

ANALOG DEVICES INC
Form DEF 14A
February 02, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

Analog Devices, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

February 2, 2012

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders to be held at 9:00 a.m. local time on Tuesday, March 13, 2012, at the Company's headquarters at Three Technology Way, Norwood, Massachusetts, 02062.

At the Annual Meeting you are being asked to elect nine members of our Board of Directors, each for a term of one year, to vote on a non-binding advisory proposal on the compensation of ADI's named executive officers, and to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending November 3, 2012. Your Board of Directors recommends that you vote FOR the election of each of the directors named in the proxy statement, FOR the compensation of our named executive officers, and FOR the ratification of Ernst & Young LLP.

Please carefully review the attached proxy materials and take the time to cast your vote.

Yours sincerely,

Ray Stata

Chairman of the Board

Jerald G. Fishman

President and Chief Executive Officer

Table of Contents

ANALOG DEVICES, INC.

ONE TECHNOLOGY WAY

NORWOOD, MASSACHUSETTS 02062-9106

NOTICE OF 2012 ANNUAL MEETING OF SHAREHOLDERS

To Be Held On March 13, 2012

To our Shareholders:

The 2012 Annual Meeting of Shareholders of Analog Devices, Inc. will be held at our headquarters at Three Technology Way, Norwood, Massachusetts 02062, on Tuesday, March 13, 2012 at 9:00 a.m. local time. At the meeting, shareholders will consider and vote on the following matters:

1. To elect the nine director nominees named in this proxy statement to our Board of Directors, each for a term of one year;
2. To consider a non-binding say on pay vote regarding the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures in this proxy statement; and
3. To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending November 3, 2012.

The shareholders will also act on any other business that may properly come before the meeting.

Shareholders of record at the close of business on January 13, 2012 are entitled to vote at the meeting. Your vote is important no matter how many shares you own. Whether you expect to attend the meeting or not, please vote your shares over the Internet or by telephone in accordance with the instructions set forth on the proxy card, or complete, sign, date and promptly return the enclosed proxy card in the postage-prepaid envelope we have provided. Your prompt response is necessary to ensure that your shares are represented at the meeting. You can change your vote and revoke your proxy at any time before the polls close at the meeting by following the procedures described in the accompanying proxy statement.

All shareholders are cordially invited to attend the meeting.

By order of the Board of Directors,

MARGARET K. SEIF

Secretary

Norwood, Massachusetts

February 2, 2012

Table of Contents

TABLE OF CONTENTS

<u>INFORMATION ABOUT THE ANNUAL MEETING AND VOTING</u>	1
<u>What is the purpose of the annual meeting?</u>	1
<u>Who can vote?</u>	1
<u>How many votes do I have?</u>	2
<u>Is my vote important?</u>	2
<u>How do I vote?</u>	2
<u>Can I change my vote after I have mailed my proxy card or after I have voted my shares over the Internet or by telephone?</u>	2
<u>Can I vote if my shares are held in street name ?</u>	2
<u>How do I vote my 401(k) shares?</u>	3
<u>How do I vote my shares held in trust in the Analog Ireland Success Sharing Share Plan?</u>	3
<u>What constitutes a quorum?</u>	3
<u>What vote is required for each item?</u>	4
<u>How will votes be counted?</u>	4
<u>Who will count the votes?</u>	4
<u>Will my vote be kept confidential?</u>	4
<u>How does the Board of Directors recommend that I vote on the proposals?</u>	5
<u>Will any other matters be voted on at this meeting?</u>	5
<u>Where can I find the voting results?</u>	5
<u>How and when may I submit a shareholder proposal, including a shareholder nomination for director, for the 2013 annual meeting?</u>	5
<u>What are the costs of soliciting these proxies and who will pay?</u>	6
<u>How can I obtain an Annual Report on Form 10-K?</u>	6
<u>Whom should I contact if I have any questions?</u>	6
<u>HOUSEHOLDING OF ANNUAL MEETING MATERIALS</u>	6
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	7
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	8
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	9
<u>CORPORATE GOVERNANCE</u>	12
<u>General</u>	12
<u>Determination of Independence</u>	12
<u>Director Candidates</u>	13
<u>Communications from Shareholders and Other Interested Parties</u>	14
<u>Board of Directors Meetings and Committees</u>	14
<u>Risk Considerations in Our Compensation Program</u>	17
<u>Report of the Audit Committee</u>	18
<u>Independent Registered Public Accounting Firm Fees and Other Matters</u>	19
<u>Director Compensation</u>	21
<u>Certain Relationships and Related Transactions</u>	23
<u>PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	26
<u>INFORMATION ABOUT EXECUTIVE COMPENSATION</u>	27
<u>Compensation Discussion and Analysis</u>	27
<u>Executive Summary</u>	27
<u>Compensation Processes and Philosophy</u>	31
<u>Components of Executive Compensation</u>	33
<u>Agreements with our Chief Executive Officer</u>	39
<u>Severance, Retention and Change in Control Benefits</u>	41
<u>Equity Award Grant Date Policy</u>	42
<u>Tax and Accounting Considerations</u>	42
<u>Summary Compensation</u>	43
<u>Grants of Plan-Based Awards in Fiscal Year 2011</u>	46

Table of Contents

<u>Outstanding Equity Awards at Fiscal Year-End 2011</u>	47
<u>Option Exercises and Stock Vested During Fiscal 2011</u>	49
<u>Pension Benefits</u>	49
<u>Non-Qualified Deferred Compensation Plan</u>	51
<u>Change in Control Retention Agreements</u>	52
<u>Potential Payments Upon Termination or Change in Control</u>	52
<u>Equity Award Program Description</u>	55
<u>Securities Authorized for Issuance Under Equity Compensation Plans</u>	55
<u>Compensation Committee Interlocks and Insider Participation</u>	56
<u>Compensation Committee Report</u>	57
<u>PROPOSAL 3 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	58
<u>OTHER MATTERS</u>	58
<u>ELECTRONIC VOTING</u>	58

Table of Contents

ANALOG DEVICES, INC.

ONE TECHNOLOGY WAY

NORWOOD, MASSACHUSETTS 02062-9106

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS

March 13, 2012

This proxy statement contains information about the 2012 Annual Meeting of Shareholders of Analog Devices, Inc. The meeting will be held on Tuesday, March 13, 2012, beginning at 9:00 a.m. local time, at our headquarters at Three Technology Way, Norwood, Massachusetts 02062. You may obtain directions to the location of the annual meeting by visiting our website at www.analog.com or by contacting our Director of Investor Relations at Analog Devices, Inc., One Technology Way, Norwood, MA 02062; telephone: 781-329-4700.

We are furnishing this proxy statement to you in connection with the solicitation of proxies by the Board of Directors of Analog Devices, Inc. (which we also refer to as Analog Devices, ADI, or the Company) for use at the annual meeting and at any adjournment of that meeting. All proxies will be voted in accordance with the instructions they contain. If you do not specify your voting instructions on the proxy you submit for the meeting, it will be voted in accordance with the recommendation of the Board of Directors. You may revoke your proxy at any time before it is exercised at the meeting by giving our Secretary written notice to that effect.

We are mailing our Annual Report to Shareholders for the fiscal year ended October 29, 2011 with these proxy materials on or about February 2, 2012.

Important Notice Regarding the Availability of Proxy Materials for the Annual

Meeting of Shareholders to be Held on March 13, 2012:

This proxy statement and the 2011 Annual Report to Shareholders are available for viewing, printing and downloading at www.analog.com/AnnualMeeting.

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

What is the purpose of the annual meeting?

At the annual meeting, shareholders will consider and vote on the following matters:

1. The election of the nine nominees named in this proxy statement to our Board of Directors, each for a term of one year.
2. A non-binding say on pay vote regarding the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures in this proxy statement.
3. The ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending November 3, 2012.

The shareholders will also act on any other business that may properly come before the meeting.

Who can vote?

To be able to vote, you must have been an Analog Devices shareholder of record at the close of business on January 13, 2012. This date is the record date for the annual meeting. The number of outstanding shares entitled to vote on each proposal at the meeting is 297,688,468 shares of our common stock.

Table of Contents

How many votes do I have?

Each share of our common stock that you owned on the record date entitles you to one vote on each matter that is voted on.

Is my vote important?

Yes. Your vote is important no matter how many shares you own. Please take the time to vote. Take a moment to read the instructions below. Choose the way to vote that is easiest and most convenient for you and cast your vote as soon as possible.

How do I vote?

If you are the record holder of your shares, meaning that you own your shares in your own name and not through a bank or brokerage firm, you may vote in one of four ways.

(1) *You may vote over the Internet.* If you have Internet access, you may vote your shares from any location in the world by following the Vote by Internet instructions on the enclosed proxy card.

(2) *You may vote by telephone.* You may vote your shares by following the Vote by Telephone instructions on the enclosed proxy card.

(3) *You may vote by mail.* You may vote by completing and signing the proxy card enclosed with this proxy statement and promptly mailing it in the enclosed postage-prepaid envelope. You do not need to put a stamp on the enclosed envelope if you mail it in the United States. The shares you own will be voted according to your instructions on the proxy card you mail. **If you return the proxy card, but do not give any instructions on a particular matter described in this proxy statement, the shares you own will be voted in accordance with the recommendations of our Board of Directors.** The Board of Directors recommends that you vote FOR Proposals 1, 2 and 3.

(4) *You may vote in person.* If you attend the meeting, you may vote by delivering your completed proxy card in person or by completing a ballot. Ballots will be available at the meeting.

Can I change my vote after I have mailed my proxy card or after I have voted my shares over the Internet or by telephone?

Yes. You can change your vote and revoke your proxy at any time before the polls close at the meeting by doing any one of the following things:

signing another proxy with a later date;

giving our Secretary a written notice before or at the meeting that you want to revoke your proxy; or

voting in person at the meeting.

Your attendance at the meeting alone will not revoke your proxy.

Can I vote if my shares are held in street name ?

If the shares you own are held in street name by a brokerage firm, your brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the directions your brokerage firm provides you. Many brokers also offer the option of voting over the Internet or by telephone, instructions for which would be provided by your brokerage firm on your vote instruction form.

Under the current rules of the New York Stock Exchange, or NYSE, if you do not give instructions to your brokerage firm, it will still be able to vote your shares with respect to certain discretionary items, but it will not

Table of Contents

be allowed to vote your shares with respect to certain non-discretionary items. The ratification of Ernst & Young LLP as our independent registered public accounting firm (Proposal 3) is considered to be a discretionary item under the NYSE rules and your brokerage firm will be able to vote on that item even if it does not receive instructions from you, so long as it holds your shares in its name. **The election of directors (Proposal 1) and the say on pay advisory vote (Proposal 2) are non-discretionary items. If you do not instruct your broker how to vote with respect to these items, your broker may not vote with respect to these proposals and those votes will be counted as broker non-votes.** Broker non-votes are shares that are held in street name by a bank or brokerage firm that indicates on its proxy that it does not have or did not exercise discretionary authority to vote on a particular matter.

If your shares are held in street name, you must bring an account statement or letter from your bank or brokerage firm showing that you are the beneficial owner of the shares as of the record date (January 13, 2012) in order to be admitted to the meeting on March 13, 2012. To be able to vote your shares held in street name at the meeting, you will need to obtain a proxy card from the holder of record.

How do I vote my 401(k) shares?

If you participate in the Analog Devices Stock Fund through The Investment Partnership Plan of Analog Devices, or TIP, your proxy will also serve as a voting instruction for Fidelity Management Trust Company, or Fidelity, which serves as the administrator of TIP, with respect to shares of ADI common stock attributable to your TIP account, or TIP shares, as of the record date. You should sign the proxy card and return it in the enclosed envelope to Broadridge Financial Solutions, Inc., or you may submit your proxy over the Internet or by telephone by following the instructions on the enclosed card. Broadridge will notify Fidelity of the manner in which you have directed your TIP shares to be voted. Fidelity will vote your TIP shares as of the record date in the manner that you direct. If Broadridge does not receive your voting instructions from you by 11:59 p.m. eastern time on March 8, 2012, Fidelity will vote your TIP shares as of the record date in the same manner, proportionally, as it votes the other shares of common stock for which proper and timely voting instructions of other TIP participants have been received by Fidelity.

How do I vote my shares held in trust in the Analog Ireland Success Sharing Share Plan?

If you participate in the Analog Ireland Success Sharing Share Plan (the Ireland share plan), you may instruct Irish Pensions Trust Limited, which serves as the trustee of the Ireland share plan, to vote the amount of shares of common stock which they hold on your behalf as of the record date. You will receive a voting card that you may use to direct Mercer Ireland Limited (Mercer), which administers the Irish share plan on behalf of Irish Pensions Trust Limited, how to vote your shares. You should sign the voting card and return it to Mercer in the envelope provided. Mercer will vote the shares in the manner that you direct on the voting card. If Mercer does not receive your voting card by 5:00 p.m. Greenwich Mean Time (GMT) on Friday, March 2, 2012, Mercer will not vote your shares.

What constitutes a quorum?

In order for business to be conducted at the meeting, a quorum must be present in person or represented by valid proxies. For each of the proposals to be presented at the meeting, a quorum consists of the holders of a majority of the shares of common stock issued and outstanding on January 13, 2012, the record date, or at least 148,844,235 shares.

Shares of common stock represented in person or by proxy (including broker non-votes and shares that abstain or do not vote with respect to a particular proposal) will be counted for the purpose of determining whether a quorum exists at the meeting for that proposal.

If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

Table of Contents

What vote is required for each item?

Election of directors. Under our bylaws, a nominee will be elected to the Board of Directors if the votes cast for the nominee's election exceed the votes cast against the nominee's election, with abstentions and broker non-votes not counting as votes for or against. If the shares you own held in street name by a brokerage firm, your brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. **If you do not instruct your broker how to vote with respect to this item, your broker may not vote your shares with respect to the election of directors.** If an uncontested incumbent director nominee receives a majority of votes against his election, the director must tender a resignation from the Board. The Board will then decide whether to accept the resignation within 90 days following certification of the shareholder vote (based on the recommendation of a committee of independent directors). We will publicly disclose the Board's decision and its reasoning with regard to the offered resignation.

Say on Pay. Our Board of Directors is seeking a non-binding advisory vote regarding the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures contained in this proxy statement. Under our bylaws, the affirmative vote of a majority of the total number of votes cast at the meeting is needed to approve this resolution. The vote is advisory and non-binding in nature but our Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements. **If you do not instruct your broker how to vote with respect to this item, your broker may not vote with respect to this proposal.**

Ratification of independent registered public accounting firm. Under our bylaws, the affirmative vote of a majority of the total number of votes cast at the meeting is needed to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm.

How will votes be counted?

Each share of common stock will be counted as one vote according to the instructions contained on a proper proxy card, whether submitted in person, by mail, over the Internet or by telephone, or on a ballot voted in person at the meeting. With respect to all proposals, shares will not be voted in favor of the matter, and will not be counted as voting on the matter, if they either (1) abstain from voting on a particular matter, or (2) are broker non-votes. Brokers who do not receive instructions with respect to Proposals 1 or 2 will not be allowed to vote these shares, and all such shares will be broker non-votes rather than votes for or against. Accordingly, assuming the presence of a quorum, abstentions and broker non-votes for a particular proposal will not be counted as votes cast to determine the outcome of a particular proposal.

Who will count the votes?

The votes will be counted, tabulated and certified by Broadridge Financial Solutions, Inc.

Will my vote be kept confidential?

Yes, your vote will be kept confidential and we will not disclose your vote, unless (1) we are required to do so by law (including in connection with the pursuit or defense of a legal or administrative action or proceeding), or (2) there is a contested election for the Board of Directors. The inspector of elections will forward any written comments that you make on the proxy card to management without providing your name, unless you expressly request disclosure on your proxy card.

Table of Contents

How does the Board of Directors recommend that I vote on the proposals?

The Board of Directors recommends that you vote:

FOR the election of each of the nine nominees to serve as directors on the Board of Directors, each for a term of one year (Proposal 1);

FOR the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures contained in this proxy statement (Proposal 2); and

FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2012 fiscal year (Proposal 3).

Will any other matters be voted on at this meeting?

No. Under Massachusetts law, where we are incorporated, an item may not be brought before our shareholders at a meeting unless it appears in the notice of the meeting. Our bylaws establish the process for a shareholder to bring a matter before a meeting. See *How and when may I submit a shareholder proposal, including a shareholder nomination for director, for the 2013 annual meeting?* below.

Where can I find the voting results?

We will report the voting results in a Form 8-K filed with the SEC within four business days after the end of our annual meeting.

How and when may I submit a shareholder proposal, including a shareholder nomination for director, for the 2013 annual meeting?

If you are interested in submitting a proposal for inclusion in our proxy statement for the 2013 annual meeting, you need to follow the procedures outlined in Rule 14a-8 of the Securities Exchange Act of 1934, or the Exchange Act. To be eligible for inclusion, we must receive your shareholder proposal for our proxy statement for the 2013 annual meeting of shareholders at our principal corporate offices in Norwood, Massachusetts at the address below no later than October 5, 2012.

In addition, our bylaws require that we be given advance written notice for nominations for election to our Board of Directors and other matters that shareholders wish to present for action at an annual meeting other than those to be included in our proxy statement under Rule 14a-8. The Secretary must receive such notice at the address noted below not less than 90 days or more than 120 days before the first anniversary of the preceding year's annual meeting. However, if the date of our annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the anniversary date, then we must receive such notice at the address noted below not earlier than the 120th day before such annual meeting and not later than the close of business on the later of (1) the 90th day before such annual meeting or (2) the seventh day after the day on which notice of the meeting date was mailed or public disclosure was made, whichever occurs first. Assuming that the 2013 annual meeting is not advanced by more than 20 days nor delayed by more than 60 days from the anniversary date of the 2012 annual meeting, you would need to give us appropriate notice at the address noted below no earlier than November 13, 2012, and no later than December 13, 2012. If a shareholder does not provide timely notice of a nomination or other matter to be presented at the 2013 annual meeting, under Massachusetts law, it may not be brought before our shareholders at a meeting.

Our bylaws also specify requirements relating to the content of the notice that shareholders must provide to the Secretary of Analog Devices for any matter, including a shareholder proposal or nomination for director, to be properly presented at a shareholder meeting. A copy of the full text of our bylaws is on file with the Securities and Exchange Commission and publicly available on our website.

Table of Contents

Any proposals, nominations or notices should be sent to:

Secretary, Analog Devices, Inc.

Margaret Seif

Analog Devices, Inc.

One Technology Way

Norwood, MA 02062

Phone: 781-461-3367

Fax: 781-461-3491

Email: margaret.seif@analog.com

What are the costs of soliciting these proxies and who will pay?

We will bear the costs of solicitation of proxies. We have engaged Alliance Advisors LLC to assist us with the solicitation of proxies and expect to pay Alliance Advisors approximately \$10,000 for their services. In addition to solicitations by mail, Alliance Advisors and our directors, officers and regular employees may solicit proxies by telephone, email and personal interviews without additional remuneration. We will request brokers, custodians and fiduciaries to forward proxy soliciting material to the owners of shares of our common stock that they hold in their names. We will reimburse banks and brokers for their reasonable out-of-pocket expenses incurred in connection with the distribution of our proxy materials.

How can I obtain an Annual Report on Form 10-K?

Our Annual Report on Form 10-K for the fiscal year ended October 29, 2011 is available on our website at www.analog.com. If you would like a copy of our Annual Report on Form 10-K or any of its exhibits, we will send you one without charge. Please contact:

Director of Investor Relations

Analog Devices, Inc.

One Technology Way

Norwood, MA 02062

Phone: 781-329-4700

Email: investor.relations@analog.com

Whom should I contact if I have any questions?

If you have any questions about the annual meeting or your ownership of our common stock, please contact our Director of Investor Relations, at the address, telephone number or email address listed above.

