

ANALOG DEVICES INC  
Form DEF 14A  
February 02, 2011

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**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.

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:

o Fee paid previously with preliminary materials.

o 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:

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

(3) Filing Party:

(4) Date Filed:

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February 2, 2011

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 8, 2011, at the Company's headquarters at Three Technology Way, Norwood, Massachusetts, 02062.

At the Annual Meeting you are being asked to elect all ten 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, to vote on a non-binding advisory proposal on the frequency of the vote on our executive compensation program, and to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 29, 2011. 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, to hold an advisory vote on our executive compensation program once every THREE YEARS, 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*

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**ANALOG DEVICES, INC.  
ONE TECHNOLOGY WAY  
NORWOOD, MASSACHUSETTS 02062-9106**

**NOTICE OF 2011 ANNUAL MEETING OF SHAREHOLDERS  
To Be Held On March 8, 2011**

To our Shareholders:

The 2011 Annual Meeting of Shareholders of Analog Devices, Inc. will be held at our headquarters at Three Technology Way, Norwood, Massachusetts 02062, on Tuesday, March 8, 2011 at 9:00 a.m. local time. At the meeting, shareholders will consider and vote on the following matters:

1. To elect the ten 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;
3. To consider a non-binding say on frequency vote regarding the frequency of the vote on our executive compensation program (once every year, every two years or every three years); and
4. To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 29, 2011.

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 14, 2011 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, 2011

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**ANALOG DEVICES, INC.  
ONE TECHNOLOGY WAY  
NORWOOD, MASSACHUSETTS 02062-9106**

**PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS**

*March 8, 2011*

This proxy statement contains information about the 2011 Annual Meeting of Shareholders of Analog Devices, Inc. The meeting will be held on Tuesday, March 8, 2011, 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](http://www.analog.com) or by contacting Mindy Kohl, Director, Investor Relations, Analog Devices, Inc., One Technology Way, Norwood, MA 02062; telephone: 781-461-3282.

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 30, 2010 with these proxy materials on or about February 2, 2011.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on March 8, 2011:**

**This proxy statement and the 2010 Annual Report to Shareholders are available for viewing, printing and downloading at [www.analog.com/AnnualMeeting](http://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 ten 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. A non-binding say on frequency vote regarding the frequency of the vote on our executive compensation program (once every year, every two years or every three years).
4. The ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 29, 2011.



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 14, 2011. 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 299,653,797 shares of our common stock.

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### **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?**

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 4 and for every THREE YEARS on Proposal 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 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 4) 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

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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 and say on frequency votes (Proposals 2 and 3) 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 proposal 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 14, 2011) in order to be admitted to the meeting on March 8, 2011. 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 4, 2011, 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. Mercer Ireland Limited (Mercer), which administers the Irish share plan on behalf of Irish Pensions Trust Limited, will send you a voting card that you may use to direct Mercer how to vote your shares. You should sign the voting card and return it to Mercer in the envelope that Mercer provides. 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 4, 2011, 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 14, 2011, the record date, or at least 149,826,899 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.

### **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 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

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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.**

*Say on Frequency.* Our Board of Directors is seeking a non-binding advisory vote regarding whether shareholders prefer to vote on our compensation program once a year, once every two years or once every three years. The vote is advisory and non-binding in nature, but our Board of Directors has decided to adopt the frequency that receives the greatest level of support from our shareholders. **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, 2 or 3 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.

### **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 ten nominees to serve as directors on the Board of Directors, each for a term of one year (Proposal 1);

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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);

For a shareholder advisory vote every THREE YEARS on our executive compensation program (Proposal 3); and

FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2011 fiscal year (Proposal 4).

**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 2012 annual meeting?* below.

**Where can I find the voting results?**

We will report the voting results in a Form 8-K 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 2012 annual meeting?**

If you are interested in submitting a proposal for inclusion in our proxy statement for the 2012 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 2012 annual meeting of shareholders at our principal corporate offices in Norwood, Massachusetts at the address below no later than October 5, 2011.

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 2012 annual meeting is not advanced by more than 20 days nor delayed by more than 60 days from the anniversary date of the 2011 annual meeting, you would need to give us appropriate notice at the address noted below no earlier than November 8, 2011, and no later than December 8, 2011. If a shareholder does not provide timely notice of a nomination or other matter to be presented at the 2012 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.



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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 30, 2010 is available on our website at [www.analog.com](http://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:

Mindy Kohl  
Director, Investor Relations  
Analog Devices, Inc.  
One Technology Way  
Norwood, MA 02062  
Phone: 781-461-3282  
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 Mindy Kohl, 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 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: 781-461-3282. 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.

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The following table contains information regarding the beneficial ownership of our common stock as of January 14, 2011 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.

<b>Name and Address of Beneficial Owner(1)</b>	<b>Number of Shares Beneficially Owned(2)</b>	<b>Shares Acquirable within 60 Days(3)</b>	<b>=</b>	<b>Total Beneficial Ownership</b>	<b>Percent of Common Stock Beneficially Owned(4)</b>
<i>5% Shareholders:</i>					
Wellington Management Company, LLP(5) 75 State Street Boston, Massachusetts 02109	27,663,334			27,663,334	9.2%
Capital Research Global Investors(6) 333 South Hope Street Los Angeles, California 90071	19,285,600			19,285,600	6.4%
<i>Directors and Named Executive Officers:</i>					
James A. Champy	7,341	106,834		114,175	*
John L. Doyle	10,403	113,800		124,203	*
Jerald G. Fishman	421,348	1,858,964		2,280,312	*
John C. Hodgson	5,675	64,250		69,925	*
Yves-Andre Istel	12,675	23,650		36,325	*
Robert R. Marshall		417,027		417,027	*
Robert P. McAdam	186,601	366,923		553,524	*
Neil Novich	8,675	18,702		27,377	*
Vincent T. Roche	100	450,223		450,323	*
F. Grant Saviers	8,175	113,800		121,975	*
Paul J. Severino	16,875	57,500		74,375	*
Kenton J. Sicchitano	6,175	110,500		116,675	*
Ray Stata(7)	5,097,774	392,413		5,490,187	1.8%
David A. Zinsner	4,723	71,000		75,723	*
All directors and executive officers as a group (18 persons, consisting of 10 officers and 8 non-employee directors)(8)	5,805,158	4,433,422		10,238,580	3.4%

\* Less than 1% of our outstanding common stock.

