FINAL TRANSCRIPT

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ADI - Q4 2008 Analog Devices Inc. Earnings Conference Call

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PRESENTATION

Operator

Good afternoon. My name is Kara, and I will be your conference facilitator. At this time, I would like to welcome everyone to the Analog Devices fiscal fourth quarter 2008 earnings conference call. (OPERATOR INSTRUCTIONS) Thank you. Ms. Cole, you may begin your conference.

Mindy Kohl - *Analog Devices Inc. - Director of IR*

Thanks. Good afternoon, everyone. This is Mindy Kohl, Director of Investor Relations for Analog Devices. If you don't yet have our fourth quarter and fiscal year 2008 release, you can access it by visiting our website at www.analog.com and clicking on the headline on the home page. This conference call is also being broadcast live on the internet. From analog.com, just select Investor Relations and follow the instructions shown next to the microphone icon.

A recording of this conference call will be available today within about two hours of the call's completion and will remain available via phone internet play back for one week. Participating in today's call are Jerry Fishman, President and CEO, and Joe McDonough, Vice President of Finance and CFO. We've scheduled this call for 60 minutes. Jerry will present the results of our fourth quarter and fiscal year during the first section of the call. The balance of the time will be devoted to answering questions from analyst participants. (OPERATOR INSTRUCTIONS)

During today's call we will refer to several non-GAAP financial measures that have been adjusted for one-time items in order to provide investors useful information regarding our results of operations and business trends. We have included reconciliations of these non-GAAP measures to their most directly comparable GAAP measures in today's earnings release which is posted on the IR website. We've also updated the schedules on our IR website which include the historical quarterly and annual summary P&Ls for continuing ops as well as historical quarterly and annual information for product revenue from continuing operations by end market and by product type.

Next, I would ask you to please note that the information we are about to discuss includes forward-looking statements which include risks and uncertainties. The Company's actual results could differ materially from those we will be discussing. Factors that could contribute to such differences include, but are not limited to those described in the company's SEC filings, including our most recent quarterly report on Form 10-Q. The forward-looking information that is provided by the Company in the call represents the Company's outlook as of today and we do not undertake any obligation to update the forward-looking statements made by us. Subsequent events and developments may cause the Company's outlook to change, therefore, this conference call will include time sensitive information that may be accurate only as of the date of this live broadcast, which is November 24, 2008. With that, I'll turn it over to Jerry for opening remarks.

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Well, good afternoon. While the world changed a great deal in 2008 and particularly so in the last few months, all told for 2008, ADI had a very good year. We achieved about a 17% earnings per share growth on a 6% revenue growth and cash flow from operations was approximately 26% of our revenues. As a result of the strategic rebalancing of our investments in late 2007, which resulted in an increased focus on our core business, our revenues grew faster than most of our closest competitors and we believe that our relative performance will continue to outpace the competition in the future.

In late September, ADI began to experience a marked decrease in orders as the economic crisis started impacting customer buying patterns in virtually all end markets and geographies, albeit to varying degrees. A little bit later in the prepared comments, I'll give you a little bit more detail about new orders to provide some insight to what is now a rapidly changing order pattern and also the likely impact of these changing orders on ADI in the short term. As you saw in our press release, our revenues in Q4 were about $661 million, which were up about 6% year-over-year and approximately flat sequentially.

Now, once again, the diversity of our products, our end markets, our customers and the geographies we operate in provided stability in a very, very challenging market. As in previous quarters, as Mindy mentioned earlier, my comments will primarily refer to information that's posted on our investor website which provides analysis of our revenues for the last five years from many different perspectives of applications and products. This level and the format of data provide a long-term perspective which is very useful in monitoring our results and I think it's particularly so in a very rapidly changing environment.

Revenues from our broad base of industrial customers, which were about 47% of our revenues in Q4, were up 4% year-over-year and were down 5% sequentially, which is somewhat weaker than we would expect given a typical seasonal quarter. Within the industrial end market, automotive revenues showed the most notable declines and were down 10% sequentially after very strong growth in automotive products earlier in the year. While our position with automotive accounts remains very strong, we have many new functions and safety systems and high end entertainment and sensor applications for battery and braking systems.

During the fourth quarter, our new product momentum could not overcome the record declines in automotive sales worldwide. Most other industrial categories also declined sequentially with the exception of medical and defense. It's not surprising that total industrial revenues declined in our fourth quarter as capital equipment budgets have been sharply reduced at our large industrial OEM and distribution customers until the economic climate stabilizes. Nevertheless, industrial revenues have been growing very significantly at ADI for many years and our product position remains strong.

For the full year, industrial revenues increased 6% and our five-year compounded annual growth rate for industrial products is about 11%. The industrial market comprised 49% of our revenues in 2008 and remains the back bone of ADI. It's our most diverse customer base in many different subsegments. It requires the highest performance technology. It supports very long life cycles and it earns above corporate average gross margins. In Q4, revenues from communications customers grew 34% year-over-year and also grew 11% sequentially.

As we predicted last quarter, sales to bay station manufacturers increased in Q4, driven by our strong and expanding product position in Asia and also in Europe where our newest radio frequency, power and other analog products have now really, or nearly doubled, the market that's available to ADI in those types of end products. We also enjoyed sequential growth in wireless handset as a result of strong sales of our analog products such as microphone preamps, Power Management, audio, lens drivers, and HDMI devices. In aggregate, communications revenues comprised 27% of our total revenues in Q4. For the year of 2008, communications revenues increased 21% for a record $637 million, which was 25% of our revenues for the year.

In aggregate, communications revenues have grown at a compounded rate over the last five years of about 7% a year which includes the fact that we divested our DSL business a few years ago. Bay station revenues, the largest portion of our overall communications market revenue, have grown at a five-year compounded annual growth rate of 18% per year. Revenues from consumer customers grew 2% in the fourth quarter, but were down 11% year-over-year, reflecting the broad-base decline in consumer spending on electronics. Consumer revenues for the full year were down 2% from the prior year. Our consumer sales today are primarily in advanced TVs, cameras, and high end home audio products, all areas where our share is very high amongst the top brands for each of those product categories.

