

ANALOG DEVICES INC  
Form DEF 14A  
January 28, 2016  
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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):**

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(1) Amount previously paid:

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

(3) Filing Party:

(4) Date Filed:

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January 28, 2016

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders to be held at 9:00 a.m. local time on Wednesday, March 9, 2016, at our headquarters located at One Technology Way, Norwood, Massachusetts 02062.

At the Annual Meeting you are being asked to elect ten members of our Board of Directors, each to serve for a term expiring at the next annual meeting of shareholders; to vote on a non-binding advisory proposal on the compensation of our named executive officers; and to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2016 fiscal year.

Your Board of Directors recommends that you vote FOR the election of each of the directors named in the proxy statement, FOR the approval, on an advisory basis, of the compensation of our named executive officers, and FOR the ratification of Ernst & Young LLP.

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

Yours sincerely,

Ray Stata

Chairman of the Board of Directors

Vincent T. Roche

President and Chief Executive Officer

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**ANALOG DEVICES, INC.**

**ONE TECHNOLOGY WAY**

**NORWOOD, MASSACHUSETTS 02062-9106**

**NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS**

***To Be Held On March 9, 2016***

To our Shareholders:

The 2016 Annual Meeting of Shareholders of Analog Devices, Inc. will be held at our headquarters at One Technology Way, Norwood, Massachusetts 02062, on Wednesday, March 9, 2016 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 to serve for a term expiring at the next annual meeting of shareholders;
2. To approve, by non-binding say on pay vote, the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures in this proxy statement; and
3. To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 29, 2016.

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 8, 2016 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 that 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

January 28, 2016

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**ANALOG DEVICES, INC.**

**ONE TECHNOLOGY WAY**

**NORWOOD, MASSACHUSETTS 02062-9106**

**PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS**

***March 9, 2016***

This proxy statement contains information about the 2016 Annual Meeting of Shareholders, or Annual Meeting, of Analog Devices, Inc. The Annual Meeting will be held on Wednesday, March 9, 2016, at 9:00 a.m. local time, at our headquarters at One 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 our Director of Investor Relations at Analog Devices, Inc., One Technology Way, Norwood, Massachusetts 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, postponement, continuation or rescheduling of the meeting. All proxies will be voted in accordance with the instructions they contain. If you do not specify your voting instructions on the proxy that you submit for the Annual 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 Annual Meeting by giving our Secretary written notice to that effect.

We are mailing our Annual Report to Shareholders for the fiscal year ended October 31, 2015 with these proxy materials on or about January 29, 2016.

**Important Notice Regarding the Availability of Proxy Materials for the Annual**

**Meeting of Shareholders to be Held on March 9, 2016:**

**This proxy statement and the 2015 Annual Report to Shareholders are available for viewing, printing and downloading at [www.analog.com/AnnualMeeting](http://www.analog.com/AnnualMeeting).**



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*This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all the information that you should consider and you should read the entire proxy statement before voting. For more information on the 2015 financial and operating performance of the Company, please review the Company's Annual Report on Form 10-K for the year ended October 31, 2015 that was filed with the U.S. Securities and Exchange Commission on November 24, 2015.*

**2016 Annual Meeting of Shareholders**

**Date:** March 9, 2016  
**Time:** 9:00 a.m. local time  
**Place:** Analog Devices Headquarters

One Technology Way

Norwood, Massachusetts 02062

**Record Date:** January 8, 2016

**Voting Matters and Board Recommendations**

|                                                                                                                                                      | Board Vote                |                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------|
| Agenda Item                                                                                                                                          | Recommendation            | Page Reference For More Information |
| Proposal 1: Election of Ten Director Nominees                                                                                                        | FOR each director nominee | 14                                  |
| Proposal 2: Advisory Approval of the Compensation of the Company's Named Executive Officers                                                          | FOR                       | 30                                  |
| Proposal 3: Ratification of Ernst & Young LLP as Independent Registered Public Accounting Firm for the Company's fiscal year ending October 29, 2016 | FOR                       | 62                                  |
| Board Nominees                                                                                                                                       |                           |                                     |

| Name                 | Age | Director Since | Principal Occupation                                                          | Independent Director | Committee Membership |
|----------------------|-----|----------------|-------------------------------------------------------------------------------|----------------------|----------------------|
| Ray Stata            | 81  | 1965           | Chairman of the Board of Analog Devices, Inc.                                 |                      |                      |
| Vincent T. Roche     | 55  | 2013           | President and Chief Executive Officer of Analog Devices, Inc.                 |                      |                      |
| Richard M. Beyer     | 67  | 2013           | Former Chairman and CEO of Freescale Semiconductor, Inc.                      | ü                    | CC                   |
| James A. Champy      | 73  | 2003           | Retired Vice President of the Dell/Perot Systems business unit of Dell, Inc.  | ü                    | NCGC (Chair)         |
| Bruce R. Evans       | 56  | 2015           | Managing Director and Chairman of Summit Partners                             | ü                    | AC                   |
| Edward H. Frank      | 59  | 2014           | Co-Founder and CEO of Cloud Parity                                            | ü                    | NCGC                 |
| John C. Hodgson      | 72  | 2005           | Retired Senior Vice President and Chief Marketing and Sales Officer of Dupont | ü                    | AC                   |
| Neil Novich          | 61  | 2008           | Former Chairman, President and Chief Executive Officer of Ryerson Inc.        | ü                    | CC (Chair)           |
| Kenton J. Sicchitano | 71  | 2003           | Retired Global Managing Partner of PricewaterhouseCoopers LLP                 | ü                    | AC (Chair)           |
| Lisa T. Su           | 46  | 2012           | President and Chief Executive Officer of Advanced Micro Devices, Inc.         | ü                    | CC                   |

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AC = Audit Committee

CC = Compensation Committee

NCGC = Nominating and Corporate Governance Committee

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### **Corporate Governance Practices**

The Company's governance practices include:

Majority of directors are independent

Annual election of directors

Majority voting for directors in uncontested director elections  
Average tenure of independent directors standing for re-election is 6.9 years

Regular executive sessions of independent directors

Share ownership guidelines for directors and officers  
Prohibitions on hedging and pledging

No supermajority voting provisions

Annual Board and Committee self-evaluations

### **2015 Business Results**

Our fiscal year ended October 31, 2015, or fiscal 2015, was a year of very strong financial performance. Revenue grew to \$3.4 billion, an increase of 20% compared to 2014 due to a full-year of revenue from the acquisition of Hittite Microwave Corporation, or Hittite, and also from increased demand for our products. Our business model generated gross margins of 65.8%, operating margins of 24.2%, and free cash flow of \$754 million, or 22% of sales. We also returned \$718 million to shareholders in the form of dividends and share repurchases.

### **Executive Compensation Highlights**

#### ***Compensation Philosophy***

Our Executive Compensation Program is designed to attract and retain top executive talent and align the interests of our executives and our shareholders. We accomplish this through the following steps:

1. First, we ensure our executive compensation is competitive and attracts and retains top executive talent by understanding how the total target compensation (consisting of salary, bonus and equity awards) of our named executive officers, or NEOs, is benchmarked against the median total target compensation of those in similar positions within our peer group.
- 2.

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We then consider a variety of factors, including the scope of the role and the performance and experience of the individual when deciding how each NEO's total target compensation compares to the median total target compensation of those in similar positions within our peer group.

3. We structure our compensation package to align executives' interests with those of our shareholders by tying a significant portion of their total compensation directly to ADI's short- and long-term performance, measured by operating profit before taxes as a percentage of revenue, or OPBT margin and revenue growth, which both drive shareholder value, stock price appreciation and relative total shareholder return.

### ***Pay for Performance***

A significant portion of the total compensation of our NEOs is variable and directly linked to Company performance in the form of variable cash incentive bonus payments and equity awards. We believe this provides our executives with an opportunity to earn above peer average compensation if ADI delivers strong results.

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We compensate our executives using the following elements:

| Element                                | Objective                                                                                                                                                                                                             | Fixed/Variable |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Base Salary                            | Attract and retain talent and provide stable source of income.                                                                                                                                                        | Fixed          |
| Cash Incentive Bonus Award             | Link pay and annual Company performance. Align executive compensation with the financial performance of the Company and our achievement of OPBT margin and year-to-year revenue growth, which are measured quarterly. | Variable       |
| Long-Term Equity Compensation          | Link pay and long-term Company performance. Reward stock price appreciation, promote long-term retention and permit executives to accumulate equity ownership in the Company.                                         | Variable       |
| Retirement and Other Employee Benefits | Retain talent by providing financial protection and security.                                                                                                                                                         | Fixed          |

***Key Compensation Actions for 2015***

ADI's Compensation Committee has a practice of reviewing our executive compensation program's components, targets and payouts on an annual basis, to ensure the strength of our pay for performance alignment. Our performance is evaluated against short-term goals that support ADI's business strategy and long-term goals that measure the creation of sustainable long-term shareholder value. These items are described in more detail beginning on page 31 of this proxy statement. With respect to our 2015 executive compensation program, we maintained challenging financial performance objectives for our variable cash incentive bonus plan based on our achievement of OPBT margin and year-over-year revenue growth, which are measured quarterly and paid to executives and employees semi-annually. These financial performance objectives for our variable cash incentive bonus plan are established at the beginning of our fiscal year and align with our annual operating, financial and strategic objectives. Fiscal 2015 also marked the second year that we granted performance-based restricted stock units as part of the long-term equity compensation granted to executive officers. The number of shares of ADI's common stock received following vesting is based on ADI's total shareholder return performance (defined as share price appreciation plus cumulative cash dividend payments), or TSR, measured against the median TSR performance of a peer group of companies over a three-year performance period. This equity award component ensures a direct link between the value of our long-term incentives and the value that is created for our shareholders.

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### ***Pay and Governance Practices***

Our pay and governance practices are designed to align our executives' interests with our shareholders. For example:

We do not guarantee salary increases or non-performance-based bonuses

Our cash incentive bonus awards are based solely on our financial performance

We do not modify our performance targets during the year, even in challenging years

We have not had new tax gross up provisions for excess parachute payments since 2009  
We do not pay dividends on unvested equity awards

We do not provide extensive perquisites to our executives

Our equity grant date policy does not give executives or directors discretion to choose grant dates

We have stock ownership guidelines for all officers and directors  
We prohibit hedging transactions and short sales involving ADI securities

We prohibit holding ADI securities in margin account

We prohibit pledging ADI securities as collateral for a loan

### ***Say on Pay and Shareholder Engagement***

In 2015, Analog Devices again received strong support for our executive compensation program with approximately 97.9% of votes cast approving our advisory say on pay resolution. We pay careful attention to feedback that we receive from our shareholders about our executive compensation program, including the say on pay vote. During the course of the year, we held in-person and telephonic meetings with a number of shareholders to discuss a variety of matters, including our executive compensation program and how they evaluate it. Our Compensation Committee carefully considers this feedback when making decisions regarding executive compensation.

Please see the Compensation Discussion and Analysis section beginning on page 31 of this proxy statement for a more detailed description of our executive compensation program, philosophy and design.

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### **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 expiring at the next annual meeting of shareholders.
2. The approval, by non-binding say on pay vote, of the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures in this proxy statement.
3. The ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 29, 2016, or 2016 fiscal year.

The shareholders will also act on any other business that may properly come before the meeting or any postponement, adjournment, rescheduling or continuation of 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 8, 2016. This date is the record date for the Annual Meeting. The number of outstanding shares entitled to vote on each proposal at the Annual Meeting is 310,811,984 shares of our common stock.

#### **How many votes do I have?**

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

#### **Is my vote important?**

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

#### **How do I vote?**

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

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

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

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

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





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

If the Analog Devices shares that you own are held in street name by a bank, broker or other nominee, your bank, broker or other nominee is considered, with respect to those shares, the record holder of your shares, and is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the instructions that your bank, broker or other nominee provides you. Many banks, brokers or other nominees also offer the option of voting over the Internet or by telephone, instructions for which would be provided by your bank, broker or other nominee on your vote instruction form.

If you hold shares through an account with a broker, the voting of shares by such broker when you do not provide voting instructions is governed by the rules of the New York Stock Exchange. These rules allow brokers to vote shares at their discretion on routine matters for which their customers do not provide voting instructions. On matters that are considered non-routine, brokers may not vote shares without your instruction. The ratification of Ernst & Young LLP as our independent registered public accounting firm (Proposal 3) is considered a routine matter and your broker will be able to vote on that proposal even if it does not receive instructions from you, so long as it holds your shares in its name. **The election of directors (Proposal 1) and the say on pay advisory vote (Proposal 2) are non-routine matters. If you do not instruct your bank, broker or other nominee how to vote with respect to these proposals, your bank, broker or other nominee may not vote with respect to these proposals and those votes will be counted as broker non-votes.** Broker non-votes are shares that are held in street name by a bank, broker or other nominee that indicates on its proxy that it does not have or did not exercise discretionary authority to vote on a particular proposal.

If your shares are held in street name, you must bring an account statement or letter from your broker or other nominee, showing that you are the beneficial owner of the shares as of the record date (January 8, 2016) in order to be admitted to the Annual Meeting on March 9, 2016. To be able to vote your shares held in street name at the Annual Meeting, you will need to obtain a legal proxy from your bank, broker or other nominee, issued in your name giving you the right to vote your shares.

### **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. If you are the record holder of your shares, you can revoke your proxy or change your vote at any time before the polls close at the Annual Meeting by doing any one of the following things:

voting over the Internet or by telephone as instructed above (only your latest Internet or telephone vote is counted);

signing and returning another proxy card with a later date;

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

attending the Annual Meeting, requesting that your proxy be revoked and voting in person as instructed above.

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

If your shares are held in street name, you may submit a new, later-dated vote instruction form or contact your bank, broker or other nominee. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the answer to the question above entitled "Can I vote if my shares are held in street name ?"

### **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, which we refer to as the Ireland share plan, you may instruct Irish Pensions Trust Limited, which serves as the trustee of the Ireland share plan, to vote



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the amount of shares of common stock that they hold on your behalf as of the record date. You will receive a voting card that you may use to direct Mercer Ireland Limited, or Mercer, which administers the Irish share plan on behalf of Irish Pensions Trust Limited, how to vote your shares. You should sign the voting card and return it to Mercer in the envelope provided. Mercer will vote the shares in the manner that you direct on the voting card. If Mercer does not receive your voting card by 5:00 p.m. Greenwich Mean Time (GMT) on March 1, 2016, Mercer will not vote your shares.

### **What constitutes a quorum?**

In order for business to be conducted at the Annual Meeting, a quorum must be present in person or represented by valid proxies. For each of the proposals to be presented at the Annual Meeting, a quorum consists of the holders of a majority of the shares of common stock issued and outstanding on January 8, 2016, the record date, or at least 155,405,993 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 Annual Meeting for that proposal.

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

### **What vote is required for each proposal?**

*Election of directors.* Under our bylaws, a nominee will be elected to the Board of Directors if the votes cast for the nominee's election exceed the votes cast against the nominee's election, with abstentions and broker non-votes not counting as votes for or against. If the shares you own held in street name by a bank, broker or other nominee, your bank, broker or other nominee, as the record holder of your shares, is required to vote your shares according to your instructions. **If you do not instruct your bank, broker or other nominee how to vote with respect to this proposal, your bank, broker or other nominee may not vote your shares with respect to the election of directors.** If an incumbent director nominee in an uncontested election of directors receives a majority of votes against his election, the director must tender a resignation from the Board of Directors. The Board of Directors 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 of Directors 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 on the proposal 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 bank, broker or other nominee how to vote with respect to this proposal, your bank, broker or other nominee may not vote your shares 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 on the proposal is needed to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2016 fiscal year. **Even if you do not instruct your broker how to vote with respect to this proposal, your broker may vote your shares with respect to this proposal.**

### **How will votes be counted?**

Each share of common stock will be counted as one vote according to the instructions contained on a properly completed proxy card, whether submitted in person, by mail, over the Internet or by telephone, or on a ballot voted in person at the Annual Meeting. With respect to all proposals, shares will not be voted in favor of

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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. Banks, brokers and other nominees who do not receive instructions with respect to Proposals 1 or 2 will not be allowed to vote these shares, and all such shares will be broker non-votes rather than votes for or against. Accordingly, assuming the presence of a quorum, abstentions and broker non-votes for a particular proposal will not be counted as votes cast to determine the outcome of a particular proposal.

### **Who will count the votes?**

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

### **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 tabulation agent 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 expiring at the next annual meeting of shareholders (Proposal 1);

**FOR** the approval, by non-binding say on pay vote, of the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures contained in this proxy statement (Proposal 2); and

**FOR** the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2016 fiscal year (Proposal 3).

### **Will any other matters be voted on at this meeting?**

No. Under the laws of Massachusetts, 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 2017 annual meeting of shareholders?*** below.

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

We will report the voting results in a Form 8-K filed with the Securities and Exchange Commission, or SEC, within four business days after the end of the Annual Meeting.

### **How and when may I submit a shareholder proposal, including a shareholder nomination for director, for the 2017 annual meeting of shareholders?**

If you are interested in submitting a proposal for inclusion in our proxy statement for the 2017 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 2017 annual meeting of shareholders at our principal corporate offices in Norwood, Massachusetts at the address below no later than October 1, 2016.

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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 2017 annual meeting is not advanced by more than 20 days nor delayed by more than 60 days from the anniversary date of the 2016 annual meeting, you would need to give us appropriate notice at the address noted below no earlier than November 9, 2016, and no later than December 9, 2016. If a shareholder does not provide timely notice of a nomination or other matter to be presented at the 2017 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 SEC and publicly available on our website.

Any proposals, nominations or notices should be sent to:

Margaret K. Seif, Secretary

Analog Devices, Inc.

One Technology Way

Norwood, Massachusetts 02062

Phone: 781-461-3367

Fax: 781-461-3491

Email: [margaret.seif@analog.com](mailto: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 \$11,000 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 31, 2015, or fiscal 2015, 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 for fiscal 2015 and/or any of its exhibits, we will send you such materials without charge. Please contact:

Director of Investor Relations

Analog Devices, Inc.

One Technology Way

Norwood, Massachusetts 02062

Phone: 781-461-3282

Email: [investor.relations@analog.com](mailto:investor.relations@analog.com)

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**Whom should I contact if I have any questions?**

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

**HOUSEHOLDING OF ANNUAL MEETING MATERIALS**

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of our proxy statement and annual report to shareholders may have been sent to multiple shareholders in your household unless we have received contrary instructions from one or more shareholders. We will promptly deliver a separate copy of either document to you if you contact us at the following address, telephone number or email address: Director of Investor Relations, Analog Devices, Inc., One Technology Way, Norwood, Massachusetts 02062, telephone: 781-461-3282, email: [investor.relations@analog.com](mailto:investor.relations@analog.com). If you want to receive separate copies of the proxy statement or annual report to shareholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the above address, telephone number or email address.

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

The following table contains information regarding the beneficial ownership of our common stock as of January 15, 2016 (unless otherwise specified) 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>Shares<br/>Beneficially<br/>Owned(2)</b> | <b>Shares<br/>Acquirable<br/>within 60<br/>Days(3)</b> | <b>Total<br/>Beneficial<br/>Ownership</b> | <b>Percent of<br/>Common<br/>Stock<br/>Beneficially<br/>Owned(4)</b> |
|------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------|
| <i>5% Shareholders:</i>                                                                  |                                             |                                                        |                                           |                                                                      |
| Capital World Investors(5)<br>333 South Hope Street<br><br>Los Angeles, California 90071 | 26,021,374                                  |                                                        | 26,021,374                                | 8.4%                                                                 |
| Vanguard Group Inc.(6)<br>PO Box 2600<br><br>Valley Forge, Pennsylvania 19482            | 20,301,640                                  |                                                        | 20,301,640                                | 6.5%                                                                 |
| FMR, LLC(7)<br>245 Summer Street<br><br>Boston, Massachusetts 02210                      | 19,780,680                                  |                                                        | 19,780,680                                | 6.4%                                                                 |
| <i>Directors and Named Executive Officers:</i>                                           |                                             |                                                        |                                           |                                                                      |
| Richard M. Beyer                                                                         | 2,240                                       | 22,630                                                 | 24,870                                    | *                                                                    |
| James A. Champy(8)                                                                       | 89,080                                      | 59,610                                                 | 148,690                                   | *                                                                    |
| Bruce R. Evans                                                                           | 10,100                                      | 6,240                                                  | 16,340                                    | *                                                                    |
| Edward H. Frank                                                                          | 1,280                                       | 17,240                                                 | 18,520                                    | *                                                                    |
| Rick D. Hess                                                                             | 21,283                                      | 14,317                                                 | 35,600                                    | *                                                                    |
| John C. Hodgson(9)                                                                       | 10,845                                      | 77,110                                                 | 87,955                                    | *                                                                    |
| Yves-Andre Istel                                                                         | 14,225                                      | 70,760                                                 | 84,985                                    | *                                                                    |
| Richard A. Meaney                                                                        | 23,746                                      | 120,737                                                | 144,483                                   | *                                                                    |
| Neil Novich                                                                              | 16,895                                      | 78,913                                                 | 95,808                                    | *                                                                    |
| Peter Real                                                                               | 5,734                                       | 87,977                                                 | 93,711                                    | *                                                                    |
| Vincent T. Roche                                                                         | 21,016                                      | 309,736                                                | 330,752                                   | *                                                                    |
| Kenton J. Sicchitano                                                                     | 14,395                                      | 99,610                                                 | 114,005                                   | *                                                                    |
| Ray Stata(10)                                                                            | 1,264,486                                   | 33,020                                                 | 1,297,506                                 | *                                                                    |
| Lisa T. Su                                                                               | 4,995                                       | 37,820                                                 | 42,815                                    | *                                                                    |
| David A. Zinsner                                                                         | 8,863                                       | 182,911                                                | 191,774                                   | *                                                                    |



## Edgar Filing: ANALOG DEVICES INC - Form DEF 14A

|                                                                                                                          |           |           |           |      |
|--------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|------|
| All directors and executive officers as a group (19 persons, consisting of 9 officers and 10 non-employee directors)(11) | 1,525,535 | 1,360,100 | 2,885,635 | 0.9% |
|--------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|------|

\* Represents less than 1% of the outstanding shares of our common stock.

