FINAL TRANSCRIPT

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ADI - Q4 2010 Analog Devices Inc. Earnings Conference Call

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PRESENTATION

Operator

Good afternoon. My name is Marcello and I will be your conference facilitator. At this time, I would like to welcome everyone to Analog Devices' fourth-quarter and fiscal-year 2010 earnings conference call. (Operator Instructions). Thank you. Ms. Kohl, you may begin your conference.

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

Thanks, and good afternoon, everyone. This is Mindy Kohl, Director of Investor Relations. We appreciate you joining us for today's call.

If you haven't yet seen our fourth-quarter and fiscal-year 2010 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 webcast live. From Analog.com, 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 this call's completion, and will remain available via telephone playback for one week. This webcast will also be archived on our IR website.

Participating in today's call are Jerry Fishman, President and CEO; David Zinsner, Vice President of Finance and CFO; and Vincent Roche, Vice President of Strategic Market Segments and Worldwide Sales.

During the first part of today's call, Jerry and Dave will present our fourth-quarter and fiscal 2010 results, as well as our short-term outlook. The remainder of the time will be devoted to Jerry, Dave, and Vince answering questions from our analyst participants.

During today's call, we may refer to certain non-GAAP financial measures that have been adjusted for certain nonrecurring items in order to provide investors with 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.

In addition, we have updated the schedules on our IR website which include the historical quarterly and annual summary P&Ls for continuing operations, as well as historical quarterly and annual information for revenue from continuing operations by end market and by product type.

Next, I'd ask you to please note that the information we are about to discuss includes forward-looking statements which include risks and uncertainties. Our 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 our SEC filings including our most recent annual report on Form 10-K.

The forward-looking statement that is provided on this call represents our 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 our outlook to change. Therefore, this conference call will include time-sensitive information that may be accurate only as of the date of the live broadcast, which is November 22, 2010.

With that, let's begin with opening remarks from our CEO, Jerry Fishman.

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

Good afternoon and thanks for joining us on today's fourth-quarter earnings call.

The fourth quarter was another very strong quarter for ADI, and really the culmination of a year of very significant achievement for the Company. Revenues for the fourth quarter increased 7% sequentially, 35% year over year, to $770 million, which was the upper end of the guidance we provided you last quarter.

We experienced strong demand across virtually every market that we serve. Profitability reached record levels as we achieved gross margins for the quarter of 67%, operating margins for the quarter of 37.1%, and earnings per share of $0.73. We also generated 36% of our sales, or $274 million, in operating cash flow for the quarter.

Communications and automotive revenues were particularly strong during the quarter. We also experienced sequential growth in the industrial market and also the consumer market. I will elaborate a little bit more on the end market details after Dave discusses the financial results in a bit more detail.

Driving our success in Q4 and throughout the entire fiscal year is our operating model, which we structured to get the upside while simultaneously protecting against the downside. Getting the upside is about maximizing our ability to capitalize on key strategic opportunities in front of us with sustainable proprietary advantages, ensuring that we can deliver the products as required by our customers and provide them with very high levels of technical support and great service around the world.

Clearly, our new organizational structure, which fundamentally reorganized ADI into product and market groups, has aligned -- increased our alignment with our customers. It's heightened our understanding of their applications and their systems architecture. It's enabled us to provide much more complete solutions, and at the same time it's helped us further refocus our investments on those products and those markets where our innovations add sustainable value and we can get paid for them.

During 2010, this new team operated at extremely high performance levels, and it's already had a very significant impact on our strategic planning and our execution.

This year, we also continued to implement a fundamentally lower and more variable cost structure that not only optimizes our profitability under favorable marketing conditions, but also affords us considerable downside protection if the market turns negative.

It's now a very significant advantage to now have a core structure in which approximately 17% of our operating expenses are variable. This provides us with the flexibility to modulate spending in response to changing market dynamics. This is all about what we at ADI call protecting the downside.

So, with that, I'll turn the call over to Dave, who will provide a few more details about our financial results.

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

Thanks, Jerry. As Jerry mentioned, fourth-quarter revenues were $770 million, growing 7% sequentially and increasing 35% from last year.

Gross margins increased for the fifth consecutive quarter, to 67% in the fourth quarter, an increase of 30 basis points from the third quarter.

Operating expenses for the fourth quarter were $230 million, a $1 million, or 0.6%, increase from the prior quarter. The increase was primarily related to variable compensation increases. As you know, most of the increase in expense since the beginning of the cycle has been variable, and the variability of our operating expenses enables us to react quickly in times when revenue might be lower.

Operating profits for the fourth quarter were $286 million, or 37.1% of sales, up 220 basis points from 34.9% of sales in the prior quarter. Operating profit increased sequentially by $35 million, or 14% in the fourth quarter, on a $50 million, or 7%, revenue increase, representing a 70% dropthrough of incremental revenue to operating profits. This was the eighth consecutive quarter in which we expanded operating margins, which are now more than 1,200 basis points above the prior peak.

Other income was approximately $2 million, which was due to a one-time gain on the sale of some unused real estate. Our tax rate was 21.9% as we adjusted our annual tax rate from 21% to 21.3%, excluding the effect of restructuring expenses. We expect our tax rate to be approximately 21.5% in fiscal 2011.

Our weighted average share count was 307 million shares and should be relatively flat for the foreseeable future. Earnings per diluted share were $0.73, which is a 12% sequential increase from the prior quarter and more than double our EPS in the same period a year ago.

For the year, we increased earnings per share by $1.48, or 174%.

Our Board of Directors declared a cash dividend of $0.22 per outstanding share of common stock, which will be paid on December 22, 2010, to all shareholders of record at the close of business on December 3, 2010, and the Board also authorized the repurchase of an additional $1 billion of common stock under our existing share repurchase program.

Free cash flow was strong at $237 million, or 31% of sales for the quarter, and we closed the year with $2.7 billion in cash, as compared to $2.5 billion at the end of the third quarter. For the year, we generated $880 million in free cash flow, roughly 32% of sales.