HOUSEHOLDING OF ANNUAL MEETING MATERIALS

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of our proxy statement and annual report to shareholders may have been sent to multiple shareholders in your household unless we have received contrary instructions from one or more shareholders. We will promptly deliver a separate copy of either

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

document to you if you contact us at the following address or telephone number: Investor Relations Department, Analog Devices, Inc., One Technology Way, Norwood, Massachusetts 02062, telephone: 781-329-4700. If you want to receive separate copies of the proxy statement or annual report to shareholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the above address, telephone number or email address.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table contains information regarding the beneficial ownership of our common stock as of January 13, 2012 by:

the shareholders we know to beneficially own more than 5% of our outstanding common stock;

each director named in this proxy statement;

each executive officer named in the Summary Compensation Table included in this proxy statement; and

all of our directors and executive officers as a group.

Name and Address of Beneficial Owner(1)	Number of Shares Beneficially Owned(2)	Shares Acquirable within 60 Days(3)	=	Total Beneficial Ownership	Percent of Common Stock Beneficially Owned(4)
<i>5% Shareholders:</i>					
Wellington Management Company, LLP(5) 280 Congress Street Boston, Massachusetts 02210	26,889,472			26,889,472	9.0%
FMR, LLC(6) 82 Devonshire Street Boston, Massachusetts 02109	17,600,163			17,600,163	5.9%
<i>Directors and Named Executive Officers:</i>					
James A. Champy	79,350	52,465		131,815	*
John L. Doyle	9,728	130,465		140,193	*
Jerald G. Fishman	421,348	1,785,000		2,206,348	*
John C. Hodgson	6,350	81,215		87,565	*
Yves-Andre Istel	13,350	40,615		53,965	*
Robert R. Marshall		466,783		466,783	*
Robert P. McAdam	186,601	416,679		603,280	*
Neil Novich	9,350	38,768		48,118	*
Vincent T. Roche	100	460,043		460,143	*
F. Grant Saviers	8,850	130,465		139,315	*
Paul J. Severino	17,550	74,465		92,015	*
Kenton J. Sicchitano	6,850	127,465		134,315	*
Ray Stata(7)	4,238,994	422,790		4,661,784	1.6%
David A. Zinsner	8,772	102,022		110,794	*
All directors and executive officers as a group (18 persons, consisting of 10 officers and 8 non-employee directors)(8)	5,031,271	4,689,906		9,721,177	3.2%

* Less than 1% of our outstanding common stock.

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

- (1) Unless otherwise indicated, the address of each beneficial owner listed is c/o Analog Devices, Inc., One Technology Way, Norwood, MA 02062.
- (2) For each person, the Number of Shares Beneficially Owned column may include shares of common stock attributable to the person because of that person's voting or investment power or other relationship. Unless otherwise indicated, each person in the table has sole voting and investment power over the shares listed. The inclusion in the table of any shares, however, does not constitute an admission of beneficial ownership of those shares by the named shareholder.

Table of Contents

- (3) The number of shares of common stock beneficially owned by each person is determined under the rules of the Securities and Exchange Commission, or SEC. Under these rules, a person is deemed to have beneficial ownership of any shares over which that person has or shares voting or investment power, plus any shares that the person may acquire within 60 days, including through the exercise of stock options. Unless otherwise indicated, for each person named in the table, the number in the Shares Acquirable within 60 Days column consists of shares covered by stock options that may be exercised and restricted stock units that vest within 60 days after January 13, 2012.
- (4) The percent ownership for each shareholder on January 13, 2012 is calculated by dividing (1) the total number of shares beneficially owned by the shareholder by (2) the number of shares of our common stock outstanding on January 13, 2012 (297,688,468 shares) plus any shares acquirable (including exercisable stock options) by the shareholder in question within 60 days after January 13, 2012.
- (5) Based solely on a Form 13F-HR filed by Wellington Management Company, LLP on November 14, 2011 reporting stock ownership as of September 30, 2011. Wellington Management Company, LLP reports that it has sole voting authority with respect to 13,000,462 shares, sole investment discretion with respect to 25,149,834 shares and shared investment discretion with respect to 1,739,638 shares.
- (6) Based solely on a Form 13F-HR filed by FMR, LLC on November 14, 2011 reporting stock ownership as of September 30, 2011. FMR, LLC reports that it has sole voting authority with respect to 833,961 shares and shared investment discretion with respect to 17,600,163 shares.
- (7) Includes 1,108,709 shares held by Mr. Stata's wife, 400,277 shares held in trusts for the benefit of Mr. Stata's children, and 1,628,808 shares held in charitable lead trusts, as to which Mr. Stata disclaims beneficial ownership.
- (8) All directors and executive officers as a group disclaim beneficial ownership of a total of 3,137,794 shares.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and the holders of more than 10% of our common stock to file with the SEC initial reports of ownership of our common stock and other equity securities on a Form 3 and reports of changes in such ownership on a Form 4 or Form 5. Officers, directors and 10% shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To our knowledge, based solely on a review of our records and written representations by the persons required to file these reports, all filing requirements of Section 16(a) were satisfied with respect to our most recent fiscal year.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

Our entire Board of Directors is elected annually by our shareholders and currently consists of 10 members. However, John L. Doyle, a member of our Board since 1987, has decided to retire at the end of his current term which expires on the date of our annual meeting. Mr. Doyle will not seek re-election. At the meeting, shareholders will have an opportunity to vote for each of the nine nominees listed below. The persons named in the enclosed proxy card will vote for each of these nominees, unless you instruct them to vote otherwise on the proxy card (whether executed by you or through Internet or telephonic voting). Each of the nominees has indicated his willingness to serve, if elected. However, if any or all of the nominees should be unable or unwilling to serve, the proxies may be voted for a substitute nominee designated by our Board of Directors or our Board may reduce the number of directors.

Director Qualifications

The following paragraphs provide information as of the date of this proxy statement about each nominee. The information presented includes information each director has given us about his age, all positions he holds, his principal occupation and business experience, and the names of other publicly-held companies of which he currently serves as a director or has served as a director during the past five years. In addition to the information presented below regarding each nominee's specific experience, qualifications, attributes and skills that led our Board to the conclusion that he should serve as a director, we also believe that all of our director nominees have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to ADI and our Board. Finally, we value their significant experience on other public company boards of directors and board committees.

Information about the number of shares of common stock beneficially owned by each director appears above under the heading Security Ownership of Certain Beneficial Owners and Management. See also Certain Relationships and Related Transactions. There are no family relationships among any of the directors and executive officers of ADI.

RAY STATA, *Chairman of the Board of Directors; Director since 1965*

Mr. Stata, age 77, has served as our Chairman of the Board of Directors since 1973 and an executive officer of our company since its inception. Mr. Stata served as our Chief Executive Officer from 1973 to November 1996 and as our President from 1971 to November 1991. We believe Mr. Stata's qualifications to sit on our Board of Directors include his 47 years of experience in the semiconductor industry, including as our founder, our Chairman for 39 years and formerly as our President for 20 years.

JERALD G. FISHMAN, *President and Chief Executive Officer; Director since 1991*

Mr. Fishman, age 66, has been our President and Chief Executive Officer since November 1996 and served as our President and Chief Operating Officer from November 1991 to November 1996. Mr. Fishman served as our Executive Vice President from 1988 to November 1991. He served as our Group Vice President-Components from 1982 to 1988. Mr. Fishman also currently serves as a director of Cognex Corporation and Xilinx, Inc. We believe Mr. Fishman's qualifications to sit on our Board of Directors include his four decades of experience in the semiconductor industry, including 21 years as our President.

JAMES A. CHAMPY, *Director since March 2003*

Mr. Champy, age 69, retired in 2010 as Vice President of the Dell/Perot Systems business unit of Dell, Inc., a computer and technology services company. He was previously a Vice President and the Chairman of Consulting at Perot Systems Corporation from 1996 to November 2009. He served as a director of Perot Systems Corporation from 1996 to 2004. Mr. Champy is the author of several business books and is currently a Research

Table of Contents

Fellow at the Harvard Business School. We believe Mr. Champy's qualifications to serve on our Board of Directors include his expertise in corporate strategy development and his organizational acumen.

JOHN C. HODGSON, *Director since September 2005*

Mr. Hodgson, age 68, has been retired since December 2006. He served as Senior Vice President and Chief Marketing and Sales Officer for DuPont, a science-based products and services company, from January 2006 to December 2006. Mr. Hodgson served as Senior Vice President and Chief Customer Officer from May 2005 to January 2006, Executive Vice President and Chief Marketing and Sales Officer from February 2002 to May 2005 and Group Vice President and General Manager of DuPont iTechnologies from February 2000 to February 2002. We believe Mr. Hodgson's qualifications to sit on our Board of Directors include his extensive sales and marketing experience with a complex, global technology company, as well as his executive leadership and experience with strategic, operational and financial matters.

YVES-ANDRE ISTELE, *Director since December 2007*

Mr. Istel, age 75, has been a Senior Advisor to Rothschild, Inc., an international investment bank, since April 2002, and was Vice Chairman of Rothschild, Inc. from 1993 to April 2002. He was previously Chairman of Wasserstein Perella & Co. International and Managing Director of Wasserstein Perella & Co., Inc. from 1988 to 1992. Mr. Istel also served as a director of Imperial Sugar Company, a processor and marketer of refined sugar during the past five years. Mr. Istel is deputy chairman of Compagnie Financiere Richemont S.A., the parent group owning luxury goods companies, including Cartier and Montblanc. We believe Mr. Istel's qualifications to sit on our Board of Directors include his extensive experience with global companies, his financial expertise and his years of experience providing strategic advisory services to complex organizations.

NEIL NOVICH, *Director since May 2008*

Mr. Novich, age 57, is the former Chairman, President and Chief Executive Officer of Ryerson Inc., a leading global metals distributor and fabricator. He joined Ryerson in 1994 as Chief Operating Officer and served in that role until 1999 when he was named Chairman, President and Chief Executive Officer, a position he held through 2007. Prior to that, he was a Director at Bain & Company, an international consulting firm. Mr. Novich also serves as a director of W.W. Grainger, Inc. and Hillenbrand Inc. and served as a director of Ryerson, Inc. during the past five years. We believe Mr. Novich's qualifications to sit on our Board of Directors include his experience as a CEO leading complex global organizations, combined with his broad operational and corporate governance expertise.

F. GRANT SAVIERS, *Director since December 1997*

Mr. Saviers, age 67, has been retired since 1998. He served as Chairman of the Board of Adaptec, Inc., a provider of high performance computer input/output products, from 1997 to 1998, President from 1992 to 1995, and Chief Executive Officer from 1995 to 1998. Prior to Adaptec, Mr. Saviers was employed by Digital Equipment Corporation, where he served as Vice President, Storage Systems from 1981 to 1989, and as Vice President, Personal Computers and Peripherals from 1989 to 1992. We believe Mr. Saviers' qualifications to serve on our Board of Directors include his experience in leading complex technology enterprises and his experience as a CEO of a semiconductor company.

PAUL J. SEVERINO, *Director since November 2005*

Mr. Severino, age 65, has been an advisor to emerging technology companies since 1996. From 1994 to 1996, he was Chairman of Bay Networks, Inc., a data networking products services company, after its formation from the merger of Wellfleet Communications, Inc. and Synoptics Communications, Inc. Prior to that merger, Mr. Severino was a founder, President and Chief Executive Officer of Wellfleet Communications, Inc.

Table of Contents

Mr. Severino is also a trustee of Rensselaer Polytechnic Institute and the Dana Farber Cancer Institute. Mr. Severino served as a director of Sonus Networks, Inc. during the past five years. We believe Mr. Severino's qualifications to serve on our Board of Directors include his experience as a CEO of a global technology company, as well as his management and corporate governance expertise.

KENTON J. SICCHITANO, *Director since March 2003*

Mr. Sicchitano, age 67, has been retired since July 2001. He joined Price Waterhouse LLP, a predecessor firm of PricewaterhouseCoopers LLP, in 1970 and became a partner in 1979. PricewaterhouseCoopers LLP, or PwC, is a public accounting firm. At the time of his retirement, Mr. Sicchitano was the Global Managing Partner of Independence and Regulatory Matters for PwC. During his 31-year tenure with PwC, Mr. Sicchitano held various positions including the Global Managing Partner of Audit/Business Advisory Services and the Global Managing Partner responsible for Audit/Business Advisory, Tax/Legal and Financial Advisory Services. Mr. Sicchitano also serves as a director of PerkinElmer, Inc. and MetLife, Inc. We believe Mr. Sicchitano's qualifications to sit on our Board of Directors include his extensive experience with public and financial accounting matters for complex global organizations.

Our Board of Directors recommends that you vote FOR the election of each of the above nominees.

Table of Contents

CORPORATE GOVERNANCE

General

We have long believed that good corporate governance is important to ensure that Analog Devices is managed for the long-term benefit of our shareholders. We periodically review our corporate governance policies and practices and compare them to those suggested by various authorities in corporate governance and the practices of other public companies. As a result, we have adopted policies and procedures that we believe are in the best interests of Analog Devices and our shareholders. In particular, we have adopted the following policies and procedures:

Declassified Board of Directors. We have a declassified Board and our bylaws provide for one-year terms for our directors. All of our directors will stand for election to one-year terms at this annual meeting.

Majority Voting for Election of Directors. Our bylaws provide for a majority voting standard in uncontested director elections, so a nominee is elected to the Board if the votes for that director exceed the votes against (with abstentions and broker non-votes not counted as for or against the election). If a nominee does not receive more for votes than against votes, the director must offer his or her resignation, which the Board must determine whether to accept and publicly disclose that determination.

Executive Sessions. At each regular meeting, our Board holds executive sessions of non-employee directors, who are all independent as defined under the rules of the NYSE. Our lead director, James A. Champy, presides at these executive sessions. In addition, the committees of our Board also regularly hold executive sessions with their advisors without management present.

No Hedging Policy. We prohibit all hedging transactions or short sales involving Company securities by our directors and employees, including our executive officers.

Equity Award Grant Date Policy. We do not time or select the grant dates of any stock options or stock-based awards in coordination with our release of material non-public information, nor do we have any program, plan or practice to do so. In addition, the Compensation Committee has adopted specific written policies regarding the grant dates of stock option and stock-based awards made to our directors, executive officers and employees. See Director Compensation and INFORMATION ABOUT EXECUTIVE COMPENSATION Compensation Discussion and Analysis Equity Award Grant Date Policy below for more information.

You can access the current charters for our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, our Corporate Governance Guidelines, our Code of Business Conduct and Ethics and our Equity Award Grant Date Policy at www.analog.com/governance or by writing to:

Director of Investor Relations

Analog Devices, Inc.

One Technology Way

Norwood, MA 02062

Phone: 781-329-4700

Fax: 781-461-3491

Email: investor.relations@analog.com

Determination of Independence

Under current NYSE rules, a director of Analog Devices only qualifies as independent if our Board of Directors affirmatively determines that the director has no material relationship with Analog Devices (either directly or as a partner, shareholder or officer of an organization that has a relationship with Analog Devices). Our Board of Directors has established guidelines (within our Corporate Governance Guidelines) to assist it in

Table of Contents

determining whether a director has a material relationship with Analog Devices. These guidelines are posted on our website under analog.com/governance. For relationships not covered by the guidelines, the determination of whether a material relationship exists is made by the members of our Board of Directors who are independent (as defined above).

Our Board of Directors has determined that each of Messrs. Champy, Doyle, Hodgson, Istel, Novich, Saviers, Severino and Sicchitano is independent within the meaning of Section 303A.02(b) of the NYSE Listed Company Manual. None of these directors has any relationship with Analog Devices, other than a relationship that is not material under the guidelines and other than as disclosed in this proxy statement under Director Compensation and Certain Relationships and Related Transactions. Messrs. Stata and Fishman are not independent because they are employed by the Company. We considered the Company's annual laboratory membership with The Massachusetts Institute of Technology (of which James Champy is a board member) and determined that the relationship was established in the ordinary course of business on an arms-length basis without the involvement of Mr. Champy, and is not material to MIT or the Company.

Director Candidates

Shareholders of record of Analog Devices may recommend director candidates for inclusion by the Board of Directors in the slate of nominees that the Board recommends to our shareholders for election. The qualifications of recommended candidates will be reviewed by the Nominating and Corporate Governance Committee. If the Board determines to nominate a shareholder-recommended candidate and recommends his or her election as a director by the shareholders, the name will be included in Analog Devices' proxy card for the shareholders' meeting at which his or her election is recommended.

Shareholders may recommend individuals for the Nominating and Corporate Governance Committee to consider as potential director candidates by submitting their names and background and a statement as to whether the shareholder or group of shareholders making the recommendation has beneficially owned more than 5% of Analog Devices' common stock for at least one year as of the date the recommendation is made, to the Analog Devices Nominating and Corporate Governance Committee, Analog Devices, Inc., One Technology Way, PO Box 9106, Norwood, MA 02062. The Nominating and Corporate Governance Committee will consider a recommendation only if appropriate biographical information and background material is provided on a timely basis.

The process followed by the Nominating and Corporate Governance Committee to identify and evaluate candidates includes requests to Board members and others for recommendations, input from director search firms for identification and evaluation of candidates, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the Nominating and Corporate Governance Committee and the Board. Assuming that appropriate biographical and background material is provided for candidates recommended by shareholders on a timely basis, the Nominating and Corporate Governance Committee will evaluate director candidates recommended by shareholders by following substantially the same process, and applying substantially the same criteria, as it follows for director candidates submitted by Board members.

Shareholders also have the right to directly nominate director candidates, without any action or recommendation on the part of the Nominating and Corporate Governance Committee or the Board, by following the procedures set forth in ADI's amended and restated bylaws and described in the response to the question **How and when may I submit a shareholder proposal, including a shareholder nomination for director, for the 2013 annual meeting?** above.

Criteria and Diversity

In considering whether to recommend any candidate for inclusion in the Board's slate of recommended director nominees, including candidates recommended by shareholders, the Nominating and Corporate

Table of Contents

Governance Committee will apply the criteria set forth in our Corporate Governance Guidelines. These criteria include the candidate's integrity, business acumen, experience, commitment, diligence, the presence of any conflicts of interest and the ability of the candidate to act in the interests of all shareholders. Our Corporate Governance Guidelines specify that the value of diversity on the Board should be considered by the Nominating and Corporate Governance Committee in the director identification and nomination process. The Committee seeks nominees with a broad diversity of experience, professions, skills, geographic representation and backgrounds. The Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. Analog Devices believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. While we do not have a policy regarding Board diversity, the Committee has instructed its director search firm to include gender, racial and ethnic diversity as part of its search criteria, consistent with the requirement for relevant experience, skills and industry familiarity.

Communications from Shareholders and Other Interested Parties

The Board will give appropriate attention to written communications on issues that are submitted by shareholders and other interested parties, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by committee charters, the Chairman of the Nominating and Corporate Governance Committee will, with the assistance of Analog Devices' internal legal counsel, (1) be primarily responsible for monitoring communications from shareholders and other interested parties and (2) provide copies or summaries of such communications to the other directors as he considers appropriate.

Communications will be forwarded to all directors if they relate to substantive matters and include suggestions or comments that the Chairman of the Nominating and Corporate Governance Committee considers to be important for the directors to review. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to personal grievances, commercial solicitations, and matters as to which Analog Devices tends to receive repetitive or duplicative communications.

Shareholders and other interested parties who wish to send communications on any topic to the Board (including the presiding director or the independent directors as a group) should address such communications to James A. Champy, Presiding Director, c/o General Counsel, Analog Devices, Inc., One Technology Way, PO Box 9106, Norwood, MA 02062.

Board of Directors Meetings and Committees

The Board of Directors has responsibility for reviewing our overall performance rather than day-to-day operations. The Board's primary responsibility is to oversee the management of the Company and, in so doing, serve the best interests of the Company and its shareholders. The Board provides for the succession of the chief executive officer, nominates for election at annual shareholder meetings individuals to serve as directors of Analog Devices and elects individuals to fill any vacancies on the Board. It reviews corporate objectives and strategies, and evaluates and approves significant policies and proposed major commitments of corporate resources. It participates in decisions that have a potential major economic impact on Analog Devices. Management keeps the directors informed of Company activity through regular written reports and presentations at Board and committee meetings.