- (1) Unless otherwise indicated, the address of each beneficial owner listed is c/o Analog Devices, Inc., One Technology Way, Norwood, Massachusetts 02062.
- (2) For each person, the Shares Beneficially Owned column may include shares of common stock attributable to the person because of that person's voting or investment power. Unless otherwise indicated, each person

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- 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.
- (3) The number of shares of common stock beneficially owned by each person is determined under applicable SEC rules. 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 has the right to acquire within 60 days, including through the exercise of stock options. Unless otherwise indicated, for each person named in the table, the number in the Shares Acquirable within 60 Days column consists of shares covered by stock options that may be exercised and restricted stock units, or RSUs, that vest within 60 days after January 15, 2016.
  - (4) The percent ownership for each shareholder on January 15, 2016 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 15, 2016 (310,609,492 shares) plus any shares acquirable (including exercisable stock options) by the shareholder in question within 60 days after January 15, 2016.
  - (5) Based solely on a Form 13F-HR filed by Capital World Investors on November 16, 2015 reporting stock ownership as of September 30, 2015. Capital World Investors also reported that, as of September 30, 2015, it had sole voting and shared investment power for 26,021,374 shares.
  - (6) Based solely on a Form 13F-HR/A filed by Vanguard Group Inc. on November 12, 2015 reporting stock ownership as of September 30, 2015. The Vanguard Group also reported that, as of September 30, 2015, it had sole voting power for 579,144 shares, sole investment power for 19,703,363 shares, shared voting power for 25,300 shares, shared investment power for 598,277 shares and no voting power with respect to 19,697,196 shares.
  - (7) Based solely on a Form 13F-HR filed by FMR, LLC on November 10, 2015 reporting stock ownership as of September 30, 2015. FMR, LLC also reported that, as of September 30, 2015, it had sole voting power for 3,479,100 shares, shared investment power for 19,780,680 shares, and no voting power with respect to 16,301,580 shares.
  - (8) Includes 69,025 shares held in trust for the benefit of Mr. Champy's spouse and son, as to which Mr. Champy disclaims beneficial ownership.
  - (9) Includes 450 shares held as custodian under UTMA accounts for the benefit of Mr. Hodgson's grandchildren, as to which Mr. Hodgson disclaims beneficial ownership.
  - (10) Includes 983,709 shares held by Mr. Stata's spouse and 1,850 shares held by a family LLC, as to which Mr. Stata disclaims beneficial ownership. All of the shares held by Mr. Stata's spouse and 256,091 shares held directly by Mr. Stata are pledged as collateral for a line of credit from a bank.
  - (11) All directors and executive officers as a group disclaim beneficial ownership of a total of 1,055,034 shares.

### **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our executive officers, directors 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 eleven directors, of whom nine are deemed to be independent directors. Yves-Andre Istel has informed us that he has decided not to stand for re-election at the Annual Meeting. Mr. Istel will continue to serve as a director until his term expires at the Annual Meeting. On January 19, 2016, our board of directors approved a reduction in the size of our board of directors from eleven members to ten members, effective as of immediately prior to the Annual Meeting. At the Annual Meeting, shareholders will accordingly have an opportunity to vote for each of the ten nominees listed below, of whom eight are deemed to be independent directors. The persons named in the enclosed proxy card, upon receipt of a properly executed proxy, 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 or her 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 of Directors may reduce the number of directors.

#### **Director Qualifications**

The Board of Directors is committed to ensuring that it is composed of a highly capable group of directors who collectively provide a significant breadth of experience, knowledge and abilities, to effectively represent the interests of shareholders. In addition, the Board believes that having directors with a mix of tenure on the Board helps transition the knowledge of the more experienced directors while providing a broad, fresh set of perspectives and provides the Board with a diversity of experiences and viewpoints. The average tenure of our independent directors standing for re-election is approximately 6.9 years.

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 or her age, all positions he or she holds, his or her principal occupation and business experience, and the names of other publicly-held companies of which he or she 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 of Directors to the conclusion that he or she 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 of Directors. 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 81, has served as our Chairman of the Board of Directors since 1973 and served as an executive officer of our Company from its inception until April 2012. 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 serve on our Board of Directors include his 50 years of experience and leadership in the semiconductor industry, including as our founder, our Chairman for 43 years and formerly as our President for 20 years. Mr. Stata will continue to serve as our Chairman of the Board of Directors in 2016.

#### **VINCENT T. ROCHE, *President and Chief Executive Officer; Director since 2013***

Mr. Roche, age 55, was appointed our Chief Executive Officer and elected as a Director in May 2013. Mr. Roche was appointed President of Analog Devices in 2012. Mr. Roche also served as our Vice President,

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Strategic Segments Group and Global Sales from October 2009 to November 2012, and as our Vice President, Worldwide Sales from March 2001 to October 2009. Mr. Roche began his career at ADI in 1988 as a senior marketing engineer, and he has served in key leadership positions over his 25 year career at ADI, including worldwide sales, strategic marketing, business development and product management. We believe that Mr. Roche's qualifications to serve on the Board of Directors include his deep knowledge of the Company and its products, markets and customers.

### **RICHARD M. BEYER, *Director since 2013***

Mr. Beyer, age 67, served as Chairman and Chief Executive Officer of Freescale Semiconductor, Inc. from 2008 to 2012 and served as a director of Freescale until April 2013. Prior to that, he served as Chief Executive Officer and as a director of Intersil Corporation from 2002 to 2008 and as President and Chief Executive Officer of Elantec Semiconductor, Inc. from 2000 to 2002. Mr. Beyer also serves as a director of Micron Technology, Inc. and Dialog Semiconductor PLC. We believe Mr. Beyer's qualifications to serve on our Board of Directors include his decades of experience in the semiconductor industry as well as his extensive executive leadership experience.

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

Mr. Champy, age 73, 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 a Life Member of the MIT Corporation, the governing body of the Massachusetts Institute of Technology. We believe Mr. Champy's qualifications to serve on our Board of Directors include his expertise in corporate strategy development and his organizational acumen.

### **BRUCE R. EVANS, *Director since June 2015***

Mr. Evans, age 56, has served in various positions with Summit Partners, a growth equity investment firm, including most recently as a Managing Director, since 1986. He has also served as Chairman of Summit Partners' board since 2011. During his time at Summit Partners, Mr. Evans has served as a member of the boards of directors of over 30 technology and other growth industry companies in the US and Europe, including 12 public companies. As a result of his work with Summit and as a board director, he has gained significant experience in technology related investments, strategic acquisitions and dispositions. Mr. Evans also has prior experience in the data processing and national accounts divisions of International Business Machines Corporation. Mr. Evans is a member of the Vanderbilt University Board of Trust and the Chairman of Vanderbilt's Investment Committee. We believe Mr. Evans' qualifications to serve on our Board include his financial and management expertise, including his investing experience in the technology sector.

### **EDWARD H. FRANK, *Director since 2014***

Dr. Frank, age 59, is co-founder and Chief Executive Officer of Cloud Parity, an early-stage voice of the customer startup. Before founding Cloud Parity in 2014, he served at Apple, Inc. from 2009 to 2013 as Vice President, Macintosh Hardware Systems Engineering. Prior to his tenure at Apple, Dr. Frank served as Corporate Vice President, Research and Development, of Broadcom Corp. Dr. Frank was founding CEO of Epigram, Inc., a developer of integrated circuits and software for home networking, which Broadcom acquired in 1999, and was a Distinguished Engineer at Sun Microsystems, Inc. He served as a director of Fusion-IO, Inc. from 2013 until July 2014 when it was acquired by SanDisk Corporation. We believe Dr. Frank's qualifications to serve on our Board of Directors include his deep understanding of the communications and hardware technology markets and his extensive executive leadership experience.

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

Mr. Hodgson, age 72, has been retired since December 2006. From 2002 until his retirement, Mr. Hodgson was a member of the Office of the Chief Executive of DuPont, a science-based products and services company. His executive officer positions at DuPont included Senior Vice President and Chief Marketing and Sales Officer from January 2006 to December 2006, Senior Vice President and Chief Customer Officer from May 2005 to January 2006, and Executive Vice President and Chief Marketing and Sales Officer from February 2002 to May 2005.

Mr. Hodgson also served as Group Vice President and General Manager of DuPont iTechnologies from February 2000 to February 2002. We believe Mr. Hodgson's qualifications to serve on our Board of Directors include his extensive sales and marketing experience with a complex, global technology company, as well as his executive leadership and experience with strategic, operational and financial matters.

**NEIL NOVICH, *Director since 2008***

Mr. Novich, age 61, is the former Chairman, President and Chief Executive Officer of Ryerson Inc., a 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., Hillenbrand Inc. and Beacon Roofing Supply, Inc. We believe Mr. Novich's qualifications to serve on our Board of Directors include his experience as a chief executive officer leading a complex global organization, combined with his broad operational and corporate governance expertise.

**KENTON J. SICCHITANO, *Director since 2003***

Mr. Sicchitano, age 71, has been retired since July 2001. He joined Price Waterhouse LLP, a predecessor firm of PricewaterhouseCoopers LLP, or PwC, a public accounting firm, in 1970 and became a partner in 1979. 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. and its wholly owned subsidiary, Metropolitan Life Insurance Company. 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.

**LISA T. SU, *Director since 2012***

Dr. Su, age 46, is President and Chief Executive Officer of Advanced Micro Devices, Inc., or AMD, a semiconductor manufacturer. Previously she served as Senior Vice President and Chief Operating Officer from July 2014 to October 2014 and Senior Vice President and General Manager, Global Business Units from January 2012 to July 2014. Prior to joining AMD in January 2012, Dr. Su served as senior vice president and general manager, Networking and Multimedia, at Freescale Semiconductor, Inc. from 2008 to 2011 and prior to that, as Chief Technology Officer from 2007 to 2008. Dr. Su also spent 13 years with IBM in various engineering and business leadership positions; and was a member of the technical staff at Texas Instruments in the Semiconductor Process and Device Center. Dr. Su also serves as a director of AMD. We believe Dr. Su's qualifications to serve on our Board of Directors include her experience as an executive in large semiconductor companies and her understanding of complex technologies.

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

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### **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:

*Corporate Governance Guidelines.* Our Board of Directors has adopted Corporate Governance Guidelines for our Company that establishes a common set of expectations to assist the Board and its committees in performing their duties. The Board reviews these Guidelines at least annually, and updates them as necessary to reflect changing regulatory requirements and evolving practices.

*Declassified Board of Directors.* We have a declassified Board of Directors and our bylaws provide that each director will serve for a term ending on the date of the annual meeting following the one at which such director was elected. All of our directors will stand for election for terms expiring at the next annual meeting of shareholders.

*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 of Directors if the votes for that director exceed the votes against (with abstentions and broker non-votes not counted as for or against the election). If a nominee does not receive more for votes than against votes, the director must offer his or her resignation, which the Board of Directors must determine whether to accept and publicly disclose that determination.

*Executive Sessions.* At each regular meeting, our Board of Directors holds executive sessions of non-employee directors, who are all independent as defined under The NASDAQ Stock Market, Inc. Marketplace Rules, or the NASDAQ Rules. Our lead director, James A. Champy, presides at these executive sessions. In addition, the committees of our Board of Directors also regularly hold executive sessions with their advisors without management present.

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

*No Pledging Policy.* Since January 2013, we have prohibited our directors and executive officers from holding any Company securities in a margin account, and from any future pledging of their Company securities as collateral for a loan.

*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.

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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 [investor.analog.com/corporate-governance.cfm](http://investor.analog.com/corporate-governance.cfm) or by writing to:

Director of Investor Relations

Analog Devices, Inc.

One Technology Way

Norwood, Massachusetts 02062

Phone: 781-461-3282

Fax: 781-461-3491

Email: [investor.relations@analog.com](mailto:investor.relations@analog.com)

## **Determination of Independence**

Under applicable NASDAQ Rules, a director of Analog Devices will only qualify as an independent director if, in the opinion of our Board of Directors, that person does not have a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Our Board of Directors has established guidelines (within our Corporate Governance Guidelines) to assist it in determining whether a director has a relationship with Analog Devices that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. These guidelines are posted on our website under [investor.analog.com/corporate-governance.cfm](http://investor.analog.com/corporate-governance.cfm). For relationships not covered by the guidelines, the determination of whether such a 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 none of Messrs. Beyer, Champy, Evans, Hodgson, Istel, Novich and Sicchitano or Drs. Frank and Su has a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is an independent director as defined under Rule 5605(a)(2) of the NASDAQ Rules. The Board also determined that José E. Almeida, a former director, was an independent director prior to his resignation from the Board on October 30, 2015. The Board has determined that Mr. Roche, our President and Chief Executive Officer, and Mr. Stata, our Chairman and founder, are not independent under the NASDAQ Rules because Mr. Roche is a current employee and Mr. Stata is our founder. We considered the Company's annual laboratory membership and university research projects with MIT (of which James A. Champy is a board member) and the Company's annual membership to the Semiconductor Industry Association, or the SIA, (of which Richard Beyer is a board member) and determined that the relationships were established in the ordinary course of business on an arms-length basis without the involvement of Messrs. Champy or Beyer, and are not material to MIT, the SIA 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 of Directors recommends to our shareholders for election. The qualifications of recommended candidates will be reviewed by the Nominating and Corporate Governance Committee. If the Board of Directors 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, c/o Secretary, Analog Devices, Inc., One Technology Way, Norwood, Massachusetts 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.

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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 of Directors. 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 of Directors, 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 2017 annual meeting of shareholders?** above.

In considering whether to recommend any candidate for inclusion in the Board of Directors' 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, experience, commitment, and diligence, the presence of any conflicts of interest and the ability of the candidate to act in the interests of all shareholders. The Nominating and Corporate Governance Committee seeks nominees with a broad diversity of experience, professions, skills, geographic representation and backgrounds. The Nominating and Corporate Governance 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 of Directors to fulfill its responsibilities. While we do not have a policy regarding Board diversity, the Nominating and Corporate Governance Committee includes gender, racial and ethnic diversity as part of its search criteria, consistent with the requirement for relevant experience, skills and industry familiarity.

## **Communications from Shareholders and Other Interested Parties**

The Board of Directors 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 of Directors (including the presiding director or the independent directors as a group) should address such communications to James A. Champy, Presiding Director, c/o Secretary, Analog Devices, Inc., One Technology Way, Norwood, Massachusetts 02062.



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### **Board of Directors Leadership Structure**

Our Corporate Governance Guidelines provide that the roles of Chief Executive Officer and Chairman of the Board of Directors should be separate, unless otherwise determined by a majority of the Board of Directors, and we currently separate these roles. Our Chief Executive Officer is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while our Chairman of the Board of Directors provides guidance to the Chief Executive Officer, sets the agenda for Board meetings and presides over meetings of the full Board of Directors. Because our Board of Directors has determined that Mr. Stata, our Chairman and founder, is not an independent director under the NASDAQ Rules, our Board of Directors has appointed James A. Champy as presiding director to preside at all executive sessions of independent directors. The Board of Directors meets in executive session at each regular meeting.

### **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 of Directors 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 of Directors 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 of Directors. 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 11 times in fiscal 2015, including by telephone conference. During fiscal 2015, 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 or she served. The Board of Directors has standing Audit, Compensation, and Nominating and Corporate Governance Committees. All members of all three committees are independent, non-employee directors. Each committee has a charter that has been approved by the Board of Directors and is reviewed annually. In addition, each Committee conducts an annual self-evaluation of its own performance. Mr. Roche is the only director who is, or has been in the past three years, an employee of Analog Devices. Messrs. Roche and Stata do not serve on any standing Board committee and do not participate in the portion of any Board or committee meeting during which their compensation is evaluated. The independent directors met in executive session without Mr. Stata or our Chief Executive Officer at each in-person Board meeting in fiscal 2015.

Our Corporate Governance Guidelines set forth our policy that directors are expected to attend annual meetings of shareholders. All of our then-serving directors attended the 2015 Annual Meeting of Shareholders.

### ***Audit Committee***

The current members of our Audit Committee are Messrs. Sicchitano (Chair), Evans, Hodgson and Istel. The Board of Directors has determined that each of Messrs. Sicchitano, Evans, Hodgson and Istel qualifies as an audit committee financial expert under the rules of the SEC and is independent as defined under the NASDAQ Rules and the independence requirements under 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 able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement as required under the NASDAQ Rules. The Board of Directors has certified that it has at least one member of the audit committee who has past employment experience in finance or accounting as required by the NASDAQ Rules. None of Messrs. Sicchitano, Evans, Hodgson or Istel serves on the audit committees of more than two other public companies.

The Audit Committee is primarily responsible for the Board of Directors oversight of the integrity of our financial statements, the qualifications and independence of our independent registered public accounting firm,

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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 of Directors, to cause the Company to pay the compensation of those advisors as established by the Audit Committee. The Audit Committee selected and appointed Ernst & Young LLP, our independent registered public accounting firm, and did not retain any other advisors during fiscal 2015. The Audit Committee met 16 times during fiscal 2015 (including by telephone conference). The responsibilities of our Audit Committee and its activities during fiscal 2015 are described in the Report of the Audit Committee below.

### ***Compensation Committee***

The current members of our Compensation Committee are Messrs. Novich (Chair) and Beyer and Dr. Su. The Board of Directors has determined that each of Messrs. Novich and Beyer and Dr. Su is independent as defined under the NASDAQ Rules and the independence requirements under Rule 10C-1 of the Exchange Act. 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 oversees the evaluation of senior management. In connection with its oversight and administration of ADI's cash and equity incentive plans, the Compensation Committee authorizes the granting of stock options, RSUs and other stock incentives (within guidelines established by our Board of Directors and in accordance with our equity granting policy) to our officers. In accordance with the terms of our Amended and Restated 2006 Stock Incentive Plan, which we refer to as the 2006 Stock Incentive Plan, the Compensation Committee has delegated to our Chief Executive Officer the power to grant and modify options, RSUs and other stock awards to employees who are not executive officers or directors, subject to specified thresholds, parameters and applicable law. Our Compensation Committee held 11 meetings (including by telephone conference) during fiscal 2015.

*Compensation Committee Consultants.* The Compensation Committee has the authority, in its sole discretion, to retain or obtain the advice of any independent legal, accounting or other advisors it deems necessary or appropriate to carry out its responsibilities. The Compensation Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of these advisors as established by the Compensation Committee. The Compensation Committee retained Pearl Meyer and Partners (PM&P), an independent compensation consultant, during fiscal 2015. PM&P reports directly to the Compensation Committee and assists the Compensation Committee in evaluating and designing our executive and director compensation program and policies. In fiscal 2015, the Compensation Committee instructed PM&P to assist it in defining a peer group of companies, compare our executive and director compensation arrangements to those of the peer group, and provide market data and advice regarding executive and director compensation plan design. PM&P conducted a detailed analysis of the competitiveness and appropriateness of the Company's total executive compensation opportunity in comparison to our peer group. PM&P also conducted a risk assessment of our executive compensation program. In connection with its work for the Compensation Committee, PM&P is invited to attend many of the Compensation Committee's meetings and, upon request of the Compensation Committee, attends executive sessions of the Compensation Committee. PM&P is retained only by the Compensation Committee and does not provide any other consulting services to Analog Devices. The Compensation Committee also solicits advice from time to time from our outside counsel, WilmerHale. The Compensation Committee assesses the independence of its advisors on an annual basis. The Compensation Committee requested and received an independence letter from each of PM&P and WilmerHale providing information to assist the Compensation Committee in selecting and receiving advice from such advisor after considering the independence factors that are identified in the NASDAQ rules. The Compensation Committee determined that the engagement of these advisors did not raise any conflicts of interest for all work performed for the Compensation Committee during fiscal 2015. The activities of our Compensation Committee and the services PM&P performed for the Compensation Committee during fiscal 2015 are further described in INFORMATION ABOUT EXECUTIVE COMPENSATION Compensation Discussion and Analysis below.