Our accounts receivable balance increased sequentially by approximately 8%, in line with our sales growth, and our days sales outstanding increased by one day to 46 days into the fourth quarter.

Inventory at the end of the fourth quarter increased by 5% compared to the immediately-prior quarter, and we successfully brought our days of inventory back within a range at 100 days. We are planning to keep very tight control of inventory for the next quarter until we are more certain about the shape and timing of revenue in the short term. Specifically, we are planning to keep the inventory on our balance sheet and at distributors basically flat in absolute dollars in the first quarter, assuming the midpoint of our sales guidance.

Lead times for our direct OEM customers remain similar to last quarter and are in good control with 96% of our shipments to OEMs occurring within six weeks and 97% within eight weeks. As you know, we distinguished ourselves during 2009 and 2010 by keeping our leadtimes short.

In summary, we wrapped up 2010 with another strong quarter, perhaps the finest in our history, and we are pleased to be operating well above the target model we presented to investors early in the year during our analyst day.

As we enter 2011, we have confidence that we can operate the business at current margin levels, assuming current sales levels, with some remaining leverage as revenues increase. This would increase our model from the levels communicated earlier this year.

Equally important, we believe that we can operate at this level of profitability and still maintain revenue growth of between 8% to 12% for reasons that we outlined during our analyst day.

Now, I'll turn the call back over to Jerry, who will discuss the results from each of our end markets and provide a short-term outlook.

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

I'm going to talk a little bit about each of the end markets and what happened in the fourth quarter, and some of the drivers that we believe are present in some of those markets going forward.

In the industrial market, for the fifth consecutive quarter, our revenues from the broad and diversified industrial customer base that we have, which is 45% of our total revenues, increased sequentially again. In Q4, industrial revenues grew about 3% to $349 million, which is in line with what we typically see seasonally in our fourth quarter.

Our sequential industrial growth was principally attributable to sales increases in energy and health care, but we also enjoyed good growth from our broad base of smaller industrial customers that total many tens of thousands of customers.

On a regional basis, the sequential growth in industrial and instrumentation revenues was the result of sales increases primarily in Europe, in Japan, and in China.

Overall, we continue to see demand from industrial and instrumentation customers being driven by the need for solutions that increase energy efficiency, industrial productivity, and security, which in turn require the use of very high performance signal processing technology that's unique at ADI.

Revenues from our automotive customers were approximately $93 million, which was an increase of 12% from the prior quarter. Sales to automotive customers represented approximately 12% of our total sales in the quarter.

As expected in the automotive market, we saw weaker demand through August, which was mostly attributable to seasonal weakness from summer shutdowns and model year changeovers. This was followed by a strong recovery in automotive sales in September and October, which in the end gave us record revenues in automotive for the quarter.

We continue to see very favorable macro trends for ADI within the automotive space, including safety, fuel efficiency, and convenience, which all drive higher dollar content for ADI. For example, in the area of safety, stability control continues to gain market adaption due to legislation and due to increased consumer awareness.

In addition to North America and Europe, new legislation for stability control systems is now being planned for implementation in Korea, in Japan, and also in Australia. This widespread deployment of stability control systems is driving sustained growth opportunities for our MEMS gyroscope products.

It also appears that consumers are gaining interest in advanced driver assistance features, such as lane departure warnings and reverse camera console views, many of which use our DSP, our data converters, and our RF products.

And as a final example, in the area of powertrain solutions we are seeing great traction with respect to the use of our high-precision data converter products in battery monitoring and in control systems that are used in hybrid and electric vehicles.

So in summary, the automotive market continues to represent a very attractive growth opportunity for ADI, where we have the momentum for both increasing the served available market for vehicle and at the same time increasing our share in those applications.

Communications revenues were about $179 million in the fourth quarter, or up 19% versus the third quarter. Sales to communications customers accounted for 23% of our overall sales in Q4.

Wireless infrastructure sales were at record levels, driven by strong base station demand in the U.S. and in China. The TDS CDMA phase four rollout in China, U.S.-related demand, and the gradual replacement of GSM by 3G drove the increase in demand, and revenues were up at all of our major OEM customers for wireless infrastructure in the fourth quarter.

ADI's position in this market continues to strengthen as we hold major market share for our converters, our amplifiers, and our RF products on the radio cards of the largest and most successful infrastructure equipment companies in the U.S., in Europe, and China. In addition, our penetration and backhaul applications continues to grow, and that's also now an area where we command a leadership position.

Finally, revenues from handset customers increased again in the fourth quarter. Although handsets represent a relatively small percentage of our revenues, we have focused our new products on solving the most difficult multimedia and human interfaces challenges within smartphones, which creates a much richer user experience. Given the relative success of these applications that they're having versus the broader handset market, we believe that this area has solid growth potential for ADI going forward.

Revenues from the consumer end market were about $135 million, a 2% increase from the prior quarter. Sales to consumer customers accounted for 18% of our total sales for the quarter, and were driven by strength in digital cameras as well as several other consumer entertainment products.

While we're very pleased to see some growth from the computer product sales -- the computer product sales in Q4, we did experience lower consumer demand than we would typically experience in the fourth quarter as manufacturers who typically build ahead for the holiday season remained cautious during the quarter.

Finally, computing revenues were approximately flat sequentially, representing just 2% of our revenues. As we mentioned before, the computing market is not a space where ADI is applying any significant R&D resources.

On a regional basis, our revenues increased sequentially in most regions in Q4, with the most significant revenue growth for the quarter in China.

So, let me now turn to the outlook for the first quarter of 2011. As Dave mentioned, clearly leadtimes have contracted industrywide as supply has improved and as customers are not requiring as much inventory to meet production levels. This translates into lower backlogs for suppliers, coupled with a higher percentage of turns orders which immediately are shippable in the same quarter.

As a result, our book-to-bill ratio for Q4 as measured by add customer bookings was a little below one.

