

Sustainability Report 2007



A Message from Our CEO

Innovation, performance, and excellence are the pillars upon which Analog Devices, Inc., (ADI) was founded more than 40 years ago. These three governing principles have helped us to build a semiconductor company with impressive core technology depth and product line breadth. Today, these principles are reflected in our approach to sustainability.

We believe sustainability plays an integral role in achieving our business goals. We create sustainable value by adhering to the highest ethical standards; contributing to the communities in which we operate; creating a rewarding workplace for employees; and excelling in environmental, health, and safety management practices. Through innovative thinking and a commitment to the highest level of performance, we not only strive to meet the needs of all our stakeholders—including our employees, customers, shareholders, and communities—but also we believe we ensure the company's ongoing success.

In this, ADI's first sustainability report, we describe our policies and programs in the areas of business ethics; stakeholder engagement; economic impacts; environment, health, and safety; product stewardship; labor practices; and social responsibility. We also highlight some of our more significant 2007 accomplishments and share our goals for the future.



In the environmental arena, for example, we measure and seek continuous improvements in the areas of energy use, greenhouse gas emissions, water use, air quality, chemical use, and waste reduction and recycling. We achieved positive gains in nearly all of these measures in 2007, and this report communicates our progress.

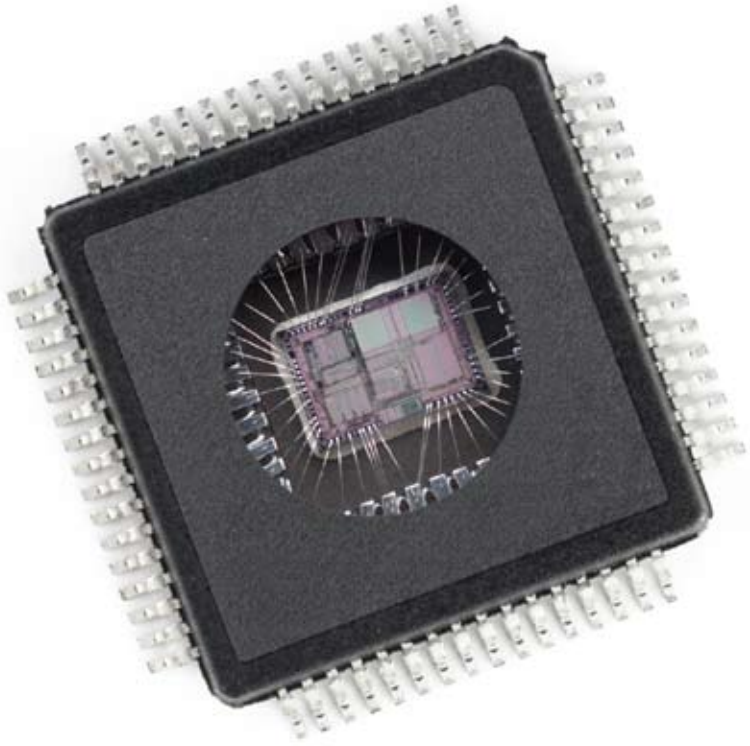
Of course, much work remains to be done. This report represents the full array of sustainability issues we face as a company, and we continue to expand our understanding and our efforts.

We believe innovative signal processing technology will help our customers to differentiate their products, enhancing the user experience and enriching people's lives. Sustainability is one means to achieve that vision—through innovation and excellence in our economic performance, environmental stewardship, and social responsibility. We appreciate the opportunity to report on our performance in this first sustainability report, and we look forward to sharing our continued progress in the future.

A handwritten signature in black ink that reads "Jerald G. Fishman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jerald G. Fishman
President and Chief Executive Officer
March 2009

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Overview



About This Report

This is Analog Devices' inaugural sustainability report. This report is a central aspect of how we communicate our sustainability policies, programs, and performance. We plan to update this report on an annual basis.

Scope

The data in this report cover the fiscal year ended November 3, 2007, unless stated otherwise. When available, performance data are included for several prior years.

This report covers our direct operations and wholly owned subsidiaries.

Analog Devices does not participate in any joint ventures.

Measurement

All monetary amounts in this report are expressed in U.S. dollars, unless stated otherwise.

When appropriate, the assumptions used to calculate performance data are described in the relevant sections.

Report Content

Sustainability covers a broad range of issues; therefore, companies must determine which are most relevant to address in their programs and reporting. We considered several factors in developing the content for this report:

- The company's major sustainability-related impacts and opportunities
- The Global Reporting Initiative's G3 Guidelines
- Feedback from stakeholders, including employees and socially responsible investment firms
- The scope and content of other sustainability reports, including those developed by firms in the technology industry

Assurance

As this is ADI's first sustainability report, we did not seek external verification. We will continue to evaluate whether to seek verification or other forms of assurance for future reports as our sustainability programs and guidelines evolve.

Some of the information described in the report is assured through other processes:

- Much of the financial data included in the Economic Impacts section is from the financial statements included within our 2007 Form 10-K, which were audited by Ernst & Young LLP.
- Independent auditors review our environmental, health, and safety objectives, targets, and programs during the semiannual surveillance audits required to maintain certifications to ISO 14001 and OHSAS 18001.

Forward Looking Statements

This report may be deemed to contain forward-looking statements that include, among other things, statements about our sustainability efforts, our economic impacts, our environmental, health, and safety performance, our stakeholder engagement, our product stewardship, and our labor practices that are based on our current expectations, beliefs, assumptions, estimates, forecasts, and projections, which are subject to change. These statements are not guarantees of future performance and are inherently uncertain, and involve certain risks and assumptions that are difficult to predict. Therefore, actual results and outcomes may differ materially from what is expressed in this report, and such forward-looking statements should not be relied upon as representing our expectations and beliefs as of any date after the date of this report.

Feedback

We welcome stakeholder comments and feedback, which provide important input for the continual improvement of our sustainability programs and performance. Please direct any comments regarding this report to sustainability@analog.com.

Company Profile

Analog Devices, Inc., is a leading semiconductor company specializing in high performance analog, mixed-signal, and digital signal processing integrated circuits. Signal processing is the method of detecting, conditioning, converting, storing, and generating electrical signals that represent real-world phenomena such as temperature, motion, pressure, light, and sound. Our products boost the performance, speed, accuracy, and efficiency of a wide range of electronic devices.

ADI components can be found inside many types of electronic equipment including industrial process controls, factory automation systems, defense electronics, portable wireless communications devices, cellular base stations, central office networking equipment, computers, automobiles, medical imaging equipment, digital cameras, and digital televisions, among other applications. Some 10,000 ADI products serve the needs of more than 60,000 business customers in virtually every market, from industrial and communications equipment to consumer and computer products.

Operations

ADI is headquartered in Norwood, Massachusetts, just south of Boston, with manufacturing facilities in the United States (Massachusetts), Ireland, and the Philippines. Founded in 1965, we employ about 9000* individuals.

The company is organized into the following operating divisions:

- Analog Semiconductor Components
- Digital Signal Processing and Systems Group
- Micromachined Products Division



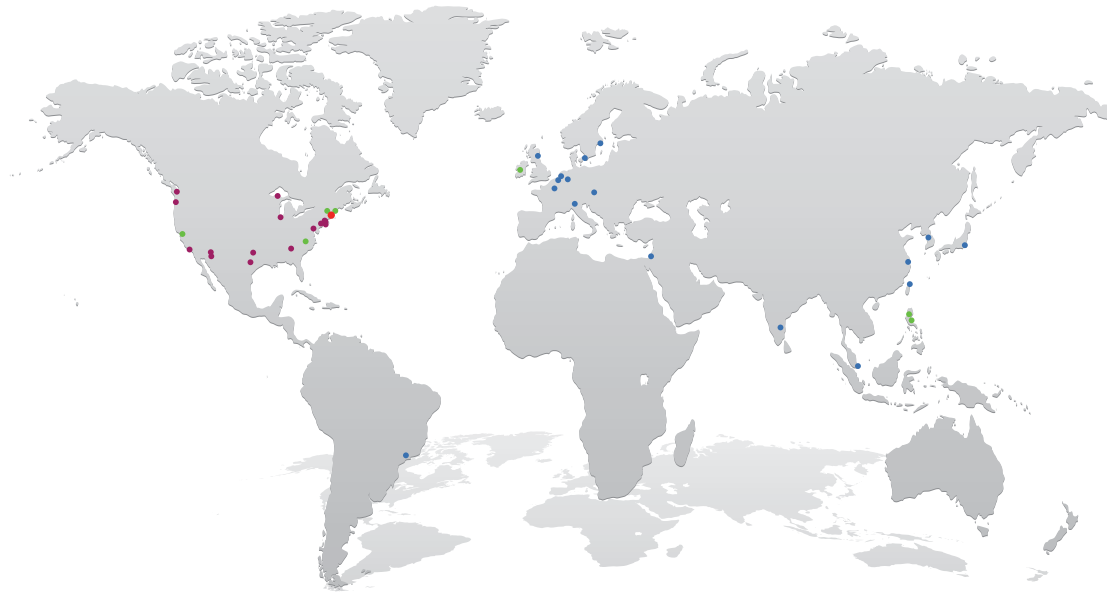
We sell our products worldwide through direct sales offices in 17 countries, as well as through third-party distributors and independent sales representatives.

Most of our analog products are manufactured in our facilities in Massachusetts and Ireland using proprietary processes. Taiwan Semiconductor Manufacturing Company, with which we have a longstanding and complementary relationship, supplies the majority of our externally fabricated products. We test and assemble many of our products at our facility in the Philippines. We also engage test and assembly subcontractors in Asia.

*As of November 2008.



Major Sites and Direct Sales Offices



Corporate Headquarters

Norwood, Massachusetts, United States

Principal General Offices and Manufacturing Facilities

Cambridge, Massachusetts, United States

Cavite, Philippines

Greensboro, North Carolina, United States

Limerick, Ireland

Manila, Philippines

San Jose, California, United States

Wilmington, Massachusetts, United States

United States Direct Sales Offices

Arizona (two locations)

California (two locations)

Connecticut

Georgia

Illinois

Maryland

Massachusetts

Minnesota

New Jersey

New York (two locations)

Oregon

Texas (two locations)

Washington

International Direct Sales Offices

Austria

Belgium

Brazil

China

Denmark

France

Germany

India

Israel

Italy

Japan

South Korea

Netherlands

Singapore

Sweden

Taiwan

United Kingdom

Financial Overview

Analog Devices shares are listed on the New York Stock Exchange under the ticker symbol ADI. As of November 1, 2008, the company had a market value of approximately \$6.22 billion. See more detailed data about Analog Devices' financial performance at investor.analog.com.

