ANALOG DEVICES INC
Form DEF 14A
January 25, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to § 240.14a-12

Analog Devices, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

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

(3) Filing Party:

(4) Date Filed:

January 25, 2017

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders to be held at 9:00 a.m. local time on Wednesday, March 8, 2017, at our headquarters located at One Technology Way, Norwood, Massachusetts 02062.

At the Annual Meeting you are being asked to elect nine members of our Board of Directors, each to serve for a term expiring at the next annual meeting of shareholders; to vote on a non-binding advisory proposal on the compensation of our named executive officers; to vote on a non-binding advisory proposal on the frequency of future advisory votes on the compensation of our named executive officers; and to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2017 fiscal year.

Your Board of Directors recommends that you vote FOR the election of each of the directors named in the proxy statement, FOR the approval, on an advisory basis, of the compensation of our named executive officers, FOR an advisory vote EVERY YEAR on the compensation of our named executive officers, and FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2017 fiscal year.

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

Yours sincerely,

Ray Stata

Chairman of the Board of Directors

Vincent Roche

President and Chief Executive Officer

ANALOG DEVICES, INC.

ONE TECHNOLOGY WAY

NORWOOD, MASSACHUSETTS 02062-9106

NOTICE OF 2017 ANNUAL MEETING OF SHAREHOLDERS

To Be Held On March 8, 2017

To our Shareholders:

The 2017 Annual Meeting of Shareholders of Analog Devices, Inc. will be held at our headquarters at One Technology Way, Norwood, Massachusetts 02062, on Wednesday, March 8, 2017 at 9:00 a.m. local time. At the meeting, shareholders will consider and vote on the following matters:

1. To elect the nine director nominees named in this proxy statement to our Board of Directors, each to serve for a term expiring at the next annual meeting of shareholders;

2. To approve, by non-binding say on pay vote, the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures in this proxy statement;

3. To hold a non-binding say on frequency vote regarding the frequency of future advisory votes on the compensation of our named executive officers (every year, every two years, or every three years); and

4. To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 28, 2017.

The shareholders will also act on any other business that may properly come before the meeting.

Instead of mailing a paper copy of our proxy materials to all of our shareholders, this year we are providing access to our proxy materials over the Internet under the U.S. Securities and Exchange Commission s notice and access rules. As a result, we are mailing to our shareholders a Notice of Internet Availability of Proxy Materials (the Notice) instead of a paper copy of this proxy statement and our Annual Report for the fiscal year ended October 29, 2016 (the 2016 Annual Report). We are mailing the Notice on or about January 25, 2017, and it contains instructions on how to access those documents over the Internet. The Notice also contains instructions on how each of our shareholders can receive a paper copy of our proxy materials, including this proxy statement, our 2016 Annual Report, and a form of proxy card or voting instruction card. All shareholders who do not receive the Notice, including shareholders who have previously requested to receive paper copies of proxy materials, will receive a paper copy of the proxy materials by mail unless they have previously requested delivery of proxy materials electronically. We have chosen to employ this distribution process to conserve natural resources and reduce the costs of printing and distributing our proxy materials.

Shareholders of record at the close of business on January 9, 2017 are entitled to vote at the meeting. Your vote is important no matter how many shares you own. Whether you expect to attend the meeting or not, please vote your shares by using the Internet as described in the instructions included on your Notice, by calling the toll-free telephone number, or, if you received a paper copy of the proxy materials, by completing, signing, dating and returning your proxy card or voting instruction form. Your prompt response is necessary to ensure that your shares are represented at the meeting. You can change your vote and revoke your proxy at any time before the polls close at the meeting by following the procedures described in the accompanying proxy statement.

All shareholders are cordially invited to attend the meeting.

By order of the Board of Directors,

MARGARET K. SEIF

Secretary

Norwood, Massachusetts

January 25, 2017

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This Proxy Statement contains forward-looking statements regarding future events and our future results that are subject to the safe harbor created under the Private Securities Litigation Reform Act of 1995 and other safe harbors under the Securities Act of 1933 and the Securities Exchange Act of 1934. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as expects, anticipates, targets, goals, projects, intends, plans, believes, seeks, continues, may, could and will, and variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections regarding our future financial performance; our anticipated growth and trends in our businesses; the proposed acquisition of Linear Technology Corporation; our future market position and expected competitive changes in the marketplace for our products; our ability to successfully integrate acquired businesses and technologies; and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified in Part I, Item 1A. Risk Factors and elsewhere in our Annual Report on Form 10-K. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements, including to reflect events or circumstances occurring after the date of the filing of this report, except to the extent required by law.

ANALOG DEVICES, INC.

ONE TECHNOLOGY WAY

NORWOOD, MASSACHUSETTS 02062-9106

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS

March 8, 2017

This proxy statement contains information about the 2017 Annual Meeting of Shareholders, or Annual Meeting, of Analog Devices, Inc. The Annual Meeting will be held on Wednesday, March 8, 2017, at 9:00 a.m. local time, at our headquarters at One Technology Way, Norwood, Massachusetts 02062. You may obtain directions to the location of the Annual Meeting by visiting our website at www.analog.com or by contacting our Director of Investor Relations at Analog Devices, Inc., One Technology Way, Norwood, Massachusetts 02062; telephone: 781-461-3282.

We are furnishing this proxy statement to you in connection with the solicitation of proxies by the Board of Directors of Analog Devices, Inc. (which we also refer to as Analog Devices, ADI, or the Company) for use at the Annual Meeting and at any adjournment, postponement, continuation or rescheduling of the meeting. All proxies will be voted in accordance with the instructions they contain. If you do not specify your voting instructions on the proxy that you submit for the Annual Meeting, it will be voted in accordance with the recommendation of the Board of Directors. You may revoke your proxy at any time before it is exercised at the Annual Meeting by giving our Secretary written notice to that effect.

Instead of mailing a paper copy of our proxy materials to all of our shareholders, this year we are providing access to our proxy materials over the Internet under the U.S. Securities and Exchange Commission s notice and access rules. As a result, we are mailing to our shareholders a Notice of Internet Availability of Proxy Materials, or Notice, instead of a paper copy of this proxy statement and our Annual Report for the fiscal year ended October 29, 2016, or 2016 Annual Report. We are mailing the Notice on or about January 25, 2017, and it contains instructions on how to access those documents over the Internet. The Notice also contains instructions on how each of our shareholders can receive a paper copy of our proxy materials, including this proxy statement, our 2016 Annual Report, and a form of proxy card or voting instruction card. All shareholders who do not receive the Notice, including shareholders who have previously requested to receive paper copies of proxy materials, will receive a paper copy of the proxy materials by mail unless they have previously requested delivery of proxy materials electronically.

Important Notice Regarding the Availability of Proxy Materials for the Annual

Meeting of Shareholders to be Held on March 8, 2017:

This proxy statement and the 2016 Annual Report to Shareholders are available for viewing, printing and downloading at www.analog.com/AnnualMeeting.

PROXY STATEMENT HIGHLIGHTS

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all the information that you should consider and you should read the entire proxy statement before voting. For more information on the 2016 financial and operating performance of the Company, please review the Company s Annual Report on Form 10-K for the year ended October 29, 2016 that was filed with the U.S. Securities and Exchange Commission on November 22, 2016.

2017 Annual Meeting of Shareholders

Date:	March 8, 2017
Time:	9:00 a.m. local time
Place:	Analog Devices Headquarters One Technology Way Norwood, Massachusetts 02062
Record Date:	January 9, 2017

Voting Matters and Board Recommendations

Agenda Item	Board Vote Recommendation	Page Reference For More Information
Proposal 1: Election of Nine Director Nominees	FOR each director nominee	14
Proposal 2: Advisory Approval of the Compensation of the Company s Named Executive Officers	FOR	31
Proposal 3: Frequency of Future Advisory Votes on the Compensation of the Company s Named Executive Officers	EVERY 1 YEAR	32
Proposal 4: Ratification of the Selection of Ernst & Young LLP as Independent Registered Public Accounting Firm for the Company s Fiscal Year Ending October 28, 2017	FOR	63

Board Nominees

Name	Age	Director Since	Principal Occupation	Independent Director	Committee Membership
Ray Stata	82	1965	Chairman of the Board of Analog Devices, Inc.		
Vincent Roche	56	2013	President and Chief Executive Officer of Analog Devices, Inc.		
James A. Champy	74	2003	Retired Vice President of the Dell/Perot Systems business unit of Dell, Inc.		NCGC (Chair)
Bruce R. Evans	57	2015	Managing Director and Chairman of Summit Partners		AC
Edward H. Frank	60	2014	Co-Founder and CEO of Cloud Parity		NCGC
Mark M. Little	64	2017	Former SVP, GE Global Research & Chief Technology Officer of General Electric Company		AC
Neil Novich	62	2008	Former Chairman, President and Chief Executive Officer of Ryerson Inc.		CC (Chair)
Kenton J. Sicchitano	72	2003	Retired Global Managing Partner of PricewaterhouseCoopers LLP		AC (Chair)
Lisa T. Su	47	2012	President and Chief Executive Officer of Advanced Micro Devices, Inc.		CC

AC = Audit Committee	CC = Compensation Committee	NCGC = Nominating and Corporate Governance Committee

2016-2017 Board Refreshment

Mark M. Little joined the Board in January 2017.

John Hodgson and Richard Beyer will leave the Board when their current terms expire at the Annual Meeting. Messrs. Hodgson and Beyer have served on our Board since 2005 and 2013, respectively, and we wish to express our sincere appreciation for their exemplary service and contributions to the Company.

The Board of Directors intends to appoint Robert Swanson, Executive Chairman of Linear Technology Corporation, to the Board at the later of the completion of the Company s proposed acquisition of Linear Technology Corporation or the Board of Directors meeting following the Company s 2017 Annual Meeting of Shareholders.

Average tenure of independent directors standing for re-election is 5.9 years.