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### ***Nominating and Corporate Governance Committee***

The current members of our Nominating and Corporate Governance Committee are Mr. Champy (Chair) and Dr. Frank. The Board of Directors has determined that each of Mr. Champy and Dr. Frank is independent as defined under the NASDAQ Rules. The primary responsibility of the Nominating and Corporate Governance Committee is to identify individuals qualified to become Board members consistent with criteria approved by the Board of Directors, recommend to the Board of Directors the persons to be nominated by the Board of Directors for election as directors at any meeting of shareholders, recommend to the Board of Directors the directors to be appointed to each committee of the Board of Directors, develop and recommend to the Board of Directors a set of corporate governance principles and oversee the evaluation of the Board of Directors. The Nominating and Corporate Governance Committee also leads the Board of Directors' succession planning efforts 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 Nominating and Corporate Governance Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of these advisors as established by the Nominating and Corporate Governance Committee. For information relating to nominations of directors by our shareholders, see "Director Candidates" above. Our Nominating and Corporate Governance Committee held seven meetings during fiscal 2015 (including by telephone conference).

### **The Board of Directors' Role in Risk Oversight**

Our executives are responsible for day-to-day risk management activities. The Board of Directors' 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. Members of management report to the Board of Directors (or the appropriate committee in the case of risks that are under the purview of a particular committee) regarding risk identification, risk management and risk mitigation strategies. In particular, the Audit Committee discusses ADI's policies with respect to risk assessment and risk management as they apply to ADI's financial statements. The Audit Committee also receives regular reports from our Director of Internal Audit on internal audit matters and an annual report from our Chief Information Officer on cybersecurity. The Compensation Committee considers whether ADI's executive compensation program encourages excessive or inappropriate risk taking, and the Nominating and Corporate Governance Committee leads the Board with respect to the adequacy of succession planning for the Company's Board of Directors, Chief Executive Officer and other executive officers.

### **Report of the Audit Committee**

The Audit Committee of the Board of Directors assisted the Board of Directors' 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 Director of Internal Audit 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 registered public 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 2015, 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

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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 reviewed with our independent registered public accounting firm, who are responsible for expressing an opinion on the conformity of the audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of our accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. In addition, the Audit Committee has discussed with the independent registered public accounting firm (i) the matters to be discussed as required by Auditing Standard No. 16, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board (PCAOB) 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 PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, regarding the independent registered public accounting firm's communications with the Audit Committee on independence. The Audit Committee considered the appropriateness of the provision of non-audit services by the independent registered public accounting firm relative to their independence.

Based on its review and discussions referred to above, the Audit Committee recommended to our Board of Directors (and the Board of Directors approved) that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2015. The Audit Committee also selected Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 29, 2016.

**Audit Committee**

Kenton J. Sicchitano, *Chairman*

Bruce R. Evans

John C. Hodgson

Yves-Andre Istel

**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 31, 2015 and November 1, 2014.

|                    | <b>Fiscal 2015</b>  | <b>Fiscal 2014</b>  |
|--------------------|---------------------|---------------------|
| Audit Fees         | \$ 3,250,000        | \$ 4,510,000        |
| Audit-Related Fees | 300,000             | 807,000             |
| Tax Fees           | 1,674,000           | 1,928,000           |
| <b>Total Fees</b>  | <b>\$ 5,224,000</b> | <b>\$ 7,245,000</b> |

*Audit Fees.* These are fees related to professional services rendered in connection with the audit of our consolidated financial statements, the audit of the effectiveness of our internal control over financial reporting, the reviews of our interim financial statements included in each of our Quarterly Reports on Form 10-Q, international statutory audits, reviews and comfort letter procedures related to our filings on Form S-3, assistance with registration statements and other periodic filings, and accounting consultations that relate to the audited financial statements and are necessary to comply with U.S. generally accepted accounting principles. The fees for the fiscal year ended November 1, 2014, or fiscal 2014, also include audit services relating to the acquisition of Hittite.

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***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, including, for fiscal 2014, services relating to the acquisition of Hittite, 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 planning, assistance with international tax audits and merger and acquisition tax advice and services, including services relating to the acquisition of Hittite. Included in this amount are fees of \$476,000 in fiscal 2015, and \$404,000 in fiscal 2014, for tax compliance services for our international affiliates and tax return preparation services for our expatriate employees on international assignments. Ernst & Young LLP does not provide tax services to any person in a financial oversight role at Analog Devices.

### ***Audit Committee's Pre-Approval Policy and Procedures***

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

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

The Audit Committee has delegated authority to the Chairman of the Audit Committee to pre-approve any audit or non-audit services to be provided to Analog Devices by the independent registered public accounting firm for which the cost is less than \$100,000. During fiscal years 2015 and 2014, all services provided to Analog Devices by Ernst & Young LLP were pre-approved in accordance with the pre-approval policies and procedures described above, with the exception of a transfer pricing advisory service that was provided by Ernst & Young to Hittite under an engagement agreement dated June 9, 2014, prior to the Company's acquisition of Hittite. The transfer pricing service was not proscribed or prohibited under applicable SEC rules, and the fee associated with this service totaled \$55,000. This service was completed in September 2014, and following completion, it was reviewed and approved by our Audit Committee. The Audit Committee considered whether the provision of the tax service described above is compatible with maintaining Ernst & Young's independence and has determined in their judgment that the provision of such service is compatible with maintaining Ernst & Young's independence.

**Table of Contents****Director Compensation**

We grant equity awards to our non-employee directors as follows: 50% of the value of each award consists of stock options and 50% of the value of the award consists of RSUs. These stock options and RSUs vest in full on the earlier of the first anniversary of the date of grant or the date of the Company's next annual meeting. On March 11, 2015, we granted each non-employee director, with the exception of Mr. Evans, a stock option to purchase 8,460 shares of common stock, with an exercise price of \$57.29 per share, and 1,540 RSUs for services to be provided during fiscal 2015. On February 17, 2015, Mr. Almeida, who joined the Board on January 21, 2015, was also granted a stock option to purchase 1,490 shares of common stock, with an exercise price of \$58.81 per share and 230 RSUs for services to be provided during fiscal 2015. On July 15, 2015, Mr. Evans, who joined the Board on June 17, 2015, was granted a stock option to purchase 5,250 shares of common stock, with an exercise price of \$62.92 per share and 990 RSUs for services to be provided during fiscal 2015.

The following table details the total compensation earned by our non-employee directors in fiscal 2015.

**2015 Director Compensation**

| <b>Name</b>          | <b>Fees Earned or<br/>Paid in Cash<br/>\$(4)</b> | <b>Stock<br/>Awards<br/>\$(5)(6)</b> | <b>Option<br/>Awards<br/>\$(5)(6)</b> | <b>All Other<br/>Compensation<br/>\$(7)</b> | <b>Total<br/>(\$)</b> |
|----------------------|--------------------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------------|-----------------------|
| José E. Almeida(1)   | 48,915                                           | 98,921                               | 103,956                               |                                             | 251,792               |
| Richard M. Beyer     | 63,000                                           | 85,763                               | 88,360                                |                                             | 237,123               |
| James A. Champy      | 90,000                                           | 85,763                               | 88,360                                |                                             | 264,123               |
| Bruce R. Evans(2)    | 24,841                                           | 60,707                               | 61,109                                |                                             | 146,657               |
| Edward H. Frank      | 63,000                                           | 85,763                               | 88,360                                |                                             | 237,123               |
| John C. Hodgson      | 66,000                                           | 85,763                               | 88,360                                |                                             | 240,123               |
| Yves-Andre Istel     | 66,000                                           | 85,763                               | 88,360                                |                                             | 240,123               |
| Neil Novich          | 75,000                                           | 85,763                               | 88,360                                |                                             | 249,123               |
| F. Grant Saviers(3)  | 22,500                                           |                                      |                                       |                                             | 22,500                |
| Kenton J. Sicchitano | 80,000                                           | 85,763                               | 88,360                                |                                             | 254,123               |
| Ray Stata            | 250,000                                          | 85,763                               | 88,360                                | 11,470                                      | 435,593               |
| Lisa T. Su           | 63,000                                           | 85,763                               | 88,360                                |                                             | 237,123               |

- (1) Mr. Almeida was elected as a director in January 2015. On October 28, 2015, Baxter International, Inc. announced the appointment of Mr. Almeida as its Chairman and Chief Executive Officer, effective January 1, 2016. In connection with this appointment, on October 30, 2015, Mr. Almeida submitted his resignation as a member of the Company's Board of Directors, effective immediately. As a result of Mr. Almeida's resignation, all of his outstanding and unvested RSUs and stock options were forfeited.
- (2) Mr. Evans was elected as a director in June 2015.
- (3) Mr. Saviers served on the Board of Directors until his term ended on March 11, 2015.
- (4) 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. An additional annual retainer of \$15,000 is paid to the chairs of the Compensation Committee and the Nominating and Corporate Governance Committee. The Presiding Director also receives an additional annual retainer of \$15,000. The members of the Audit Committee (other than the chair) receive an additional annual retainer of \$6,000 and the members of the Compensation and Nominating and Corporate Governance Committees (other than the chairs) receive an additional annual retainer of \$3,000. For 2015, Mr. Stata, as Chairman of the Board of Directors, received a total annual retainer of \$250,000. All cash retainers are paid in quarterly installments each on the 15th day of December, March, June and September of each fiscal year. Dr. Frank elected to defer receipt of his fees under our Deferred Compensation Plan, or DCP. For more information relating to our DCP, see **INFORMATION ABOUT EXECUTIVE COMPENSATION** Non-Qualified Deferred Compensation Plan below.



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- (5) These amounts represent the aggregate grant date fair value of awards for grants of RSUs or stock options to each listed director in fiscal 2015. These amounts do not represent the actual amounts paid to or realized by the directors during fiscal 2015. We recognize the fair value as of the grant date for stock options and RSUs over the number of days of service required for the award to become vested. All unvested RSUs and stock options granted to Mr. Almeida were forfeited as a result of his resignation.
- (6) The aggregate number of stock options and RSUs outstanding held by each director (representing unexercised stock options, both exercisable and unexercisable, and unvested RSUs) at October 31, 2015 is as follows:

| Name                 | Number of Shares<br>Subject to<br>Option<br>Awards Held as of<br>October 31,<br>2015 | Number of Restricted<br>Stock Units that have not<br>Vested as of<br>October 31, 2015 |
|----------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| José E. Almeida      | 1,490                                                                                |                                                                                       |
| Richard M. Beyer     | 21,090                                                                               | 1,540                                                                                 |
| James A. Champy      | 58,070                                                                               | 1,540                                                                                 |
| Bruce R. Evans       | 5,250                                                                                | 990                                                                                   |
| Edward H. Frank      | 15,700                                                                               | 1,540                                                                                 |
| John C. Hodgson      | 75,570                                                                               | 1,540                                                                                 |
| Yves Andre Istel     | 69,220                                                                               | 1,540                                                                                 |
| Neil Novich          | 77,373                                                                               | 1,540                                                                                 |
| F. Grant Saviers     | 59,610                                                                               |                                                                                       |
| Kenton J. Sicchitano | 98,070                                                                               | 1,540                                                                                 |
| Ray Stata            | 31,480                                                                               | 1,540                                                                                 |
| Lisa T. Su           | 36,280                                                                               | 1,540                                                                                 |

The following table includes the assumptions, rounded to the nearest hundredth, that we used to calculate the grant date fair value amounts included in the Stock Awards and Option Awards column for fiscal 2015 Director Compensation.

|              |               | Assumptions       |            |                  |                       |                   | Grant Date<br>Fair<br>Value |
|--------------|---------------|-------------------|------------|------------------|-----------------------|-------------------|-----------------------------|
|              |               | Exercise<br>Price | Volatility | Expected<br>Life | Risk-Free<br>Interest | Dividend<br>Yield | Per Share                   |
| Grant Date   |               | (\$)              | (%)        | (Years)          | (%)                   | (%)               | (\$)                        |
| 2/17/2015(1) | Stock options | 58.81             | 25.13      | 5.3              | 1.62                  | 2.72              | 10.47                       |
| 2/17/2015(1) | RSUs          |                   |            |                  | 0.25                  | 2.72              | 57.21                       |
| 3/11/2015    | Stock options | 57.29             | 25.87      | 5.3              | 1.65                  | 2.79              | 10.44                       |
| 3/11/2015    | RSUs          |                   |            |                  | 0.25                  | 2.79              | 55.69                       |
| 7/15/2015(2) | Stock options | 62.92             | 25.26      | 5.3              | 1.69                  | 2.54              | 11.64                       |
| 7/15/2015(2) | RSUs          |                   |            |                  | 0.28                  | 2.54              | 61.32                       |

(1) Represents awards granted to Mr. Almeida upon his election to the Board of Directors on January 20, 2015.

(2) Represents awards granted to Mr. Evans upon his election to the Board of Directors on June 17, 2015.

The grant date fair value of RSUs represents the value of our common stock on the date of grant, reduced by the present value of dividends expected to be paid on our common stock prior to vesting. We compute the grant date fair value of stock options using a Black-Scholes valuation methodology. For a more detailed description of the assumptions used for purposes of determining grant date fair value, see Note 3 to the Consolidated 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 31,



2015.

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

(7) The amounts represent payment of medical and dental insurance premiums on behalf of Mr. Stata and his spouse.

### ***Stock Ownership Guidelines for Non-Employee Directors***

Under our stock ownership guidelines, the target share ownership level for non-employee directors is at least four times the directors' annual cash retainer. Directors have four years to achieve their targeted level. Shares subject to unexercised options, whether or not vested, and any shares that have been pledged as collateral for a loan will not be counted for purposes of satisfying these guidelines. Unvested RSUs are counted for purposes of satisfying the guidelines. Except for Mr. Beyer and Dr. Frank, who were elected to the Board of Directors in November 2013 and July 2014, respectively, all directors satisfied our stock ownership guidelines as of the date of this proxy statement.

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

Our equity award grant policy for non-employee directors is as follows:

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

On an annual basis, each non-employee director elected or re-elected at an annual meeting of shareholders is automatically granted under the 2006 Stock Incentive Plan: (a) a non-qualified stock option to purchase a number of shares of our common stock approved by the Board of Directors at an exercise price equal to the closing price of our common stock on the grant date; and (b) a RSU award for a number of shares of our common stock approved by the Board of Directors, each on the date of our annual meeting of shareholders, or if NASDAQ is closed on that day, the next succeeding business day that NASDAQ is open.

For fiscal 2015, stock options and RSUs granted to our non-employee directors under the 2006 Stock Incentive Plan vest on the earlier of the date of the Annual Meeting and the first anniversary of the date of grant, subject to acceleration as described below. These awards vest in full upon the occurrence of a Change in Control Event (as defined in the 2006 Stock Incentive Plan) or the director's death. If the director ceases to serve as a director by reason of his or her disability, as determined by the Board of Directors, each outstanding and unvested option and RSU will vest in full at the time he or she ceases to be a director. In addition, upon the occurrence of a Change in Control Event or in the event of the director's death, disability or retirement after age 60, each vested option will continue to be exercisable for the balance of its term.

## **Certain Relationships and Related Transactions**

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

During fiscal 2015, Mr. Stata, our founder and Chairman of the Board, received a cash retainer for service on the Board of \$250,000. Following his retirement as an employee in 2012, the Company agreed to provide medical and dental benefits to Mr. Stata and his spouse during their lifetimes on the same basis as provided to U.S. employees of the Company. The value of those medical and dental benefits in 2015 was \$11,470. On

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March 11, 2015, we granted a stock option to Mr. Stata for the purchase of 8,460 shares of our common stock at an exercise price of \$57.29 per share and 1,540 RSUs. These awards were identical to the awards granted to our other directors on March 11, 2015 and vest on the earlier of the date of the Annual Meeting or the first anniversary of the grant date.

In June 2011, ADI acquired Lyric Semiconductor, Inc. (Lyric) for \$14 million in the aggregate at closing, with additional contingent earn out payments based on the achievement of certain product-based milestones of up to \$15 million and royalty payments of up to \$25 million based on product sales following the closing. Mr. Stata served as Chairman of the Board of Lyric through the closing of the transaction. In addition, Stata Venture Partners II, LLC, a venture capital fund, held a significant equity position in Lyric. Mr. Stata serves as a general partner of Stata Venture Holdings II, LLC, which is a general partner of Stata Venture Partners II, LLC. Stata Venture Partners II, LLC was paid \$4.5 million at the closing of the acquisition, and will be paid additional amounts up to an aggregate of approximately \$8.1 million if all possible milestone and royalty payments are ultimately made. Mr. Stata's economic interest in the payments to Stata Venture Partners II, LLC vary based on the satisfaction of conditions set forth in the partnership agreement for Stata Venture Partners II, LLC. In fiscal 2015 and fiscal 2014, Stata Venture Partners II, LLC received an additional \$472,717 and \$945,434, respectively, in consideration under the terms of the transaction. The maximum potential payments to Mr. Stata from the consideration paid or potentially payable to Stata Venture Partners II, LLC as a result of the acquisition are approximately \$1,051,266 if all possible milestone and royalty payments are ultimately made and all conditions set forth in the partnership agreement for Stata Venture Partners II, LLC are satisfied. Mr. Stata recused himself from the votes regarding the acquisition. The acquisition, and Mr. Stata's interests therein, were reviewed and approved by the Nominating and Corporate Governance Committee in accordance with our policies and procedures for related person transactions described below.

### ***Policies and Procedures for Related Person Transactions***

Our Board of Directors 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 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;

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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 Nominating and Corporate Governance Committee may approve or ratify the transaction only if the Nominating and Corporate Governance Committee determines that, under all of the circumstances, the transaction is in Analog Devices' best interests. The Nominating and Corporate Governance 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 of Directors 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 a transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in the entity, (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction, and (c) the amount involved in the transaction equals less than the greater of \$200,000 or 5% of the annual gross revenues of the company receiving payment under the transaction; or

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.

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### **PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION FOR NAMED EXECUTIVE OFFICERS**

We are requesting shareholder approval of the compensation of the executive officers named in our Summary Compensation Table below, who we refer to as our named executive officers or NEOs. This proposal, which is commonly referred to as say-on-pay, is required by the Dodd-Frank Act, which added Section 14A to the Exchange Act. We are required to provide our shareholders with the opportunity to vote to approve, on an advisory (non-binding) basis, the compensation of our NEOs as disclosed in this proxy statement in accordance with the SEC's rules. We are also required to submit a non-binding, advisory resolution to shareholders at least once every six years to determine whether advisory votes on executive compensation paid to our NEOs should be held every one, two or three years. At the 2011 annual meeting of shareholders, our shareholders approved an advisory resolution to vote annually to approve, on an advisory basis, the compensation of our NEOs. In accordance with the results of this vote, our Board of Directors determined to implement an advisory vote on executive compensation every year until the next vote on the frequency of shareholder votes on executive compensation, which will occur at the 2017 annual meeting of shareholders. The next advisory vote on our named executive officer compensation will also occur at the 2017 annual meeting of shareholders.

Our Board of Directors is asking shareholders to approve the following non-binding advisory resolution:

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

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

At our 2015 annual meeting of shareholders, our compensation program for our NEOs received the support of 97.9% of the total votes cast.

As described in detail in the Compensation Discussion and Analysis section of this proxy statement, ADI's executive compensation program is significantly performance-based and designed to attract, retain and motivate strong executives to lead our complex, global organization and to align their interests with those of our shareholders. We seek to provide total compensation to our executives that is competitive with our peers, and we believe that our executive compensation program is designed to encourage the most talented individuals to grow their careers at ADI.

ADI has a longstanding philosophy and practice of paying executives for performance. In order to align our pay practices with shareholder interests, a significant percentage of each executive's compensation is tied to the Company's performance, in the form of variable cash incentive bonus payments and equity awards that rise in value only if our stock price increases. In fiscal 2015, a year in which ADI continued to deliver strong profits and grew revenue to a record level, aggregate payments under our cash incentive bonus plan were made at 154% of target. This was a result of exceeding our profitability target and delivering strong revenue growth.