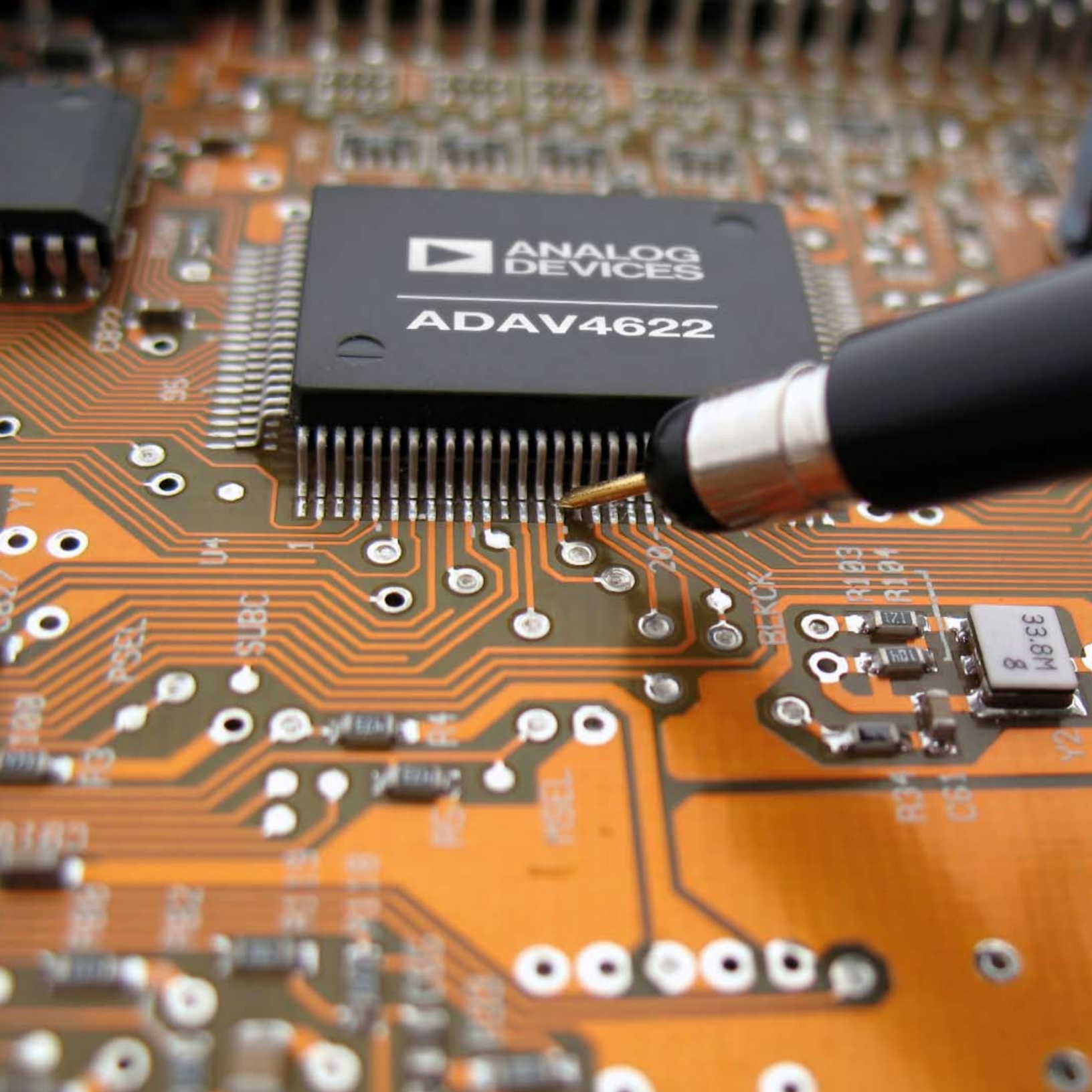
Financial Performance 2004–2007 (million \$U.S.)

Continuing Operations	2004	2005	2006	2007
Product Revenue	2,115	2,037	2,250	2,430
Net Income	476	365	519	502

Continuing Operations

Markets Served	% of 2007 Revenue ¹	Types of Applications Using ADI Technology
Industrial	49%	Factory automation systems, medical equipment, scientific instrumentation, automatic test equipment, automotive electronics, security equipment, aerospace, defense systems 
Consumer	23%	Digital cameras and camcorders, DVD players, advanced digital televisions, home theater systems 
Communications	22%	Wireless handsets and base stations, broadband products, central office networking equipment 
Computer	6%	Personal computers, laptops, network servers, computer peripherals such as displays, printers, and scanners 

¹The categorization of revenue by end market is determined using a variety of data points including the technical characteristics of the product, the "sold to" customer information, the "ship to" customer information, and the end customer product or application into which our product will be incorporated. As data systems for capturing and tracking this data evolve and improve, the categorization of products by end market can vary over time. When this occurs we reclassify revenue by end market for prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each end market.



ANALOG
DEVICES
AD4622

33.8M
8

R103

R104

C61

C62

U4

SUBC

BLKCK

Y2

Sustainability at Analog Devices



Vision and Strategy

Analog Devices confronts a broad range of social and environmental issues in the course of conducting business. To remain successful, we must understand and actively manage the risks and opportunities that arise from these issues. We divide these concerns into three broad categories, as described below.

Economic Impacts

ADI's economic impacts are broader than the financial performance noted in our annual reports and other documents. In addition to generating returns for investors, ADI creates and supports jobs in the regions in which we operate. We also contribute to those communities through taxes and other spending, and we participate in philanthropic and volunteer activities. Also, our products create economic benefits by enhancing the efficiency of those who use them, although those benefits are difficult to measure precisely. These issues are addressed in the Economic Impacts, Labor Practices, and Society sections of this report.

Environmental Stewardship

Protecting the environment and ensuring the health and safety of our employees are paramount to ADI's sustainability. Our environmental, health, and safety programs are designed to minimize the environmental impacts of our operations and reduce the number of employee injuries and lost workdays. Company targets in these areas demonstrate our commitment to improvement and allow stakeholders to assess our progress. These issues are discussed in the Environment, Health, and Safety section of this report and reveal that good progress has been made toward our goals in recent years.

ADI has also focused recently on product environmental performance, in particular through compliance with the European Union's Waste Electrical and Electronic Equipment (WEEE) directive and Restriction of Hazardous Substances (RoHS) directive. These issues are addressed in the Products section.

Social Responsibility

ADI continues to build positive relationships with the communities in which we operate, maintain a safe and enjoyable workplace for our employees, and ensure that our benefits and compensation packages are competitive within the industry. ADI runs a matching gifts program for U.S. employees. In addition, ADI promotes education by supplying research grants and donating ADI components to students and faculty at colleges and universities worldwide. Employees also demonstrate our commitment to social responsibility by volunteering their time to worthy causes worldwide. These topics are discussed in our Labor Practices and Society sections.

Sustainability is increasingly important to all of our stakeholders, and we believe this trend will continue. We will work with our employees, customers, investors, and other stakeholders to ensure that we remain successful while making a positive impact on the global community.

Analog Devices' vision, mission, and values provide the foundation for our sustainability efforts.



Vision

Analog Devices is dedicated to enriching people's lives through signal processing technologies. We transform people's experience with technology by bridging the analog and digital worlds.

Mission

- Lead in the innovation and design of high performance signal processing solutions
- Advance signal conversion, conditioning, sensing, and processing technologies to benefit customers who seek to differentiate the products they design
- Constantly improve our process and manufacturing capabilities to support customers' capacity needs and ensure the delivery of quality products on time

Values

- Customer Focus: Help internal and external customers meet their goals; respond to their needs.
- Leading Innovation: Seek creative solutions.
- Integrity: Act honestly and ethically, principled and steadfast.
- Mutual Respect: Treat others with consideration; value differences.
- Accountability: Accept ownership; deliver on commitments.
- Teamwork: Value collaboration; work for the greater good.
- Excellence: Work to the highest quality standards; keep improving.
- Shareholder Value: Work to maximize reward/return to owners.

Corporate Governance

“The trust and respect of all stakeholders—employees, customers, stockholders, suppliers, our communities, and the general public—are assets that cannot be purchased and can only be sustained through our continued vigilance. Maintaining the highest governance and ethical standards is the only way we can preserve, and grow, these crucial relationships.”

Jerald G. Fishman, President and CEO

Good corporate governance is essential to ensuring that Analog Devices is managed for the long-term benefit of our stakeholders.

Board of Directors

The primary responsibility of the ADI Board of Directors is to oversee the management of the company and serve the best interests of ADI and its shareholders. 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 significant economic impact on ADI. Management keeps the directors informed of company activity through regular written reports and presentations at Board and committee meetings.

ADI has 10 directors, eight of whom meet the standards of independence set forth in the New York Stock Exchange Listed Company Manual and in ADI's Corporate Governance Guidelines. Ray Stata, the current Chairman of the Board, is an ADI employee.

According to our Corporate Governance Guidelines, the offices of Chairman of the Board and Chief Executive Officer should be separate unless otherwise determined by a majority of the Board.

ADI management conducts regular presentations to familiarize directors with the company's strategic plans; significant financial, accounting, and risk management issues; compliance programs; code of business conduct and ethics; principal officers; internal and independent auditors; and outside legal advisors.

ADI's Board has standing Audit, Compensation, and Nominating and Corporate Governance Committees. Information about the structure and membership of these committees can be found on our website.

Each director is expected to be involved in continuing director education to enable him or her to better perform his or her duties and to recognize and deal appropriately with issues that arise. The Nominating and Corporate Governance Committee oversees an annual evaluation of the Board to determine whether it and its committees are functioning effectively. As a part of the evaluation, individual Board members are assessed by other directors. The Nominating and Corporate Governance Committee determines the nature of this evaluation and supervises its conduct.

Subject to oversight by the Nominating and Corporate Governance Committee, the Board selects, evaluates, and provides for the succession of executive officers.

At annual shareholder meetings, shareholders are asked to vote for individuals to serve as directors. Nominees must have a reputation for integrity, honesty, and adherence to high ethical standards.

Director and Executive Compensation

Information related to ADI director and executive compensation is contained in our 2008 proxy statement in the “Corporate Governance” section under the “Director Compensation” caption and in the “Information About Executive Compensation” section.

ADI has in place stock ownership guidelines for its directors and executive officers. Under the guidelines, target share ownership levels are two times annual cash retainer for directors, two times annual base salary for the Chief Executive Officer, and equal to 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 the targeted level. Shares subject to unexercised options, whether or not vested, are not counted for purposes of satisfying these guidelines.

A list of directors and executive officers is available on our website.

Communicating with the Board

The Board gives appropriate attention to written communications on issues that are submitted by shareholders and other interested parties and responds as appropriate. Absent unusual circumstances or as contemplated by committee charters, the Chairman of the Nominating and Corporate Governance Committee, with the assistance of ADI’s internal legal counsel, (1) is primarily responsible for monitoring communications from shareholders and other interested parties and (2) provides copies or summaries of these communications to the other directors as appropriate.

Communications are 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 and matters as to which ADI tends to receive repetitive or duplicative communications.

Shareholders and other interested parties who wish to send communications on any topic to the Board should address such communications to John L. Doyle, Chairman of the Nominating and Corporate Governance Committee, c/o General Counsel, Analog Devices, Inc., One Technology Way, P.O. Box 9106, Norwood, MA 02062, United States.



