UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended January 29, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from______to______

Commission File No. 1-7819

Analog Devices, Inc.
(Exact name of registrant as specified in its charter)

Massachusetts	**04-2348234**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
One Analog Way, Wilmington, MA	**01887**
(Address of principal executive offices)	*(Zip Code)*

(781) 935-5565

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock $0.16 2/3 par value per share	ADI	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of January 29, 2022 there were 523,315,130 shares of common stock of the registrant, $0.16 2/3 par value per share, outstanding.

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(in thousands, except per share amounts)

		Three Months Ended	
		January 29, 2022	January 30, 2021
	$	$ 2,684,293	1,558,458
ıles		1,282,296	513,087
margin		1,401,997	1,045,371
; expenses:			
ɛsearch and development		426,780	288,150
ɛlling, marketing, general and administrative		297,365	185,275
mortization of intangibles		253,367	107,648
ɔecial charges, net		59,728	438
rating expenses		1,037,240	581,511
; income:		364,757	463,860
ıting expense (income):			
terest expense		51,964	42,479
terest income		(218)	(209)
ther, net		(10,544)	(15,028)
operating expense (income)		41,202	27,242
ɛfore income taxes		323,555	436,618
for income taxes		43,478	48,099
ıe	$	$ 280,077	388,519
ed to compute earnings per common share – basic		525,291	369,203
ed to compute earnings per common share – diluted		530,142	373,106
ıings per common share	$	$ 0.53	1.05
ırnings per common share	$	$ 0.53	1.04

See accompanying notes.

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(in thousands)

	Three Months Ended	
	January 29, 2022	January 30, 2021
Net income	$ 280,077	$ 388,519
Foreign currency translation adjustments	(4,603)	8,279
Change in fair value of derivative instruments designated as cash flow hedges (net of taxes of $506 and $6,661, respectively)	1,046	24,465
Changes in pension plans, net actuarial loss and foreign currency translation adjustments (net of taxes of $96 and $86, respectively)	1,504	(1,784)
Other comprehensive (loss) income	(2,053)	30,960
Comprehensive income	$ 278,024	$ 419,479

See accompanying notes.

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except share and per share amounts)

	January 29, 2022	October 30, 2021
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,790,399	$ 1,977,964
Accounts receivable	1,636,928	1,459,056
Inventories	972,571	1,200,610
Prepaid expenses and other current assets	236,797	740,687
Total current assets	4,636,695	5,378,317
Non-current Assets		
Net property, plant and equipment	2,037,290	1,979,051
Goodwill	26,940,594	26,918,470
Intangible assets, net	14,762,722	15,267,170
Deferred tax assets	2,317,301	2,267,269
Other assets	521,012	511,794
Total non-current assets	46,578,919	46,943,754
TOTAL ASSETS	$ 51,215,614	$ 52,322,071
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 436,227	$ 443,434
Income taxes payable	400,420	332,685
Debt, current	—	516,663
Accrued liabilities	1,385,259	1,477,530
Total current liabilities	2,221,906	2,770,312
Non-current Liabilities		
Long-term debt	6,253,575	6,253,212
Deferred income taxes	3,952,185	3,938,830
Income taxes payable	832,204	811,337
Other non-current liabilities	528,432	555,838
Total non-current liabilities	11,566,396	11,559,217
Shareholders' Equity		
Preferred stock, $1.00 par value, 471,934 shares authorized, none outstanding	—	—
Common stock, 0.16 2/3 par value, 1,200,000,000 shares authorized, 523,315,130 shares outstanding (525,330,672 on October 30, 2021)	87,221	87,554
Capital in excess of par value	30,093,961	30,574,237
Retained earnings	7,434,748	7,517,316
Accumulated other comprehensive loss	(188,618)	(186,565)
Total shareholders' equity	37,427,312	37,992,542
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 51,215,614	$ 52,322,071

See accompanying notes.

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Three Months Ended January 29, 2022				
	Common Stock		Capital in Excess of	Retained	Accumulated Other Comprehensive
	Shares	Amount	Par Value	Earnings	Loss
BALANCE, OCTOBER 30, 2021	525,331	$ 87,554	$ 30,574,237	$ 7,517,316	$ (186,565)
Net income				280,077	
Dividends declared and paid - $0.69 per share				(362,645)	
Issuance of stock under stock plans and other	579	100	8,371		
Stock-based compensation expense			86,939		
Other comprehensive loss					(2,053)
Common stock repurchased	(2,595)	(433)	(575,586)		
BALANCE, JANUARY 29, 2022	523,315	$ 87,221	$ 30,093,961	$ 7,434,748	$ (188,618)

	Three Months Ended January 30, 2021				
	Common Stock		Capital in Excess of	Retained	Accumulated Other Comprehensive
	Shares	Amount	Par Value	Earnings	Loss
BALANCE, OCTOBER 31, 2020	369,485	$ 61,582	$ 4,949,586	$ 7,236,238	$ (249,461)
Net income				388,519	
Dividends declared and paid - $0.62 per share				(229,179)	
Issuance of stock under stock plans and other	488	82	19,838		
Stock-based compensation expense			36,638		
Other comprehensive income					30,960
Common stock repurchased	(1,079)	(180)	(156,877)		
BALANCE, JANUARY 30, 2021	368,894	$ 61,484	$ 4,849,185	$ 7,395,578	$ (218,501)

See accompanying notes.

ANALOG DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Three Months Ended	
	January 29, 2022	January 30, 2021
Cash flows from operating activities:		
Net income	$ 280,077	$ 388,519
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	65,165	56,309
Amortization of intangibles	504,645	145,044
Stock-based compensation expense	86,939	36,638
Cost of goods sold for inventory acquired	271,396	—
Deferred income taxes	(34,651)	(27,275)
Other	(1,748)	(14,553)
Changes in operating assets and liabilities	(315,410)	(156,741)
Total adjustments	576,336	39,422
Net cash provided by operating activities	856,413	427,941
Cash flows from investing activities:		
Additions to property, plant and equipment	(111,133)	(67,388)
Other	7,824	(7,683)
Net cash used for investing activities	(103,309)	(75,071)
Cash flows from financing activities:		
Early termination of debt	(519,116)	—
Dividend payments to shareholders	(362,645)	(229,179)
Repurchase of common stock	(76,019)	(157,057)
Proceeds from employee stock plans	8,471	19,920
Other	12,041	2,493
Net cash used for financing activities	(937,268)	(363,823)
Effect of exchange rate changes on cash	(3,401)	3,156
Net decrease in cash and cash equivalents	(187,565)	(7,797)
Cash and cash equivalents at beginning of period	1,977,964	1,055,860
Cash and cash equivalents at end of period	$ 1,790,399	$ 1,048,063

See accompanying notes.

ANALOG DEVICES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JANUARY 29, 2022 (UNAUDITED)
(all tabular amounts in thousands except per share amounts and percentages)

Note 1 – Basis of Presentation

In the opinion of management, the information furnished in the accompanying condensed consolidated financial statements reflects all normal recurring adjustments that are necessary to fairly state the results for these interim periods and should be read in conjunction with Analog Devices, Inc.'s (the Company) Annual Report on Form 10-K for the fiscal year ended October 30, 2021 (fiscal 2021) and related notes. The results of operations for the interim periods shown in this report are not necessarily indicative of the results that may be expected for the fiscal year ending October 29, 2022 (fiscal 2022) or any future period.

The Company has a 52-53 week fiscal year that ends on the Saturday closest to the last day in October. Certain amounts reported in previous periods have been reclassified to conform to the fiscal 2022 presentation.

On August 26, 2021 (Acquisition Date), the Company completed the acquisition of Maxim Integrated Products, Inc. (Maxim), an independent manufacturer of innovative analog and mixed-signal products and technologies. The acquisition of Maxim is referred to as the Acquisition. The consolidated financial statements included in this Quarterly Report on Form 10-Q include the financial results of Maxim prospectively from the Acquisition Date. See Note 14, *Acquisitions*, in these Notes to Condensed Consolidated Financial Statements for additional information.

Note 2 – Shareholders' Equity

In fiscal 2021, the Company entered into accelerated share repurchase agreements (ASR) with third party financial institutions, paid $2.5 billion and received an initial delivery of 12.3 million shares of common stock, which represented approximately 80% of the notional amount of the ASR. As of October 30, 2021, the Company recorded the remaining 20%, or $500.0 million, within Prepaid expenses and other current assets on the Consolidated Balance Sheet, which was utilized during the first quarter of fiscal 2022. During the first quarter of fiscal 2022, the ASR was completed and an additional 2.1 million shares of common stock were received as final settlement of the ASR. In total, the Company repurchased 14.4 million shares under the ASR at an average price per share of $173.77.

As of January 29, 2022, the Company had repurchased a total of approximately 174.0 million shares of its common stock for approximately $9.3 billion under the Company's share repurchase program. As of January 29, 2022, an additional $7.3 billion remains available for repurchase of shares under the current authorized program. The Company also repurchases shares in settlement of employee tax withholding obligations due upon the vesting of restricted stock units/awards or the exercise of stock options. Future repurchases of common stock will be dependent upon the Company's financial position, results of operations, outlook, liquidity, and other factors deemed relevant by the Company.

Note 3 – Accumulated Other Comprehensive (Loss) Income

The following table provides the changes in accumulated other comprehensive (loss) income (AOCI) by component and the related tax effects during the first three months of fiscal 2022.

