

Analog Devices, Fourth Quarter, Fiscal 2014

Schedule A
Revenue and Earnings Summary (Unaudited)
(In thousands, except per-share amounts)

	Three Months Ended			Twelve Months Ended	
	4Q 14	3Q 14	4Q 13	FY 14	FY 13
	Nov. 1, 2014	Aug. 2, 2014	Nov. 2, 2013	Nov. 1, 2014	Nov. 2, 2013
Revenue	\$ 814,247	\$ 727,752	\$ 678,133	\$2,864,773	\$2,633,689
Year-to-year change	20%	8%	-2%	9%	-2%
Quarter-to-quarter change	12%	5%	1%		
Cost of sales (1)	328,210	251,462	233,263	1,034,585	941,278
Gross margin	486,037	476,290	444,870	1,830,188	1,692,411
Gross margin percentage	59.7%	65.4%	65.6%	63.9%	64.3%
Year-to-year change (basis points)	-590	90	180	-40	-20
Quarter-to-quarter change (basis points)	-570	-70	110		
Operating expenses:					
R&D (1)	154,797	140,095	130,979	559,686	513,035
Selling, marketing and G&A (1)	121,424	132,989	98,197	454,676	396,233
Amortization of intangibles	25,250	660	55	26,020	220
Special charges	34,637	-	15,777	37,322	29,848
Total operating expenses	336,108	273,744	245,008	1,077,704	939,336
Total operating expenses percentage	41.3%	37.6%	36.1%	37.6%	35.7%
Year-to-year change (basis points)	520	400	330	190	180
Quarter-to-quarter change (basis points)	370	330	250		
Operating income	149,929	202,546	199,862	752,484	753,075
Operating income percentage	18.4%	27.8%	29.5%	26.3%	28.6%
Year-to-year change (basis points)	-1,110	-310	-150	-230	-190
Quarter-to-quarter change (basis points)	-940	-390	-140		
Other expense	11,231	5,158	(82,650)	23,139	(62,248)
Income before income tax	138,698	197,388	282,512	729,345	815,323
Provision for income taxes	30,003	16,782	80,958	100,025	141,836
Tax rate percentage	21.6%	8.5%	28.7%	13.7%	17.4%
Net income	\$ 108,695	\$ 180,606	\$ 201,554	\$ 629,320	\$ 673,487
Shares used for EPS - basic	312,815	314,190	311,009	313,195	307,763
Shares used for EPS - diluted	316,868	318,876	317,216	318,027	314,041
Earnings per share - basic	\$ 0.35	\$ 0.57	\$ 0.65	\$ 2.01	\$ 2.19
Earnings per share - diluted	\$ 0.34	\$ 0.57	\$ 0.64	\$ 1.98	\$ 2.14
Dividends paid per share	\$ 0.37	\$ 0.37	\$ 0.34	\$ 1.45	\$ 1.32
(1) Includes stock-based compensation expense as follows:					
Cost of sales	\$ 2,371	\$ 1,724	\$ 1,737	\$ 7,069	\$ 6,593
R&D	\$ 6,155	\$ 5,415	\$ 5,721	\$ 20,707	\$ 21,901
Selling, marketing and G&A	\$ 6,867	\$ 6,331	\$ 5,664	\$ 23,036	\$ 28,392

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**Schedule B
Selected Balance Sheet Information (Unaudited)
(In thousands)**

	4Q 14 Nov. 1, 2014	3Q 14 Aug. 2, 2014	4Q 13 Nov. 2, 2013
Cash & short-term investments	\$2,866,468	\$4,932,259	\$4,682,912
Accounts receivable, net	396,605	394,762	325,144
Inventories (1) (2)	367,927	415,098	283,337
Other current assets (3)	196,402	181,765	181,032
Total current assets	3,827,402	5,923,884	5,472,425
PP&E, net	622,422	609,937	508,171
Investments	34,507	32,022	21,180
Goodwill (3)	1,642,438	1,631,890	284,112
Intangible assets, net	671,402	695,832	28,552
Other (3)	78,586	79,900	67,310
Total assets	\$6,876,757	\$8,973,465	\$6,381,750
Deferred income on shipments to distributors, net	\$ 278,435	\$ 285,832	\$ 247,428
Current debt	-	1,995,398	-
Other current liabilities (3)	433,543	341,296	323,084
Long-term debt, non-current	872,789	872,652	872,241
Non-current liabilities (3)	534,093	471,090	199,421
Shareholders' equity	4,757,897	5,007,197	4,739,576
Total liabilities & equity	\$6,876,757	\$8,973,465	\$6,381,750