Corporate Governance Highlights

The Company s governance practices include:

Majority of directors are independent

Annual election of directors

Majority voting for directors in uncontested director elections

Average tenure of independent directors standing for re-election is 5.9 years

Regular executive sessions of independent directors
Share ownership guidelines for executive officers and non-employee directors

Active Board engagement in managing talent and long-term succession planning for executives

Prohibitions on hedging and pledging

No supermajority voting provisions

Annual Board and Committee self-evaluations

2016 Business Results

Our fiscal year ended October 29, 2016, or fiscal 2016, was a year of strong execution for Analog Devices. Our business model generated gross margins of 65.1%, operating margins of 30.0%, operating cash flow of approximately $1.3 billion, or 37.4% of revenue and free cash flow of approximately $1.2 billion, or 33.7% of revenue.[1] We also returned approximately $883 million to shareholders in the form of dividends and share repurchases. In addition to strong business results, in fiscal 2016, we announced the proposed acquisition of Linear Technology Corporation, which once complete, will create a high-performance analog leader, with the combined company having a top two market share position across all the key building blocks of the analog market, namely: data converters, power management, amplifiers, interface, and high-performance RF and microwave.[2]

1 Free cash flow and free cash flow margin are non-GAAP financial measures. Free cash flow is defined as cash provided by (used in) operating activities less capital expenditures. Free cash flow margin is free cash flow as a percentage of revenue. See Appendix A for a calculation of free cash flow and a reconciliation of free cash flow to the most comparable GAAP financial measure.

2 Data based on Gartner reports and Company estimates based on Fiscal 2015 data. RF/Microwave is based on Company estimates and excludes consumer and cellular infrastructure power amplifiers.

Executive Compensation Highlights

Compensation Philosophy

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

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

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

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

Pay for Performance

A significant portion of our NEOs total compensation is variable and directly linked to Company performance in the form of variable cash incentive bonus payments and equity awards. This approach provides our executives with an opportunity to earn above peer average compensation if ADI delivers strong results. Similarly, our NEOs total compensation is suppressed if our business results are below target.

We compensate our executives using the following elements:

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

Key Compensation Actions for 2016

Each year, ADI s Compensation Committee reviews our executive compensation program s components, targets and payouts to ensure that our pay practices remain competitive and aligned with our performance goals. Our performance is evaluated against short- and long-term goals that support our business strategy and the creation of sustainable long-term shareholder value. These items are described in more detail beginning on page 33 of this proxy statement. With respect to our 2016 executive compensation program, we maintained challenging financial performance objectives for our variable cash incentive bonus plan based on our achievement of operating profit before taxes as a percentage of revenue, or OPBT margin and year-over-year revenue growth, which are measured quarterly and paid to executives and employees semi-annually. These financial performance objectives for our variable cash incentive bonus plan are established at the beginning of our fiscal year and align with our annual operating, financial and strategic objectives. Our equity program is comprised of performance-based restricted stock units, time-based restricted stock units and stock options, which together are designed to align the executives interests with our and our shareholders goals.

Pay and Governance Practices

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

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

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

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

We do not provide tax gross-ups for new executive officers
We do not pay dividends on unvested equity awards

We do not provide extensive perquisites to our executives

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

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

We prohibit holding ADI securities in margin accounts

We prohibit pledging ADI securities as collateral for a loan

Say on Pay and Shareholder Engagement

In 2016, Analog Devices again received strong support for our executive compensation program with approximately 98.4% of votes cast approving our advisory say on pay resolution. We pay careful attention to feedback that we receive from our shareholders about our executive compensation program, including the say on pay vote. During the course of the year, we held in-person and telephonic meetings with a number of shareholders to discuss a variety of matters, including our executive compensation program and how they evaluate it. Our Compensation Committee carefully considers this feedback when making decisions regarding executive compensation.

Please see the Compensation Discussion and Analysis section beginning on page 33 of this proxy statement for a more detailed description of our executive compensation program, philosophy and design.

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

What is the purpose of the Annual Meeting?

At the Annual Meeting, shareholders will consider and vote on the following matters:

1. The election of the nine nominees named in this proxy statement to our Board of Directors, each for a term expiring at the next annual meeting of shareholders.

2. The approval, by non-binding say on pay vote, of the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures in this proxy statement.

3. To hold a non-binding say on frequency vote, regarding the frequency of future advisory votes on the compensation of our named executive officers (every year, every two years or every three years).

4. The ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 28, 2017, or 2017 fiscal year.

The shareholders will also act on any other business that may properly come before the meeting or any postponement, adjournment, rescheduling or continuation of the meeting.

Who can vote?

To be able to vote, you must have been an Analog Devices shareholder of record at the close of business on January 9, 2017. This date is the record date for the Annual Meeting. The number of outstanding shares entitled to vote on each proposal at the Annual Meeting is 309,077,439 shares of our common stock.

How many votes do I have?

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

Is my vote important?

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

How do I vote?

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

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

(2) You may vote by telephone. You may vote your shares by following the telephone voting instructions on the Notice or the proxy card.

(3) You may vote by mail. If you received a printed proxy card, you may vote by completing and signing the proxy card and promptly mailing it in the enclosed postage-prepaid envelope. You do not need to put a stamp on the enclosed envelope if you mail it in the United States. The shares you own will be voted according to your instructions on the proxy card that you mail. **If you return the proxy card, but do not give any instructions on a particular matter described in this proxy statement, the shares you own will be voted in accordance with the recommendations of our Board of Directors.** The Board of Directors recommends that you vote FOR Proposals 1, 2 and 4 and for EVERY YEAR on Proposal 3.

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

Please note that you cannot vote by marking up the Notice of Internet Availability of the Proxy Materials and mailing the Notice back. Any votes returned in that manner will not be counted.

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

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

If you hold shares through an account with a broker, the voting of shares by such broker when you do not provide voting instructions is governed by applicable stock exchange rules. These rules allow brokers to vote shares at their discretion on routine matters for which their customers do not provide voting instructions. On matters that are considered non-routine, brokers may not vote shares without your instruction. The ratification of Ernst & Young LLP as our independent registered public accounting firm (Proposal 4) is considered a routine matter and your broker will be able to vote on that proposal even if it does not receive instructions from you, so long as it holds your shares in its name. **The election of directors (Proposal 1) and the say on pay and the say on frequency advisory votes (Proposals 2 and 3) are non-routine matters. If you do not instruct your bank, broker or other nominee how to vote with respect to these proposals, your bank, broker or other nominee may not vote with respect to these proposals and those votes will be counted as broker non-votes.** Broker non-votes are shares that are held in street name by a bank, broker or other nominee that indicates on its proxy that it does not have or did not exercise discretionary authority to vote on a particular proposal.

If your shares are held in street name, you must bring an account statement or letter from your broker or other nominee, showing that you are the beneficial owner of the shares as of the record date (January 9, 2017) in order to be admitted to the Annual Meeting on March 8, 2017. To be able to vote your shares held in street name at the Annual Meeting, you will need to obtain a legal proxy from your bank, broker or other nominee, issued in your name giving you the right to vote your shares.

Can I change my vote after I have mailed my proxy card or after I have voted my shares over the Internet or by telephone?

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

- voting over the Internet or by telephone as instructed above (only your latest Internet or telephone vote is counted);
- signing and returning another proxy card with a later date;
- giving our Secretary a written notice before or at the meeting that you want to revoke your proxy; or
- attending the Annual Meeting, requesting that your proxy be revoked and voting in person as instructed above.

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

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

How do I vote my shares held in trust in the Analog Ireland Success Sharing Share Plan?

If you participate in the Analog Ireland Success Sharing Share Plan, which we refer to as the Ireland share plan, you may instruct Irish Pensions Trust Limited, which serves as the trustee of the Ireland share plan, to vote the amount of shares of common stock that they hold on your behalf as of the record date. You will receive a voting card that you may use to direct Mercer Ireland Limited, or Mercer, which administers the Irish share plan on behalf of Irish Pensions Trust Limited, how to vote your shares. You should sign the voting card and return it to Mercer in the envelope provided. Mercer will vote the shares in the manner that you direct on the voting card. If Mercer does not receive your voting card by 5:00 p.m. Greenwich Mean Time (GMT) on March 1, 2017, Mercer will not vote your shares.

What constitutes a quorum?

In order for business to be conducted at the Annual Meeting, a quorum must be present in person or represented by valid proxies. For each of the proposals to be presented at the Annual Meeting, a quorum consists of the holders of a majority of the shares of common stock issued and outstanding on January 9, 2017, the record date, or at least 154,538,720 shares.

Shares of common stock represented in person or by proxy (including broker non-votes and shares that abstain or do not vote with respect to a particular proposal) will be counted for the purpose of determining whether a quorum exists at the Annual Meeting for that proposal.

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

What vote is required for each proposal?

Election of directors. Under our bylaws, a nominee will be elected to the Board of Directors if the votes cast for the nominee s election exceed the votes cast against the nominee s election, with abstentions and broker non-votes not counting as votes for or against. If the shares you own held in street name by a bank, broker or other nominee, your bank, broker or other nominee, as the record holder of your shares, is required to vote your shares according to your instructions. **If you do not instruct your bank, broker or other nominee how to vote with respect to this proposal, your bank, broker or other nominee may not vote your shares with respect to the election of directors.** If an incumbent director nominee in an uncontested election of directors receives a majority of votes against his election, the director must tender a resignation from the Board of Directors. The Board of Directors will then decide whether to accept the resignation within 90 days following certification of the shareholder vote (based on the recommendation of a committee of independent directors). We will publicly disclose the Board of Directors decision and its reasoning with regard to the offered resignation.

Say on Pay. Our Board of Directors is seeking a non-binding advisory vote regarding the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures contained in this proxy statement. Under our bylaws, the affirmative vote of a majority of the total number of votes cast on the proposal is needed to approve this resolution. The vote is advisory and non-binding in nature but our Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements. **If you do not instruct your bank, broker or other nominee how to vote with respect to this proposal, your bank, broker or other nominee may not vote your shares with respect to this proposal.**

Say on Frequency. Our Board of Directors is seeking a non-binding advisory vote regarding whether shareholders prefer to hold an advisory vote on the compensation program of our named executive officers once every year, once every two years or once every three years. In 2011, our shareholders voted to hold this vote annually. The vote is advisory and non-binding in nature, but our Board of Directors has decided to adopt the frequency that receives the greatest level of support from our shareholders. **If you do not instruct your bank, broker or other nominee how to vote with respect to this item, your bank, broker or other nominee may not vote with respect to this proposal.**

Ratification of independent registered public accounting firm. Under our bylaws, the affirmative vote of a majority of the total number of votes cast on the proposal is needed to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2017 fiscal year. **Even if you do not instruct your bank, broker or other nominee how to vote with respect to this proposal, your bank, broker or other nominee may vote your shares with respect to this proposal.**

How will votes be counted?