	Foreign currency translation adjustment	Unrealized holding gains (losses) on derivatives	Pension plans	Total
October 30, 2021	$ (25,795)	$ (123,754)	$ (37,016)	$ (186,565)
Other comprehensive (loss) income before reclassifications	(4,603)	(7,013)	1,015	(10,601)
Amounts reclassified out of other comprehensive income	—	8,565	585	9,150
Tax effects	—	(506)	(96)	(602)
Other comprehensive (loss) income	(4,603)	1,046	1,504	(2,053)
January 29, 2022	$ (30,398)	$ (122,708)	$ (35,512)	$ (188,618)

The amounts reclassified out of AOCI into the Condensed Consolidated Statements of Income and the Condensed Consolidated Statements of Shareholders' Equity with presentation location during each period were as follows:

Comprehensive Income Component	Three Months Ended January 29, 2022	Three Months Ended January 30, 2021	Location
Unrealized holding (gains) losses on derivatives			
Currency forwards	$ 1,751	$ (1,986)	Cost of sales
	1,210	(1,064)	Research and development
	1,873	(1,218)	Selling, marketing, general and administrative
Interest rate derivatives	3,731	464	Interest expense
	8,565	(3,804)	Total before tax
	(1,301)	204	Tax
	$ 7,264	$ (3,600)	Net of tax
Amortization of pension components included in the computation of net periodic pension cost			
Actuarial losses	585	748	
	(96)	(86)	Tax
	$ 489	$ 662	Net of tax
Total amounts reclassified out of AOCI, net of tax	$ 7,753	$ (2,938)	

Note 4 – Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended January 29, 2022	Three Months Ended January 30, 2021
Net Income	$ 280,077	$ 388,519
Basic shares:		
Weighted-average shares outstanding	525,291	369,203
Earnings per common share basic:	$ 0.53	$ 1.05
Diluted shares:		
Weighted-average shares outstanding	525,291	369,203
Assumed exercise of common stock equivalents	4,851	3,903
Weighted-average common and common equivalent shares	530,142	373,106
Earnings per common share diluted:	$ 0.53	$ 1.04
Anti-dilutive shares related to:		
Outstanding stock-based awards	185	239

Note 5 – Special Charges, net

Liabilities related to special charges, net are included in Accrued liabilities in the Condensed Consolidated Balance Sheets. The activity is detailed below:

Accrued Special Charges	Closure of Manufacturing Facilities	Global Repositioning Actions
Balance at October 30, 2021	**$ 25,774**	**$ 21,065**
Employee severance and benefit costs	75	44,411
Facility closure costs	6,513	—
Severance and benefit payments	(4,016)	(25,776)
Facility closure cost payments	(6,513)	—
Effect of foreign currency on accrual	—	(54)
Balance at January 29, 2022	**$ 21,833**	**$ 39,646**

Closure of Manufacturing Facilities

The Company recorded net special charges of $62.6 million on a cumulative basis through January 29, 2022 as a result of its decision to consolidate certain wafer and test facility operations acquired as part of the acquisition of Linear Technology Corporation.

The special charges include severance and fringe benefit costs, in accordance with the Company's ongoing benefit plan or statutory requirements at foreign locations, one-time termination benefits for the impacted manufacturing, engineering and SMG&A employees and other exit costs. These one-time termination benefits are being recognized over the future service period required for employees to earn these benefits.

During fiscal 2021, the Company ceased production at its Hillview wafer fabrication facility located in Milpitas, California and determined that this facility met the held for sale criteria specified in Accounting Standards Codification (ASC) 360. See Note 6, *Property, Plant and Equipment* in these Notes to Condensed Consolidated Financial Statements for amounts reclassified.

During fiscal 2021, the Company completed the sale of its facility and certain equipment in Singapore, which were previously classified as held for sale, for approximately $35.7 million, which resulted in a gain of $13.6 million. Concurrent with the sale, the Company entered into a short-term lease agreement to leaseback a portion of the facility while it completes its transition of related operations to its facilities in Penang, Malaysia and the Philippines, as well as to its outsourced assembly and test partners.

Global Repositioning Actions

The Company recorded net special charges of $274.1 million on a cumulative basis through January 29, 2022, as a result of organizational initiatives to better align its global workforce with the Company's long-term strategic plan. Special charges of $53.1 million recognized in the first quarter of fiscal 2022 primarily consisted of $61.4 million of severance and benefit costs as well as charges recorded from the acceleration of equity awards in connection with the termination of a limited number of employees as part of the integration of the Acquisition. These charges were partially offset by a gain of $8.3 million recognized upon the sale of a business.

Note 6 – Property, Plant and Equipment

During fiscal 2021, the Company ceased production at its Hillview wafer fabrication facility located in Milpitas, California and determined that this facility met the held for sale criteria specified in ASC 360. As of January 29, 2022, Prepaid expenses and other current assets includes the following assets held for sale recorded at the fair value of the asset group, less costs to sell:

Land and buildings	$	40,070
Less accumulated depreciation and amortization		(13,634)
Net property, plant and equipment reclassified to Prepaid expenses and other current assets	$	26,436

Note 7 – Revenue

Revenue Trends by End Market

The following table summarizes revenue by end market. The categorization of revenue by end market is determined using a variety of data points including the technical characteristics of the product, the “sold to” customer information, the “ship to” customer information and the end customer product or application into which the Company’s product will be incorporated. As data systems for capturing and tracking this data and the Company's methodology evolves and improves, the categorization of products by end market can vary over time. When this occurs, the Company reclassifies revenue by end market for prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each end market.

	Three Months Ended					
	January 29, 2022				January 30, 2021	
	Revenue	% of Revenue*		Y/Y%	Revenue	% of Revenue*
Industrial	$ 1,341,113	50 %		57 %	$ 856,186	55 %
Automotive	552,671	21 %		124 %	246,504	16 %
Communications	412,397	15 %		46 %	281,726	18 %
Consumer	378,112	14 %		117 %	174,042	11 %
Total revenue	**$ 2,684,293**	**100 %**		**72 %**	**$ 1,558,458**	**100 %**

* The sum of the individual percentages may not equal the total due to rounding.

Revenue by Sales Channel

The following table summarizes revenue by channel. The Company sells its products globally through a direct sales force, third party distributors, independent sales representatives and via its website. Distributors are customers that buy products with the intention of reselling them. Direct customers are non-distributor customers and consist primarily of original equipment manufacturers (OEMs). Other customers include the U.S. government, government prime contractors and certain commercial customers for which revenue is recorded over time.

	Three Months Ended			
	January 29, 2022		January 30, 2021	
Channel	Revenue	% of Revenue*	Revenue	% of Revenue*
Distributors	$ 1,653,054	62 %	$ 946,386	61 %
Direct customers	1,003,181	37 %	589,456	38 %
Other	28,058	1 %	22,616	1 %
Total revenue	**$ 2,684,293**	**100 %**	**$ 1,558,458**	**100 %**

* The sum of the individual percentages may not equal the total due to rounding.

Note 8 – Fair Value

The Company defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 — Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 — Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Level 3 inputs are unobservable inputs for the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date.

The tables below, set forth by level, presents the Company's financial assets and liabilities, excluding accrued interest components that were accounted for at fair value on a recurring basis as of January 29, 2022 and October 30, 2021. The tables exclude cash on hand and assets and liabilities that are measured at historical cost or any basis other than fair value. As of January 29, 2022 and October 30, 2021, the Company held $1,053.5 million and $1,315.0 million, respectively, of cash that was excluded from the tables below.

	January 29, 2022		
	Fair Value measurement at Reporting Date using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Assets			
Cash equivalents:			
Available-for-sale:			
Government and institutional money market funds	$ 606,876	$ —	$ 606,876
Corporate obligations (1)	—	129,993	129,993
Other assets:			
Deferred compensation plan investments	70,258	—	70,258
Total assets measured at fair value	$ 677,134	$ 129,993	$ 807,127
Liabilities			
Forward foreign currency exchange contracts (2)	$ —	$ 11,004	$ 11,004
Total liabilities measured at fair value	$ —	$ 11,004	$ 11,004

(1) The amortized cost of the Company's investments classified as available-for-sale as of January 29, 2022 was $130.0 million.
(2) The Company has master netting arrangements by counterparty with respect to derivative contracts. See Note 9, *Derivatives,* in these Notes to Condensed Consolidated Financial Statements for more information related to the Company's master netting arrangements.

	October 30, 2021		
	Fair Value measurement at Reporting Date using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Assets			
Cash equivalents:			
Available-for-sale:			
Government and institutional money market funds	$ 662,997	$ —	$ 662,997
Other assets:			
Deferred compensation plan investments	71,301	—	71,301
Total assets measured at fair value	$ 734,298	$ —	$ 734,298
Liabilities			
Forward foreign currency exchange contracts (1)	$ —	$ 8,085	$ 8,085
Total liabilities measured at fair value	$ —	$ 8,085	$ 8,085

(1) The Company has master netting arrangements by counterparty with respect to derivative contracts. See Note 9, *Derivatives,* in these Notes to Condensed Consolidated Financial Statements for more information related to the Company's master netting arrangements.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash equivalents — These investments are adjusted to fair value based on quoted market prices or are determined using a yield curve model based on current market rates.

Deferred compensation plan investments — The fair value of these mutual fund, money market fund and equity investments are based on quoted market prices.

Forward foreign currency exchange contracts — The estimated fair value of forward foreign currency exchange contracts, which includes derivatives that are accounted for as cash flow hedges and those that are not designated as cash flow hedges, is based on the estimated amount the Company would receive if it sold these agreements at the reporting date taking into consideration current interest rates as well as the creditworthiness of the counterparty for assets and the Company's creditworthiness for liabilities. The fair value of these instruments is based upon valuation models using current market information such as strike price, spot rate, maturity date and volatility.

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

Held for sale assets —The Company has classified the assets held for sale at fair value, which is determined based on the use of appraisals and input from market participants, and as such is considered a Level 3 fair value measurement. See Note 6, *Property, Plant and Equipment*, in these Notes to Condensed Consolidated Financial Statements for more information related to held for sale assets.

Debt —The table below presents the estimated fair value of certain financial instruments not recorded at fair value on a recurring basis. The fair values of the senior unsecured notes are obtained from broker prices and are classified as Level 1 measurements according to the fair value hierarchy.