Business Ethics

Good ethics are good business. Ethical business has always been and will continue to be the foundation of all Analog Devices' policies and procedures, and ADI expects honest and ethical conduct from all its personnel.

Code of Business Conduct and Ethics

ADI's Code of Business Conduct and Ethics is based on ethical guidelines that have been in place for years at the company. The Code describes our expectations and requirements for all company employees—including top management and members of the Board of Directors—as well as for subsidiaries and business partners. We expect all directors, officers, and employees—as well as nonemployee sales representatives, consultants, vendors, suppliers, and customers engaged in business activities with ADI—to comply with the law in the course of their relationship with ADI, including all applicable statutes, rules, and regulations in all countries and regions in which we do business.

Included in the Code is ADI's conflict of interest policy. Under this policy, all ADI personnel must act and make business decisions in the best interests of ADI and refrain from engaging in activities that create a conflict of interest or an appearance of impropriety. Our directors and officers must report any existing or proposed transaction or relationship that reasonably could be expected to give rise to a conflict of interest to ADI's General Counsel. The General Counsel reviews the transaction or relationship and, where appropriate, presents it to the Nominating and Corporate Governance Committee of the Board. The Committee, with the advice of the General Counsel, then determines whether or not the transaction or relationship constitutes a conflict of interest. In addition, the Committee periodically reviews transactions or relationships previously determined by the Committee not to constitute a conflict of interest and that are ongoing in nature to ensure continued compliance with the Code.

Dissemination of the Code

The Code is posted on *Signals*, ADI's employee portal, and on www.analog.com. It is provided to all new employees and also distributed companywide via email whenever it is materially revised. In January 2009, we began online Code training for all employees worldwide.

During FY2007, our Chief Compliance and Business Ethics Officer (CCBEO) made numerous employee presentations in both the United States and Asia on the Code. Between June 2006 and June 2007, the CCBEO instructed approximately 1560 employees on the Code, including employees in Worldwide Distributor Sales, East Coast U.S. Sales, Corporate Information Services, Corporate Communications, Micromachined Products Division, and Information Services (in Wilmington, Massachusetts), as well as engineers at our Limerick, Ireland site, field applications engineers, layout engineers, senior sales staff, managers in our Japanese subsidiary, new college hires, and employees in China (Beijing, Shanghai, Shenzhen), Korea, Taiwan, and Greensboro, North Carolina.

In addition, the Legal Department instituted a new procedure whereby employees designated as "insiders" are reminded quarterly via email of their obligation to refrain from trading in company stock until the third business day following the public announcement of the company's financial results for that quarter.

In 2008, following the retirement of the CCBEO, the General Counsel assumed responsibility for administering our compliance and ethics efforts. Also in 2008, we hired an Assistant General Counsel, Corporate and Compliance, to oversee and implement our new online compliance training program.

Administration of the Code

ADI has several avenues through which employees and stakeholders can report potential violations of laws, rules, regulations, and company policies.

We have an open door policy with regard to issues that may arise under the Code and about violations of any law, rule, or regulation. Employees may bring these issues to their supervisors, or contact the Human Resources Department, ADI's General Counsel, or the Assistant General Counsel, Corporate and Compliance.

In addition, we have a toll-free number and an anonymous email application through which employees may report any actual or suspected violation. We will not discipline, discriminate against, or retaliate against any employee who reports a complaint or concern in good faith. ADI's General Counsel is responsible for tracking and responding to issues that arise under the Code and actual or potential violations. The process for following up on suspected violations is as follows:

- The General Counsel or another person authorized by ADI's Board evaluates the available information about the suspected Code violation and determines whether further investigation is required.
- If so, the General Counsel conducts an investigation appropriate to the situation. Employees, officers, and members of ADI's Board are expected to cooperate fully with any such investigation.
- The General Counsel (or another person designated by the Board) then reports the results of the investigation and any recommendation for follow-up action to the appropriate executive officer or, if the alleged

violation involves an executive officer or a member of the Board, to the Board. The Board or management team, as applicable, decides upon and carries out a course of action to address the situation.

- In the case of a complaint or concern about questionable accounting or auditing matters or internal financial controls, the General Counsel and ADI's internal auditor promptly forward the information to the Audit Committee, unless they believe the report to be without merit, in which case they may delay reporting until the next Audit Committee meeting. The Audit Committee determines whether further investigation is required and, if necessary, decides upon and carries out a course of action to address the situation.

Consequences of Violating the Code

ADI takes prompt and consistent action to enforce the Code. A violation of the Code may result in a warning, reprimand, demotion, suspension, termination of employment, or other disciplinary action. In some cases, ADI may be required to refer the matter to the appropriate authorities for criminal prosecution.

Waivers

Under special circumstances, waivers of the Code may be permissible, but ADI personnel may not make that decision themselves. Only the General Counsel or ADI's Board has the authority to grant a waiver of the Code. In the case of executive officers or members of the Board, a waiver may be granted only by the Board (or a Committee of the Board), and ADI will publicly disclose the waiver as required by law or stock exchange regulation.

Stakeholder Engagement

The global nature of Analog Devices' business lends itself to a broad range of stakeholders: from employees and customers to suppliers, investors, and the communities in which we operate. Creating value for all stakeholders is a critical factor in the success of the company.

The six stakeholder groups most affected by ADI's business and the means by which ADI engages with each are listed in the following table. Regular interaction with these groups enables us to better meet their needs while improving our understanding of the markets we serve. Their input is used to develop or enhance our policies and programs, including those related to sustainability.

Stakeholder Group	Description	Forms of Engagement
Communities	ADI has approximately 63 offices around the world.	Community giving activities and volunteerism Local press
Customers	ADI has more than 60,000 customers worldwide, including the world's major original equipment manufacturers (OEMs), as well as small and emerging enterprises throughout the electronics industry. (See Customer Relations, next page.)	www.analog.com Site visits Dedicated engineering resources and account management, including field applications engineers Customer service Marketing communications Educational conferences
Employees	ADI considers our 9000 employees our greatest competitive advantage.	Employee communications Meetings Conferences <i>Signals</i> portal Surveys Open-door policy
Governments and regulatory authorities	As both a publicly traded and international company, we are subject to a myriad of regulatory obligations.	Meetings Regulatory documents (e.g., SEC and tax filings)
Shareholders and analysts	As of October 31, 2008, we had 3215 holders of record of our common stock. We are closely followed by industry and financial analysts. (See Investor Relations, next page.)	Financial reports Annual shareholders' meeting Quarterly earnings calls and webcasts Analyst roadshows and conferences Industry and business press Continual dialogue with analysts and investors through Investor Relations function
Suppliers	ADI works with more than 2000 suppliers worldwide. ADI expects suppliers to adhere to the same standards ADI has set for itself in terms of business ethics, human rights, and environmental management.	Supplier management process Supplier surveys and ratings Supplier Excellence Award

Customer Relations

Exceptional service and support are essential to ADI's success. Our field applications engineers and sales representatives, as well as division-level engineers, visit customers regularly to understand their technology, resource, and engineering needs. We sometimes maintain resources at customer locations throughout the development, test, and design processes to support customer efforts. In addition, we communicate with our customers to determine their level of satisfaction with our products and customer service.

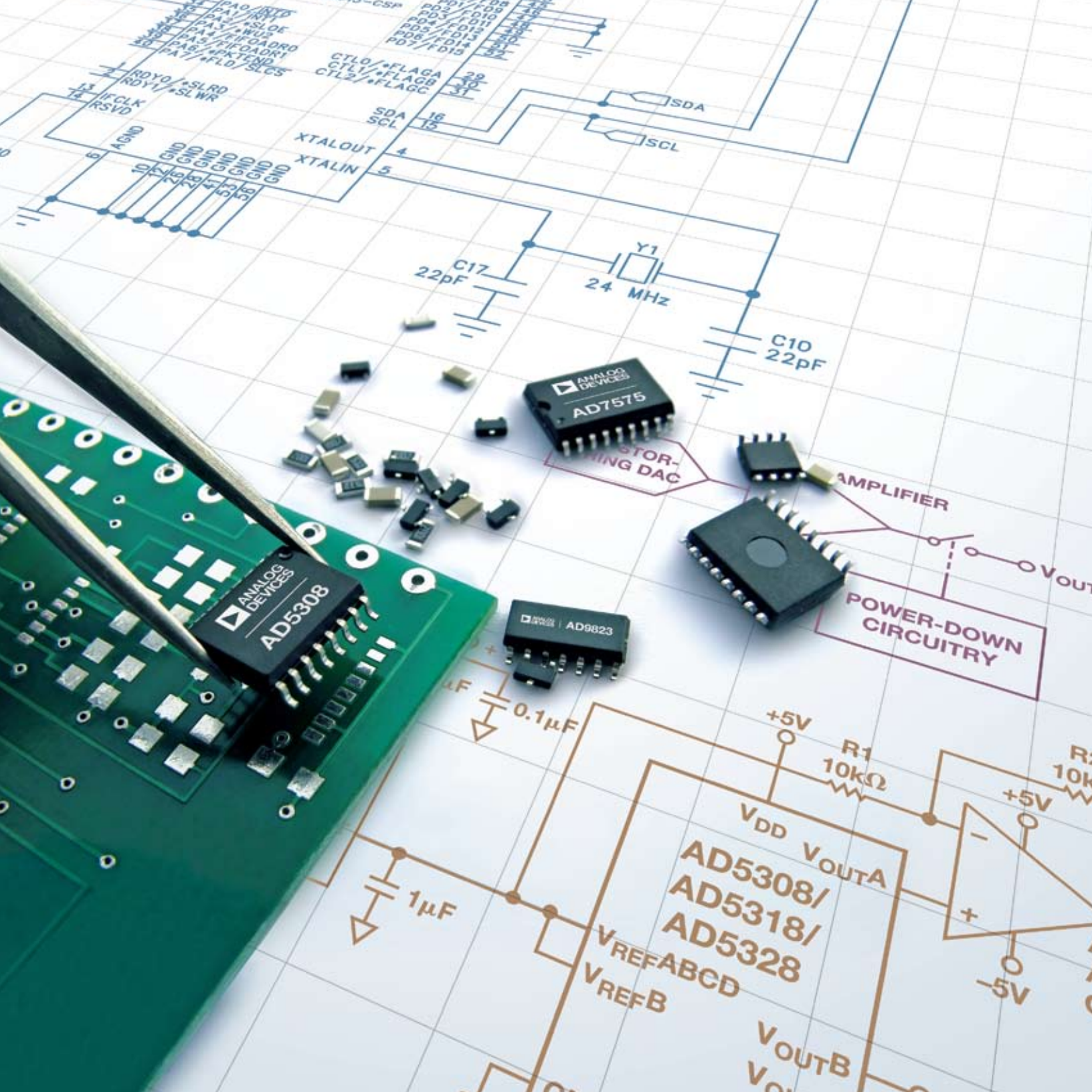
Investor Relations

ADI places great importance on investor relations as part of our overall corporate communications strategy. Direct dialogue with analysts and investors occurs through multiple platforms including investor conferences, roadshows, corporate headquarters meetings, teleconferences, quarterly earnings releases and conference calls, our Annual Shareholder meeting, and our Annual Report and Letter to Shareholders.