(1) Includes \$3,291, \$2,094, and \$2,273 related to stock-based compensation in 4Q14, 3Q14, and 4Q13, respectively.

(2) Includes \$53,638 and \$103,795 of acquired inventory in 4Q14 and 3Q14, respectively.

(3) Deferred tax and goodwill balances are preliminary pending finalization of the Hittite Acquisition purchase accounting.

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Schedule C
Cash Flow Statement (Unaudited)
(In thousands)

	Three Months Ended			Twelve Months Ended	
	4Q 14 Nov. 1, 2014	3Q 14 Aug. 2, 2014	4Q 13 Nov. 2, 2013	FY 14 Nov. 1, 2014	FY 13 Nov. 2, 2013
Cash flows from operating activities:					
Net Income	\$ 108,695	\$ 180,606	\$ 201,554	\$ 629,320	\$ 673,487
Adjustments to reconcile net income to net cash provided by operations:					
Depreciation	30,917	28,353	27,515	114,064	110,196
Amortization of intangibles	26,186	1,610	55	27,906	220
Stock-based compensation expense	15,393	13,470	13,122	50,812	56,886
Loss on extinguishment of debt	-	-	-	-	10,205
Gain on sale of product line	-	-	(85,444)	-	(85,444)
Other non-cash activity	600	1,006	887	4,423	(185)
Excess tax benefit - stock options	(882)	(9,322)	(1,098)	(22,231)	(16,171)
Deferred income taxes	(56,812)	(6,380)	(6,558)	(65,117)	(17,699)
Changes in operating assets and liabilities	138,166	4,099	132,132	132,425	180,850
Total adjustments	153,568	32,836	80,611	242,282	238,858
Net cash provided by operating activities	262,263	213,442	282,165	871,602	912,345
Percent of total revenue	32.2%	29.3%	41.6%	30.4%	34.6%
Cash flows from investing activities:					
Purchases of short-term available-for-sale investments	(1,946,144)	(1,028,781)	(2,559,600)	(7,485,162)	(8,540,335)
Maturities of short-term available-for-sale investments	1,507,940	1,815,862	2,199,444	7,318,877	6,970,885
Sales of short-term available-for-sale investments	487,259	1,298,044	59,903	2,187,389	650,730
Additions to property, plant and equipment	(43,417)	(42,315)	(48,558)	(177,913)	(123,074)
Payments for acquisitions, net of cash acquired	(2,183)	(1,943,704)	-	(1,945,887)	(2,475)
Proceeds from sale of product line	-	-	100,000	-	100,000
Change in other assets	(2,633)	(340)	(1,591)	(12,055)	(5,657)
Net cash provided by (used for) investing activities	822	98,766	(250,402)	(114,751)	(949,926)
Cash flows from financing activities:					
Payment of senior unsecured notes	-	-	-	-	(392,790)
Proceeds from debt	-	1,995,398	-	1,995,398	493,880
Proceeds from derivative instruments	-	-	-	-	10,952
Term loan repayments	(1,995,398)	-	-	(1,995,398)	(60,108)
Dividend payments to shareholders	(116,308)	(116,098)	(105,938)	(454,225)	(405,955)
Repurchase of common stock	(187,375)	(57,394)	(42,809)	(356,346)	(60,529)
Proceeds from employee stock plans	21,533	36,045	44,399	200,114	306,277
Excess tax benefit - stock options	882	9,322	1,098	22,231	16,171
Contingent consideration payment	-	(1,803)	(1,913)	(3,576)	(5,665)
Change in other financing activities	(1,178)	5,406	4,696	15,192	(2,790)
Net cash (used for) provided by financing activities	(2,277,844)	1,870,876	(100,467)	(576,610)	(100,557)
Effect of exchange rate changes on cash	(1,449)	(433)	725	(3,097)	1,394
Net (decrease) increase in cash and cash equivalents	(2,016,208)	2,182,651	(67,979)	177,144	(136,744)
Cash and cash equivalents at beginning of period	2,585,441	402,790	460,068	392,089	528,833
Cash and cash equivalents at end of period	\$ 569,233	\$ 2,585,441	\$ 392,089	\$ 569,233	\$ 392,089