The Board of Directors met eleven times in fiscal 2011, including by telephone conference. During fiscal 2011, each of our directors attended 75% or more of the total number of meetings of the Board of Directors and the committees on which he served. The Board has standing Audit, Compensation, and Nominating and Corporate Governance Committees. Each committee has a charter that has been approved by the Board. Each

Table of Contents

committee must review its charter and perform a self-evaluation at least annually. Messrs. Stata and Fishman are the only directors who are also employees of Analog Devices and they do not serve on any standing Board committee. They do not participate in the portion of any Board or committee meeting during which their compensation is evaluated. All members of all three committees are independent, non-employee directors.

Board Leadership Structure

We separate the roles of CEO and Chairman of the Board in recognition of the differences between the two roles. The CEO is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company, while the Chairman of the Board provides guidance to the CEO, sets the agenda for Board meetings and presides over meetings of the full Board. Because Mr. Stata, our Chairman, is an employee of the Company and is therefore not independent, our Board of Directors has appointed James A. Champy, as presiding director to preside at all executive sessions of non-management directors, who are all independent, as defined under the rules of the NYSE. The Board holds executive sessions at each regular meeting.

Our Corporate Governance Guidelines set forth our policy that directors are expected to attend annual meetings of shareholders. All of our directors attended the 2011 Annual Meeting of Shareholders.

Audit Committee

The current members of our Audit Committee are Messrs. Sicchitano (Chair), Doyle and Hodgson. The Board of Directors has determined that each of Messrs. Sicchitano, Doyle and Hodgson qualifies as an audit committee financial expert under the rules of the SEC. Each of Messrs. Sicchitano, Doyle and Hodgson is an independent director under the rules of the NYSE governing the qualifications of the members of audit committees and Rule 10A-3(b)(1) of the Exchange Act. In addition, our Board of Directors has determined that each member of the Audit Committee is financially literate and has accounting and/or related financial management expertise as required under the rules of the NYSE. None of Messrs. Sicchitano, Doyle or Hodgson serves on the audit committees of more than two other public companies. Mr. Doyle plans to retire from the Board on the date of our annual meeting and will not seek re-election. We expect that Yves-Andre Istel, who also qualifies as an audit committee financial expert, will join the Audit Committee upon Mr. Doyle's departure.

The Audit Committee assists the Board's oversight of the integrity of our financial statements, the qualifications and independence of our independent registered public accounting firm, and the performance of our internal audit function and independent registered public accounting firm. The Audit Committee has the authority to engage any independent legal, accounting and other advisors that it deems necessary or appropriate to carry out its responsibilities. These independent advisors may be the regular advisors to the Company. The Audit Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of those advisors as established by the Audit Committee. The Audit Committee was responsible for selecting and appointing Ernst & Young, our independent registered public accounting firm, and did not retain any other advisors during fiscal 2011. The Audit Committee met ten times during fiscal 2011 (including by telephone conference). The responsibilities of our Audit Committee and its activities during fiscal 2011 are described in the Report of the Audit Committee below.

Compensation Committee

The current members of our Compensation Committee are Messrs. Novich (Chair), Saviers and Severino. The Board has determined that each of Messrs. Novich, Saviers and Severino is independent as defined under the rules of the NYSE. The Compensation Committee evaluates and sets the compensation of our Chief Executive Officer and our other executive officers, and makes recommendations to our Board of Directors regarding the compensation of our directors. The Compensation Committee reviews the CEO's evaluation of senior management. In connection with its oversight and administration of ADI's cash and equity incentive plans, the

Table of Contents

Compensation Committee grants stock options, restricted stock units and other stock incentives (within guidelines established by our Board of Directors and in accordance with our equity granting policy) to our officers and employees. In accordance with the terms of the 2006 Stock Incentive Plan, the Compensation Committee has delegated to our Chief Executive Officer the power to grant options, restricted stock units and other stock awards to employees who are not executive officers or directors, subject to specified thresholds and applicable law. Our Compensation Committee held six meetings (including by telephone conference) during fiscal 2011.

Compensation Committee Consultant. The Compensation Committee has the sole authority to engage and terminate any independent legal, accounting or other advisors it deems necessary or appropriate to carry out its responsibilities. These independent advisors may be the regular advisors to the Company. The Compensation Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of these advisors as established by the Compensation Committee. The Compensation Committee retained Pearl Meyer and Partners (PM&P), an independent compensation consultant, during fiscal 2011. PM&P reports directly to the Compensation Committee and assists the Committee in evaluating and designing our executive and director compensation program and policies. In fiscal 2011, the Compensation Committee instructed PM&P to assist it in defining a peer group of companies, compare our executive and director compensation arrangements to those of the peer group, and provide market data and advice regarding executive and director compensation plan design. PM&P conducted a detailed analysis of the competitiveness and appropriateness of the Company's total executive compensation opportunity in comparison to our peer group. PM&P also conducted a risk assessment of our executive compensation program. In connection with its work for the Compensation Committee, PM&P is invited to attend many of the Committee's meetings and, upon request of the Committee, attends executive sessions with the Compensation Committee. PM&P is retained only by the Compensation Committee and does not provide any other consulting services to Analog Devices. The Committee requested and received an independence letter from PM&P for 2011 stating that they meet the independence standards prescribed by the SEC for all work performed for the Committee during fiscal 2011. The activities of our Compensation Committee and the services PM&P performed for the Committee during fiscal 2011 are further described in INFORMATION ABOUT EXECUTIVE COMPENSATION Compensation Discussion and Analysis below.

Nominating and Corporate Governance Committee

The current members of our Nominating and Corporate Governance Committee are Messrs. Doyle (Chair), Istel and Champy. The Board has determined that each of Messrs. Doyle, Istel and Champy is independent as defined under the rules of the NYSE. Mr. Doyle plans to retire from the Board on the date of our annual meeting and will not seek re-election. We expect that Grant Saviers will join the Nominating and Corporate Governance Committee upon Mr. Doyle's departure and that Mr. Champy will become Chairman of the Committee. The purpose of the Nominating and Corporate Governance Committee is to identify individuals qualified to become Board members consistent with criteria approved by the Board, recommend to the Board the persons to be nominated by the Board for election as directors at any meeting of shareholders, develop and recommend to the Board a set of corporate governance principles and oversee the evaluation of the Board. The responsibilities of the Nominating and Corporate Governance Committee also include oversight of the Board's review of succession planning with respect to senior executives and oversight of our Code of Business Conduct and Ethics. The Nominating and Corporate Governance Committee has the authority to engage any independent legal and other advisors it deems necessary or appropriate to carry out its responsibilities. These independent advisors may be the regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of these advisors as established by the Committee. For information relating to nominations of directors by our shareholders, see Director Candidates above. Our Nominating and Corporate Governance Committee held ten meetings during fiscal 2011 (including by telephone conference).

Table of Contents

The Board's Role in Risk Oversight

Management is responsible for day to day risk management activities. The Board's role in the Company's risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, and strategic and reputational risks. We have formed an internal risk management committee made up of representatives from internal audit, legal, finance/treasury and supply chain management. We believe the work of this group will assist the Board in keeping apprised of the Company's risk management activities. The full Board (or the appropriate Committee in the case of risks that are under the purview of a particular Committee) receives reports from the appropriate risk owner within the organization to enable it to understand our risk identification, risk management and risk mitigation strategies. When a Committee receives the report, the Chairman of the relevant Committee reports on the discussion to the full Board during the Committee reports portion of the next Board meeting. This enables the Board and its Committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. The Audit Committee discusses ADI's policies with respect to risk assessment and risk management, and the Compensation Committee considers whether ADI's executive compensation program encourages excessive or inappropriate risk taking.

Risk Considerations in our Compensation Program

Our Compensation Committee has reviewed our incentive compensation programs, discussed the concept of risk as it relates to our compensation program, considered various mitigating factors and reviewed these items with its independent consultant, Pearl Meyer & Partners (PM&P). In addition, our Compensation Committee asked PM&P to conduct an independent risk assessment of our executive compensation program. Based on these reviews and discussions, the Committee does not believe our compensation program encourages excessive or inappropriate risk taking for the following reasons:

We structure our pay to consist of both fixed and variable compensation. The fixed (salary) portion of compensation is designed to provide a steady income regardless of ADI's stock price performance so that executives do not feel pressured to focus exclusively on stock price performance to the detriment of other important business metrics. The variable (cash bonus and equity) portions of compensation are designed to reward both short- and long-term corporate performance. For short-term performance, our cash bonus is awarded based on operating profit before taxes (OPBT) and revenue growth targets. For long-term performance, our stock option awards generally vest over five years and our restricted stock units generally vest in full on the third anniversary of the grant date. Their value is exclusively dependent on our stock price performance. We feel that these variable elements of compensation are a sufficient percentage of overall compensation to motivate executives to produce superior short- and long-term corporate results, while the fixed element is also sufficiently high that the executives are not encouraged to take unnecessary or excessive risks in doing so.

Because OPBT and revenue growth are the performance measures for determining our cash incentive payments, we believe our executives are encouraged to take a balanced approach that focuses on corporate operating profits before taxes and revenue growth. If we are not achieving positive revenue growth, there are no bonus payments for that element of the program, and if we are not achieving OPBT of at least 15%, there are no payments under the performance incentive plan at all.

We believe that our focus on both OPBT and revenue growth through our cash bonus program, and stock price performance through our equity compensation program provides a check on excessive risk taking. That is, even if our executives could inappropriately increase OPBT or revenue by excessively reducing expenses or adding new revenue sources that are inconsistent with our business model, this would be detrimental to ADI in the long run and could ultimately harm our stock price and the value of their equity awards. Conversely, if our executives were to add revenue sources at low margins in order to generate a higher growth multiple and increased stock prices, it could decrease OPBT and the value of their cash bonus payments. That is, we believe our plan is structured to prevent our executives from trading operating profits for revenue growth.

Table of Contents

Our OPBT and revenue targets are applicable to our executives and employees alike, regardless of business unit. We believe this encourages consistent behavior across the organization, rather than establishing different performance incentives depending on a person's position in ADI or his or her business unit. For example, we believe a person in our most profitable business line is not encouraged to take more risk than someone in a less profitable business line.

We cap our cash bonus at 300% of the OPBT and revenue targets, which we believe mitigates excessive risk taking. Even if we dramatically exceed our OPBT or revenue targets, bonus payments are limited. Conversely, we have a floor on the OPBT target so that profitability below a certain level will result in no bonus payments, regardless of revenue growth levels. We believe this avoids incentivizing management to drive revenue levels without regard to cost structure.

We have strict accounting policies and internal controls over the measurement and calculation of OPBT and revenue. For example, we do not recognize product revenue until our distributors sell those products to their customers. As a result, our product revenue fully reflects end customer purchases and is not impacted by distributor inventory levels.

We have stock ownership guidelines, which we believe provide an incentive for management to consider ADI's long-term interests because a portion of their personal investment portfolio consists of ADI stock. In addition, we prohibit all hedging transactions involving our stock so our directors, executives and employees cannot insulate themselves from the effects of ADI stock price performance.

We have equity award grant date guidelines that require our equity awards be granted at specified, pre-determined times, so the equity component of our compensation program cannot be timed or coordinated with the release of material information.

Report of the Audit Committee

The Audit Committee of the Board of Directors assisted the Board's oversight of the integrity of our financial statements, the qualifications and independence of our independent registered public accounting firm, and the performance of our internal audit function and independent registered public accounting firm. The Audit Committee also met privately with our independent registered public accounting firm and our internal auditors to discuss our financial statements and disclosures, accounting policies and their application, internal controls over financial reporting, and other matters of importance to the Audit Committee, the independent accounting firm and the internal auditors. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls over financial reporting. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management the audited financial statements contained in our Annual Report on Form 10-K and the quarterly financial statements during fiscal 2011, including the specific disclosures in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." These discussions also addressed the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements. The Audit Committee reported on these meetings to our Board of Directors. The Audit Committee also selected and appointed our independent registered public accounting firm, reviewed the performance of the independent registered public accounting firm during the annual audit and on assignments unrelated to the audit, assessed the independence of the independent registered public accounting firm, and reviewed and approved the independent registered public accounting firm's fees. The Audit Committee also has adopted policies and procedures for the pre-approval of audit and non-audit services for the purpose of maintaining the independence of our independent registered public accounting firm. The Audit Committee operates under a written charter adopted by our Board of Directors.

The Audit Committee is composed of three non-employee directors, each of whom is an independent director under the rules of the NYSE governing the qualifications of the members of audit committees and under Rule 10A-3(b)(1) of the Exchange Act. The Board of Directors has determined that each of Messrs. Sicchitano, Doyle and Hodgson qualifies as an "audit committee financial expert" under the rules of the Securities and

Table of Contents

Exchange Commission. In addition, the Board of Directors has determined that each member of the Audit Committee is financially literate and has accounting and/or related financial management expertise as required under the rules of the NYSE. Mr. Doyle plans to retire from the Board on the date of our annual meeting and will not seek re-election. The Company expects that Yves-Andre Istel will join the Audit Committee upon Mr. Doyle's departure.

The Audit Committee held ten meetings (including by telephone conference) during the fiscal year ended October 29, 2011. The meetings were designed to facilitate and encourage communication between members of the Audit Committee and management as well as private communication between the members of the Audit Committee, our internal auditors and our independent registered public accounting firm, Ernst & Young LLP.

The Audit Committee reviewed with our independent registered public accounting firm, who are responsible for expressing an opinion on the conformity of the audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of our accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. In addition, the Audit Committee has discussed with the independent registered public accounting firm (i) the matters to be discussed as required by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1 AU Section 380) as adopted by the Public Company Accounting Oversight Board and (ii) the independent registered public accounting firm's independence from Analog Devices and its management, including the matters in the written disclosures and the letter we received from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee on independence. The Audit Committee considered the appropriateness of the provision of non-audit services by the independent registered public accounting firm relative to their independence.

Based on its review and discussions referred to above, the Audit Committee recommended to our Board of Directors (and the Board of Directors approved) that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended October 29, 2011. The Audit Committee also selected Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending November 3, 2012.

Audit Committee,

Kenton J. Sicchitano, *Chairman*

John L. Doyle

John C. Hodgson

Independent Registered Public Accounting Firm Fees and Other Matters

The following table presents the aggregate fees billed for services rendered by Ernst & Young LLP, our independent registered public accounting firm, for the fiscal years ended October 29, 2011 and October 30, 2010.

	Fiscal 2011	Fiscal 2010
Audit Fees	\$ 2,111,000	\$ 1,964,000
Audit-Related Fees	81,000	84,000
Tax Fees	629,000	718,000
Total Fees	\$ 2,821,000	\$ 2,766,000

Audit Fees. These are fees related to professional services rendered in connection with the audit of our consolidated financial statements, the audit of the effectiveness of our internal control over financial reporting, the reviews of our interim financial statements included in each of our Quarterly Reports on Form 10-Q,

international statutory audits, reviews and comfort letter procedures related to our filings on Form S-3, assistance

Table of Contents

with registration statements and other periodic filings, and accounting consultations that relate to the audited financial statements and are necessary to comply with U.S. generally accepted accounting principles.

Audit-Related Fees. These are fees for assurance and related services and consisted primarily of audits of employee benefit plans, due diligence and consultations regarding proposed transactions and accounting matters not related to the annual audit.

Tax Fees. These are fees for professional services related to tax return preparation services for our expatriates, international tax returns, tax advice and assistance with international tax audits. Included in this amount are fees of \$615,000 in fiscal 2011 and \$635,000 in fiscal 2010 for tax compliance services for our international affiliates and tax return preparation services for our expatriate employees on international assignments. Ernst & Young does not provide tax services to any executive officer of Analog Devices.

Audit Committee's Pre-Approval Policy and Procedures

The Audit Committee of our Board of Directors has adopted policies and procedures for the pre-approval of audit and non-audit services for the purpose of maintaining the independence of our independent registered public accounting firm. We may not engage our independent registered public accounting firm to render any audit or non-audit service unless either the service is approved in advance by the Audit Committee or the engagement to render the service is entered into pursuant to the Audit Committee's pre-approval policies and procedures. On an annual basis, the Audit Committee may pre-approve services that are expected to be provided to Analog Devices by the independent registered public accounting firm during the following 12 months. At the time the pre-approval is granted, the Audit Committee must (1) identify the particular pre-approved services in a sufficient level of detail so that management will not be called upon to make a judgment as to whether a proposed service fits within the pre-approved services and (2) establish a monetary limit with respect to each particular pre-approved service, which limit may not be exceeded without obtaining further pre-approval under the policy. At regularly scheduled meetings of the Audit Committee, management or the independent registered public accounting firm must report to the Audit Committee regarding each service actually provided to Analog Devices.

If the cost of any service exceeds the pre-approved monetary limit, that service must be approved (1) by the entire Audit Committee if the cost of the service exceeds \$100,000 or (2) by the Chairman of the Audit Committee if the cost of the service is less than \$100,000 but greater than \$10,000. If the cost of any service exceeds the pre-approved monetary limit, individual items with a cost of less than \$10,000 each do not require further pre-approval, provided that the total cost of all individual items does not exceed \$40,000 and an update of all items in this category is provided to the Audit Committee at each quarterly scheduled meeting. However, if the cost of all the individual items will exceed \$40,000, the Chairman of the Audit Committee must receive a summary of those items with a request for approval of any amounts to be incurred in excess of \$40,000.

The Audit Committee has delegated authority to the Chairman of the Audit Committee to pre-approve any audit or non-audit services to be provided to Analog Devices by the independent registered public accounting firm for which the cost is less than \$100,000. During fiscal years 2011 and 2010, no services were provided to Analog Devices by Ernst & Young LLP other than in accordance with the pre-approval policies and procedures described above.

Table of Contents**Director Compensation**

We grant equity awards to our non-employee directors as follows: 50% of each award consists of stock options and 50% of the award consists of restricted stock units. These stock options and restricted stock units vest in one installment on the first anniversary of the date of grant. In accordance with the equity award policy described below, on March 8, 2011 we granted to each non-employee director a stock option to purchase 7,210 shares of common stock, with an exercise price of \$39.82 per share, and 1,580 restricted stock units, for services to be provided during fiscal 2011.

The following table details the total compensation earned by our non-employee directors in fiscal 2011.

2011 Director Compensation

Name(1)	Fees Earned or Paid in Cash \$(2)	Stock Awards \$(3)(4)	Option Awards \$(3)(4)	Total(\$)
James A. Champy	78,000	61,525	61,523	201,048
John L. Doyle	81,000	61,525	61,523	204,048
John C. Hodgson	66,000	61,525	61,523	189,048
Yves-Andre Istel	63,000	61,525	61,523	186,048
Neil Novich	75,000	61,525	61,523	198,048
F. Grant Saviers	63,000	61,525	61,523	186,048
Paul J. Severino	63,000	61,525	61,523	186,048
Kenton J. Sicchitano	80,000	61,525	61,523	203,048

- (1) Messrs. Fishman and Stata were the only directors during fiscal 2011 who were also employees of ADI. Neither received any compensation in their capacities as directors of ADI. Mr. Fishman's compensation is included in the Summary Compensation Table and Mr. Stata's compensation is included under Certain Relationships and Related Transactions. Mr. Doyle will retire from the Board effective March 13, 2012.
- (2) This amount includes a \$60,000 annual board retainer. An additional annual retainer of \$20,000 is paid to the chair of the Audit Committee (Mr. Sicchitano). An additional annual retainer of \$15,000 is paid to the chairs of the Compensation Committee (Mr. Novich) and the Nominating and Corporate Governance Committee (Mr. Doyle, who will retire from the Board effective March 13, 2012). The Presiding Director (Mr. Champy) also receives an annual retainer of \$15,000. Beginning in fiscal 2011, the members of the Audit Committee (other than the chair) received an additional annual retainer of \$6,000 and the members of the Compensation and Nominating and Corporate Governance Committees (other than the chairs) received an additional annual retainer of \$3,000. All cash retainers are paid in quarterly installments each on the 15th day of December, March, June and September of each fiscal year.
- (3) These amounts represent the aggregate grant date fair value of awards for grants of restricted stock units or stock options to each listed director in fiscal 2011. These amounts do not represent the actual amounts paid to or realized by the directors during fiscal 2011. We recognize the value as of the grant date for stock options and restricted stock units over the number of days of service required for the award to become vested.