Each share of common stock will be counted as one vote according to the instructions contained on a properly completed proxy card, whether submitted in person, by mail, over the Internet or by telephone, or on a ballot voted in person at the Annual Meeting. With respect to all proposals, shares will not be voted in favor of the matter, and will not be counted as voting on the matter, if they either (1) abstain from voting on a particular matter, or (2) are broker non-votes. Banks, brokers and other nominees who do not receive instructions with respect to Proposals 1, 2 or 3 will not be allowed to vote these shares, and all such shares will be broker non-votes rather than votes for or against. Accordingly, assuming the presence of a quorum, abstentions and broker non-votes for a particular proposal will not be counted as votes cast to determine the outcome of a particular proposal.

Who will count the votes?

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

Will my vote be kept confidential?

Yes, your vote will be kept confidential and we will not disclose your vote, unless (1) we are required to do so by law (including in connection with the pursuit or defense of a legal or administrative action or proceeding), or (2) there is a contested election for the Board of Directors. The tabulation agent will forward any written comments that you make on the proxy card to management without providing your name, unless you expressly request disclosure on your proxy card.

How does the Board of Directors recommend that I vote on the proposals?

The Board of Directors recommends that you vote:

FOR the election of each of the nine nominees to serve as directors on the Board of Directors, each for a term expiring at the next annual meeting of shareholders (Proposal 1);

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

FOR an advisory vote **EVERY YEAR** on the compensation of our named executive officers, consistent with our practice over the last six years (Proposal 3); and

FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the 2017 fiscal year (Proposal 4).

Will any other matters be voted on at this meeting?

No. Under the laws of Massachusetts, where we are incorporated, an item may not be brought before our shareholders at a meeting unless it appears in the notice of the meeting. Our bylaws establish the process for a shareholder to bring a matter before a meeting. See ***How and when may I submit a shareholder proposal, including a shareholder nomination for director, for the 2018 annual meeting of shareholders?*** below.

Where can I find the voting results?

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

How and when may I submit a shareholder proposal, including a shareholder nomination for director, for the 2018 annual meeting of shareholders?

If you are interested in submitting a proposal for inclusion in our proxy statement for the 2018 annual meeting, you need to follow the procedures outlined in Rule 14a-8 of the Securities Exchange Act of 1934, or the Exchange Act. To be eligible for inclusion, we must receive your shareholder proposal for our proxy statement for the 2018 annual meeting of shareholders at our principal corporate offices in Norwood, Massachusetts at the address below no later than September 27, 2017.

In addition, our bylaws require that we be given advance written notice for nominations for election to our Board of Directors and other matters that shareholders wish to present for action at an annual meeting other than those to be included in our proxy statement under Rule 14a-8. The Secretary must receive such notice at the address noted below not less than 90 days or more than 120 days before the first anniversary of the preceding year s annual meeting. However, if the date of our annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the anniversary date, then we must receive such notice at the address noted below not earlier than the 120th day before such annual meeting and not later than the close of business on the later of (1) the 90th day before such annual meeting or (2) the seventh day after the day on which notice of the meeting date was mailed or public disclosure was made, whichever occurs first. Assuming that the 2018 annual meeting is not advanced by more than 20 days nor delayed by more than 60 days from the anniversary date of the 2017 annual meeting, you would need to give us appropriate notice at the address noted below no earlier than November 8, 2017, and no later than December 8, 2017. If a shareholder does not provide timely notice of a nomination or other matter to be presented at the 2018 annual meeting, under Massachusetts law, it may not be brought before our shareholders at a meeting.

Our bylaws also specify requirements relating to the content of the notice that shareholders must provide to the Secretary of Analog Devices for any matter, including a shareholder proposal or nomination for director, to be properly presented at a shareholder meeting. A copy of the full text of our bylaws is on file with the SEC and publicly available on our website.

Any proposals, nominations or notices should be sent to:

Margaret K. Seif, Secretary

Analog Devices, Inc.

One Technology Way

Norwood, Massachusetts 02062

Phone: 781-461-3367

Fax: 781-461-3491

Email: margaret.seif@analog.com

What are the costs of soliciting these proxies and who will pay?

We will bear the costs of solicitation of proxies. We have engaged Alliance Advisors LLC to assist us with the solicitation of proxies and expect to pay Alliance Advisors approximately $11,500 for their services. In

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addition to solicitations by mail, Alliance Advisors and our directors, officers and regular employees may solicit proxies by telephone, email and personal interviews without additional remuneration. We will request brokers, custodians and fiduciaries to forward proxy soliciting material to the owners of shares of our common stock that they hold in their names. We will reimburse banks and brokers for their reasonable out-of-pocket expenses incurred in connection with the distribution of our proxy materials.

Why did I receive a Notice of Internet Availability of Proxy Materials but no proxy materials?

This year we are distributing our proxy materials to stockholders via the Internet under the Notice and Access approach permitted by the rules of the U.S. Securities and Exchange Commission, or SEC. This approach expedites stockholders receipt of proxy materials while conserving natural resources and reducing our distribution costs. On or about January 25, 2017, we mailed a Notice of Internet Availability of Proxy Materials containing instructions on how to access the proxy materials on the Internet to participating stockholders, and if desired, to request to receive a paper copy of our proxy materials by mail.

How can I obtain an Annual Report on Form 10-K?

Our Annual Report on Form 10-K for the fiscal year ended October 29, 2016, or fiscal 2016, is available on our website at www.analog.com. If you would like a copy of our Annual Report on Form 10-K for fiscal 2016 and/or any of its exhibits, we will send you such materials without charge. Please contact:

Director of Investor Relations

Analog Devices, Inc.

One Technology Way

Norwood, Massachusetts 02062

Phone: 781-461-3282

Email: investor.relations@analog.com

Whom should I contact if I have any questions?

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

HOUSEHOLDING OF ANNUAL MEETING MATERIALS

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table contains information regarding the beneficial ownership of our common stock as of January 16, 2017 (unless otherwise specified) by:

- the shareholders we know to beneficially own more than 5% of our outstanding common stock;
- each director named in this proxy statement;
- each executive officer named in the Summary Compensation Table included in this proxy statement; and
- all of our directors and executive officers as a group.

Name and Address of Beneficial Owner(1)	Shares Beneficially Owned(2)	Shares Acquirable within 60 Days(3)	Total Beneficial Ownership	Percent of Common Stock Beneficially Owned(4)
5% Shareholders:				
Capital World Investors(5) 333 South Hope Street Los Angles, California 90071	22,470,510		22,470,510	7.3%
Vanguard Group Inc.(6) PO Box 2600 Valley Forge, Pennsylvania 19482	22,207,137		22,207,137	7.2%
BlackRock, Inc.(7) 55 East 52nd Street New York, New York 10055	19,214,512		19,214,512	6.2%
Directors and Named Executive Officers:				
Richard M. Beyer	3,780	30,580	34,360	*
James A. Champy(8)	84,210	67,560	151,770	*
Bruce R. Evans	26,790	14,740	41,530	*
Edward H. Frank	2,820	25,190	28,010	*
Rick D. Hess	35,085	30,998	66,083	*
John C. Hodgson(9)	10,285	72,560	82,845	*
Mark M. Little(10)				*
Neil Novich	18,435	86,863	105,298	*
Peter Real	7,504	107,912	115,416	*
Vincent Roche	32,323	489,219	521,542	*
Kenton J. Sicchitano	15,935	77,560	93,495	*
Ray Stata(11)	1,518,467	40,970	1,559,437	*
Lisa T. Su	6,535	45,770	52,305	*
David A. Zinsner	20,897	237,276	258,173	*
All directors and executive officers as a group (19 persons, consisting of 9 officers and 10 non-employee directors)(12)	1,806,465	1,568,772	3,375,237	1.1%

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

(1) Unless otherwise indicated, the address of each beneficial owner listed is c/o Analog Devices, Inc., One Technology Way, Norwood, Massachusetts 02062.

(2) For each person, the Shares Beneficially Owned column may include shares of common stock attributable to the person because of that person s voting or investment power. Unless otherwise indicated, each person in the table has sole voting and investment power over the shares listed. The inclusion in the table of any shares, however, does not constitute an admission of beneficial ownership of those shares by the named shareholder.

(3) The number of shares of common stock beneficially owned by each person is determined under applicable SEC rules. Under these rules, a person is deemed to have beneficial ownership of any shares over which that person has or shares voting or investment power, plus any shares that the person has the right to acquire within 60 days, including through the exercise of stock options. Unless otherwise indicated, for each person named in the table, the number in the Shares Acquirable within 60 Days column consists of shares covered by stock options that may be exercised and restricted stock units, or RSUs, that vest within 60 days after January 16, 2017.

(4) The percent ownership for each shareholder on January 16, 2017 is calculated by dividing (1) the total number of shares beneficially owned by the shareholder by (2) the number of shares of our common stock outstanding on January 16, 2017 (309,084,663 shares) plus any shares acquirable (including exercisable stock options) by the shareholder in question within 60 days after January 16, 2017.

(5) Based solely on a Form 13F-HR filed by Capital World Investors on November 14, 2016 reporting stock ownership as of September 30, 2016. Capital World Investors also reported that, as of September 30, 2016, it had sole voting and shared investment power for 22,470,510 shares.

(6) Based solely on a Form 13F-HR/A filed by Vanguard Group Inc. on November 14, 2016 reporting stock ownership as of September 30, 2016. The Vanguard Group also reported that, as of September 30, 2016, it had sole voting power for 554,343 shares, sole investment power for 21,601,143 shares, shared voting power for 63,618 shares, shared investment power for 605,994 shares and no voting power with respect to 21,589,176 shares.

(7) Based solely on a Schedule 13G/A filed by BlackRock, Inc. on January 19, 2017 reporting stock ownership as of December 31, 2016. BlackRock, Inc. also reported that, as of December 31, 2016, it had sole voting power for 16,511,325 shares and sole dispositive power for 19,214,512 shares.