We continue to see good opportunities for ADI to expand our footprint at high end consumer products at attractive margins by providing new functionality that actually enhances the user experience. Consumer revenues comprise 21% of our total revenues in Q4 and also 21% for the full year. Revenues from computer customers in Q4 declined 8% year-over-year, 4% sequentially, which we believe is in line with generally weaker PC market worldwide.

For the year of 2008, our computer revenues declined 13% and were 5% of our total revenues, both in Q4 and for the year '08. Geographically, revenues were up sequentially in China, driven by strong growth in wireless infrastructure and also by an expanding broad base industrial business in the region. Revenue was flat quarter over quarter in North America and down 4 to 5% sequentially in both Europe and in Japan.

Looking at the products now, analog product revenues in Q4 grew 6% year-over-year and were up slightly from the prior quarter, which is a very solid performance relative to the market. Also for the full year, our analog revenues grew 6%, or actually 8% on a 52-week equivalent basis since the prior year had 53 weeks. Data converter sales grew 8% year-over-year and 2% sequentially in Q4 and represented 47% of our revenues in Q4. For the full year, converter sales grew 8% to $1.2 billion. Converters remain our largest and our most diverse product family and our top investment priority. Our converter revenues have grown at a five-year compounded rate of 12% per year, which is well ahead of the market and, as a result, we continue to gain share over that five-year period. Today, most analyst estimates of our share range from 37% to 47% and we're investing to expand our market leading position in the future.

In the fourth quarter, amplifier revenues increased 9% year-over-year and were flat sequentially. For the full year, our amplifier business grew 6% and have grown at a five-year compounded growth rate of about 10% per year. Amplifiers represented 23% of our sales in Q4 and also for the full year. Analysts estimate that our share of the overall amplifier market, which includes both high performance and commodity amplifiers, is somewhere between 18% and 20%. We estimate that our share of the high performance segment, where our products primarily are, is approximately 40%. Together, amplifiers and converters comprised 70% of our revenues in Q4 and 69% of our revenues for the full year.

Other analog products generally include analog signal processing products which incorporate our converter or amplifier technology into more specialized solutions for a particular market segment or provide new functionality such as radio frequency products, [MEMS], clocks and timing products. Revenues in this category were similar to last quarter, in our fourth quarter, and produced 14% of ADI's total revenues during the quarter. Power management revenues grew 21% year-over-year in the fourth quarter and 6% sequentially. For the year, power revenues grew 16%. For both the quarter and the year, power management revenues were approximately 6% of our total revenues.

We are beginning to now get traction in this product area after nearly two years of significant investment. We met our new product introduction goals in 2008, which demonstrates the execution capability of our power engineering team and should provide growth momentum in future years. We continue to focus our product development into industrial, communications and consumer applications where we can leverage our position as the leading converter and amplifier supplier, at customers who already know and who already respect ADI's overall technology. In Q4, our general purpose DSP revenues grew 9% year-over-year and 1% sequentially and contributed 9% of our total revenue. For the year, general purpose DSP revenues grew 10%. Gross margins for this product line now approximate the corporate average which continues to afford our of view that customers value our DSP technology and many diverse applications.

As I mentioned earlier, Q4 revenues were approximately flat sequentially and up about 6% year-over-year. Gross margins were just over 61%, approximately flat to the prior quarter, and up 110 basis points from the same quarter last year. This was a good result, in line with the mix of business we experienced during the quarter and the continuing tight control of our inventories.

Operating expenses exclusive of restructuring costs were flat sequentially, which was in line with our plan for the quarter and the cost containment goals that we established corporate-wide earlier. Non-GAAP operating margins expanded by 30 basis points sequentially and 160 basis points year-over-year to 24.8% of sales and on a full-year basis operating profits increased 10%. Diluted earnings from continuing operations was $0.49 which was up from $0.44 last quarter. A large portion of the increase from the prior quarter resulted from a lower tax rate. We expect the effective tax rate to return to 22% in Q1. The balance of the increase was attributable to higher non-operating income, which we expect to decrease in Q1 due to lower interest rates worldwide.

Operating cash flow remained very strong in Q4, totaled $142 million, which included a $37 million tax payment related to the sales of two businesses earlier in the year. Without this payment, operating cash flow was $179 million, or 27% of revenues for the quarter. For our full year, operating cash flow totaled $669 million, or 26% of revenues. Capital expenditures were $47 million for the quarter and $157 million for the year. Inventories increased by $5 million in Q4 following a $10 million decline last quarter. As a result, days in inventory were 112 days, which was in line with our plan. Accounts receivable decreased from last quarter with DSOs down to 44 days. This is a very impressive result in an environment where credit is extremely tight.

During the quarter we paid out $58 million in dividends, which represented 40% of our net income. At our current prices, our dividend yield is now over 4.5%. We ended the quarter and the year with $1.3 billion in cash and no debt. As I mentioned earlier, order rates slowed in late September with declines in orders from both direct OEM customers as well as distributors. Orders from end customers on our distributors declined less than distributor orders on ADI as distributors reduce inventories.

During the quarter, we did not experience unusual levels of cancellations. This indicates to us that the recent ordering patterns we're experiencing are primarily the result of growing caution and uncertainty amongst our customers, not the result of significant excess inventory as was the case in 2001. Not surprisingly, we experienced the largest order declines from automotive, consumer, ATE, and handset customers as these end markets reacted to all the economic chaos.

Compared to the prior quarter, overall backlog from end customers declined by approximately 18% and our book to bill ratio in the fourth quarter as measured by end customer booking, was approximately 0.92. As a result, we have very limited visibility for the next few months, given that a larger percentage of our revenues are being derived from turns orders, which is very typical in this type of environment when customers are very cautious. These conditions, of course, make it very difficult to forecast revenues accurately in the short-term. Our operating plan at ADI that we've developed for Q1 calls for revenues to decline by approximately 20% from Q4 levels.

So far this quarter, which we're now three weeks in to, revenues are running slightly ahead of this plan, but we're mindful of the likely weakness that we'll likely experience over the holiday period. We believe it's important to respond rapidly to new (inaudible) incoming order rates, but also to stay focused on our key strategic priorities. As such, our plan includes the following actions. We will continue to focus our investments on those technologies and product areas that offer the best growth and return on investment going forward. Our highest investment priority will continue to be our core business, which today represents one of the best franchises in the semiconductor industry. We will continue to reduce investments in areas where the returns do not meet our business model.