We believe that our executive compensation program is working as intended and appropriately aligns executive pay with Company performance.

***Our Board of Directors recommends that you vote FOR approval of the compensation of our named executive officers as disclosed in this proxy statement.***

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### **INFORMATION ABOUT EXECUTIVE COMPENSATION**

#### **Compensation Discussion and Analysis**

We intend to provide compensation for our executives that is competitive with our peers, with an opportunity for increased compensation if the Company's performance warrants. The elements of our executives' total compensation are base salary, variable cash incentive awards, long-term equity compensation awards, and retirement and other employee benefits. We have designed our compensation program to make a substantial percentage of our executive pay variable, subject to increase when corporate targets are overachieved and reduction when corporate targets are not reached.

#### **Compensation Processes and Philosophy**

Our Executive Compensation Program is designed to attract and retain top executive talent and align the interests of our executives and our shareholders. We accomplish this through the following steps:

1. First, we ensure our executive compensation is competitive and attracts and retains top executive talent by understanding how the total target compensation (consisting of salary, bonus and equity awards) of our named executive officers, or NEOs, is benchmarked against the median total target compensation of those in similar positions within our peer group.
2. We then consider a variety of factors, including the scope of the role and the performance and experience of the individual when deciding how each NEO's total target compensation compares to the median total target compensation of those in similar positions within our peer group.
3. We structure our compensation package to align executives' interests with those of our shareholders by tying a significant portion of their total compensation directly to ADI's short- and long-term performance, measured by operating profit before taxes as a percentage of revenue, or OPBT margin and revenue growth, which both drive shareholder value, stock price appreciation and relative total shareholder return.

Our Chief Executive Officer's compensation is described in more detail below under **Chief Executive Officer Compensation**. Our other NEOs' compensation is described in more detail below under **Compensation for Other Named Executive Officers**.

#### ***2015 Business Results***

Our fiscal year ended October 31, 2015, or fiscal 2015, was a year of very strong financial performance. Revenue grew to \$3.4 billion, an increase of 20% compared to 2014 due to a full-year of revenue from the acquisition of Hittite Microwave Corporation, or Hittite, and also from increased demand for our products. Our business model generated gross margins of 65.8%, operating margins of 24.2%, and free cash flow of \$754 million, or 22% of sales. We also returned \$718 million to shareholders in the form of dividends and share repurchases.

#### ***Say on Pay Feedback from Shareholders***

Each year we submit our executive compensation program to an advisory vote of our shareholders as required by Section 14A of the Exchange Act. In 2015, our executive compensation program received the support of 97.9% of the total votes cast at our 2015 Annual Meeting. We pay careful attention to any feedback we receive from our shareholders about our executive compensation program including the say on pay vote. During the course of the year, we held in-person and telephonic meetings with a number of shareholders to discuss a variety of matters, including our executive compensation program and how they evaluate it. Our Compensation Committee carefully considers this feedback when making decisions regarding executive compensation.

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### ***Pay for Performance***

A significant portion of the total direct compensation of our NEOs is directly linked to Company performance in the form of cash incentive bonus payments and equity awards (90% for the Chief Executive Officer and 82% on average for the other NEOs). We believe this provides our executives an opportunity to earn above peer average compensation if ADI delivers strong results, and conversely, if the Company delivers weaker results, our executives would earn below peer average compensation.

**Variable Cash Incentive Bonus Payments.** We link a significant portion of our executives' cash compensation to ADI's performance, measured by our OPBT margin and year-to-year revenue growth, through our performance incentive plan. All employees participate in our performance incentive plan, which provides us with a variable compensation structure, allowing us to reduce our compensation costs in challenging times and to reward performance when business conditions and results warrant. The performance metrics for our cash incentive plan are identical for employees and executives alike, which we believe drives consistent business goals. For fiscal 2015, the Compensation Committee set target percentages of 150% for our Chief Executive Officer and between 80%-100% for our remaining NEOs. The Compensation Committee selected these target bonus percentages to ensure that a substantial portion of each executive's cash compensation is linked directly to our business performance.

Our performance incentive plan takes into consideration our actual business results, compared to the strategic performance targets we set for our business. In setting our targets, we use an assessment of our business results relative to our peers to ensure that our performance targets are appropriately calibrated. Our Compensation Committee's independent consultant, PM&P, conducted an analysis which compared our performance against the three-year average performance of our peers, including revenue growth and OPBT margin to help us determine the appropriate targets for fiscal 2015, which were unchanged from fiscal 2014 targets. The three-year average OPBT margin for our peer group was 21%, compared to our target of 30% in fiscal 2015, and our 30% target also exceeds the peer group average for each of the past three years. The three-year average revenue growth for our peer group was 3%, compared to our target of 8% in fiscal 2015, and our 8% target also exceeds the peer group average for each of the past three years.

**Equity Awards.** We also link pay and performance by providing a significant amount of our executives' compensation in the form of equity awards, the value of which is directly tied to our stock price performance over the long term. In 2015, approximately 56% of the average total compensation of our NEOs was in the form of equity. In 2015, the form and mix of equity awards delivered as part of our annual equity award program for our executive officers was as follows:

***Performance-Based RSUs.*** Approximately 33% of the value was delivered in the form of performance-based RSUs, under which the number of shares of ADI common stock received following vesting will be based on ADI's total shareholder return, or TSR, performance (defined as share price appreciation plus cumulative cash dividend payments) measured against the median TSR of our peer group of companies over a three-year period. The performance-based RSUs were added to the equity award compensation element for executives in 2014. These performance-based RSUs for our executives ensure a direct link between the value of our long-term incentives and the value that is created for our shareholders.

***Time-Based RSUs.*** Approximately 33% of the value was delivered in the form of time-based RSUs, which increase or decrease in value depending on our share performance.

***Stock Options.*** Approximately 33% of the value of our executives' equity was delivered in the form of stock options that provide a direct link between these awards and the appreciation of the stock owned by our shareholders.

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### ***Total Shareholder Return***

We calculate and evaluate our TSR performance annually in March in connection with the vesting of our performance-based RSUs. Fiscal 2014 was the first year that we included performance-based RSUs as part of our executives' annual equity award compensation. As the 2014 performance-based RSUs will not vest until March 12, 2017, we measured TSR as of the first anniversary of the grant of those awards, or March 12, 2015. On a one- and three-year cumulative basis, our TSR performance was 9.9% and 58.1%, respectively. On the same basis, the median TSR performance of the 2014 performance award peer group was 6.8% and 50.5%, respectively, which ranked our TSR performance at the 55th percentile and 64th percentile of peer group performance, respectively. For illustrative purposes, if the 2014 performance-based RSUs had a one-year performance period (rather than a three-year performance period) and vested on March 12, 2015, they would have paid out at 106% of target under the terms of our performance-based RSU award agreements. For more information about our performance-based RSUs, see Components of Executive Compensation Equity Compensation below.

For purposes of calculating TSR performance, we use the TSR calculation set forth in our performance-based RSU award agreements. The periods used to calculate share price appreciation and dividends paid were held constant and the beginning stock price used was the average of the closing prices of the applicable stock for the 90 calendar days starting and including the first day of the measured period and the ending stock price used was the average of the closing price of the applicable stock for the 90 calendar days up to and including the last day of the measured period. Companies in the 2014 performance award peer group that were not publicly traded as of the date of the TSR calculation are not included in the calculation.

### ***Pay and Governance Practices***

Our pay and governance practices are designed to align our executives' interests with our shareholders. For example:

We do not guarantee salary increases or non-performance-based bonuses

Our cash incentive bonus awards are based solely on our financial performance

We do not modify our performance targets during the year, even in challenging years

We have not had new tax gross up provisions for excess parachute payments since 2009

We do not pay dividends on unvested equity awards

We do not provide extensive perquisites to our executives

Our equity grant date policy does not give executives or directors discretion to choose grant dates

We have stock ownership guidelines for all officers and directors

We prohibit hedging transactions and short sales involving ADI securities

We prohibit holding ADI securities in margin account



We prohibit pledging ADI securities as collateral for a loan

***Benchmarking***

In making its compensation determinations, the Compensation Committee annually reviews the total compensation that each of our executives is eligible to receive against the compensation levels of comparable positions of a peer group of companies. The Compensation Committee seeks to select peer companies that are publicly traded, headquartered in the United States, compete in the semiconductor industry, compete with us for

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talent, and are similar to ADI in their product and services offerings, business model, revenue size and market capitalization. The composition of the peer group is reviewed annually by the Compensation Committee. In June 2014, the Compensation Committee conducted their annual peer group review for our fiscal 2015 executive compensation determinations. The median annual revenue of our peer group at that time was \$2.4 billion, compared to our trailing four quarters revenue of \$2.6 billion. The median market capitalization of our peer group at that time was \$9.7 billion, compared to our market capitalization of \$16.6 billion. The Compensation Committee, with input from PM&P, felt that it was appropriate to add Qorvo, Inc. and Skyworks Solutions Inc. to the Company's peer group, in part due to the recent and continuing industry consolidation. Some companies in our peer group (such as Texas Instruments) fall outside of our selection range. We include them in the peer group, however, because they have similar product and services offerings as ADI, they are direct competitors of ADI, we compete with them for talent, and/or they include ADI in their own peer group. Because executive compensation comparisons are done using percentiles, rather than averages, we do not believe the data becomes skewed if a company falls outside our selection range.

The peer group used by the Compensation Committee in fiscal 2015 to evaluate compensation is:

**2015 Peer Group**

|                                 |                           |
|---------------------------------|---------------------------|
| Altera Corp.                    | Microchip Technology Inc. |
| Avago Technologies Ltd          | Nvidia Corp.              |
| Broadcom Corp.                  | Qorvo, Inc.               |
| Freescale Semiconductor, Inc.   | Skyworks Solutions Inc.   |
| Linear Technology Corp.         | Texas Instruments Inc.    |
| Marvell Technology Group Ltd.   | Xilinx, Inc.              |
| Maxim Integrated Products, Inc. |                           |

For officers in positions for which the 2015 peer group companies do not publicly disclose compensation data, the Compensation Committee reviewed data collected from Radford's Global Technology Survey. This survey depicts executive compensation levels across a wide spectrum of technology sector companies comparable in revenue size.

**Components of Executive Compensation**

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

| Element                                | Objective                                                                                                                                                                                                             | Fixed/Variable |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Base Salary                            | Attract and retain talent and provide stable source of income.                                                                                                                                                        | Fixed          |
| Cash Incentive Bonus Award             | Link pay and annual Company performance. Align executive compensation with the financial performance of the Company and our achievement of OPBT margin and year-to-year revenue growth, which are measured quarterly. | Variable       |
| Long-Term Equity Compensation          | Link pay and long-term Company performance. Reward stock price appreciation, promote long-term retention and permit executives to accumulate equity ownership in the Company.                                         | Variable       |
| Retirement and Other Employee Benefits | Retain talent by providing financial protection and security.                                                                                                                                                         | Fixed          |

**Table of Contents*****Base Salary***

We use the median base salary for similar positions within our peer group as an important factor in setting a base salary that can attract and retain talent. When setting the base salary for each individual NEO, the Compensation Committee also considers other factors, including the scope of the role and the performance and experience of the individual.

***2015 Executive Performance Incentive Plan***

In September 2014, the Compensation Committee approved the terms of our 2015 Executive Performance Incentive Plan. The plan is designed to be variable, depending on ADI's operating results. Executive and employee bonuses are calculated using the same plan targets.

All executive officers, including our NEOs, participated in our executive performance incentive plan. We calculated and paid bonuses under the 2015 plan as follows:

$$\begin{array}{ccccccc}
 & & \text{Individual} & & \text{Bonus} & & \\
 \text{Base} & & \text{Target} & & & & \text{Bonus} \\
 & \times & & \times & \text{Payout} & = & \\
 \text{Salary} & & \text{Bonus} & & \text{Factor} & & \text{Payout} \\
 & & \text{Percentage} & & & & 
 \end{array}$$

**Individual Target Bonus Percentage.** For fiscal 2015, the Compensation Committee set target percentages of 150% for our Chief Executive Officer and between 80%-100% for our remaining NEOs. The Compensation Committee selected these target bonus percentages to ensure that a substantial portion of each executive's cash compensation is linked directly to our business performance, and to ensure that total compensation is competitive with companies in our peer group. Our Chief Executive Officer's target was set at 150% in order to tie the majority of his cash compensation directly to Company performance. The bonus target for our remaining NEOs provides those executives with a performance-based opportunity to earn total target compensation at approximately the median of those in similar positions within our peer group.

**Bonus Payout Factor.** For fiscal 2015, we based the Bonus Payout Factor for the applicable quarterly bonus period on our OPBT margin and revenue growth compared to the same quarter in the prior year. The OPBT margin and revenue growth targets for fiscal 2015 were 30% and 8%, respectively. These targets were equally applicable to our executives and our non-executive employees. The profitability target reflects the improvements we have made to our business performance in recent years. The growth target was chosen following review of the growth rates of our business and those of our peers in recent years.

While our executive performance incentive plan contains quarterly performance targets, the Compensation Committee designed this plan to drive long-term performance. The targets are directly linked to our long-term corporate strategy of improving operating profit margin and increasing revenue growth, which drives shareholder value. We believe this combination ensures that we encourage a long-term focus on our business objectives, while measuring and rewarding progress against those objectives on a quarterly basis.

The Compensation Committee may adjust the OPBT margin and revenue growth metrics in its sole discretion to 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 Compensation Committee may, in its discretion, exclude these items in order to prevent payments under the plan from being adversely or advantageously affected by one-time events.

The Compensation Committee reviews and approves our compensation targets at the beginning of each fiscal year, and historically these targets have not been re-set during the year, regardless of Company performance or economic conditions. We believe that this approach fosters accountability for our business results

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and is in keeping with our core belief that variable compensation expense, which increases when our performance is good and contracts when it is poor, gives us maximum flexibility to operate our business. While the OPBT margin and revenue growth targets are set annually, we measure performance against those targets on a quarterly basis, applying the corresponding Bonus Payout Factor to base salary for that quarter, and pay the bonus amounts on a semi-annual basis following the end of the second and fourth quarters.

For fiscal 2015, we maintained challenging OPBT margin and revenue growth targets. We selected the OPBT margin and revenue growth targets in part based on the historical averages of those metrics for our peer group. The three-year average OPBT margin for our peer group was 21%, compared to our target of 30% in fiscal 2015, and our 30% target also exceeds the peer group median for each of the past three years. The three-year average revenue growth for our peer group was 3%, compared to our target of 8% in fiscal 2015, and our 8% target also exceeds the peer group median for each of the past three years. Given historical profit margins in the industry, we do not pay any bonus if profit margins fall to 20% or below, regardless of what revenue level we achieve. In addition, if revenue does not grow, we do not pay on that portion of the bonus. We capped the Bonus Payout Factor at 300%, and a 300% bonus payout would require us to achieve profit margins above 40% and revenue growth levels above 28%.

For fiscal 2015, the calculated OPBT Margin, Revenue Growth and Bonus Payout Factor for each quarter were as follows:

|    | OPBT Margin (50% weight)    |                                     | Revenue Growth (50% weight)            |                                        | Quarterly Bonus<br>Payout Factor<br>(average) |
|----|-----------------------------|-------------------------------------|----------------------------------------|----------------------------------------|-----------------------------------------------|
|    | OPBT<br>Margin (by quarter) | Bonus Payout<br>Factor (by quarter) | YTY Revenue<br>Growth<br>(by quarter)* | Bonus Payout<br>Factor<br>(by quarter) |                                               |
| Q1 | 31.4%                       | 1.28                                | 10.8%                                  | 1.28                                   | 1.28                                          |
| Q2 | 33.7%                       | 1.74                                | 6.8%                                   | 0.85                                   | 1.30                                          |
| Q3 | 34.2%                       | 1.84                                | 7.5%                                   | 0.94                                   | 1.39                                          |
| Q4 | 35.9%                       | 2.18                                | 20.2%                                  | 2.22                                   | 2.20                                          |

\* Year-over-year growth comparisons include Hittite revenue in both fiscal 2014 and fiscal 2015.

In fiscal 2015, a year in which we maintained strong profitability and grew revenue, aggregate payments under our executive performance incentive plan were made at 154% of target, which represents an increase of 50% over the prior year.

**Funding of Executive Performance Incentive Plan.** In order for any amount to be paid to certain of our executive officers under our executive performance incentive plan, such amounts would have to be funded under our Executive Section 162(m) Plan, or the 162(m) plan, which is a separate shareholder approved plan. The 162(m) plan is designed to ensure that the annual bonus compensation paid to certain of our executive officers under our executive performance incentive plan is not subject to the deduction limitations under Section 162(m) of the Internal Revenue Code. In fiscal 2015, Messrs. Roche, Hess and Meaney were designated to participate under the 162(m) plan. Under the 162(m) plan, at the beginning of each fiscal year, the Compensation Committee allocates to each designated participant a portion of the annual incentive pool which is funded with 2% of the Company's profits as described in the plan. Under the 162(m) plan, the Compensation Committee may use its discretion to decrease, but not increase, the amounts that may be paid to the participants out of their allocation of the funded incentive pool. The Compensation Committee has exercised this discretion by applying the performance goals of our executive performance incentive plan to the participants' allocation of the funded incentive pool. For fiscal 2015, the 162(m) plan funded the incentive pool with an aggregate of \$16.3 million, of which an aggregate of \$3.2 million was distributed to the NEO participants based on achievement of the performance goals under our executive performance incentive plan.

**Table of Contents****Equity Compensation**

Our equity compensation program is a broad-based, long-term employee retention program that is intended to attract, retain and motivate our employees, officers and directors and to align their interests with those of our shareholders. We believe that our equity program is critical to our efforts to hire and retain the best talent in the extremely competitive analog semiconductor industry. We use stock options as a way to reward long-term value creation and time-based RSUs as a retention tool and to enable our executives to accumulate stock ownership in the Company. In a volatile stock market, RSUs continue to provide value when stock options may not, which the Compensation Committee believes will be useful in retaining talented executives and employees in uncertain economic times. In 2015, the Compensation Committee also included variable performance-based RSUs as part of the long-term equity compensation granted to executive officers. The number of shares of ADI common stock received by an executive officer following vesting of the performance-based RSUs will range from 0% to a maximum of 200% of the target amount based on ADI's TSR performance measured against the median TSR of an established peer group over a three-year period, capped at a maximum of 100% of the initial number of performance-based RSUs granted if the Company's TSR is negative. The performance parameters established by the Compensation Committee are equal to 100% plus or minus two times the difference between the Company's TSR and the peer group median TSR. Attainment among performance parameters is subject to interpolation on a linear basis. The examples below illustrate how different scenarios would result in payouts ranging from 0% to a maximum of 200% of the target amount. The fourth example shows the payout calculation if the performance-based RSUs granted on March 12, 2014 had a one-year performance period (rather than a three-year performance period) and vested on March 12, 2015.

| Scenario | Company's TSR | Peer Group Median TSR | Difference Between Company's TSR and Peer Group Median TSR | Difference Between Company's TSR and Peer Group Median TSR x 2 | Percentage Payout | Number of Shares Attained (assumes initial grant of 100 Performance-Based RSUs) |
|----------|---------------|-----------------------|------------------------------------------------------------|----------------------------------------------------------------|-------------------|---------------------------------------------------------------------------------|
| 1        | 150%          | 200%                  | (50)%                                                      | (100)%                                                         | 0%                | 0                                                                               |
| 2        | (30)%         | (10)%                 | (20)%                                                      | (40)%                                                          | 60%               | 60                                                                              |
| 3        | (10)%         | (70)%                 | 60%                                                        | 120%                                                           | 100%              | 100                                                                             |
| 4        | 10%           | 7%                    | 3%                                                         | 6%                                                             | 106%              | 106                                                                             |
| 5        | 100%          | 80%                   | 20%                                                        | 40%                                                            | 140%              | 140                                                                             |
| 6        | 70%           | 10%                   | 60%                                                        | 120%                                                           | 200%              | 200                                                                             |

Our equity compensation program includes these performance-based RSUs for our executives to ensure that a direct link exists between the value of our long-term incentives and the value that is created for our shareholders. The peer group designated for our 2015 performance-based RSUs is the same as our 2015 peer group. The Compensation Committee chose this peer group as the comparison group because it consists of publicly traded companies, headquartered in the United States that compete in the semiconductor industry, compete with us for talent, and are similar to ADI in their product and services offerings and business model. Companies in the 2014 and 2015 performance peer groups that are not publicly traded as of the vesting date of their respective awards (due to consolidation in the industry or otherwise) will not be included in the TSR calculation. Consistent with our Compensation Committee's desire to tie pay to performance, the value of each of these awards is directly linked to the long-term performance of our stock price.