(8) Includes 69,025 shares held in trust for the benefit of Mr. Champy s spouse and son, as to which Mr. Champy disclaims beneficial ownership.

(9) Includes 900 shares held as custodian under UTMA accounts for the benefit of Mr. Hodgson s grandchildren, as to which Mr. Hodgson disclaims beneficial ownership.

(10) Dr. Little was elected as a director on January 17, 2017.

(11) Includes 858,709 shares held by Mr. Stata s spouse and 1,850 shares held by a family LLC, as to which Mr. Stata disclaims beneficial ownership. All of the shares held by Mr. Stata s spouse and 240,906 shares held directly by Mr. Stata are pledged as collateral for a line of credit from a bank. Since January 2013, we have prohibited our directors and executive officers from future pledging of their Company securities as collateral for a loan.

(12) All directors and executive officers as a group disclaim beneficial ownership of a total of 930,484 shares. Richard Meaney is not included in this total because he ceased serving as an executive officer as of October 29, 2016 and was no longer an employee of the Company as of January 16, 2017. As of October 29, 2016, Mr. Meaney beneficially owned 24,484 shares and had the right to acquire 103,931 shares within 60 days of October 29, 2016.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers, directors and the holders of more than 10% of our common stock to file with the SEC initial reports of ownership of our common stock and other equity securities on a Form 3 and reports of changes in such ownership on a Form 4 or Form 5. Officers, directors and 10% shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To our knowledge, based solely on a review of our records and written representations by the persons required to file these reports, all filing requirements of Section 16(a) were satisfied with respect to our most recent fiscal year or prior fiscal years, with the exception of one Form 4 reporting the grant of a stock option, the grant of performance-based restricted units and the grant of time-based restricted stock units to Mr. Roche, which was filed on March 15, 2016, 4 days after its due date of March 11, 2016, two Forms 4 reporting the purchase of an aggregate of 218 shares of common stock by Mr. Real indirectly through the Company s Ireland Success Sharing Share Plan on June 4, 2015 and December 3, 2015, which were reported on December 7, 2016 and one Form 4 reporting the sale of 1,600 shares of common stock by Mr. Hodgson on March 18, 2015, which was reported January 13, 2017.

PROPOSAL 1 ELECTION OF DIRECTORS

Election Process

Our entire Board of Directors is elected annually by our shareholders and currently consists of eleven directors, of whom nine are deemed to be independent directors. Richard M. Beyer and John C. Hodgson are retiring from the Board of Directors and therefore are not standing for re-election at the Annual Meeting. Messrs. Beyer and Hodgson will each continue to serve as a director until his term expires at the Annual Meeting. On January 18, 2017, we announced that our Board of Directors intends to elect Mr. Robert Swanson, Executive Chairman of Linear Technology Corporation (Linear), to our Board of Directors at the later of the completion of the acquisition of Linear or the Board of Directors meeting following the Company s 2017 Annual Meeting of Shareholders, for a term expiring at our 2018 Annual Meeting of Shareholders. At the Annual Meeting, shareholders will accordingly have an opportunity to vote for each of the nine nominees listed below, of whom seven are deemed to be independent directors. The persons named in the enclosed proxy card, upon receipt of a properly executed proxy, will vote for each of these nominees, unless you instruct them to vote otherwise on the proxy card (whether executed by you or through Internet or telephonic voting). Each of the nominees has indicated his or her willingness to serve, if elected. However, if any or all of the nominees should be unable or unwilling to serve, the proxies may be voted for a substitute nominee designated by our Board of Directors or our Board of Directors may reduce the number of directors.

Director Criteria, Qualifications and Experience

The Board of Directors is committed to ensuring that it is composed of a highly capable group of directors who collectively provide a significant breadth of experience, knowledge and abilities, to effectively represent the interests of shareholders and reflect our corporate values of integrity, honesty and adherence to high ethical standards. Key factors that the Board of Directors and the Nominating and Corporate Governance Committee consider when selecting directors include:

Experience and Strong Business Acumen The Board strives for its members to span a range of leadership skills and represent a broad breadth of experience relevant to the Company s strategic vision and business activities, as well as the ability to exercise sound judgment in matters that relate to the current and long-term objectives of the Company.

Tenure The Board believes that having directors with a mix of tenure on the Board helps transition the knowledge of the more experienced directors while providing a broad, fresh set of perspectives and provides the Board with a diversity of experiences and viewpoints. The average tenure of our independent directors standing for re-election is approximately 5.9 years.

Diversity While the Board does not have a specific diversity policy, our Corporate Governance Guidelines provide that gender, racial and ethnic diversity, consistent with the requirement for relevant and diverse experience, skills and industry familiarity, are important search criteria.

The following paragraphs provide information as of the date of this proxy statement about each nominee. The information presented includes information each director has given us about his or her age, all positions he or she holds, his or her principal occupation and business experience, and the names of other publicly-held companies of which he or she currently serves as a director or has served as a director during the past five years. In addition to the information presented below regarding each nominee s specific experience, qualifications, attributes and skills that led our Board of Directors to the conclusion that he or she should serve as a director, we also believe that all of our director nominees have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to ADI and our Board of Directors. Finally, we value their significant experience on other public company boards of directors and board committees.

Information about the number of shares of common stock beneficially owned by each director appears above under the heading Security Ownership of Certain Beneficial Owners and Management. See also Certain Relationships and Related Transactions. There are no family relationships among any of the directors and executive officers of ADI.

RAY STATA, ***Chairman of the Board of Directors; Director since 1965***

Mr. Stata, age 82, has served as our Chairman of the Board of Directors since 1973 and served as an executive officer of our Company from its inception until April 2012. Mr. Stata served as our Chief Executive Officer from 1973 to November 1996 and as our President from 1971 to November 1991. We believe Mr. Stata s qualifications to serve on our Board of Directors include more than 50 years of experience and leadership in the semiconductor industry, including as our founder, our Chairman for 43 years and formerly as our President for 20 years. If re-elected, Mr. Stata will continue to serve as our Chairman of the Board of Directors in 2017.

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

Mr. Roche, age 56, was appointed our Chief Executive Officer and elected as a Director in May 2013. Mr. Roche was appointed President of Analog Devices in 2012. Mr. Roche also served as our Vice President, Strategic Segments Group and Global Sales from October 2009 to November 2012, and as our Vice President, Worldwide Sales from March 2001 to October 2009. Mr. Roche began his career at ADI in 1988 as a senior marketing engineer, and he has served in key leadership positions over his 29-year tenure at ADI, including worldwide sales, strategic marketing, business development and product management. Mr. Roche also serves as a director of Acacia Communications, Inc. We believe that Mr. Roche s qualifications to serve on the Board of Directors include his leadership role in the Company and his deep knowledge of the Company s products, markets and customers.

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

Mr. Champy, age 74, retired in 2010 as Vice President of the Dell/Perot Systems business unit of Dell, Inc., a computer and technology services company. He was previously a Vice President and the Chairman of Consulting at Perot Systems Corporation from 1996 to November 2009. He served as a director of Perot Systems Corporation from 1996 to 2004. Mr. Champy is the author of several business books and is a Life Member of the MIT Corporation, the governing body of the Massachusetts Institute of Technology. We believe Mr. Champy s qualifications to serve on our Board of Directors include his expertise in corporate strategy development and his organizational acumen.

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

Mr. Evans, age 57, has served in various positions with Summit Partners, a growth equity, venture capital and credit investment firm, including most recently as a Managing Director, since 1986. He has also served as Chairman of Summit Partners board since 2011. During his time at Summit Partners, Mr. Evans has served as a member of the boards of directors of over 30 technology and other growth industry companies in the US and Europe, including 12 public companies. Mr. Evans is a member and Chairman Elect of the Vanderbilt University Board of Trust and the Chairman of Vanderbilt s Investment Committee. He served as a director of FleetCor Technologies, Inc. from 2002 until 2014. We believe Mr. Evans qualifications to serve on our Board include his financial and management expertise, including his investing experience in the technology sector and his experience with acquisitions and other transactions.

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

Dr. Frank, age 60, is co-founder and Chief Executive Officer of Cloud Parity, an early-stage voice of the customer startup. Before founding Cloud Parity in 2014, Dr. Frank held the position of Vice President, Macintosh Hardware Systems Engineering at Apple, Inc., a company that designs, manufactures and markets electronic devices, from 2009 to 2013. Prior to his tenure at Apple, Dr. Frank served as Corporate Vice President, Research and Development, of Broadcom Corp. Dr. Frank was founding CEO of Epigram, Inc., a developer of integrated circuits and software for home networking, which Broadcom acquired in 1999, and was a Distinguished Engineer at Sun Microsystems, Inc. Dr. Frank also serves as a director of Cavium, Inc. He served as a director of Fusion-IO, Inc. from 2013 until July 2014 when it was acquired by SanDisk Corporation. We believe Dr. Frank s qualifications to serve on our Board of Directors include his deep understanding of the communications and hardware technology markets and his extensive executive leadership experience.

MARK M. LITTLE, ***Director since January 2017***

Dr. Little, age 64, is the former Senior Vice President, GE Global Research and Chief Technology Officer of General Electric Company, or GE, a global digital industrial company. Dr. Little joined GE in 1978, and during his 37-year tenure, held management positions in engineering and business, culminating with his most recent position, which he held from 2005 until 2015. In addition to his technology leadership, Dr. Little led several multi-billion dollar business units at GE including GE Energy s power-generation segment. We believe Dr. Little s qualifications to serve on our Board of Directors include his extensive leadership experience in a global technology company, combined with his experience driving change and innovation through GE s various phases of business transformation.

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

Mr. Novich, age 62, is the former Chairman, President and Chief Executive Officer of Ryerson Inc., a global metals distributor and fabricator. He joined Ryerson in 1994 as Chief Operating Officer and served in that role until 1999 when he was named Chairman, President and Chief Executive Officer, a position he held through 2007. Prior to that, he was a Director at Bain & Company, an international consulting firm. Mr. Novich also serves as a director of W.W. Grainger, Inc., Hillenbrand Inc. and Beacon Roofing Supply, Inc. We believe Mr. Novich s qualifications to serve on our Board of Directors include his experience as a chief executive officer leading a complex global organization, combined with his broad operational and corporate governance expertise.

