 02109
Treasurer	William A. Martin	3 Harden Road Foxboro, MA 02035	One Technology Way Norwood, MA 02062-9106

DIRECTORS

Name -----	Residential Address -----	Post Office Address -----
Ray Stata	6 Miller Hill Road Dover, MA 02030	One Technology Way Norwood, MA 02062-9106
John L. Doyle	177 Ramoso Road Portola Valley, CA 94025	177 Ramoso Road Portola Valley, CA 94025
F. Grant Saviers	3050 Three Spring Court San Jose, CA 95190-9714	President & CEO Adaptec, Inc. 691 South Milpitas Boulevard Milpitas, CA 95035
Joel Moses	70 Fairview Road Weston, MA 02193	MIT 77 Massachusetts Avenue-3-208 Cambridge, MA 02139
Lester C. Thurow	4 Longfellow Place (#3306) Boston, MA 02114	MIT 50 Memorial Drive, E-52-454 Cambridge, MA 02142
Jerald G. Fishman	169 Hickory Road Weston, MA 02193	One Technology Way Norwood, MA 02062-9106
Charles O. Holliday, Jr.	Dupont Asia Pacific Ltd. Arco Tower 8-1 Shimomeguro 1-CHOME Meguro-KU Tokyo 153 Japan	Dupont 1007 Market Street, D-9000 Wilmington, DE 19898

Examiner

- - - - -
Name
Approved

C []
P []
M []
R.A. []

22
- - - - -

P.C.

FEDERAL IDENTIFICATION
No. 04-2348234

THE COMMONWEALTH OF MASSACHUSETTS

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

ARTICLES OF AMENDMENT
(General Laws, Chapter 156B, Section 72)

We, Jerald G. Fishman, *President,
and Mark G. Borden, *Clerk, of
Analog Devices, Inc.,

- - - - -
(Exact name of corporation)

located at One Technology Way, P.O. Box 9106, Norwood, MA 02062-9106,

- - - - -
(Street address of corporation Massachusetts)

certify that these Articles of Amendment affecting articles numbered:

3

- - - - -
(Number those articles 1,2,3,4,5 and/or 6 being amended)

of the Articles of Organization were duly adopted at a meeting held on March 9,
2004, by vote of:

311,871,102 shares of Common Stock of 373,593,820 shares outstanding,
(type, class & series, if any)

- - - - - shares of - - - - - of - - - - - shares outstanding, and

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF AMENDMENT
(General Laws, Chapter 156B, Section 72)

I hereby approve the within Articles of Amendment and, the filing fee in the amount of \$150,000.00 having been paid, said articles are deemed to have been filed with me this 17th day of March, 2004.

Effective Date: _____

/s/ WILLIAM FRANCIS GALVIN

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth

TO BE FILLED IN BY CORPORATION
Contact information:

Donna Pace
Corporate Paralegal
Hale and Dorr LLP
Bay Colony Corporate Center
1100 Winter Street, Suite 4650
Waltham, MA 02451
Telephone: (617) 526-5179
Email: donna.pace@haledorr.com

A copy this filing will be available on-line at www.state.ma.us/sec/cor once the document is filed.

[GRAPHICS]

FY04 BONUS PLAN

ANALOG DEVICES U.S.-BASED EMPLOYEES

Analog Devices places great value in sharing our company's success with those who make it possible--our employees. One of the ways we're able to do this is through the Analog Devices Bonus Plan. The aim of the Bonus Plan is to encourage all of us to participate in reaching company goals and to share the rewards of our achievements.

JERRY FISHMAN
President & CEO

[ANALOG DEVICES LOGO]

THE FY04 BONUS PLAN

Analog Devices is a growth company. Given our focus on the highest growth segments of the semiconductor industry--analog integrated circuits, digital signal processing and micro-electro mechanical systems--we believe it is possible and necessary to grow at rates faster than the industry moving forward. Throughout the down cycle of the past couple of years, we have continued to invest in R&D at rates consistent with much higher revenues in order to strengthen our position as the cycle turns. As sales continue to grow, it is critical to focus on those products that not only grow but achieve high profit levels.

Therefore, we have decided to simplify the Bonus Plan for 2004 to focus on one key metric--operating profit before taxes (OPBT), which implicitly requires high sales growth and high return on assets to meet our goals.

With our current mix of business and an eye towards competitive profit margins, our goal is to operate with an OPBT as a percentage of revenues at the 30% level as we exit 2004. At this level, the bonus payout factor would be 1.5. The Plan is designed to pay a 1.0 bonus at an OPBT of 27%.