	January 29, 2022		October 30, 2021	
	Principal Amount Outstanding	Fair Value	Principal Amount Outstanding	Fair Value
Maxim 2023 Notes, due March 2023	$ —	$ —	$ 500,000	$ 520,236
2024 Notes, due October 2024	500,000	500,233	500,000	500,482
2025 Notes, due April 2025	400,000	413,314	400,000	423,265
2026 Notes, due December 2026	900,000	960,798	900,000	986,243
Maxim 2027 Notes, due June 2027	500,000	528,442	500,000	542,942
2028 Notes, due October 2028	750,000	722,982	750,000	743,109
2031 Notes, due October 2031	1,000,000	964,300	1,000,000	996,702
2036 Notes, due December 2036	144,278	165,586	144,278	176,960
2041 Notes, due October 2041	750,000	712,026	750,000	758,246
2045 Notes, due December 2045	332,587	444,072	332,587	469,592
2051 Notes, due October 2051	1,000,000	952,121	1,000,000	1,029,830
Total debt	$ 6,276,865	$ 6,363,874	$ 6,776,865	$ 7,147,607

Note 9 – Derivatives

Foreign Exchange Exposure Management — The Company enters into forward foreign currency exchange contracts to offset certain operational and balance sheet exposures from the impact of changes in foreign currency exchange rates. Such exposures result from the portion of the Company's operations, assets and liabilities that are denominated in currencies other than the U.S. dollar, primarily the Euro; other significant exposures include the British Pound, Philippine Peso, Thai Baht, South Korean Won and the Japanese Yen. Derivative instruments are employed to eliminate or minimize certain foreign currency exposures that can be confidently identified and quantified. These foreign currency exchange contracts are entered into to support transactions made in the normal course of business, and accordingly, are not speculative in nature. The contracts are for periods consistent with the terms of the underlying transactions, generally one year or less. Hedges related to anticipated transactions are matched with the underlying exposures at inception and designated and documented as cash flow hedges. They are qualitatively evaluated for effectiveness on a quarterly basis. The gain or loss on the derivative is recorded as a component of AOCI in shareholders' equity and is reclassified into earnings in the same line item on the Consolidated Statements of Income as the impact of the hedged transaction in the same period during which the hedged transaction affects earnings.

The total notional amounts of forward foreign currency derivative instruments designated as hedging instruments of cash flow hedges denominated in Euros, British Pounds, Philippine Pesos, Thai Baht, South Korean Won and Japanese Yen as of January 29, 2022 and October 30, 2021 were $304.9 million and $343.6 million, respectively. The fair values of forward foreign currency derivative instruments designated as hedging instruments in the Company's Condensed Consolidated Balance Sheets as of January 29, 2022 and October 30, 2021 were as follows:

		Fair Value At	
	Balance Sheet Location	January 29, 2022	October 30, 2021
Forward foreign currency exchange contracts	Accrued liabilities	$ 9,464	$ 7,113

As of January 29, 2022 and October 30, 2021, the total notional amounts of undesignated hedges related to forward foreign currency exchange contracts were $206.2 million and $120.0 million, respectively. The fair values of these hedging instruments in the Company's Condensed Consolidated Balance Sheets were immaterial as of January 29, 2022 and October 30, 2021.

The Company estimates $7.3 million, net of tax, of settlements on forward foreign currency derivative instruments included in AOCI will be reclassified into earnings within the next twelve months.

All of the Company's derivative financial instruments are eligible for netting arrangements that allow the Company and its counterparties to net settle amounts owed to each other. Derivative assets and liabilities that can be net settled under these arrangements have been presented in the Company's Condensed Consolidated Balance Sheets on a net basis. As of January 29, 2022 and October 30, 2021, none of the netting arrangements involved collateral.

The following table presents the gross amounts of the Company's forward foreign currency exchange contract derivative assets and liabilities and the net amounts recorded in the Company's Condensed Consolidated Balance Sheets:

	January 29, 2022	October 30, 2021
Gross amount of recognized assets	$ 544	$ 319
Gross amounts of recognized liabilities	(11,548)	(8,404)
Net liabilities offset and presented in the Condensed Consolidated Balance Sheets	$ (11,004)	$ (8,085)

The market risk associated with the Company's derivative instruments results from currency exchange rate or interest rate movements that are expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. The counterparties to the agreements relating to the Company's derivative instruments consist of a number of major international financial institutions with high credit ratings. Based on the credit ratings of the Company's counterparties as of January 29, 2022 and October 30, 2021, nonperformance is not perceived to be a material risk. Furthermore, none of the Company's derivatives are subject to collateral or other security arrangements and none contain provisions that are dependent on the Company's credit ratings from any credit rating agency. While the contract or notional amounts of derivative financial instruments provide one measure of the volume of these transactions, they do not represent the amount of the Company's exposure to credit risk. The amounts potentially subject to credit risk (arising from the possible inability of counterparties to meet the terms of their contracts) are generally limited to the amounts, if any, by which the counterparties' obligations under the contracts exceed the obligations of the Company to the counterparties. As a result of the above considerations, the Company does not consider the risk of counterparty default to be significant.

For information on the unrealized holding gains (losses) on derivatives included in and reclassified out of AOCI into the Condensed Consolidated Statements of Income related to forward foreign currency exchange contracts, see Note 3, *Accumulated Other Comprehensive (Loss) Income,* in these Notes to Condensed Consolidated Financial Statements for further information.

Note 10 – Inventories

Inventories at January 29, 2022 and October 30, 2021 were as follows:

	January 29, 2022	October 30, 2021
Raw materials	$ 80,456	$ 71,639
Work in process	679,644	858,627
Finished goods	212,471	270,344
Total inventories	$ 972,571	$ 1,200,610

Note 11 – Debt

In conjunction with the Acquisition, the Company acquired $500.0 million aggregate principal amount of Maxim's 3.375% senior unsecured and unsubordinated notes due March 15, 2023 (the Maxim March 2023 Notes). On November 4, 2021, the Maxim March 2023 Notes were redeemed for cash at a redemption price equal to $1,038.23 for each $1,000 principal amount.

Note 12 – Income Taxes

The Company's effective tax rates for the three-month periods ended January 29, 2022 and January 30, 2021 were below the U.S. statutory tax rate of 21.0%, due to lower statutory tax rates applicable to the Company's operations in the foreign jurisdictions in which it earns income.

In the first quarter of fiscal 2022, the Company increased acquisition related tax reserves by $25.3 million consisting of $21.8 million in tax and $3.5 million in accrued interest primarily relating to tax audits. The Company engages in continuous discussions and negotiations with tax authorities regarding tax matters in various jurisdictions. It is reasonably possible that the balance of gross unrecognized tax benefits, including accrued interest and penalties, could decrease by as much as $146.0 million within the next twelve months due to the completion of tax audits, including any administrative appeals.

The Company has numerous audits ongoing throughout the world including: an IRS income tax audit for the fiscal years ended November 3, 2018 and November 2, 2019; a pre-acquisition IRS income tax audit for Maxim's fiscal years ended June 27, 2015 through June 24, 2017; various U.S. state and local audits and various international audits. The Company's U.S. federal tax returns prior to the fiscal year ended November 3, 2018 are no longer subject to examination, except for the Maxim pre-Acquisition fiscal years 2015 to 2017 noted above.

Note 13 – New Accounting Pronouncements

Standards Implemented

Reference Rate Reform

In March 2020, the Financial Accounting Standards Board (FASB) issued ASU No. 2020-04, *Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional guidance for accounting for contracts, hedging relationships, and other transactions affected by reference rate reform, if certain criteria are met. The provisions of this standard are available for election through December 31, 2022. The Company adopted this standard in the first quarter of fiscal 2022 with no material impact on the Company's financial position and results of operations.

Standards to Be Implemented

Acquired Contract Assets and Contract Liabilities

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Acquired Contract Assets and Contract Liabilities.* Under the new guidance (ASC 805-20-30-28), the acquirer should determine what contract assets and/or contract liabilities it would have recorded under ASC 606 (the revenue guidance) as of the acquisition date, as if the acquirer had entered into the original contract at the same date and on the same terms as the acquiree. The recognition and measurement of those contract assets and contract liabilities will likely be comparable to what the acquiree has recorded on its books under ASC 606 as of the acquisition date. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. ASU 2021-08 is effective for the Company in the first quarter of the fiscal year ended November 1, 2024. Early adoption is permitted, including in an interim period, for any period for which financial statements have not yet been issued. However, adoption in an interim period other than the first fiscal quarter requires an entity to apply the new guidance to all prior business combinations that have occurred since the beginning of the annual period in which the new guidance is adopted. The Company is currently evaluating the adoption date of ASU 2021-08 and the impact, if any, adoption will have on its financial position and results of operations.

Note 14 – Acquisitions

Maxim Integrated Products, Inc.

On the Acquisition Date, the Company completed its acquisition of all of the voting interests of Maxim, an independent manufacturer of innovative analog and mixed-signal products and technologies. The total consideration paid to acquire Maxim, which consisted of cash, common stock of the Company and share-based compensation awards, was approximately $28.0 billion. The Company believes the combination creates an expanded suite of top-performing mixed-signal and power management technology offerings and complements the Company's legacy offerings. The results of operations of Maxim from the Acquisition Date are included in the Company's Condensed Consolidated Statement of Income, Condensed Consolidated

Balance Sheet, Condensed Consolidated Statement of Cash Flows and Condensed Consolidated Statement of Shareholders' Equity for the three-month period ended January 29, 2022.

During the first quarter of 2022, the Company recorded acquisition accounting adjustments of $24.9 million to goodwill comprised of $19.0 million to income tax payable, $7.8 million to other non-current liabilities and $1.6 million to accrued liabilities offset by $3.5 million to deferred income taxes. The Acquisition accounting is not complete and additional information relating to conditions that existed at the Acquisition Date may become known to the Company during the remainder of the measurement period. As of the filing date of this Quarterly Report on Form 10-Q, the Company is still in the process of valuing Maxim's assets, including fixed assets, intangible assets, and liabilities, including related income tax accounting.

The following unaudited pro forma consolidated financial information for the three-month period ended January 30, 2021 combines the results of the Company for the three-month period ended January 30, 2021 and the unaudited results of Maxim for the corresponding period. The unaudited pro forma consolidated financial information assumes that the Acquisition, which closed on August 26, 2021, was completed on November 3, 2019 (the first day of fiscal 2020). The pro forma consolidated financial information has been calculated after applying the Company's accounting policies and includes adjustments for amortization expense of acquired intangible assets, fair value adjustments for acquired inventory, property, plant and equipment and long-term debt and compensation expense for ongoing share-based compensation arrangements that were replaced in conjunction with the Acquisition, together with the consequential tax effects. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the operating results of the Company that would have been achieved had the Acquisition actually taken place on November 3, 2019. In addition, these results are not intended to be a projection of future results and do not reflect events that may occur after the Acquisition, including but not limited to revenue enhancements, cost savings or operating synergies that the combined Company may achieve as a result of the Acquisition.

	Pro Forma Three Months Ended (unaudited)	
	January 30, 2021	
Revenue	$	2,059,679
Net income	$	298,895
Basic net income per common share	$	0.56
Diluted net income per common share	$	0.55

Note 15 – Subsequent Events

On February 15, 2022, the Board of Directors of the Company declared a cash dividend of $0.76 per outstanding share of common stock. The dividend will be paid on March 8, 2022 to all shareholders of record at the close of business on February 25, 2022 and is expected to total approximately $397.7 million.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This information should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q and the audited consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended October 30, 2021 (fiscal 2021).