- (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.

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- (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 within 60 days after January 14, 2011.
- (4) The percent ownership for each shareholder on January 14, 2011 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 14, 2011 (299,653,797 shares) plus any shares acquirable (including exercisable stock options) by the shareholder in question within 60 days after January 14, 2011.
- (5) Based solely on a Form 13F-HR filed by Wellington Management Company, LLP on November 15, 2010 reporting stock ownership as of September 30, 2010. Wellington Management Company, LLP reports that it has sole voting authority with respect to 15,383,340 shares, sole investment discretion with respect to 25,833,785 shares and shared investment discretion with respect to 1,829,549 shares.
- (6) Based solely on a Form 13F-HR filed by Capital Research Global Investors on November 15, 2010 reporting stock ownership as of September 30, 2010. Capital Research Global Investors reports that it has sole voting authority with respect to 19,285,600 shares and shared investment discretion with respect to 19,285,600 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 2,487,588 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 3,996,574 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.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

Our entire Board of Directors is elected annually by our shareholders and currently consists of 10 members. At the meeting, shareholders will have an opportunity to vote for each of the 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 76, 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 46 years of experience in the semiconductor industry, including as our founder, our Chairman for 38 years and formerly as our President for 20 years.

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

Mr. Fishman, age 65, 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 20 years as our President.

**JAMES A. CHAMPY, *Director since March 2003***

Mr. Champy, age 68, 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 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.

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**JOHN L. DOYLE, *Director since June 1987***

Mr. Doyle, age 79, has been self-employed as a technical consultant since September 1991. He was employed formerly by the Hewlett-Packard Company, a provider of technology solutions, where he served as the Executive Vice President of Business Development from 1988 through 1991, Executive Vice President, Systems Technology Sector from 1986 to 1988, Executive Vice President, Information Systems and Networks from 1984 to 1986, and Vice President, Research and Development from 1981 to 1984. Mr. Doyle also serves as a director of Xilinx, Inc. We believe Mr. Doyle's qualifications to sit on our Board of Directors include his years of executive experience in the high technology and semiconductor industries, as well as the deep understanding of our people and our products that he has acquired over two decades of service on our Board.

**JOHN C. HODGSON, *Director since September 2005***

Mr. Hodgson, age 67, 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 global technology company, as well as his executive leadership and management experience.

**YVES-ANDRE ISTELE, *Director since December 2007***

Mr. Istel, age 74, 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 serves as a director of Imperial Sugar Company, a processor and marketer of refined sugar, and 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 56, 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.

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**PAUL J. SEVERINO, *Director since November 2005***

Mr. Severino, age 64, has been an investment advisor to emerging technology companies and venture funds 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. Mr. Severino is also a director of Sonus Networks, Inc. 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 66, 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.***

**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.* In 2010, we declassified our Board and amended our bylaws to provide for one-year terms for our directors. All ten 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 is an incumbent director in an uncontested election and does not receive more votes for his or her election than against his or her election, the director must offer his or her resignation to the Board promptly after the voting results are certified. A committee of independent directors, which will specifically exclude any director who is required to offer his or her own resignation, will carefully consider all relevant factors, including, as the committee deems appropriate, any stated reasons why shareholders voted against the election of the director, any alternatives for curing the underlying cause of the votes cast against the election of the director, the director's tenure, qualifications, past and expected future contributions to Analog Devices, the overall composition of our Board and whether accepting the resignation would cause Analog Devices to fail to meet any applicable rules or regulations of the SEC or the NYSE. Our Board will act upon this committee's recommendation within 90 days following certification of the shareholder vote and may, among other

things, accept the resignation, maintain the director but address what the committee believes to be the underlying cause of the votes cast against the election of the director, maintain the director but resolve that the director will not be re-nominated in the future for election, or reject the resignation. We will publicly disclose the

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Board's decision with regard to any resignation offered under these circumstances with an explanation of how the decision was reached.

*Stock Ownership Guidelines.* We have established stock ownership guidelines for our directors and executive officers. Under our guidelines, the target share ownership levels are two times the annual cash retainer for directors, two times annual base salary for the Chief Executive Officer and one times annual base salary for other executive officers. Directors (including the CEO) have three years to achieve their 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.