The value of our annual equity awards to our executives are generally comprised of approximately 33% of stock options that vest over five years, approximately 33% of time-based RSUs that vest in full on the third anniversary of the grant date and approximately 33% of performance-based RSUs, which have a three-year performance period and vest in one installment 14 days after the third anniversary of the grant date. We believe that meaningful vesting periods encourage recipients to remain with ADI over the long term. Because the value of the awards is based on our stock price, stock options, time-based RSUs and performance-based RSUs encourage recipients to focus on achievement of longer-term goals, such as strategic opportunities, technological innovation and shareholder return.

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We set a goal each year to keep the shareholder dilution related to our equity compensation program to a certain percentage, calculated as the total number of shares of common stock underlying new equity grants made during the year, divided by the total number of outstanding shares of our common stock at the beginning of the year. Our gross and net dilution rate have been consistently lower than that of our peers over the past several years. For fiscal 2015, our gross dilution percentage was 0.9%, compared to an average of 2.0% for our peer group, and our net dilution percentage was 0.8%, compared to an average of 1.4% for our peers. For the last five years, our gross dilution percentage was 1.09% on average, compared to 1.93% on average for our peer group, and our net dilution percentage was 0.66% on average, compared to 1.14% on average for our peer group. For the fiscal year ended October 29, 2016, we set the maximum aggregate number of shares of common stock with respect to which awards may be granted under our equity program for fiscal 2016 at 6 million shares, which equals approximately 2% of our outstanding common stock at the end of fiscal 2015 and remains unchanged from fiscal 2015.

### ***Executive Stock Ownership Guidelines***

Under our guidelines, the target stock ownership levels are two times annual base salary for the Chief Executive Officer and one times annual base salary for other executive officers. The Chief Executive Officer has four years from the date of his appointment as CEO to achieve his targeted level. Executive officers other than the CEO have five years from the date he or she becomes an executive officer to achieve their targeted level. Shares subject to unexercised options, whether or not vested, will not be counted for purposes of satisfying these guidelines. RSUs (whether or not vested) are counted for purposes of satisfying the guidelines. All of our executive officers were in compliance with our stock ownership guidelines as of the end of fiscal 2015.

### ***Retirement and Other Employee Benefits***

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

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

In the United States, we contribute to our 401(k) plan on behalf all participants, including our NEOs, amounts equal to 5% of the employee's eligible compensation, plus matching contributions up to an additional 3%, subject to Internal Revenue Service, or IRS, limits. For those employees who also participate in the DCP described above, any compensation that is deferred under that plan is not considered eligible compensation for purposes of our Company contributions under the 401(k) plan. We also provide employees who are eligible to participate in the 401(k) plan but whose compensation is greater than the amount that may be taken into account in any plan year as a result of IRS limits (\$265,000 for fiscal 2015), with a taxable payment equal to 8% of the employee's 401(k)-eligible compensation in excess of the IRS limit.

The Analog Devices International Retirement and Death Benefit Plan, or DB Plan, was a defined-benefit pension plan covering employees of our Irish subsidiaries. Mr. Real was an active participant in the DB Plan in fiscal 2015. Messrs. Roche and Meaney previously worked for one of our Irish subsidiaries, accumulated benefits under the DB Plan, and were deferred participants in fiscal 2015. In fiscal 2015, the benefits provided under the DB Plan for active and deferred members were converted to benefits provided under The Analog Devices International Investment Partnership Plan, or Irish DC Plan, as described more fully below under **Pension**

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Benefits. The DB Plan was then terminated. The Irish DC Plan is a defined-contribution plan covering all employees of our Irish subsidiaries. Participants who had their benefits converted from the DB Plan to the Irish DC Plan and remain employed by our Irish subsidiaries, including Mr. Real, contribute 5% of their pensionable salary to the Irish DC Plan and the Company, in turn, contributes 15% of the participants pensionable salary, subject to limits established by the Irish tax authorities. We also match additional employee contributions to the Irish DC Plan, up to a maximum of 4% of an employee's annual salary, subject to limits established by the Irish tax authorities.

### ***Irish DB Plan Conversion***

In connection with the conversion of our DB Plan, as described above and more fully under Pension Benefits, the benefits provided under the DB Plan for active and deferred participants were converted to benefits provided under the Irish DC Plan. On October 19, 2015, the DB Plan trustees and the Company made lump sum contributions for active and deferred DB Plan participants, including Messrs. Roche, Meaney and Real, into the participants' individual accounts within the Irish DC Plan. The contributions were funded by existing assets of the DB Plan and an additional Company contribution to settle all existing and future DB Plan liabilities. The actuarial calculations used to calculate the conversion payments for our participating executive officers were identical to the calculations used for all other active and deferred members. These items are detailed in the Summary Compensation Table and Pension Benefits section below.

### ***Limited Perquisites***

We do not award extensive perquisites to our executives. The only perquisites that we generally provide to our executives are an automobile and certain commuting expenses for Mr. Real. In fiscal 2013 and 2014, we reimbursed Mr. Meaney for his expenses in connection with his relocation to the United States. These items are detailed in the Summary Compensation Table below.

### ***Compensation Recovery***

Under the Sarbanes-Oxley Act, in the event of misconduct that results in a financial restatement that would have reduced a previously paid incentive amount, we can recoup those improper payments from our Chief Executive Officer and Chief Financial Officer. We will implement a broader clawback policy that is compliant with the regulations mandated under the Dodd-Frank Act when the regulations are adopted by the SEC and corresponding listing standards become effective.

### ***Chief Executive Officer Compensation***

Mr. Roche has served as our Chief Executive Officer since May 2013. In determining Mr. Roche's compensation as Chief Executive Officer for fiscal 2015, the Compensation Committee considered all elements of Mr. Roche's compensation and targeted his total target compensation at the median of Chief Executive Officer compensation within our peer companies. The design of Mr. Roche's 2015 compensation provides incentives that linked realized compensation with Company performance and is comprised of the following:

Annual base salary of \$800,000;

Annual target bonus of 150% of base salary, calculated in accordance with the terms of the Company's executive performance incentive plan; and

A performance-based RSU grant with a Black-Scholes value of \$1,759,139 (31,315 shares), a time-based RSU grant with a Black-Scholes value of \$1,646,230 (31,315 shares), and an option grant with a Black-Scholes value of \$1,696,291 (162,410 shares). The number of shares, if any, earned under the performance-based RSU grant will vest three years and fourteen days after its grant date, subject to the level of attainment of the performance parameters. Mr. Roche's time-based RSU grant will vest in full

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on the third anniversary of its grant date. Mr. Roche's option grant will vest 20% per year on each of the first five anniversaries of the date of grant. These vesting terms are identical to those generally contained in our employee equity grants.

**Compensation for Other Named Executive Officers****Base Salary and Individual Target Bonus Percentages**

During fiscal 2015, the Compensation Committee authorized base salaries and target bonus percentages for our NEOs (other than our Chief Executive Officer), as specified in the table below:

| Name of Executive                                                                  | 2015 Base Salary | 2014 Base Salary | % Increase | 2015 Individual Target Bonus as % of Base Salary | 2014 Individual Target Bonus as % of Base Salary | % Increase |
|------------------------------------------------------------------------------------|------------------|------------------|------------|--------------------------------------------------|--------------------------------------------------|------------|
| David A. Zinsner, Senior Vice President, Finance and Chief Financial Officer       | \$ 515,000       | \$ 490,000       | 5.1%       | 100%                                             | 100%                                             | 0%         |
| Rick D. Hess, Senior Vice President, Communications and Automotive Business Group  | \$ 500,000       | \$ 500,000       | 0%         | 100%                                             | 100%                                             | 0%         |
| Richard A. Meaney, Senior Vice President, Industrial and Healthcare Business Group | \$ 450,000       | \$ 425,000       | 5.9%       | 100%                                             | 90%                                              | 11%        |
| Peter Real, Senior Vice President and Chief Technology Officer                     | \$ 350,000       | \$ 325,000       | 7.7%       | 80%                                              | 70%                                              | 14%        |

The Compensation Committee increased the base salaries of Messrs. Zinsner and Real and increased Mr. Real's individual target bonus percentage under our executive performance incentive plan from 70% to 80% of his base salary in order to maintain these aspects of their compensation within the range of comparable salaries in our peer group. The Compensation Committee also increased the base salary of Mr. Meaney and increased Mr. Meaney's individual target bonus percentage under our executive performance incentive plan from 90% to 100% of his base salary in connection with his promotion to Senior Vice President, Industrial and Healthcare Business Group, in which he assumed leadership over our Industrial, Healthcare and Consumer markets. The individual target bonus percentages under our executive performance incentive plan for Messrs. Zinsner and Hess remained at 100% of their base salary.

**Equity Awards**

The size of the equity awards approved by our Compensation Committee for our executives reflect the executive's individual responsibilities and where that person is in his or her career with ADI. In fiscal 2015, the Compensation Committee authorized grants of stock options and RSUs to our NEOs (other than our Chief Executive Officer), as follows:

| Name of Executive | Stock Options | Time-based RSUs | Performance-based RSUs |
|-------------------|---------------|-----------------|------------------------|
| David A. Zinsner  | 64,970        | 12,525          | 12,525                 |
| Rick D. Hess      | 32,480        | 6,265           | 6,265                  |
| Richard A. Meaney | 48,720        | 9,395           | 9,395                  |
| Peter Real        | 46,240        | 8,130           | 3,130                  |



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In granting awards to Messrs. Zinsner, Hess, Meaney and Real, the Compensation Committee considered the equity compensation levels of comparable executives at our peer group, as well as the equity already held by each executive. With respect to Mr. Hess, the Compensation Committee also included in their analysis of appropriate compensation the value of replacement awards that Mr. Hess received in connection with the Company's acquisition of Hittite in fiscal 2014, as well as his promotion to Senior Vice President, Communications and Automotive Business Group, in which he assumed leadership over our Communications and Automotive markets. With respect to Mr. Meaney, the Compensation Committee also included in their analysis of appropriate compensation Mr. Meaney's promotion to Senior Vice President, Industrial and Healthcare Business Group. The total number of stock options and time-based RSUs for Mr. Real includes 30,000 stock options and 5,000 time-based RSUs granted to him in November 2015 in connection with his promotion to Senior Vice President and Chief Technology Officer.

### **Severance, Retention and Change in Control Benefits**

#### ***Change in Control Benefits***

We have entered into change in control retention agreements with each of our executive officers (other than Mr. Hess) and other key employees. Among other things, these retention agreements provide for severance benefits if the employee's service with us is terminated within 24 months after a change in control (as defined in each agreement) that was approved by our Board of Directors. In connection with our acquisition of Hittite, we also entered into an employment agreement with Mr. Hess, which provides for severance benefits if Mr. Hess' service with us is terminated within 24 months after a change in control (as defined in the agreement). See **Change in Control Benefits** below for additional information about these agreements.

We designed the change in control retention agreements and Mr. Hess' employment agreement to help ensure that our executive team is able to evaluate objectively whether a potential change in control transaction is in the best interests of ADI and our shareholders, without having to be concerned about their future employment. We believe that retaining the services of our key executives during a change in control scenario is critical. These agreements help ensure the continued services of our executive officers throughout the change in control transaction by giving them incentives to remain with us rather than seeking alternative employment or being recruited to a competitor during a highly uncertain time. The Compensation Committee reviewed prevalent market practices in determining the severance amounts and the events that trigger payments under the agreements. The Compensation Committee determined that the amounts and triggering events were appropriate and designed to encourage decision-making that is in the best interests of ADI. In fiscal 2015, the Compensation Committee asked PM&P, its compensation consultant, to review our severance, retention and change in control arrangements and PM&P determined that those arrangements were consistent with existing market practice in the semiconductor industry. Change in control retention agreements entered into between the Company and eligible employees since 2009 do not contain excess parachute payment tax gross-up provisions.

Under our 2006 Stock Incentive Plan, in the event of a change in control, all of our employees, including our NEOs, if they remain employed by ADI, would have one-half of the shares of common stock subject to their then outstanding unvested options accelerate and become immediately exercisable and one-half of their unvested RSUs would vest. The remaining one-half of the unvested options or RSUs would continue to vest in accordance with the original vesting schedules, and any remaining unvested options or RSUs would vest if, on or prior to the first anniversary of the change in control, his or her employment is terminated without cause or for good reason (as defined in the plan). We have provided more detailed information about these benefits, along with estimates of their value under various circumstances, under the caption **Potential Payments Upon Termination or Change in Control** below.

#### ***Severance Benefits***

When the employment of an executive officer (other than Mr. Hess) terminates in a situation that does not involve a change in control, the officer is entitled to receive the same benefits as any other terminated employee.

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Mr. Hess employment agreement provides for severance benefits to Mr. Hess in specified circumstances following the termination of his employment that does not involve a change in control as described further below in [Severance Benefits](#) Mr. Hess Employment Agreement.

### **Equity Award Grant Date Policy**

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

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

**Annual Grants:** The grant date of all annual awards is the earlier to occur of (i) the scheduled date of the annual meeting of shareholders, or (ii) the first business day of April that NASDAQ is open.

**Other Grants:** All other awards granted to existing executive officers and employees throughout the year (off-cycle awards) have a grant date of the 15<sup>th</sup> day of the month (or the next succeeding business day that NASDAQ is open) provided the award is approved on or prior to such grant date.

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

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

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

### **Tax and Accounting Considerations**

Section 162(m) of the Internal Revenue Code, generally disallows a tax deduction to public companies for certain compensation in excess of \$1 million paid to a company's chief executive officer and the three other executive officers (excluding the chief financial officer) whose compensation is required to be disclosed to our shareholders under the Exchange Act by reason of being among our other three most highly compensated officers. Certain compensation, including qualified performance-based compensation, will not be subject to the deduction limit if certain requirements are met. In fiscal 2013, the shareholders approved our 162(m) plan which is intended to allow the annual bonuses that we pay to our executives to be exempt from Section 162(m) as qualified performance-based compensation. The Compensation Committee, however, reviews the potential effect of Section 162(m) periodically, and the Compensation Committee reserves the right to use its judgment to authorize compensation payments that may be subject to the Section 162(m) deduction limit when the Compensation Committee believes such payments are appropriate and in the best interests of ADI and our shareholders, after taking into consideration changing business conditions and the performance of our employees.

Messrs. Roche and Zinsner have change in control retention agreements that contain provisions regarding Section 280G of the Internal Revenue Code. Since 2009, any new executive compensation arrangements for new executives do not contain tax gross up provisions for excess parachute payments.

We expense in our financial statements the compensation that we pay to our executive officers, as required by U.S. generally accepted accounting principles. As one of many factors, the Compensation Committee



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considers the financial statement impact in determining the amount of, and allocation among the elements of, compensation. We account for stock-based compensation under our 2006 Stock Incentive Plan and all predecessor plans in accordance with U.S. generally accepted accounting principles.

### **Risk Considerations in Our Compensation Program**

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

We structure our pay to consist of both fixed and variable compensation with short- and long-term horizons. The fixed (salary) portion of compensation is designed to provide a steady income regardless of ADI's stock price performance. The variable (cash bonus, stock option, time-based RSU and performance-based RSU) portions of compensation are designed to reward both short- and long-term corporate performance. For short-term performance, our cash bonus is awarded based on OPBT margin and revenue growth targets. For long-term performance, our employee stock option awards generally vest over five years and our time-based RSUs generally vest in full on the third anniversary of the grant date. For our 2015 annual equity award cycle, our NEOs received approximately 33% of the value of their equity grants in the form of performance-based RSUs, which will be based on our TSR over a three-year period as compared to a selected group of peer companies. The value of all of their equity grants is exclusively dependent on our stock price performance. We feel that these variable elements of compensation are a sufficient percentage of overall compensation to motivate executives to produce superior short- and long-term corporate results, while the fixed element is also sufficiently high that the executives are not encouraged to take unnecessary or excessive risks in doing so.

Because OPBT margin and revenue growth are the performance measures for determining our cash incentive payments, we believe our executives are encouraged to take a balanced approach that focuses on corporate operating profit before taxes as a percentage of revenue and revenue growth. If we do not achieve positive revenue growth, bonus payments for that element of the cash bonus program are not paid, and no payments are made under the program if we achieve OPBT margin of 20% or less.

We believe that our focus on both OPBT margin and revenue growth through our cash bonus program, and stock price performance through our equity compensation program provides a check on excessive risk taking. That is, even if our executives could inappropriately increase OPBT margin or revenue by excessively reducing expenses or adding new revenue sources that are inconsistent with our business model, this would be detrimental to ADI in the long run and could ultimately harm our stock price and the value of their equity awards. Conversely, if our executives were to add revenue sources at low margins in order to generate a higher growth multiple and increased stock prices, it could decrease OPBT margin and the value of their cash bonus payments. As a result, we believe our compensation program has appropriate balance and incentives to produce superior short- and long-term corporate results.

Our OPBT margin and revenue targets are applicable to our executives and employees alike across the organization. We believe this encourages consistent behavior across the organization.

We cap our bonus payout factors at 300% and our bonus payouts are also subject to the 162(m) plan limitations for participants in that plan. To achieve a 300% bonus payout, we would have to achieve both 40% OPBT margin and 28% revenue growth, which were determined by the Compensation Committee to be very challenging. Even if we dramatically exceed our OPBT margin or revenue growth targets, bonus payments are limited. Conversely, we have a floor on the OPBT margin target so that profitability below a certain level will result in no bonus payments, regardless of revenue growth levels. We believe this avoids incentivizing management to drive revenue levels without regard to profitability.



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

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

Our directors and executive officers are prohibited from holding any Company securities in a margin account, and, since 2013, from pledging their Company securities as collateral for a loan.

We have equity award grant date guidelines that prohibit the timing or coordination of grants with the release of material information.

**Summary Compensation**

The following table contains certain information about the compensation that our Chief Executive Officer, Chief Financial Officer and three other most highly compensated executive officers earned in fiscal 2015, 2014 and 2013.

**Summary Compensation Table**

|                                                                                       |                |                 |               |                          |                           | Change in<br>Pension<br>Value and<br>Non-Equity Non-Qualified<br>Incentive Deferred<br>Plan Compensation All Other |                   |                          |               |
|---------------------------------------------------------------------------------------|----------------|-----------------|---------------|--------------------------|---------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------|---------------|
| Name and<br>Principal Position                                                        | Fiscal<br>Year | Salary<br>\$(1) | Bonus<br>(\$) | Stock<br>Awards<br>\$(2) | Option<br>Awards<br>\$(2) | Compensation<br>\$(3)                                                                                              | Earnings<br>\$(4) | Compensation<br>\$(5)(6) | Total<br>(\$) |
| Vincent T. Roche,<br>President and Chief<br>Executive Officer                         | 2015           | 785,192         |               | 3,405,368                | 1,696,291                 | 1,803,254                                                                                                          |                   | 124,081                  | 7,814,186     |
|                                                                                       | 2014           | 743,846         |               | 2,757,776                | 1,321,836                 | 1,139,469                                                                                                          | 63,397            | 64,243                   | 6,090,567     |
|                                                                                       | 2013           | 627,404         |               | 765,304(7)               | 805,110(7)                | 481,162                                                                                                            | 34,142            | 50,192                   | 2,763,314     |
| David A. Zinsner,<br>Senior Vice President,<br>Finance and Chief<br>Financial Officer | 2015           | 504,423         |               | 1,362,039                | 678,579                   | 772,552                                                                                                            |                   | 41,554                   | 3,359,147     |
|                                                                                       | 2014           | 481,538         |               | 1,378,888                | 660,918                   | 472,433                                                                                                            |                   | 39,723                   | 3,033,500     |
|                                                                                       | 2013           | 461,538         |               | 757,588                  | 758,517                   | 242,055                                                                                                            |                   | 38,123                   | 2,257,821     |
| Rick D. Hess                                                                          | 2015           | 500,000         |               | 681,291                  | 339,237                   | 763,269                                                                                                            |                   | 38,892                   | 2,322,689     |
| Senior Vice<br>President,<br>Communications<br>and Automotive<br>Business Group(8)    |                |                 |               |                          |                           |                                                                                                                    |                   |                          |               |
| Richard A. Meaney,                                                                    | 2015           | 439,423         |               | 1,021,665                | 508,856                   | 645,681                                                                                                            |                   | 43,073                   | 2,658,698     |

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|             |      |         |         |         |         |         |         |           |
|-------------|------|---------|---------|---------|---------|---------|---------|-----------|
| Senior Vice | 2014 | 414,423 | 689,444 | 330,504 | 357,886 | 581,773 | 82,984  | 2,457,014 |
| President,  | 2013 | 397,913 | 229,157 | 230,523 | 174,929 | 648,132 | 204,508 | 1,885,162 |

Industrial and

Healthcare Group

|             |      |         |         |         |         |  |           |           |
|-------------|------|---------|---------|---------|---------|--|-----------|-----------|
| Peter Real, | 2015 | 323,428 | 570,274 | 405,947 | 379,513 |  | 1,380,405 | 3,059,567 |
|-------------|------|---------|---------|---------|---------|--|-----------|-----------|

Senior Vice

President and Chief  
Technology Officer(8)

- (1) Mr. Meaney relocated to the United States from Ireland in February 2013. Prior to such relocation, his salary was paid in euros. We calculated the U.S. dollar equivalent by using the average yearly exchange rate for the euro per U.S. dollar for each fiscal year. Mr. Real's salary is denominated in euros. We calculate the U.S. dollar equivalent by using the average yearly exchange rate, or 0.8801 euro per U.S. dollar for fiscal 2015.