During the fourth quarter, we experienced a rolloff in orders in late August and September, but we also saw a strong rebound in October, which enabled us to post revenues at the very top of our previous guidance range.

Overall, customer feedback from a wide variety of customers in most end markets indicates that they believe their demand will remain strong, although certainly their visibility remains low. In this environment, we expect to continue to operate with less backlog and higher turns, particularly during the first quarter.

So as a result, we are planning for our first quarter revenues to be in the range of $715 million to $740 million, which are down 4% to 7% sequentially, but up 19% to 23% on a year-over-year basis. This guidance reflects typical industrial seasonality, coupled with potentially lower consumer demand. Our current plan is for revenue growth to resume in Q2, but we'll need to carefully monitor order patterns during the quarter to substantiate the assumptions in our current plan.

We are planning for our gross margins to be approximately 66% of sales in Q1, as we slightly adjust our production levels to keep our inventories in line, and we expect that our operating expenses will decline by approximately 2% sequentially and our operating margins will be in the range of 34.5% to 35.5% of sales. That should produce earnings in the first quarter in the range of $0.63 to $0.67.

So in summary, I'm extremely proud of what the ADI team accomplished during fiscal 2010, as all the work we've done to fundamentally and permanently improve our business model came together during the year to produce impressive results by every measure. Of course, while some of our success in 2010 was the result of favorable market conditions, we also executed almost flawlessly and we managed to capture the upside that was available to us.

At the same time, we believe we have positioned ADI to respond to whatever market fluctuations do occur. In 2011, we are planning to continue our mission to produce solid growth rates and margins by doing what we do best -- by developing innovative technology that makes a difference to our customers and delivering that technology to our customers when they need it, at competitive costs.

So, I would say in summary, there are three things that summarize in aggregate our thinking about ADI going forward. Number one, in the short term, we believe that we've entered a very typical phase of the semiconductor cycle. Industry lead times have compressed, and customers believe that supply and demand are in much better balance.

As a result, we'll likely achieve a higher percentage of our revenues in the short term from turns that are placed and shipped during the same quarter, and we will operate with somewhat lower backlogs. We intend to keep our leadtimes short; we intend to keep our inventories under tight control.

Right now, our business levels overall are very stable. We believe that the margins we are achieving are sustainable at sales -- at current sales levels, and we have some downside protection if revenues decline in the short term and we have some upside leverage as revenues increase. As Dave mentioned, we believe this will improve our business model substantially from the level that we communicated to you last March.

Number three, we believe that the growth opportunities for ADI in communications, in industrial, in healthcare, and automotive are substantial, as we communicated to you in our analyst meeting in March. Even though the consumer revenues today are a smaller fraction of our sales than a few years ago, we are now focused on consumer applications where our technology differentiates our customers' products, and as a result, the margins we earn on consumer products have expanded.

In total, we're increasingly confident in the growth rates that we can achieve going forward.

So, we accomplished a lot in 2010 and we believe that we can continue the upward trend that we established in 2010 into 2011 and future years.

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

Thank you, Jerry. During today's Q&A period, please limit yourself to one primary question and no more than one follow-up question. If we have time remaining, we'll give you another opportunity to ask additional questions. Operator, we're now ready for questions from our analyst participants.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Tim Luke, Barclays Capital.

Tim Luke - *Barclays Capital - Analyst*

Well done on your results. With respect to the coming period, should we broadly assume that all of the segments would be likely to follow the lower sequential pattern?

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

Well, it's sort of hard to predict. Typically, we see sequentially in the industrial market slightly lower revenues because we have less sales days, and that's a -- the number of sales days times the per day volume we generate with all the broad base of industrial customers.

And we expect the consumer market will probably be down from the levels we achieved this quarter. The rest of it is very, very hard to predict in advance. We have very strong positions in most of the segments in communications. We'll just have to see how that develops over the quarter.

Tim Luke - *Barclays Capital - Analyst*

Maybe for Dave, given that you have exceeded your gross margin and operating margin guidance for some time, what sort of things are you looking at in terms of possibly sort of reframing some of the guidance for those two metrics going forward? And within that, maybe you could add a little bit of color on -- in your release, you said October and September were -- September and August were slow, and then October picked up. What sort of things do you think contributed to the improvement in October? Thank you.

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

So on the first question, on the model, what I said in the prepared comments, and I think what Jerry reiterated, is that at the revenue levels we are -- we have today, we think we can maintain the operating margins that we achieved, the 37.1% operating margins or thereabouts.

We think that if we can grow revenue, we can actually see some leverage both on the gross and operating margins side. So, a lot of it does come from revenue growth.

But we're certainly not finished on the gross margin side. There are a few areas within the business that achieved what we would consider lower-than-expected gross margins, and we're certainly looking to tackle those and improve upon the gross margins that we have today. So our model, roughly speaking, is where we are operating, but with leverage revenue increases.

On the booking side, or on the revenue side for the quarter, typically August is a little bit weaker for us just seasonally because Europe tends to take some of the time off and a little bit of volume is impacted in the U.S.. So, we lacked a little bit of clarity there for four or five weeks coming into the quarter, but then after that, things continued to pick up through the late part of September and into October. And that continued. So, it gives us some confidence that the guidance that we have today is -- seems to be going.

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

I think conceptually what really happened is when it got to August there, a lot of the leadtimes in the industry came down, and customers who were concerned about the leadtimes in the industry all of a sudden got less concerned and became more concerned that they had a lot of inventory and less concerned that they could get supply.

So, I think in the Internet age, that happens at all customers about the same time. And I think a lot of the customers, when the stories started coming out about supply and demand coming into better balance in the industry, decided to take a little breather on the inventory, and at that time, we didn't really understand which direction it was headed because the order curve really did roll over. So we just decided to wait and see what happens.

And we were very, very pleased that when it came sort of late September and into October that the order curve really stabilized, and the feedback we're getting from customers is that their businesses are okay. Not every customer and not in every region, but the most important customers seem to think that business is okay. And we're seeing that in the amount of turns business we're getting.