*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](http://www.analog.com/governance) or by writing to:

Mindy Kohl  
Director, Investor Relations  
Analog Devices, Inc.  
One Technology Way  
Norwood, MA 02062  
Phone: 781-461-3282  
Fax: 781-461-3491  
Email: [investor.relations@analog.com](mailto: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 determining whether a director has a material relationship with Analog Devices. Under these guidelines, a director is not considered to have a material relationship with Analog Devices if he or she is independent under Section 303A.02(b) of the NYSE Listed Company Manual even if he or she:

is an executive officer or an employee, or has an immediate family member who is an executive officer, of a company that makes payments to, or receives payments from, Analog Devices for property or services, unless the amount of those payments or receipts, in any of the three fiscal years preceding the determination, exceeded the greater of \$1 million, or 2% of the other company's consolidated gross revenues;

is an executive officer of another company which is indebted to Analog Devices, or to which Analog Devices is indebted, unless the total amount of either company's indebtedness to the other is more than 5% of the total consolidated assets of the company for which he or she serves as an executive officer;

is a director of another company that does business with Analog Devices, provided that he or she owns less than 5% of the outstanding capital stock of the other company and recuses himself or herself from any deliberations of Analog Devices with respect to the other company; or

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serves as an executive officer of a charitable organization, unless Analog Devices' charitable contributions to the organization, in any of the three fiscal years preceding the determination, exceeded the greater of \$1 million, or 2% of the charitable organization's consolidated gross revenues.

Our guidelines also provide that ownership of a significant amount of Analog Devices' stock, by itself, does not constitute a material relationship. 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 above 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 2012 annual meeting?** above.

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### ***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 Governance Committee will apply the criteria set forth in our Corporate Governance Guidelines. These criteria include the candidate's integrity, business acumen, age, 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. Nominees are not discriminated against on the basis of race, gender, religion, national origin, sexual orientation, disability or any other basis proscribed by law.

### **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 John L. Doyle, Chairman of the Nominating and Corporate Governance Committee, or to James A. Champy, Presiding Director, in each case 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 ten times in fiscal 2010, including by telephone conference. During fiscal 2010, 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 committee must review its charter and perform a self-evaluation at least annually. Messrs. Stata and Fishman

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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 generally holds executive sessions at each regular meeting.

Our Corporate Governance Guidelines set forth our policy that directors are responsible for attending annual meetings of shareholders. All of our directors attended the 2010 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.

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 2010. The Audit Committee met ten times during fiscal 2010 (including by telephone conference). The responsibilities of our Audit Committee and its activities during fiscal 2010 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 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

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and applicable law. Our Compensation Committee held nine meetings (including by telephone conference) during fiscal 2010.

*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 (PMP), an independent compensation consultant, during fiscal 2010. PMP reports directly to the Compensation Committee and assists the Committee in evaluating and designing our executive and director compensation program and policies. In fiscal 2010, the Compensation Committee instructed PMP 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. PMP conducted a detailed analysis of the competitiveness and appropriateness of the Company's total executive compensation opportunity in comparison to our peer group. PMP also conducted a risk assessment of our executive compensation program. In connection with its work for the Compensation Committee, PMP is invited to attend many of the Committee's meetings and, upon request of the Committee, attends executive sessions with the Compensation Committee. PMP 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 PMP for 2010 stating that they meet the independence standards prescribed by the SEC for all work performed for the Committee during fiscal 2010. The activities of our Compensation Committee and the services PMP performed for the Committee during fiscal 2010 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. 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 nine meetings during fiscal 2010 (including by telephone conference).

***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. In fiscal 2010, we 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

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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. As part of its charter, the Audit Committee discusses ADI's policies with respect to risk assessment and risk management.

### **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 2010, 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 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.

The Audit Committee held ten meetings (including by telephone conference) during the fiscal year ended October 30, 2010. 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 required to be discussed 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.

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Based on its review and discussions, 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 30, 2010. The Audit Committee also selected Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 29, 2011.

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 30, 2010 and October 31, 2009.

	<b>Fiscal 2010</b>	<b>Fiscal 2009</b>
Audit Fees	\$ 1,957,000	\$ 2,187,000
Audit-Related Fees	84,000	75,000
Tax Fees	713,000	715,000
Total Fees	\$ 2,754,000	\$ 2,977,000

*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, 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 \$635,000 in fiscal 2010 and \$563,000 in fiscal 2009 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.

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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 2010 and 2009, 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**

For fiscal 2010, our Compensation Committee changed the mix of equity awards for our non-employee directors to 50% stock options and 50% restricted stock units in order to align the mix of our director equity compensation awards with the equity compensation awards for our executive officers. The stock options and restricted stock units we granted to our non-employee directors in fiscal 2010 vest in three equal annual installments on the first, second and third anniversaries of the date of grant. In accordance with the equity award policy described below, on January 5, 2010 we granted to each non-employee director 7,500 stock options, at an exercise price of \$31.62 per share, and 2,025 restricted stock units for services to be provided during fiscal 2010.

The following table details the total compensation earned by our non-employee directors in fiscal 2010.

**2010 Director Compensation**

<b>Name(1)</b>	<b>Fees Earned or Paid in Cash \$(2)</b>	<b>Stock Awards \$(3)(4)</b>	<b>Option Awards \$(3)(4)</b>	<b>Total (\$)</b>
James A. Champy	71,250	59,373	58,526	189,149
John L. Doyle	75,000	59,373	58,526	192,899
John C. Hodgson	60,000	59,373	58,526	177,899
Yves-Andre Istel	60,000	59,373	58,526	177,899
Neil Novich	67,500	59,373	58,526	185,399
F. Grant Saviers	60,000	59,373	58,526	177,899
Paul J. Severino	60,000	59,373	58,526	177,899
Kenton J. Sicchitano	80,000	59,373	58,526	197,899

- (1) Messrs. Fishman and Stata were the only directors during fiscal 2010 who were also employees of Analog. Neither received any compensation in their capacities as directors of Analog. Mr. Fishman's compensation is included in the Summary Compensation Table and Mr. Stata's compensation is included under Certain Relationships and Related Transactions.
- (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 chair of the Compensation Committee (Mr. Novich) and the Nominating and Corporate Governance Committee (Mr. Doyle). Mr. Novich replaced Mr. Champy as Chairman of the Compensation Committee during the second quarter of fiscal 2010 and started receiving compensation related to that role during the third quarter of fiscal 2010. The Presiding Director (Mr. Champy) also receives an annual retainer of \$15,000. Mr. Champy assumed the role of presiding director and started receiving compensation related to that role during the fourth quarter of fiscal 2010. These cash retainers are paid in quarterly installments each on the 15th day of December, March, June and September of each fiscal year. Effective for fiscal 2011, the members of the Audit Committee (other than the chair) will receive an additional annual retainer of \$6,000 and the members of the Compensation and Nominating and Corporate Governance Committees (other than the chairs) will receive an additional annual retainer of \$3,000.