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(2) These amounts represent the aggregate grant date fair value of stock option and time-based and performance-based restricted stock units granted in fiscal 2015, 2014 and 2013, respectively. These amounts do not represent the actual amounts paid to or realized by the NEO for these awards during the respective fiscal years. We recognize the value as of the grant date for stock options and time-based and performance-based restricted stock units over the number of days of service required for the grant to become vested.

The following table includes the assumptions, rounded to the nearest hundredth, that we used to calculate the grant date fair value reported for fiscal 2015, 2014 and 2013 on a grant-by-grant basis, and the grant date fair value of performance-based restricted stock units, assuming the achievement of the maximum level of performance conditions.

| Name              | Grant Date | Options/<br>Restricted<br>Stock<br>Units<br>Granted<br>(#) | Exercise<br>Price<br>(\$) | Volatility<br>(%) | Expected<br>Life<br>(Years) | Assumptions                          |                          | Grant<br>Date<br>Fair<br>Value<br>(\$)<br>Per<br>Share | Grant Date<br>Fair Value at<br>Maximum<br>Achievement<br>Level for<br>Performance<br>Based RSUs (\$) |
|-------------------|------------|------------------------------------------------------------|---------------------------|-------------------|-----------------------------|--------------------------------------|--------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------|
|                   |            |                                                            |                           |                   |                             | Risk-Free<br>Interest<br>Rate<br>(%) | Dividend<br>Yield<br>(%) |                                                        |                                                                                                      |
| Vincent T. Roche  | 6/17/2013  | 18,265*                                                    |                           |                   |                             | 0.49                                 | 2.96                     | 41.90                                                  |                                                                                                      |
|                   | 6/17/2013  | 102,690                                                    | 45.95                     | 25.84             | 5.4                         | 1.16                                 | 2.96                     | 7.84                                                   |                                                                                                      |
|                   | 3/12/2014  | 28,100*                                                    |                           |                   |                             | 0.78                                 | 2.86                     | 47.35                                                  |                                                                                                      |
|                   | 3/12/2014  | 28,100**                                                   |                           | 23.22             |                             | 0.79                                 | 2.82                     | 50.79                                                  | 2,854,398                                                                                            |
|                   | 3/12/2014  | 146,900                                                    | 51.73                     | 24.95             | 5.3                         | 1.68                                 | 2.86                     | 9.00                                                   |                                                                                                      |
|                   | 3/11/2015  | 31,315*                                                    |                           |                   |                             | 1.09                                 | 2.79                     | 52.57                                                  |                                                                                                      |
|                   | 3/11/2015  | 31,315**                                                   |                           | 19.97             |                             | 1.09                                 | 2.75                     | 56.18                                                  | 3,518,553                                                                                            |
|                   | 3/11/2015  | 162,410                                                    | 57.29                     | 25.87             | 5.3                         | 1.65                                 | 2.79                     | 10.44                                                  |                                                                                                      |
| David A. Zinsner  | 3/12/2013  | 17,855*                                                    |                           |                   |                             | 0.41                                 | 2.93                     | 42.43                                                  |                                                                                                      |
|                   | 3/12/2013  | 102,900                                                    | 46.48                     | 24.57             | 5.4                         | 0.98                                 | 2.93                     | 7.37                                                   |                                                                                                      |
|                   | 3/12/2014  | 14,050*                                                    |                           |                   |                             | 0.78                                 | 2.86                     | 47.35                                                  |                                                                                                      |
|                   | 3/12/2014  | 14,050**                                                   |                           | 23.22             |                             | 0.79                                 | 2.82                     | 50.79                                                  | 1,427,199                                                                                            |
|                   | 3/12/2014  | 73,450                                                     | 51.73                     | 24.95             | 5.3                         | 1.68                                 | 2.86                     | 9.00                                                   |                                                                                                      |
|                   | 3/11/2015  | 12,525*                                                    |                           |                   |                             | 1.09                                 | 2.79                     | 52.57                                                  |                                                                                                      |
|                   | 3/11/2015  | 12,525**                                                   |                           | 19.97             |                             | 1.09                                 | 2.75                     | 56.18                                                  | 1,407,309                                                                                            |
|                   | 3/11/2015  | 64,970                                                     | 57.29                     | 25.87             | 5.3                         | 1.65                                 | 2.79                     | 10.44                                                  |                                                                                                      |
| Rick D. Hess      | 3/11/2015  | 6,265*                                                     |                           |                   |                             | 1.09                                 | 2.79                     | 52.57                                                  |                                                                                                      |
|                   | 3/11/2015  | 6,265**                                                    |                           | 19.97             |                             | 1.09                                 | 2.75                     | 56.18                                                  | 703,935                                                                                              |
|                   | 3/11/2015  | 32,480                                                     | 57.29                     | 25.87             | 5.3                         | 1.65                                 | 2.79                     | 10.44                                                  |                                                                                                      |
| Richard A. Meaney | 3/12/2013  | 2,975*                                                     |                           |                   |                             | 0.41                                 | 2.93                     | 42.43                                                  |                                                                                                      |
|                   | 3/12/2013  | 17,150                                                     | 46.48                     | 24.57             | 5.4                         | 0.98                                 | 2.93                     | 7.37                                                   |                                                                                                      |
|                   | 9/16/2013  | 2,325*                                                     |                           |                   |                             | 0.80                                 | 2.82                     | 44.27                                                  |                                                                                                      |
|                   | 9/16/2013  | 11,840                                                     | 48.30                     | 25.51             | 5.4                         | 1.77                                 | 2.82                     | 8.79                                                   |                                                                                                      |
|                   | 3/12/2014  | 7,025*                                                     |                           |                   |                             | 0.78                                 | 2.86                     | 47.35                                                  |                                                                                                      |
|                   | 3/12/2014  | 7,025**                                                    |                           | 23.22             |                             | 0.79                                 | 2.82                     | 50.79                                                  | 713,600                                                                                              |
|                   | 3/12/2014  | 36,730                                                     | 51.73                     | 24.95             | 5.3                         | 1.68                                 | 2.86                     | 9.00                                                   |                                                                                                      |
|                   | 3/11/2015  | 9,395*                                                     |                           |                   |                             | 1.09                                 | 2.79                     | 52.57                                                  |                                                                                                      |
|                   | 3/11/2015  | 9,395**                                                    |                           | 19.97             |                             | 1.09                                 | 2.75                     | 56.18                                                  | 1,055,622                                                                                            |
|                   | 3/11/2015  | 48,720                                                     | 57.29                     | 25.87             | 5.3                         | 1.65                                 | 2.79                     | 10.44                                                  |                                                                                                      |
| Peter Real        | 11/17/2014 | 5,000*                                                     |                           |                   |                             | 0.96                                 | 2.94                     | 45.98                                                  |                                                                                                      |
|                   | 11/17/2014 | 30,000                                                     | 50.35                     | 22.92             | 5.3                         | 1.70                                 | 2.94                     | 7.88                                                   |                                                                                                      |
|                   | 3/11/2015  | 3,130*                                                     |                           |                   |                             | 1.09                                 | 2.79                     | 52.57                                                  |                                                                                                      |
|                   | 3/11/2015  | 3,130**                                                    |                           | 19.97             |                             | 1.09                                 | 2.75                     | 56.18                                                  | 351,687                                                                                              |
|                   | 3/11/2015  | 16,240                                                     | 57.29                     | 25.87             | 5.3                         | 1.65                                 | 2.79                     | 10.44                                                  |                                                                                                      |

Entries above with single asterisks (\*) are time-based RSUs, entries with double asterisks (\*\*) are performance-based RSUs and entries without asterisks are stock options. The grant date fair value of time-based RSUs represents the value of our common stock on the date of grant, reduced by the present value of





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dividends expected to be paid on our common stock prior to vesting. The grant date fair value of the performance-based RSUs was calculated using the Monte Carlo simulation model which utilizes multiple input variables that determine the probability of satisfying the performance conditions stipulated in the award grant to calculate the fair market value. The Monte Carlo simulation model also uses stock price volatility and other variables to estimate the probability of satisfying the performance conditions, including the possibility that the market condition may not be satisfied, and the resulting fair value of the award. 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 Consolidated 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 31, 2015.

- (3) Reflects the amounts earned under our executive performance incentive plan in fiscal 2015, 2014 and 2013. See Compensation Discussion and Analysis above for a discussion of how these amounts were determined under the plan. Mr. Real's amounts are denominated in euros. We calculate the U.S. dollars equivalent by using the monthly average exchange rate of the two quarters in which the bonus is earned.
- (4) The values shown in the table represent the increase in pension values in each respective year. The increases included are denominated in euros. We calculated the U.S. dollar amount for fiscal 2014 using the exchange rate as of November 1, 2014, or 0.7984 euro per U.S. dollar and for fiscal 2013 using the exchange rate as of November 1, 2013, or 0.7356 euro per U.S. dollar. In October 2015, the Company converted the benefits provided to active and deferred participants under the Company's Irish defined benefits pension plan, or DB Plan, to benefits provided under the Company's Irish defined contribution plan, or Irish DC Plan. In connection with the conversion, on October 19, 2015, the DB Plan trustees and the Company made lump sum payments into the participants' individual accounts in the Irish DC Plan funded by the existing assets of the DB Plan and an additional Company contribution to settle all existing and future DB Plan liabilities. The actuarial calculations used to calculate the conversion payments for our participating executive officers were identical to the calculations used for all other active and deferred members. For a discussion of the lump sum contributions made from the DB Plan to individual accounts in the Irish DC Plan for each of Messrs. Roche, Meaney and Real, see the Pension Benefits section below.
- (5) These amounts include \$28,665 and \$28,735 for Mr. Meaney for fiscal 2014 and 2013, respectively, and \$36,545 for Mr. Real for fiscal 2015, for repairs, gas, tax, insurance, and certain commuting expenses related to their use of Company-owned automobiles. These amounts also include lump sum contributions from Analog Devices into individual accounts in the Irish DC Plan for Messrs. Roche and Real in the amount of \$61,266 and \$1,339,723, respectively. These contributions were made in connection with the conversion of the benefits provided to active and deferred participants under the DB Plan to benefits provided under the Irish DC Plan, as described more fully under Pension Benefits below. The actuarial calculations used to calculate the conversion payments for our participating executive officers were identical to the calculations used for all other active and deferred members. The contributions were made in euros. We calculated the U.S. dollar equivalent by using the average yearly exchange rate, or 0.8801 euro per U.S. dollar for fiscal 2015.

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- (6) In addition to amounts detailed above in footnote 5, the amounts shown in the All Other Compensation column are comprised of the following:

| Name              | Fiscal Year | Company 401(k),<br>DCP and<br>Irish<br>DC Plan<br>Payments(a) | Employee<br>Service<br>Award(b) | Cash<br>Award(c) | Healthcare<br>Savings<br>Account | Vacation<br>Payout(d) | Relocation<br>Expenses(d) |
|-------------------|-------------|---------------------------------------------------------------|---------------------------------|------------------|----------------------------------|-----------------------|---------------------------|
| Vincent T. Roche  | 2015        | \$ 62,815                                                     |                                 |                  |                                  |                       |                           |
|                   | 2014        | \$ 59,508                                                     | \$ 4,735                        |                  |                                  |                       |                           |
|                   | 2013        | \$ 50,192                                                     |                                 |                  |                                  |                       |                           |
| David A. Zinsner  | 2015        | \$ 40,354                                                     |                                 |                  | \$ 1,200                         |                       |                           |
|                   | 2014        | \$ 38,523                                                     |                                 |                  | \$ 1,200                         |                       |                           |
|                   | 2013        | \$ 36,923                                                     |                                 |                  | \$ 1,200                         |                       |                           |
| Rick D. Hess      | 2015        | \$ 37,692                                                     |                                 |                  | \$ 1,200                         |                       |                           |
| Richard A. Meaney | 2015        | \$ 27,204                                                     | \$ 6,623                        | \$ 2,978         |                                  |                       | \$ 6,268                  |
|                   | 2014        | \$ 25,354                                                     |                                 | \$ 2,965         |                                  |                       | \$ 26,000                 |
|                   | 2013        | \$ 16,492                                                     |                                 | \$ 1,660         |                                  | \$ 42,760             | \$ 91,303                 |
| Peter Real        | 2015        | \$ 4,137                                                      |                                 |                  |                                  |                       |                           |

- (a) Amounts paid to Messrs. Roche, Zinsner, Hess, and Meaney consist of the Company contribution into 401(k) and deferred compensation plan accounts up to the permissible IRS limit and the taxable Company contribution in excess of IRS limits described under Retirement and Other Employee Benefits above. The amount for Mr. Real consists of the Company's contribution into the Irish DC Plan, as described more fully under Retirement and Other Employee Benefits and Pension Benefits.
- (b) Paid in connection with our Employee Service Award Program.
- (c) Paid in connection with our Employee Cash Award Program.
- (d) Amounts paid to Mr. Meaney upon his relocation from Ireland to the United States. Amounts for fiscal 2013 were incurred in euros. We calculated the U.S. dollar equivalent by using the average yearly exchange rate, or 0.7581 euro per U.S. dollar for fiscal 2013.
- (7) In October 2012, in connection with his promotion to President, Mr. Roche received an option to purchase 144,000 shares of our common stock and an award of 25,000 RSUs. In granting awards to Mr. Roche in 2013, the Compensation Committee included in its analysis of appropriate compensation the value of Mr. Roche's October 2012 grant.
- (8) Messrs. Hess and Real became executive officers of the Company, effective November 2, 2014, the first day of our fiscal 2015.

**Table of Contents****Grants of Plan-Based Awards in Fiscal 2015**

The following table presents information on plan-based awards in fiscal 2015 to our NEOs:

| Name              | Grant Date | Approval Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) |           |         | Estimated Future Payouts Under Equity Incentive Plan Awards(2) |        |         | All Other Stock Awards: Number of Shares of Stock or Units |         |     | All Other Option Awards: Number of Securities Underlying Options |     | Exercise Price of Option Awards (\$ Per Share)(5) | Grant Date Fair Value of Stock and Option Awards (\$) |
|-------------------|------------|---------------|----------------------------------------------------------------------|-----------|---------|----------------------------------------------------------------|--------|---------|------------------------------------------------------------|---------|-----|------------------------------------------------------------------|-----|---------------------------------------------------|-------------------------------------------------------|
|                   |            |               | Threshold                                                            | Target    | Maximum | Threshold                                                      | Target | Maximum | (3)                                                        | (4)     | (5) | (6)                                                              | (7) | (8)                                               | (9)                                                   |
| Vincent T. Roche  | N/A        |               | 1,177,788                                                            | 3,533,364 |         |                                                                |        |         |                                                            |         |     |                                                                  |     |                                                   |                                                       |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         | 31,315                                                         | 62,630 |         |                                                            |         |     |                                                                  |     |                                                   | 1,759,139(6)                                          |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         |                                                                |        |         | 31,315                                                     |         |     |                                                                  |     |                                                   | 1,646,229(7)                                          |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         |                                                                |        |         |                                                            | 162,410 |     | 57.29                                                            |     |                                                   | 1,696,291(8)                                          |
| David A. Zinsner  | N/A        |               | 504,423                                                              | 1,513,269 |         |                                                                |        |         |                                                            |         |     |                                                                  |     |                                                   |                                                       |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         | 12,525                                                         | 25,050 |         |                                                            |         |     |                                                                  |     |                                                   | 703,600(6)                                            |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         |                                                                |        |         | 12,525                                                     |         |     |                                                                  |     |                                                   | 658,439(7)                                            |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         |                                                                |        |         |                                                            | 64,970  |     | 57.29                                                            |     |                                                   | 678,579(8)                                            |
| Rick D. Hess      | N/A        |               | 500,000                                                              | 1,500,000 |         |                                                                |        |         |                                                            |         |     |                                                                  |     |                                                   |                                                       |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         | 6,265                                                          | 12,530 |         |                                                            |         |     |                                                                  |     |                                                   | 351,940(6)                                            |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         |                                                                |        |         | 6,265                                                      |         |     |                                                                  |     |                                                   | 329,351(7)                                            |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         |                                                                |        |         |                                                            | 32,480  |     | 57.29                                                            |     |                                                   | 339,237(8)                                            |
| Richard A. Meaney | N/A        |               | 439,423                                                              | 1,318,269 |         |                                                                |        |         |                                                            |         |     |                                                                  |     |                                                   |                                                       |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         | 9,395                                                          | 18,790 |         |                                                            |         |     |                                                                  |     |                                                   | 527,770(6)                                            |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         |                                                                |        |         | 9,395                                                      |         |     |                                                                  |     |                                                   | 493,895(7)                                            |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         |                                                                |        |         |                                                            | 48,720  |     | 57.29                                                            |     |                                                   | 508,856(8)                                            |
| Peter Real        | N/A        |               | 258,742                                                              | 776,226   |         |                                                                |        |         |                                                            |         |     |                                                                  |     |                                                   |                                                       |
|                   | 11/17/2014 | 11/17/2014    |                                                                      |           |         |                                                                |        |         | 5,000                                                      |         |     |                                                                  |     |                                                   | 229,900(7)                                            |
|                   | 11/17/2014 | 11/17/2014    |                                                                      |           |         |                                                                |        |         |                                                            | 30,000  |     | 50.35                                                            |     |                                                   | 236,328(9)                                            |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         | 3,130                                                          | 6,260  |         |                                                            |         |     |                                                                  |     |                                                   | 175,830(6)                                            |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         |                                                                |        |         | 3,130                                                      |         |     |                                                                  |     |                                                   | 164,544(7)                                            |
|                   | 3/11/2015  | 3/11/2015     |                                                                      |           |         |                                                                |        |         |                                                            | 16,240  |     | 57.29                                                            |     |                                                   | 169,619(8)                                            |

- (1) The amounts shown in the threshold, target and maximum columns reflect the minimum, target and maximum amounts payable under our executive performance incentive plan, respectively. Amounts in the maximum column above reflect 300% of the executive's target bonus, which is the cap under the plan. The actual amounts earned in fiscal 2015 are reflected in the Summary Compensation Table above and were as follows:

| Name              | Actual Payout under Non-Equity Incentive Plans for Fiscal 2015 |           |
|-------------------|----------------------------------------------------------------|-----------|
|                   |                                                                |           |
| Vincent T. Roche  | \$                                                             | 1,803,254 |
| David A. Zinsner  | \$                                                             | 772,552   |
| Rick D. Hess      | \$                                                             | 763,269   |
| Richard A. Meaney | \$                                                             | 645,681   |
| Peter Real        | \$                                                             | 379,513   |

See Compensation Discussion and Analysis above for a discussion of how these amounts were determined under our executive performance incentive plan. These amounts are included in the Summary Compensation Table.

- (2) Represents performance-based RSUs granted under our 2006 Stock Incentive Plan. Performance-based RSUs have both a market condition and a service condition and vest, so long as the executive continues to be employed with us, after the applicable three-year performance period. The number of shares of the Company's common stock to be issued upon vesting of performance-based RSUs will range from 0% to 200% of the target amount, based on the comparison of the Company's total shareholder return (TSR) to the median TSR of a specified peer group over a three-year period.
- (3) Represents time-based RSUs granted under our 2006 Stock Incentive Plan. The time-based RSUs vest, so long as the executive continues to be employed with us, in one installment on the third anniversary of the grant date. Dividends are not payable on unvested RSUs.

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- (4) Represents stock options granted under our 2006 Stock Incentive Plan. These options become exercisable, so long as the executive continues to be employed with us, in five equal annual installments on each of the first, second, third, fourth and fifth anniversaries of the grant date.
  
- (5) The exercise price per share is equal to the closing price per share of our common stock on the date of grant.
  