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

Mr. Sicchitano, age 72, retired from PricewaterhouseCoopers LLP, or PwC, a public accounting firm, in July 2001. At the time of his retirement, Mr. Sicchitano was the Global Managing Partner of Independence and Regulatory Matters for PwC. Mr. Sicchitano joined Price Waterhouse LLP, a predecessor firm of PwC, in 1970 and became a partner in 1979. During his 31-year tenure with PwC, Mr. Sicchitano held various positions including the Global Managing Partner of Audit/Business Advisory Services and the Global Managing Partner responsible for Audit/Business Advisory, Tax and Financial Advisory Services. Mr. Sicchitano also serves as a director of PerkinElmer, Inc. and MetLife, Inc. and its wholly owned subsidiary, Metropolitan Life Insurance Company. We believe Mr. Sicchitano s qualifications to sit on our Board of Directors include his extensive experience with public and financial accounting matters for complex global organizations.

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

Dr. Su, age 47, is President and Chief Executive Officer of Advanced Micro Devices, Inc., or AMD, a semiconductor manufacturer. Previously she served at AMD as Senior Vice President and Chief Operating Officer from July 2014 to October 2014 and Senior Vice President and General Manager, Global Business Units from January 2012 to July 2014. Prior to joining AMD in January 2012, Dr. Su served as senior vice president and general manager, Networking and Multimedia, at Freescale Semiconductor, Inc., a semiconductor manufacturer, from 2008 to 2011 and prior to that, as Chief Technology Officer from 2007 to 2008. Dr. Su also spent 13 years with International Business Machines Corporation, or IBM, in various engineering and business leadership positions; and was a member of the technical staff at Texas Instruments in the Semiconductor Process and Device Center. Dr. Su also serves as a director of AMD. We believe Dr. Su s qualifications to serve on our Board of Directors include her experience as a CEO of a global semiconductor company and her understanding of complex technologies.

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

CORPORATE GOVERNANCE

General

We have long believed that good corporate governance is important to ensure that Analog Devices is managed for the long-term benefit of our shareholders. We periodically review our corporate governance policies and practices and compare them to those suggested by various authorities in corporate governance and the practices of other public companies. As a result, we have adopted policies and procedures that we believe are in the best interests of Analog Devices and our shareholders. In particular, we have adopted the following policies and procedures:

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

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

Majority Voting for Election of Directors. Our bylaws provide for a majority voting standard in uncontested director elections, so a nominee is elected to the Board of Directors if the votes for that director exceed the votes against (with abstentions and broker non-votes not counted as for or against the election). If a nominee does not receive more for votes than against votes, the director must offer his or her resignation, which the Board of Directors must determine whether to accept and publicly disclose that determination.

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

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

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

Equity Award Grant Date Policy. We do not time or select the grant dates of any stock options or stock-based awards in coordination with our release of material non-public information, nor do we have any program, plan or practice to do so. In addition, the Compensation Committee has adopted specific written policies regarding the grant dates of stock option and stock-based awards made to our directors, executive officers and employees. See Director Compensation and INFORMATION ABOUT EXECUTIVE COMPENSATION Compensation Discussion and Analysis Equity Award Grant Date Policy below for more information.

You can access the current charters for our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, our Corporate Governance Guidelines, our Code of Business Conduct and Ethics and our Equity Award Grant Date Policy at investor.analog.com/corporate-governance.cfm or by writing to:

Director of Investor Relations

Analog Devices, Inc.

One Technology Way

Norwood, Massachusetts 02062

Phone: 781-461-3282

Fax: 781-461-3491

Email: investor.relations@analog.com

Determination of Independence

Under applicable NASDAQ Rules, a director of Analog Devices will only qualify as an independent director if, in the opinion of our Board of Directors, that person does not have a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Our Board of Directors has established guidelines (within our Corporate Governance Guidelines) to assist it in determining whether a director has a relationship with Analog Devices that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. These guidelines are posted on our website under investor.analog.com/corporate-governance.cfm. For relationships not covered by the guidelines, the determination of whether such a relationship exists is made by the members of our Board of Directors who are independent (as defined above). Our Board of Directors has determined that none of Messrs. Beyer, Champy, Evans, Hodgson, Novich and Sicchitano and Drs. Frank, Little and Su has a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is an independent director as defined under Rule 5605(a)(2) of the NASDAQ Rules. The Board also determined that Yves-Andre Istel, a former director, was an independent director prior to his resignation from the Board on March 9, 2016. The Board has determined that Mr. Roche, our President and Chief Executive Officer, and Mr. Stata, our Chairman and founder, are not independent under the NASDAQ Rules because Mr. Roche is a current employee and Mr. Stata is our founder. We considered the Company s annual laboratory membership and university research projects with MIT (of which James A. Champy is a board member) and the Company s annual membership to the Semiconductor Industry Association, or the SIA, (of which Vincent Roche and Lisa Su are board members) and determined that the relationships were established in the ordinary course of business on an arms-length basis without the involvement of Messrs. Champy or Mr. Roche or Dr. Su, and are not material to MIT, the SIA or the Company.

Director Candidates

Shareholders of record of Analog Devices may recommend director candidates for inclusion by the Board of Directors in the slate of nominees that the Board of Directors recommends to our shareholders for election. The qualifications of recommended candidates will be reviewed by the Nominating and Corporate Governance Committee. If the Board of Directors determines to nominate a shareholder-recommended candidate and recommends his or her election as a director by the shareholders, the name will be included in Analog Devices proxy card for the shareholders meeting at which his or her election is recommended.

Shareholders may recommend individuals for the Nominating and Corporate Governance Committee to consider as potential director candidates by submitting their names and background and a statement as to whether the shareholder or group of shareholders making the recommendation has beneficially owned more than 5% of Analog Devices common stock for at least one year as of the date the recommendation is made, to the Analog Devices Nominating and Corporate Governance Committee, c/o Margaret K. Seif, Secretary, Analog Devices, Inc., One Technology Way, Norwood, Massachusetts 02062. The Nominating and Corporate Governance

Committee will consider a recommendation only if appropriate biographical information and background material is provided on a timely basis.

The process followed by the Nominating and Corporate Governance Committee to identify and evaluate candidates includes requests to Board members and others for recommendations, input from director search firms for identification and evaluation of candidates, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the Nominating and Corporate Governance Committee and the Board of Directors. Assuming that appropriate biographical and background material is provided for candidates recommended by shareholders on a timely basis, the Nominating and Corporate Governance Committee will evaluate director candidates recommended by shareholders by following substantially the same process, and applying substantially the same criteria, as it follows for director candidates submitted by Board members.

Shareholders also have the right to directly nominate director candidates, without any action or recommendation on the part of the Nominating and Corporate Governance Committee or the Board of Directors, by following the procedures set forth in ADI s amended and restated bylaws and described in the response to the question **How and when may I submit a shareholder proposal, including a shareholder nomination for director, for the 2018 annual meeting of shareholders?** above.

In considering whether to recommend any candidate for inclusion in the Board of Directors slate of recommended director nominees, including candidates recommended by shareholders, the Nominating and Corporate Governance Committee will apply the criteria set forth in our Corporate Governance Guidelines. These criteria include the candidate s integrity, business acumen, experience, commitment, and diligence, the presence of any conflicts of interest and the ability of the candidate to act in the interests of all shareholders. The Nominating and Corporate Governance Committee seeks nominees with a broad diversity of experience, professions, skills, geographic representation and backgrounds. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. Analog Devices believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board of Directors to fulfill its responsibilities. While we do not have a policy regarding Board diversity, the Nominating and Corporate Governance Committee includes gender, racial and ethnic diversity as part of its search criteria, consistent with the requirement for relevant and diverse experience, skills and industry familiarity.

Communications from Shareholders and Other Interested Parties

The Board of Directors will give appropriate attention to written communications on issues that are submitted by shareholders and other interested parties, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by committee charters, the Chairman of the Nominating and Corporate Governance Committee will, with the assistance of Analog Devices internal legal counsel, (1) be primarily responsible for monitoring communications from shareholders and other interested parties and (2) provide copies or summaries of such communications to the other directors as he considers appropriate.

Communications will be forwarded to all directors if they relate to substantive matters and include suggestions or comments that the Chairman of the Nominating and Corporate Governance Committee considers to be important for the directors to review. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to personal grievances, commercial solicitations, and matters as to which Analog Devices tends to receive repetitive or duplicative communications.

Shareholders and other interested parties who wish to send communications on any topic to the Board of Directors (including the presiding director or the independent directors as a group) should address such communications to James A. Champy, Presiding Director, c/o Secretary, Analog Devices, Inc., One Technology Way, Norwood, Massachusetts 02062.

Board of Directors Leadership Structure

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

Board of Directors Meetings and Committees

The Board of Directors has responsibility for reviewing our overall performance, rather than day-to-day operations. The Board of Directors primary responsibility is to oversee the management of the Company and, in so doing, serve the best interests of the Company and its shareholders. The Board of Directors provides for the succession of the Chief Executive Officer, nominates for election at annual shareholder meetings individuals to serve as directors of Analog Devices, and elects individuals to fill any vacancies on the Board of Directors. It reviews corporate objectives and strategies, and evaluates and approves significant policies and proposed major commitments of corporate resources. It participates in decisions that have a potential major economic impact on Analog Devices. Management keeps the directors informed of Company activity through regular written reports and presentations at Board and committee meetings.

The Board of Directors met 12 times in fiscal 2016 (including by telephone conference). During fiscal 2016, each of our directors attended 75% or more of the total number of meetings of the Board of Directors and the committees on which he or she served. The Board of Directors has standing Audit, Compensation, and Nominating and Corporate Governance Committees. All members of all three committees are independent, non-employee directors. Each committee has a charter that has been approved by the Board of Directors and is reviewed annually. In addition, each Committee conducts an annual self-evaluation of its own performance. Mr. Roche is the only director who is, or has been in the past three years, an employee of Analog Devices. Messrs. Roche and Stata do not serve on any standing Board committee and do not participate in the portion of any Board or committee meeting during which their compensation is evaluated. The independent directors met in executive session without Mr. Stata or our Chief Executive Officer at each in-person Board meeting in fiscal 2016.

Our Corporate Governance Guidelines set forth our policy that directors are expected to attend annual meetings of shareholders. All of our then-serving directors attended the 2016 Annual Meeting of Shareholders.