We expect this process to yield better operating margins, gross margins, and lower expenses in future quarters. We are continuing to execute our wafer fab consolidation strategy in Ireland, which began last year. Once complete, we expect this to reduce infrastructure costs and be accretive to gross margins. We expect to be able to begin to realize these savings during the second half of 2009. In addition, we're planning to consolidate our two remaining US wafer production sites into our existing Wilmington manufacturing location in Boston. These actions are expected to permanently reduce ADI's manufacturing costs.

We're planning to extend our customary holiday shutdown in certain manufacturing locations during Q1. Lowering our manufacturing output is expected to temporarily reduce our gross margins by approximately 3 to 4 percentage points. Therefore, we're planning for gross margins to be in the range of 57% to 58% in Q1 depending on the actual product mix of the sales levels we achieve. We've also reduced our capital spending plans for 2009 to now $55 million, down from $157 million in 2008.

Finally, we've also delayed all salary increases for professional staff until order rates stabilize and growth resumes. Our profit share planned payouts decline in line with our operating profits, so these costs will naturally be lower as revenues and margins decline in the short term. We're also planning to extend the holiday period for salaried employees in Q1 and to reduce all discretionary expenses corporate-wide. The combination of the strategically balancing product investments, manufacturing consolidations, extended vacation periods, and reduction in variable compensation and discretionary costs is expected to reduce operating expenses from Q4 levels by approximately 10% or $25 million per quarter. We anticipate that we'll achieve over half of that savings in the first quarter and the balance in our second quarter. As a result of these actions, we plan to record a restructuring charge in the first quarter.

Assuming these levels of sales, gross margin and cost reductions, earnings from continuing operations in the first quarter would be approximately $0.22 to $0.23 excluding restructuring charges. We believe that approximately half the expense actions we're taking will translate into permanent reductions in operating costs and half will be a result of temporary things that we've mentioned above. Clearly ADI produced a very good quarter in a tough economic environment and we're well prepared to respond to the challenges that are in front of us.

A continuing ingredient in our success is the good returns that we're now achieving on this significant investments that we've made over the past few years and also the actions we've taken to reshape our product and investment portfolio to focus on higher growth and more profitable market opportunities where customers value our innovation. In Q4, we had one of the strongest new product sales quarters in our history. We believe this bodes well for our long-term results when growth resumes.

And having said that we're, of course, disappointed that the economy and the chaos in the economic climate will delay the continuous progress that ADI has been making and achieving good growth at increasing margins. Nevertheless, our product positioning is the strongest in our history and we're positioning the company for very significant earnings leverage when growth resumes.

We expect that the actions that we're taking will somewhat mitigate the negative effects on earnings as a result of lower sales in the short term and that others will improve our product mix and infrastructure costs permanently. In any case, we remain very strong financially. We have $1.3 billion in cash and no debt and we should continue to generate very significant cash flow despite reduced sales in the short-term. As has happened many times before, the better positioned companies who properly balance long-term strategic priorities with short- and long-term cost containment will emerge as the winners for the next up cycle, which will surely occur and certainly ADI intends to be, continue to be one of those companies.

QUESTIONS AND ANSWERS

Mindy Kohl - *Analog Devices Inc. - Director of IR*

Thank you, Jerry.

Operator

(OPERATOR INSTRUCTIONS) Our first question comes from Srini Pajjuri with Merrill Lynch.

Srini Pajjuri - *Merrill Lynch - Analyst*

Thank you. Just a clarification first on the OpEx. You said it's going to be lower by about $25 million. I'm just wondering, should I model -- should I basically take out $25 million by Q2 of '09, and then you also said that only half of that is permanent. I'm just trying to think how to model going forward after Q2.

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Well, I think after Q2 we'll be heavily dependent on the revenues we achieve after that. I think those are good numbers until the revenues start to increase. But I think if you look out in time when the revenues start to increase, about half of that, or about 5%, is permanent reductions that will remain even after revenues increase.

Srini Pajjuri - *Merrill Lynch - Analyst*

Okay, got it. And then quickly on the turns, you said you probably need more turns to make the quarter. Can you talk about what the turns level was last quarter and what you are expecting for the guidance?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Well, I'll talk generally and then Joe can maybe give you some of the statistics. Generally in this type of market where nobody wants to hold any inventory and our customers don't know exactly what they are going to need and supply is readily available, I mean typically in this part of the cycle, we would receive most of our business through turns orders because the backlogs are low and customers believe there's no need for them to put backlog on us. So typically in this kind of a environment you would find the predominant amount of our business coming from turns. So, Joe, you want to --

Joe McDonough - *Analog Devices Inc. - CFO*

To answer your question specifically, the turns business that we saw in the fourth quarter were a little bit higher than in the third quarter, something in the 40% to 45% of revenue is what you would call turns business. Next quarter, that number will go up probably to 50%, but what gets quite confusing when you try to use backlog and the bookings and changes in those from quarter to quarter in times like these is that, as Jerry mentioned, the distributors are sitting with inventories that are at higher levels than they would like. So their first reaction, and not a lot higher, maybe 5% higher than they were at the beginning of the quarter. So their first reaction is to stop ordering from us until they can bleed off their supply of inventory.

So when we talk about backlogs, we're talking about the backlog that we get from our distributors, but when we evaluate end market conditions, and as Jerry said the book to bill ratio and end market level was about 0.92. We are looking at the backlog that our distributors have from their customers and ignoring the backlog that we have from our distributors because we're really trying to look at the demand from the end market and our end customers. And so when we think in terms of turns business, I think it's reasonable to assume that next quarter we'll get half the business from turns business at the end market level and half the business from backlog that already exists.

Srini Pajjuri - *Merrill Lynch - Analyst*

Okay, and one last one if I could. On the inventories, you said you are lowering the inventory levels this quarter. Do you expect that to be done by end of this quarter or do you expect to continue it next quarter? And also, what's the level of inventory target that you have in mind? Thank you.