- (6) This amount does not represent the actual amount paid to or realized by the executives for these awards during the fiscal year. This amount represents the grant date fair value of the performance-based RSUs. The grant date fair value of the performance-based RSUs was calculated using the Monte Carlo simulation model which utilizes multiple input variables that determine the probability of satisfying the performance conditions stipulated in the award grant to calculate the fair market value. The Monte Carlo simulation model also uses stock price volatility and other variables to estimate the probability of satisfying the performance conditions, including the possibility that the market condition may not be satisfied, and the resulting fair value of the award. The grant date fair value per share of the performance-based RSU awards granted to Messrs. Roche, Zinsner, Hess, Meaney and Real on March 11, 2015 was \$56.18.
  
- (7) This amount does not represent the actual amount paid to or realized by the executives for these awards during the fiscal year. This amount represents the grant date fair value of the time-based RSUs. The grant date fair of the time-based RSUs is 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 per share of the time-based RSU awards granted to Messrs. Roche, Zinsner, Hess, Meaney and Real on March 11, 2015 was \$52.57. The grant date fair value per share of the time-based RSU awards granted to Mr. Real on November 17, 2014 was \$45.98.
  
- (8) The grant date fair value of these stock options was \$10.44 per share and was computed using a Black-Scholes valuation methodology. We estimated the full grant date fair value of these options using the following assumptions: 1.65% risk free interest rate; 2.79% dividend yield; 25.87% expected volatility; and a 5.3-year expected life. The grant date fair value is generally the amount that we would expense in our financial statements over the award's service period, but does not include a reduction for forfeitures.
  
- (9) The grant date fair value of this stock option was \$7.88 per share and was computed using a Black-Scholes valuation methodology. We estimated the full grant date fair value of this option using the following assumptions: 1.70% risk free interest rate; 2.94% dividend yield; 22.92% expected volatility; and a 5.3-year expected life. The grant date fair value is generally the amount that we would expense in our financial statements over the award's service period, but does not include a reduction for forfeitures.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End 2015**

The following table provides information with respect to outstanding stock options and restricted stock units that have not vested for each of our NEOs as of October 31, 2015:

| Name              | Grant Date | Option Awards                                                       |                                                                          |                            | Option Expiration Date(2) | Stock Awards                                                   |                                                    |                                                    | Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested (#)(5) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(4) |
|-------------------|------------|---------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------|---------------------------|----------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
|                   |            | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable(1) | Option Exercise Price (\$) |                           | Number of Shares or Units of Stock That Have Not Vested (#)(3) | Market Value of Stock That Have Not Vested (\$)(4) | Market Value of Stock That Have Not Vested (\$)(4) |                                                                                                             |                                                                                                                             |
| Vincent T. Roche  | 1/4/2011   | 21,604                                                              | 10,526                                                                   | 37.52                      | 1/4/2021                  |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/15/2012  | 44,166                                                              | 29,444                                                                   | 39.79                      | 3/15/2022                 |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 10/15/2012 | 86,400                                                              | 57,600                                                                   | 38.56                      | 10/15/2022                |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 6/17/2013  | 41,076                                                              | 61,614                                                                   | 45.95                      | 6/17/2023                 | 18,265                                                         | 1,098,092                                          |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/12/2014  | 29,380                                                              | 117,520                                                                  | 51.73                      | 3/12/2024                 | 28,100                                                         | 1,689,372                                          | 28,100                                             |                                                                                                             | 1,689,372                                                                                                                   |
|                   | 3/11/2015  |                                                                     | 162,410                                                                  | 57.29                      | 3/11/2025                 | 31,315                                                         | 1,882,658                                          | 31,315                                             |                                                                                                             | 1,882,658                                                                                                                   |
| David A. Zinsner  | 1/4/2011   | 18,044                                                              | 9,022                                                                    | 37.52                      | 1/4/2021                  |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/15/2012  | 29,444                                                              | 29,444                                                                   | 39.79                      | 3/15/2022                 |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/12/2013  | 30,870                                                              | 61,740                                                                   | 46.48                      | 3/12/2023                 | 17,855                                                         | 1,073,443                                          |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/12/2014  | 14,690                                                              | 58,760                                                                   | 51.73                      | 3/12/2024                 | 14,050                                                         | 844,686                                            | 14,050                                             |                                                                                                             | 844,686                                                                                                                     |
|                   | 3/11/2015  |                                                                     | 64,970                                                                   | 57.29                      | 3/11/2025                 | 12,525                                                         | 753,003                                            | 12,525                                             |                                                                                                             | 753,003                                                                                                                     |
| Rick D. Hess      | 7/25/2014  |                                                                     |                                                                          |                            |                           | 78,605                                                         | 4,725,733                                          |                                                    |                                                                                                             |                                                                                                                             |
|                   | 9/15/2014  |                                                                     |                                                                          |                            |                           | 20,000                                                         | 1,202,400                                          |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/11/2015  |                                                                     | 32,480                                                                   | 57.29                      | 3/11/2025                 | 6,265                                                          | 376,652                                            | 6,265                                              |                                                                                                             | 376,652                                                                                                                     |
| Richard A. Meaney | 1/5/2010   | 20,020                                                              |                                                                          | 31.62                      | 1/5/2020                  |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 1/4/2011   | 16,960                                                              | 4,240                                                                    | 37.52                      | 1/4/2021                  |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/15/2012  | 11,610                                                              | 7,740                                                                    | 39.79                      | 3/15/2022                 |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 10/15/2012 | 21,600                                                              | 14,400                                                                   | 38.56                      | 10/15/2022                |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/12/2013  | 6,860                                                               | 10,290                                                                   | 46.48                      | 3/12/2023                 | 2,975                                                          | 178,857                                            |                                                    |                                                                                                             |                                                                                                                             |
|                   | 9/16/2013  | 4,736                                                               | 7,104                                                                    | 48.30                      | 9/16/2023                 | 2,325                                                          | 139,779                                            |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/12/2014  | 7,346                                                               | 29,384                                                                   | 51.73                      | 3/12/2024                 | 7,025                                                          | 422,343                                            | 7,025                                              |                                                                                                             | 422,343                                                                                                                     |
|                   | 3/11/2015  |                                                                     | 48,720                                                                   | 57.29                      | 3/11/2025                 | 9,395                                                          | 564,827                                            | 9,395                                              |                                                                                                             | 564,827                                                                                                                     |
|                   |            |                                                                     |                                                                          |                            |                           |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
| Peter Real        | 1/5/2009   | 6,500                                                               |                                                                          | 19.57                      | 1/5/2019                  |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 1/5/2010   | 17,500                                                              |                                                                          | 31.62                      | 1/5/2020                  |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 1/4/2011   | 14,416                                                              | 3,604                                                                    | 37.52                      | 1/4/2021                  |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/15/2012  | 11,028                                                              | 7,352                                                                    | 39.79                      | 3/15/2022                 |                                                                |                                                    |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/12/2013  | 7,460                                                               | 11,190                                                                   | 46.48                      | 3/12/2023                 | 3,235                                                          | 194,488                                            |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/12/2014  | 3,790                                                               | 15,160                                                                   | 51.73                      | 3/12/2024                 | 3,625                                                          | 217,935                                            |                                                    |                                                                                                             |                                                                                                                             |
|                   | 11/17/2014 |                                                                     | 30,000                                                                   | 50.35                      | 11/17/2024                | 5,000                                                          | 300,600                                            |                                                    |                                                                                                             |                                                                                                                             |
|                   | 3/11/2015  |                                                                     | 16,240                                                                   | 57.29                      | 3/11/2025                 | 3,130                                                          | 188,176                                            | 3,130                                              |                                                                                                             | 188,176                                                                                                                     |

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

| <b>Grant Date</b> | <b>Vest Date</b> | <b>Vincent T.<br/>Roche</b> | <b>David A.<br/>Zinsner</b> | <b>Rick D.<br/>Hess</b> | <b>Richard A.<br/>Meaney</b> | <b>Peter<br/>Real</b> |
|-------------------|------------------|-----------------------------|-----------------------------|-------------------------|------------------------------|-----------------------|
| 1/4/2011          | 1/4/2016         | 10,526                      | 9,022                       |                         | 4,240                        | 3,604                 |
| 3/15/2012         | 3/15/2016        | 14,722                      | 14,722                      |                         | 3,870                        | 3,676                 |
|                   | 3/15/2017        | 14,722                      | 14,722                      |                         | 3,870                        | 3,676                 |
| 10/15/2012        | 10/15/2016       | 28,800                      |                             |                         | 7,200                        |                       |
|                   | 10/15/2017       | 28,800                      |                             |                         | 7,200                        |                       |
| 3/12/2013         | 3/12/2016        |                             | 20,580                      |                         | 3,430                        | 3,730                 |
|                   | 3/12/2017        |                             | 20,580                      |                         | 3,430                        | 3,730                 |
|                   | 3/12/2018        |                             | 20,580                      |                         | 3,430                        | 3,730                 |
| 6/17/2013         | 6/17/2016        | 20,538                      |                             |                         |                              |                       |
|                   | 6/17/2017        | 20,538                      |                             |                         |                              |                       |
|                   | 6/17/2018        | 20,538                      |                             |                         |                              |                       |
| 9/16/2013         | 9/16/2016        |                             |                             |                         | 2,368                        |                       |
|                   | 9/16/2017        |                             |                             |                         | 2,368                        |                       |
|                   | 9/16/2018        |                             |                             |                         | 2,368                        |                       |
| 3/12/2014         | 3/12/2016        | 29,380                      | 14,690                      |                         | 7,346                        | 3,790                 |
|                   | 3/12/2017        | 29,380                      | 14,690                      |                         | 7,346                        | 3,790                 |
|                   | 3/12/2018        | 29,380                      | 14,690                      |                         | 7,346                        | 3,790                 |
|                   | 3/12/2019        | 29,380                      | 14,690                      |                         | 7,346                        | 3,790                 |
| 11/17/2014        | 11/17/2015       |                             |                             |                         |                              | 6,000                 |
|                   | 11/17/2016       |                             |                             |                         |                              | 6,000                 |
|                   | 11/17/2017       |                             |                             |                         |                              | 6,000                 |
|                   | 11/17/2018       |                             |                             |                         |                              | 6,000                 |
|                   | 11/17/2019       |                             |                             |                         |                              | 6,000                 |
| 3/11/2015         | 3/11/2016        | 32,482                      | 12,994                      | 6,496                   | 9,744                        | 3,248                 |
|                   | 3/11/2017        | 32,482                      | 12,994                      | 6,496                   | 9,744                        | 3,248                 |
|                   | 3/11/2018        | 32,482                      | 12,994                      | 6,496                   | 9,744                        | 3,248                 |
|                   | 3/11/2019        | 32,482                      | 12,994                      | 6,496                   | 9,744                        | 3,248                 |
|                   | 3/11/2020        | 32,482                      | 12,994                      | 6,496                   | 9,744                        | 3,248                 |

- (2) The expiration date of each stock option award is ten years after its grant date.
- (3) The time-based RSUs granted vest in one installment on the third anniversary of the grant date.
- (4) The market value was calculated based on \$60.12, the closing price per share of our common stock on October 30, 2015.
- (5) The number of shares, if any, earned under the performance-based RSU award will vest in one installment fourteen days after the third anniversary of the grant date.



**Table of Contents****Option Exercises and Stock Vested During Fiscal 2015**

The following table contains information about the exercise of stock options by, and RSU awards that vested for, each of our NEOs during our fiscal year ended October 31, 2015:

| Officer Name      | Option Awards                               |                                        | Stock Awards                               |                                       |
|-------------------|---------------------------------------------|----------------------------------------|--------------------------------------------|---------------------------------------|
|                   | Number of Shares<br>Acquired<br>on Exercise | Value Realized<br>on Exercise<br>\$(1) | Number of Shares<br>Acquired<br>on Vesting | Value Realized<br>on Vesting<br>\$(2) |
| Vincent T. Roche  | 106,000                                     | 2,438,491                              | 39,540                                     | 2,386,879                             |
| David A. Zinsner  | 15,420                                      | 611,661                                | 14,540                                     | 854,879                               |
| Rick D. Hess      |                                             |                                        | 50,919                                     | 3,093,553                             |
| Richard A. Meaney | 20,000                                      | 748,728                                | 10,075                                     | 607,891                               |
| Peter Real        | 15,000                                      | 426,927                                | 3,630                                      | 213,426                               |

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

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

**Pension Benefits**

The Analog Devices International Retirement and Death Benefit Plan, or DB Plan, was a defined-benefit pension plan covering employees of our Irish subsidiaries. Mr. Real was an active participant in the DB Plan in fiscal 2015. Messrs. Roche and Meaney previously worked for one of our Irish subsidiaries, accumulated benefits under the DB Plan, and were deferred participants in the DB Plan in fiscal 2015.

In fiscal 2015, the benefits provided under the DB Plan for active and deferred participants were converted to benefits provided under The Analog Devices International Investment Partnership Plan, or Irish DC Plan, and the DB Plan was terminated. The Irish DC Plan is a defined-contribution plan covering all executives and employees of our Irish subsidiaries. On October 19, 2015, the DB Plan trustees and the Company made lump sum contributions for active and deferred DB Plan participants into the participants' individual accounts within the Irish DC Plan, funded by the existing assets of the DB Plan and an additional Company contribution to settle all existing and future DB Plan liabilities. The conversion was designed to deliver a similar retirement benefit through the Irish DC Plan, based on the Company's actuarial assumptions and subject to an overall cap of 40 years of pensionable service and applicable limits imposed by the Irish tax authorities, while reducing volatility and uncertainty.

In connection with the conversion described above, Messrs. Roche, Meaney and Real received lump sum contributions funded by the existing assets of the DB Plan into their individual accounts within the Irish DC Plan in the amount of \$235,768, \$3,523,032 and \$1,354,624, respectively. Messrs. Roche and Real also received additional lump sum contributions funded by the Company in the amount of \$61,266 and \$1,339,723, respectively. The additional Company contributions for Messrs. Roche and Real are included in the Summary Compensation Table above in the "All Other Compensation" column. The actuarial calculations used to calculate the conversion payments for our participating executive officers were identical to the calculations used for all other active and deferred members. The payments were made in euros. We calculated the U.S. dollar equivalent by using the average yearly exchange rate, or 0.8801 euro per U.S. dollar for fiscal 2015.

**Table of Contents****Pension Benefits for Fiscal 2015**

The table below sets forth information regarding the pension benefits for fiscal 2015 for the NEOs under the terminated DB Plan:

| <b>Name</b>       | <b>Plan Name</b>                                                                 | <b>Number of Years<br/>Credited<br/>Service</b> | <b>Present Value<br/>of<br/>Accumulated<br/>Benefit<br/>(\$)</b> | <b>Payments During<br/>Last Fiscal<br/>Year (\$)(1)</b> |
|-------------------|----------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------|
| Vincent T. Roche  | The Analog Devices International<br><br>Retirement and Death Benefit<br><br>Plan | 5                                               |                                                                  | 235,768                                                 |
| David A. Zinsner  |                                                                                  |                                                 |                                                                  |                                                         |
| Rick D. Hess      |                                                                                  |                                                 |                                                                  |                                                         |
| Richard A. Meaney | The Analog Devices International<br><br>Retirement and Death Benefit<br><br>Plan | 36                                              |                                                                  | 3,523,032                                               |
| Peter Real        | The Analog Devices International<br><br>Retirement and Death Benefit<br><br>Plan | 23                                              |                                                                  | 1,354,624                                               |

- (1) As described above, these amounts represent the lump sum contributions funded by the existing assets of the DB Plan into the NEO's individual accounts within the Irish DC Plan in connection with the conversion. The payments were made in euros. We calculated the U.S. dollar equivalent by using the average yearly exchange rate, or 0.8801 euro per U.S. dollar for fiscal 2015.

**Non-Qualified Deferred Compensation Plan**

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

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

We hold DCP assets in a separate Rabbi trust segregated from other assets. We invest in the same investment alternatives that the DCP participants select for their DCP balances. Participants whose employment with us terminates due to retirement after reaching age 62 with ten years of service, disability or death will be paid their DCP balance in either a lump sum or in installments over ten or fewer years, based on the

elections they have made. Participants (other than key employees, including our NEOs) who terminate their employment

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with us for any other reason will receive payment of their DCP balance in the form of a lump sum upon their termination of employment. Payments to our NEOs and key employees will be delayed six months and as otherwise required by relevant tax regulations.

Mr. Real was not eligible to participate in the DCP in fiscal 2015 because it is available only to U.S. taxpayers. The following table shows the non-qualified deferred compensation activity for Messrs. Roche, Zinsner, Hess and Meaney during fiscal 2015:

**Non-Qualified Deferred Compensation for Fiscal 2015**

| Name              | Executive Contributions<br>in<br>Last<br>Fiscal Year<br>(\$) | Analog Devices Contributions<br>in<br>Last Fiscal<br>Year<br>\$(1) | Aggregate Earnings<br>in<br>Last<br>Fiscal<br>Year \$(2) | Aggregate<br>Withdrawals/<br>Distributions (\$) | Aggregate Balance at<br>Last<br>Fiscal Year<br>End \$(3) |
|-------------------|--------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------|
| Vincent T. Roche  | 1,091,789                                                    | 942                                                                | (54,179)                                                 |                                                 | 1,761,106                                                |
| David A. Zinsner  |                                                              |                                                                    | 85                                                       |                                                 | 89,049                                                   |
| Rick D. Hess      | 21,154                                                       | 1,692                                                              | 197                                                      |                                                 | 23,043                                                   |
| Richard A. Meaney |                                                              |                                                                    | 121                                                      |                                                 | 126,468                                                  |

- (1) These amounts are included in the Summary Compensation Table above in the All Other Compensation column.
- (2) These amounts are excluded from the Summary Compensation Table above in accordance with SEC regulations, as we did not pay above-market earnings on deferred compensation in fiscal 2015.
- (3) Of the amounts in this column, the following amounts have also been reported in the Summary Compensation Table for fiscal 2014 and 2013:

| Name              | Previously Reported for<br>Fiscal 2014<br>(\$) | Previously Reported for<br>Fiscal 2013<br>(\$) |
|-------------------|------------------------------------------------|------------------------------------------------|
| Vincent T. Roche  | 68,455                                         | 4,466                                          |
| David A. Zinsner  |                                                |                                                |
| Rick D. Hess      |                                                |                                                |
| Richard A. Meaney | 26,585                                         | 99,693                                         |

**Change in Control Benefits****Change in Control Retention Agreements**

We have entered into change in control retention agreements with each of our executive officers (other than Mr. Hess) and other key employees. These agreements provide for severance benefits if any of the following occurs:

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

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

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

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

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

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

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

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

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

payment of all legal fees and expenses incurred by the employee as a result of such termination (including all such fees and expenses, if any, incurred in disputing such termination or in seeking to obtain or enforce any right or benefit provided by the agreement or in connection with tax audit or proceeding to the extent attributable to the application of Section 4999 of the Internal Revenue Code to any payment or benefit provided under the agreement); and

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

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

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

### ***Mr. Hess' Employment Agreement***

In connection with our acquisition of Hittite, we entered into an employment agreement with Mr. Hess that provides for severance benefits if any of the following occurs:

within 24 months after a change in control (as defined in the agreement), we terminate Mr. Hess' employment for any reason other than misconduct (as defined in the agreement) or Mr. Hess' death or disability; or

within 24 months after a change in control, Mr. Hess terminates his employment for good reason (as defined in the agreement).



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For purposes of Mr. Hess' employment agreement, a "change in control" occurs:

when any person or entity becomes the beneficial owner of 50% or more of the combined voting power of our outstanding securities;

upon the closing of specified mergers of ADI with another entity;

when our shareholders approve a plan of liquidation; or

upon the closing of the sale of all, or substantially all, of ADI's assets.

Certain transactions described above may not be treated as a change in control where necessary for compliance with Section 409A of the Internal Revenue Code.

Mr. Hess' employment agreement provides for the following severance benefits in the event of termination following a change in control, conditioned on his execution and delivery of a release of all potential claims against us:

annual base salary, plus a lump sum payment in an amount equal to the excess, if any, of 299% of Mr. Hess' annual base salary (as of the date of termination or the date of the change of control, whichever is higher) over the amount equal to Mr. Hess' annual base salary;

target cash bonus for the year in which the termination occurred, plus a lump sum payment of the excess, if any, of (x) 299% of the aggregate cash bonuses paid or awarded to Mr. Hess for the four fiscal quarters preceding the effective date of termination, over (y) the amount equal to the product of Mr. Hess' target cash incentive bonus for the year in which termination occurs, multiplied by the sum of 1.0 plus a fraction equal to the quotient of the number of days during such year in which he was employed by us, divided by 365;

payment of all legal fees (excluding taxes) incurred by Mr. Hess as a result of such termination (including all such fees and expenses, if any, incurred in disputing such termination or seeking to obtain or enforce any right or benefit provided by the employment agreement or in connection with tax audit or proceeding to the extent attributable to the application of Section 4999 of the Internal Revenue Code to any payment or benefit provided under the agreement); and

the continuation of life, disability, dental, accident and group health insurance benefits for a period of 24 months, except where continued coverage may result in penalties.