We announce our participation in upcoming investor events via advisory press releases, which are disseminated over Business Wire and posted on our website.

In addition, we display readily accessible contact information for investor relations on our corporate website and maintain an email box and phone line dedicated to investor and analyst inquiries.

As part of our ongoing commitment to shareholders' social and environmental interests and information needs, we have taken considerable steps to increase our disclosure regarding sustainability. In 2005, we began reporting on environmental, health, and safety issues. In 2009, to further increase transparency, we launched this sustainability report.



Economic Impacts



As a large global company, Analog Devices has a broad range of economic impacts. Some of these are “direct” impacts—that is, financial transactions between ADI and its many economic stakeholders. These impacts include, for example, wages paid to employees and taxes paid to governments. A number of these direct impacts are summarized in the table below. For more detailed financial performance data, see ADI’s 2007 Form 10-K.

Direct Impacts

Analog Devices Summary of Direct Economic Impacts, 2004–2007 (except where noted, units are million \$U.S.)

	2004	2005	2006	2007
Summary				
Product Revenue	2,116	2,037	2,250	2,430
Operating Costs	1,515	1,572	1,724	1,896
Net Income from Continuing Operations	476	365	519	502
Employees				
Employee Compensation	558	564	694	716
Stock Options Granted (*quantity in thousands)	12,888*	12,904*	8,752*	7,691*
Defined Contribution Plan Expenses (U.S. employees)	21	22	22	21
Defined Benefit Pension and Other Retirement Plans (non-U.S. employees)	10	12	16	17
Suppliers				
Supplier Spending (approximate)	675 ¹	363	421	491
Reinvested within ADI				
Research and Development	505	429	460	510
Capital Spending	146	86	129	142
Payments to Capital Providers				
Dividend Payments to Shareholders	75	119	201	228
Common Stock Repurchased	137	525	1,025	1,647
Interest	0	0	0	0
Payments to Governments				
Provision for Income Taxes	157	172	118	160

¹Includes discontinued operations.

Indirect Impacts

We also have broader or “indirect” economic impacts that go beyond those listed in the table. These fall into two main categories:

- Secondary impacts from direct spending. These include taxes paid by employees, money that employees spend in their communities, and income earned by employees of our suppliers.
- Impacts from products. ADI products are used in a variety of applications that increase individual and enterprise productivity, thereby creating economic value (see accompanying box for an example).

Although these sorts of indirect economic impacts are difficult to measure, we will consider whether and how to estimate them in future reports.

The ADXL001 is a high bandwidth MEMS vibration sensor that enables better monitoring of equipment performance and reduces costly downtime due to unforeseen system failures on the factory floor. The device is capable of detecting motor-bearing vibration and irregularities earlier than typical sensors and prior to equipment failure.



Environment, Health, and Safety



ADI is committed to protecting our employees' health and safety in all of our facilities worldwide. Having the safest and healthiest workplace possible not only benefits our employees but also contributes to the company's success. We establish health and safety performance objectives annually and develop worksite health promotion programs to reduce the number of injuries and lost workdays, as well as absenteeism rates.

Analog Devices is committed to preserving the environment through pollution prevention and resource conservation. In keeping with our corporate Environmental, Health, and Safety (EH&S) Policy, we seek to exceed legal and regulatory requirements in our stringent companywide standards. We also set performance objectives at our manufacturing sites to minimize the environmental impacts of our operations.

The areas in which we seek continuous environmental improvement include:

- Energy use
- Greenhouse gas emissions
- Water use
- Air quality
- Chemical use
- Waste reduction and recycling

During 2007 we made progress in all these areas and are on track to meet our five-year goals. We also successfully decommissioned our manufacturing facilities in Santa Clara and Sunnyvale, California, as part of the consolidation of our U.S. manufacturing operations. Due to the well-planned execution of tool and equipment transfers and facility cleanup at these locations, we completed the shutdowns with comprehensive governmental approvals and without the need for any ongoing monitoring investigation or property cleanup.

We identify and analyze accident trends in all of our global locations and then implement programs to continually reduce the number of accidents. We share accident data monthly across sites to assist each other in reaching our objective of zero on-the-job injuries.

We have received numerous awards in recent years related to our environmental, health, and safety performance.

Scope

- The environmental data in this report cover Analog Devices' manufacturing facilities, including both wafer fabrication and nonwafer fabrication operations. Environmental data from our sales offices and design centers are not included with the exception of our Greensboro, North Carolina, design and development facility, which is included.
- The health and safety data herein cover our manufacturing facilities, as well as our corporate headquarters, sales offices, and design centers.
- To comply with regulatory requirements, we report environmental data on a calendar year basis.
- We report health and safety data on a fiscal year basis. (ADI's 2007 fiscal year ended November 3, 2007.)
- In 2006, we began the closure of our Santa Clara and Sunnyvale, California, facilities in connection with our decision to close our California wafer fabrication operations and transfer virtually all of the production of products manufactured there to our Wilmington, Massachusetts, facility. We completed these closures during the first half of 2007. The environmental, health, and safety metrics in this report thus incorporate data from the Santa Clara and Sunnyvale facilities for the years up to and including 2006, but those facilities are not included in the 2007 data.

Environmental, Health, and Safety Management Systems

ADI has established compliance management systems to enable all of our facilities to meet the highest environmental, health, and safety standards. We identify the most stringent local and regional EH&S standards to incorporate into programs at each site. We have developed specific guidelines to implement our overall policies.

We use industry-standard EH&S benchmarks to assess our performance, and we routinely participate in the annual Semiconductor Industry Association's EH&S performance metrics survey. We use this industry data to identify improvement opportunities and set performance targets for all of our sites.

Integrating Management Systems with International Standards

We are committed to the continual improvement of our management systems to meet the needs of our customers, employees, and the community. We subscribe to the principles of ISO 14001 for environmental management and OHSAS 18001 for occupational health and safety management.

In May 1997, our Wilmington, Massachusetts, manufacturing site was awarded ISO 14001 certification, making ADI one of the first U.S.-based semiconductor manufacturers to register to this international standard. Today, all of ADI's major manufacturing sites are ISO 14001 and OHSAS 18001 certified. Our ISO 14001 and OHSAS 18001 certificates are available on our website.

The status of ADI's EH&S systems, including progress toward objectives and targets, is reviewed with site management and reported quarterly to top corporate management. In addition, independent ISO and OHSAS auditors review our objectives, targets, and programs during required semiannual surveillance audits.



Energy Use

At ADI, the three sources of energy we use to support our operations are electricity, diesel fuel, and natural gas. In 2007, diesel fuel and natural gas consumption constituted less than 20% of our total energy use. We track consumption of diesel fuel and natural gas primarily to measure and report the associated air emissions released during combustion.

For electricity, we measure absolute use (in gigawatt hours, GWh) and normalized use per unit of production (in kilowatt hours, kWh, per square centimeter of silicon wafer manufactured).

Our goal is to reduce normalized electricity consumption at our wafer fabrication plants 10% by 2010, relative to 2005. We are on track to meet this goal.

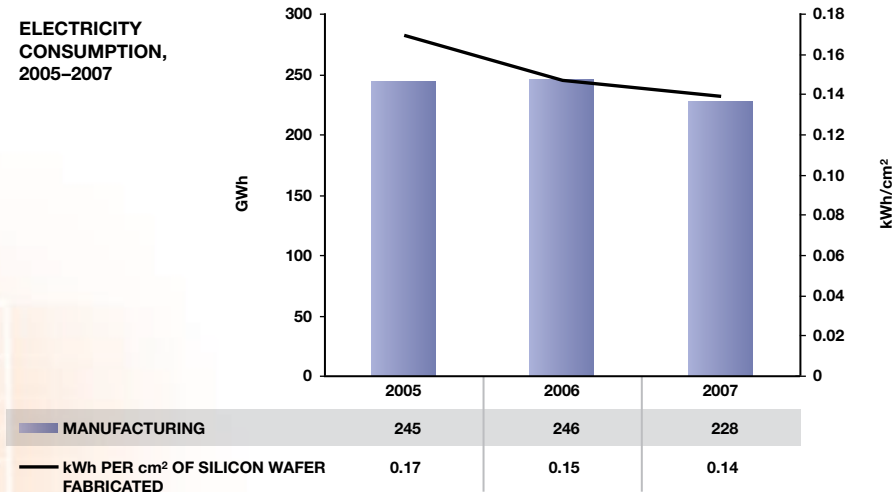
In 2007, our electricity consumption per square centimeter of silicon wafer manufactured decreased 7% compared to 2006. Our absolute electricity use decreased by 18 GWh, or 7%, compared to 2006.

Our progress was attributable to both the consolidation of some manufacturing activities worldwide and multiple energy conservation projects. In Limerick, Ireland, for example, we installed variable speed drives in cooling towers and office air handling systems and optimized wafer fabrication temperature controls. These and other conservation projects

helped reduce the Limerick facility's energy consumption by 1.6 GWh, or 15%, compared to 2006. In Cambridge, Massachusetts, we installed variable frequency drives on chilled water pumps and a high efficiency primary chiller, which decreased annual energy use by 0.14 GWh, or 1%.

Industry developments in tool design have improved the operational efficiency of manufacturing equipment, which benefits the environment by reducing natural resource consumption. Our manufacturing facilities require all newly purchased manufacturing tools and equipment to meet minimum efficiency criteria. In addition, our EH&S and Facilities departments continue to monitor and evaluate new industry developments in energy efficiency.

In addition to working to decrease energy use at our facilities, we promote employee practices such as Web-based meetings that minimize the cost and environmental impacts of business travel.



Greenhouse Gas Emissions

At ADI, we understand and recognize the importance of curbing greenhouse gas (GHG) emissions in order to combat the pressing global challenge of climate change. We are thus working toward minimizing GHG emissions throughout our operations.

When we established our GHG reduction program in 2005, we gathered information on our GHG use and identified reduction alternatives. As an initial step, our manufacturing sites minimized GHG use in fire protection systems, replacing refrigerants used in temperature and humidity control systems with refrigerants with a lower global warming potential, as well as installing abatement/recovery systems on new tools that minimize GHG emissions.