Audit Committee

The current members of our Audit Committee are Messrs. Sicchitano (Chair), Evans, Little and Hodgson. The Board of Directors has determined that each of Messrs. Sicchitano, Evans, Little and Hodgson qualifies as an audit committee financial expert under the rules of the SEC and is independent as defined under the NASDAQ Rules and the independence requirements under Rule 10A-3(b)(1) of the Exchange Act. In addition, our Board of Directors has determined that each member of the Audit Committee is able to read and understand financial statements, including the Company s consolidated balance sheet and its consolidated statements of income, comprehensive income, shareholders equity and cash flows and related notes as required under the NASDAQ Rules. The Board of Directors has certified that it has at least one member of the audit committee who has past employment experience in finance or accounting as required by the NASDAQ Rules. None of Messrs. Sicchitano, Evans, Little or Hodgson serves on the audit committees of more than two other public companies.

The Audit Committee is primarily responsible for the Board of Directors oversight of (i) the integrity of our financial statements and the Company s systems of internal control over financial reporting and disclosure controls and procedures, (ii) the qualifications and independence of our independent registered public accounting firm, and (iii) the performance of our internal audit function and independent registered public accounting firm. The Audit Committee has the authority to engage any independent legal, accounting and other advisors that it deems necessary or appropriate to carry out its responsibilities. These independent advisors may be the regular advisors to the Company. The Audit Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of those advisors as established by the Audit Committee. The Audit Committee selected and appointed Ernst & Young LLP, our independent registered public accounting firm, and did not retain any other advisors during fiscal 2016. The Audit Committee met 11 times during fiscal 2016 (including by telephone conference). The responsibilities of our Audit Committee and its activities during fiscal 2016 are described in the Report of the Audit Committee below.

Compensation Committee

The current members of our Compensation Committee are Messrs. Novich (Chair) and Beyer and Dr. Su. The Board of Directors has determined that each of Messrs. Novich and Beyer and Dr. Su is independent as defined under the NASDAQ Rules and the independence requirements under Rule 10C-1 of the Exchange Act. The Compensation Committee evaluates and sets the compensation of our Chief Executive Officer and our other executive officers, and makes recommendations to our Board of Directors regarding the compensation of our directors. The Compensation Committee oversees the evaluation of senior management. In connection with its oversight and administration of ADI s cash and equity incentive plans, the Compensation Committee authorizes the granting of stock options, RSUs and other stock incentives (within guidelines established by our Board of Directors and in accordance with our equity granting policy) to our officers. In accordance with the terms of our Amended and Restated 2006 Stock Incentive Plan, which we refer to as the 2006 Stock Incentive Plan, the Compensation Committee has delegated to our Chief Executive Officer the power to grant and modify options, RSUs and other stock awards to employees who are not executive officers or directors, subject to specified thresholds, parameters and applicable law. Our Compensation Committee held nine meetings (including by telephone conference) during fiscal 2016.

Compensation Committee Consultants. The Compensation Committee has the authority, in its sole discretion, to retain or obtain the advice of any independent legal, accounting or other advisors it deems necessary or appropriate to carry out its responsibilities. The Compensation Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of these advisors as established by the Compensation Committee. The Compensation Committee retained Pearl Meyer and Partners (PM), an independent compensation consultant, during fiscal 2016. PM reports directly to the Compensation Committee and assists the Compensation Committee in evaluating and designing our executive and director compensation program and policies. In fiscal 2016, the Compensation Committee instructed PM to assist it in defining a peer group of companies, compare our executive and director compensation arrangements to those of the peer group, assist it in defining a comparator group of companies for the 2016 performance-based RSUs and provide market data and advice regarding executive and director compensation plan design. PM conducted a detailed analysis of the competitiveness and appropriateness of the Company s total executive compensation opportunity in comparison to our peer group. PM also conducted a risk assessment of our executive compensation program. In connection with its work for the Compensation Committee, PM is invited to attend many of the Compensation Committee s meetings and, upon request of the Compensation Committee, attends executive sessions of the Compensation Committee. PM is retained only by the Compensation Committee and does not provide any other consulting services to Analog Devices. The Compensation Committee also solicits advice from time to time from our outside counsel, WilmerHale. The Compensation Committee assesses the independence of its advisors on an annual basis. The Compensation Committee requested and received an independence letter from each of PM and WilmerHale providing information to assist the Compensation Committee in selecting and receiving advice from such advisor after considering the independence factors that are identified in the NASDAQ rules. The Compensation Committee determined that the engagement of these advisors did not raise any conflicts of interest for all work performed for the Compensation Committee during fiscal 2016. The activities of our Compensation Committee and the services PM performed for the Compensation Committee during fiscal 2016 are further described in INFORMATION ABOUT EXECUTIVE COMPENSATION Compensation Discussion and Analysis below.

Nominating and Corporate Governance Committee

The current members of our Nominating and Corporate Governance Committee are Mr. Champy (Chair) and Dr. Frank. The Board of Directors has determined that each of Mr. Champy and Dr. Frank is independent as defined under the NASDAQ Rules. The primary responsibility of the Nominating and Corporate Governance Committee is to identify individuals qualified to become Board members consistent with criteria approved by the Board of Directors, recommend to the Board of Directors the persons to be nominated by the Board of Directors for election as directors at any meeting of shareholders, recommend to the Board of Directors the directors to be appointed to each committee of the Board of Directors, develop and recommend to the Board of Directors a set of corporate governance principles and oversee the evaluation of the Board of Directors. The Nominating and Corporate Governance Committee also leads the Board of Directors succession planning efforts with respect to senior executives and oversight of our Code of Business Conduct and Ethics. The Nominating and Corporate Governance Committee has the authority to engage any independent legal and other advisors it deems necessary or appropriate to carry out its responsibilities. These independent advisors may be the regular advisors to the Company. The Nominating and Corporate Governance Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of these advisors as established by the Nominating and Corporate Governance Committee. For information relating to nominations of directors by our shareholders, see Director Candidates above. Our Nominating and Corporate Governance Committee held five meetings during fiscal 2016 (including by telephone conference).

The Board of Directors Role in Risk Oversight

Our management team is responsible for day-to-day risk management activities. The Board of Directors role in the Company s risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, and strategic and reputational risks. Members of management report to the Board of Directors (or the appropriate committee in the case of risks that are under the purview of a particular committee) regarding risk identification, risk management and risk mitigation strategies. In particular, the Audit Committee discusses ADI s policies with respect to risk assessment and risk management as they apply to ADI s financial statement integrity and reporting and internal controls. The Audit Committee also receives regular reports from our Director of Internal Audit on internal audit matters and an annual report from our Chief Information Officer on information security, technology and data privacy and protection. The Compensation Committee considers whether ADI s executive compensation program and non-executive director compensation practices encourages excessive or inappropriate risk taking, and the Nominating and Corporate Governance Committee leads the Board with respect to the adequacy of the Company s governance structure and process and of succession planning for the Company s Board of Directors, Chief Executive Officer and other executive officers.

Report of the Audit Committee

The Audit Committee of the Board of Directors assisted the Board of Directors oversight of (i) the integrity of our financial statements and the Company s systems of internal control over financial reporting and disclosure controls and procedures, (ii) the qualifications and independence of our independent registered public accounting firm, and (iii) the performance of our internal audit function and independent registered public accounting firm. The Audit Committee also met privately with our independent registered public accounting firm and our Director of Internal Audit to discuss our financial statements and disclosures, accounting policies and their application, internal controls over financial reporting, and other matters of importance to the Audit Committee, the independent registered public accounting firm and the internal auditors. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls over financial reporting. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management the audited financial statements contained in our Annual Report on Form 10-K and the quarterly financial statements during fiscal 2016, including the specific disclosures in the section titled Management s Discussion and Analysis of Financial Condition and Results of Operations. These discussions also addressed the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements. The Audit Committee reported on these meetings to our Board of Directors. The Audit Committee also selected and appointed our independent registered public accounting firm, reviewed the performance of the independent registered public accounting firm during the annual audit and on assignments unrelated to the audit, assessed the independence of the independent registered public accounting firm, and reviewed and approved the independent registered public accounting firm s fees. The Audit Committee also has adopted policies and procedures for the pre-approval of audit and non-audit services for the purpose of maintaining the independence of our independent registered public accounting firm. The Audit Committee operates under a written charter adopted by our Board of Directors.

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

Based on its review and discussions referred to above, the Audit Committee recommended to our Board of Directors (and the Board of Directors approved) that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended October 29, 2016. The Audit Committee also selected Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 28, 2017.

Audit Committee

Kenton J. Sicchitano, *Chairman*

Bruce R. Evans

John C. Hodgson

Independent Registered Public Accounting Firm Fees and Other Matters

The following table presents the aggregate fees billed for services rendered by Ernst & Young LLP, our independent registered public accounting firm, for the fiscal years ended October 29, 2016 and October 30, 2015.

	Fiscal 2016	**Fiscal 2015**
Audit Fees	$ 3,040,000	$ 3,250,000
Audit-Related Fees	471,000	300,000
Tax Fees	1,845,000	1,674,000
Total Fees	$ 5,356,000	$ 5,224,000

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

Audit-Related Fees. These are fees for assurance and related services and consisted primarily of audits of employee benefit plans, due diligence and consultations regarding proposed transactions, including, for fiscal 2016, due diligence services relating to the proposed acquisition of Linear Technology Corporation, and accounting matters not related to the annual audit.

Tax Fees. These are fees for professional services related to tax return preparation services for our expatriates, international tax returns, tax advice and planning, assistance with international tax audits and merger and acquisition tax advice and services, including services relating to the proposed acquisition of Linear Technology Corporation. Included in this amount are fees of $508,000 in fiscal 2016, and $476,000 in fiscal 2015, for tax compliance services for our international affiliates and tax return preparation services for our expatriate employees on international assignments. Ernst & Young LLP does not provide tax services to any person in a financial reporting oversight role at Analog Devices.

Audit Committee s Pre-Approval Policy and Procedures

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

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

The Audit Committee has delegated authority to the Chairman of the Audit Committee to pre-approve any audit or non-audit services to be provided to Analog Devices by the independent registered public accounting firm for which the cost is less than $100,000. During fiscal years 2016 and 2015, all services provided to Analog Devices by Ernst & Young LLP were pre-approved in accordance with the pre-approval policies and procedures described above.