- (3) These amounts represent the aggregate grant date fair value of awards for grants of restricted stock units or options to each listed director in fiscal 2010. These amounts do not represent the actual amounts paid to or realized by the directors during fiscal 2010. 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.

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- (4) The aggregate number of stock awards and option awards outstanding held by each director (representing unexercised option awards, both exercisable and unexercisable, and unvested restricted stock units) at October 30, 2010 is as follows:

<b>Name</b>	<b>Number of Shares Subject to Option Awards Held as of October 30, 2010 (#)</b>	<b>Number of Units of Stock that have not Vested as of October 30, 2010 (#)</b>
James A. Champy	116,834	2,025
John L. Doyle	148,800	2,025
John C. Hodgson	74,250	2,025
Yves-Andre Istel	38,650	2,025
Neil Novich	31,803	2,025
F. Grant Saviers	168,800	2,025
Paul J. Severino	67,500	2,025
Kenton J. Sicchitano	120,500	2,025
<b>TOTAL</b>	<b>767,137</b>	<b>16,200</b>

The following table includes the assumptions used to calculate the fiscal 2010 grant date fair value on a grant by grant basis for our non-employee directors.

<b>Name</b>	<b>Grant Date</b>	<b>Assumption</b>						<b>Grant Date Fair Value Per Share (\$)</b>
		<b>Shares/RSUs Exercise</b>		<b>Risk-Free</b>		<b>Dividend Yield</b>		
		<b>Granted (#)</b>	<b>Price (\$)</b>	<b>Expected Volatility (%)</b>	<b>Interest Life (Years)</b>			
James A. Champy	1/05/2010	7,500	31.62	31.330	5.30	2.560	2.530	7.8034
	1/05/2010	2,025				2.560	2.530	29.32
John L. Doyle	1/05/2010	7,500	31.62	31.330	5.30	2.560	2.530	7.8034
	1/05/2010	2,025				2.560	2.530	29.32
John C. Hodgson	1/05/2010	7,500	31.62	31.330	5.30	2.560	2.530	7.8034
	1/05/2010	2,025				2.560	2.530	29.32
Yves-Andre Istel	1/05/2010	7,500	31.62	31.330	5.30	2.560	2.530	7.8034
	1/05/2010	2,025				2.560	2.530	29.32
Neil Novich	1/05/2010	7,500	31.62	31.330	5.30	2.560	2.530	7.8034
	1/05/2010	2,025				2.560	2.530	29.32
F. Grant Saviers	1/05/2010	7,500	31.62	31.330	5.30	2.560	2.530	7.8034
	1/05/2010	2,025				2.560	2.530	29.32
Paul J. Severino	1/05/2010	7,500	31.62	31.330	5.30	2.560	2.530	7.8034

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	1/05/2010	2,025				2.560	2.530	29.32
Kenton J. Sicchitano	1/05/2010	7,500	31.62	31.330	5.30	2.560	2.530	7.8034
	1/05/2010	2,025				2.560	2.530	29.32

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. 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 30, 2010.

We also reimburse our directors for travel and other 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.

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### ***Equity Award Policy for Non-employee Directors***

Our equity award grant policy for non-employee directors for fiscal 2010 was:

Each newly elected non-employee director is automatically granted under our 2006 Stock Incentive Plan (the 2006 Plan ) (1) a non-qualified stock option to purchase 7,500 shares of our common stock at an option exercise price equal to the fair market value of the common stock on the date of grant (which will equal the closing price of the common stock on the date of grant) and (2) a restricted stock unit award for 2,025 shares of common stock, 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 (1) a non-qualified stock option to purchase 7,500 shares of our common stock at an option exercise price equal to the fair market value of the common stock on the date of grant (which will equal the closing price of the common stock on the date of grant) and (2) a restricted stock unit award for 2,025 shares of common stock (with the number of shares subject to the first annual award of options and restricted stock units to be on a pro rata basis based on the length of service during the calendar year in which the director was elected), each on the second business day following January 1 that the NYSE is open.

For fiscal 2010, options and restricted stock units granted to our non-employee directors under the 2006 Plan vested in three equal installments on the first, second and third anniversaries 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. Upon (1) the director's retirement from our Board after attaining age 60, (2) removal of the director by the Board or (3) the Board's failure to nominate the director for reelection as a director (other than because the director has refused to serve as a director), each award will vest as to an additional number of shares that would have vested if the director continued to serve as a director through the next succeeding anniversary of the date of grant. 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.

We declassified our Board in early 2010. In September 2010, our Compensation Committee changed the vesting schedule for all non-employee director stock options and restricted stock units to one-year vesting periods in order to align these awards with the directors' new one-year terms of office. This new vesting schedule will apply to director equity awards made in fiscal 2011. In addition, beginning with fiscal 2011, equity awards made to our non-employee directors will be made on the date of the annual meeting.

### **Certain Relationships and Related Transactions**

#### ***Transactions with Related Persons***

During fiscal 2010, 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 2010 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 2010.