Since that time, we have implemented numerous additional initiatives to curb both direct and indirect emissions:

- Direct emissions come primarily from perfluorocarbons (PFCs) used in wafer fabrication cleaning and etching processes, as well as the carbon dioxide (CO₂), nitrogen oxides (NO_x), and carbon monoxide (CO) from fuel combustion associated with power and heat generation. Adequate maintenance of boilers, standby generators, and company

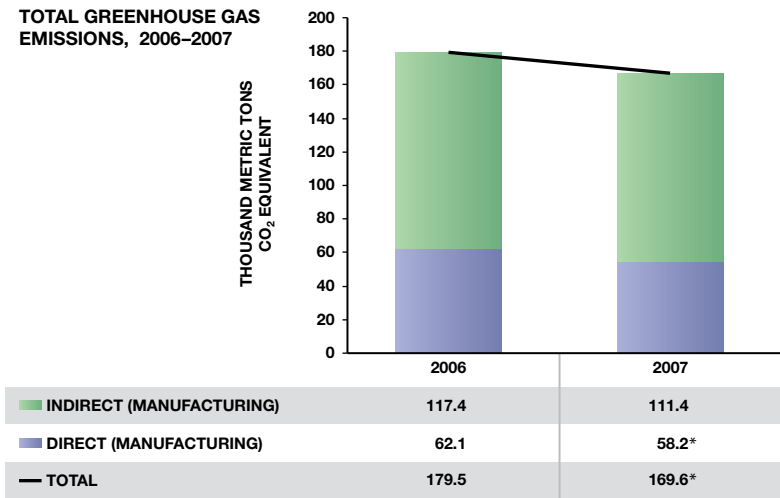
vehicles; appropriate use of fuel oil; and strong operational practices minimize the release of these latter materials into the atmosphere. To control NO_x emissions and sulfur oxide (which is not a GHG) emissions, we use low sulfur fuels coupled with exhaust monitoring.

- Indirect emissions come from the purchase of electricity used for power, heating, and air conditioning.

We have fully integrated GHG emissions controls into our ISO 14001 environmental management system and have established GHG reduction objectives and targets over a five-year period starting in our baseline year of 2006.

In 2007, ADI's total GHG emissions equaled 169,600* metric tons of CO₂ equivalent, compared to 179,500 tons in 2006, a 6%* decrease. Of this total, 34%* were direct emissions and 66%* were indirect.

*Amended from version released March 2009.



*Amended from version released March 2009.

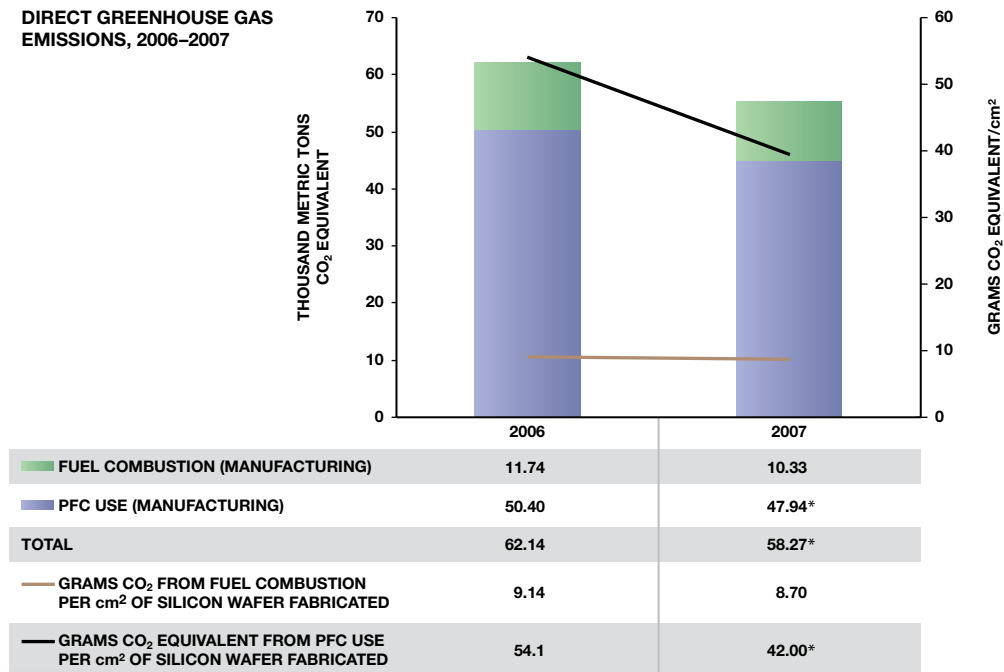
Direct GHG Emissions

Our goal is to reduce the combined direct normalized GHG emissions from fuel combustion and PFC use 10% by 2011, relative to 2006. We are on track to meet this goal.

In addition, we reduced our absolute direct emissions 6%* in 2007 compared to 2006, equal to 3890* tons of CO₂ equivalent. This reduction was due to the consolidation of our manufacturing operations worldwide and the optimization of processes that use PFCs.

*Amended from version released March 2009.

DIRECT GREENHOUSE GAS EMISSIONS, 2006–2007



*Amended from version released March 2009.

Our direct GHG emissions from fuel combustion alone, which result from our use of natural gas and diesel fuel in boilers and standby generators, decreased by 12% in 2007 compared to 2006, equal to 1400 tons of CO₂ equivalent. This was due to the consolidation of our manufacturing activities worldwide and our energy conservation projects.

In 2007, we decreased our CO emissions by 1 metric ton, or 12%, compared to 2006, due to energy conservation projects. That same year, we decreased NO_x emissions by 1.4 tons, or 14%, compared to 2006.

We achieved all these reductions in direct GHG emissions through a variety of initiatives. In our Wilmington, Massachusetts, facility, for example, we tested alternative gases and processes and implemented

an optimized process in 2007 that subsequently reduced emissions by 50%. We implemented a similar optimization program the same year in one of our wafer fabrication lines in Limerick, Ireland. This program used carbon hexafluoride and decreased GHG emissions by 15%.

Indirect GHG Emissions

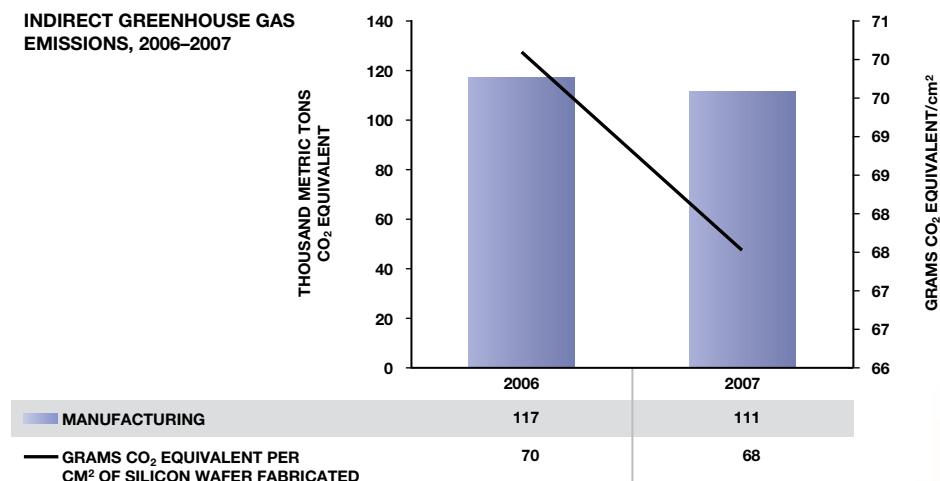
In 2007, our overall indirect GHG emissions decreased 5% from 2006, equal to 6000 tons of CO₂ equivalent.

Our GHG reduction program includes efforts to decrease indirect GHG emissions through energy efficiency initiatives, as described previously on Page 28.

CO and NO_x Emissions, 2006–2007

	CO Emissions		NO _x Emissions	
	Manufacturing (metric tons)	Milligrams CO per square centimeter of silicon wafer fabricated	Manufacturing (metric tons)	Milligrams NO _x per square centimeter of silicon wafer fabricated
2006	8.3	6.5	10.1	7.9
2007	7.2	6.1	8.7	7.4

INDIRECT GREENHOUSE GAS EMISSIONS, 2006–2007



Water Use

We are seeking to conserve water at all of our facilities through the installation of water-saving devices and the design and implementation of water use reduction and reclamation systems. Our goal is to reduce normalized water use in our wafer fabrication plants 5% by 2010, relative to 2005. We are on track to meet this goal.

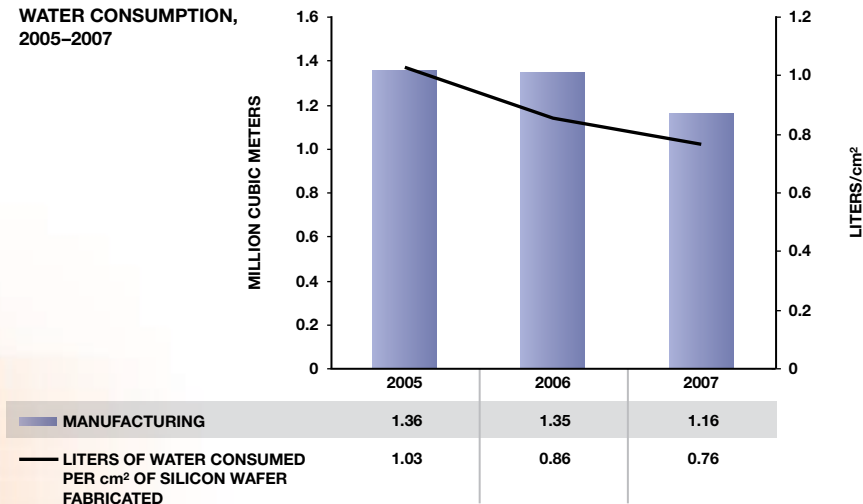
Our overall water consumption in 2007 totaled 1.16 million cubic meters, a reduction of 190,000 cubic meters, or 14%, from 2006.

In our manufacturing facilities, we treat public water to produce the high purity deionized (DI) water necessary for our manufacturing operations. A significant portion of the resultant wastewater is treated for reuse in manufacturing. We continue to expand water recycling and reuse to reduce consumption and minimize impacts on the environment from environmental discharges. We also treat water from our manufacturing operations prior to discharge to municipal treatment systems.

In our Wilmington, Massachusetts, facility, for example, internal quality improvement teams implemented a water conservation program that reduced consumption by 50% from 2006 levels in one of the facility's wafer fabrication lines. At this same facility, we upgraded oxide etch sinks to use water more efficiently, reducing DI water usage by 83%

from 2006 levels. These efforts have saved 69,000 cubic meters per year of DI water. We also reduced our use of city water for industrial and facilities equipment in our Wilmington facility by 276,335 cubic meters per year, 75% of the original amount, due to water treatment and reuse in scrubbers and cooling towers. In our Limerick, Ireland, facility we reduced the site's overall water consumption by 9% from 2006 levels by modifying our wafer fabrication processes in early 2007.

In 2007, we also implemented a recovery project for DI water at one of our facilities in the Philippines. We also switched from deep well water to city water, which has fewer impurities and thus requires less treatment. Combined, these efforts increased the site's water use efficiency, reducing water use by 31,146 cubic meters.



Air Quality

ADI recognizes the importance of managing and reducing not just GHGs but other types of air emissions as well. In 1991, for example, we initiated an aggressive companywide program to eliminate the use of ozone-depleting chemicals (ODCs) in all of our operations. As a result, we eliminated Class I and Class II ODC usage in our manufacturing operations by the first half of 1993. In addition, we require ODC-free materials from our suppliers.