Joe McDonough - *Analog Devices Inc. - CFO*

Well, the -- what we're doing is we're reducing the utilization of our factories and reducing the output of the factories. During the first quarter, we'll do that with some shutdowns. I think it's reasonable to assume that we'll continue to have some continued shutdowns and successive quarters until the demand starts to pick up. We're more or less trying to run the factories at the rate of demand. So the inventory levels in the first quarter will rise in dollars a bit because we won't be able to modulate as completely in the first quarter. So I think it's reasonable to assume that there will be some inventory build. But we're starting from a pretty good position. We're starting with 112 days of inventory now, which is more or less in our model rate and so even if the inventory dollars do grow a bit, the days of inventory will be probably quite reasonable, and our inventory is of a type that has very long product lifecycles and, therefore, it's unusual for us to have a lot of risk associated with the inventory -- risk from the standpoint that we wouldn't sell it at some .

Jerry Fishman - *Analog Devices Inc. - President, CEO*

I think the big advantage to us, I mean in previous cycles and previous years, we were relatively slow to turn down the factories because, as Joe said, the inventory is good. It's not that we build it and we write it off over time because the product cycles, particularly in our internal fabs are so long. The reason this time we decided to act more quickly to turn it down is what we're really trying to do is get ADI ready for when business does turn up, whenever that may be, to get very significant leverage on the upside on that as compared to having to work through all that inventory that we built in the down cycle in the first two or three quarters of the up cycle. So I would say that that's one of the differences in the way we're trying to react to this thing compared to previous cycles.

Operator

Your next question comes from the line of Ross Seymore with Deutsche Bank.

Ross Seymore - *Deutsche Bank - Analyst*

Talk a little bit about the gross margin side of things. I understand how much it's dropping this quarter. Could you give us an idea of how that flows through into the fiscal second quarter?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Well, I think the largest part, in fact all of the gross margin decline in Q1 will be as a result of the utilization in our factory going down quite a bit, as Joe mentioned. We saw last quarter the gross margins were approximately 60%, a little better than 61% and given the mix of business we had, that was a pretty good number. So I don't think there's any rational to be concerned about the gross margin of the mix that we have in the Company other than when we ramped the factories down hard to keep the inventories under control. Many of the actions that I mentioned in terms of the fab in Ireland, the consolidations that go on in the US and the fabs and other actions we're taking are all towards keeping the gross margins at or above the kind of levels that we talked about when business is stable. But in the short-term, we're running couple big fab sites and the decision to not build significant inventories ratchet down the gross margins pretty quickly in that environment.

Ross Seymore - *Deutsche Bank - Analyst*

If we assume that the demand environment stays mediocre, is that something that you would slowly blend back up towards that 61% rate or is it something that snaps back for whatever reason?

Joe McDonough - *Analog Devices Inc. - CFO*

I think two things will happen over time. As Jerry mentioned, some of the actions on restructuring are within the manufacturing processes, in the factories and those start to give a positive, an improvement to the gross margin as we work off the old inventories that were produced at higher prices. So that takes a bit of time after the restructuring actions are completed. And so that probably is more into late fiscal '09 and into 2010 before you start to see the impact of the restructuring actions in a favorable sense. In the near term, it's totally dependent on the level of business and so if the level of business improves, then we certainly will have the confidence to increase the utilization rates in the factories and that will have a positive impact on the gross margin.

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Based on the levels that we're starting at, Ross, you know, if we were starting up at 140 or 150 days, it would take us a long time to turn those fabs back on when business got better. But given the levels that we're down at now in both absolute dollars and in days, the response time between the orders getting better and the fabs turning back on is much shorter than it's been in previous cycles for us.

Operator

Your next question comes from the line of Romit Shah with Barclays Capital.

Romit Shah - *Barclays Capital - Analyst*

Thanks for taking my question. Jerry, just on OpEx, you announced a plan to cut it by about 10%. Is that what you would consider appropriate for the current sales run rate or would you -- would we expect you to cut OpEx in further if sales, if they drop below the $500 million run rate?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Well, we haven't decided yet is the best answer I can give you. Certainly, it's hard enough to understand where the business is with all these things changing right now. We think at these kind of sales levels that reduction is a good balance between trying to preserve some respectability on the margins and yet being responsive to the significant change we've seen in the outlook. I think beyond that, we'll just have to wait and see what happens, and we'll know more about that as we get out to the end of this quarter, but I wouldn't want to speculate on that right now.

Romit Shah - *Barclays Capital - Analyst*

Some of your competitors are reducing head count today in anticipation that things are going to get worse from here. That was one thing I didn't hear you mention when you went through the line items on the OpEx. Can you just comment on that, please?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Yes, I mean we think the real way to think about expenses, you got to get the expenses down. And certainly employment levels in Analog are going to go down from where they are, particularly in the areas that we're no longer emphasizing or reducing emphasis on. So the head count, I mean those are the essence of those permanent reductions that we talked about earlier. So -- but we tent to try to manage the Company based on the operating expense dollars than just picking arbitrary head count numbers and managing the business by that. But certainly employment levels in Analog are going to go down in Q1 and they are going to go down even further in Q2.

Operator

Your next question comes from the line of Steve Smigie with Raymond James. Mr. Smigie, your line is open.

Steve Smigie - *Raymond James - Analyst*

Yes, sorry about that. I was hoping you could talk a little bit about which product categories end markets are likely to decline more or perform better in the relative to the guidance you gave?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Well, we'll have to wait and see, but at least from what we've seen in the order patterns, at least through the end of last quarter, automotive not surprisingly is pretty far down. Consumer business, order rates have been pretty far down. Automatic test equipment, given they are in the tail end of the cycle, were down to negligible levels. Handsets, we're down -- I think those are the most volatile areas that we typically see in the cycle. The industrial business, while it was down sequentially, you don't see the large, the large magnitude of changes that you see in some of those other markets, which are much more volatile than the industrial market. The communications market, particularly the bay station market, has been pretty strong for us as we indicated in the opening comments, and there's a lot of reasons to believe that will continue to be the case, particularly in Asia as the infrastructure continues to get built up. So I mean that's sort of a summary of at least our beliefs about the way things might happen.