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Schedule D

Revenue Trends by End Market (Unaudited)

The 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. The results below are inclusive of the Hittite acquisition from the acquisition date, July 22, 2014 and the consumer end market results are reflective of the sale of the Company's microphone product line in the fourth quarter of fiscal 2013.

	Three Months Ended						
	Nov. 1, 2014				Aug. 2, 2014		Nov. 2, 2013
	Revenue	%	Q/Q %	Y/Y %	Revenue	Revenue	
Industrial	\$ 369,241	45%	6%	19%	\$ 349,821	\$ 311,526	
Automotive	134,493	17%	3%	2%	129,964	131,400	
Consumer	92,329	11%	14%	-3%	80,915	95,096	
Communications	218,184	27%	31%	56%	167,052	140,111	
Total Revenue	\$ 814,247	100%	12%	20%	\$ 727,752	\$ 678,133	

	Twelve Months Ended			
	Nov. 1, 2014			Nov. 2, 2013
	Revenue	%	Y/Y %	Revenue
Industrial	\$ 1,333,694	47%	10%	\$ 1,215,829
Automotive	524,867	18%	9%	483,445
Consumer	325,222	11%	-20%	404,548
Communications	680,990	24%	29%	529,867
Total Revenue	\$ 2,864,773	100%	9%	\$ 2,633,689

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Schedule E

Reconciliation from GAAP to Non-GAAP Data (In thousands, except per-share amounts) (Unaudited)

See "Non-GAAP Financial Information" in this press release for a description of the items excluded from our non-GAAP measures.