Director Compensation

Annually, the Compensation Committee reviews with PM director compensation information for our peer group companies to check the alignment of our non-employee director compensation package with market practice and current trends. The Compensation Committee makes recommendations to the full Board with respect to compensation of our non-employee directors, and the full Board reviews these recommendations and makes a final determination.

In fiscal 2016 we granted equity awards to our non-employee directors as follows: 50% of the value of each award consists of stock options and 50% of the value of the award consists of RSUs. These stock options and RSUs vest in full on the earlier of the first anniversary of the date of grant or the date of the Company s next annual meeting. On March 9, 2016, we granted each non-employee director, with the exception of Mr. Istel and Dr. Little, a stock option to purchase 7,640 shares of common stock, with an exercise price of $54.93 per share, and 1,850 RSUs for services to be provided during fiscal 2016. Commencing in fiscal 2017, our non-employee directors will receive 100% of the value of their annual equity award in the form of RSUs. The Board believes that this change better aligns with market practice among our peers.

The following table details the total compensation earned by our non-employee directors in fiscal 2016.

2016 Director Compensation

Name(1)	Fees Earned or Paid in Cash ($)(2)	Stock Awards ($)(3)(4)	Option Awards ($)(3)(4)	All Other Compensation ($)(5)	Total ($)
Richard M. Beyer	73,875	98,531	98,033		270,439
James A. Champy	97,500	98,531	98,033		294,064
Bruce R. Evans	76,500	98,531	98,033		273,064
Edward H. Frank	72,000	98,531	98,033		268,564
John C. Hodgson	76,500	98,531	98,033		273,064
Yves-Andre Istel	25,072				25,072
Neil Novich	86,250	98,531	98,033		282,814
Kenton J. Sicchitano	91,250	98,531	98,033		287,814
Ray Stata	250,000	98,531	98,033	12,836	459,400
Lisa T. Su	73,875	98,531	98,033		270,439

(1) Dr. Little was elected as a director in January 2017 and did not serve during fiscal 2016. Mr. Istel served on the Board of Directors until his term ended on March 9, 2016.

(2) This amount includes a $70,000 annual board retainer. An additional annual retainer of $25,000 was paid to the chair of the Audit Committee, an additional annual retainer of $20,000 was paid to the chair of the Compensation Committee and an additional annual retainer of $15,000 was paid to the chair of the Nominating and Corporate Governance Committee. The Presiding Director also received an additional annual retainer of $15,000. The members of the Audit Committee (other than the chair) received an additional annual retainer of $10,000, the members of the Compensation Committee (other than the chair) received an additional annual retainer of $7,500, and the members of the Nominating and Corporate Governance Committee (other than the chair) received an additional annual retainer of $5,000. For 2016, Mr. Stata, as Chairman of the Board of Directors, received a total annual retainer of $250,000. All cash retainers are paid in quarterly installments each on the 15th day of December, March, June and September of each fiscal year. Dr. Frank elected to defer receipt of his fees under our Deferred Compensation Plan, or DCP. For more information relating to our DCP, see INFORMATION ABOUT EXECUTIVE COMPENSATION Non-Qualified Deferred Compensation Plan below.

(3) These amounts represent the aggregate grant date fair value of awards for grants of RSUs or stock options to each listed director in fiscal 2016. These amounts do not represent the actual amounts paid to or realized by the directors during fiscal 2016. We recognize the fair value as of the grant date for stock options and RSUs over the number of days of service required for the award to become vested.

(4) The aggregate number of stock options and RSUs outstanding held by each director (representing unexercised stock options, both exercisable and unexercisable, and unvested RSUs) at October 29, 2016 is as follows:

Name	Number of Shares Subject to Option Awards Held as of October 29, 2016	Number of Restricted Stock Units that have not Vested as of October 29, 2016
Richard M. Beyer	28,730	1,850
James A. Champy	65,710	1,850
Bruce R. Evans	12,890	1,850
Edward H. Frank	23,340	1,850
John C. Hodgson	75,710	1,850
Yves Andre Istel	69,220	
Neil Novich	85,013	1,850
Kenton J. Sicchitano	90,710	1,850
Ray Stata	39,120	1,850
Lisa T. Su	43,920	1,850

The following table includes the assumptions, rounded to the nearest hundredth, which we used to calculate the grant date fair value amounts included in the Stock Awards and Option Awards column for fiscal 2016 Director Compensation.

		Assumptions					
Grant Date		Exercise Price ($)	Volatility (%)	Expected Life (Years)	Risk-Free Interest Rate (%)	Dividend Yield (%)	Grant Date Fair Value Per Share ($)
03/09/2016	Stock options	54.93	34.36	5.1	1.41	3.06	12.83
03/09/2016	RSUs				0.68	3.06	53.26

The grant date fair value of RSUs represents the value of our common stock on the date of grant, reduced by the present value of dividends expected to be paid on our common stock prior to vesting. We compute the grant date fair value of stock options using a Black-Scholes valuation methodology. For a more detailed description of the assumptions used for purposes of determining grant date fair value, see Note 3 to the Consolidated Financial Statements and Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Stock-Based Compensation, included in our Annual Report on Form 10-K for the year ended October 29, 2016.

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

(5) The amount represents payment of medical and dental insurance premiums on behalf of Mr. Stata and his spouse.

Stock Ownership Guidelines for Non-Employee Directors

Under our stock ownership guidelines, the target share ownership level for non-employee directors is at least four times the directors annual cash retainer. Directors have four years to achieve their targeted level. Shares subject to unexercised options, whether or not vested, and any shares that have been pledged as collateral for a loan will not be counted for purposes of satisfying these guidelines. Unvested RSUs are counted for purposes of satisfying the guidelines. All of our non-employee directors were in compliance with our stock ownership guidelines as of the end of fiscal 2016.

Equity Award Policy for Non-Employee Directors

During fiscal 2016, our equity award grant policy for non-employee directors provided for the following:

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

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

For fiscal 2016, stock options and RSUs granted to our non-employee directors under the 2006 Stock Incentive Plan vest on the earlier of the date of the Annual Meeting and the first anniversary of the date of grant, subject to acceleration as described below. These awards vest in full upon the occurrence of a Change in Control Event (as defined in the 2006 Stock Incentive Plan) or the director s death. If the director ceases to serve as a director by reason of his or her disability, as determined by the Board of Directors, each outstanding and unvested option and RSU will vest in full at the time he or she ceases to be a director. In addition, upon the occurrence of a Change in Control Event or in the event of the director s death, disability or retirement after age 60, each vested option will continue to be exercisable for the balance of its term. Commencing with the fiscal 2017 annual grants, our newly-elected and re-elected directors will receive 100% of the value of their annual equity award in the form of RSUs. The Board believes this change better aligns with market practice among our peers. The vesting provisions of the equity awards remained unchanged.

Certain Relationships and Related Transactions

Transactions with Related Persons

During fiscal 2016, Mr. Stata, our founder and Chairman of the Board, received a cash retainer for service on the Board of $250,000. Following his retirement as an employee in 2012, the Company agreed to provide medical and dental benefits to Mr. Stata and his spouse during their lifetimes on the same basis as provided to U.S. employees of the Company. The value of those medical and dental benefits in 2016 was $12,836. On March 9, 2016, we granted a stock option to Mr. Stata for the purchase of 7,640 shares of our common stock at an exercise price of $54.93 per share and 1,850 RSUs. These awards were identical to the awards granted to our other directors on March 9, 2016 and vest on the earlier of the date of the Annual Meeting or the first anniversary of the grant date.

In June 2011, ADI acquired Lyric Semiconductor, Inc. (Lyric) for $14 million in the aggregate at closing, with additional contingent earn out payments based on the achievement of certain product-based milestones of up to $15 million and royalty payments of up to $25 million based on product sales following the closing. Mr. Stata served as Chairman of the Board of Lyric through the closing of the transaction. In addition, Stata Venture Partners II, LLC, a venture capital fund, held a significant equity position in Lyric. Mr. Stata serves as a general partner of Stata Venture Holdings II, LLC, which is a general partner of Stata Venture Partners II, LLC. Stata Venture Partners II, LLC was paid $4.5 million at the closing of the acquisition, and will be paid additional amounts up to an aggregate of approximately $8.1 million if all possible milestone and royalty payments are ultimately made. Mr. Stata s economic interest in the payments to Stata Venture Partners II, LLC vary based on the satisfaction of conditions set forth in the partnership agreement for Stata Venture Partners II, LLC. In fiscal 2015, Stata Venture Partners II, LLC received an additional $472,717, in consideration under the terms of the transaction. No consideration was paid to Stata Venture Partners II, LLC in fiscal 2016. The maximum potential payments to Mr. Stata from the consideration paid or potentially payable to Stata Venture Partners II, LLC as a result of the acquisition are approximately $1,051,266 if all possible milestone and royalty payments are ultimately made and all conditions set forth in the partnership agreement for Stata Venture Partners II, LLC are satisfied. Mr. Stata recused himself from the votes regarding the acquisition. The acquisition, and Mr. Stata s interests therein, were reviewed and approved by the Nominating and Corporate Governance Committee in accordance with our policies and procedures for related person transactions described below.

Policies and Procedures for Related Person Transactions

Our Board of Directors has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which Analog Devices is a participant, the amount involved exceeds $120,000, and one of our executive officers, directors, director nominees or 5% shareholders (or their immediate family members, each of whom we refer to as a related person has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a related person transaction, the related person must report the proposed related person transaction to our General Counsel. The policy calls for the proposed related person transaction to be reviewed and, if deemed appropriate, approved by the Nominating and Corporate Governance Committee. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the Nominating and Corporate Governance Committee will review, and, in its discretion, may ratify the related person transaction. The policy also permits the Chairman of the Nominating and Corporate Governance Committee to review and, if deemed appropriate, approve proposed related person transactions that arise between committee meetings, subject to ratification by the Nominating and Corporate Governance Committee at its next meeting. Any related person transactions that are ongoing in nature will be reviewed annually.