Steve Smigie - *Raymond James - Analyst*

Okay, and then on the product side, with regard to the 20% down, which ones perform a little better-- ?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

I think it's going to be down across the board in virtually most of the product categories and most of the end markets. So it's hard to predict that in advance, but from what we've seen so far, I mean we saw a pretty good hit on the order rates and virtually all the product areas and all the markets and all the geographies, with the exceptions of what I have already mentioned.

Operator

Your next question comes from the line of John Dryden with Charter Equity.

John Dryden - *Charter Equity - Analyst*

Hi. Thanks for taking my questions. Jerry, could you update us on the strategy in Power Management. You weren't looking for gains in Power Management in the industrial or comp space prior to 2010, but did expect sharp ramp in consumer next year. Is this still the case coming off a small base, or will we look for the consumer gains in Power Management to be pushed out a year?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

It depends on what happens in some of those end markets. In some of those product areas, we are creating new functionality which is going to go in end consumer products, so it's not so much based on how many TV sets or cameras or so on get sold. We used to have nothing and now we have something. So I expect that will -- it should do a little bit better than the average of just what the unit increases are in each of those segments, but it's very hard to predict right now how all that's going to play out.

Certainly in the industrial and some of the infrastructure markets, it takes a little bit longer to really get traction because those markets just move slower and the product cycles are slower than in some of the faster-moving markets. But I mean it's really hard to tell. So far, we're happy with the products that are coming out. The customers have received them well. The designing rates are good. So we'll just have to wait and see how 2009 develops.

John Dryden - *Charter Equity - Analyst*

And then the second question, the shift to TSMC for men's away from your internal factories, will this continue despite the slowdown in demand and is this still accretive to margins immediately or at a percentage of your volume of MEMS shipments?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

It is continuing to proceed. It's mostly attributable to the consumer part of the MEMS business, not the automotive part of the MEMS business. That program is moving very fast, so that is going to help us.

John Dryden - *Charter Equity - Analyst*

Thanks for taking my questions.

Operator

Your next question comes from the line of Uche Orji with UBS.

Uche Orji - *UBS - Analyst*

Thank you very much. I have -- my first question comes in about two parts. By the end of these consolidations, how much capacity will you have effectively removed and what is utilization rates going to be by the end of the January quarter and what were they at the end of the quarter that just ended?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Joe, you should take that.

Joe McDonough - *Analog Devices Inc. - CFO*

Yes, I think the way to look at it at this point is the factory utilization rates are numbers that, as we've said before, that are difficult to pinpoint exactly what that means because there's utilization based on the equipment we have. There's utilizations based on the size of the factory and there is utilization rates that are based on the mix of business running in the factory and the dollar value of each wafer. But as best as we can look at, and we don't manage the business by these utilization rates, we, in the fourth quarter, we're using, say, 65% to 70% of the factory capacity and that will probably be closer to 50% to 55% during the first quarter and depending on what happens into the second quarter of next year. So at that kind of a utilization rate, there's plenty of capacity and upside that's available and the amount of consolidation that we're taking off doesn't necessarily reduce the total capacity significantly, but it does change the cost structure of where that capacity is.

Uche Orji - *UBS - Analyst*

And in terms of how much capacity will be removed, you said it's going to be permanent--

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Joe McDonough - *Analog Devices Inc. - CFO*

We don't have that number. It's just not the way we look at it. We look at it from the standpoint of the demand that we expect and the costs per wafer and the cost of manufacturing and trying to make that manufacturing cost as efficient as we can while still being able to serve the market opportunities that we see.

Operator

Your next question comes from the line of Tristan Gerra with Robert Baird.

Tristan Gerra - *Robert Baird - Analyst*

Hi. How many weeks of inventory do you have distributors currently?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

The question is how many weeks of inventory do we have at distributors. The way we think of inventory at distributors is in terms of the days of inventory that they have at our cost and that number is somewhere in the 25 days range and probably a day or so higher than it was last quarter.

Tristan Gerra - *Robert Baird - Analyst*

Okay. And in your guidance seems to basically model about the same type of turn order rate as what you had last quarter with a declining backlog base. Is your guidance making any assumption of a rebound in orders for the Chinese new year, or what's the basis in terms of given the very low visibility that you have?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Well, I think the basis of it is is we've had a pretty good decline in the backlog. The world is very uncertain. We don't exactly know what's going to happen over the holiday period, although you can imagine it being a fairly negative period. And when we triangulate on what's likely to happen in Q1, I mean that's about where we come out. Now, I think as you look out further than Q1 into the period after that, February, March, April, if the world stabilizes and doesn't keep going in the wrong direction, typically our Q2 is better than our Q1.

But I think we'll really have to really wait and see what happens for the balance of the quarter, see what the order rates look like, see what the customers are saying, see what the sell-through has been in some of the high volume markets, see what's happened with capital spending worldwide over the next three months and then we'll just have to make a judgment in where Q2 is. I mean, obviously there are three possibilities. It could either be higher, lower, or the same and we don't know that until we really see what happens through the month of January, look at all the customers, look at all the geographies, look at all the products, and try to see where it was and what's likely to happen in the next quarter.

Operator

Your next question comes from the line of Craig Hettenbach with Goldman Sachs.

Craig Hettenbach - *Goldman Sachs - Analyst*

Yes, thank you. Jerry, it's been almost a year -- could you just talk about any changes throughout the organization in terms of the impact that those moves have had. We could see it in some of the financials and margins, but any other color in terms of how that's played out throughout the organization?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

I think probably the financial implications in terms of the margins and so on are obvious from the numbers, but I think at least as important is the better focus we have on what we're really good at and we don't get the focus by things that there is not really a long-term plan that is likely to be successful for ADI. So I would say the best answer to your question is we're just incredibly more focused now than we were when we were in businesses that didn't add a lot of sales, didn't add a lot of profits and yet consumed a lot of management attention to try to figure out what to do on them.

Now our full attention is aimed at the things that we really are committed to and that we're really sure are part of our future as compared to peripheral things that were not. I would say that, at least to me and I would say to the management team is the single most important aspect of divesting those businesses along with, of course, the financial benefits that we've achieved.