### **Severance Benefits**

#### ***Mr. Hess' Employment Agreement***

Pursuant to Mr. Hess' employment agreement and in addition to the change in control severance benefits that Mr. Hess may be entitled to as described above under "Change in Control Benefits" Mr. Hess' Employment Agreement:

if we terminate Mr. Hess' employment for a reason other than "misconduct" (as defined in the agreement) or his death or disability;



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if Mr. Hess terminates his employment for good reason (as defined in the agreement); or

if Mr. Hess resigns voluntarily at any time after the second anniversary of the closing date of our acquisition of Hittite, then, conditioned on his execution and delivery of a release of all potential claims against us, Mr. Hess will be entitled to receive a payment equal to:

Mr. Hess annual base salary, plus

the product of Mr. Hess target cash incentive bonus for the year in which termination of employment occurs, multiplied by the sum of 1.0 plus a fraction equal to the quotient of the number of days during such year in which he was employed by us, divided by 365, plus

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the difference between the cost of COBRA continuation coverage for Mr. Hess and any dependent who received health insurance coverage prior to such termination for one year and any premium contribution amount applicable to him as of such termination. In addition, in the event of Mr. Hess' involuntary termination (other than for misconduct) or Mr. Hess' resignation with good reason, the remaining unvested portion of the equity awards we granted in replacement of Hittite awards in connection with our acquisition of Hittite will be accelerated such that all such awards are fully vested.

**Potential Payments Upon Termination or Change in Control**

Payments upon a change in control for our NEOs (other than Mr. Hess) are calculated based upon the change-in-control retention agreements described above under "Change in Control Benefits" "Change in Control Retention Agreements" and, in the case of Mr. Hess, his employment agreement described above under "Change in Control Benefits" "Mr. Hess' Employment Agreement." Under our 2006 Stock Incentive Plan, in the event of a change in control, all of our employees, including our NEOs, if they remain employed by ADI, would have one-half of the shares of common stock subject to their then-outstanding unvested options accelerate and become immediately exercisable and one-half of their unvested RSUs would vest. The remaining one-half of the unvested options or RSUs would continue to vest in accordance with the original vesting schedules, and any remaining unvested options or RSUs would vest if, on or prior to the first anniversary of the change in control, his or her employment is terminated without cause or for good reason (as defined in the plan).

Upon a change in control approved by the Board of Directors (for all executive officers other than Mr. Hess) or a change in control in the case of Mr. Hess, if we terminate an executive officer's employment for cause (or "misconduct" in the case of Mr. Hess) or if the executive officer terminates his or her employment other than for good reason (in the case of Mr. Hess, before the second anniversary of the closing date of our acquisition of Hittite), then the executive officer will receive his or her full base salary and all other compensation through the date of termination at the rate in effect at the time that the termination notice is given and we will have no further obligations to the executive officer. When the employment of an executive officer (other than Mr. Hess) terminates in a situation that does not involve a change in control, the officer is entitled to receive the same benefits as any other terminating employee. This applies regardless of the reason for termination. Mr. Hess is entitled to severance benefits in specified circumstances following the termination of his employment that does not involve a change in control, as described above in "Severance Benefits" "Mr. Hess' Employment Agreement."

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The following tables quantify the amounts that would be payable to the NEOs named in the Summary Compensation Table upon termination of their employment. The amounts shown assume that the terminations were effective on the last day of our fiscal year, or October 31, 2015. The tables do not include the accumulated benefit under our DCP that would be paid to our NEOs described above under Non-Qualified Deferred Compensation Plan, or any other employee benefits, except to the extent that the officer is entitled to an additional benefit as a result of the termination. In addition, the tables do not include the value of vested but unexercised stock options held by each executive as of October 31, 2015. The actual amounts that would be paid out would depend on which options were exercised and, therefore, can only be determined at the time of the executive officer's termination of employment.

|                                                 | Termination by us without Cause or by the Named Executive Officer with Good Reason Following a Change in Control |                                     |                              |                                   |                            | Termination by us for any reason other than Misconduct or by the Named Executive Officer for Good Reason |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------|-----------------------------------|----------------------------|----------------------------------------------------------------------------------------------------------|
|                                                 | Vincent T. Roche<br>(1)(2)(4)(5)(6)                                                                              | David A. Zinsner<br>(1)(2)(4)(5)(6) | Rick D. Hess<br>(1)(2)(4)(5) | Richard A. Meaney<br>(1)(2)(4)(5) | Peter Real<br>(1)(2)(4)(5) | Rick D. Hess<br>(7)                                                                                      |
| Cash Severance                                  | \$ 2,392,000                                                                                                     | \$ 1,539,850                        | \$ 1,495,000                 | \$ 1,345,500                      | \$ 1,046,500               | \$ 500,000                                                                                               |
| Cash Bonus                                      | \$ 4,654,861                                                                                                     | \$ 1,991,357                        | \$ 1,942,926                 | \$ 1,609,063                      | \$ 903,071                 | \$ 500,000                                                                                               |
| Value of Accelerated Vesting of Stock Awards(3) | \$ 12,639,175                                                                                                    | \$ 6,590,309                        | \$ 6,773,355                 | \$ 3,465,353                      | \$ 1,939,174               | \$ 4,725,733                                                                                             |
| Value of Medical and Other Benefits             | \$ 35,290                                                                                                        | \$ 34,215                           | \$ 33,080                    | \$ 26,142                         | \$ 6,680                   | \$ 16,540                                                                                                |
| Excise Tax Gross Up                             | \$ 7,591,482                                                                                                     |                                     |                              |                                   |                            |                                                                                                          |
| Total                                           | \$ 27,312,808                                                                                                    | \$ 10,155,731                       | \$ 10,244,361                | \$ 6,446,058                      | \$ 3,895,425               | \$ 5,742,273                                                                                             |

- (1) Cash severance based upon a multiplier of 299% of the executive officer's base salary (other than Mr. Hess). For Mr. Hess the amount is equal to his annual base salary plus a lump sum payment in an amount equal to the excess of 299% of his annual base salary over his annual base salary.
- (2) Cash bonus based upon a multiplier of 299% of the sum of the executive officer's total cash bonuses awarded to him in the four fiscal quarters preceding termination (other than Mr. Hess). For Mr. Hess, the amount is equal to his target bonus for the year in which the termination occurred plus a lump sum payment in an amount equal to the excess of 299% of his total cash bonuses awarded to him for the four fiscal quarters preceding termination over his target cash bonus for the year in which termination occurs.
- (3) The value of accelerated unvested options as of October 31, 2015 is calculated by taking the difference between the closing price of our common stock on NASDAQ on the last trading day of the fiscal year (\$60.12 on October 30, 2015) and the option exercise price and multiplying it by the number of accelerated options. For RSUs the value represents the closing price of our common stock on the last trading day of the fiscal year multiplied by the number of accelerated units. For performance based RSUs, the number of accelerated units assumes vesting at the target level.

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- (4) As of October 31, 2015, upon termination by us without cause or by the NEO for good reason after a change in control event, the officer would be entitled to acceleration of vesting of all outstanding unvested stock options or RSUs as follows:

| Name              | Number of<br>Unvested Option<br>Awards that<br>Accelerate<br>upon<br>Termination After<br>a Change in<br>Control | Number of<br>Unvested Time-<br>Based RSUs that<br>Accelerate<br>upon<br>Termination After<br>a Change in<br>Control | Number of<br>Unvested Performance-<br>Based RSUs that<br>Accelerate upon<br>Termination After<br>a<br>Change in Control<br>at<br>Target<br>Achievement |
|-------------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Vincent T. Roche  | 439,114                                                                                                          | 77,680                                                                                                              | 59,415                                                                                                                                                 |
| David A. Zinsner  | 223,936                                                                                                          | 44,430                                                                                                              | 26,575                                                                                                                                                 |
| Rick D. Hess      | 32,480                                                                                                           | 104,870                                                                                                             | 6,265                                                                                                                                                  |
| Richard A. Meaney | 121,878                                                                                                          | 21,720                                                                                                              | 16,420                                                                                                                                                 |
| Peter Real        | 83,546                                                                                                           | 14,990                                                                                                              | 3,130                                                                                                                                                  |

- (5) Amounts include life, disability, dental, accident and group health insurance benefit continuation for 24 months after a termination in connection with a change in control. The annual benefit costs for each executive are: \$17,645 for Mr. Roche, \$17,108 for Mr. Zinsner, \$16,540 for Mr. Hess, \$13,071 for Mr. Meaney and \$3,340 for Mr. Real.
- (6) In calculating the excise tax gross-up amounts, we take into account the officer's earnings from ADI for the prior five years. We include the change-in-control cash severance and bonus, valuations of unvested stock options that become vested upon a change-in-control (using the fiscal 2015 year-end closing stock price), valuations of time-based and performance-based restricted stock units that become vested upon a change-in-control (using the fiscal 2015 year-end closing stock price), and our estimated cost of medical and other benefits. Whether the officer will receive a gross-up amount will depend primarily on the officer's earnings in the previous five years, which will vary depending on stock option exercise activity and amounts of salary and incentives deferred under the DCP. Since 2009, our executive compensation arrangements for new executives do not contain tax gross up provisions for excess parachute payments.
- (7) Under the terms of his employment agreement, if Mr. Hess is terminated by us for any reason other than Misconduct, Mr. Hess will be entitled cash severance equal to his annual base salary; a cash bonus equal to his target cash incentive bonus for the year in which termination of employment occurs; acceleration of the vesting of 78,605 unvested time-based RSUs that were granted to him in connection with our acquisition of Hittite in replacement of Hittite equity awards; and the reimbursement for the difference between the cost of COBRA coverage and Mr. Hess's annual premium for one year.

**Equity Award Program Description**

Our equity award program is a broad-based, long-term employee retention program that is intended to attract, retain and motivate our employees, officers and directors and to align their interests with those of our shareholders. Under our 2006 Stock Incentive Plan, we may grant options to purchase shares of our common stock, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards to all employees, officers, directors, consultants and advisors of ADI. All stock options have a term of ten years, and for employees, generally vest in five equal installments on each of the first, second, third, fourth and fifth anniversaries of the date of grant, subject to full or partial acceleration upon death, disability or a change in control. The 2006 Stock Incentive Plan does not permit us to grant options at exercise prices that are below the fair market value of our common stock on the date of grant. Generally, our employee time-based RSUs vest in full on the third anniversary of the grant date. Our performance-based RSUs have three year performance periods under which the number of shares of ADI common stock received following vesting, if any, will be based on ADI's TSR performance measured against the median TSR of our peer group of companies over the three-year period. Our RSUs are subject to full or partial acceleration upon death, disability or a change in control.

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

**Securities Authorized for Issuance Under Equity Compensation Plans**

The following table provides information as of October 31, 2015 about the securities which are either already issued, or authorized for future issuance, under the following equity compensation plans: our 2006 Stock Incentive Plan, our 2001 Broad-Based Stock Option Plan and our 1998 Stock Option Plan.

**Equity Compensation Plan Information**

| Plan Category                                             | (a)<br>Number of Securities to be<br>Issued Upon<br>Exercise of<br>Outstanding<br>Options,<br>Warrants and<br>Rights | (b)<br>Weighted-Average Exercise<br>Price of Outstanding Options,<br>Warrants and<br>Rights | (c)<br>Number of Securities<br>Remaining Available for<br>Future Issuance Under Equity<br>Compensation Plans<br>(Excluding Securities Reflected<br>in Column (a)) |
|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans<br>approved by shareholders     | 14,801,501(1)                                                                                                        | \$ 41.62(2)                                                                                 | 17,034,503(3)                                                                                                                                                     |
| Equity compensation plans not<br>approved by shareholders | 77,040(4)                                                                                                            | \$ 39.42                                                                                    |                                                                                                                                                                   |
| Total                                                     | 14,878,541                                                                                                           | \$ 41.60(2)                                                                                 | 17,034,503                                                                                                                                                        |

(1) Includes 2,697,840 RSUs that were outstanding on October 31, 2015.

(2) The weighted average exercise price of outstanding options, warrants and rights excludes restricted stock units, which do not have an exercise price.

(3) Our 2006 Stock Incentive Plan, which was approved by shareholders in March 2014, allows for the issuance of 34 million shares of our common stock, plus any shares that were subject to outstanding options under our 1998 Stock Option Plan and our 2001 Broad-Based Stock Option Plan as of January 23, 2006 that are subsequently terminated or expire without being exercised. Shares not issued as a result of a net settlement, used to pay withholding tax on options or stock appreciation rights, or surrendered but not issued as new awards under a shareholder approved option exchange program are not available for use under the plan.

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

**2001 Broad-Based Stock Option Plan**

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

is lower than the original option exercise price per share.

If ADI is reorganized or acquired, then the 2001 Plan requires our Board of Directors to ensure that the acquiring or succeeding entity assumes, or substitutes equivalent options for, all of the outstanding options. If not, all then unexercised options become exercisable in full and terminate immediately before the reorganization

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or acquisition is consummated. If the options are assumed or replaced with substituted options, then they would continue to vest in accordance with their original vesting schedules. If the reorganization event also constitutes a change in control of ADI, then one-half of the shares of common stock subject to then outstanding unvested options would become immediately exercisable and the remaining one-half of the unvested options would continue to vest in accordance with their original vesting schedules. However, any remaining unvested options held by an optionee would vest and become exercisable in full if, on or before the first anniversary of the change in control, the optionee's employment were terminated without cause or for good reason (as those terms are defined in the 2001 Plan).

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

### ***Employee Service Award Program***

Our Employee Service Award Program is designed to recognize and thank employees for their long-term working relationship with ADI. All regular employees other than executive officers are eligible to receive these awards in the form of shares of our common stock. Our executive officers receive these awards in cash instead of stock. We grant these awards to employees starting with the employee's tenth anniversary of employment with us, and after the tenth anniversary, we grant the awards at the end of each subsequent five-year period of employment with us. The value of the award at the employee's tenth anniversary with us is \$1,000 and the value of the award increases by \$500 at each subsequent five-year service milestone. The number of shares awarded to an eligible employee is equal to the dollar value of the award divided by the closing per share price of our common stock as reported on NASDAQ on a specified date. The shares awarded are issued under our 2006 Stock Incentive Plan. Our Board of Directors may terminate, amend or suspend the program at any time at its discretion.

### **Compensation Committee Interlocks and Insider Participation**

During fiscal 2015, Messrs. Novich and Beyer and Dr. Su served as members of our Compensation Committee. No member of our Compensation Committee was at any time during fiscal 2015, or formerly, an officer or employee of ADI or any subsidiary of ADI. No member of our Compensation Committee had any relationship with us during fiscal 2015 requiring disclosure under Item 404 of Regulation S-K under the Exchange Act.

During fiscal 2015, none of our executive officers served as a member of the board of directors or compensation committee (or other committee serving an equivalent function) of any entity that had one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

### **Report of the Compensation Committee**

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

### **Compensation Committee**

Neil Novich, *Chairman*

Richard M. Beyer

Lisa T. Su

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

Our Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the Company's independent registered public accounting firm. To execute this responsibility, the Audit Committee engages in an annual evaluation of the independent registered public accounting firm's qualifications, performance and independence and whether the retention of the independent public accounting firm is in the best interest of the Company and our shareholders.

Our Audit Committee has selected the firm of Ernst & Young LLP, independent registered public accounting firm, as our auditors for the 2016 fiscal year. Ernst & Young LLP, or its predecessor firms, has served as our independent registered public accounting firm continuously since 1965. In accordance with SEC rules and Ernst & Young LLP policies, the firm's lead engagement partner rotates every five years. Our Audit Committee and its Chairman are directly involved in the selection of Ernst & Young LLP's lead engagement partner. The Audit Committee also has the sole authority to approve all engagement fees paid to our independent public accounting firm.

The Audit Committee and the Board of Directors believe that the continued retention of Ernst & Young LLP as our independent registered public accounting firm is in the best interest of the Company and our shareholders, and we are asking our shareholders to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2016 fiscal year. Although shareholder approval of the selection of Ernst & Young LLP is not required by law, our Board of Directors believes that it is advisable to give shareholders an opportunity to ratify this selection. If this proposal is not approved by our shareholders at the Annual Meeting, our Audit Committee will reconsider its selection of Ernst & Young LLP. Even if the selection is ratified, the Audit Committee may in its discretion select a different independent registered public accounting firm at any time during the year if it determines that such change would be in the best interest of the Company and our shareholders.

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

***Our Board of Directors recommends that you vote FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2016 fiscal year.***

**OTHER MATTERS**

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

**ELECTRONIC VOTING**

If you own your shares of common stock of record, you may vote your shares over the Internet at [www.proxyvote.com](http://www.proxyvote.com) or telephonically by calling 1-800-690-6903 and by following the instructions on the enclosed proxy card. Proxies submitted over the Internet or by telephone must be received by 11:59 p.m. Eastern Time on March 8, 2016.

If the shares you own are held in street name by a bank, broker or other nominee, your bank, broker or other nominee will provide a vote instruction form to you with this proxy statement, which you may use to direct



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how your shares will be voted. **You must instruct your bank, broker or other nominee how to vote with respect to the election of directors and the say on pay advisory vote; your bank, broker or other nominee cannot exercise its discretion to vote on these matters on your behalf.** Many banks and brokers also offer the option of voting over the Internet or by telephone, instructions for which would be provided by your bank or broker on your vote instruction form.

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

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**ANALOG DEVICES, INC.**

**P.O. BOX 9106**

**ATTN: INVESTOR RELATIONS DEPT.**

**ONE TECHNOLOGY WAY**

**NORWOOD, MA 02062-9106**

**VOTE BY INTERNET - [www.proxymvote.com](http://www.proxymvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on March 8, 2016. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

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

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on March 8, 2016. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

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

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

M98785-P71814

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

## ANALOG DEVICES, INC.

The shares represented by this proxy when properly executed will be voted in the manner directed by the undersigned shareholder. **If no direction is made, this proxy will be voted FOR the election of each of the nominees for Director and FOR Proposals 2 and 3.**

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

- 1) To elect the following ten nominees to our Board of Directors, each for a term expiring at the next Annual Meeting of Shareholders.

| Nominees                 | For | Against | Abstain | The Board of Directors recommends a vote <u>FOR</u> Proposal 2.                                                                                                                                                                                         | For | Against | Abstain |
|--------------------------|-----|---------|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|---------|
| 1a. Ray Stata            | ..  | ..      | ..      | 2) To approve, by non-binding say-on-pay vote, the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures in our proxy statement. | ..  | ..      | ..      |
| 1b. Vincent T. Roche     | ..  | ..      | ..      |                                                                                                                                                                                                                                                         |     |         |         |
| 1c. Richard M. Beyer     | ..  | ..      | ..      | <b>The Board of Directors recommends a vote <u>FOR</u> Proposal 3.</b>                                                                                                                                                                                  | ..  | ..      | ..      |
| 1d. James A. Champy      | ..  | ..      | ..      |                                                                                                                                                                                                                                                         |     |         |         |
| 1e. Bruce R. Evans       | ..  | ..      | ..      | 3) To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2016 fiscal year.                                                                                                                          |     |         |         |
| 1f. Edward H. Frank      | ..  | ..      | ..      |                                                                                                                                                                                                                                                         |     |         |         |
| 1g. John C. Hodgson      | ..  | ..      | ..      |                                                                                                                                                                                                                                                         |     |         |         |
| 1h. Neil Novich          | ..  | ..      | ..      |                                                                                                                                                                                                                                                         |     |         |         |
| 1i. Kenton J. Sicchitano | ..  | ..      | ..      |                                                                                                                                                                                                                                                         |     |         |         |

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1j. Lisa T. Su

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

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners)

Date \_\_\_\_\_

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

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

M98786-P71814

**ANALOG DEVICES, INC.**

**Annual Meeting of Shareholders - March 9, 2016 9:00 AM**

**This Proxy is solicited on behalf of the Board of Directors**

The undersigned revokes all previous proxies and hereby appoints Ray Stata, Vincent T. Roche and Margaret K. Seif, or any of them, as proxies, each with the power to appoint his or her substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this proxy card, all of the shares of common stock of ANALOG DEVICES, INC. that the undersigned is entitled to vote at the Annual Meeting of Shareholders to be held at 9:00 AM, Eastern Time on March 9, 2016, at Analog Devices, Inc., One Technology Way, Norwood, MA 02062, and any adjournment, postponement, continuation or rescheduling thereof.

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting or any postponement or adjournment thereof.

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

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

**Continued and to be signed on reverse side**