Under our current business plan for 2004, we estimate that the payout factor for the first bonus period, which is the first half of FY04, will be somewhat below 1, and the second bonus period factor will slightly exceed 1 by the end of the Plan year. Of course, the actual payout will depend on the actual results, which will likely be above or below our business plan. The Plan is designed to allow bonus payments to accelerate substantially as operating profit, as a percentage of sales increases, as outlined in the graph below.

The FY04 Bonus Plan is consistent with ADI's long-term business objectives of high growth and profitability.

WE CAN MAKE A DIFFERENCE

All ADI employees can contribute to achieving our goals by working to control expenses, minimize waste, increase customer satisfaction, develop new products on time, and improve process efficiency.

CALCULATING BONUS PAYMENTS

The bonus payout factor is determined by using the percentage of OPBT as a percentage of sales that we achieve in a given bonus period. As indicated in the graph below, if we achieve an OPBT of 27% for the bonus period, then the bonus factor utilized will be 1.0. Each fiscal year, the first bonus period consists of the first and second quarters, and the second bonus period consists of the third and fourth quarters.

[GRAPH]

The maximum payout for the FY04 Bonus Plan is 3 X target. For any bonus period during which our OPBT is 20% or less, there will be no bonus payout for that bonus period.

To determine the potential individual gross bonus payment for each employee, the bonus payout factor is multiplied by an eligible employee's accumulated earnings for the bonus period and their individual bonus target percentage. The percentage of earnings used in the bonus calculation varies by job grade.

Example:

Accumulated eligible earnings for the bonus period	\$15,000
Bonus target for your job grade	4%
Payout factor for the bonus period	0.8
Gross bonus (before tax) payment: $\$15,000 \times 4\% \times 0.8$	\$ 480

Earnings included in the bonus calculation:

- - Base pay
- - Holiday pay
- - Shift differential
- - Bereavement pay

- - Sick pay
- - Jury duty pay
- - Vacation pay
- - Alternative work schedule pay
- - Military leave pay

Earnings excluded from the bonus calculation:

- - Overtime pay
- - Bonus payments from a previous bonus period
- - Other payments that are taxable but not considered regular earnings

Bonus payments are not eligible for company basic or matching contributions for the TIP program.

WHEN BONUS PAYMENTS ARE MADE

Bonus payments will be made on a semiannual basis in June and December, approximately six weeks after the end of 2Q and 4Q. The Plan is effective November 1, 2003, and covers the period from November 1, 2003, to October 31, 2004.

WHO'S ELIGIBLE?

Most ADI employees are eligible to participate in the Bonus Plan if they are actively employed during the applicable bonus period and remain employed on the date bonus payments are made. New employees are eligible to participate in the Plan during their first full quarter of employment.

The following situations shall EXCLUDE an employee from participating in the Plan:

- - Employee is already covered under a field sales, field application engineering, or other incentive program.
- - Employee voluntarily terminates employment at ADI before the end of the bonus period or before the date payouts are made.
- - Employee receives a 'Needs Improvement' or 'Marginal' performance rating (where applicable) during the bonus period.
- - Employee receives a final written warning during the bonus period.
- - Co-op, intern, and temporary employees are not eligible for participation in the Plan.

OTHER INFORMATION ABOUT THE BONUS PLAN

HOW CHANGES IN YOUR EMPLOYMENT STATUS AFFECT BONUS PAYMENTS

- - If your job grade and bonus target change during the bonus period:

Your bonus target will be based on the job grade that was effective at the end of the bonus period.
- - If you change work shifts during the bonus period:

Because shift differential paid during the bonus period is included as part of your earnings for the bonus calculation, your bonus payment already will take into consideration any shift differential earnings that you may have for the period.
- - If you transfer business units:

If you transfer between business units, your earnings records transfer with you, so your bonus amount is based on the total accumulated eligible earnings for the bonus period.
- - If you change status between full-time and part-time working hours:

Because your bonus amount is based on your accumulated paid earnings for the bonus period, your bonus calculation will take into account any change in status, such as part-time to full-time or full-time to part-time working hours.
- - If you are on leave of absence or disability for part of the bonus period:

The bonus is paid based on your earnings while actively at work during the period (not on short-term disability, long-term disability, or voluntary leave of absence). Therefore, any pay received during your leave of absence will be excluded from your accumulated paid earnings for bonus calculation purposes.
- - If you are a new employee:

You are eligible for a bonus payment during the first full quarter of employment. For example, if you were hired during 1Q, your bonus payment for the first half of the year would be based on eligible earnings for 2Q only--your first full quarter of employment.