Craig Hettenbach - *Goldman Sachs - Analyst*

Okay, and then if I could on a follow-up, as it relates to the OpEx reduction half being permanent, would that over time bump up your target model just a little bit in terms of it's been 27, 28% operating margin?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Well, I think one way to think about it just simplistically is if you have 37 or whatever it is, percent of your sales in fixed costs and take you out permanently 5%, when you get to the same sales level it improves margins by 2%. Certainly, that is part of the rational for doing it. Many of those things we contemplated doing in any case, but certainly as business has cratered here, we have moved up a lot of those initiatives. We've raised the bar significantly on new investments we're making. We've accelerated plans to decrease the investments in areas that we decided we wanted to.

So I think, if anything, it gives us more confidence in the long-term model because that's not an insignificant change permanently in the cost structure. These are not jobs that we're easily going to replace. These are not product areas that we're going to go back and invest in when business gets better. These are sort of a much continuing, much more significant focus and lower costs as a result of that than we've had in the past.

Operator

Your next question comes from the line of Doug Freedman with AmTech Research.

Doug Freedman - *AmTech Research - Analyst*

Hi, guys. Let me start off by just congratulating you on the strong fall through that you had this quarter. It's a tough time out there, but it is noticeable in the performance in the quarter you just put up. If you could spend a few minutes though talking a little bit about about the linearity that you saw and whether guys are trying to get the sense of sounds like November was worse than October, expectations, December with the shutdown period, are you expecting December to sort of be the trough at this point, any color you can give us?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Well, I would say the way the order patterns were during the quarter is August was okay. I would say the first half or two-thirds of September looked good. We didn't have a lot of upward momentum, but we were looking, we thought, pretty good after about six weeks. Starting at about the third week of September, you could noticeably see the order rates beginning to fall virtually every place. So it was almost like something happened and everybody stopped ordering simultaneously. So the order rates in October for -- that's not a big surprise, I would think. I would say to a first approximation the order rates in November are not dissimilar from the order rates in October. In aggregate, that's about where they are. So I think the good news is it looks like the order rates aren't -- haven't been in free fall. We took a big hit and it's been roughly at those levels so far this quarter, so that's the good news.

The uncertainty of this quarter is what happens over the two weeks when a lot of companies shut down and people retrench and we really don't know. So I think it's really going to take us till we get back in January and everybody really takes a look at what happens in January with the order rates. As I mentioned earlier, we're running a little bit better than the guidance we gave you through the first three weeks, but it's hard to be enthusiastic about that with the Christmas time coming up. But at least we're seeing that the rates aren't getting any worse since October and if there's any good news, that's probably the good news.

Doug Freedman - *AmTech Research - Analyst*

All right. If you could talk a little bit--

Joe McDonough - *Analog Devices Inc. - CFO*

The one thing that I would add to that is we have obviously a lot of data. We have a lot of meeting among the management teams, recasting of the plans and in periods like this where there's been a significant change, you can almost form any conclusion that you want and sometimes what happens is there's a tendency to over react and to forecast too much doom and gloom and so at this point the only thing that we really do know is what's actually happened during the first three or four weeks of this quarter in terms of what's gone out the door and what the revenue is. And that's actually pretty good, so we haven't started off with a drought. We've started out in pretty good shape. We're actually ahead of that 20% down plan that we've got and the only difficulty is that we do know that the holiday season is coming up. We do know that a lot of companies will act like we are, which is shutting down for a while. And so if everything holds together, it's reasonable to believe that by the time you get into Q2 that things could look better in Q2 than they do with 1Q and, therefore, 1Q could be the trough, but there's absolutely no way of knowing that until January comes around and we're looking at where things are at that point in time.

Jerry Fishman - *Analog Devices Inc. - President, CEO*

I think we really don't know, but we're preparing and trying to stay flexible for whatever happens. It might get better, it might get worse, might stay the same. In either case, we know how we're going to react to that.

Doug Freedman - *AmTech Research - Analyst*

Terrific. If I could, just a follow-up, discussing what's going on out in your distribution partners. I'm not sure what your distribution contacts look like, but as far as distributors trying to turn inventory into cash right now, are you seeing the same sort of payment behavior out of your distribution partners? Is there any increased risk here? Are they taking the early payment discounts or are you expecting sort of an extended payment, you guys clearly highlighted on the call that your DSOs were really tight.

Joe McDonough - *Analog Devices Inc. - CFO*

We don't have discounts for early payments. We just have payment terms. And we have a very good group that works very closely with the distributors and I think this quarter is a good example of what happens in tough times. There's just a lot more contact, a lot more commitments. There's follow-up and there's follow-through on those commitments and that's just a process that works. I think there's also a recognition that we have to be a lot more careful in terms of not all floating on us the risk that no one else is going to take and certainly everyone is sensitive to that as well at this point in the cycle.

Mindy Kohl - *Analog Devices Inc. - Director of IR*

I just want to mention that we have a lot of people still waiting to ask questions in the queue and if we -- we're going to go over by a little bit, but if we can't get to your question with the time allotted, please call the IR line at 781-461-3282. Next question.

Operator

Our next question comes from the line of Sumit Dhanda with Banc of America Securities.

Sumit Dhanda - *Banc of America Securities - Analyst*

Couple of questions. Jerry, anything you could offer up the bay station business that has stayed strong, is your presence mainly on the TDS CDMA side or when the other carriers really start to ramp WCDMA or CDMA 2000 buildout, do you expect to participate pretty fully there? And then along the same lines, how far does that visibility extend in terms of the TDS CDMA build? Is it really just through 1Q perhaps or is it beyond that based on everything you can tell?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Well, I would say that certainly a lot of the strength we saw last quarter was a result of business in China along with the usual cast of characters that are in that business. But we also have very strong positions in other technology, wireless technologies in many, many other locations. And so I expect that we participate -- if the bay station market, the infrastructure market continues to be strong, whether it's with TDS, CDMA or any other technology, we'll do very well. I mean we don't know the exact statistics, but approximately we get about half of the analog content in bay stations around the world, so we're well positioned regardless of where the strength is. The strength ebbs and flows in one location or another, one geography and one standard. But if we continue to provide the kind of products that we've been providing and enjoy the relationships with the Tier 1 guys in that market that we've established relationships with, I mean that should be, as long as somebody buys bay stations, I think we should do pretty well.