This Quarterly Report on Form 10-Q, including the following discussion, 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," "estimates," "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; our future liquidity, capital needs and capital expenditures; our development of technologies and research and development investments; the impact of the COVID-19 pandemic on our business, financial condition and results of operations; our future market position and expected competitive changes in the marketplace for our products; our plans and ability to pay dividends or repurchase stock; our ability to service our outstanding debt; our expected tax rate; the effect of changes in or the application of new or revised tax laws; expected cost savings; the effect of new accounting pronouncements; our ability to successfully integrate or realize the benefits or synergies expected of acquired businesses and technologies, including the acquired business, operations and employees of Maxim Integrated Products, Inc.; 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 II, Item 1A. "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q. 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.

Impact of COVID-19 on our Business

The pandemic caused by the novel strain of the coronavirus (COVID-19) and the numerous measures implemented by government authorities in response, have impacted and likely will continue to impact our workforce and operations, the operations of our customers and those of our respective vendors and suppliers. We have significant operations worldwide, including in the United States, the Philippines, Ireland, Malaysia, Thailand, China and India. Each of these countries has been affected by the pandemic and taken measures to try to contain it, resulting in disruptions at some of our manufacturing operations and facilities.

The spread of COVID-19 has caused us to modify our business practices (including restricting employee travel, modifying employee work locations and cancelling physical participation in meetings, events and conferences) and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, suppliers and shareholders.

While we are confident that our strategy and long-term contingency planning have positioned us well to weather the current uncertainty, we cannot at this time fully quantify or forecast the impact of COVID-19 on our business. The full extent of the impact of the COVID-19 pandemic on our business, financial condition and results of operations will depend on future developments, which are highly uncertain such as the continued duration and severity of the pandemic, the spread of more contagious variants of the virus, the adoption rate of vaccines, the actions to contain the virus or treat its impact, or how quickly and to what extent normal economic and operating conditions can resume.

Acquisition of Maxim Integrated Products, Inc.

On August 26, 2021 (Acquisition Date), we completed the acquisition of Maxim Integrated Products, Inc. (Maxim), an independent manufacturer of innovative analog and mixed-signal products and technologies. The acquisition of Maxim is referred to as the Acquisition. The consolidated financial statements included in this Quarterly Report on Form 10-Q include the financial results of Maxim prospectively from the Acquisition Date. See Note 14, *Acquisitions*, in the Notes to the Condensed Consolidated Financial Statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.

Results of Operations

Overview

(all tabular amounts in thousands except per share amounts and percentages)

	Three Months Ended			
	January 29, 2022	January 30, 2021	$ Change	% Change
Revenue	$ 2,684,293	$ 1,558,458	$ 1,125,835	72 %
Gross margin %	52.2 %	67.1 %		
Net income	$ 280,077	$ 388,519	$ (108,442)	(28) %
Net income as a % of revenue	10.4 %	24.9 %		
Diluted EPS	$ 0.53	$ 1.04	$ (0.51)	(49) %

Revenue Trends by End Market

The following table summarizes revenue by end market. The categorization of revenue by end market is determined using a variety of data points including the technical characteristics of the product, the "sold to" customer information, the "ship to" customer information and the end customer product or application into which our product will be incorporated. As data systems for capturing and tracking this data and our methodology evolves and improves, the categorization of products by end market can vary over time. When this occurs, we reclassify revenue by end market for prior periods. Such reclassifications typically do not materially change the sizing of, or the underlying trends of results within, each end market.

	Three Months Ended				
	January 29, 2022			January 30, 2021	
	Revenue	% of Revenue*	Y/Y%	Revenue	% of Revenue*
Industrial	$ 1,341,113	50 %	57 %	$ 856,186	55 %
Automotive	552,671	21 %	124 %	246,504	16 %
Communications	412,397	15 %	46 %	281,726	18 %
Consumer	378,112	14 %	117 %	174,042	11 %
Total revenue	$ 2,684,293	100 %	72 %	$ 1,558,458	100 %

* The sum of the individual percentages may not equal the total due to rounding.

Revenue increased 72% in the three-month period ended January 29, 2022, as compared to the same period of the prior fiscal year, with the Acquisition contributing approximately 70% of that increase. From an end market perspective, revenue increased in the three-month period ended January 29, 2022, as compared to the same period of the prior fiscal year, primarily as a result of the Acquisition and higher demand for our products across all end markets.

Revenue by Sales Channel

The following table summarizes revenue by sales channel. We sell our products globally through a direct sales force, third party distributors, independent sales representatives and via our website. Distributors are customers that buy products with the intention of reselling them. Direct customers are non-distributor customers and consist primarily of original equipment manufacturers (OEMs). Other customers include the U.S. government, government prime contractors and certain commercial customers for which revenue is recorded over time.

	Three Months Ended			
	January 29, 2022		January 30, 2021	
	Revenue	% of Revenue*	Revenue	% of Revenue*
Channel				
Distributors	$ 1,653,054	62 %	$ 946,386	61 %
Direct customers	1,003,181	37 %	589,456	38 %
Other	28,058	1 %	22,616	1 %
Total revenue	$ 2,684,293	100 %	$ 1,558,458	100 %

* The sum of the individual percentages may not equal the total due to rounding.

As indicated in the table above, the percentage of total revenue sold via each channel has remained relatively consistent in the periods presented, but can fluctuate from time to time based on end customer demand.

Gross Margin

	Three Months Ended			
	January 29, 2022	January 30, 2021	$ Change	% Change
Gross margin	$ 1,401,997	$ 1,045,371	$ 356,626	34 %
Gross margin %	52.2 %	67.1 %		

Gross margin percentage decreased by 1,490 basis points in the three-month period ended January 29, 2022, as compared to the same period of the prior fiscal year, primarily as a result of additional cost of goods sold related to the Acquisition, including $271.4 million related to the nonrecurring fair value adjustment recorded to inventory and $214.2 million related to amortization expense of intangible assets. These increases in cost of sales as a result of the Acquisition were partially offset by favorable product mix, synergies related to the Acquisition and higher utilization of our factories due to increased customer demand.

Research and Development (R&D)

	Three Months Ended			
	January 29, 2022	January 30, 2021	$ Change	% Change
R&D expenses	$ 426,780	$ 288,150	$ 138,630	48 %
R&D expenses as a % of revenue	16 %	18 %		

R&D expenses increased in the three-month period ended January 29, 2022, as compared to the same period of the prior fiscal year, primarily as a result of the Acquisition and to a lesser extent higher salary and benefit expenses and variable compensation expenses.

R&D expenses as a percentage of revenue will fluctuate from year-to-year depending on the amount of revenue and the success of new product development efforts, which we view as critical to our future growth. We expect to continue the development of innovative technologies and processes for new products. We believe that a continued commitment to R&D is essential to maintain product leadership with our existing products as well as to provide innovative new product offerings.

Selling, Marketing, General and Administrative (SMG&A)

	Three Months Ended			
	January 29, 2022	January 30, 2021	$ Change	% Change
SMG&A expenses	$ 297,365	$ 185,275	$ 112,090	60 %
SMG&A expenses as a % of revenue	11 %	12 %		

SMG&A expenses increased in the three-month period ended January 29, 2022, as compared to the same period of the prior fiscal year, primarily as a result of the Acquisition as well as higher salary and benefit expenses and variable compensation expenses.

Amortization of Intangibles

	Three Months Ended			
	January 29, 2022	January 30, 2021	$ Change	% Change
Amortization expenses	$ 253,367	$ 107,648	$ 145,719	135 %
Amortization expenses as a % of revenue	9 %	7 %		

Amortization expenses increased in the three-month period ended January 29, 2022, as compared to the same period of the prior fiscal year, primarily as a result of amortization expense of intangible assets recorded as a result of the Acquisition.

Special Charges, Net

	Three Months Ended			
	January 29, 2022	January 30, 2021	$ Change	% Change
Special charges, net	$ 59,728	$ 438	$ 59,290	13,537 %
Special charges, net as a % of revenue	2 %	— %		

Special charges, net increased in the three-month period ended January 29, 2022, as compared to the same period of the prior fiscal year, primarily as a result of severance and benefit costs as well as charges recorded from the acceleration of equity awards in connection with the termination of a limited number of employees as part of the integration of the Acquisition.

Operating Income

	Three Months Ended			
	January 29, 2022	January 30, 2021	$ Change	% Change
Operating income	$ 364,757	$ 463,860	$ (99,103)	(21) %
Operating income as a % of revenue	13.6 %	29.8 %		

The year-over-year decrease in operating income in the three-month period ended January 29, 2022 was primarily the result of an increase in revenue of $1,125.8 million, which contributed to an increase in gross margin of $356.6 million, offset by increases of $145.7 million in amortization expenses, $138.6 million in R&D expenses, $112.1 million in SMG&A expenses and $59.3 million in special charges, net, as described above under the headings *Revenue Trends by End Market, Gross Margin, Research and Development (R&D), Amortization of Intangibles, Selling, Marketing, General and Administrative (SMG&A)* and *Special Charges, Net.*

Nonoperating Expense (Income)

	Three Months Ended		
	January 29, 2022	January 30, 2021	$ Change
Total nonoperating expense (income)	$ 41,202	$ 27,242	$ 13,960

The year-over-year increase in nonoperating expense (income) in the three-month period ended January 29, 2022 was the result of higher interest expense related to our debt obligations and lower gains from other investments.

Provision for Income Taxes

	Three Months Ended		
	January 29, 2022	January 30, 2021	$ Change
Provision for income taxes	$ 43,478	$ 48,099	$ (4,621)
Effective income tax rate	13.4 %	11.0 %	

The effective tax rates for the three-month periods ended January 29, 2022 and January 30, 2021 were below the U.S. statutory tax rate of 21% due to lower statutory tax rates applicable to our operations in the foreign jurisdictions in which we earn income. Our pretax income for the three-month periods ended January 29, 2022 and January 30, 2021 was primarily generated in Ireland at a tax rate of 12.5%.

See Note 12, *Income Taxes*, in the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion.