Table of Contents

- (4) The aggregate number of restricted stock awards and stock option awards outstanding held by each director (representing unexercised stock options, both exercisable and unexercisable, and unvested restricted stock units) at October 29, 2011 is as follows:

Name	Number of Shares Subject to Option Awards Held as of October 29, 2011 (#)	Number of Units of Stock that have not Vested as of October 29, 2011 (#)
James A. Champy	52,710	2,930
John L. Doyle	130,710	2,930
John C. Hodgson	81,460	2,930
Yves-Andre Istel	40,860	2,930
Neil Novich	39,013	2,930
F. Grant Saviers	130,710	2,930
Paul J. Severino	74,710	2,930
Kenton J. Sicchitano	127,710	2,930
TOTAL	677,883	23,440

The following table includes the assumptions used to calculate the grant date fair value amounts included in the Stock Awards and Option Awards column for fiscal 2011 Director Compensation.

	Grant Date	Shares/RSUs Granted (#)	Exercise Price (\$)	Volatility (%)	Expected Life (Years)	Assumption		Grant Date Fair Value Per Share (\$)
						Risk-Free Interest Rate (%)	Dividend Yield (%)	
Stock options	3/08/2011	7,210	39.82	26.620	5.30	2.220	2.210	8.5330
Restricted stock units	3/08/2011	1,580				0.260	2.210	38.94

The grant date fair value of restricted stock units represents the value of our common stock on the date of grant, reduced by the present value of dividends expected to be paid on our common stock prior to vesting. We compute the grant date fair value of stock options using a Black Scholes valuation methodology. For a more detailed description of the assumptions used for purposes of determining grant date fair value, see Note 3 to the Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Stock-Based Compensation, included in our Annual Report on Form 10-K for the year ended October 29, 2011.

We also reimburse our directors for travel to Board meetings and related expenses. Each director can elect to defer receipt of his or her fees under our Deferred Compensation Plan. See INFORMATION ABOUT EXECUTIVE COMPENSATION Non-Qualified Deferred Compensation Plan below.

Stock Ownership Guidelines for Directors

Under our stock ownership guidelines, the target share ownership levels are two times the directors' annual cash retainer. Directors (including the CEO) have three years to achieve their targeted level. Shares subject to unexercised options, whether or not vested, will not be counted for purposes of satisfying these guidelines. Restricted stock units (whether or not vested) are counted for purposes of satisfying the guidelines. All directors satisfied our stock ownership guidelines as of the end of fiscal 2011.

Table of Contents

Equity Award Policy for Non-employee Directors

Our equity award grant policy for non-employee directors for fiscal 2011 was:

Each newly elected non-employee director is automatically granted under our 2006 Stock Incentive Plan (the 2006 Plan): (a) a non-qualified stock option to purchase a number of shares of our common stock approved by the Board at an exercise price equal to the closing price of our common stock on the grant date; and (b) a restricted stock unit award for a number of shares of our common stock approved by the Board, each on the 15th day of the month following the date of initial election as a director, or if the NYSE is closed on that day, the next succeeding business day that the NYSE is open.

On an annual basis, each incumbent non-employee director is automatically granted under the 2006 Plan: (a) a non-qualified stock option to purchase a number of shares of our common stock approved by the Board at an exercise price equal to the closing price of our common stock on the grant date; and (b) a restricted stock unit award for a number of shares of our common stock approved by the Board, each on the date of our annual meeting of shareholders (with the number of shares subject to the first annual grant of options and restricted stock units to be pro-rated based on the length of service between the director's initial election date and the date of the annual meeting of shareholders).

For fiscal 2011, stock options and restricted stock units granted to our non-employee directors under the 2006 Plan vested on the first anniversary of the date of grant, subject to acceleration as described below. These awards vest in full upon the occurrence of a Change in Control Event (as defined in the 2006 Plan) or the director's death. If the director ceases to serve as a director by reason of his disability, as determined by the Board, each RSU will vest in full and each option will continue to vest over its remaining term on the dates it otherwise would have vested if the director's service had not been terminated for disability. In addition, upon the occurrence of a Change in Control Event or in the event of the director's death, disability or retirement after age 60, each vested option will continue to be exercisable for the balance of its term.

Certain Relationships and Related Transactions

Transactions with Related Persons

During fiscal 2011, we paid Mr. Stata, our founder and Chairman of the Board of Directors, a salary for his services as an employee of Analog Devices in the amount of \$250,000 and other compensation of \$20,000 representing the amount contributed or accrued by us in fiscal 2011 under applicable retirement arrangements. Consistent with the compensation we pay our non-employee directors, Mr. Stata did not participate in our executive performance incentive plan during fiscal 2011.

On March 8, 2011, we granted a stock option to Mr. Stata for the purchase of 7,210 shares of our common stock at an exercise price of \$39.82 per share and 1,580 restricted stock units. These awards vest, subject to Mr. Stata's continued employment with us, on the first anniversary of the grant date.

In June 2011, ADI acquired Lyric Semiconductor, Inc. (Lyric) for \$14 million in the aggregate at closing, with additional contingent earn out payments based on the achievement of certain product-based milestones of up to \$15 million and royalty payments of up to \$25 million based on product sales following the closing. Mr. Stata, our founder and Chairman of the Board, served as Chairman of the Board of Lyric through the closing of the transaction. In addition, Stata Venture Partners II, LLC, a venture capital fund, held a significant equity position in Lyric. Mr. Stata serves as a general partner of Stata Venture Holdings II, LLC, which is a general partner of Stata Venture Partners II, LLC. Stata Venture Partners II, LLC was paid \$4.5 million at the closing of the acquisition, and will be paid additional amounts up to an aggregate of approximately \$8.1 million if all possible milestone and royalty payments are ultimately made. ADI has been informed that Mr. Stata's economic interest in the payments to Stata Venture Partners II, LLC vary based on the satisfaction of conditions set forth in the partnership agreement for Stata Venture Partners II, LLC. During 2011, Mr. Stata received no proceeds from the consideration paid to Stata Venture Partners II, LLC at the closing of the acquisition. In addition, the maximum

Table of Contents

potential additional payments to Mr. Stata from the consideration paid or potentially payable to Stata Venture Partners II, LLC as a result of the acquisition are approximately \$1,051,266 if all possible milestone and royalty payments are ultimately made and all conditions set forth in the partnership agreement for Stata Venture Partners II, LLC are satisfied. Mr. Stata recused himself from the votes regarding the acquisition. The acquisition, and Mr. Stata's interests therein, were reviewed and approved by the Nominating and Corporate Governance Committee in accordance with our policies and procedures for related person transactions described below.

Policies and Procedures for Related Person Transactions

Our Board has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which Analog Devices is a participant, the amount involved exceeds \$120,000, and one of our executive officers, directors, director nominees or 5% shareholders (or their immediate family members, each of whom we refer to as a related person) has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a related person transaction, the related person must report the proposed related person transaction to our General Counsel. The policy calls for the proposed related person transaction to be reviewed and, if deemed appropriate, approved by the Board's Nominating and Corporate Governance Committee. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the Nominating and Corporate Governance Committee will review, and, in its discretion, may ratify the related person transaction. The policy also permits the Chairman of the Nominating and Corporate Governance Committee to review and, if deemed appropriate, approve proposed related person transactions that arise between committee meetings, subject to ratification by the Nominating and Corporate Governance Committee at its next meeting. Any related person transactions that are ongoing in nature will be reviewed annually.

A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the Nominating and Corporate Governance Committee after full disclosure of the related person's interest in the transaction. As appropriate for the circumstances, the Nominating and Corporate Governance Committee will review and consider:

the related person's interest in the related person transaction;

the approximate dollar value of the amount involved in the related person transaction;

the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;

whether the transaction was undertaken in the ordinary course of our business;

whether the terms of the transaction are no less favorable to us than the terms that could have been reached with an unrelated third party;

the purpose of, and the potential benefits to us of, the transaction; and

any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The Committee may approve or ratify the transaction only if the Committee determines that, under all of the circumstances, the transaction is in Analog Devices' best interests. The Committee may impose any conditions on the related person transaction that it deems appropriate.

Table of Contents

In addition to the transactions that are excluded by the instructions to the SEC's related person transaction disclosure rule, the Board has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related person transactions for purposes of this policy:

interests arising solely from the related person's position as an executive officer of another entity (whether or not the person is also a director of that entity), that is a participant in the transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in the entity, (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction, (c) the amount involved in the transaction equals less than the greater of \$1 million or 2% of the annual consolidated gross revenues of the other entity that is a party to the transaction, and (d) the amount involved in the transaction equals less than 2% of Analog Devices annual consolidated gross revenues; and

the transactions that are specifically contemplated by provisions of Analog Devices' charter or bylaws.

The policy provides that the transactions involving compensation of executive officers shall be reviewed and approved by the Compensation Committee in the manner specified in its charter.

Other Matters

In May 2008, the Company and Mr. Fishman settled an SEC inquiry into the Company's stock option granting practices by agreeing to the entry of an administrative cease and desist order without admitting or denying wrongdoing. Under the order, the Company agreed to cease and desist from committing or causing any violations of Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder, paid a civil money penalty, and repriced certain options granted in prior years. Mr. Fishman agreed to cease and desist from committing or causing any violations of Sections 17(a)(2) and (3) of the Securities Act, paid a civil money penalty, and made a disgorgement payment with respect to certain stock options received in prior years.

Table of Contents

PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are requesting shareholder approval of the compensation of the executive officers named in our Summary Compensation Table below, who we refer to as our named executive officers or NEOs. Our Board of Directors is asking shareholders to approve a non-binding advisory vote on the following resolution:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and accompanying narrative disclosures in this proxy statement, is hereby approved.

As required by the Dodd-Frank Act, this is an advisory vote, which means that this proposal is not binding on us. But our Compensation Committee values the opinions expressed by our shareholders and will carefully consider the outcome of the vote when making future compensation decisions for our NEOs. You may vote for, against or abstain from voting on this matter.

Our compensation program is designed to pay more when business performance is robust and less when it is not, providing built-in variability to our operating expenses and enabling us to preserve strategic programs when economic conditions are unfavorable. We believe this is also important to our shareholders. We believe our compensation program is working as intended and appropriately aligns executive pay with Company performance. As you cast your vote on this Proposal 2, here are a few things about our executive compensation program we think you should know:

Our compensation program has three basic elements:

- i Base salary
- i Cash incentive awards, and
- i Long-term equity awards (50% stock options and 50% restricted stock units)

Our cash incentive plan is simple in design and execution:

- i It is based on two equally-weighted performance metrics: operating profits before taxes as a percentage of revenue and (new in 2011) year-to-year revenue growth.
- i It applies equally to employees and executives alike, driving consistent business goals.

Our cash incentive and equity incentive plans are designed to align management and shareholder interests:

- i The value of our cash incentive awards is directly linked to our business performance, measured by operating profits before taxes and revenue growth, which we believe are important to shareholders because they should increase share price.
- i The value of our equity awards is directly linked to our stock price performance.

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

- i Stock options reward stock price appreciation and RSUs promote long-term retention and enable our executives to accumulate equity ownership in the Company.

- i Our dilution rate is 1.6% on a gross basis and 0.6% on a net basis, compared to an average of 3.6% on a gross basis and 2.3% on a net basis for our peers.

Our overall compensation program is designed to reward corporate performance:

- i The program has three distinct corporate performance metrics: operating profits before taxes as a percentage of revenue, year-to-year revenue growth, and stock price appreciation.

- i In fiscal 2011, 89% of our CEO's total compensation and 72% of the average total compensation of our other NEOs was variable (bonus payments and equity awards) and tied to these elements of corporate performance.

Table of Contents

For these reasons and as described more fully below under Information About Executive Compensation Compensation Discussion and Analysis :

We recommend that you vote FOR approval of the compensation of our named executive officers as disclosed in this proxy statement.

INFORMATION ABOUT EXECUTIVE COMPENSATION

Compensation Discussion and Analysis	page 27
Executive summary	page 27
i Say on pay feedback from shareholders	
i 2011 business results	
i Compensation program changes	
i Pay for performance	
i Compensation program highlights	
Our compensation philosophy	page 31
Our peer group	page 32
Components of our executive compensation program	page 33
i Why do we pay each element of compensation?	
i How did we select our performance metrics and targets?	
i How did we perform against those targets?	
Agreements with our CEO	page 39
i What comprised our CEO's total compensation for 2011?	
Severance, retention and change in control benefits	page 41
i Why do we offer these benefits?	
Executive compensation tables	page 43

Throughout this section, we use text boxes to highlight the rationale for many of the things we do in our compensation program.

Compensation Discussion and Analysis

Executive Summary

Our philosophy regarding executive compensation is straightforward: reward our executives for their contribution to ADI's performance and shareholder value by tying a significant portion of their total compensation directly to ADI's short- and long-term performance. The elements of our executives' total compensation are base salary, cash incentive awards, stock incentive awards, and retirement and other employee benefits. We have designed a compensation program that makes a substantial percentage of executive pay variable, subject to increase when corporate targets are overachieved and reduction when corporate targets are not achieved.

Say on Pay Feedback from Shareholders

In 2011, we submitted our executive compensation program to an advisory vote of our shareholders and it received the support of 82% of the total votes cast at our annual meeting. We pay careful attention to any feedback we receive from our shareholders about our executive compensation program, including the say on pay vote. After the annual meeting, we conducted a shareholder outreach program, where we held in-person and telephonic meetings with a variety of shareholders to seek more detailed feedback from them about our executive compensation program and how they voted on it. While the Compensation Committee had already approved our executive compensation program for 2011 by the time we held our say on pay vote in March 2011, the

Table of Contents

Committee carefully considered and continues to consider this feedback in its subsequent executive compensation decision making. In addition, at our annual meeting a majority of our shareholders supported an annual vote on our executive compensation program and, in response, our Compensation Committee determined to hold an annual vote on the matter.

2011 Business Results

In 2011, ADI achieved record levels of revenue and profitability. Our revenue increased 8%, diluted earnings per share from continuing operations increased 20% and operating profits before taxes increased 19% in fiscal 2011 compared to fiscal 2010. In addition, we generated strong free cash flow of \$778 million. In fiscal 2011, we increased our quarterly dividend by 14%, paid approximately \$282 million in cash dividends to our shareholders and repurchased approximately 9 million shares of our common stock for approximately \$330 million. In early fiscal 2011, our Board of Directors also authorized the repurchase of an additional \$1 billion of our common stock, for a total of \$5 billion in shares available for repurchase under our existing repurchase program (of which \$722 million remained available as of the end of fiscal 2011). In fiscal 2011, our total shareholder return (defined as share price appreciation plus dividends paid) was 15%.

Compensation Program Changes

We amended our annual performance incentive plan for all employees (including our executives) to include a revenue growth element in addition to our historical performance metric, operating profits as a percentage of revenue. We made this change because we believe that revenue growth and profitability are both important to our shareholders because revenue growth and higher levels of operating profit should increase earnings per share and improve stock price performance.

Our Compensation Committee eliminated the provision in our executive performance incentive plan that gave the Committee the discretion to increase an executive's award under the plan by up to 30%. The Committee has never used this provision to increase the bonus payment for an NEO and so decided to remove it from the plan.

Pay for Performance

A significant portion of the total compensation of our NEOs is directly linked to our performance in the form of incentive cash and equity awards. We believe this provides our executives an opportunity to earn above average compensation if ADI delivers superior results. In fiscal 2011, 89% of our CEO's total compensation and 72% of the average total compensation of our other NEOs was variable and tied to corporate performance, measured by operating profits before taxes, revenue growth and stock price performance.

Equity awards. One way we link pay and performance is to pay a significant amount of our executives' compensation in the form of equity awards, whose value is directly tied to our stock price performance. In 2011, 41% of the average total compensation of our NEOs (other than the CEO) was in the form of equity. In accordance with the terms of his employment agreement, our CEO did not receive an equity award for fiscal 2011.

Cash awards. We also link a significant portion of our executives' cash compensation to Company performance, measured by our operating profit before taxes (OPBT) and year to year revenue growth, through our performance incentive plan. This provides us with a variable expense structure, allowing us to reduce our compensation costs in challenging times and reward performance when business conditions and results warrant. In 2011, 89% of our CEO's total compensation was based on these performance metrics.

The following graphs illustrate our OPBT and revenue growth in fiscal 2009, 2010 and 2011 as well as the percent of the target bonus delivered to our executives and employees in each of these years (as determined by the formula described below under 2011 Executive Performance Incentive Plan).

Table of Contents

ADI Performance Compared to Performance Incentive Payments in Fiscal 2009, 2010 and 2011*

In fiscal 2011, our strong operating profits (36%) supported a maximum payout of 300% of target for that element of the performance incentive plan. Our revenue growth (8%) supported a payout of 96% of target for that element of the plan. The average of these two generated the 198% of target payouts made by the plan in fiscal 2011.

* Fiscal 2009, 2010 and 2011 OPBT numbers are adjusted to exclude restructuring-related expenses. In years prior to 2011, our sole performance metric was OPBT and it constituted 100% of our bonus weight. In fiscal 2011, the bonus was equally weighted between OPBT and revenue growth.

Table of Contents

Our performance incentive plan takes into consideration our actual business results compared to the strategic performance targets we set for our business. In setting our targets, we use an assessment of our business results relative to our peers to ensure that our performance targets are appropriately calibrated. In fiscal 2011, our Compensation Committee's independent consultant, Pearl Meyer & Partners (PM&P), conducted an analysis which compared our performance against the five-year average performance of our peers, including revenue growth and operating profits. The five-year average OPBT for our peer group was 22.3%, compared to our target of 22.5%. The five-year average revenue growth level for our peer group was 9.3%, compared to our target of 10%. As a result of this analysis, our Compensation Committee believes that our performance targets are appropriately calibrated given the historical performance of our peer group and, as a result, our plan should pay out at the historical median for median performance and above the historical median for above median performance.

Payments under the performance incentive plan take into consideration our actual business results compared to these targets. In fiscal 2010, we made significant payments under our performance incentive plan because our fiscal 2010 ratio of OPBT to revenue, at 33%, significantly exceeded our target ratio of OPBT to revenue of 22.5%. OPBT was our sole performance metric in fiscal 2010. By contrast, in fiscal 2011, payments under our performance incentive plan declined. This is because, while our fiscal 2011 ratio of OPBT to revenue (36%) exceeded our target ratio (22.5%), we added a revenue growth element to our plan and our year-to-year revenue growth (8%) fell below our target revenue growth level (10%). As a result, payments under our performance incentive plan declined in fiscal 2011 by 17%. Our total shareholder return (defined as share price appreciation plus dividends paid) was 24% in 2009, 35% in 2010 and 15% in 2011.

Compensation Program Highlights

Our compensation program is designed to pay more when business performance is robust and less when it is not, providing built-in variability to our operating expenses and enabling us to preserve strategic programs when economic conditions are unfavorable. For fiscal 2011, we believe our compensation programs delivered payments commensurate with a year of record profitability and revenue growth. Below are the highlights of our executive compensation program:

Elements of our Compensation Program. We have designed our executive compensation program to be largely performance-based. As further described below in Components of Executive Compensation, our executives' compensation consists primarily of base salary, short-term cash incentive awards, and long-term equity incentive awards.

- i ***Base Salary.*** For fiscal years 2009 and 2010, we froze the salaries of our employees, including our executives, due to the economic uncertainty associated with the recession. In fiscal 2011, we resumed modest salary increases for employees and executives due to improving economic conditions.
- i ***Cash Incentive Awards.*** Our performance incentive plan is broad-based and applies to all employees and executives alike. Our target for performance incentive payments at the 100% payout level for all employees and executives in 2011 required that we achieve both: (1) a ratio of OPBT to revenue of 22.5%, and (2) quarterly revenue growth of 10% compared to the same quarter in the prior year. Our plan provides us with a variable cost structure that reduces compensation expenses when profit and revenue levels fall below target and pays more when profit and revenue levels exceed target. Awards under the plan can fall to zero if we do not achieve operating margins of at least 15%, regardless of revenue growth levels. We cap bonus payments under our performance incentive plan at three times the target payout.