Sumit Dhanda - *Banc of America Securities - Analyst*

On the Power Management front, you talked about the numbers so far matching your expectations, the internal targets. Do you see any of these designs that you are hoping to start to perhaps ramp in volume next year pushed out significantly because of the economic slowdown, or do you think the business is small enough right now that you may be able to power through some of this, if not all of this?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

My hope is we can power through some of it. Probably not all of it, but these are new designs, new functions, so hopefully we'll be able to do a little bit better than the market, but it's really too -- I just don't know.

Sumit Dhanda - *Banc of America Securities - Analyst*

Last question for you, Joe, on the fab consolidations, the Ireland savings and then the two new consolidations you mentioned in Massachusetts, is there a way to quantify the dollar savings associated just the actions on the fab front or not really?

Joe McDonough - *Analog Devices Inc. - CFO*

Well, we have in our 10-K, which will be filed very shortly, listed the anticipated savings for the Irish consolidation. That's been under way for some time. That's coming to a completion. It's on schedule if not ahead of schedule when we get finished with this. The savings are what we expect it to be. The other consolidation is still in the planning stages here in Massachusetts and so it's a little premature to talk about that. We're still trying to put all that together. It's a small fab, so there will be something that will come from it. It's a fab that there was a period of time when the lease will expire out in a few years from now. We're pulling that in a bit, is what that's involved with. But a lot of it is about making use of the facilities and fab that we have and to be able to run more through those fabs. So we'll have more on that at the end of the first quarter.

Operator

Your next question comes from the line of Mark Lipacis of Morgan Stanley.

Mark Lipacis - *Morgan Stanley - Analyst*

Thanks for taking my questions. Couple questions for Joe. Did you provide the guidance on CapEx and depreciation for the January quarter and is there a way to give us a framework for thinking about those two items as we look into fiscal '10?

Joe McDonough - *Analog Devices Inc. - CFO*

The depreciation is running in the $38 million to $40 million a quarter range. The capital budget for fiscal 2009 has been reduced to $50 million, so on a first approximation, you can divide it by four. Might be a little heavier in the beginning, but I think that's a reasonable way to think about the capital expenditures.

Mark Lipacis - *Morgan Stanley - Analyst*

Okay, and--

Joe McDonough - *Analog Devices Inc. - CFO*

What was the second question?

Mark Lipacis - *Morgan Stanley - Analyst*

Assuming, assuming that you hit your targets for the January quarter, can you take -- would you care to take a stab at what you think cash flow from operations would be?

Joe McDonough - *Analog Devices Inc. - CFO*

Well, I think that the starting point should be the net income and then adjusted for the difference between the depreciation and the capital expenditures. The inventories will grow something in the $10 million, $15 million range probably. The -- those are the major items. Accounts receivable, I suppose there will be an extra day or two of day sales outstanding because this quarter was truly exceptional.

Mark Lipacis - *Morgan Stanley - Analyst*

Okay. Fair enough. Last question, you gave us some information on the timing for the Ireland savings. When do you think the US consolidation savings, when is the earliest time that that could-- ?

Joe McDonough - *Analog Devices Inc. - CFO*

That's out in 2010, so we'll have to comment on that at the end of the first quarter when we have a better plan, when we have a plan.

Mark Lipacis - *Morgan Stanley - Analyst*

Talking calendar '10? I'm sorry. Did you--

Joe McDonough - *Analog Devices Inc. - CFO*

It's in -- if you didn't hear me, it would be in 2010, some time in 2010 and we'll have to provide an update at the end of the first quarter when we have a plan to discuss.

Operator

Your next question comes from the line of John Pitzer with Credit Suisse.

John Pitzer - *Credit Suisse - Analyst*

Couple quick questions here. Can you talk about what's normal linearity for the January quarter? When you say that you're running ahead of that down 20% guidance, is that assuming normal linearity or worse than or better than?

Joe McDonough - *Analog Devices Inc. - CFO*

This is Joe McDonough. If you just take the revenue that we have realized quarter to date, which is only a few weeks, and you extrapolate that into a 13-week quarter, we are not down 20%. But the expectation is that there's not really 13 weeks because customers, like us, will take a week or two off.

John Pitzer - *Credit Suisse - Analyst*

And then, guys, just my second question. Jerry, can you talk relative to the down 20 for January, how the bay station business is holding up and are you all concerned given the credit issues out there that it's been a pretty strong segment for the last several quarters that things could slow?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Yes, I mean we certainly are watching that very, very carefully and getting feedback on a pretty regular basis from our large customers. There's only about a half dozen customers that make a difference of any consequence in that, so I mean we're keeping a watchful eye on that. I mean we just don't know. I mean we don't have a lot of lead time on that business. We get a lot of forecasts from those customers and historically most of those forecasts turn into real revenues, but you never know when that won't happen. So what we really have is forecasts from customers, which look okay. If you recall the quarter before when we were finishing the third quarter, we saw the revenues in bay stations go down a little bit, but we said we were very confident that Q4 was going to be up in the bay station business because we had a lot of forecast orders for that business and those orders fortunately turned into revenues. So we're hopeful that it will happen now, but it's certainly not a sure thing.

John Pitzer - *Credit Suisse - Analyst*

And Jerry, I'm sorry, when you look out into the January quarter, how is that business preparing relative to the down 20 guidance overall?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

We only have three weeks of the quarter. I really haven't -- I just don't know. I mean all -- the reason Joe said what he said about the quarter so far is we just wanted to give everybody a sense that it looks like it's not that the world is continuously getting worse every single day, but that it looks like it's a little bit more stabilized after a lot of big, big hit on the order rates. But what's going to happen for the rest of the quarter, I mean I think the fairest thing we could say, we just don't know. There's a lot of different possibilities you can imagine of December and what happens in January. And nobody knows that. So that's why we're trying to be cautious.

That's why we decided to take very aggressive action on the fabs. That's why we decided to take very aggressive action on some of the investments we're making and some of the product areas because one possibility is that it gets worse and it's funny at analog now, Joe's the optimist and I'm the pessimist. That's the different position than we historically occupy here. But the fairest thing we could say, nobody knows. There's been a big inflection point. There seems to be a little stability. We'll just have to wait and see what happens during the quarter.