Net Income

	Three Months Ended			
	January 29, 2022	January 30, 2021	$ Change	% Change
Net Income	$ 280,077	$ 388,519	$ (108,442)	(28) %
Net Income as a % of revenue	10.4 %	24.9 %		
Diluted EPS	$ 0.53	$ 1.04		

Net income decreased in the three-month period ended January 29, 2022, as compared to the same period of the prior fiscal year, as a result of a $99.1 million decrease in operating income and a $14.0 million increase in nonoperating expense (income), partially offset by a $4.6 million decrease in provision for income taxes.

Liquidity and Capital Resources

At January 29, 2022, our principal source of liquidity was $1,790.4 million of cash and cash equivalents, of which approximately $681.7 million was held in the United States and the balance of our cash and cash equivalents was held outside the United States in various foreign subsidiaries. We manage our worldwide cash requirements by, among other things, reviewing available funds held by our foreign subsidiaries and the cost effectiveness by which those funds can be accessed in the United States. We do not expect current regulatory restrictions or taxes on repatriation to have a material adverse effect on our overall liquidity, financial condition or the results of operations. Our cash and cash equivalents consist of highly liquid investments with maturities of three months or less, including money market funds. We maintain these balances with high credit quality counterparties, continually monitor the amount of credit exposure to any one issuer and diversify our investments in order to minimize our credit risk.

We believe that our existing sources of liquidity and cash expected to be generated from future operations, together with existing and anticipated available short- and long-term financing, will be sufficient to fund operations, capital expenditures, research and development efforts and dividend payments (if any) in the immediate future and for at least the next twelve months.

	Three Months Ended					
	January 29, 2022			January 30, 2021		
Net cash provided by operating activities	$	856,413		$	427,941	
Net cash provided by operations as a % of revenue		32	%		27	%
Net cash used for investing activities	$	(103,309)		$	(75,071)	
Net cash used for financing activities	$	(937,268)		$	(363,823)	

The following changes contributed to the net change in cash and cash equivalents in the three-month period ended January 29, 2022 as compared to the same period in fiscal 2021.

Operating Activities

Cash provided by operating activities is net income adjusted for certain non-cash items and changes in operating assets and liabilities. The increase in cash provided by operating activities during the three-month period ended January 29, 2022, as compared to the same period of the prior fiscal year, was primarily the result of an increase in net income adjusted for noncash amortization of intangibles and cost of goods sold for inventory acquired, offset by changes in working capital.

Investing Activities

Investing cash flows generally consist of capital expenditures and cash used for acquisitions. The increase in cash used for investing activities during the three-month period ended January 29, 2022, as compared to the same period of the prior fiscal year, was primarily the result of an increase in cash used for capital expenditures.

Financing Activities

Financing cash flows generally consist of payments of dividends to stockholders, repurchases of common stock, issuance and repayment of debt and proceeds from the sale of shares of common stock pursuant to employee equity incentive plans. The increase in cash used for financing activities during the three-month period ended January 29, 2022, as compared to the same period of the prior fiscal year, was primarily the result of early termination of debt in the first quarter of fiscal 2022 and higher dividend payments to shareholders, partially offset by less cash used for common stock repurchases.

Working Capital

	January 29, 2022		October 30, 2021		$ Change		% Change	
Accounts receivable	$	1,636,928	$	1,459,056	$	177,872	12	%
Days sales outstanding*		52		55				
Inventory	$	972,571	$	1,200,610	$	(228,039)	(19)	%
Days cost of sales in inventory*		77		118				

* We use the average of the current quarter and prior quarter ending net accounts receivable and ending inventory balance in our calculation of days sales outstanding and days cost of sales in inventory, respectively. Cost of sales amounts used in the calculation of days cost of sales in inventory include Acquisition accounting adjustments related to the sale of acquired inventory written up to fair value, amortization of developed technology intangible assets acquired and depreciation related to the write-up of fixed assets to fair value.

The increase in accounts receivable in dollars was primarily the result of variations in the timing of collections and billings and increased revenue levels.

Inventory decreased primarily as a result of our October 30, 2021 balance including additional costs related to the Acquisition as a result of accounting for acquired inventory at fair-value. Inventory levels also fluctuate due to our efforts to balance manufacturing production, demand and inventory levels. Our inventory levels are impacted by our need to support forecasted sales demand and variations between those forecasts and actual demand.

Current liabilities decreased to approximately $2,221.9 million at January 29, 2022 from approximately $2,770.3 million at the end of fiscal 2021 primarily due to early termination of debt.

Debt

As of January 29, 2022, our debt obligations consisted of the following:

	Principal Amount Outstanding
2024 Notes, due October 2024	$ 500,000
2025 Notes, due April 2025	400,000
2026 Notes, due December 2026	900,000
Maxim 2027 Notes, due June 2027	500,000
2028 Notes, due October 2028	750,000
2031 Notes, due October 2031	1,000,000
2036 Notes, due December 2036	144,278
2041 Notes, due October 2041	750,000
2045 Notes, due December 2045	332,587
2051 Notes, due October 2051	1,000,000
Total debt	$ 6,276,865

The indentures governing our outstanding notes contain covenants that may limit our ability to: incur, create, assume or guarantee any debt for borrowed money secured by a lien upon a principal property; enter into sale and lease-back transactions with respect to a principal property; and consolidate with or merge into, or transfer or lease all or substantially all of our assets to, any other party. As of January 29, 2022, we were in compliance with these covenants.

Revolving Credit Facility

Our Third Amended and Restated Revolving Credit Agreement, dated as of June 23, 2021, provides for a five year unsecured revolving credit facility in an aggregate principal amount not to exceed $2.5 billion (subject to certain terms and conditions).

We may borrow under this revolving credit facility in the future and use the proceeds for repayment of existing indebtedness, stock repurchases, acquisitions, capital expenditures, working capital and other lawful corporate purposes. The terms of the Revolving Credit Agreement impose restrictions on our ability to undertake certain transactions, to create certain liens on assets and to incur certain subsidiary indebtedness. In addition, the Revolving Credit Agreement contains a consolidated leverage ratio covenant of total consolidated funded debt to consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) of not greater than 3.5 to 1.0. As of January 29, 2022, we were in compliance with these covenants.

Stock Repurchase Program

In fiscal 2021, we entered into accelerated share repurchase agreements (ASR) with third party financial institutions, paid $2.5 billion and received an initial delivery of 12.3 million shares of common stock, which represented approximately 80% of the notional amount of the ASR. As of October 30, 2021, we recorded the remaining 20%, or $500.0 million, within Prepaid expenses and other current assets on the Consolidated Balance Sheet, which was utilized during the first quarter of fiscal 2022. During the first quarter of fiscal 2022, the ASR was completed and an additional 2.1 million shares of common stock were received as final settlement of the ASR. In total, we repurchased 14.4 million shares of our common stock under the ASR at an average price per share of $173.77.

In the aggregate, our Board of Directors has authorized us to repurchase $16.7 billion of our common stock under our common stock repurchase program. Unless terminated earlier by resolution of our Board of Directors, the repurchase program will expire when we have repurchased all shares authorized under the program. As of January 29, 2022, an additional $7.3 billion remains available for repurchase under the current authorized program. The repurchased shares are held as authorized but unissued shares of common stock. We also repurchase shares in settlement of employee tax withholding obligations due upon the vesting of restricted stock units/awards or the exercise of stock options. Future repurchases of common stock will be dependent upon our financial position, results of operations, outlook, liquidity, and other factors we deem relevant.

Capital Expenditures

Net additions to property, plant and equipment were $111.1 million in the first three months of fiscal 2022 and were funded with a combination of cash on hand and cash generated from operations. We expect capital expenditures for fiscal 2022 to be between 6% and 8% of revenue, which is above our historical levels primarily due to our plans to expand internal manufacturing capacity. These capital expenditures will be funded with a combination of cash on hand and cash expected to be generated from future operations, together with existing and anticipated available short- and long-term financing.

Dividends

On February 15, 2022, our Board of Directors declared a cash dividend of $0.76 per outstanding share of common stock. The dividend will be paid on March 8, 2022 to all shareholders of record at the close of business on February 25, 2022 and is expected to total approximately $397.7 million. We currently expect quarterly dividends to continue in future periods. The payment of any future quarterly dividends, or a future increase in the quarterly dividend amount, will be at the discretion of the Board and will be dependent upon our financial position, results of operations, outlook, liquidity, and other factors deemed relevant by the Board.

Contractual Obligations

In the first quarter of fiscal 2022, we repaid approximately $500.0 million of principal on notes that were contractually due in March 2023. For additional information, see Note 11, *Debt*, in the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

There have not been any other material changes during the three-month period ended January 29, 2022 to the amounts presented in the table summarizing our contractual obligations included in our Annual Report on Form 10-K for the fiscal year ended October 30, 2021.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board that are adopted by us as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards will not have a material impact on our future financial condition and results of operations. See Note 13, *New Accounting Pronouncements,* in the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for a description of recently issued and adopted accounting pronouncements, including the dates of adoption and impact on our historical financial condition and results of operations.

Critical Accounting Estimates

There were no material changes in the three-month period ended January 29, 2022 to the information provided under the heading “Critical Accounting Policies and Estimates” in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended October 30, 2021.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes in the three-month period ended January 29, 2022 to the information provided under Item 7A. “Quantitative and Qualitative Disclosures about Market Risk,” set forth in our Annual Report on Form 10-K for the fiscal year ended October 30, 2021.

ITEM 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures*. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of January 29, 2022. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of January 29, 2022, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) *Changes in Internal Control over Financial Reporting.* No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended January 29, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1A. Risk Factors

Set forth below and elsewhere in this report and in other documents we file with the Securities and Exchange Commission (SEC) are descriptions of certain risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements in this report. Additional risks and uncertainties not presently known to us or that we presently deem less significant may also adversely affect our business. The risk factors set forth below restate and supersede the risk factors set forth in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended October 30, 2021.

Risks Related to our Acquisition of Maxim Integrated Products, Inc. (Maxim)

We will incur substantial expenses related to the integration of Maxim.

In August 2021, we completed our acquisition of Maxim, which we refer to as the acquisition or the merger. We have incurred and expect to incur a number of non-recurring costs associated with combining the operations of the two companies. These costs and expenses include fees paid to financial, legal and accounting advisors, facilities and systems consolidation costs, severance and other potential employment-related costs, including severance payments that may be made to certain Maxim employees, filing fees, printing expenses and other related charges.