Table of Contents

- i *Long-Term Equity Incentives.* Every year we grant equity awards broadly among our employee population. As a group, our NEOs received only 7.3% of all equity awards made to our employees in fiscal 2011. We use a mix of stock options and restricted stock units (RSUs) to reward long-term value creation, promote retention and enable our executives to accumulate ownership in the Company. Our options generally vest over five years and our RSUs generally cliff vest on the third anniversary of the date of grant. We set a goal each year to keep the shareholder dilution related to our equity ownership program to a certain percentage. Our gross dilution percentage in 2011 was 1.6%, compared to an average of 3.6% for our peer group.

Pay and Governance Practices. We do not use common pay practices that are considered to be unfriendly to shareholders. For example, we do not provide extensive perquisites to our executives. We have eliminated excess parachute payment tax gross-up provisions from all future executive compensation arrangements and our CEO is not eligible to receive any such payments. We have no guaranteed salary increases or non-performance-based bonuses. We do not change our performance targets mid-year, even in challenging years. We do not pay dividends on unvested equity awards. We do have stock ownership guidelines for our executives.

Consultant Independence. PM&P, our Compensation Committee's independent consultant, is retained directly by the Compensation Committee, provides no other services for ADI, and has provided the Committee with a written attestation of independence that reviewed potential relationships cited in the Dodd-Frank Act that would be considered to cause a conflict of interest.

Compensation Processes and Philosophy

Our Compensation Committee has a two-fold philosophy regarding the total compensation of our senior executives:

First, encourage and reward our executives for their contributions to ADI's performance and shareholder value by tying a significant portion of their total compensation directly to ADI's short- and long-term performance, measured by operating profits before taxes, revenue growth (which we believe should in turn increase stock price) and stock price appreciation.

Second, ensure that our executive compensation is competitive by generally targeting the total compensation of our NEOs at approximately the 50th percentile of our peer group at the target level of performance described below. Our current CEO's pay is above the 50th percentile because he is one of the most experienced and qualified chief executive officers in the semiconductor industry and because a larger portion of his total compensation is performance-based. Our CEO's compensation is described in detail below under Agreements with our Chief Executive Officer.

The actual total compensation percentile may vary depending on our financial performance, each executive's individual performance and importance to ADI, or internal equity considerations among all senior executives.

Our Compensation Committee has retained PM&P as its independent compensation consultant. In 2009, our Compensation Committee worked directly with PM&P to develop recommendations for our Chief Executive Officer's compensation, which are reflected in his employment agreement. The Committee asks PM&P each year to review and make recommendations regarding the compensation of our other executive officers as well. Each year, our Compensation Committee reviews the non-CEO NEOs' achievement of Company and individual objectives and receives the CEO's recommendations about the compensation of those executives based on their achievement of those objectives. While approving executive compensation is solely the responsibility of the Compensation Committee, our Vice President of Human Resources and other members of our human resources department support the work of the Committee and PM&P. In addition, at the request of the Compensation Committee, our CEO meets periodically with the Committee regarding the design of our compensation programs but all decisions regarding NEO compensation are ultimately made by the Committee. The Compensation Committee also meets periodically in executive session without management present.

Table of Contents***Benchmarking***

In making its compensation determinations, the Compensation Committee annually reviews the total compensation that each of our executives is eligible to receive against the compensation levels of comparable positions of a peer group of companies. The Compensation Committee strives to select peer companies that are publicly traded, headquartered in the United States, compete in the semiconductor industry, compete with us for talent, and are similar to ADI in their product and services offerings, business model, revenue size and market capitalization. The median annual revenue of our peer group was \$2.4 billion, compared to our annual revenue of \$3.0 billion. The median market capitalization of our peer group was \$9.5 billion, compared to our market capitalization of \$11 billion. Some companies in our peer group (such as Texas Instruments) fall outside our selection range and we include them in the peer group because they have similar product and services offerings as ADI, they are direct competitors of ADI, we compete with them for talent, and they include ADI in their own peer group. In addition, because executive compensation comparisons are done using percentiles, rather than averages, we do not believe the data becomes skewed if a company falls outside our selection range.

Below is the peer group the Committee used in fiscal 2011 to evaluate compensation:

2011 Peer Group

Altera Corp.
 Broadcom Corp.
 Freescale Semiconductor, Inc.
 Linear Technology Corp.
 LSI Corp.
 Marvell Technology Group Ltd.
 Maxim Integrated Products, Inc.
 Microchip Technology Inc.
 National Semiconductor Corp.
 Nvidia Corp.
 Texas Instruments Inc.
 Xilinx, Inc.

For fiscal 2011, we eliminated Cypress Semiconductor Corp. from our peer group because its revenue and market capitalization falls below our target parameters and we eliminated ON Semiconductor because it has a dissimilar business model. Because of these eliminations and the fact that National Semiconductor has recently been acquired by Texas Instruments and will be eliminated from our 2012 peer group, we needed to add several peers for fiscal 2011 to maintain a robust sample size. As a result, we added the following four companies to our 2011 peer group because they offer similar products and services, and their revenue and market capitalization fall within our parameters: Altera, Freescale Semiconductor, Microchip Technology and Nvidia.

For officers in positions for which the 2011 peer group companies do not publicly disclose compensation data, the Compensation Committee reviewed PM&P's 2011 CHiPS Executive and Senior Management Total Compensation Survey reflecting the average compensation, by position, of 15 semiconductor companies, which were considered the peer group for these officers. The Compensation Committee also reviewed Radford's 2011 Executive and Senior Management Total Compensation Survey.

Table of Contents**Components of Executive Compensation**

Annual compensation for our executive officers consists of the following principal elements:

Element	Objective	Fixed/Variable
Base salary	Attract talent and provide stable source of income.	Fixed
Cash incentive award	Reward business performance, measured by operating profits as a percentage of revenue and year-to-year revenue growth.	Variable
Equity compensation (stock options and RSUs)	Reward stock price appreciation, promote long-term retention and permit executives to accumulate equity ownership in the Company.	Variable
Retirement and other employee benefits <i>Base Salary</i>	Attract talent by providing financial protection and security.	Fixed

In fiscal 2011, we resumed regular salary increases for our employees and executives, which had been frozen at 2008 levels due to widespread economic uncertainty in the United States. During fiscal 2011, the Compensation Committee authorized base salaries for our NEOs, as follows:

Name of Executive	2011 Base Salary	2010 Base Salary	% Increase
Jerald G. Fishman	\$ 930,935	\$ 930,935	0%
David A. Zinsner	\$ 450,000	\$ 450,000	0%
Robert R. Marshall	\$ 425,000	\$ 398,580	6.6%
Robert P. McAdam	\$ 425,000	\$ 398,580	6.6%
Vincent T. Roche	\$ 425,000	\$ 390,012	9.0%

In accordance with the terms of Mr. Fishman's employment agreement, the Compensation Committee maintained Mr. Fishman's salary at the same level as it has been since 2003. The Compensation Committee maintained Mr. Zinsner's base salary at 2010 levels and increased the base salaries of Messrs. Marshall, McAdam and Roche in order to maintain their salaries within the range of comparable salaries in the peer group.

How do we set the base salary element of our executive compensation program?

We generally set base salaries at slightly below the 50th percentile of our peer group, with the assumption that if we achieve our operating profit and revenue growth target levels, the executive will receive total cash compensation at or above the 50th percentile of our peer group.

Table of Contents

2011 Executive Performance Incentive Plan

In October 2010, the Compensation Committee approved the terms of our 2011 executive performance incentive plan and added a revenue growth element to the plan. The plan is designed to reward ADI's absolute business performance as opposed to relative performance against our peers. While our Compensation Committee considers our peer group performance when setting ADI's performance targets, the plan pays out based only on how ADI actually performed, without regard to how our peers performed.

Why did we change our Executive Performance Incentive Plan for fiscal 2011?

In the past several years, we structured our executive performance incentive plan to encourage all of our employees, including our executives to improve operating profits as a percentage of revenue because we believe shareholders value higher profitability levels. In recent years, our profitability levels have improved significantly to levels consistent with our target model. In 2011, we added a revenue growth element to the plan in order to encourage focus on top line growth as well as profits as a percentage of revenue. Under the 2011 plan, 50% of payout amounts were based on OPBT as a percentage of revenue and 50% were based on revenue growth compared to the same period in the prior year. We believe that a focus on both revenue growth and operating profits gives us the best opportunity to increase shareholder value. Revenue growth and higher levels of operating profit should increase earnings per share and improve stock price performance. The significant variable component to our compensation cost structure enables us to pay more when we achieve our performance goals and less when we do not. In this way, the plan design provides automatic variability to our operating expenses, enabling us to preserve strategic programs in a challenging economic environment.

All executive officers, including our NEOs, participated in the 2011 executive performance incentive plan. We calculated and paid bonuses under the 2011 plan as follows:

		Individual		Bonus		
Base		Target		Payout	=	Bonus
Salary	X	Bonus	X	Factor		Payout
		Percentage				

Individual Target Bonus Percentages. The Compensation Committee established the following target bonuses, as a percentage of base salary, for the NEOs for fiscal 2011. These targets remain unchanged from fiscal 2010:

Jerald G. Fishman 160%

David A. Zinsner 75%

Robert R. Marshall 75%

Robert P. McAdam 75%

Vincent T. Roche 75%

The Committee set these target bonus percentages for two reasons:

First, to ensure that a substantial portion of each executive's cash compensation is linked directly to our business performance, and

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

Second, because base salaries are set at slightly below the 50th percentile of the peer group, a 75% bonus opportunity provides the non-CEO executives with a performance-based opportunity to earn total compensation (consisting of salary, bonus and equity award) at approximately the 50th percentile of the peer group.

Table of Contents

Our current CEO's target was set at 160% under the terms of his employment agreement described below in order to tie the vast majority of his compensation directly to Company performance and to provide him the opportunity to achieve total compensation at the 75th percentile of our peer group. The Compensation Committee believes the 75th percentile is appropriate for Mr. Fishman because he is one of the most experienced and qualified CEOs in the semiconductor industry.

Bonus Payout Factor. For fiscal 2011, we based the Bonus Payout Factor for the applicable quarterly bonus period on our OPBT as a percentage of revenue and revenue growth compared to the same quarter in the prior year. The OPBT and revenue growth targets are equally applicable to our executives and our non-executive employees.

The Compensation Committee may adjust the OPBT and revenue growth metrics in its sole discretion to include or exclude special items such as (but not limited to) restructuring-related expense, acquisition-related expense, gain or loss on disposition of businesses, non-recurring royalty payments, and other similar non-cash or non-recurring items. The reason for excluding these items is to prevent payments under the plan from being adversely or advantageously affected by one-time events. In other words, the Compensation Committee does not want to (a) deter our executives from taking an action that is beneficial for ADI but that would adversely impact his or her bonus payment or (b) encourage actions that are detrimental to ADI but that would increase an executive's bonus payment.

The Compensation Committee typically reviews and approves our annual compensation targets before the beginning of each fiscal year, and historically they have not been re-set during the year, regardless of Company performance or economic conditions. We believe that this approach fosters accountability for our business results and is in keeping with our core belief that variable compensation expense, which expands when our performance is good and contracts when it is poor, gives us maximum flexibility to operate our business. While the OPBT and revenue growth targets are set annually, we measure performance against those targets on a quarterly basis, applying the corresponding Bonus Payout Factor to Base Salary for that quarter, and pay the bonus amounts on a semi-annual basis following the end of the second and fourth quarters.

Why does our Performance Incentive Plan measure performance over a one year period?

While the performance incentive plan contains annual performance targets, the Compensation Committee designed this plan with a longer-term horizon in mind. The targets are directly linked to our long-term corporate strategy of improving operating profits and revenue growth. We set targets that are consistent with the five year average performance of our peer group. We generally leave these targets in place for three to five years, regardless of economic conditions. We believe this combination ensures that we encourage a long-term focus on our business objectives, while measuring progress against those objectives on an annual basis. In this way, our annual targets are designed to drive long-term performance.

Table of Contents

The following table sets forth the Bonus Payout Factor targets for each quarter during fiscal 2011:

OPBT (50% weight)		Revenue Growth (50% weight)		Quarterly Payout Factor
OPBT (by quarter)	Payout Factor (by quarter)	YTY Revenue Growth (by quarter)	Payout Factor (by quarter)	
<15%	0 (no bonus paid)	0%	0	= (average)
15%	25%	+ 5%	50%	
17.5%	50%	10%	100% (target)	
22.5%	100% (target)	15%	150%	
26.75%	150%	20%	200%	
31%	200%	25%	250%	
33.5%	250%	30%	300% (maximum)	
36% or >	300% (maximum)			

For example, if actual OPBT for a quarter was 33.5%, the corresponding payout factor for that element would be 250%. If revenue growth for that same quarter was 5% over the same quarter in the prior year, the corresponding payout factor for that element would be 50%. Taking the average of the two payout factors, the total bonus payout factor for that quarter would be 150%. If OPBT is below 15%, no bonuses will be paid, regardless of revenue growth levels. The table above illustrates payouts at given levels of performance. Payouts increase between the amounts illustrated above in a manner corresponding to the improvement in performance.

How did we select the targets and payout amounts?

We selected the OPBT (22.5%) and revenue growth (10%) targets based on the five-year averages of those metrics for our peer group. The five-year average OPBT for our peer group was 22.3%, compared to our target of 22.5%. The five-year average revenue growth level for our peer group was 9.3%, compared to our target of 10%. Given historical profit margins in the industry, we do not pay any bonus if profit margins fall below 15%, regardless of what revenue levels are. We cap bonuses at 300% for profit margins above 36% and revenue growth levels above 30%.

Table of Contents

For fiscal 2011, ADI's actual OPBT, Revenue Growth and Bonus Payout Factor for each quarter were as follows:

	OPBT (50% weight)		Revenue Growth (50% weight)		Quarterly	Annual
	OPBT	Payout Factor	YTY Revenue	Payout Factor	Payout Factor	Payout Factor
	(by quarter)	(by quarter)	Growth (by quarter)	(by quarter)	(average)	(average of Q1-Q4)
Q1	35.6%	292%	20.8%	208%	250%	
Q2	37.8%	300%	18.3%	183%	242%	
Q3	36.8%	300%	5.2%	52%	176%	198%
Q4	33.2%*	244%	-(7)%	0%	122%	

*OPBT for the fourth quarter of fiscal 2011 was calculated excluding restructuring-related expenses associated with our expense reduction efforts in the quarter. Our Compensation Committee believes this limited exclusion was appropriate because we do not expect these expenses to be ongoing future operating expenses and excluding them provides a more realistic comparison of our current operating performance to our past operating performance.

Individual Payout Factor. Each participant in the executive performance incentive plan, other than Mr. Fishman, was previously eligible to have his or her award under this plan increased by up to 30% for superior individual performance or superior performance within that executive's particular business unit. Our Compensation Committee eliminated this provision from the plan because it has never used the individual payout factor to increase the bonus payment for an NEO.

Equity Compensation

Our equity compensation program is a broad-based, long-term employee retention program that is intended to attract, retain and motivate our employees, officers and directors and to align their interests with those of our shareholders. We believe that our equity program is critical to our efforts to hire and retain the best talent in the extremely competitive semiconductor industry.

Our equity awards to our executives and other employees eligible to receive them are generally comprised 50% of stock options that vest over five years and 50% of RSUs that vest in full on the third anniversary of the grant date.

Why do we use a mix of stock options and RSUs in our equity compensation program?

We use stock options that vest over five years as a way to reward long-term value creation and RSUs that cliff vest in full on the third anniversary of the grant date as a retention tool and to enable our executives to accumulate stock ownership in the Company. In addition, in a volatile stock market, RSUs continue to provide value when stock options may not, which the Compensation Committee believed would be useful in retaining talented executives in uncertain economic times. This mix of stock options and RSUs is a common practice among our peer group. Consistent with our Compensation Committee's desire to tie pay to performance, the value of both of these awards is directly linked to the long-term performance of our stock price.

We believe that meaningful vesting periods encourage recipients to remain with ADI over the long term. Because the value of the awards is based on our stock price, stock options and RSUs encourage recipients to focus on achievement of longer-term goals, such as strategic growth, business innovation and shareholder return.

Table of Contents

While we believe that our longer vesting periods serve our employee retention goals, they tend to increase the number of stock options outstanding at any given time compared to companies that grant stock options with shorter vesting schedules.

We set a goal each year to keep the shareholder dilution related to our equity ownership program to a certain percentage. This dilution percentage is calculated as the total number of shares of common stock underlying new equity grants made during the year, divided by the total number of outstanding shares of our common stock at the beginning of the year. For fiscal 2011, our gross dilution percentage was 1.6%, compared to an average of 3.6% for our peer group, and our net dilution percentage was 0.6%, compared to an average of 2.3% for our peers. For 2012, we set the maximum gross dilution percentage related to our equity program at 2.0%, which remains unchanged from fiscal 2011.

The size of the equity awards approved by our Compensation Committee for our executives reflect the executive's individual responsibilities and where that person is in his or her career with ADI. In fiscal 2011, the Compensation Committee authorized grants of stock options and RSUs to our NEOs, as follows:

Name of Executive	Stock Options	Restricted Stock Units
Jerald G. Fishman	0	0
David A. Zinsner	45,110	10,345
Robert R. Marshall	52,630	12,070
Robert P. McAdam	52,630	12,070
Vincent T. Roche	52,630	12,070

In granting awards to Messrs. Zinsner, Marshall, McAdam and Roche, the Compensation Committee considered the equity compensation levels of comparable executives at our peer group, as well as the equity already held by each executive. We expect that Mr. Fishman will not receive additional equity awards during the remaining term of his employment agreement, which terminates on October 28, 2012.

Stock ownership guidelines. Under our guidelines, the target share ownership levels are two times annual base salary for the CEO and one times annual base salary for other executive officers. The CEO has three years to achieve his targeted level. Executive officers other than the CEO have five years to achieve their targeted level. Shares subject to unexercised options, whether or not vested, will not be counted for purposes of satisfying these guidelines. Restricted stock units (whether or not vested) are counted for purposes of satisfying the guidelines. All of our executive officers were in compliance with our stock ownership guidelines as of the end of fiscal 2011.

Retirement and Other Employee Benefits

We maintain broad-based benefits for all employees, including health and dental insurance, life and disability insurance and retirement plans. Executives are eligible to participate in all of our employee benefit plans on the same basis as our other employees. The retirement and other employee benefit component of our executive compensation program is designed to attract excellent candidates by providing financial protection and security, and reward our executives for the total commitment we expect from them in service to ADI.

We maintain a Deferred Compensation Plan under which our executive officers and directors, along with a group of highly compensated management and engineering employees, are eligible to defer receipt of some or all of their cash compensation. This plan offers the same investment options as our 401(k) plan. Under our Deferred Compensation Plan, we provide all participants (other than non-employee directors) with Company contributions equal to 8% of eligible deferred contributions.

Table of Contents

In addition, in the United States, we contribute to our 401(k) plan on behalf all participants, including our NEOs, amounts equal to 5% of the employee's eligible compensation, plus matching contributions up to an additional 3%, subject to Internal Revenue Service limits. For those employees who also participate in the Deferred Compensation Plan described above, any compensation that is deferred under that plan is not considered eligible compensation for purposes of our Company contributions under the 401(k) plan. We also provide employees who are eligible to participate in the 401(k) plan but whose compensation is greater than the amount that may be taken into account in any plan year as a result of IRS limits (\$245,000 for fiscal 2011), with a taxable payment equal to 8% of the employee's 401(k)-eligible compensation in excess of the IRS limit.