On January 5, 2010, we granted a stock option to Mr. Stata for the purchase of 7,500 shares of our common stock at an exercise price of \$31.62 per share and 2,025 restricted stock units. This option is exercisable, subject to Mr. Stata's continued employment with us, in five equal annual installments, on each of the first, second, third, fourth and fifth anniversaries of the grant date. The restricted stock units vest on the third anniversary of the grant date. For fiscal 2011, we expect that Mr. Stata will receive equity awards in the



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same amounts, on the same terms and on the same date (the date of the 2011 annual meeting) as those granted to our non-employee directors.

***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.

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

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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.

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**PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION**

We are requesting shareholder approval of the compensation of our Named Executive Officers (NEOs) as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K (including in the Compensation Discussion and Analysis section, or CD&A, compensation tables and accompanying narrative disclosures). Item 402 of Regulation S-K is the SEC regulation that sets forth what companies must include in their CD&A and compensation tables. As required by the recent 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.

As you cast your vote on this Proposal 2, here are a few things about our executive compensation program we think you should know:

*Elements of our Compensation Program.* We have designed our executive compensation program to be substantially performance-based. Our executives' compensation consists primarily of base salary, short-term cash incentive awards, and long-term equity incentive awards.

*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.

*Short-Term Cash Incentive Awards.* Our performance incentive plan is broad-based and applies to all employees and executives alike. Since 2004, our plan has tied executive and employee pay directly to corporate performance, measured by operating profits before taxes as a percentage of revenue. The reason we selected operating profits as a performance measure is because we believe that shareholders value higher profitability levels, and so we designed our performance incentive plan to reward the achievement of that goal. Our plan is designed to provide us with a variable cost structure which reduces compensation expenses when profit levels are low and pays more when profit levels are higher. We cap bonus payments under our performance incentive plan at three times the target payout. We have made certain changes to our performance incentive plan for fiscal 2011, which are described below.

*Long-Term Equity Incentives.* Every year we grant equity awards broadly among our employee population. As a group, our NEOs received only 14% of all equity awards made to our employees in fiscal 2010. We use a mix of stock options and restricted stock units (RSUs) to reward long-term value creation and to recognize sustained contribution to ADI. Our equity awards have significant vesting periods designed to encourage our employees and executives to focus on the long-term performance of our stock price. Our options generally vest over five years and our RSUs generally 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 2010 gross dilution percentage was 1.8% compared to 5.2% for our peer group.

*Pay for Performance.* We have sought to align executive pay and corporate performance. Our compensation program is designed to pay more when our short- and long-term performance warrants, and less when they do not. In fiscal 2010, 62% of our CEO's total compensation was attributable to the achievement of superior profitability levels for the year and 31% was in the form of equity, whose value depends on our stock price performance. Combining equity and cash performance incentive awards in fiscal 2010, almost 93% of our CEO's compensation was performance-based. In fiscal 2010, we experienced record levels of revenue, profitability and cash flow. Our profitability in fiscal 2010 doubled compared to fiscal 2009. As a result of our superior fiscal 2010 performance, and consistent with our executive performance incentive plan design, the

compensation of our CEO and our other NEOs increased in fiscal 2010 compared to 2009.

*Pay Practices.* We do not use many 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 agreed to eliminate his prior right to receive such tax gross-up payments.

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We have no guaranteed salary increases or non-performance-based bonuses. We do not pay dividends on unvested equity awards.

Consultant Independence. 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 its independence from ADI.

Risk Assessment. Our Compensation Committee has reviewed our incentive compensation programs and discussed the concept of risk as it relates to our compensation program. In addition, in fiscal 2010, our Compensation Committee asked its compensation consultant, Pearl Meyer & Partners (PMP), to conduct an independent risk assessment of our executive compensation program. Based on these reviews and assessments, the Committee does not believe our compensation program encourages excessive or inappropriate risk taking (see Risk Considerations in our Compensation Program below).

Recent Changes. For fiscal 2011, we amended our performance incentive plan for all employees to include a revenue growth element. We believe this will encourage executives and employees alike to focus on growth as well as profitability, which we believe are important to our shareholders. Payments under the plan for fiscal 2011 will be awarded as follows: 50% based on the achievement of specified profitability goals and 50% based on the achievement of specified revenue growth targets. With these changes to our performance incentive plan, our executive compensation program is now tied to three distinct corporate performance metrics: profitability as a percentage of revenue, year over year revenue growth, and stock price appreciation. We believe this plan enhancement further aligns management and shareholder interests.

For all of these reasons, we believe our executive compensation program is well-designed, appropriately aligns executive pay with Company performance and has demonstrated that it incentivizes desirable behavior from our executives.

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

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**PROPOSAL 3 FREQUENCY OF VOTE ON EXECUTIVE COMPENSATION**

We are asking shareholders to advise us as to how frequently they wish to cast an advisory vote on the compensation of our named executive officers: once every year, once every two years, or once every three years. In arriving at our recommendation on the frequency vote, we engaged in an outreach program with our largest stockholders this fall and, while there was no clear consensus, a number of shareholders indicated that they prefer a vote on executive compensation once every three years, for a variety of reasons. At this time, we believe that a vote once every three years makes sense for us for the following reasons:

In the semiconductor industry over the past decade, the business cycle (measured by peak to trough to peak revenue levels) tends to be about three years. We have sought to take a similar long-term approach to our compensation program so that it can be responsive to the entire business cycle. We believe that making changes to our compensation programs in response to an annual vote could be premature and possibly counterproductive because annual changes to our compensation program in response to short-term fluctuations in our results at various points in the business cycle may not be appropriate in the context of the entire business cycle.