The combined company has and will continue to incur restructuring and integration costs in connection with the merger. The costs related to restructuring are being expensed as a cost of the ongoing results of operations. There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated in connection with the merger and the integration of Maxim's business. Although we expect that the elimination of duplicative costs, strategic benefits, and additional income, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction, merger-related and restructuring costs over time, any net benefit may not be achieved in the near term or at all.

Combining our business with Maxim's may be more difficult, costly or time-consuming than expected and the combined company may fail to realize the anticipated benefits of the merger, which may adversely affect the combined company's business results and negatively affect the value of the combined company's common stock.

The success of the merger will depend on, among other things, the ability of the two companies to combine their businesses in a manner that facilitates growth opportunities and realizes expected cost savings. The combined company may encounter difficulties in integrating our and Maxim's businesses and realizing the anticipated benefits of the merger. The combined company must achieve the anticipated growth and cost savings without adversely affecting current revenues and investments in future growth. If the combined company is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully, or at all, or may take longer to realize than expected.

The merger involves the combination of two companies which operated, until the completion of the merger, as independent public companies. There can be no assurances that the two businesses can be integrated successfully. It is possible that the integration process could result in the loss of key employees from both companies, the loss of customers, the disruption of ongoing businesses, inconsistencies in standards, controls, procedures and policies, unexpected integration issues, higher than expected integration costs and an overall integration process that takes longer than originally anticipated. Management must devote attention and resources to integrating the combined company's business practices and operations. Potential difficulties the combined company may encounter as the integration process continues include the following:

- lost sales and customers as a result of certain of our and/or Maxim's customers deciding not to do business with the combined company, or deciding to decrease their amount of business in order to reduce their reliance on a single company;
- integrating personnel and operations from the two companies while maintaining focus on providing consistent, high-quality products and services, especially in the COVID-19 environment which has required employees to work remotely in some locations;
- potential unknown liabilities and unforeseen or increased costs and expenses; and
- performance shortfalls as a result of the diversion of management's attention caused by integrating the companies' operations.

Any of these factors could result in the combined company failing to realize the anticipated benefits of the acquisition, on the expected timeline or at all. An inability to realize the full extent of the anticipated benefits of the merger, as well as any delays encountered in the integration process, could have an adverse effect upon the revenues, level of expenses and operating results of the combined company, which may adversely affect the value of the common stock of the combined company.

In addition, the actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. Actual growth and cost savings, if achieved, may be lower than what we expect and may take longer to achieve than anticipated. If we are not able to adequately address integration challenges, we may be unable to successfully integrate the two companies or realize the anticipated benefits of the integration.

Risks Related to our Global Operations

The extent to which the novel strain of the coronavirus (COVID-19) pandemic will adversely affect our business, financial condition and results of operations is uncertain.

The COVID-19 pandemic, and the numerous measures implemented by government authorities in response, have adversely impacted and are expected to continue to adversely impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. We have significant operations worldwide, including in the United States, the Philippines, Ireland, Thailand, Malaysia, China, and India. Each of these countries has been affected by the pandemic and taken measures to try to contain it, resulting in disruptions at some of our manufacturing operations and facilities, including restrictions on our access to facilities. It is uncertain what the full extent of the impact, and duration, of such measures and potential future measures may be and how such measures will affect our vendors and suppliers. Increased restrictions on or disruptions of transportation, such as reduced availability of air transport, port closures, and increased border controls or closures, could limit our capacity to meet customer demand and have a material adverse effect on our business, financial condition and results of operations.

The continuing spread of COVID-19 has caused us to modify our business practices by, among other things, restricting employee travel, modifying employee work locations, and canceling physical participation in meetings, events and conferences. As a result of our changed workplace practices, many of our employees are temporarily working remotely. Any of these changes may adversely impact our business operations or customer relationships and result in further disruptions to our supply chain, manufacturing operations and facilities, and workplace. We may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, and suppliers, which may cause even further disruption. Although these alterations to our business practices are intended to minimize the spread of COVID-19, we cannot provide assurance that such measures will be sufficient to mitigate the risks posed by COVID-19, and if a significant number of our employees or members of our board of directors become ill, our ability to perform critical functions could be harmed.

The COVID-19 pandemic has significantly increased economic and demand uncertainty. The COVID-19 pandemic has led to disruption and volatility in the global capital markets, which may adversely affect our and our customers' and suppliers' liquidity, cost of capital and ability to access the capital markets. As a result, the continued spread of COVID-19 could cause further disruption in our supply chain and customer demand, and could adversely affect the ability of our customers to perform, including in making timely payments to us, which could further adversely impact our business, financial condition and results of operations.

We cannot at this time fully quantify or forecast the impact of the COVID-19 pandemic on our business. The full extent of the impact of the pandemic on our business, financial condition and results of operations will depend on future developments, which are highly uncertain, including the continued duration and severity of the pandemic, the severity and containment of certain variants of the virus, the availability, administration rates and effectiveness of vaccines, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

Political and economic uncertainty as well as disruptions in global credit and financial markets could materially and adversely affect our business and results of operations.

Continuing political and global macroeconomic uncertainty, including related to the COVID-19 pandemic, trade and political disputes between the United States and China, China-Taiwan relations, the United Kingdom's withdrawal from the European Union, tensions between Russia and the United States, Ukraine and European countries and uncertainty regarding the stability of global credit and financial markets may lead consumers and businesses to postpone or reduce spending, which may cause our customers to cancel, decrease or delay their existing and future orders for our products and make it difficult for us to accurately forecast and plan our future business activities. Financial difficulties experienced by our customers could result in nonpayment or payment delays for previously purchased products, thereby increasing our credit risk exposure. Uncertainty regarding the macroeconomic conditions as well as the future stability of the global credit and financial markets could cause the value of the currency in the affected markets to deteriorate, thus reducing the purchasing power of those customers. Significant disruption to global credit and financial markets may also adversely affect our ability to access external financing sources on acceptable terms. In addition, financial difficulties experienced by our suppliers, distributors or customers could result in product delays, increased accounts receivable defaults and inventory challenges. If economic conditions deteriorate, we may record additional charges relating to restructuring costs or the impairment of assets and our business and results of operations could be materially and adversely affected.

We are exposed to business, economic, political, legal, regulatory and other risks through our significant worldwide operations, which could adversely affect our business, financial condition and results of operations.

We have significant operations and manufacturing facilities outside the United States, including in Ireland, the Philippines, Thailand, and Malaysia. A significant portion of our revenue is derived from customers in international markets, and we expect that international sales will continue to account for a significant portion of our revenue in the future. Risks associated with our international business operations include the following:

- political, legal and economic changes, crises or instability and civil unrest in markets in which we do business, such as potential macroeconomic weakness related to trade and political disputes between the United States and China, changes in China-Taiwan relations that may adversely affect our operations in Taiwan, our customers, and the technology industry supply chain, the United Kingdom's withdrawal from the European Union, the implementation of the United States-Mexico-Canada Agreement and tensions between Russia and the United States, Ukraine and European countries;
- compliance requirements of U.S. customs and export regulations, including the Export Administration Regulations and the International Traffic and Arms Regulations;
- currency conversion risks and exchange rate and interest rate fluctuations, including the potential impact of the transition from LIBOR;
- trade policy, commercial, travel, export or taxation disputes or restrictions, government sanctions, import or export tariffs, changes to export classifications or other restrictions imposed by the U.S. government or by the governments of the countries in which we do business, particularly in China;
- complex, varying and changing government regulations and legal standards and requirements, particularly with respect to tax regulations, price protection, competition practices, export control regulations and restrictions, customs and tax requirements, immigration, anti-boycott regulations, data privacy, intellectual property, anti-corruption and environmental compliance, including the Foreign Corrupt Practices Act;
- economic disruption from terrorism and threats of terrorism and the response to them by the U.S. and its allies;
- increased managerial complexities, including different employment practices and labor issues;
- changes in immigration laws, regulations and procedures and enforcement practices of various government agencies;
- greater difficulty enforcing intellectual property rights and weaker laws protecting such rights;
- natural disasters or public health emergencies, such as the current COVID-19 pandemic;
- transportation disruptions and delays and increases in labor and transportation costs;
- changes to foreign taxes, tariffs and freight rates;
- fluctuations in raw material costs and energy costs;
- greater difficulty in accounts receivable collections and longer collection periods; and
- costs associated with our foreign defined benefit pension plans.

Any of these risks, or any other risks related to international business operations, could materially adversely affect our business, financial condition and results of operations.

Many of these risks are present within our business operations in China. For example, changes in U.S.-China relations, the political environment or international trade policies and relations could result in further revisions to laws or regulations or their interpretation and enforcement, increased taxation, trade sanctions, the imposition of import or export duties and tariffs, restrictions on imports or exports, currency revaluations, or retaliatory actions, which have had and may continue to have an adverse effect on our business plans and operating results. In addition, expanded export restrictions may limit our ability to sell to certain Chinese companies and to third parties that do business with those companies. These restrictions have created and may continue to create uncertainty and caution with our current or prospective customers and may cause them to amass large inventories of our products, replace our products with products from another supplier that is not subject to the export restrictions, or focus on building indigenous semiconductor capacity to reduce reliance on U.S. suppliers. Furthermore, if these export restrictions cause our current or potential customers to view U.S. companies as unreliable, we could suffer reputational damage or lose business to foreign competitors who are not subject to such export restrictions, and our business could be materially harmed. We are continuing to evaluate the impact of these restrictions on our business, but these actions may have direct and indirect adverse impacts on our revenues and results of operations in China and elsewhere.

In addition, our success in the Chinese markets may be adversely affected by China's continuously evolving policies, laws and regulations, including those relating to antitrust, cybersecurity, data protection and data privacy, the environment, indigenous innovation and the promotion of a domestic semiconductor industry, and intellectual property rights and enforcement and protection of those rights.

If we are not able to meet our U.S. cash requirements, it may be necessary for us to consider repatriation of foreign earnings, which could have a material adverse effect on our results of operations and financial condition.

We carry outside basis differences in certain of our subsidiaries, primarily arising from acquisition accounting adjustments and certain undistributed earnings that are considered indefinitely reinvested. We intend to reinvest these funds in our international operations, and our current plans do not demonstrate a need to repatriate these earnings to fund our U.S. cash requirements. We require a substantial amount of cash in the United States for operating requirements, stock repurchases, cash dividends and acquisitions. If we are not able to meet our U.S. cash requirements through operations, borrowings under our current revolving credit facility, future debt or equity offerings or other sources of cash obtained at an acceptable cost, it may be necessary for us to consider repatriation of earnings that are indefinitely reinvested, and we may be required to pay additional taxes under current tax laws, which could have a material adverse effect on our results of operations and financial condition.