So, from that standpoint, it was an inventory correction that lasted a month or two, and now, at least from what we've seen over the last seven or eight weeks, probably, is that things are stable. So, that's a positive sign for the future. There is still a lot of uncertainty out here, but clearly, we saw an inflection point. Clearly, we saw another inflection point in the business stabilizing in October. And that's -- those are the trends that we've seen so far.

Operator

Terence Whalen, Citigroup.

Terence Whalen - *Citigroup - Analyst*

Thanks for taking the question. This one relates to -- back in March at your analyst day, you set out a number of business areas that you thought could really accelerate topline growth. I think you mentioned high performance RF, some of the automotive business, some of the medical businesses. Now that you've had some time to evaluate your initiatives to accelerate growth in these areas, can you share with us some of the insights that you have, in particular some areas that might be tracking above or below plan? Thanks.

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

I think I'll let Vince take a clip at that. Vince runs all the market segment groups in the Company, as well as the sales efforts. So, maybe you should take a whack at that, Vince?

Vincent Roche - *Analog Devices, Inc. - VP Strategic Market Segments and Worldwide Sales*

Yes, as we get a more granular understanding of the opportunities, the intersection of the various subsegments, for example, in the industrial space in areas like energy, motor control, which requires more efficient motor technologies and control, there is a better control of the grid needed in terms of improving efficiency and making sure that we don't have to build a lot of excess power facilities when we could be actually gaining efficiency and using what we've generated more effectively.

And, we look across areas like factory automation, chemical plant refineries, and so on and so forth where the need for automation or precision automation continues to grow. We feel very, very bullish about the industrial space. As you know, it's more than 40% of our revenues, and we know, given the growth rates we've been experiencing over the last five years, that we can at least put another number of points, a few points of cumulative growth into that area.

I would say as well healthcare. That's an area that we've been investing very heavily for the past three or four years in terms of solidifying our position in the imaging space, in particular, and extending the bill of materials reach of the Company into those spaces. We feel very, very good about that. I think there's a lot of growth potential there.

And of course, communications infrastructure, everybody knows that the need for bandwidth is insatiable. And our customers are responding to the exploding demand for bandwidth by installing more advanced communications equipment and upgrading existing equipment. So, that's an area where we also feel very, very good. We've been getting very strong growth, double-digit growth, in parts of that over the past three or four years, and I expect to see that continue at that kind of pace for the next three or four years.

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

I think directionally -- this is Jerry again. One of the most important things that we've sort of learned since the March analyst meeting is that about a year ago, there was a lot of talking around the industry -- actually with many of our investors for a long time, that the only way that anyone in the semiconductor industry could grow is if you became a consumer of it.

That that was the only place where there was any growth, and therefore if you're not a big consumer company you couldn't grow, and by the way, if you became a big consumer company, then your margins were going to go down the drain. So, there were never going to be any opportunities here, and there was a lot of discussion about that, a lot of questions, a lot of comments, a lot of points of view on that, and I think what we've confirmed to ourselves since that time is that the consumer is a good market. There's opportunities there.

We've gotten a lot more focused on what makes sense for us as a Company. As you can tell from some of the charts we've put out with the press release, consumer revenues are below 20% of our sales. They used to be in the high 20%s. But on the other hand, the applications that we're chasing in the consumer business are higher-margin opportunities, and as a result, the margins in the consumer business have gone up as well.

So, I think what we've really tried to do, and we understand now, is that the opportunities and some of the growth areas that Vince mentioned, in communications, industrial, healthcare, automotive, are at least as good as we thought they were in March looking forward, and I think we're sort of disproving to ourselves and hopefully to the rest of the world that you don't have to be a consumer company to grow your revenues in this business.

And, so I think at the margin, we think that's a very important trend, and it's one that we're -- we believed, but we believe even stronger today than we did six months ago based on some of the things that Vince mentioned.

Terence Whalen - *Citigroup - Analyst*

Wonderful. Thanks for that thorough set of insights. Perhaps if I could, as my follow-up, dig in a little bit deeper specifically to the consumer business. That was one business where I think the 2% sequential growth was slightly lower than my expectations. Yet you said digital still camera, which I believe is the largest subsegment of that business, was strong. Can you perhaps share where there were some areas of weakness in the consumer business in the October quarter, and perhaps specifically share your exposure to LCD TVs? Thanks.

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

I'd say across the board, even though the digital camera revenues were strong, across the board we saw lower growth in the fourth quarter in consumer than we would typically see.

And that's mainly because consumers are more cautious. Big companies we sell to are more cautious in building inventory to Christmas. And the consumer revenues were lower than we had predicted, as well. So your predictions and ours were well aligned. It's just the actual didn't catch up with the -- what we both thought, which is why we were cautious about that business in Q1, which is usually a quarter that that goes down after they stock up for Christmas.

So, we just don't know which direction that will go in. Either consumer sellthrough over Christmas will be good and they will be out of inventory, or it will be lousy and they won't want any inventory. And I think we'll all have to wait until after the first of the year to sort that out.

Our position in the LED TVs, we have some parts and everything, but it's not a major amount of sales or focus for us right now.

Operator

Jim Covello, Goldman Sachs.

Jim Covello - *Goldman Sachs - Analyst*

Congratulations on the good performance. I guess in particular on the comm segment, that's the one segment that's causing, in particular, a lot of people some consternation. I understand your comments about keeping overall inventory flat looking forward. Do you think you'll be able to keep comm inventory flat as well as part of that?

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

Yes, I think we're looking at all those areas. I mean, I can't give you that level of granularity on every dollar of inventory, but I think we're taking the same approach in most segments of the business that -- particularly, we're putting pressure on the parts of the business that have short product cycles.

The parts that have long product cycles, we don't worry about very much. But the part that have short product cycles, we watch like hawks, and so, in aggregate, we're going to do that by segment. It's very hard to single out one segment versus the other, other than by the length of the product cycles.