Today, we keep track of other emissions associated with the use of chemicals in our manufacturing operations. These emissions include volatile organic compounds (VOCs) and hazardous air pollutants (HAPs). We install and utilize abatement systems in our manufacturing equipment to reduce the release of these emissions.

VOC and Hazardous Air Pollutants Emissions, 2006–2007

	VOC Emissions		Hazardous Air Pollutants	
	Kilograms	Milligrams* per square centimeter of silicon wafer fabricated	Kilograms	Milligrams per square centimeter of silicon wafer fabricated
2006	8504.5	7.1	563.8	0.50
2007	8457.8	7.4	563.4	0.47

*Unit corrected from version released in March 2009.

Chemical Use

In 2007, ADI did not have any chemical releases to the environment that exceeded the reportable threshold limits defined by applicable local regulatory agencies.

Waste Reduction and Recycling

At ADI, we make significant efforts to reduce or eliminate waste at our facilities worldwide. We promote reuse when feasible, with recycling as a second option. Incineration or landfill is used only as a last resort. In addition to recycling goods such as paper, cartons, plastics, and wood, we work to ensure that equipment such as old computers and monitors are recycled responsibly or donated to schools and other nonprofit organizations.

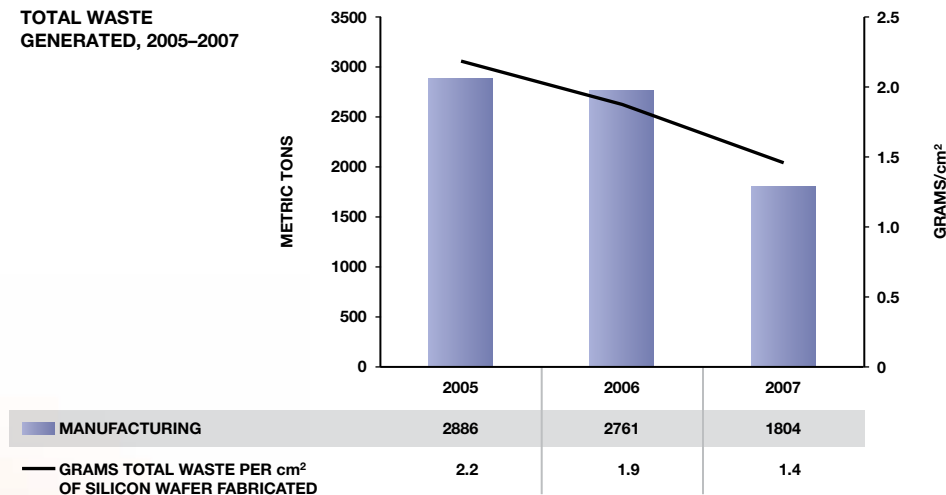
Our goal is to reduce waste in our wafer fabrication facilities (normalized per unit of wafer fabricated) 10% by 2010, relative to 2005. We are on track to meet this goal.

We generated 1804 metric tons of hazardous and nonhazardous waste in 2007. This is a reduction of 957 metric tons, or 35%, compared to 2006. Also in 2007, we recorded a 26% reduction in total waste generation per square centimeter of wafer fabricated, compared to 2006.

We achieved these reductions through a variety of initiatives worldwide. In 2007, for example, an internal quality improvement team in our Wilmington, Massachusetts, facility reduced wafer solid waste by selling scraps of silicon wafers to a solar panel manufacturer for reuse and recycling.

We have also implemented programs to reduce the use of toxic chemicals and optimized processes to reduce hazardous waste generation.

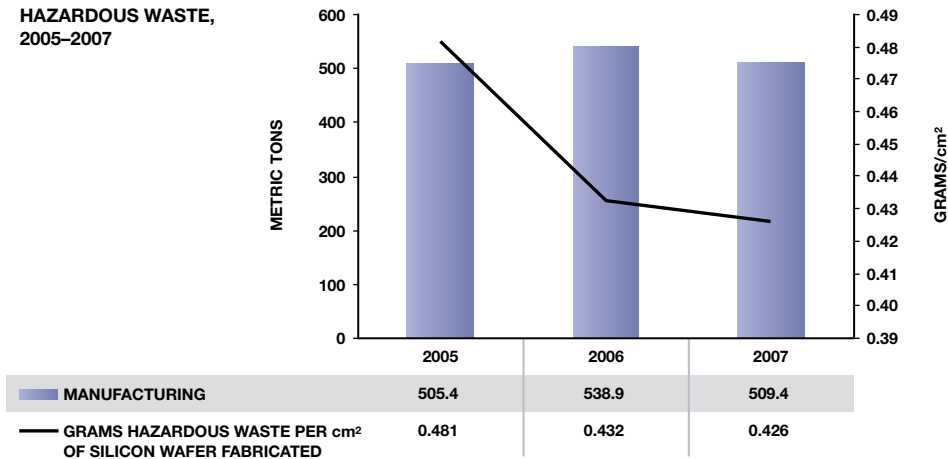
**TOTAL WASTE
GENERATED, 2005–2007**



Hazardous Waste

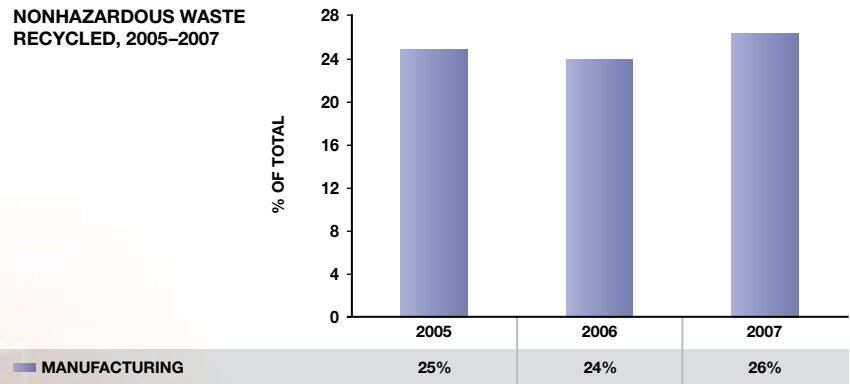
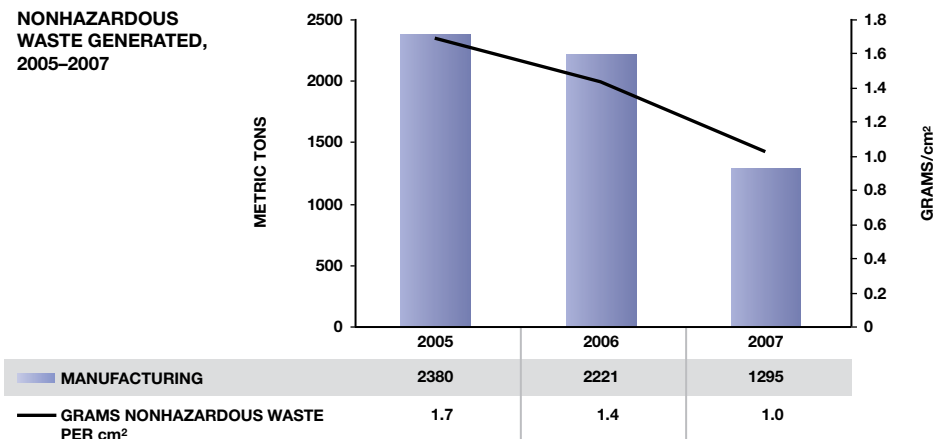
Although hazardous waste classifications vary from country to country, we use the stringent classifications outlined by the U.S. Resource Conservation and Recovery Act (RCRA) for our facilities worldwide. As a result, some wastes not considered hazardous in the countries where they are generated are categorized as hazardous in this report.

In 2007, we generated 509 tons of hazardous waste; this was a 30 ton, or 5%, reduction compared to 2006, due to the consolidation of our manufacturing operations worldwide.



Nonhazardous Waste

We have always worked to recycle nonhazardous waste. Every year, each of our manufacturing facilities sets goals to improve its recycling program. In 2007, we recycled 336 tons of nonhazardous waste overall.



Regulatory Compliance

In 2007, we did not receive any fines or penalties from regulatory inspections.

Employee Health and Safety

ADI uses two industry-standard metrics to assess injury performance and trends worldwide:

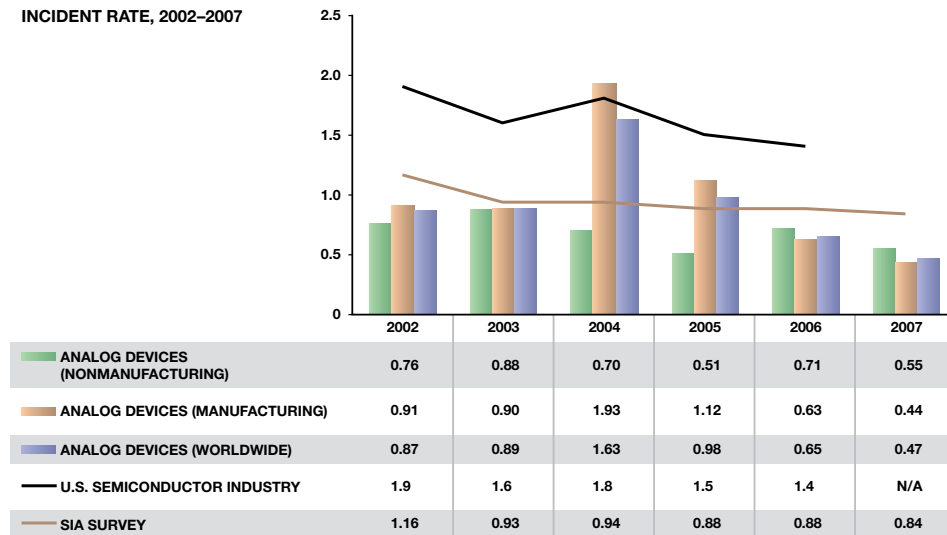
- Incident rate: number of reportable incidents per 100 employees working a full year
- Lost workday case rate: number of incidents requiring time away from work per 100 employees working a full year

We share this data monthly across sites and use it to develop and implement accident reduction programs.

As part of our commitment to employee wellness, we staff onsite health services clinics with certified occupational health nurses at all manufacturing facilities. In keeping with the spirit of occupational health and management systems implementation, our Health Services coordinates wellness programs—such as employee health and fitness activities, annual employee physical examinations, and annual flu immunization—that address work-related and nonwork-related health issues and are aimed at improving the general health and well-being of all employees.