BONUS PLAN DESIGN

The Bonus Plan is designed to reward all eligible employees for contributing to company-wide business goals during each fiscal year. It also serves as an incentive for continued employment with ADI. The Bonus Plan design, or portions of the design, may change as the company's focus moves to different company-wide performance goals that are determined to be critical during that fiscal year. Below certain levels, ADI's results may not be competitive and may not meet key business performance measures. At these low levels of business performance, no bonus would be paid.

Unless modified or terminated earlier as provided for in this Plan, all prior bonus plans have expired of their own terms or have been revoked and withdrawn. This Plan supersedes all prior written or oral bonus and incentive plans, promises, agreements, practices, understandings, negotiations, and/or incentive arrangements.

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The Plan brochure provides a summary of the FY04 Bonus Plan. If you need further information, please ask your supervisor or human resources consultant. Analog Devices reserves the right to modify the Bonus Plan at the sole discretion of management. All changes to the Bonus Plan are subject to the approval of ADI's Board of Directors.

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[ANALOG DEVICES LOGO]

BR04730-0-2/04

[GRAPHICS]

FY04 BONUS PLAN

ANALOG DEVICES EUROPE-BASED EMPLOYEES

Analog Devices places great value in sharing the company's success with those who make it possible--our employees. One of the ways we are able to do this is through the Analog Devices Bonus Plan. The aim of this Bonus Plan is to encourage all of us to participate in reaching company goals and to share the rewards of our achievements.

JERRY FISHMAN
President & CEO

[ANALOG DEVICES LOGO]

THE FY04 BONUS PLAN

ADI is a growth company. Given our focus on the highest growth segments of the semiconductor industry--analog integrated circuits, digital signal processing, and micro-electro mechanical systems--we believe it is possible and necessary to grow at rates moving forward faster than the industry. Throughout the down cycle of the past couple of years, we have continued to invest in R&D at rates consistent with much higher revenues in order to strengthen our position as the cycle turns. As sales continue to grow, it is critical to focus on those products that not only grow but achieve high profit levels.

Therefore, we have decided to simplify the Bonus Plan for 2004 to focus on one key metric--operating profit before taxes (OPBT) as a percentage of revenues - --which implicitly requires high sales growth and high return on assets to meet our goals.

With our current mix of business and an eye towards competitive profit margins, our goal is to operate with an OPBT at the 30% level as we exit 2004. At this level, the bonus payout factor would be 1.5. The Plan is designed to pay a 1.0 bonus at an OPBT of 27%.

Under our current business plan for 2004, we estimate that the payout factor for the first bonus period, which is the first half of FY04, will be somewhat below 1, and the second bonus payout factor will slightly exceed 1 by the end of the Plan Year. Of course, the actual payout will depend on our actual results, which will likely be above or below our business plan. The Plan is designed to allow bonus payments to accelerate substantially as operating profit, as a percentage of sales increases, as outlined on the graph below.

The FY04 Bonus Plan is consistent with ADI's long-term business objectives of high growth and profitability.

WE CAN MAKE A DIFFERENCE

All ADI employees can contribute to achieving our goals by working to control expenses, minimize waste, increase customer satisfaction, develop new products on time, and improve process efficiency.

CALCULATING BONUS PAYMENTS

The bonus payout factor is determined by using the percentage of OPBT as a percentage of sales that we achieve in a given bonus period. As indicated in the graph below, if we achieve an OPBT of 27% for the bonus period, then the bonus factor utilized will be 1.0. Each fiscal year, the first bonus period consists of the first and second quarters, and the second bonus period consists of the third and fourth quarters.

The maximum payout for the FY04 Bonus Plan is 3 X target. For any bonus period during which our OPBT is 20% or less, there will be no bonus payout for that bonus period.

[GRAPH]

To determine the potential individual gross bonus payment for each employee, the bonus payout factor is multiplied by an eligible employee's accumulated earnings for the bonus period and their individual bonus target percentage. The percentage of earnings used in the bonus calculation varies by job grade and is assigned by the Human Resource organisation.

Example:

Accumulated eligible earnings for the bonus period	E	15,000
Bonus target for your job grade		4%
Payout factor for the bonus period		0.8
Gross bonus (before tax) payment:		
E 15,000 X 4% X 0.8	E	480

Earnings included in the bonus calculation:

- - Base pay
- - Holiday pay
- - Shift differential

- - Bereavement pay
- - Jury duty pay
- - Maternity and paternity pay (in EU states where paid)
- - Vacation pay
- - Alternative work schedule pay

Earnings excluded from the bonus calculation:

- - Overtime pay
- - Bonus payments from a previous bonus period
- - Other payments that are taxable but not considered regular earnings

Bonus payments are not eligible for company basic or matching contributions for the company or individual pension plans or any retirement or other such plan.