Jim Covello - *Goldman Sachs - Analyst*

Yes, and comms is typically a segment that has a little longer product cycles, so that would suggest that you would have a little less concern about that segment, even though the market is probably a little more concerned about it. Is that fair?

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

Yes, I don't -- we don't have a lot of concerns about that segment. We have good position. We have good customers.

There is a lot -- our business is highly globally dispersed. There's a lot of chatter around that says, oh my God, if China cools off for a quarter, everyone goes down the drain, but it turns out on a revenue basis, even though we do extremely well in China, it's not a huge percentage of our infrastructure business. We do more outside of China than inside of China, and of the stuff we do inside of China, a fair amount of that gets exported outside of China.

So, I think we're pretty diversified, and if that business gets very weak, we'll weaken with it, but we'll just have to wait and see what goes on on that in Q1, but we watch very carefully.

Jim Covello - *Goldman Sachs - Analyst*

Okay, and then, final question from me would be you announced an encouraging buyback. The shares were guided flat, though. Is there -- is that just a timing issue or is there something offsetting the buyback relative to a flat share count?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

Well, I think the way we manage our buyback program is we buy back the dilution associated with the exercise of options, and then we opportunistically buy back stock beyond that to bring the share count down.

And we had gotten to the last few dollars on the authorized amount as of the end of the quarter, so we asked the Board to increase that. We typically increase it in increments of $1 billion. So, I don't know that -- when we'll feel like it's the opportunistic time to buy back the stock. So, I think the working assumption should be leave it flat, and we'll update you as we manage that part of that -- part of the program.

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

I think the important thing to say is there's nothing generically that's driving the share count up to oppose that. So, we have the normal option exercises, and we buy that back pretty quickly, and the rest of it we'll buy back opportunistically I think is the right way to say it.

Operator

Doug Freedman, Gleacher & Company.

Doug Freedman - *Gleacher & Company - Analyst*

If I could focus on a topic that you discussed at the analyst day, and that is your ASP trends. You highlighted that you were expecting them to start rising throughout the year. Can you give us an insight into what you're seeing now and whether you expect that to still take shape?

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

I think what we said is that -- the ASP rises that we talked about are really a combination of a few different phenomenon. One is the market mix is getting better.

So, that certainly helps our average selling price. I don't think there's any doubt about that. The more of our revenues that we get in the B2B or the business-to-business stuff, the industrial communications infrastructure stuff, certainly that raises our average selling price.

I think the second part of the price situation that we mentioned was we have many, many very long-lived products, and in some cases we have products that sell through 10 and 15 and 20 years, and I think that customers have come to recognize that there's a great advantage to them of us maintaining the ability for them to buy those products for that length of time, which is very atypical in the semiconductor industry. And when we do that, of course, that's not zero cost to the Company or zero value for the customers to be able to maintain that.

So, the second ingredient of that is just making sure for the long-lived products, we get paid commensurate with the costs that we incur to maintain those products.

And I think the last leg which is helping us on that is that we have far better diagnostics in our system, and therefore pricing control, than we used to. I mean, when you sell your products, half our sales go roughly through distribution. We sell our products to tens of thousands of customers around the world in many, many different currencies.

There is really -- along with an art of pricing, we like to describe that there's a science of pricing, and there are many companies that really have made that into a differentiator for themselves in how they run their businesses, and we've developed some really, really important diagnostics and control mechanisms to make sure that we don't get price leakage in places that we thought we were getting price leakage around the world.

So I think that all those great things together give us a sense that the ASPs of the Company are in pretty good shape, and we can easily see those continuing to inch up in the future.

Doug Freedman - *Gleacher & Company - Analyst*

If I could move on, just a really quick follow-up on something that hit the wire today regarding your MEMS microphone business. Can you bring us up to speed on what that opportunity is, and if there is an impact that you're expecting from the recent finding?

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

A lawsuit is a lawsuit. And whatever. The opportunity is that we have developed a very high performance MEMS microphone.

We think it's very applicable in many applications. Some of them are consumer. Some of them are industrial. Some of them are healthcare. And we believe that could be a very important product area for us going forward since those are very, very hard products to develop and to build.

And Knowles, who is one of the long-term suppliers into some of those markets, believed they had patents that were applicable to ADI, and they've been after us on that thing, and I think we were very pleased, as we said in the press release, that the judge for the second time has declared that the patents are invalid. So I think whatever angst there was out there in the marketplace about those is certainly significantly reduced as a result of the victory that we had today on that lawsuit.

Operator

John Pitzer, Credit Suisse.

John Pitzer - *Credit Suisse - Analyst*

Jerry, a little bit on the comms business. I guess I'm getting some incoming calls from investors just concerned about the sequential growth rate in the October quarter. But maybe I can ask the question a little bit differently. If I look back to October of 2008, this is the last business to kind of eclipse that October 2008 level. The other businesses, industrial, auto, and consumers, all did it in prior quarters, and I guess from my question, are we at a tipping point here on content increases that this is happening, or help me understand why it's taken so long for this business to get back to the 2008 levels versus some of your other businesses.

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

Which business?

John Pitzer - *Credit Suisse - Analyst*

Comms.

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

Well, the comms infrastructure business is a very lumpy business. And there are periods of time where that business really grows quickly, and then takes a while and it sort of flattens out or goes down for a little while, and then it goes back up again.

The -- you know, it's based on deployments and when they happen and when they don't happen. So, I think the thing that we look at is how are we doing with large customers in the applications? What's our penetration? Is our position getting weaker or stronger? Is the share of the bill of materials we have growing or compressing?

And I think when we talk to the largest four or five customers in this business, which comprise a large part of the market and the sales, we have a great position, and if anything, it's getting stronger. How it goes each quarter, or even year to year sometimes, can be confusing. Before that period, we had a huge run-up in deployments where the Chinese really deployed a huge amount of equipment right before that. So, the business fell off a little bit.