Risks Related to our Business, Industry and Partners

Our future revenue, gross margins, operating results, net income and earnings per share are difficult to predict and may materially fluctuate.

Our future revenue, gross margins, operating results, net income and earnings per share are difficult to predict and may be materially affected by a number of factors, including:

- the extent of the impact and the duration of the COVID-19 pandemic;
- the effects of adverse economic conditions in the markets in which we sell our products, including inflationary pressures, which has or may result in increased interest rates, fuel prices, wages, and other costs;
- changes in customer demand or order patterns for our products and/or for end products that incorporate our products;
- the timing, delay, reduction or cancellation of significant customer orders and our ability to manage inventory;
- our ability to accurately forecast distributor demand for our products;
- our ability to accurately estimate future distributor pricing credits and/or stock rotation rights;
- our ability to effectively manage our cost structure in both the short term and over a longer duration;
- changes in geographic, product or customer mix;
- changes in our effective tax rates or new or revised tax legislation in the United States, Ireland or worldwide;
- the effects of issued, threatened or retaliatory government sanctions, trade barriers or economic restrictions; changes in law, regulations or other restrictions, including executive orders; and changes in import and export regulations, including restrictions on exports to certain companies or to third parties that do business with such companies, export classifications, or duties and tariffs, particularly with respect to China;
- the timing of new product announcements or introductions by us, our customers or our competitors and the market acceptance of such products;
- pricing decisions and competitive pricing pressures;
- fluctuations in manufacturing yields, adequate availability of wafers and other raw materials, and manufacturing, assembly and test capacity;
- the ability of our third-party suppliers, subcontractors and manufacturers to supply us with sufficient quantities of raw materials, products and/or components;
- a decline in infrastructure spending by foreign governments, including China;
- a decline in the U.S. government defense budget, changes in spending or budgetary priorities, a prolonged U.S. government shutdown or delays in contract awards;
- any significant decline in our backlog;
- our ability to recruit, hire, retain and motivate adequate numbers of engineers and other qualified employees to meet the demands of our customers;
- our ability to generate new design opportunities and win competitive bid selection processes;

- the increasing costs of providing employee benefits worldwide, including health insurance, retirement plan and pension plan contributions and retirement benefits;
- our ability to utilize our manufacturing facilities at efficient levels;
- potential significant litigation-related costs or product liability, warranty and/or indemnity claims, including those not covered by our suppliers or insurers;
- the difficulties inherent in forecasting future operating expense levels, including with respect to costs associated with labor, utilities, transportation and raw materials;
- the costs related to compliance with increasing worldwide government, environmental and social responsibility standards;
- new accounting pronouncements or changes in existing accounting standards and practices; and
- the effects of public health emergencies, civil unrest, natural disasters, widespread travel disruptions, security risks, terrorist activities, international conflicts and other events beyond our control.

In addition, the semiconductor market has historically been cyclical and subject to significant economic upturns and downturns. Our business and certain of the end markets we serve are also subject to rapid technological changes and material fluctuations in demand based on end-user preferences. There can be no assurance (i) that products stocked in our inventory will not be rendered obsolete before we ship them, or (ii) that we will be able to design, develop and produce products in a timely fashion to accommodate changing customer demand. As a result of these and other factors, we may experience material fluctuations in future revenue, gross margins, operating results, net income and earnings per share on a quarterly or annual basis. Our historical financial performance and results of operations should not be relied upon as indicators of future performance or results. In addition, if our revenue, gross margins, operating results, net income and earnings per share results or expectations do not meet the expectations of securities analysts or investors, the market price of our common stock may decline.

Increases in our effective tax rate and exposure to additional tax liabilities may adversely impact our results of operations.

Our effective tax rate reflects the applicable tax rate in effect in the various tax jurisdictions around the world where our income is earned. Our effective tax rate for the first three months of the fiscal year ending October 29, 2022 was below our U.S. federal statutory rate of 21%. This is primarily due to lower statutory tax rates applicable to our operations in the foreign jurisdictions in which we earn income. A number of factors may increase our future effective tax rate, including: new or revised tax laws or legislation or the interpretation of such laws or legislation by governmental authorities; increases in tax rates in various jurisdictions; variation in the mix of jurisdictions in which our profits are earned and taxed; deferred taxes arising from basis differences in investments in foreign subsidiaries; any adverse resolution of ongoing tax audits or adverse rulings from taxing authorities worldwide; changes in the valuation of our deferred tax assets and liabilities; adjustments to income taxes upon finalization of various tax returns; increases in expenses not deductible for tax purposes, including executive compensation subject to the limitations of Section 162(m) of the Internal Revenue Code and amortization of assets acquired in connection with strategic transactions; decreased availability of tax deductions for stock-based compensation awards worldwide; and changes in available tax credits. In addition, we have a partial tax holiday through July 2025 in Malaysia. The ability to extend such tax holiday beyond its expiration date cannot be assured. In addition, if we fail to meet certain conditions of the tax holiday, we may lose the benefit of the tax holiday and/or be subject to additional taxes and/or penalties. Any significant increase in our future effective tax rate could adversely impact our net income during future periods.

Compliance with tax legislation may require the collection of information not regularly produced by us, and therefore necessitate the use of estimates in our Consolidated Financial Statements and the exercise of significant judgment in accounting for its provisions. As regulations and guidance evolve with respect to tax legislation, and as more information is gathered and analyzed, our results may differ from previous estimates and may materially affect our Consolidated Financial Statements.

We are also subject to laws and regulations in various jurisdictions that determine how much profit has been earned and when it is subject to taxation in that jurisdiction. Changes in these laws and regulations, including those that align to or are associated with the Organization for Economic Cooperation and Development's Base Erosion and Profit Shifting (BEPS) Actions Plans, could impact the jurisdictions where we are deemed to earn income, which could in turn adversely affect our tax liability and results of operations.

Our customers typically do not make long-term product purchase commitments, and incorrect forecasts or reductions, cancellations or delays in orders for our products could adversely affect our operating results.

We typically do not have sales contracts with our customers that include long-term product purchase commitments. In certain markets where end-user demand may be particularly volatile and difficult to predict, some customers place orders that require us to manufacture product and have it available for shipment, even though the customer is unwilling to make a binding commitment to purchase all, or even any, of the product. In other instances, we manufacture product based on non-binding forecasts of customer demands, which may fluctuate significantly on a quarterly or annual basis and at times may prove to be inaccurate. Additionally, our U.S. government contracts and subcontracts may be funded in increments over a number of government budget periods and typically can be terminated by the government for its convenience. As a result, we may incur inventory and manufacturing costs in advance of anticipated sales, and we are subject to the risk of lower than expected orders or cancellations of orders, leading to a sharp reduction of sales and backlog. Further, if orders or forecasts for products that meet a customer's unique requirements are canceled or unrealized we may be left with an inventory of unsaleable products, causing potential inventory write-offs, and hindering our ability to recover our costs. As a result of lengthy manufacturing cycles for certain of the products that are subject to these uncertainties, the amount of unsaleable product could be substantial. Incorrect forecasts, or reductions, cancellations or delays in orders for our products could adversely affect our operating results.

Our future success depends upon our ability to execute our business strategy, continue to innovate, improve our existing products, design, develop, produce and market new products, and identify and enter new markets.

Our future success significantly depends on our ability to execute our business strategy, continue to innovate, improve our existing products, and design, develop, produce and market innovative new products and system-level solutions. Product design, development, innovation and enhancement is often a complex, time-consuming and costly process involving significant investment in research and development, with no assurance of return on investment. There can be no assurance that we will be able to develop and introduce new and improved products in a timely or efficient manner or that new and improved products, if developed, will achieve market acceptance. Our products generally must conform to various evolving and sometimes competing industry standards, which may adversely affect our ability to compete in certain markets or require us to incur significant costs. In addition, our customers generally impose very high quality and reliability standards on our products, which often change and may be difficult or costly to satisfy. Any inability to satisfy customer quality and reliability standards or comply with industry standards and technical requirements may adversely affect demand for our products and our results of operations.

Our growth is also dependent on our ability to identify and penetrate new markets where we have limited experience yet require significant investments, resources and technological advancements in order to compete effectively, and there can be no assurance that we will achieve success in these markets. There can be no assurance that the markets we serve and/or target based on our business strategy will grow in the future, that our existing and new products will meet the requirements of these markets, that our products, or the end-products in which our products are used, will achieve customer acceptance in these markets, that competitors will not force price reductions or take market share from us, or that we can achieve or maintain adequate gross margins or profits in these markets.

We may not be able to compete successfully in markets within the semiconductor industry in the future.

We face intense competition in the semiconductor industry, and we expect this competition to increase in the future, including from companies located outside of the United States. Competition is generally based on innovation, design, quality and reliability of products, product performance, features and functionality, product pricing, availability and capacity, technological service and support, and the availability of integrated system solutions, with the relative importance of these factors varying among products, markets and customers. Many companies have sufficient financial, manufacturing, technical, sales and marketing resources to develop and market products that compete with our products. Some of our competitors may have more advantageous supply or development relationships with our current and potential customers or suppliers. Our competitors also include both emerging companies selling specialized products in markets we serve and companies outside of the U.S., including entities associated with well-funded efforts by foreign governments to create indigenous semiconductor industries. Existing or new competitors may develop products or technologies that more effectively address the demands of our customers and markets with enhanced performance, features and functionality, lower power requirements, greater levels of integration or lower cost. In addition, as we seek to expand our business, including the design and production of products and services for developing and emerging markets, we may encounter increased competition from our current competitors and/or new competitors. Increased competition in certain markets has resulted in and may continue to result in declining average selling prices, reduced gross margins and loss of market share in those markets. There can be no assurance that we will be able to compete successfully in the future against existing or new competitors, or that our operating results will not be adversely affected by increased competition. In addition, the semiconductor industry has experienced significant consolidation over the past several years. Consolidation among our competitors could lead to a changing competitive landscape, which could negatively impact our competitive position and market share and harm our results of operations.

We rely on third parties for supply of raw materials and parts, semiconductor wafer foundry services, assembly and test services, and transportation, among other things, and we generally cannot control their availability or conditions of supply or services.