Bonus payments are made subject to any taxes or other deductions which are required by law.

WHEN BONUS PAYMENTS ARE MADE

Bonus payments will be made on a semiannual basis in June and December, approximately six weeks after the end of 2Q and 4Q. The Plan is effective November 1, 2003, and covers the period from November 1, 2003, to October 31, 2004.

WHO'S ELIGIBLE?

Most ADI European subsidiary employees are eligible to participate in the Plan if they are actively employed during the applicable bonus period and remain employed on the date bonus payments are made. New employees are eligible to participate in the Plan after their first full quarter of employment.

The following situations shall EXCLUDE an employee from participating in the Plan:

- - Employee is already covered under a field sales, field application engineering, or other incentive program.
- - Employee terminates employment at an ADI subsidiary before the end of the bonus period, or before the date payouts are made.
- - Employee who receives a 'Needs Improvement' or 'Marginal' performance rating (where applicable) during the bonus period.
- - Employee receives a final written warning during the bonus period.
- - Co-op and intern employees are not eligible for participation in the Plan.

OTHER INFORMATION ABOUT THE BONUS PLAN

HOW CHANGES IN YOUR EMPLOYMENT STATUS AFFECT BONUS PAYMENT

- - If your job grade and bonus target change during the bonus period:

Your bonus target will be based on the job grade that was effective at the end of the bonus period.
- - If you change work shifts during the bonus period:

Because shift differential paid during the bonus period is included as part of your earnings for the bonus calculation, your bonus payment already will take into consideration any shift differential earnings that you may have for the period.
- - If you transfer business units:

If you transfer between business units, your earnings records transfer with you, so your bonus amount is based on the total eligible earnings for the bonus period.
- - If you change status between full-time and part-time working hours:

Because your bonus amount is based on your accumulated paid earnings for the bonus period, your bonus calculation will take into account any change in status, such as part-time to full-time or full-time to part-time working hours.
- - If you are on leave of absence or disability for part of the bonus period:

The bonus is paid based on your earnings while actively at work during the period (not on sick pay, long-term disability, or voluntary leave of absence). Therefore, any pay received during your leave of absence will be excluded from your accumulated paid earnings for bonus calculation purposes.
- - If you are a new employee:

You are eligible for a bonus payment during the first full quarter of employment. For example, if you were hired during 1Q, your bonus payment for the first half of the year would be based on eligible earnings for 2Q only--your first full quarter of employment.

BONUS PLAN DESIGN

The Bonus Plan is designed to reward all eligible employees for contributing to company-wide business goals during each fiscal year. It also serves as an incentive for continued employment with ADI (or an ADI subsidiary). The Plan design, or portions of the design, may change as the company's focus moves to different company-wide performance goals that are determined to be critical during that fiscal year. The fact that this Bonus Plan is in force for a particular year is no guarantee that the Bonus Plan will be offered in future years. Further, below certain levels, ADI's results may not be competitive and may not meet key business performance measures. At these low levels of business

performance, no bonus would be paid.

Unless modified or terminated earlier as provided for in this Plan, all prior bonus plans have expired of their own terms or have been revoked and withdrawn. This Plan supersedes all prior written or oral bonus and incentive plans, promises, agreements, practices, understandings, negotiations, and/or incentive arrangements.

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The Plan brochure provides a summary of the FY04 Bonus Plan. If you need further information, please ask your supervisor or human resources consultant. Analog Devices reserves the right to modify the Bonus Plan at the sole discretion of management. All changes to the Bonus Plan are subject to the approval of ADI's Board of Directors.

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[ANALOG DEVICES LOGO]

BR04730-0-2/04

CERTIFICATION

I, Jerald G. Fishman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Analog Devices, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) [Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986];
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 18, 2004

/s/ Jerald G. Fishman

 Jerald G. Fishman
 President and Chief Executive Officer
 (Principal Executive Officer)

CERTIFICATION

I, Joseph E. McDonough, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Analog Devices, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) [Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986];
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 18, 2004

/s/ Joseph E. McDonough

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

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Analog Devices, Inc. (the "Company") for the period ended May 1, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jerald G. Fishman, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 18, 2004

/s/ Jerald G. Fishman

Jerald G. Fishman
Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Analog Devices, Inc. (the "Company") for the period ended May 1, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Joseph E. McDonough, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 18, 2004

/s/ Joseph E. McDonough

Joseph E. McDonough
Chief Financial Officer