But I think if you look forward on this stuff, our position is good. Our share is good. Our customers like us. Vince and a few others just came back from visiting some of the largest customers, and all the feedback was good. So, I think that's an important business and I think it's going to be a great business for us going forward.

John Pitzer - *Credit Suisse - Analyst*

And then, I guess, Jerry, on the other side of the growth curve, if you look at the autos business since the October 2008 period, you're up about 51%. I guess, help me understand as I think about that opportunity going forward, what's the content you guys kind of own in the developed world versus the developing world, and how would you expect the developing world to trend over the next, call it, two to six quarters?

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

You want to take a whack at that?

Vincent Roche - *Analog Devices, Inc. - VP Strategic Market Segments and Worldwide Sales*

Yes. Most of our revenue in the automotive sector comes from the U.S. and European markets, but we are also seeing very, very strong demand particularly in areas like Japan and Korea for our safety technologies and infotainment technologies, and I expect that more -- there will be a more even distribution of our sales over the next three or four years between what you call the developed markets and developing markets in Asia.

We're also seeing some very, very strong interest from Chinese customers, emerging customers there, who I believe will be a factor over the coming years, but I think for the foreseeable future, we will see the lion's share of the revenue come from European and U.S. car manufacturers, Japanese, Korean, and, over the long term, Chinese as well.

Operator

Shawn Webster, Macquarie Research.

Shawn Webster - *Macquarie Research - Analyst*

In terms of the turns, you said -- you mentioned a couple of times you expected higher turns. Can you share with us what your actual turns were for Q4 and what your required turns are for Q1?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

We always hesitate to give out an absolute number because it's -- our backlog on our balance sheet is measured by backlog from our OEM customers and then backlog from our distributors, and that doesn't necessarily translate to the revenue. The revenue isn't until we ship.

But turns were really low in the fourth quarter. So -- and that was a reflection of the fact that the customers placed, and the distis, had placed so much backlog on us. And as Jerry mentioned, we had a book to bill that was slightly below one, and that they adjusted their backlog. So we do expect turns to go up, but I would say that it's actually below the historical level. So, at this point, a little bit above the fourth quarter, but below historic levels for us.

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

Yes, we've operated the business requiring quite a bit higher turns than we're going to require this quarter.

So, I think what Dave was reflecting is the whole question of what backlog means and what turns means, it's so obtuse from the customer base that there's not any really meaningful information here. Certainly when your backlog is a little bit lower, you think it's a little more risky, but backlog is never forever anyhow.

So I don't really think it's any more risky. I think -- and I don't really think it reduces visibility because the backlog moves around so much anyhow. Backlog is mostly a reflection of lead times.

So, we've operated the business with 20% turns. We've operated the business with 50%-plus turns, and we didn't really think the risks in either of those situations was any greater or less than the other. So, what Dave is saying is we're operating in the middle of those two, but it's mostly, to the largest degree possible, a very meaningless statistic to managing the business or alternatively trying to understand what the risks in the quarter are.

Shawn Webster - *Macquarie Research - Analyst*

Okay, well, then maybe in terms of your commentary or expectation that fiscal Q2 can be up, can you put some maybe bookends around what could cause that to be up, flat, or down based on what you're seeing? And then, just my final one, if I could, on the balance sheet if you could help us understand what drove the debt up sequentially and CapEx guidance for fiscal 2011? Thanks a bunch.

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

Well, we have an operating plan for the year. The operating plan for the year says we'll have a relatively small decline in Q1, which is a little bit more than seasonal but not a lot. And that Q2 is usually a strong quarter for us, and unless end demand really starts to disintegrate, we typically have a good Q2.

We have more days in industrial. We have other market dynamics that help in Q2. So in the absence of any other signal we get from the marketplace or any relatively major changes in what customers are saying, that's our plan.

Our product segments and our market segments look at the customers and they look at the markets and they look at the geographies and they come up with a plan, and by and large, they're more right than wrong. They're not right every time. Sometimes they miss or don't get exactly what they've said, or they overdo, or we overdo or overachieve what they said, but that's what our plan is.

We don't have any unique insight into what's going to happen in Q2, other than the customers are staying in business. In most segments, it's pretty good, and Q2 is usually an up quarter for us.

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

On your two other questions related to the balance sheet, capital expenditure, we are expecting to spend roughly 4% of sales for next year.

Our goal has been to kind of stay between 3% and 4% of sales, and I think we did about 4% in the 2010 year, so we are expecting to be that in 2011.

Non-current liabilities were up. That wasn't the debt necessarily. We have a lot of things that are considered long-term liabilities. For example, we have deferred tax liabilities that fall into that bucket. So that was, I think, the primary driver of that. Debt was obviously flat. We didn't issue any more debt.

Operator

Uche Orji, UBS.

Uche Orji - *UBS - Analyst*

Dave, let me just ask you about the -- speaking up on the lines on the balance sheet you talked about just now, the jump or the increase we saw in deferred income and shipments listed. Now I know you report the bulk of your revenues, if not all, on a sellthrough basis. But is there any reason for us to be worried that the distis might be holding a fairly high level of inventory or are these levels adequate from your perspective?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

Yes, so deferred income -- you are correct that we defer all of our revenues sold to distis until the time in which the distis have sold it to their end customers, and then we recognize the revenue. So that deferral is represented on the balance sheet.

The deferred income did come up a bit, and that is a reflection that inventory at the distributor level did go up a bit. It's still kind of within the normal range we manage distis by, and as we talked about on the gross margin guidance, we are bringing down production levels a little bit. That is going to impact us a little bit on the gross margin side, and -- in an effort to kind of manage the inventory levels, both at the distributor level and inventory on our balance sheet.

But it's in actually very good shape in terms of weeks, and so with the inventory on our balance sheet. So, I think things continue to look very healthy in both cases.