	Three Months Ended			Twelve Months Ended	
	4Q 14	3Q 14	4Q 13	FY 14	FY 13
	Nov. 1, 2014	Aug. 2, 2014	Nov. 2, 2013	Nov. 1, 2014	Nov. 2, 2013
GAAP Revenue	\$814,247	\$727,752	\$678,133	\$2,864,773	\$2,633,689
<i>Y/Y Revenue growth %</i>				9%	-2%
<i>Q/Q Revenue growth %</i>	12%	5%	1%		
Hittite Operations	-	(5,392)	-	(5,392)	-
Non-GAAP Revenue	<u>\$ 814,247</u>	<u>\$ 722,360</u>	<u>\$ 678,133</u>	<u>\$2,859,381</u>	<u>\$2,633,689</u>
<i>Y/Y Revenue growth %</i>				9%	-2%
<i>Q/Q Revenue growth %</i>	13%	4%	1%		
GAAP Gross Margin	\$486,037	\$476,290	\$444,870	\$1,830,188	\$1,692,411
<i>Gross Margin Percentage</i>	59.7%	65.4%	65.6%	63.9%	64.3%
Hittite Operations	-	(3,015)	-	(3,015)	-
Acquisition-Related Expenses	54,388	6,837	-	61,225	-
Stock-Based Compensation Expense	(113)	-	-	(113)	-
Non-GAAP Gross Margin	<u>\$ 540,312</u>	<u>\$ 480,112</u>	<u>\$ 444,870</u>	<u>\$1,888,285</u>	<u>\$1,692,411</u>
<i>Gross Margin Percentage</i>	66.4%	66.5%	65.6%	66.0%	64.3%
GAAP Operating Expenses	\$ 336,108	\$ 273,744	\$ 245,008	\$1,077,704	\$ 939,336
<i>Percent of Revenue</i>	41.3%	37.6%	36.1%	37.6%	35.7%
Hittite Operations	-	(2,033)	-	(2,033)	-
Acquisition-Related Expenses	(27,166)	(5,284)	-	(32,450)	-
Acquisition-Related Transaction Costs	(5,987)	(21,123)	-	(27,110)	-
Restructuring-Related Expense	(34,637)	-	(15,777)	(37,322)	(29,848)
Stock-Based Compensation Expense	1,302	-	-	1,302	(6,273)
Non-GAAP Operating Expenses	<u>\$ 269,620</u>	<u>\$ 245,304</u>	<u>\$ 229,231</u>	<u>\$ 980,091</u>	<u>\$ 903,215</u>
<i>Percent of Revenue</i>	33.1%	34.0%	33.8%	34.3%	34.3%
GAAP Operating Income/Margin	\$ 149,929	\$ 202,546	\$ 199,862	\$ 752,484	\$ 753,075
<i>Percent of Revenue</i>	18.4%	27.8%	29.5%	26.3%	28.6%
Hittite Operations	-	(982)	-	(982)	-
Acquisition-Related Expenses	81,554	12,121	-	93,675	-
Acquisition-Related Transaction Costs	5,987	21,123	-	27,110	-
Restructuring-Related Expense	34,637	-	15,777	37,322	29,848
Stock-Based Compensation Expense	(1,415)	-	-	(1,415)	6,273
Non-GAAP Operating Income/Margin	<u>\$ 270,692</u>	<u>\$ 234,808</u>	<u>\$ 215,639</u>	<u>\$ 908,194</u>	<u>\$ 789,196</u>
<i>Percent of Revenue</i>	33.2%	32.5%	31.8%	31.8%	30.0%
GAAP Other Expense (Income)	\$ 11,231	\$ 5,158	\$ (82,650)	\$ 23,139	\$ (62,248)
<i>Percent of Revenue</i>	1.4%	0.7%	-12.2%	0.8%	-2.4%
Acquisition-Related Debt Costs	(4,823)	(1,513)	-	(6,336)	-
Gain on Sale of Product Line	-	-	85,444	-	85,444
Loss on Extinguishment of Debt	-	-	-	-	(10,205)
Non-GAAP Other Expense	<u>\$ 6,408</u>	<u>\$ 3,645</u>	<u>\$ 2,794</u>	<u>\$ 16,803</u>	<u>\$ 12,991</u>
<i>Percent of Revenue</i>	0.8%	0.5%	0.4%	0.6%	0.5%
GAAP Diluted EPS	\$ 0.34	\$ 0.57	\$ 0.64	\$ 1.98	\$ 2.14
Impact of Loss on Extinguishment of Debt	-	-	-	-	0.02
Hittite Operations	-	-	-	-	-
Acquisition-Related Expenses	0.25	0.02	-	0.27	-
Acquisition-Related Transaction Costs	0.01	0.04	-	0.05	-
Acquisition-Related Debt Costs	0.01	-	-	0.01	-
Acquisition-Related Tax Impact	(0.02)	-	-	(0.02)	-
Impact of Gain on Sale of Product Line	-	-	(0.19)	-	(0.19)
Restructuring-Related Expense	0.09	-	0.05	0.10	0.08
Impact of the Reversal of Prior Period Tax Liabilities	-	-	(0.01)	-	(0.03)
Stock-Based Compensation Expense	-	-	-	-	0.01
Impact of Tax Reserve	-	-	0.13	-	0.13
Impact of the Reinstatement of the R&D Tax Credit	-	-	-	-	(0.02)
Impact of Expired Tax Statute	-	-	-	-	(0.01)
Non-GAAP Diluted EPS (1)	<u>\$ 0.69</u>	<u>\$ 0.63</u>	<u>\$ 0.62</u>	<u>\$ 2.39</u>	<u>\$ 2.15</u>

(1) The sum of the individual per share amounts may not equal the total due to rounding