The Analog Devices B.V. Retirement and Death Benefit Plan is a defined-benefit pension plan covering all employees of our Irish subsidiaries, including Messrs. Marshall and McAdam. This plan is described more fully below under Pension Benefits. The ADBV Executive Investment Partnership Plan is a defined-contribution plan covering all executive employees of our Irish subsidiaries, including Messrs. Marshall and McAdam. Under this plan, we match employee contributions to the ADBV Executive Investment Partnership Plan, up to a maximum of 4% of their annual salary, subject to limits established by the Irish tax authorities.

Why do we offer these specific retirement and pension benefits?

We established the retirement savings plan match described above to provide to our higher-paid employees the same employee matching contribution that we offer all of our other employees, to the extent their compensation levels exceed the IRS 401(k) contribution limits. We offer the Deferred Compensation Plan described above to give the eligible participants the opportunity to save for retirement on a tax-deferred basis. Our Analog Devices B.V. Retirement and Death Benefit Plan and our ADBV Executive Investment Partnership Plan are consistent with defined-benefit pension plans and defined-contribution plans commonly offered in Ireland. The Compensation Committee believes that each of these benefits is important to the competitiveness of our overall compensation program.

Limited Perquisites

We have never awarded extensive perquisites to our executives. The only perquisites that we generally provide to our executives are automobiles for Messrs. Marshall and McAdam and financial, tax and estate planning services on an after-tax basis for Mr. Fishman. These items are detailed in the Summary Compensation Table below.

Compensation Recovery

Under the Sarbanes-Oxley Act, in the event of misconduct that results in a financial restatement that would have reduced a previously paid incentive amount, we can recoup those improper payments from our CEO and CFO. In addition, we expect to implement a clawback policy in fiscal 2012 in accordance with the requirements of the Dodd-Frank Act and the regulations that will be issued under that Act. We have elected to wait until the SEC issues guidance about the proper form of a clawback policy in order to ensure that we implement a fully compliant policy at one time, rather than implementing a policy that may require significant amendment after the SEC regulations are released.

Agreements with our Chief Executive Officer

Our employment agreement with Mr. Fishman, dated January 14, 2010, extends through October 28, 2012. In establishing the terms of the employment agreement, the Compensation Committee, with the assistance of PM&P, reviewed the total compensation packages of chief executive officers in our peer group. The Committee

Table of Contents

determined, based on this review, that Mr. Fishman's annual total direct compensation under the employment agreement (consisting of base salary, annual bonus and additional annual bonus at target, and one-third of the RSUs previously granted to him) would be in the 75th percentile of the comparable total direct compensation of chief executive officers in our peer group. The Committee believes that the 75th percentile is an appropriate level for Mr. Fishman's total direct compensation both because Mr. Fishman is one of the most experienced and qualified chief executive officers in the semiconductor industry and because a large majority of Mr. Fishman's total compensation is performance-based.

Under the employment agreement, Mr. Fishman will continue to receive, until October 28, 2012, a base salary of \$930,935, an annual bonus target percentage of 160% of his annual base salary, and an additional annual bonus equal to his annual bonus multiplied by two, not to exceed \$5 million in any year. Mr. Fishman received an equity award in fiscal 2010 that cliff vests in 2013, but he received no equity award in fiscal 2011, and we do not expect him to receive additional equity awards for the remainder of the term of his employment agreement.

How was our CEO's compensation calculated for fiscal 2011?

Mr. Fishman's compensation in fiscal 2011 consisted primarily of:

\$930,935 in base salary, which has remained unchanged since 2003,

\$2.9 million in performance incentive payments under our 2011 performance incentive plan, which is applicable to all ADI employees and which paid out above target for the year because of our strong operating results, and

\$5 million in long-term incentive bonus, which was entirely performance-based and calculated by multiplying Mr. Fishman's annual bonus amount by two, but capped at \$5 million under the terms of his employment arrangement.

Mr. Fishman did not receive an equity award in fiscal 2011 and, as a result, his total compensation for fiscal 2011 as reported in the Summary Compensation Table below appears to be 36% lower than it was in fiscal 2010. However, our Compensation Committee viewed Mr. Fishman's 2010 equity award as being granted 1/3 in each of 2010, 2011 and 2012. If 1/3 of the 2010 value of Mr. Fishman's RSU award is included in his total compensation for each of those three years, Mr. Fishman's total compensation in fiscal 2011 actually declined 7% compared to fiscal 2010. The decrease is attributable to ADI's performance in fiscal 2011 compared to fiscal 2010. While we exceeded our OPBT goal for fiscal 2011, we fell short of our new revenue growth goal for the year. As a result, our performance incentive plan paid out at 198% of target for fiscal 2011, compared with 239% for fiscal 2010. As with all ADI employees, Mr. Fishman's employment arrangement pays out at high levels when ADI performs well and at lower levels when we do not perform as well.

Mr. Fishman's employment agreement terminates on October 28, 2012. If, prior to that date, Mr. Fishman's employment with ADI is terminated by ADI without cause or by Mr. Fishman for good reason, (as each term is defined in the employment agreement), then Mr. Fishman will receive:

his accrued but unpaid base salary and vacation pay; his actual annual bonus and additional bonus for the quarter in which the termination occurs; the amount of base salary and annual bonus he would have received (at target) over the remaining balance of the employment period; continued medical and dental benefits (or estimated costs of those benefits) through the remaining balance of the employment period; and a severance payment equal to the amount of his annual base salary and target annual bonus; and

acceleration of all outstanding equity awards.

Table of Contents

In exchange for this severance payment, Mr. Fishman will perform up to two days of consulting services per week for up to 12 months following termination of his employment under certain circumstances. During this period, he will not be eligible to receive any additional compensation from ADI.

If this termination were to occur following a change in control, Mr. Fishman would be entitled to receive the greater of the benefits described above or the amounts that would be payable under his change in control retention agreement described below under [Change in Control Retention Agreements](#). If termination were to occur by reason of death or disability, Mr. Fishman (or his estate) would receive his annual bonus and additional bonus for the quarter in which the termination occurs, and the vesting of the RSUs awarded under his employment agreement would accelerate. If termination were to occur at the end of the employment period, Mr. Fishman would receive an amount equal to his then annual base salary plus the annual bonus he would have received (at target) for fiscal 2012. In exchange for this severance payment, Mr. Fishman will perform certain consulting services for ADI. Also, under his employment agreement, Mr. Fishman will not compete with ADI during the employment period and for two years following the employment period.

Mr. Fishman is not entitled to any gross-up payment for any excess parachute payment tax payable in connection with a change in control of ADI.

Severance, Retention and Change in Control Benefits

We enter into change in control retention agreements with each of our executive officers and other key employees. Among other things, these retention agreements provide for severance benefits if the employee's service with us is terminated within 24 months after a change in control (as defined in each agreement) that was approved by our Board of Directors. See [Change in Control Retention Agreements](#) below for additional information about these agreements.

Why do we offer these change in control benefits?

We designed the change in control retention agreements to help ensure that our executive team is able to evaluate objectively whether a potential change in control transaction is in the best interests of ADI and our shareholders, without having to be concerned about their future employment. We believe that retaining the services of our key executives during a change in control scenario is critical. These agreements help ensure the continued services of our executive officers throughout the change in control transaction by giving them incentives to remain with us rather than seeking alternative employment or being recruited to a competitor during a highly uncertain time. The Compensation Committee reviewed prevalent market practices in determining the severance amounts and the events that trigger payments under the agreements. The Committee determined that the amounts and triggering events were appropriate and designed to encourage decision-making that is in the best interests of ADI. In fiscal 2011, the Compensation Committee asked PM&P, its compensation consultant, to review our severance, retention and change in control arrangements and PM&P determined that those arrangements were consistent with prevalent market practice in the semiconductor industry. We have eliminated excess parachute payment tax gross-up provisions from all future change in control retention agreements and our CEO will not receive any such payments.

In addition, under our 2006 Stock Incentive Plan, in the event of a change in control, all of our employees, including our NEOs, if they remain employed by ADI, would have one-half of the shares of common stock subject to their then outstanding unvested options accelerate and become immediately exercisable and one-half of their unvested RSUs would vest. The remaining one-half of the unvested options or RSUs would continue to vest in accordance with the original vesting schedules, and any remaining unvested options or RSUs would vest if, on

Table of Contents

or prior to the first anniversary of the change in control, the employee is terminated without cause or for good reason (as defined in the plan). We have provided more detailed information about these benefits, along with estimates of their value under various circumstances, under the caption Potential Payments Upon Termination or Change in Control below.

Equity Award Grant Date Policy

Our Compensation Committee has adopted specific policies regarding the grant dates of stock options, RSUs and other stock-based awards for our executive officers and employees. In each case, the exercise price of stock options equals the closing price of our common stock on the grant date.

New Hire Grants: The grant date of all awards to newly hired executive officers and employees is the 15th day of the month after the date on which the individual commences employment with us (or the next succeeding business day that the NYSE is open).

Annual Grants: The grant date of all annual awards has been the 2nd business day following January 1 that the NYSE is open. Beginning in fiscal 2012, the grant date of all annual awards will be March 15 or the first business day following March 15 that the NYSE is open.

Other Grants: All other awards granted to existing executive officers and employees throughout the year (off-cycle awards) have a grant date of either: (1) the 15th day of the month (or the next succeeding business day that the NYSE is open) in which the award is approved, if the approval occurs before the 15th, or (2) the 15th day of the following month (or the next succeeding business day that the NYSE is open), if the approval occurs on or after the 15th day of the month.

Foreign Registrations: Any awards requiring registration or approval in a foreign jurisdiction will have a grant date of the 15th day of the month (or the next succeeding business day that the NYSE is open) following the effective date of that registration or approval.

Blackout Periods: We do not grant off-cycle awards to our executive officers during the quarterly and annual blackout periods under our insider trading policy. The quarterly and annual blackout periods begin three weeks before the end of each fiscal quarter and end on the third business day after we announce our quarterly earnings.

We describe the equity award grant date policy for our non-employee directors above under Corporate Governance Director Compensation.

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally disallows a tax deduction to public companies for certain compensation in excess of \$1 million paid to a company's chief executive officer and the other executive officers whose compensation is required to be disclosed to our shareholders under the Securities and Exchange Act of 1934 by reason of being among our most highly compensated officers (excluding the chief financial officer). Certain compensation, including qualified performance-based compensation, will not be subject to the deduction limit if certain requirements are met. The Compensation Committee reviews the potential effect of Section 162(m) periodically. In addition, the Compensation Committee reserves the right to use its judgment to authorize compensation payments that may be subject to the limit when the Compensation Committee believes such payments are appropriate and in the best interests of ADI and our shareholders, after taking into consideration changing business conditions and the performance of our employees.

Except for our CEO, our existing NEOs have change in control retention agreements that contain provisions regarding Section 280G of the Internal Revenue Code.

Table of Contents

We expense in our financial statements the compensation that we pay to our executive officers, as required by U.S. generally accepted accounting principles. As one of many factors, the Compensation Committee considers the financial statement impact in determining the amount of, and allocation among the elements of, compensation. We account for stock-based compensation under our 2006 Stock Incentive Plan and all predecessor plans in accordance with U.S. generally accepted accounting principles.

Summary Compensation

The following table contains certain information about the compensation that our CEO, CFO and three other most highly compensated executive officers earned in fiscal 2011, 2010 and 2009.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary \$(1)	Bonus (\$)	Stock Awards \$(2)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	Change in	All Other Compensation (\$)	Total (\$)
							Non-Qualified Deferred Earnings \$(4)(5)			Pension Value and
Jerald G. Fishman President and Chief Executive Officer	2011	930,935				2,923,997		5,088,961(6)(8)	8,943,893
	2010	930,935		4,264,000		3,587,396		5,176,155(6)(8)	13,958,486
	2009	930,935				635,900		1,370,533(6)(8)	2,937,368
David A. Zinsner* Vice President, Finance and Chief Financial Officer	2011	447,538		361,351	389,669	657,922		37,003(8)	1,893,483
	2010	448,269				810,792		20,800(8)	1,279,861
	2009	363,462			980,112	144,087			2,330,971
				618,800				224,510(8)	
Robert R. Marshall Vice President, Worldwide Manufacturing	2011	418,395		421,605	454,628	617,360	454,163	65,923(7)	2,432,074
	2010	398,580		376,029	370,662	715,658	615,980	117,795(7)	2,594,704
	2009	398,580			561,413	122,563	450,620		1,660,054
								126,878(7)	
Robert P. McAdam Vice President, Core Products and Technologies Group	2011	418,395		421,605	454,628	617,360		42,312(7)	1,954,300
	2010	398,580		376,029	370,662	715,658	713,596	109,912(7)	2,684,437
	2009	398,580			561,413	122,563	570,498		1,773,369
								120,315(7)	
Vincent T. Roche Vice President, Strategic Market Segments Group	2011	416,926		421,605	454,628	610,592		33,354(8)	1,937,105
	2010	390,012		376,029	370,662	704,497	17,670	31,201(8)	1,890,071
	2009	390,012			673,695	124,879	23,730		1,243,517
								31,201(8)	

* Mr. Zinsner became our Vice President, Finance and Chief Financial Officer effective January 12, 2009.

(1) Represents base salary amounts earned in fiscal years 2011, 2010 and 2009, respectively. Fiscal 2011, 2010 and 2009 were all 52-week fiscal years.

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

- (2) These amounts represent the aggregate grant date fair value of RSU and option awards for fiscal 2011, 2010 and 2009, respectively. These amounts do not represent the actual amounts paid to or realized by the named executive officer for these awards during the respective fiscal years. We recognize the value as of the grant date for stock options and RSUs over the number of days of service required for the grant to become vested.

Table of Contents

The following table includes the assumptions we used to calculate the grant date fair value reported for fiscal years 2011, 2010 and 2009 on a grant by grant basis.

Name	Grant Date	Options/ Restricted Stock Units Granted (#)	Exercise Price (\$)	Volatility (%)	Expected Life (Years)	Assumptions		Grant Date Fair Value (\$)
						Risk-Free Interest Rate (%)	Dividend Yield (%)	
Jerald G. Fishman	1/15/2010	160,000*				2.440	2.762	26.65
David A. Zinsner	2/17/2009	35,000*						
	2/17/2009	160,000						
	1/04/2011	10,345*	20.00	47.420	5.30	1.650	4.000	17.68
	1/04/2011	45,110	37.52	29.370	5.30	1.160	2.345	6.1257
	1/04/2011					2.140	2.345	34.93
	1/04/2011							8.6382
Robert R. Marshall	1/05/2009							
	1/05/2010	75,000						
		47,500		59.520				
	1/05/2010	12,825*	19.57	31.330	5.30	1.670	4.088	7.4855
			31.62		5.30	2.560	2.530	7.8034
	1/04/2011	12,070*				2.560	2.530	29.32
						1.160	2.345	34.93
	1/04/2011	52,630	37.52	29.370	5.30	2.140	2.345	8.6382
Robert P. McAdam	1/05/2009							
	1/05/2010	75,000						
		47,500		59.520				
	1/05/2010	12,825*	19.57	31.330	5.30	1.670	4.088	7.4855
			31.62		5.30	2.560	2.530	7.8034
	1/04/2011	12,070*				2.560	2.530	29.32
						1.160	2.345	34.93
	1/04/2011	52,630	37.52	29.370	5.30	2.140	2.345	8.6382
Vincent T. Roche	1/05/2009							
	1/05/2010	90,000						
		47,500		59.520				
	1/05/2010	12,825*	19.57	31.330	5.30	1.670	4.088	7.4855
			31.62		5.30	2.560	2.530	7.8034
	1/05/2010	12,070*				2.560	2.530	29.32
	1/04/2011					1.160	2.345	34.93
	1/04/2011	52,630	37.52	29.370	5.30	2.140	2.345	8.6382

Entries above with asterisks (*) are RSUs and entries without asterisks are stock options. The grant date fair value of RSUs represents the value of our common stock on the date of grant, reduced by the present value of dividends expected to be paid on our common stock prior to vesting. The grant date fair value of stock options is computed using a Black Scholes valuation methodology. For a more detailed description of the assumptions used for purposes of determining grant date fair value, see Note 3 to the Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Stock-Based Compensation, included in our Annual Report on Form 10-K for the year ended October 29, 2011.

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

- (3) In fiscal 2011, we paid these amounts under our 2011 Executive Performance Incentive Plan based 50% on our operating profits before taxes (as adjusted) and 50% on revenue growth compared to the same period in the prior year. In fiscal 2010 and 2009, we paid these amounts based solely on our operating profits before tax (as adjusted). See Compensation Discussion and Analysis above for a discussion of how these amounts were determined under the plan. Messrs. Marshall's and McAdam's amounts above are denominated in U.S. dollars, but we pay them in Euros. We calculate the Euro equivalent by using the prior month's average exchange rate for each of the three months within the quarter in which the bonus is earned.
- (4) The values reported do not include an aggregate decrease in the actuarial present value during fiscal 2011 for Messrs. McAdam and Roche of \$610,753 and \$43,513, respectively, under the Analog Devices B.V. Retirement and Death Benefit Plan. The values shown in the table represent the increase in pension values in each respective year. These increases are denominated in U.S. dollars, but incurred in Euros. We calculated the U.S. dollar amount for fiscal 2011 using the exchange rate as of November 1, 2011, or 0.7316 Euro per U.S. dollar, for fiscal 2010 using the exchange rate as of November 1, 2010, or 0.7202 Euro per U.S. dollar, and for fiscal 2009 using the exchange rate as of November 1, 2009, or 0.6793 Euro per U.S. dollar.

Table of Contents

- (5) Mr. Roche's amounts listed in this column also represent the above-market or preferential earnings on compensation that is deferred on a basis that is not tax-qualified, including such earnings on nonqualified defined contribution plans. During fiscal 2011 and 2010, we did not pay above market earnings on deferred compensation. In fiscal 2009, our Deferred Compensation Plan (DCP) contained a Moody's investment option that delivered \$649 to Mr. Roche of investment return above what SEC regulations consider the market rate. SEC regulations consider the market rate to be 120% of the applicable federal long-term rate, or AFR. The total amount of interest (not just the above market interest) credited to Mr. Roche's deferred compensation account in fiscal 2009 was \$5,730. We discontinued this Moody's investment option in fiscal 2009. See Non-Qualified Deferred Compensation Plan below.
- (6) In fiscal 2011, this amount includes \$5,000,000 that was payable to Mr. Fishman under his employment agreement dated January 14, 2010. In fiscal 2010 and 2009, these amounts include \$5,000,000 and \$1,271,800, respectively, that was payable to Mr. Fishman under his 2007 retention agreement if he remained employed by ADI through November 14, 2010, which was early fiscal 2011. We have credited fiscal 2010 and 2009 amounts to Mr. Fishman's DCP account because he remained employed by ADI through November 14, 2010. The amount earned in each of fiscal 2009, 2010 and 2011 is equal to two times the amount of his bonus payable under the Executive Performance Incentive Plan for that year, subject to a \$5 million cap. See Agreements with our Chief Executive Officer above for more detail on how Mr. Fishman's compensation was calculated.
- (7) These amounts include \$16,445, \$79,891 and \$87,392 for Mr. Marshall and \$9,175, \$78,252 and \$87,392 for Mr. McAdam for fiscal 2011, 2010 and 2009, respectively, which we contributed under our retirement arrangements, including the Analog Devices B.V. Retirement and Death Benefit Plan and the ADBV Executive Investment Partnership Plan. These amounts also include \$49,478, \$37,904 and \$39,486 for Mr. Marshall and \$33,137, \$31,660 and \$32,923 for Mr. McAdam for fiscal 2011, 2010 and 2009, respectively, for repairs, gas, tax and insurance related to their use of Company-owned automobiles. The automobile costs are denominated in U.S. dollars but incurred in Euros. We calculated the U.S dollar equivalent by using the average yearly exchange rate, or 0.7172 Euro per U.S. dollar for fiscal 2011, 0.7416 Euro per U.S. dollar for fiscal 2010 and 0.7300 Euro per U.S. dollar for fiscal 2009.
- (8) In addition to amounts detailed above in footnotes 6 and 7, the amounts shown in the All Other Compensation column are comprised of the following:

Name	Fiscal Year	Company 401(k) Payments(a)	Payment of Expenses(b)	Reimbursement of Taxes(c)	Relocation Expenses	Healthcare Savings Account
Jerald G. Fishman		\$ 74,475	\$ 7,739	\$ 5,547		\$ 1,200
	2011	\$ 74,475	\$ 58,530	\$ 41,950		\$ 1,200
	2010 2009	\$ 74,475	\$ 12,996	\$ 10,112		\$ 1,150
David A. Zinsner		\$ 35,803				\$ 1,200
	2011	\$ 19,600				\$ 1,200
	2010 2009				\$ 223,360	\$ 1,150
Vincent T. Roche		\$ 33,354				
	2011	\$ 31,201				
	2010 2009	\$ 31,201				

- (a) Consists of the Company contribution into 401(k) plan accounts up to the permissible IRS limit and the taxable Company contribution in excess of IRS limits described under Retirement and Other Employee Benefits above.
- (b) Reimbursement for tax and estate planning and, for fiscal 2010, legal expenses of \$30,219 associated with Mr. Fishman's employment agreement. In fiscal 2009, this amount included \$2,846 of expenses for excess liability insurance.
- (c) Reimbursement for taxes associated with the expenses described above in note (b).