We are also concerned that an annual vote could encourage a short-term approach to our compensation plans, based on short-term business or market conditions. We strive to encourage a long-term focus among our executives by, for example, making equity awards that vest over long periods (3 to 5 years) and paying bonuses based on year over year revenue growth. We believe that a vote on our compensation by our shareholders every three years will encourage shareholders to take the same long-term approach to our compensation programs taken by our executives and our Compensation Committee.

As a result of this long-term approach, our compensation plans do not change often. We generally set a performance incentive plan and leave it in place for several years, to allow us to determine whether the plan is working to help us achieve our corporate goals and to minimize the disruption to our employees that is inevitable with significant changes to incentive programs.

We believe that a dialogue with our shareholders about executive compensation should be ongoing and not wait for a formal vote at an annual meeting. We encourage our shareholders to convey their compensation concerns to us on a real-time basis.

As required by the recent Dodd-Frank Act, this is an advisory vote, which means that this proposal is not binding on us. Regardless, our Compensation Committee values the opinions expressed by shareholders and expects to implement the frequency which receives the greatest level of support from our shareholders. While we believe that a vote once every three years is the best choice for us, you are not voting to approve or disapprove our recommendation of three years, but rather to make your own choice among a vote once every year, every two years or every three years. You may also abstain from voting on this item.

***We recommend that you vote in favor of a vote on our executive compensation program once every **THREE** years.***

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**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 which makes a substantial percentage of executive pay variable, subject to increase when corporate targets are overachieved, and subject to reduction when corporate targets are not achieved.

***2010 Business Results***

The 2010 fiscal year was an excellent year for Analog Devices, with record levels of revenue, profitability and cash flow. Due to actions taken in 2009 and 2010, we fundamentally changed our cost structure worldwide across all functions and better aligned our organization with our customers and end markets. In addition, we refocused our investments on products and markets where our innovations add sustainable value. As a result of these actions and an improving global economic climate, our revenue increased 37%, diluted earnings per share increased nearly three-fold and profitability doubled in fiscal 2010 compared to fiscal 2009. In addition, we increased our quarterly dividend by 10%, paid \$250 million in cash dividends to our shareholders and repurchased almost \$40 million in shares of our common stock in fiscal 2010. In early fiscal 2011, our Board of Directors also authorized the repurchase of an additional \$1 billion of our common stock under our existing repurchase program.

***Pay for Performance***



A significant portion of the total compensation of our NEOs is directly linked to our performance in the form of performance-based cash and equity awards. We believe this provides our executives an opportunity to earn above average compensation if ADI delivers superior results.

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**Cash awards.** For fiscal 2010, we linked a significant portion of our executives' cash compensation to Company performance measured by our operating profit before taxes (OPBT), through our performance incentive plan. In 2010, 62% of our CEO's total compensation was based on this OPBT metric. Our target for performance incentive payments at the 100% payout level for all employees and executives alike in 2010 was a ratio of OPBT to revenue of 22.5%. Corporate profitability has been the primary goal of our performance incentive plan since 2004 and, as a result of this focus and an improving global economic climate, our OPBT as a percent of revenue reached 33% in fiscal 2010, well above our 22.5% target and double what it was in fiscal 2009. Because we significantly surpassed our OPBT target, our CEO's performance-based cash award for fiscal 2010 was significantly greater than it was in fiscal 2009, and a portion of it was capped in accordance with the terms of his employment agreement and our performance incentive plan. This compares to fiscal 2009, when we achieved OPBT levels of only 17% of revenue against a target of 22.5% and, as a result, the fiscal 2009 performance incentive plan paid out at only 41% of target. By design, our performance incentive plan pays more when we perform well and less when we do not.

**Equity awards.** Another way that we try to 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 2010, 31% of our CEO's total compensation was in the form of equity. Our options generally vest over five years and our RSUs vest on the third anniversary of the grant date, linking executives' equity compensation directly to their ability to create long-term value for our shareholders. As our stock price improves, the equity awards will become more valuable to our executives.

**Pay and performance.** We have designed our compensation plans to ensure a strong correlation between the pay our executives receive and the performance of the business. This provides us with a more variable expense structure, allowing us to reduce our compensation costs in challenging times and reward performance when business conditions and results warrant. Consistent with our goal of linking pay and performance, almost 93% of our CEO's compensation in fiscal 2010 was performance-based. That is, 62% of his fiscal 2010 total compensation was attributable to corporate profits as a percentage of revenue, and 31% was in the form of equity, whose value is dependent on our stock price performance.

The following graph illustrates our performance against two key measures of performance in fiscal 2009 and 2010 (OPBT as a percentage of revenue and revenue growth). It also shows 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 "2010 Executive Performance Incentive Plan"), which aligns with our performance.

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

\* Fiscal 2009 and 2010 OPBT numbers are adjusted to exclude restructuring-related expenses.

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Our compensation plans take into consideration our actual business results compared to the strategic performance targets we set for our business. In 2009, our performance was better than many of our peers, but because we did not achieve our target business results, we significantly reduced our bonus payments and the corresponding compensation expense. By contrast, 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%. In addition, in fiscal 2010, our total shareholder return (defined as share price appreciation plus dividends paid) was 35%.

We also use an assessment of our business results relative to our peers to ensure that our performance targets are appropriately calibrated. In fiscal 2010, our Compensation Committee's independent consultant, Pearl Meyer & Partners (PMP) conducted an analysis which compared our performance against our peers, including financial metrics for revenue growth and operating profits. Based on that analysis, our Compensation Committee believes that our performance targets are appropriately calibrated given our performance relative to our peers.