A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the Nominating and Corporate Governance Committee after full disclosure of the related person s interest in the transaction. As appropriate for the circumstances, the Nominating and Corporate Governance Committee will review and consider:

- the related person s interest in the related person transaction;
- the approximate dollar value of the amount involved in the related person transaction;
- the approximate dollar value of the amount of the related person s interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of our business;
- whether the terms of the transaction are no less favorable to us than the terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us of, the transaction; and
- any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The Nominating and Corporate Governance Committee may approve or ratify the transaction only if the Nominating and Corporate Governance Committee determines that, under all of the circumstances, the transaction is in Analog Devices best interests. The Nominating and Corporate Governance Committee may impose any conditions on the related person transaction that it deems appropriate.

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In addition to the transactions that are excluded by the instructions to the SEC s related person transaction disclosure rule, the Board of Directors has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related person transactions for purposes of this policy:

interests arising solely from the related person s position as an executive officer of another entity (whether or not the person is also a director of that entity), that is a participant in a transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in the entity, (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction, and (c) the amount involved in the transaction equals less than the greater of $200,000 or 5% of the annual gross revenues of the company receiving payment under the transaction; or

the transactions that are specifically contemplated by provisions of Analog Devices charter or bylaws.

The policy provides that the transactions involving compensation of executive officers shall be reviewed and approved by the Compensation Committee in the manner specified in its charter.

PROPOSAL 2 ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

We are requesting shareholder approval of the compensation of the executive officers named in our Summary Compensation Table below, who we refer to as our named executive officers or NEOs. This proposal, which is commonly referred to as say-on-pay, is required by the Dodd-Frank Act, which added Section 14A to the Exchange Act. We are required to provide our shareholders with the opportunity to vote to approve, on an advisory (non-binding) basis, the compensation of our NEOs as disclosed in this proxy statement in accordance with the SEC s rules.

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

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

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

At our 2016 annual meeting of shareholders, our compensation program for our NEOs received the support of 98.4% of the total votes cast.

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

ADI has a longstanding philosophy and practice of paying executives for performance. In order to align our pay practices with shareholder interests, we tie a significant percentage of each executive s compensation to the Company s performance, in the form of variable cash incentive bonus payments and equity awards that rise in value only if our stock price increases. In fiscal 2016, a year in which ADI executed well and continued to deliver strong profits, aggregate payments under our cash incentive bonus plan were made at 85% of target. This was a result of exceeding our profitability target, but not achieving our year-over-year revenue growth target.

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

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

PROPOSAL 3 FREQUENCY OF FUTURE ADVISORY VOTES ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

We are required to submit a non-binding, advisory resolution to shareholders at least once every six years to determine whether future advisory votes on the compensation paid of our NEOs should be held every year, every two years or every three years. At the 2011 annual meeting of shareholders, our shareholders approved an advisory resolution to approve, on an advisory basis, the compensation of our NEOs once every year. In accordance with the results of that vote, our Board of Directors determined to implement an advisory vote on the compensation of our NEOs every year. We are once again asking shareholders to advise us as to how frequently they wish to cast an advisory vote on the compensation of our NEOs.

Our Board of Directors believes that an annual advisory vote on the compensation of our NEOs will facilitate more direct shareholder input about executive compensation. An annual advisory vote is consistent with the policy of reviewing our executive compensation program annually. In arriving at our recommendation on the frequency vote, we reviewed the results of our previous shareholder voting in 2011, when an annual vote was approved by a majority of the shareholders.

As required by the Dodd-Frank Act, this is an advisory vote, which means that this proposal is not binding on us. Regardless, our Board of Directors values the opinions expressed by shareholders and expects to implement the frequency which receives the greatest level of support from our shareholders. You are not voting to approve or disapprove our recommendation of each year, but rather to make your own choice among a vote once every year, every two years or every three years. You may also abstain from voting on this item.

We recommend that you vote in favor of future advisory votes on the compensation of our named executive officers to be held EVERY YEAR.

INFORMATION ABOUT EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

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

Compensation Processes and Philosophy

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

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

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

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

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

2016 Business Results

Our fiscal year ended October 29, 2016, or fiscal 2016, was a year of strong execution for Analog Devices. Our business model generated gross margins of 65.1%, operating margins of 30.0%, operating cash flow of approximately $1.3 billion, or 37.4% of revenue and free cash flow of approximately $1.2 billion, or 33.7% of revenue.[1] We also returned approximately $883 million to shareholders in the form of dividends and share repurchases. In addition to strong business results, in fiscal 2016, we announced the proposed acquisition of Linear Technology Corporation, which once complete, will create a high-performance analog leader, with the combined company having a top two market share position across all the key building blocks of the analog market, namely: data converters, power management, amplifiers, interface, and high-performance RF and microwave.[2]

[1] Free cash flow and free cash flow margin are non-GAAP financial measures. Free cash flow is defined as cash provided by (used in) operating activities less capital expenditures. Free cash flow margin is free cash flow as a percentage of revenue. See Appendix A for a calculation of free cash flow and a reconciliation of free cash flow to the most comparable GAAP financial measure.

[2] Data based on Gartner reports and Company estimates based on Fiscal 2015 data. RF/Microwave is based on Company estimates and excludes consumer and cellular infrastructure power amplifiers.

Say on Pay Feedback from Shareholders

Each year we submit our executive compensation program to an advisory vote of our shareholders as required by Section 14A of the Exchange Act. In 2016, our executive compensation program received the support of 98.4% of the total votes cast at our 2016 Annual Meeting. We pay careful attention to any feedback we receive from our shareholders about our executive compensation program including the say on pay vote. During the course of the year, we held in-person and telephonic meetings with a number of shareholders to discuss a variety of matters, including our executive compensation program and how they evaluate it. Our Compensation Committee carefully considers this feedback when making decisions regarding executive compensation.

Pay for Performance

A significant portion of the total targeted compensation of our NEOs is directly linked to Company performance in the form of cash incentive bonus payments and equity awards (88% for the Chief Executive Officer and 82% on average for the other NEOs). We believe this provides our executives an opportunity to earn above peer average compensation if ADI delivers strong results, and conversely, if the Company delivers weaker results, our executives would earn less compensation.

Variable Cash Incentive Bonus Payments. We link a significant portion of our executives cash compensation to ADI s performance, measured by our OPBT margin and year-over-year revenue growth on a quarterly basis, through our performance incentive plan. All employees participate in our performance incentive plan, which provides us with a variable compensation structure, allowing us to reduce our compensation costs in challenging times and to reward performance when business conditions and results warrant. The performance metrics for our cash incentive plan are identical for employees and executives alike, which we believe drives consistent business goals. For fiscal 2016, the Compensation Committee set target percentages of 150% of base salary for our Chief Executive Officer and between 80%-100% of base salary for our remaining NEOs. The Compensation Committee selected these target bonus percentages to ensure that a substantial portion of each executive s cash compensation is directly linked to our business performance.

Our performance incentive plan takes into consideration our actual business results, compared to the strategic performance targets we set for our business. In setting our targets, we use an assessment of our business results relative to our peers to ensure that our performance targets are appropriately calibrated. Our Compensation Committee s independent consultant, Pearl Meyer and Partners (PM), conducted an analysis that compared our performance against the three-year average performance of our peers, including OPBT margin and year-over-year revenue growth, to help us determine the appropriate targets for each quarter of fiscal 2016, which were unchanged from fiscal 2015 targets. The three-year average OPBT margin for our peer group was 21%, compared to our target of 30% for each quarter of fiscal 2016, and our 30% target also exceeded the peer group median for each of the past three years. The three-year average revenue growth for our peer group was 6%, compared to our target of 8% for each quarter of fiscal 2016, and our 8% target exceeds the peer group median for two of the past three years.

Equity Awards. We also link pay and performance by providing a significant amount of our executives compensation in the form of equity awards, the value of which is directly tied to our stock price performance over the long term. In fiscal 2016, approximately 65% of the average total targeted compensation of our NEOs was in the form of equity. In fiscal 2016, the form and mix of equity awards delivered as part of our annual equity award program for our executive officers was as follows:

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

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

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

Total Shareholder Return

We calculate and evaluate our TSR performance annually in March in connection with the vesting of our performance-based RSUs. Fiscal 2014 was the first year that we included performance-based RSUs as part of our executives annual equity award compensation. As the performance period for the 2014 performance-based RSUs will not end until March 12, 2017, in fiscal 2016 we measured TSR as of the second anniversary of the grant of those awards, or March 12, 2016. On a one-, two- and three-year cumulative basis, our TSR performance was -13.58%, 7.38% and 27.6%, respectively. On the same basis, the median TSR performance of the 2014 performance-based RSU award comparator group was -0.2%, 5.32% and 32.7%, respectively, which ranked our TSR performance at the 13th percentile, 50th percentile and 38th percentile of comparator group performance, respectively. For illustrative purposes, if the 2014 performance-based RSUs had a two-year performance period (rather than a three-year performance period) and vested on March 12, 2016, they would have paid out at 104% of target under the terms of our performance-based RSU award agreements. For more information about our performance-based RSUs, see Components of Executive Compensation Equity Compensation below.

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

Pay and Governance Practices

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

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

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

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

We do not provide new tax gross-ups for executive officers
We do not pay dividends on unvested equity awards

We do not provide extensive perquisites to our executives

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

We have stock ownership guidelines for all officers and directors

We prohibit hedging transactions and short sales involving ADI securities

We prohibit holding ADI securities in margin account

We prohibit pledging ADI securities as collateral for a loan

Benchmarking

In making its compensation determinations, the Compensation Committee annually reviews the total compensation that each of our executives is eligible to receive against the compensation levels of comparable positions of a peer group of companies. The Compensation Committee has sought to select peer companies that are publicly traded, headquartered in the United States, compete with us for talent, and are similar to ADI in their product and services offerings, business model, revenue size and market capitalization. The composition of the peer group is reviewed annually by the Compensation Committee. In June 2015, the Compensation Committee conducted its annual peer group review for our fiscal 2016 executive compensation determinations. The median annual revenue of our peer group at that time was $2.9 billion, compared to our trailing four quarters revenue of $3.1 billion. The median market capitalization of our peer group at that time was $11.8 billion, compared to our market capitalization of $19.7 billion. The Compensation Committee, with input from PM, felt that it was appropriate to maintain the peer group used by the Compensation Committee to evaluate e