Table of Contents**Grants of Plan-Based Awards in Fiscal Year 2011**

The following table presents information on plan-based awards in fiscal 2011 to our NEOs:

Name	Grant Date (2)	Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise Price of Option Awards (\$ Per Share)(5)	Grant Date Fair Value of Stock and Option Awards (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)				
Jerald G. Fishman	N/A		0	1,489,496	4,468,488				
David A. Zinsner	N/A		0	337,500	1,012,500				
	01/04/2011	12/22/2010				10,345		361,351(6)	
	01/04/2011	12/22/2010					45,110	37.52	
Robert R. Marshall	N/A		0	310,081	930,243			389,669(7)	
	01/04/2011	12/22/2010				12,070		421,605(6)	
	01/04/2011	12/22/2010					52,630	37.52	
Robert P. McAdam	N/A		0	310,081	930,243			454,628(7)	
	01/04/2011	12/22/2010				12,070		421,605(6)	
	01/04/2011	12/22/2010					52,630	37.52	
Vincent T. Roche	N/A		0	312,694	938,082			454,628(7)	
	01/04/2011	12/22/2010				12,070		421,605(6)	
	01/04/2011	12/22/2010					52,630	37.52	

- (1) The amounts shown in the threshold, target and maximum columns reflect the minimum, target and maximum amounts payable under our 2011 Executive Performance Incentive Plan, respectively. Amounts in the maximum column above reflect 300% of the executive's target bonus, which is the cap under the plan. The actual amounts we paid are reflected in the Summary Compensation Table above and were as follows:

Name	Actual Payout under Non-Equity Incentive Plans for Fiscal Year 2011
Jerald G. Fishman	\$ 2,923,997
David A. Zinsner	\$ 657,922
Robert R. Marshall	\$ 617,360
Robert P. McAdam	\$ 617,360
Vincent T. Roche	\$ 610,592

See Compensation Discussion and Analysis above for a discussion of how these amounts were determined under our 2011 Executive Performance Incentive Plan. These amounts are included in the Summary Compensation Table.

- (2) Under our equity award grant date policy, the grant date of our annual equity awards has been the second business day following January 1st that the NYSE is open. Beginning in fiscal 2012, the grant date of our annual equity awards will be March 15th or the next business day that the NYSE is open.
- (3) Represents RSUs granted under our 2006 Stock Incentive Plan. These units vest, so long as the executive continues to be employed with us, in one installment on the third anniversary of the grant date (January 4, 2014). Dividends are not payable on unvested RSUs.

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

- (4) Represents stock options granted under our 2006 Stock Incentive Plan. These options become exercisable, so long as the executive continues to be employed with us, in five equal annual installments on each of the first, second, third, fourth and fifth anniversaries of the grant date.
- (5) The exercise price per share is equal to the closing price per share of our common stock on the date of grant.
- (6) This amount does not represent the actual amount paid to or realized by the executives for these awards during the fiscal year. This amount represents the grant date fair value of the RSUs, which is the value of

Table of Contents

our common stock on the date of grant, reduced by the present value of dividends expected to be paid on our common stock prior to vesting. The grant date fair value per share of the awards granted to Messrs. Zinsner, Marshall, McAdam and Roche was \$34.93. The grant date fair value is generally the amount that we would expense in our financial statements over the award's service period, but does not include a reduction for forfeitures.

- (7) The grant date fair value of each of these stock options was \$8.6382 per share and was computed using a Black-Scholes valuation methodology. We estimated the full grant date fair value of these options using the following assumptions: 2.140% risk free interest rate; 2.345% dividend yield; 29.370% expected volatility; and a 5.3-year expected life. The grant date fair value is generally the amount that we would expense in our financial statements over the award's service period, but does not include a reduction for forfeitures.

Outstanding Equity Awards at Fiscal Year-End 2011

The following table provides information with respect to outstanding stock options and restricted stock awards held by our NEOs as of October 29, 2011:

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date (2)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)(5)
Jerald G. Fishman	530,000		41.05	01/22/2012		
	205,000		19.89	09/24/2012		
	400,000		45.27	12/10/2013		
	400,000		37.70	12/07/2014		
	250,000		33.41	01/04/2017	160,000(3)	6,032,000
David A. Zinsner	54,000	96,000	20.00	02/17/2019	21,000(4)	791,700
		45,110	37.52	01/04/2021	10,345(3)	390,007
Robert R. Marshall	80,000		41.05	01/22/2012		
	683		36.62	05/31/2012		
	40,000		19.89	09/24/2012		
	382		37.38	06/02/2013		
	65,000		45.27	12/10/2013		
	517		48.41	06/01/2014		
	65,000		37.70	12/07/2014		
	675		37.04	06/01/2015		
	50,000		39.44	12/06/2015		
	40,000	10,000	33.41	01/04/2017		
	30,000	20,000	29.91	01/03/2018		
	30,000	45,000	19.57	01/05/2019		
	9,500	38,000	31.62	01/05/2020	12,825(3)	483,503
	52,630	37.52	01/04/2021	12,070(3)	455,039	

Table of Contents

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards			Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date (2)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)(5)
Robert P. McAdam	80,000		41.05	01/22/2012		
	683		36.62	05/31/2012		
	278		37.38	06/02/2013		
	65,000		45.27	12/10/2013		
	517		48.41	06/01/2014		
	65,000		37.70	12/07/2014		
	675		37.04	06/01/2015		
	40,000		39.44	12/06/2015		
	40,000	10,000	33.41	01/04/2017		
	30,000	20,000	29.91	01/03/2018		
	30,000	45,000	19.57	01/05/2019		
	9,500	38,000	31.62	01/05/2020	12,825(3)	483,503
		52,630	37.52	01/04/2021	12,070(3)	455,039
Vincent T. Roche	60,000		41.05	01/22/2012		
	669		36.62	05/31/2012		
	20,000		19.89	09/24/2012		
	656		37.38	06/02/2013		
	65,000		45.27	12/10/2013		
	517		48.41	06/01/2014		
	65,000		37.70	12/07/2014		
	675		37.04	06/01/2015		
	50,000		39.44	12/06/2015		
	40,000	10,000	33.41	01/04/2017		
	48,000	32,000	29.91	01/03/2018		
	36,000	54,000	19.57	01/05/2019		
	9,500	38,000	31.62	01/05/2020	12,825(3)	483,503
		52,630	37.52	01/04/2021	12,070(3)	455,039

(1) The remaining unexercised options held by these officers vest, subject to continued employment, as follows:

Grant Date	Vest Date	David A. Zinsner	Robert R. Marshall	Robert P. McAdam	Vincent T. Roche
01/04/2007	01/04/2012		10,000	10,000	10,000
01/03/2008	01/03/2012		10,000	10,000	16,000
	01/03/2013		10,000	10,000	16,000
01/05/2009	01/05/2012		15,000	15,000	18,000
	01/05/2013		15,000	15,000	18,000
	01/05/2014		15,000	15,000	18,000
02/17/2009	02/17/2012	32,000			
	02/17/2013	32,000			
	02/17/2014	32,000			

Table of Contents

Grant Date	Vest Date	David A. Zinsner	Robert R. Marshall	Robert P. McAdam	Vincent T. Roche
01/05/2010	01/05/2012		9,500	9,500	9,500
	01/05/2013		9,500	9,500	9,500
	01/05/2014		9,500	9,500	9,500
	01/05/2015		9,500	9,500	9,500
01/04/2011	01/04/2012	9,022	10,526	10,526	10,526
	01/04/2013	9,022	10,526	10,526	10,526
	01/04/2014	9,022	10,526	10,526	10,526
	01/04/2015	9,022	10,526	10,526	10,526
	01/04/2016	9,022	10,526	10,526	10,526

- (2) The expiration date of each stock option award is ten years after its grant date.
- (3) The RSUs granted to Messrs. Fishman, Zinsner, Marshall, McAdam, and Roche vest in one installment on the third anniversary of the grant date.
- (4) The RSUs granted to Mr. Zinsner on February 17, 2009 vest in five equal annual installments on each of the first, second, third, fourth and fifth anniversaries of the grant date.
- (5) The market value was calculated based on \$37.70, the closing price per share of our common stock on October 28, 2011.

Option Exercises and Stock Vested During Fiscal 2011

The following table contains information about the exercise of stock options by, and restricted stock unit awards that vested for, each of our NEOs during our fiscal year ended October 29, 2011:

Officer Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) (1)	Number of Shares Acquired On Vesting (#)	Value Realized on Vesting (\$) (2)
Jerald G. Fishman	295,000	5,304,753		
David A. Zinsner	10,000	216,729	7,000	288,330
Robert R. Marshall				
Robert P. McAdam	80,000	1,434,032		
Vincent T. Roche	70,000	992,424		

- (1) Value realized represents the difference between the closing price per share of our common stock on the date of exercise and the exercise price per share, multiplied by the number of shares acquired on exercise.

- (2) Value realized represents the closing price per share of our common stock on the vesting date, multiplied by the number of shares vested.

Pension Benefits

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

The Analog Devices B.V. Retirement and Death Benefit Plan is a defined-benefit pension plan covering all employees of our Irish subsidiaries, including Messrs. Marshall and McAdam. In February 2011, Mr. Marshall ceased making contributions to this plan and ADI stopped making employer contributions on his behalf, but he has an accumulated benefit under the plan. Mr. Roche previously worked for Analog Devices B.V., our Irish subsidiary, and has an accumulated benefit under this plan. He is currently a U.S. employee and therefore is not an active member of the plan. This plan is consistent with defined-benefit pension plans commonly offered in Ireland.

Table of Contents

A participant in this pension plan will be entitled to receive an annual pension equal to the sum of 1/60th of the participant's final pensionable salary, multiplied by the number of years of pensionable service with us. Final pensionable salary is the annual average of the three highest consecutive pensionable salaries during the 10 years preceding the normal retirement date or the termination date, if earlier. Pensionable salary at any date is the salary on that date less an amount equal to one and one-half times the State Pension payable under the Social Welfare Acts in Ireland. Pensionable service is the period of service of the participant with us up to the earliest to occur of the following: the normal retirement date, the date of the participant's retirement or the date on which the participant's service with us terminates. The normal retirement date under the pension plan is the last day of the month in which a participant attains his or her 65th birthday (or 60th birthday in the case of certain executives, including Messrs. Marshall and McAdam).

Under the terms of the plan, Messrs. Marshall and McAdam will, once they reach age 60, be entitled to elect to receive their accumulated pension benefits (two-thirds of final pensionable salary). In December 2010, Mr. McAdam turned 60 and elected to defer receipt of his pension annuity under the plan but elected to receive a lump sum distribution of certain other pension benefits under the plan. For executives who retire before age 60, their benefits under the pension plan will be prorated based on their years of service with us. Compensation covered under this pension plan includes the salaries shown in the Summary Compensation Table above.

The following table sets forth the estimated present value of accumulated pension benefits for our NEOs as of October 29, 2011:

Pension Benefits for Fiscal 2011

Name	Plan Name	Number of Years Credited Service (#)(1)	Present Value of Accumulated Benefit \$(2)(3)
Jerald G. Fishman	N/A	N/A	N/A
David A. Zinsner	N/A	N/A	N/A
Robert R. Marshall	The Analog Devices B.V. Retirement and Death Benefit Plan	37	3,350,730
Robert P. McAdam	The Analog Devices B.V. Retirement and Death Benefit Plan	40	3,135,406
Vincent T. Roche	The Analog Devices B.V. Retirement and Death Benefit Plan	5	133,512

- (1) The number of credited years of service is greater than the amount of actual years of service for Messrs. Marshall and McAdam by 9 years and 12 years, respectively. The additional years of service represent the prorated amount of additional service years they have earned and are entitled to under the plan. The number of credited years of service is equal to the amount of actual years of service for Mr. Roche.
- (2) The present value of accumulated benefit for each of Messrs. Marshall, McAdam and Roche assume the benefits are paid at normal retirement age.
- (3) The assumptions and valuation methods that we used to calculate the present value of the accumulated pension benefits shown are the same as those that we use for financial reporting purposes. The calculations use a discount rate of 5.75%, a standard mortality table rate that assumes males live approximately 29 years after the normal retirement age of 60.

Table of Contents**Non-Qualified Deferred Compensation Plan**

Since 1995, our executive officers and directors, along with some of our management and engineering employees, have been eligible to participate in our Deferred Compensation Plan, or DCP. We established the DCP to provide participants with the opportunity to defer receiving all or a portion of their compensation, which includes salary, bonus, director fees and Company matching contributions. Under our DCP, we provide all participants (other than non-employee directors) with Company contributions equal to 8% of eligible deferred contributions. Before January 1, 2005, participants could also defer gains on stock options and restricted stock awards that were granted before July 23, 1997. We have operated the DCP in a manner we believe is consistent with Internal Revenue Service guidance regarding nonqualified deferred compensation plans.

We credit each participant's account with earnings on the deferred amounts. These earnings represent the amounts that the participant would have earned if the deferred amounts had been invested in one or more of the various investment options selected by the participant. Under the terms of the DCP, only the payment of the compensation earned is deferred; we do not defer the expense in our financial statements related to the participant's deferred compensation and investment earnings. We charge the salary, bonuses, director fees and investment earnings on deferred balances to our income statement as an expense in the period in which the participant earned the compensation. Our balance sheet includes separate line items for Deferred Compensation Plan Investments and Deferred Compensation Plan Liabilities.

We hold DCP assets in a separate Rabbi trust segregated from other assets. We invest in the same investment alternatives that the DCP participants select for their DCP balances. Participants whose employment with us terminates due to retirement after reaching age 62, disability or death will be paid their DCP balance in either a lump sum or in installments over ten or fewer years, based on the elections they have made. Participants (other than key employees, including our NEOs) who terminate their employment with us for any other reason will receive payment of their DCP balance in the form of a lump sum upon their termination of employment. Payments to our NEOs and key employees will be delayed six months and as otherwise required by relevant tax regulations.

Messrs. Marshall and McAdam did not participate in the Deferred Compensation Plan in fiscal 2011. The following table shows the non-qualified deferred compensation activity for Messrs. Fishman, Zinsner and Roche during fiscal 2011:

Non-Qualified Deferred Compensation for Fiscal 2011

Name	Executive Contributions in Last Fiscal Year (\$)(1)	Analog Devices Contributions in Last Fiscal Year (\$)(2)	Aggregate Earnings in Last Fiscal Year (\$)(3)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)
Jerald G. Fishman	14,534,066		214,850		14,748,916
David A. Zinsner			142		88,666
Vincent T. Roche	17,846	1,428	2,053		42,005

- (1) These amounts are included in the Summary Compensation Table above in the All Other Compensation column. Amounts for Mr. Fishman include \$14,534,066 which he earned in fiscal 2007 through fiscal 2010 under his 2007 retention agreement and which we credited to his deferred compensation plan account in fiscal 2011.
- (2) These amounts are included in the Summary Compensation Table above in the All Other Compensation column.
- (3) These amounts are excluded from the Summary Compensation Table above in accordance with SEC regulations, as we did not pay above-market earnings on deferred compensation in fiscal 2011.

Table of Contents

Change in Control Retention Agreements

We enter into change in control retention agreements with each of our executive officers and other key employees. These agreements provide for severance benefits if any of the following occurs:

within 24 months after a change in control (as defined in each agreement) that was approved by our Board of Directors, we terminate the employee's employment with us for a reason other than cause (as defined in the agreement) or the employee's death or disability;

within 24 months after a change in control that was approved by our Board of Directors, the employee terminates his or her employment for good reason (as defined in the agreement); or

within 12 months after a change in control that was not approved by our Board of Directors, we or the employee terminates the employee's employment with us for a reason other than cause (as defined in the agreement) or the employee's death or disability.

For purposes of our change in control retention agreements, a change in control occurs when:

any person becomes the beneficial owner of 30% or more of the combined voting power of our outstanding securities;

our shareholders approve specified mergers of ADI with another entity; or

our shareholders approve a plan of liquidation or sale of all, or substantially all, of ADI's assets.

These agreements provide for the following severance benefits in the event of termination following a change in control approved by the Board:

a lump-sum payment equal to 200% (299% in the case of certain employees who are parties to the agreements, including each of our NEOs) of the sum of the employee's annual base salary (as of the date of termination or the date of the change in control, whichever is higher) plus the total cash bonuses paid or awarded to him or her in the four fiscal quarters preceding his or her termination; and

the continuation of life, disability, dental, accident and group health insurance benefits for a period of 24 months.

In addition, if payments to the employee under his or her agreement (together with any other payments or benefits, including the accelerated vesting of stock options or restricted stock awards that the employee receives in connection with a change in control) would trigger the provisions of Sections 280G and 4999 of the Internal Revenue Code, the change in control employee retention agreements provide for the payment of an additional amount so that the employee receives, net of excise taxes, the amount he or she would have been entitled to receive in the absence of the excise tax provided in Section 4999 of the Code. In September 2009, our Compensation Committee eliminated this provision from any new employee retention agreements and in January 2010, our CEO agreed to eliminate his prior right to receive any such gross-up payments.

Each agreement provides that, in the event of a potential change in control (as defined in each agreement), the employee will not voluntarily resign as an employee, subject to certain conditions, for at least six months after the change in control occurs. The Compensation Committee reviews these agreements each year, and the agreements automatically renew each year unless we give the employee three months' notice that his or her agreement will not be extended.

Potential Payments Upon Termination or Change in Control

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

Payments upon a change in control for our NEOs, with the exception of Mr. Fishman, are calculated based upon the change-in-control retention agreements described above under Change in Control Retention Agreements. Mr. Fishman's change of control payments are described above under Agreements with our Chief Executive Officer.

Table of Contents

Upon a change in control approved by the Board, if we terminate an executive officer's employment for cause or if the executive officer terminates his or her employment other than for good reason, then the executive officer will receive his or her full base salary and all other compensation through the date of termination at the rate in effect at the time that the termination notice is given and we will have no further obligations to the executive officer. When the employment of an executive officer (other than Mr. Fishman) terminates in a situation that does not involve a change in control, the officer is entitled to receive the same benefits as any other terminating employee. This applies regardless of the reason for termination.

The following table quantifies the amount that would be payable to officers named in the Summary Compensation Table upon termination of their employment under circumstances other than those described above. The amounts shown assume that the terminations were effective on the last day of our fiscal year, or October 29, 2011. The table does not include the accumulated benefit under The Analog Devices B.V. Retirement and Death Benefit Plan or our Deferred Compensation Plan that would be paid to our NEOs described above under Pension Benefits and Nonqualified Deferred Compensation Plan, or any other employee benefits, except to the extent that the officer is entitled to an additional benefit as a result of the termination. In addition, the table does not include the value of vested but unexercised stock options held by each executive as of October 29, 2011. The actual amounts that would be paid out would depend on which options were exercised and, therefore, can only be determined at the time of the executive officer's termination of employment.