Uche Orji - *UBS - Analyst*

A different question. Jerry, when you talked about the MEMS business in answer to a question earlier about the microphone side, we don't see much about the general consumer MEMS business. I know a lot of activities going on on the automotive side. But any update as to what the strategy is for that product? I know that it's kind of been de-emphasized in the early days of the [incentive], but any comment as to what may be going on within that business would be helpful. Thank you.

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

I think in general in the consumer business, we are trying to be very, very selective about what opportunities we have as measured by what is likely to be the value of those designs for the long term to our customers to make sure we can get paid for the technology.

So, the bar in the consumer business in Analog is higher than it used to be because there's a lot of opportunity to make a lot of investments in products that commoditize quickly, and you never get your money back in those kind of applications.

So I think the MEMS business is no different than any of our other businesses. The bar of investment is higher in general at Analog than it used to be. And I think part of the rationale for that is that we have so many opportunities on stuff that really, really does create value that the competition for resources is heavy, and the resources that go into the application, be they infrastructure or consumer, that have long-term highest payback. And, that just makes us a lot more selective on some of these applications, and the same is true in the MEMS area.

Uche Orji - *UBS - Analyst*

Okay, great, and then just one last question on the use of cash. I know there is elements of buyback to cover the dilution for this quarter going forward, but is there any big changes as to any part of the [influence] and much more aggressive use of cash by way of more buyback? I know there are [type] concentrations involved in this, but with this level of cash now you have now, CapEx is not really a big demand for you. How should we think about the use of cash broadly through -- into 2011? Thanks.

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

Well, you know, it's hard to forecast the details of that. If you look back at our history, we've bought back $4 billion worth of stock. We've been aggressive buyers of our stock when we thought it was appropriate, and that's our history and we have a buyback, and we'll just have to wait and see how that goes. We didn't get our authorization to sit on it, but we are going to -- we're cautious buyers.

Operator

Chris Danely, JPMorgan Chase & Co..

Chris Danely - *JPMorgan Chase & Co. - Analyst*

Thanks for squeezing me in, guys. Just a quick question on leadtimes. I think you mentioned last quarter that your leadtimes had stretched out a little bit, but it seems like they came back in. Have leadtimes basically normalized at ADI, and maybe if you could comment on the competitive environment? Have leadtimes kind of normalized across the board out there?

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

Well, I mean, our leadtimes have been plus or minus a week to about the same through the cycle. So, up a week, down a week, there's not any real data there.

But from what our customers are telling us, product is more available out there. And I think we -- what are -- with many of our competitors, they had expanded leadtimes, and I think those leadtimes are coming down a bit.

Chris Danely - *JPMorgan Chase & Co. - Analyst*

So do you think it's fair to say that the -- I guess the sort of shortage situation is over?

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

Well, I can't say what goes on for other companies. I can just comment on Analog. But in Analog, we didn't have much shortages and we don't have them now and we don't expect to have them in the future.

Chris Danely - *JPMorgan Chase & Co. - Analyst*

Thanks. And then as my follow-up, you mentioned there could be a little more upside leverage when revenue growth returns. Would that be on the gross margin side via higher utilization rates or off margins, or if you could just give us a little detail there?

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

Well, it's all the things that raise gross margins, Chris. It's -- we have intense focus on the Company and our costs and our yield. We have plenty of room to go on utilization. So -- we have a product mix which is more favorable than it used to be. And even on the places where the gross margins were under the averages, we're doing better.

So all those are positive relative to leverage going forward. We have extremely tight control on the operating expenses of the Company, as you can see over the last couple of quarters. Last year. So, we are running the business to keep moving on that, and we think when the revenues go up there is opportunity to do that.

You know, we're not predicting the kind of leverage we've had in the last year, but we still think there is more to squeeze out there.

Operator

Ross Seymore, Deutsche Bank.

Ross Seymore - *Deutsche Bank - Analyst*

Just a follow-up on that utilization question. Could you give us an idea of what the utilization was in the fiscal fourth quarter, what you expect it to be in the first quarter, and then just a rough idea of how long that takes to go through inventory, or another way to say it, how long it impacts your gross margin?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

Utilization was around 80% in the fourth quarter. It's probably going to be in the mid-70%s in the first quarter, at least that's our current operating assumption. You have 100 days of inventory, so it takes 100 days to flow through.

Ross Seymore - *Deutsche Bank - Analyst*

And if we think about the tax rate side of things, is there any risk with everything that's going on over in Ireland that your tax rate might change going forward?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

We are not that close to the tax authorities in Ireland to know for certain. There are a lot of things going on.

Also, we haven't had the R&D tax credit approved in the U.S., which is actually a benefit. So our current assumption is that it's going to be roughly in the 21.5% range, and we'll have to wait and see how things develop both in the U.S. and in Ireland.

Operator

David Wong, Wells Fargo Securities.

David Wong - *Wells Fargo Securities - Analyst*

Thanks very much. Quick question for Dave. It looks to me like the operating expenses nested within your guidance are actually down a little from what they've been in the last couple of quarters, even in quarters where revenues have been comparable to what you expect for January. Are you actively still removing costs on the operating expense line?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

We are clearly always looking at things, and there's always a few items that we attack in any one quarter, but the biggest driver of that is our variable compensation. It would be expected to come down a little bit in the first quarter, and that's giving us some leverage on the OpEx side.

Operator

Stacy Rasgon, Sanford C. Bernstein & Company, Inc..

Stacy Rasgon - *Sanford C. Bernstein & Company, Inc. - Analyst*

Thanks for squeezing me in. A question actually on that variable comp model. I know, last quarter, you had talked about that you were looking at potentially making some changes to how that model worked in fiscal 2011. I know that I think -- you said that you had tapped out before at about 36% operating margin, and the fact that it was only up 0.6% this quarter suggests that's true.

Could you talk about whether or not you've made any changes in that? What are the kind of things that drive that variable comp up or down? Is it different from 2010? If you could give us any sort of view of what this might look like going forward, that would be helpful.