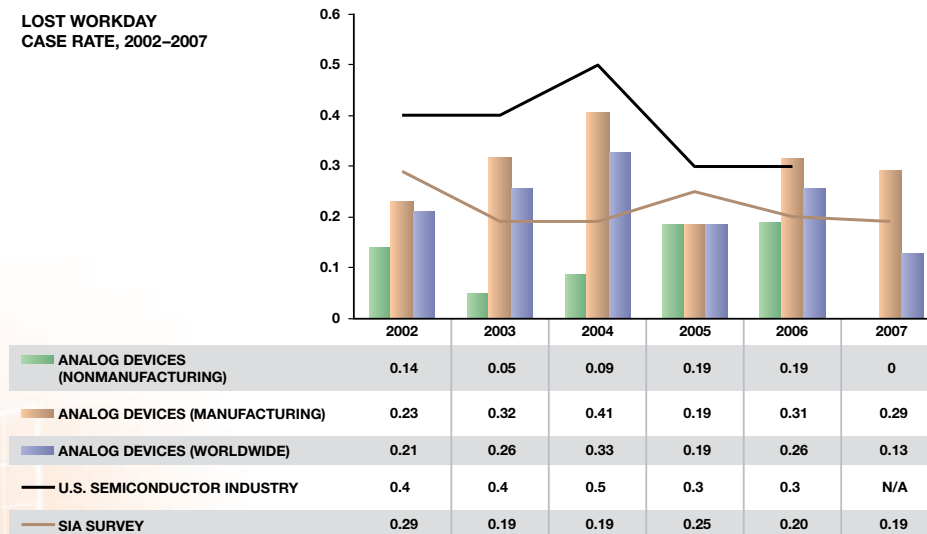
In 2007, our global incident rate stood at 0.47 reportable incidents per 100 employees, a 46% decrease compared to 2002. Our global lost workday case rate was 0.13 cases per 100 employees, a 38% decrease compared to 2002.

INCIDENT RATE, 2002–2007



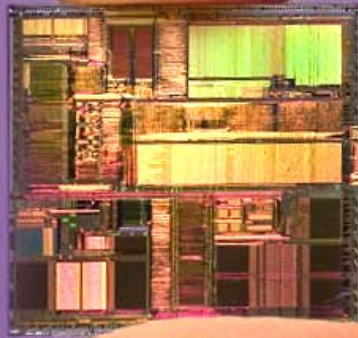
NOTE: BENCHMARK FIGURES WERE TAKEN FROM THE U.S. DEPARTMENT OF LABOR BUREAU OF LABOR STATISTICS (BLS) ANNUAL REPORT AND THE SEMICONDUCTOR INDUSTRY ASSOCIATION (SIA) ANNUAL ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY METRICS SURVEY AMONG ITS MEMBER COMPANIES.

LOST WORKDAY CASE RATE, 2002–2007



NOTE: BENCHMARK FIGURES WERE TAKEN FROM THE U.S. DEPARTMENT OF LABOR BUREAU OF LABOR STATISTICS (BLS) ANNUAL REPORT AND THE SEMICONDUCTOR INDUSTRY ASSOCIATION (SIA) ANNUAL ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY METRICS SURVEY AMONG ITS MEMBER COMPANIES.

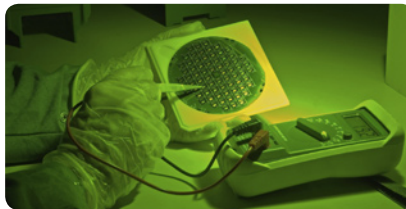
Products



Analog Devices, a world leader in signal processing technology, manufactures some 10,000 products worldwide for the industrial, computer, communications, and consumer markets

Our products include analog-to-digital and digital-to-analog converters, amplifiers and comparators, audio and video products, broadband communications products, clock and timing technologies, switches and multiplexers, radio frequency components, temperature sensing technologies, power management products, digital signal processing products, and more.

We at ADI are committed to ensuring that these products are designed with environmental impacts in mind, marketed and labeled in a truthful and ethical manner, and transported in a way that minimizes their environmental impact.



Product Stewardship

A significant amount of Analog Devices' environmental impact stems from customers' use of our products. We are committed to the principles of Design for Environment (DfE) and incorporate product stewardship principles into our product designs. Our areas of focus include energy efficiency and materials use.

Energy Efficiency

ADI helps technology consumers save money and energy, and reduce their climate change impact, by developing low-power-usage electronic devices for a multitude of products. We have been the leader for years in defining and pushing the power/performance boundary. With digital and analog technologies generally, more power is typically required to achieve higher accuracy, more bandwidth, and greater precision. Our focus on innovation has resulted in products that use less power than our competition while still meeting the increased performance requirements of customers' next-generation systems.

Examples¹ include the following:

- In 2006, we expanded our PulSAR® family of analog-to-digital converters, which are used in wearable medical electronics such as EKG and blood pressure monitors. The latest PulSAR converters use 80% less power than competing analog-to-digital converters.
- In 2006, we advanced our leadership in energy-efficient precision amplifiers by introducing the AD8500, which uses 30% less power than alternative products but delivers superior performance, thus extending the battery life of precision sensing equipment such as smoke detectors and glucose monitors.
- In 2008, we continued to define and push the power/performance boundary, improving the energy economy of our leading-edge TxDAC® family of digital-to-analog converters by introducing devices that use 40% to 70% less power than competing products. These converters reduce the energy required for cellular infrastructure miniature base stations.

¹The comparative claims in these examples were calculated at the time the products were introduced.

Our products are also used in applications that generate energy and monitor and regulate energy use. Examples¹ include the following:

- In May 2008, we extended the reach of our iCoupler® data and power isolator product family, which addresses the isolated communication needs in a variety of advanced power generation systems. For example, these products are now used in a residential solar power system that generates power 25% more efficiently than alternative approaches.
- In February 2008, we introduced the ADP1043, a digitally controlled power management system integrated circuit that is used in communications infrastructure to convert line power to system power more efficiently than alternative approaches. Our product reduces by 10% the power loss seen in standard systems.
- In March 2008, we launched the ADM1184, a power monitoring integrated circuit used in applications including Ethernet routers, data storage, and data centers. Accurate power monitoring enables system controllers to reallocate work to shut down unneeded computing blocks and save power.



Materials Use

ADI designs products that make efficient use of materials, and we use substitutes for materials that are restricted in parts of the world.

During the last several years, we have focused on designing products that conform to the European Union's Restriction of Hazardous Substances (RoHS) product content directive. The RoHS directive, which took effect in 2006, restricts the presence of several substances used in electronic products, including mercury, lead, cadmium, hexavalent chromium, and two flame retardants. We provide customers and potential customers with a master listing of our products' RoHS compatibility, so they can confirm that our products conform to this legislation.

Our lead-free products also assist our customers in conforming to the EU's Waste Electrical and Electronic Equipment (WEEE) recycling directive by reducing our customers' burden for waste disposal.

Beyond the EU, we closely monitor new and emerging environmental regulatory requirements in other countries where we sell our products. For example, we comply with the People's Republic of China's Measures for the Administration of the Control of Pollution by Electronic Information Products. These regulations, commonly referred to as "China RoHS," went into effect March 1, 2007.

We continue to create new products and qualify our current products to meet these current and future standards.

See the Quality and Reliability section of our website for additional information on current initiatives in this area, including an extensive list of frequently asked questions.

Labeling and Product Information

ADI's reputation for integrity in all aspects of business is a priceless asset. Our promotional literature must provide complete and unambiguous performance information regarding our products. Statements about our products and offerings, and those of our competitors, must be based on factual data and avoid deliberately misleading information.

Product Transport

Efficient management of transportation costs aligns with our goal of reducing transportation emissions. ADI's Traffic Council works to monitor and reduce all transportation costs associated with the movement of work in progress (WIP) and the shipping of finished goods to end customers.

Where possible, we minimize the plant-to-plant movement of WIP to reduce transportation costs and decrease manufacturing cycle time. We also use single roof assembly and test—whereby products are assembled and tested at the same facility—where possible, to avoid unnecessary WIP movement and transportation.

We also minimize the use of regional storage for finished goods, preferring instead to hold inventory at the originating plant and ship it once to the end-use customer. This avoids unnecessary transportation routes.



Labor Practices



Talented people who share a collaborative spirit and a drive to win is what defines Analog Devices

As an engineering company reliant on innovative design, processes, testing, and applications, our future success depends on the continued contributions of our key technical and senior management personnel and on our ability to attract, retain, and motivate qualified employees.

We recognize that the personal goals of our employees and the company's goals are closely related and must support each other. The following are core tenets of our culture:

- We are the top talent in our field.
- We focus on continuous learning to enhance innovation and maximize contributions.
- We have freedom to determine the best path for achieving goals.
- We collaborate to create an outcome that is greater than the sum of our individual efforts.
- We value integrity, trust, and mutual respect.
- We respect differing viewpoints and expect people to be actively engaged and share their opinions.
- We deliver superior results.
- We are recognized and rewarded for results that make a difference.
- We are empowered to innovate.
- We are accountable for our results.

Analog Devices Employees, 2005–2008¹

Year	Number of Employees
2005	8800
2006	9800
2007	9600
2008	9000

¹As of the end of each fiscal year.

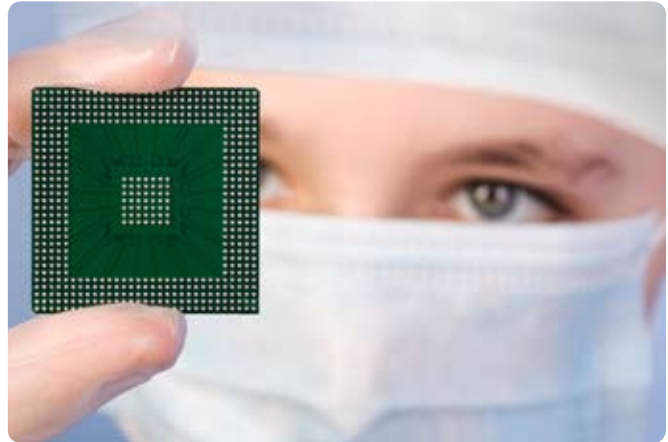
Human Rights

Human rights are the basic rights and freedoms to which all human beings are entitled. Probably the most widely accepted explication of human rights is the United Nations Universal Declaration of Human Rights, which was adopted in 1948 and lists “human rights and fundamental freedoms” including “the right to life, liberty, and security of person” and “the right to just and favorable remuneration ensuring ... an existence worthy of human dignity.”

ADI recognizes employees’ right to associate and their freedom to engage directly with their employer in all matters concerning their terms and conditions of employment, health and safety, and general welfare, if they so choose. Globally, approximately 3% of our employees belong to unions.

ADI recognizes that our impact extends beyond our own operations. While we cannot dictate to independent businesses the terms of their employment contracts, we do attempt to extend the impact of our corporate ethics and compliance program.

In October 2007, we sent a letter to 48 major suppliers asking them to confirm that there is nothing in the Electronic Industry Code of Conduct (EICC) that would cause them any concern or place them in a position of noncompliance with the EICC. Published by the Electronic Industry Citizenship Coalition, a group of some of the world’s leading electronics companies and their suppliers, the EICC is a collection of best practices for performance, compliance, auditing, and reporting with respect to the following five areas of social responsibility: labor, health and safety, the environment, management systems, and ethics. As of December 2008, 85% of those suppliers have made this confirmation. We continue to follow up with the remaining suppliers.