	Termination by us without Cause or by the Named Executive Officer with Good Reason Following a Change in Control(1)					Termination by us without Cause or by the Named Executive Officer with Good Reason(2)	Termination by us with Cause or by the Named Executive Officer without Good Reason(3)	Termination by Death(4)	
	David A. Zinsner	Robert R. Marshall	Robert P. McAdam	Vincent T. Roche	Jerald G. Fishman	Jerald G. Fishman	Jerald G. Fishman	Jerald G. Fishman	Robert R. Marshall
Cash									
Severance	\$ 1,345,500(5)	\$ 1,270,750(5)	\$ 1,270,750(5)	\$ 1,270,750(5)	\$ 2,783,496(5)	\$ 4,840,862			
Cash Bonus	\$ 2,464,594(6)	\$ 2,225,524(6)	\$ 2,225,524(6)	\$ 2,219,034(6)	\$ 10,877,045(6)	\$ 1,166,390	\$ 1,166,390	\$ 1,166,390(3)	
Value of Accelerated Vesting of Stock Awards(7)	\$ 2,889,026	\$ 2,193,605	\$ 2,193,605	\$ 2,450,255	\$ 6,032,000	\$ 6,032,000			
Additional Bonus(8)						\$ 1,350,731	\$ 1,350,731	\$ 1,350,731(3)	
Incremental Pension Benefit(9)									\$ 425,875
Value of Medical and other Benefits	\$ 27,054(10)	\$ 10,418(10)	\$ (10)	\$ 34,582(10)	\$ 20,403(10)	\$ 10,201			
Excise Tax									
Gross up(11)	\$ 36,280			\$ 52,546					
Total	\$ 6,762,454	\$ 5,700,297	\$ 5,689,879	\$ 6,027,167	\$ 19,712,944	\$ 13,400,184	\$ 2,517,121	\$ 2,517,121	\$ 425,875

- (1) The benefits shown are also payable if the executive officer voluntarily leaves within 12 months after a change in control that is not approved by our board of directors.
- (2) Under the terms of his employment agreement dated January 14, 2010, Mr. Fishman is entitled to payments as follows: cash severance equal to the amount of his base salary and target annual bonus and the amount of base salary and annual bonus he would have received (at target) over the remaining balance of the employment period (one year); a cash bonus equal to his actual annual bonus earned but not yet paid; an additional bonus equal to his bonus for the quarter in which the termination occurs that was earned but not yet paid multiplied by two; continued medical and dental benefits (or estimated costs of those benefits) through the remaining balance of the

- employment period (one year); and the acceleration of all outstanding equity awards.
- (3) Mr. Fishman is entitled to a payment under the terms of his employment agreement dated January 14, 2010. This payment represents the amount of annual bonus and additional bonus (annual bonus multiplied

Table of Contents

- by two) earned but not yet paid, that would have been paid to Mr. Fishman had he remained Chief Executive Officer of ADI at the time of payment.
- (4) Mr. Fishman also receives these benefits in the event of termination due to disability.
- (5) Based upon a multiplier of 299% of the executive officer's base salary.
- (6) Based upon a multiplier of 299% of the sum of the executive officer's total cash bonuses awarded to him in the four fiscal quarters preceding his termination.
- (7) The value of accelerated unvested options as of October 29, 2011 is calculated by taking the difference between the closing price of our common stock on the NYSE on the last trading day of the fiscal year (\$37.70 on October 28, 2011) and the option exercise price and multiplying it by the number of accelerated options. For RSUs, the value represents the closing price of our common stock on the last trading day of the fiscal year multiplied by the number of accelerated units. As of October 29, 2011, upon termination by us without cause or by the NEO for good reason after a change in control event, the officer would be entitled to acceleration of vesting of all unvested outstanding stock options or RSUs as follows:

Name	Unvested Option Awards that Accelerate upon Termination After a Change in Control (#)	Unvested Stock Awards that Accelerate upon Termination After a Change in Control (#)
Jerald G. Fishman		160,000
David A. Zinsner	141,110	31,345
Robert R. Marshall	165,630	24,895
Robert P. McAdam	165,630	24,895
Vincent T. Roche	186,630	24,895

- (8) Under the terms of Mr. Fishman's employment agreement dated January 14, 2010, he is entitled to an additional annual bonus equal to his annual bonus multiplied by two, not to exceed \$5 million in any fiscal year.
- (9) Amount represents the incremental benefit that would be granted to executives actively participating in The Analog Devices B.V. Retirement and Death Benefit Plan (Mr. Marshall) upon death. Upon their death, executives receive a lump sum death benefit of four times their annual pensionable salary, while non-executive employees receive a lump sum death benefit of three times their annual pensionable salary. The amount reflected in the table reflects one year of Mr. Marshall's annual salary and represents the enhancement of the death benefit calculation for executives over non-executive employees.
- (10) Amounts include life, disability, dental, accident and group health insurance benefit continuation for 24 months after a termination in connection with a change in control. The annual benefit costs for each executive are: \$10,201 for Mr. Fishman, \$13,527 for Mr. Zinsner, \$17,291 for Mr. Roche and \$10,418 for Mr. Marshall. Mr. McAdam has reached his normal retirement age and is no longer eligible for the Company-provided life, disability, dental, accident and group health insurance benefit continuation.
- (11) In calculating the excise tax gross-up amounts, we take into account the officer's earnings from ADI for the prior five years. We include the change-in-control cash severance and bonus, valuations of unvested stock options that become vested upon a change-in-control (using the fiscal 2011 year end closing stock price), valuations of restricted stock units that become vested upon a change-in-control (using the fiscal 2011 year end closing stock price), and our estimated cost of medical and other benefits. Whether the officer will receive a gross-up amount will depend primarily on the officer's earnings in the previous five years, which will vary depending on stock option exercise activity and amounts of salary and incentives deferred under the Deferred Compensation Plan. Mr. Fishman agreed to eliminate his right to any such excise tax gross-up payment in connection with the amendment to his employment agreement in 2010. We have also eliminated excise tax gross-up provisions from all future employee retention agreements.

Table of Contents**Equity Award Program Description**

Our equity award program is a broad-based, long-term employee retention program that is intended to attract, retain and motivate our employees, officers and directors and to align their interests with those of our shareholders. Under our 2006 Stock Incentive Plan, we may grant options to purchase shares of our common stock, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards to all employees, officers, directors, consultants and advisors of ADI. All stock options have a term of ten years and generally vest in five equal installments on each of the first, second, third, fourth and fifth anniversaries of the date of grant. The 2006 Plan does not permit us to grant options at exercise prices that are below the fair market value of our common stock on the date of grant. Generally, our RSUs vest in full on the third anniversary of the date of grant.

We can make equity award grants to executive officers and directors only from shareholder-approved plans after the Compensation Committee reviews and approves the grants. All members of the Compensation Committee are independent directors, as defined by the rules of the NYSE.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of October 29, 2011 about the securities which are either already issued, or authorized for future issuance, under the following equity compensation plans: our 2006 Stock Incentive Plan, our 2001 Broad-Based Stock Option Plan, our 1998 Stock Option Plan, our Restated 1994 Director Option Plan, our Restated 1988 Stock Option Plan, our 1992 Employee Stock Purchase Plan, our 1998 International Employee Stock Purchase Plan and our Employee Service Award Program.

Equity Compensation Plan Information

	(a)	(b)	(c)
Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected In Column (a))
Equity compensation plans approved by shareholders	30,627,763(1)	\$ 29.87(2)	10,803,862(3)
Equity compensation plans not approved by shareholders	5,576,103(4)	\$ 32.32	50,961(5)
Total	36,203,866	\$ 30.27(2)	10,854,823

(1) Includes 2,087,771 restricted stock units that were outstanding on October 29, 2011.

(2) Only stock option awards were used in computing the weighted-average exercise price.

(3) Our 2006 Plan, which was approved by shareholders in March 2006, allows for the issuance of 15 million shares of our common stock, plus any shares that were subject to outstanding options under our 1998 Stock Option Plan and our 2001 Broad-Based Stock Option Plan as of January 23, 2006 that are subsequently terminated or expire without being exercised. Shares not issued as a result of a net settlement, used to pay withholding tax, or surrendered but not issued as new awards under a shareholder approved option exchange program are not available for use under the plan. Additionally, the 2006 Plan provides that for purposes of determining the number of shares available for issuance under the 2006 Plan, any restricted stock award, restricted stock unit or other stock-based award with a per share or per unit price lower than the fair market value of our common stock on the date of grant, or a Full-Value Award, counts as three shares for each share

subject to the Full-Value Award.

Table of Contents

- (4) Consists of shares issuable upon the exercise of outstanding options granted under our 2001 Broad-Based Stock Option Plan, which did not require the approval of shareholders and has not been approved by our shareholders. Since our adoption of the 2006 Plan, we may make no further grants under the 2001 Broad-Based Stock Option Plan. A description of the 2001 Broad-Based Stock Option Plan appears below.
- (5) Consists of 50,961 shares issuable under our Employee Service Award Program. A description of the Employee Service Award Program appears below.

2001 Broad-Based Stock Option Plan

In December 2001, our Board of Directors adopted the 2001 Broad-Based Stock Option Plan, or 2001 Plan, under which we were permitted to grant non-statutory stock options for up to 50,000,000 shares of common stock to employees, consultants and advisors of ADI and its subsidiaries, other than executive officers and directors. The 2001 Plan was filed most recently as an exhibit to our Annual Report on Form 10-K for the fiscal year ended November 2, 2002 (File No. 1-7819). In December 2002, our Board of Directors adopted an amendment to the 2001 Plan to provide that the terms of outstanding options under the 2001 Plan may not be amended to provide an option exercise price per share that is lower than the original option exercise price per share.

If ADI is reorganized or acquired, then the 2001 Plan requires our Board of Directors to ensure that the acquiring or succeeding entity assumes, or substitutes equivalent options for, all of the outstanding options. If not, all then unexercised options become exercisable in full and terminate immediately before the reorganization or acquisition is consummated. If the options are assumed or replaced with substituted options, then they would continue to vest in accordance with their original vesting schedules. If the reorganization event also constitutes a change in control of ADI, then one-half of the shares of common stock subject to then outstanding unvested options would become immediately exercisable and the remaining one-half of the unvested options would continue to vest in accordance with their original vesting schedules. However, any remaining unvested options held by an optionee would vest and become exercisable in full if, on or before the first anniversary of the change in control, the optionee's employment were terminated without cause or for good reason (as those terms are defined in the 2001 Plan).

Since our adoption of the 2006 Plan, our Board determined that we may make no further grants under the 2001 Plan. If any option previously granted under the 2001 Plan expires or is terminated, surrendered, canceled or forfeited after January 23, 2006, the unused shares of common stock covered by that option will be available for grant under the 2006 Plan.

Employee Service Award Program

Our Employee Service Award Program is designed to recognize and thank employees for their long-term working relationship with ADI. All regular employees other than executive officers are eligible to receive these awards in the form of our common stock. Our executive officers receive these awards in cash instead of stock. We grant these awards to employees starting with the employee's tenth anniversary of employment with us, and after the tenth anniversary, we grant the awards at the end of each subsequent five-year period of employment with us. The value of the award at the employee's tenth anniversary with us is \$1,000 and the value of the award increases by \$500 at each subsequent five-year service milestone. The number of shares awarded to an eligible employee is equal to the dollar value of the award divided by the closing per share price of our common stock as reported on the NYSE on a specified date. Our Board may terminate, amend or suspend the program at any time at its discretion.

Compensation Committee Interlocks and Insider Participation

During fiscal 2011, Messrs. Novich, Saviers and Severino served as members of our Compensation Committee. No member of our Compensation Committee was at any time during fiscal 2011, or formerly, an officer or employee of ADI or any subsidiary of ADI. No member of our Compensation Committee had any

Table of Contents

relationship with us during fiscal 2011 requiring disclosure under Item 404 of Regulation S-K under the Securities Exchange Act of 1934.

During fiscal 2011, none of our executive officers served as a member of the board of directors or compensation committee (or other committee serving an equivalent function) of any entity that had one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with our management. Based on this review and discussion, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

By the Compensation Committee of the Board of Directors of Analog Devices, Inc.

Neil Novich, Chairman

F. Grant Saviers

Paul J. Severino

Table of Contents

**PROPOSAL 3 RATIFICATION OF SELECTION OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our Audit Committee has selected the firm of Ernst & Young LLP, independent registered public accounting firm, as our auditors for the fiscal year ending November 3, 2012. Although shareholder approval of the selection of Ernst & Young LLP is not required by law, our Board of Directors believes that it is advisable to give shareholders an opportunity to ratify this selection. If this proposal is not approved by our shareholders at the 2012 annual meeting, our Audit Committee will reconsider its selection of Ernst & Young LLP.

Representatives of Ernst & Young LLP are expected to be present at the 2012 annual meeting. They will have the opportunity to make a statement if they desire to do so and will also be available to respond to appropriate questions from shareholders.

Our Board of Directors recommends that you vote FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2012 fiscal year.

OTHER MATTERS

Our Board of Directors does not know of any other matters that may come before the 2012 annual meeting. However, if any other matters are properly presented at the 2012 annual meeting, it is the intention of the persons named as proxies to vote, or otherwise act, in accordance with their judgment on such matters.

ELECTRONIC VOTING

If you own your shares of common stock of record, you may vote your shares over the Internet at www.proxyvote.com or telephonically by calling 1-800-690-6903 and by following the instructions on the enclosed proxy card. Proxies submitted over the Internet or by telephone must be received by 11:59 p.m. EST on March 12, 2012.

If the shares you own are held in street name by a bank or brokerage firm, your bank or brokerage firm will provide a vote instruction form to you with this proxy statement, which you may use to direct how your shares will be voted. **You must instruct your broker how to vote with respect to the election of directors and the say on pay advisory vote; your broker can not exercise its discretion to vote on these matters on your behalf.** Many banks and brokerage firms also offer the option of voting over the Internet or by telephone, instructions for which would be provided by your bank or brokerage firm on your vote instruction form.

We hope that shareholders will attend the meeting. Whether or not you plan to attend, we urge you to vote your shares over the Internet or by telephone, or complete, date, sign and return the enclosed proxy card in the accompanying postage-prepaid envelope. A prompt response will greatly facilitate arrangements for the meeting and your cooperation will be appreciated. Shareholders who attend the meeting may vote their stock personally even though they have previously sent in their proxies.

Table of Contents

ANALOG DEVICES, INC.
P.O. BOX 9106
ATTN: INVESTOR RELATIONS DEPT.
ONE TECHNOLOGY WAY
NORWOOD, MA 02062-9106

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on March 12, 2012. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on March 12, 2012. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M40374-P18814 KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

ANALOG DEVICES, INC.

The shares represented by this proxy when properly executed will be voted in the manner directed by the undersigned shareholder.

If no direction is made, this proxy will be voted **FOR** the election of each of the nominees for Director and **FOR** Proposals 2 and 3.

The Board of Directors recommends a vote **FOR** each of the Director nominees and **FOR** Proposals 2 and 3.

- 1) To elect the following nine nominees to our Board of Directors, each for a term of one year.

	For	Against	Abstain	For	Against	Abstain
Nominees						

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

1a. Ray Stata	..	..	..	1h. Paul J. Severino	..	..	..
1b. Jerald G. Fishman	..	..	..	1i. Kenton J. Sicchitano	..	..	..
1c. James A. Champy	..	..	..	The Board of Directors recommends a vote <u>FOR</u> Proposal 2.			
1d. John C. Hodgson	..	..	..	2) To consider a non-binding say on pay vote regarding the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures in our proxy statement.	..	..	..
1e. Yves-Andre Istel	..	..	..	
1f. Neil Novich	..	..	..	
1g. F. Grant Saviers	..	..	..	The Board of Directors recommends a vote <u>FOR</u> Proposal 3.			
				3) To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending November 3, 2012.	..	..	..

For address changes/comments, mark here and write them on the back where indicated. ..

Please indicate if you plan to attend this meeting. ..

Yes No

Please sign exactly as your name(s) appear(s) on this card. When signing as attorney, executor, administrator, or other fiduciary, please give your full title. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOUNDARY]

Signature (Joint Owners)

Date

Table of Contents

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

M40375-P18814

ANALOG DEVICES, INC.

Annual Meeting of Shareholders - March 13, 2012 9:00 AM

This Proxy is solicited on behalf of the Board of Directors

The shareholder(s) hereby appoint(s) Ray Stata, Jerald G. Fishman and Margaret K. Seif, or either of them, as proxies, each with the power to appoint his or her substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of ANALOG DEVICES, INC. that the shareholder(s) is/are entitled to vote at the Annual Meeting of shareholder(s) to be held at 9:00 AM Eastern on March 13, 2012, at Analog Devices, Inc., 3 Technology Way, Norwood, MA 02062, and any adjournment or postponement thereof.

Your Internet or telephone vote authorizes the named proxies to vote the shares in the same manner as if you marked, signed, dated and returned your proxy card. If you vote the shares over the Internet or by telephone, please do not return your proxy card.

Unless voting the shares over the Internet or by telephone, please fill in, date, sign and mail this proxy card promptly using the enclosed envelope.

Address Changes/Comments: _____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side

Table of Contents

ANALOG DEVICES, INC.
P.O. BOX 9106
ATTN: INVESTOR RELATIONS DEPT.
ONE TECHNOLOGY WAY
NORWOOD, MA 02062-9106

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on March 12, 2012. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on March 12, 2012. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M40376-Z56885

KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

ANALOG DEVICES, INC.

The shares represented by this proxy when properly executed will be voted in the manner directed by the undersigned shareholder.

If no direction is made, this proxy will be voted **FOR** the election of each of the nominees for Director and **FOR** Proposals 2 and 3.

The Board of Directors recommends a vote **FOR** each of the Director nominees and **FOR** Proposals 2 and 3.

- 1) To elect the following nine nominees to our Board of Directors, each for a term of one year.

Nominees
For Against Abstain

For Against Abstain

Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

1a. Ray Stata	..	..	..	1h. Paul J. Severino	..	..	..
1b. Jerald G. Fishman	..	..	..	1i. Kenton J. Sicchitano	..	..	..
1c. James A. Champy	..	..	..	The Board of Directors recommends a vote <u>FOR</u> Proposal 2.			
1d. John C. Hodgson	..	..	..	2) To consider a non-binding say on pay vote regarding the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures in our proxy statement.	..	..	..
1e. Yves-Andre Istel	..	..	..	
1f. Neil Novich	..	..	..	
1g. F. Grant Saviers	..	..	..	The Board of Directors recommends a vote <u>FOR</u> Proposal 3.			
				3) To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending November 3, 2012.	..	..	..

For address changes/comments, mark here and write them on the back where indicated. ..

Please indicate if you plan to attend this meeting. ..

Yes No

Please sign exactly as your name(s) appear(s) on this card. When signing as attorney, executor, administrator, or other fiduciary, please give your full title. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOUNDARY]

Signature (Joint Owners)

Date

Table of Contents

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement, Annual Report and Shareholder Letter are available at www.proxyvote.com.

M40377-Z56885

ANALOG DEVICES, INC.

Annual Meeting of Shareholders - March 13, 2012 9:00 AM

This Proxy is solicited on behalf of the Board of Directors

The shareholder(s) hereby appoint(s) Ray Stata, Jerald G. Fishman and Margaret K. Seif, or either of them, as proxies, each with the power to appoint his or her substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of ANALOG DEVICES, INC. that the shareholder(s) is/are entitled to vote at the Annual Meeting of shareholder(s) to be held at 9:00 AM Eastern on March 13, 2012, at Analog Devices, Inc., 3 Technology Way, Norwood, MA 02062, and any adjournment or postponement thereof.

Your Internet or telephone vote authorizes the named proxies to vote the shares in the same manner as if you marked, signed, dated and returned your proxy card. If you vote the shares over the Internet or by telephone, please do not return your proxy card.

Unless voting the shares over the Internet or by telephone, please fill in, date, sign and mail this proxy card promptly using the enclosed envelope.

Address Changes/Comments: _____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side