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

100% of it was driven by the -- in the past, it's been driven by operating margin percentage. And if we got to the 36% level, we did cap out on the bonus.

We are trying to fundamentally shift the focus now that we've done a lot on the operating margin side to really focus the Company on revenue growth, and so, about half of the model will now be associated with how we do on a revenue growth perspective.

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

(Multiple speakers) there is a 50-50 balance between revenue growth and operating margins, which means that they are both important here. But certainly, every incremental sales dollar we get at 36% operating margins, and we bring down $0.36 in cash, is pretty good.

Now, the details of our plan for next year, we filed an 8-K on it a couple of weeks ago, so it's quite detailed in there, and if you'd like to know any more granularity, you can just refer to the 8-K.

Stacy Rasgon - *Sanford C. Bernstein & Company, Inc. - Analyst*

Got it. That's very helpful. Quickly, for my follow-up, I know you're talking about maybe a little bit more leverage as revenues go up. Can you give us some feeling about how that might work in the other direction? What revenue levels would you need to reach an operating model that's what you had posted, I guess, at your analyst day in March?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

Hopefully, we don't see that. (Multiple speakers). Our revenue is expected, if you take the midpoint of the guidance, is down about 5%, and we think we can achieve 35% operating margins, plus or minus 500 basis points.

We were, I think, my -- our model was -- the peak of the model was 33% in the numbers we gave you at the investor conference. So, I -- obviously, it has to go -- deteriorate quite a bit further from what we're talking about for the first quarter in order for us to get into those levels of operating margins.

Operator

Andrew Banish, Raymond James & Associates.

Andrew Banish - *Raymond James & Associates - Analyst*

This is Andrew Banish calling in for Steve Smigie. Jerry, just to circle back to that MEMS business, are you able to remind us of what that business is as a percentage of overall revenue and how that's trended in recent years?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

Are you talking about the MEMS business?

Andrew Banish - *Raymond James & Associates - Analyst*

Correct.

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

Is that what your question is?

Andrew Banish - *Raymond James & Associates - Analyst*

Yes.

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

So, MEMS is -- we don't specifically break that piece out. It's contained in the other Analog portion of the revenue, which is, as of the fourth quarter, was roughly about 12% of our revenue.

Andrew Banish - *Raymond James & Associates - Analyst*

And Dave, just a quick housekeeping. You mentioned the gain on some unused realty. Does not represent essentially all that $2.3 million in your other income line this quarter?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

Yes, basically. Basically, the interest expense we were -- we're paying on the debt offsets the income we're getting on the cash. So those are roughly neutral. So, really, most of the other income was just the sale of a building here in Norwood.

Operator

Craig Ellis, Caris & Company.

Craig Ellis - *Caris & Company - Analyst*

Thanks for taking the question. Dave, just on the excess cash used, can you talk about whether the Company thought about doing anything with the dividend, and where do acquisitions fit or not with ADI as we think about excess cash?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

Well, the dividend is clearly important to us, and as we improve our earnings, we do expect to increase our dividend.

Having said that, we don't want to be doing this every quarter or every other quarter. It's one of these kind of housekeeping items that we like to address annually, and we just increased the dividend two quarters or so ago. So I wouldn't expect us to re-look at that until sometime in the early part of 2011.

Craig Ellis - *Caris & Company - Analyst*

Okay, and then as we think about operating expenses next year, are there any notable pluses or minuses that we should bear in mind? For example, cost-of-living increases or anything else that might impact the model on an annual basis?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

We are planning on having a salary increase in -- next year. But I think we've modulated the bonus to really offset that.

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So really, where the expenses are going to increase is where we're going to make further investments in areas where we think we can drive superior growth and better ROI, and we'll be closely watching that as we look at how the revenue progresses through the year and make adjustments to that -- those planning assumptions over the course of the year.

But the important assumption for us is to grow expenses at a rate that's less than our revenue growth so that we can get leverage to the bottom line.

Craig Ellis - *Caris & Company - Analyst*

Thanks, and nice job on the margin.

Operator

Vijay Rakesh, Sterne, Agee & Leach, Inc..

Vijay Rakesh - *Sterne, Agee & Leach, Inc. - Analyst*

Good quarter. Just wondering when you look at the comm side, do you -- what's the channel inventories there and do you expect orders to start picking up late into your first quarter [of the year]?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

Can you just repeat that one more time, if you don't mind, Vijay?

Vijay Rakesh - *Sterne, Agee & Leach, Inc. - Analyst*

On the communications side, how are channel inventories looking and do you expect -- you mentioned it was lumpy on the orders side, but do you expect orders to start picking up again towards the end of the first quarter?

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

Orders picked up in October. That's as far as we know for sure. So, we'll have to just wait and see how it goes for the quarter.

Vijay Rakesh - *Sterne, Agee & Leach, Inc. - Analyst*

How are inventories in that channel?

Dave Zinsner - *Analog Devices, Inc. - VP Finance, CFO*

I don't know that we have great visibility to the inventory levels. Most of the customers on the comm infrastructure side we sell direct to, so it's the Huaweis and the Ericssons of the world. They don't exactly give us a detailed balance sheet of our inventories at their level.

But all we get from them is, more or less, kind of qualitative assessments. And it seems to be in pretty good shape.

Vijay Rakesh - *Sterne, Agee & Leach, Inc. - Analyst*

What you're saying, actually orders did pick up in October and you see that it is continuing through the quarter here, right?

Vincent Roche - *Analog Devices, Inc. - VP Strategic Market Segments and Worldwide Sales*

(Multiple speakers). The infrastructure customers tend to operate on a very high turns basis, and we see demand being pretty steady there overall, so, so far, so good.

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

Okay. So that concludes our Q&A session. We appreciate you joining us for the call and look forward to talking with you again during our first-quarter 2011 call scheduled for February 15 beginning at 5 PM. Thanks very much. Bye-bye.

Operator

Ladies and gentlemen, this concludes today's Analog Devices conference call. You may now disconnect.