Diversity

We strive to maintain a workforce that is both highly skilled and diverse. We view respect for others, ethical behavior, and a commitment to equal opportunity employment as cornerstones of a productive work environment. All ADI employees are expected to affirm these principles in their daily interactions with coworkers, customers, shareholders, suppliers, and the general public.

We are committed to creating a work environment in which all employees feel respected and valued. Beyond providing equal opportunity for employment and advancement for all employees regardless of their race, color, creed, age, sex, sexual orientation, national origin, religion, disability, or veteran status, we also will not tolerate any type of harassment in the workplace, including, but not limited to, sexual harassment. All employees of ADI are expected to conduct themselves in an appropriate, ethical manner.



Compensation and Benefits

ADI relies on a technologically skilled workforce to design, develop, and manufacture leading products in our industry. To attract and retain such a workforce, our compensation must remain competitive with the overall semiconductor industry. We benchmark our total compensation program to ensure that it is on par with comparable companies within our industry.

In 2007, ADI's total worldwide payroll was \$716 million. That amount included \$146 million of benefits.

Our compensation practices may be tailored to regions or countries to address specific local business needs and local market conditions.

One of ADI's key employee retention tools is a profit sharing plan, which recognizes individual and company performance, respectively. The profit sharing plan is designed to reward eligible employees for contributing to companywide business goals during each fiscal year. The formula for determining the plan payout factor focuses on operating profit before taxes (OPBT) as a percentage of revenue. An emphasis on OPBT helps the company to maintain its focus on developing products that make a significant difference in our customers' products and, therefore, are highly valued by our customers. Key measurements of this are not only

increased sales but also high profit levels. All employees can help meet these goals by enhancing their productivity, improving efficiency, controlling expenses, minimizing waste, increasing customer satisfaction, and supporting the design, manufacturing, and sales processes.

In addition, the company may reward superior individual performance through our Spot Award program, open to all employees. Spot Awards, which typically range from \$25 to \$5,000, recognize unique innovations, breakthrough accomplishments, or exemplary performance "above and beyond the call of duty" on a special project or during a specific period. During 2007, 843 employees received Spot Awards.

In addition, employees may be recognized for technical achievement and innovation through the Hardball Awards, the ADI Founder's Innovation Award, and the ADI Fellows program.



Benefits

ADI offers a comprehensive benefits program that reflects our commitment to helping employees achieve their physical and financial goals. Our programs are designed to provide employees and their families benefits that they value, that are affordable, and that meet their individual needs. Our benefit programs around the world are competitive with local market practices, often exceed industry standards, and are in compliance with regulatory and legal requirements. We choose our benefits vendor partners based on their proven commitment to quality and customer service.

ADI offers programs that can help employees and their families achieve the goals of physical and financial well-being. Our BeneFIT FOR LIFE umbrella program helps employees understand ADI programs and resources—and encourages them to take actions that will help them achieve their personal physical and financial fitness goals. As a first step under this program, more than 1200 employees in 2007 took the Personal Health Assessment to establish benchmark health scores and develop action plans for the future.

Training and Development

We offer employees a variety of resources to gain the skills and knowledge they need to enhance their performance and help us meet our business objectives. Our commitment to learning and development enables our employees' personal and professional development, better equips them to drive business results, and benefits our customers and stockholders.

Our training and development resources include:

- Tuition reimbursement for all full-time employees, up to \$5,250 for undergraduate education and \$7,500 for graduate education annually in the United States (amounts vary outside the United States).
- A formal, instructor-led leadership development curriculum for first-level, middle, and senior managers.
- An online learning management system with more than 150 courses, available globally 24 hours a day, seven days a week (2000 employees participated in 2007).
- Information regarding and support for external classes and seminars.
- Formal mentoring through a one-year program that pairs high potential employees with senior leaders (28 employees participate per year).
- A five-day residential Business Simulation Program for employees identified as high potential through the succession planning process to build general management skills (40 employees participate each year).
- Internal and external executive coaches for targeted development.
- A five-day New College Graduate Orientation Program that exposes recent graduates to ADI's diverse technology and products.

In fiscal year 2007, we spent \$6.6 million worldwide on training, including classes, seminars, and tuition reimbursement.

Leadership Development

With more than 40 years in business, ADI has long recognized the importance of building and sustaining a strong leadership team. Our leadership development initiative is designed to build the next generation of leaders. The foundation of this work is the creation of a shared vision, a commitment to development, and cross-organization collaboration. Our succession planning process is integrated with the development opportunities we provide our future leaders. Most of the programmatic resources are outlined above. We provided 90 leaders globally with formal classroom learning in 2007.



Society



To some degree, every section of this sustainability report addresses Analog Devices’ impacts on society. From the jobs we provide to the useful technologies we develop to the environmental and safety performance we achieve—many aspects of our operations affect the communities in which we operate. This section looks closely, however, at two direct societal impacts—our community involvement projects and our policy prohibiting gifts to government officials.

Community Involvement

Analog Devices is committed to supporting the communities in which we operate worldwide. Our support benefits communities directly, strengthens our reputation, and enhances employee morale. We support a number of ongoing community-related programs, in addition to sponsoring selected programs that may change from year to year.

We support programs offered by human services, arts and cultural, community, and environmental organizations. Primary, secondary, and university education are other key areas of focus, as we are committed to the belief that a well-educated population is critical to the success of our company and the global economy. In addition to corporate giving, ADI supports employee giving through matching gift programs in the United States.

The table below includes examples of ADI and employee initiatives in 2007 at several of our sites worldwide.

Location	Sample Activities
Limerick (Ireland)	Each year, ADI’s Limerick employees nominate community groups to receive support. ADI approved 82 awards in 2007, totaling 40,050 EUR, or approximately \$54,900 USD. As an example, a Newcastle West special needs school used our contribution to purchase three new PCs, each with a specially adapted keyboard and mouse for those with motor skills difficulties. ADI sponsors an Analog Devices Student Award and an Analog Devices Educator of Excellence Award at the national BT Young Scientist & Technology Exhibition competition each year, and eight to 10 of our employees spend a week at the event. The value of this contribution is about 100,000 EUR, or \$137,000 USD. Through the Annual Eamonn Dillon Memorial Bursary Awards, presented in memory of former Analog Devices employee Eamonn Dillon, who died tragically in a car accident in Chicago in 2005, ADI provided 30 secondary school students in Limerick with awards totaling 11,000 EUR (equivalent to about \$16,000 USD).
Tokyo (Japan)	For more than 10 years, ADI’s Tokyo office has donated 400,000 JPY (approximately \$3,400 USD) annually to the PH-Japan Foundation, a nonprofit organization dedicated to educating people in developing countries.
Cavite (Philippines)	In the Philippines, ADI received the Outstanding Community Project Award in the Large Enterprise Category from the Philippine Economic Zone Authority. (See Page 51 for details.)
San Jose, California (United States)	Thirteen ADI employees in San Jose helped build low cost housing through Habitat for Humanity. More than 75% of employees donated food and holiday presents to disadvantaged families through the Salvation Army.
Norwood, Massachusetts (United States)	ADI employees in Norwood raised more than \$5,200 (including a \$1,400 contribution from ADI) for the Norwood Food Pantry. ADI also donated \$2,500 to the volunteer community service organization Boston Cares and provided a volunteer team of six employees to support Community Servings, which provides home-delivered meals to people ill with AIDS, as well as to their dependents and caregivers (more than 600 people total).
Wilmington, Massachusetts (United States)	ADI employee volunteers in Wilmington support monthly initiatives such as Habitat for Humanity, the Greater Boston Food Bank, and the Professional Center for Child Development. ADI Wilmington supports a variety of education initiatives. (See Page 50 for details.)
Greensboro, North Carolina (United States)	Employees in Greensboro raised \$18,000 through the Tour to Tanglewood bicycle ride for multiple sclerosis (see Page 50 for details), and \$12,000 through the March of Dimes March for Babies.

Advancing Education

Our Massachusetts sites support a variety of education initiatives. Our goals are to increase student interest in science and math subjects, update teachers' knowledge of ever changing technology, increase the number of women and minorities pursuing math and science, and increase the overall number of students pursuing advanced education in engineering. Our educational programs include:

- Providing financial support to the RE-SEED Program (Retirees Enhancing Science Education through Experiments and Demonstrations) and sponsoring current engineers to participate in the program
- Supporting electronics fairs in local middle schools, covering practical activities such as soldering, wiring electronic circuits, and working with test equipment
- Providing scholarships for students to pursue university-level electrical engineering degrees in Massachusetts
- Participating in local schools' career days, classroom presentations, student shadowing programs, and teacher-engineer partnerships
- Making donations to charitable organizations that support science and engineering
- Donating ADI parts, computer equipment, and funds to the University of Massachusetts Lowell's Assistive Technology Program, which is a senior-level design project where students design and build machines to help the handicapped.

Tour to Tanglewood 2007 Bicycle Ride for Multiple Sclerosis

In September 2007, a team of employees from ADI's Greensboro, North Carolina, site strapped on helmets and mounted their bicycles to participate in the Tour to Tanglewood 2007, a two-day bicycle ride to raise money for multiple sclerosis (MS) research. The ADI team raised more than \$18,000 in contributions, exceeding their goal of \$15,000.



Analog Devices Receives Community Relations Award in the Philippines

Analog Devices' operations in Cavite, Philippines, recently received the Outstanding Community Project Award in the Large Enterprise Category from the Philippine Economic Zone Authority (PEZA). PEZA is a government agency within the country's Department of Trade and Industry. The award was given in recognition of ADI's strong partnership with the community and numerous community relations projects.

In 2007 alone, for example, ADI and its employees undertook efforts to improve local people's lives through, among others, the following projects:

- Medical, dental, and optical missions, which involved free checkups and treatment by qualified health professionals for hundreds of impoverished residents

- Donation of school supplies and used books to hundreds of local children
- A campaign to raise awareness about and prevent dengue fever
- A tree planting initiative in partnership with the Municipal Environment and Natural Resources Office
- A "livelihood seminar" to assist unemployed residents with entrepreneurship skills
- The donation of Christmas gifts and used clothing to 250 patients at a local mental health facility

These and other projects were made possible through the dedication of local ADI employees, as well as the commitment of the management team, to make a difference in the lives of the less fortunate in the Cavite community.



Public Policy

ADI has a strong corporate policy relating to gifts or payments to government officials. We prohibit the direct or indirect payment or gift of corporate funds or other assets to any political party or committee, to any candidate for public office, and to any official or employee of any government agency in the United States or any foreign country. This applies to employees or persons acting on behalf of ADI, its divisions, and its subsidiaries. It also extends to any payment or gift granted to a third party in which there is an understanding or presumption that part or all of the payment or gift may ultimately be paid to any political party or committee, candidate for public office, governmental official, or employee. This policy does not prohibit infrequent modest business meals or infrequent modest entertainment that is permitted by law and meets the criteria of our policy on gifts and entertainment.

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