***Compensation Program Highlights and Changes***

For fiscal 2010, we believe our compensation programs delivered payments commensurate with a year of record profitability. Below are the highlights of our executive compensation program for 2010:

*Elements of our Compensation Program.* We have designed our executive compensation program to be substantially performance-based. Our executives' compensation consists primarily of base salary, short-term cash incentive awards, and long-term equity incentive awards.

*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.

*Short-Term Cash Incentive Awards.* Our performance incentive plan is broad-based and applies to all employees and executives alike. Since 2004, our plan has tied executive and employee pay directly to corporate performance, measured by operating profits before taxes as a percentage of revenue. The reason we selected operating profits as a performance measure is because we believe that shareholders value higher profitability levels, and so we designed our performance incentive plan to reward the achievement of that goal. Our plan is designed to provide us with a variable cost structure which reduces compensation expenses when profit levels are low and pays more when profit levels are higher. We cap bonus payments under our performance incentive plan at three times the target payout. Our executive performance incentive plan is identical to our employee performance incentive plan, with the addition of an individual payout factor, based on individual performance, which can increase an executive's bonus payment under certain circumstances. In 2010, no executive received such an increase, despite our superlative business results.

During the economic recession, we did not reduce our target performance goals needed to achieve a threshold payout under the plan. Instead we retained the same robust profitability thresholds that we had set in prior years during stronger economic conditions. In fiscal 2009, when we achieved profitability levels of only 17% of revenue compared to a target of 22.5% (for a payout at 100%), the plan paid out at 41% of target. In fiscal 2010, due to improving economic conditions and the expense control measures we implemented, we delivered record operating profits as a percentage of revenue of 33%, compared to a target of 22.5% (for a payout at 100%). As a result, our plan paid out above target to all of our employees, including executives. Our Compensation Committee believes our performance incentive plan has been instrumental in significantly increasing our profit margins, rewarding our employees for operating results that align with shareholder interests, and increasing the percentage of our compensation expense that is variable rather than fixed, ensuring that we have flexibility during poor business conditions.

*Long-Term Equity Incentives.* Every year we grant equity awards broadly among our employee population. As a group, our NEOs received only 14% of all equity awards made to our employees in fiscal 2010. We use a mix of stock options and restricted stock units (RSUs) to reward long-term

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value creation and to recognize sustained contribution to ADI. Our equity awards have significant vesting periods designed to encourage our employees and executives to focus on the long-term performance of our stock price. Our options generally vest over five years and our RSUs generally 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 2010 gross dilution percentage was 1.8% compared to 5.2% for our peer group.

*Pay Practices.* We do not use many 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 tax gross-up payments. We have no guaranteed salary increases or non-performance-based bonuses. We do not pay dividends on unvested equity awards.

*Consultant Independence.* 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 its independence from ADI.

*Risk Assessment.* Our Compensation Committee has reviewed our incentive compensation programs and discussed the concept of risk as it relates to our compensation program. In addition, in fiscal 2010, our Compensation Committee asked its compensation consultant, PMP, to conduct an independent risk assessment of our executive compensation program. Based on these reviews and assessments, the Committee does not believe our compensation program encourages excessive or inappropriate risk taking (see Risk Considerations in our Compensation Program below).

*Recent Changes.* For fiscal 2011, we amended our performance incentive plan for all employees to include a revenue growth element. We believe this will encourage executives and employees alike to focus on growth as well as profitability, which we believe are important to our shareholders. Payments under the plan for fiscal 2011 will be awarded as follows: 50% based on the achievement of specified profitability goals and 50% based on the achievement of specified revenue growth targets. With these changes to our performance incentive plan, our executive compensation program is now tied to three distinct corporate performance metrics: profitability as a percentage of revenue, year over year revenue growth, and stock price appreciation. We believe this plan enhancement further aligns management and shareholder interests.

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**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.

Second, ensure that our executive compensation is competitive by targeting the total compensation of our CEO at approximately the 75th percentile and of our non-CEO executives at approximately the 50th percentile of our peer group at the target level of performance described below.

The Committee believes that the 75th percentile is an appropriate target level for our CEO'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 his total compensation is performance-based.

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 CEO's compensation and its comparison to the peer group is described in detail below under [Agreements with our Chief Executive Officer](#).

Our Compensation Committee has retained Pearl Meyer & Partners (PMP) as its independent compensation consultant. In 2009, our Compensation Committee worked directly with PMP to develop recommendations for our Chief Executive Officer's compensation, which are reflected in his employment agreement. The Committee asks PMP 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 executives' 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 the Compensation Committee is solely responsible for approving executive compensation, our Vice President of Human Resources and other members of our human resources department support the work of the Committee and PMP. In addition, at the request of the Compensation Committee, our CEO meets periodically with the Committee regarding the design of our compensation programs. The Compensation Committee also meets periodically in executive session without management present.

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 selects peer companies that are publicly traded, headquartered in the United States, compete in the semiconductor industry, and are similar to ADI in their product and services offerings, revenue size and market capitalization. In general, our peer companies have similar products and services, have revenues between 1/2 to 2 times our revenue, and have a market capitalization between 1/3 and 3 times ours. Some companies in our peer group fall outside this 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.

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Below is the peer group the Committee used in fiscal 2010 to evaluate compensation:

**2010 Peer Group**

Broadcom Corp.  
Cypress Semiconductor Corp.  
Linear Technology Corp.  
LSI Corp.  
Marvell Technology Group Ltd.  
Maxim Integrated Products  
National Semiconductor Corp.  
ON Semiconductor  
Texas Instruments Inc.  
Xilinx, Inc.

For officers in positions for which the 2010 peer group companies do not publicly disclose compensation data, the Compensation Committee reviewed PMP's 2010 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 CHiPS survey is published by the survey division of PMP, which is a separate business unit from the consulting division we use for executive compensation consulting services. The Compensation Committee also reviewed Radford's 2010 Executive and Senior Management Total Compensation Survey.