John Pitzer - *Credit Suisse - Analyst*

And then Jerry, last question is you guys have the experience of having gone through this in 2000, 2001 and you're one of the few management teams out there that's actually still intact since back then -- clearly inventory situation is a lot different this time around, but the demand is kind of falling off more quickly than it did in '01, at least the first quarter into that downturn. What are sort of the gives and takes in your mind as to how you try to manage through this period versus that period?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

I think one of the differences, and I think that's a good he question, is that in the last period, we knew that when in one year we grew 70% or added $1 billion of sales in a single year, that that was not likely one year's worth of sales. And people were just ordering parts because they were afraid of supply issues. So when we saw that and understood what really happened when the bubble blew up, we could sort of figure out what was likely the amount of inventory out there, which was at least a year's worth, and we could sort of figure out what rate our customers would burn that inventory.

So it was a relatively predictable period in which we were predicting that things would go back to more normal rates. I think this cycle is very different. This cycle we really don't know where the bottom is because consumption is down and it's, the consumption's down for a lot of good reasons, given all the chaos out there, which is why I think in this cycle we are taking much more aggressive actions on the cost structure than we did during that cycle because the other cycle, the upturn was a lot more predictable than when the upturn's going to come this time.

John Pitzer - *Credit Suisse - Analyst*

All right. Thanks, guys. Appreciate it.

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Is that helpful? Okay.

Operator

Your next question comes from the line of Chris Danely with JPMorgan.

Chris Danely - *JPMorgan - Analyst*

Couple quick ones. Jerry, you talked about your relative expectations for the end markets for next year.

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Yes.

Chris Danely - *JPMorgan - Analyst*

Does that have any implications on gross margins? Could they bounce back a little bit quicker? Could they be held down a little bit more with common industrial relatively better?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Well, if common industrial's better, that will certainly help us on the gross margin. I mean those are the highest gross margin businesses we have in the company and if those businesses are good and we can actually begin some time this year to load the fabs again, I think that will help our gross margins a lot.

Chris Danely - *JPMorgan - Analyst*

Okay, and then last question, I guess to paraphrase, in terms of gross margins versus revenue after fiscal Q1, it sounds like if you think revenue's going to be down again, gross margins could dip again, but if you think revenue is going to be up again, gross margins could go up again. Is that kind of a simplistic way of looking at it?

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Yes, we don't have -- 60,000 feet, that's true. We don't have a lot of inventory on products that are built in our internal fabs. So I, I think as Joe was saying earlier, we will run those fabs based on the order rates we're seeing. We're not going to look at it every week to change the rates, but when we look at it at the end of Q1, turns out that, we can't be out of inventory on those products because our customers depend on it so much and they are so profitable. So I think the, the time between the order rates increasing and the fabs turning on is much shorter for us than historically it's been, mainly because the inventories are much lower going into this thing than they have ever been.

Chris Danely - *JPMorgan - Analyst*

Yes, okay. That makes sense. Thanks, guys.

Jerry Fishman - *Analog Devices Inc. - President, CEO*

Yes.

Operator

Your next question is a follow-up from the line of Uche Orji from UBS.

Uche Orji - *UBS - Analyst*

Thank you very much for that. Jerry, just one thing I wanted to follow up on regarding your cash generation. What is -- how should we think about with the guidance you've given how much cash you should be able to generate next quarter? And in terms of your dividends, payments, to what extent should we -- if this were to drag on, at what point -- what metric should we be looking at to worry whether that could be sustained?

Joe McDonough - *Analog Devices Inc. - CFO*

Well, this is Joe McDonough. On the cash, I think somebody asked that question and I think that starting with the net income for first quarter that you assumed and then adjusted for the difference between depreciation, which is in the $40 million range and the capital expenditures, which on an annual basis we said are going to be $50 million. And I think the accounts receivable will probably increase one day or two for day sales outstanding. At first approximation, those are the major elements of the cash flow. The dividend, I think we've -- the Board declares the dividend each quarter. That dividend was declared by the Board at $0.20 for this next dividend payment and that has been $0.20 for a number of quarters. There's a recognition that the shareholders do value dividends. On the other hand, the economics circumstances at the end of the day will also have to be taken into consideration, but at this point in time, there's no decision to change the dividend, but there's also no dividend declared till we get to the end of the first quarter.

Jerry Fishman - *Analog Devices Inc. - President, CEO*

I think just one follow-up on that, typically what happens in Analog during these kind of cycles, and we've been through many of them before, is our cash generation tends to be relatively stable, in fact, somewhat more stable than our earnings. And the reason for that is that capital expenditures go down, as we've mentioned. Capital expenditures next year are going to be down $100 million or so from this year and that tends to really help on the cash generation side. So we have $1.3 billion of cash. We're still generating cash. We've been paying about 40% of our cash and dividends. I mean you can never say never, but it's certainly not on our plate right now to look at that.

Uche Orji - *UBS - Analyst*

All right, thank you very much.

Operator

Your final question comes from the line of Romit Shah with Barclays Capital.

Romit Shah - *Barclays Capital - Analyst*

Hey, guys, just had a quick follow-up. Joe, just help me understand your utilization rate is coming down this quarter. You guys have a -- you're shutting down the factories. Why is it that inventory dollars are going up by $10 million to $15 million?

Joe McDonough - *Analog Devices Inc. - CFO*

Well, there's an assumption that the distributors will have less inventory at the end of the first quarter and that some of that inventory will get essentially -- we won't move it to them. We'll keep it.

Romit Shah - *Barclays Capital - Analyst*

Okay.

Joe McDonough - *Analog Devices Inc. - CFO*

The food chain for serving our customers includes the inventory we have and the inventory that the distributors have. So there's an assumption that with the credit crisis that the distributors will carry less inventory and increase their turns.

Romit Shah - *Barclays Capital - Analyst*

Okay. Thank you.

Mindy Kohl - *Analog Devices Inc. - Director of IR*

Okay. Well, that concludes our call today. I want to thank you for your participation and we look forward to talking with all of you again during our Q1 conference call scheduled for Wednesday, February 18, 2009. Thanks very much.

Operator

That concludes today's Analog Services conference call. You may now disconnect.