**Table of Contents****Components of Executive Compensation**

Our compensation program includes both incentive and retention-related compensation components. Annual compensation for our executive officers consists of the following principal elements:

Base salary

Annual performance-based cash incentive awards, which vary year to year based on our performance

Equity compensation in the form of stock options and restricted stock units, whose value is tied to our long-term stock price performance

Retirement and other employee benefits

***Base Salary***

For fiscal 2010, due to widespread economic uncertainty in the United States, we froze employee and executive salaries at 2008 levels for the second consecutive year. As a result, none of our NEOs received a salary increase in fiscal 2010. The Compensation Committee maintained Mr. Fishman's salary at the same level as it has been since 2005 because the Committee decided that any increase in Mr. Fishman's compensation should be in the form of performance-based compensation. For fiscal 2011, we reviewed base salaries in the context of competitive position and improving economic conditions.

***What is the purpose of the base salary element of our executive compensation program?***

The base salary element of our executive compensation program is designed to attract excellent candidates and provide a stable source of income. We generally set base salaries at slightly below the 50th percentile of our peer group, with the assumption that if we achieve our profitability target levels, the executive will receive total cash compensation at or above the 50th percentile of our peer group.

The salaries for all of our NEOs in fiscal 2010 appear in the Summary Compensation Table below.

***2010 Executive Performance Incentive Plan***

In December 2009, the Compensation Committee approved the terms of the 2010 executive performance incentive plan and set the performance targets for the entire year at the same levels as the 2009 executive performance incentive plan. All executive officers, including our NEOs, participated in the 2010 executive performance incentive plan. We calculated and paid bonuses under the 2010 plan (other than for Mr. Fishman) as follows:

$$\text{Base Salary} \times \text{Individual Target Bonus Percentage} \times \text{Bonus Payout Factor} \times \text{Individual Payout Factor} = \text{Bonus Payout}$$



Mr. Fishman is not eligible for the additional Individual Payout Factor for the reasons described below under Individual Payout Factor. His bonus is calculated using only the Bonus Payout Factor used for all other employees. For purposes of this calculation, the Bonus Payout is calculated on a quarterly basis (using base salary for that quarter) and paid semi-annually following the end of the second and fourth fiscal quarters. The Individual Payout Factor is applied only at the end of the year to the sum of the four quarterly bonus payout amounts, if the Compensation Committee considers the adjustment to be appropriate.

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***What is the purpose of the performance-based cash element of our executive compensation program?***

The performance-based cash element of our executive compensation program is designed to reward (a) short-term (annual) Company performance measured by operating profitability before taxes (OPBT) as a percentage of revenue, and (b) extraordinary individual performance by providing an opportunity to increase the executive's bonus by up to an additional 30% if the executive achieves extraordinary business results. In 2010, no executive received this additional amount because our Compensation Committee determined that our unadjusted performance incentive payments appropriately rewarded our executives for our business performance.

*Individual Target Bonus Percentages.* The Compensation Committee established the following target bonuses, as a percentage of base salary, for the NEOs for fiscal 2010. These targets remain unchanged from fiscal 2009:

Mr. Fishman 160%

Mr. Zinsner 75%

Mr. Marshall 75%

Mr. McAdam 75%

Mr. 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 business performance, and

Second, to provide the executives with a performance-based opportunity to achieve total compensation (consisting of salary, bonus and equity award) at approximately the 50th percentile of the peer group for our non-CEO executives and at approximately the 75th percentile for our CEO.

Mr. Fishman's target was set at 160% (which is the same as it was in 2009) under the terms of his employment agreement described below. The Compensation Committee selected 160% as Mr. Fishman's performance target to tie the majority of his compensation directly to Company performance. The Compensation Committee maintained the target bonus percentages for the other NEOs at the same levels as in 2009 because their total cash compensation was within the ranges of total cash compensation at the 50th percentile in our peer group.

*Bonus Payout Factor.* For fiscal 2010, as in prior years, we based the Bonus Payout Factor on our OPBT (operating profit before taxes) as a percentage of revenue for the applicable quarterly bonus period. The OBPT targets are equally applicable to our executives and all of our non-executive employees.

**Table of Contents*****Why did we select OPBT as the performance measure for our Executive Performance Incentive Plan?***

We selected OPBT as a measure of Company performance in 2004 because we believe that shareholders value higher profitability levels and we wanted our performance incentive plan to reward the achievement of that goal. Because profitability encompasses both revenue and expense management, we believe our OPBT goals encourage our executives to take a balanced approach in managing our business. In addition, payments based on OPBT are not fixed costs, but are variable and paid only if we reach a certain threshold of profitability. The Compensation Committee considers operating profit before taxes because our executives cannot predict or directly affect our taxes or our tax rate.

The Compensation Committee may adjust the OPBT metric 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. We believe the plan has been successful in creating a performance-based pay program which aligns compensation with business results.

The Compensation Committee typically reviews and approves the Company's annual compensation targets before the beginning of each fiscal year, and they are not re-set during the year, regardless of Company performance or economic conditions. For example, in the first quarter of 2009, in the midst of the general economic recession, the Committee did not lower our performance targets and participants were not paid a bonus because we did not achieve the threshold profitability level. While the OPBT 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.

During fiscal 2010, the following table sets forth the Bonus Payout Factor for each quarter during fiscal 2010:

<b>Company Performance (OPBT/Revenue)</b>	<b>Achievement Level</b>	<b>Bonus Payout Factor</b>
15%	Below Target	0%
22.5%	Target	100%