We rely, and plan to continue to rely, on third-party suppliers and service providers, including raw material and components suppliers, semiconductor wafer foundries, assembly and test contractors, and freight carriers (collectively, vendors) in manufacturing our products. This reliance involves several risks, including reduced control over availability, capacity utilization, delivery schedules, manufacturing yields, and costs. We currently source approximately half of our wafer requirements annually from third-party wafer foundries, including Taiwan Semiconductor Manufacturing Company (TSMC) and others. These foundries often provide wafer foundry services to our competitors and therefore periods of increased industry demand may result in capacity constraints. With respect to TSMC in particular, geopolitical changes in China-Taiwan relations could disrupt TSMC's operations, which would adversely affect our ability to manufacture certain products. Recently, we have experienced increased demand leading to a constrained supply environment, which we believe will continue in the near term. In addition, our manufacturing processes require availability of certain raw materials and supplies. Limited or delayed access to these items could adversely affect our results of operations. In certain instances, one of our vendors may be the sole source of highly specialized processing services or materials. If such vendor is unable or unwilling to manufacture and deliver components to us on the time schedule and of the quality or quantity that we require, we may be forced to seek to engage an additional or replacement vendor, which could result in additional expenses and delays in product development or shipment of product to our customers. If additional or replacement vendors are not available, we may also experience delays in product development or shipment which could, in turn, result in the temporary or permanent loss of customers.

A prolonged disruption of our internal manufacturing operations could have a material adverse effect on our business, financial condition and results of operations.

In addition to leveraging an outsourcing model for manufacturing operations, we also rely on our internal manufacturing operations located in the United States, Ireland, the Philippines, Thailand and Malaysia. A prolonged disruption at, or inability to utilize, one or more of our manufacturing facilities, loss of raw materials or damage to our manufacturing equipment for any reason, including due to the COVID-19 pandemic, natural or man-made disasters, civil unrest or other events outside of our control, such as widespread outbreaks of illness, or the failure to maintain our labor force at one or more of these facilities, may disrupt our operations, delay production, shipments and revenue and result in us being unable to timely satisfy customer demand. As a result, we could forgo revenue opportunities, potentially lose market share and damage our customer relationships, all of which could materially and adversely affect our business, financial condition and results of operations.

The markets for semiconductor products are cyclical, and increased production may lead to overcapacity and lower prices, and conversely, we may not be able to satisfy unexpected demand for our products.

The cyclical nature of the semiconductor industry has resulted in periods when demand for our products has increased or decreased rapidly. The demand for our products is subject to the strength of our four major end markets of Industrial, Automotive, Communications, and Consumer. If we expand our operations and workforce too rapidly or procure excessive resources in anticipation of increased demand for our products, and that demand does not materialize at the pace at which we expect, or declines, or if we overbuild inventory in a period of decreased demand, our operating results may be adversely affected as a result of increased operating expenses, reduced margins, underutilization of capacity or asset impairment charges. These capacity expansions by us and other semiconductor manufacturers could also lead to overcapacity in our target markets which could lead to price erosion that would adversely impact our operating results. Conversely, during periods of rapid increases in demand, our available capacity may not be sufficient to satisfy the demand. In addition, we may not be able to expand our workforce and operations in a sufficiently timely manner, procure adequate resources and raw materials, locate suitable third-party suppliers, or respond effectively to changes in demand for our existing products or to demand for new products requested by our customers, and our current or future business could be materially and adversely affected.

Our semiconductor products are complex and we may be subject to warranty, indemnity and/or product liability claims, which could result in significant costs and damage to our reputation and adversely affect customer relationships, the market acceptance of our products and our operating results.

Semiconductor products are highly complex and may contain defects that affect their quality or performance. Failures in our products and services or in the products of our customers could result in damage to our reputation for reliability and increase our legal or financial exposure to third parties. Certain of our products and services could also contain security vulnerabilities, defects, bugs and errors, which could also result in significant data losses, security breaches and theft of intellectual property. We generally warrant that our products will meet their published specifications, and that we will repair or replace defective products, for one year from the date title passes from us to the customer. We invest significant resources in the testing of our products; however, if any of our products contain defects, we may be required to incur additional development and remediation costs pursuant to warranty and indemnification provisions in our customer contracts and purchase orders. These problems may divert our technical and other resources from other product development efforts and could result in claims against us by our customers or others, including liability for costs and expenses associated with product defects, including recalls, which may adversely impact our operating results. We may also be subject to customer intellectual property indemnity claims. Our customers have on occasion been sued, and may be sued in the future, by third parties alleging infringement of intellectual property rights, or damages resulting from use of our products. Those customers may seek indemnification from us under the terms and conditions of our sales contracts with them. In certain cases, our potential indemnification liability may be significant.

Further, we sell to customers in industries such as automotive (including autonomous vehicles), aerospace, defense, and healthcare, where failure of the systems in which our products are integrated could cause damage to property or persons. We may be subject to product liability claims if our products, or the integration of our products, cause system failures. Any product liability claim, whether or not determined in our favor, could result in significant expense, divert the efforts of our technical and management personnel, and harm our business. In addition, if any of our products contain defects, or have reliability, quality or compatibility problems not capable of being resolved, our reputation may be damaged, which could make it more difficult for us to sell our products to customers and which could also adversely affect our operating results. Furthermore, we market and sell our products through authorized third-party distributors, and from time to time our products may be diverted from our authorized distribution channels and sold on the "gray market." There is a risk that customers purchasing our products on the gray market may use our products for purposes for which they were not intended, or may purchase counterfeit or substandard products, including products that have been altered, mishandled or damaged, or used products presented as new, which could result in damage to property or persons and cause serious reputational harm.

The fabrication of integrated circuits is highly complex and precise, and our manufacturing processes utilize a substantial amount of technology. Minute impurities, contaminants in the manufacturing environment, difficulties in the fabrication process, defects in the masks used in the wafer manufacturing process, manufacturing equipment failures, wafer breakage or other factors can cause a substantial percentage of wafers to be rejected or numerous dice on each wafer to be nonfunctional. While we have significant expertise in semiconductor manufacturing, it is possible that some processes could become unstable. This instability could result in manufacturing delays and product shortages, which could have a material adverse effect on our operating results.

If we are unable to recruit or retain our key personnel, our ability to execute our business strategy will be adversely affected.

Our continued success depends to a significant extent upon the recruitment, retention and effective succession of our key personnel, including our leadership team, management and technical personnel, particularly our experienced engineers. The competition for these employees is intense. The loss of key personnel or the inability to attract, hire and retain key employees with critical technical skills to achieve our strategy, including as a result of changes to immigration policies, could also have a material adverse effect on our business. We do not maintain any key person life insurance policy on any of our officers or other employees.

To remain competitive, we may need to invest in or acquire other companies, purchase or license technology from third parties, or enter into other strategic transactions in order to introduce new products or enhance our existing products.

An element of our business strategy involves expansion through the acquisitions of businesses, assets, products or technologies that allow us to complement our existing product offerings, diversify our product portfolio, expand our market coverage, increase our engineering workforce, expand our technical skill sets or enhance our technological capabilities. We may not be able to find businesses that have the technology or resources we need and, if we find such businesses, we may not be able to invest in, purchase or license the technology or resources on commercially favorable terms or at all. Acquisitions, investments and technology licenses are challenging to complete for a number of reasons, including difficulties in identifying potential targets, the cost of potential transactions, competition among prospective buyers and licensees, the need for regulatory approvals, and difficulties related to integration efforts. In addition, investments in companies are subject to a risk of a partial or total loss of our investment. Both in the U.S. and abroad, governmental regulation of acquisitions, including antitrust and other regulatory reviews and approvals, has become more complex, increasing the costs and risks of undertaking and consummating significant acquisitions. In order to finance a potential transaction, we may need to raise additional funds by issuing securities or borrowing money. We may not be able to obtain financing on favorable terms, and the sale of our stock may result in the dilution of our existing shareholders or the issuance of securities with rights that are superior to the rights of our common shareholders.

Acquisitions also involve a number of challenges and risks, including:

- diversion of management's attention in connection with both negotiating the transaction and integrating the acquired assets and businesses;
- difficulty or delay integrating acquired technologies, operations, systems and infrastructure, and personnel with our existing businesses;
- strain on managerial and operational resources as management tries to oversee larger or more complex operations;
- the future funding requirements for acquired companies, including research and development costs, employee compensation and benefits, and operating expenses, which may be significant;

- servicing significant debt that may be incurred in connection with acquisitions;
- potential loss of key employees;
- exposure to unforeseen liabilities or regulatory compliance issues of acquired companies;
- higher than expected or unexpected costs relating to or associated with an acquisition and integration of assets and businesses;
- difficulty realizing expected cost savings, operating synergies and growth prospects of an acquisition in a timely manner or at all; and
- increased risk of costly and time-consuming legal proceedings.

If we are unable to successfully address these risks, we may not realize some or all of the expected benefits of our acquisitions, which may have an adverse effect on our business strategy, plans and operating results.

Our results of operations could be affected by natural disasters in the locations in which we operate.

We, like many companies in the semiconductor industry, rely on supplies, services, internal manufacturing capacity, wafer fabrication foundries and other subcontractors in locations around the world that are susceptible to natural disasters and other significant disruptions. Earthquakes, fires, tsunamis, flooding or other natural disasters may disrupt local semiconductor-related businesses and adversely affect manufacturing capacity, availability and cost of key raw materials, utilities and equipment, and availability of key services, including transport of our products worldwide. Our insurance may not adequately cover losses resulting from such disruptions. Any prolonged inability to utilize one of our manufacturing facilities, or those of our subcontractors or third-party wafer fabrication foundries, as a result of fire, flood, natural disaster, unavailability of utilities or otherwise, could result in a temporary or permanent loss of customers for affected products, which could have a material adverse effect on our results of operations and financial condition. In addition, global climate change can result in certain natural disasters occurring more frequently or with greater intensity, such as drought, wildfires, storms, sea-level rise, and flooding, and could disrupt the availability of water necessary for the operation of our fabrication facilities located in semi-arid regions. During 2021, the west coast of the U.S. experienced historic wildfires where we have operations and manufacturing facilities. The long-term effects of climate change on the global economy and the semiconductor industry in particular are unclear, but could be severe.

Our operating results are dependent on the performance of independent distributors.

A significant portion of our sales are through independent global and regional distributors that are not under our control. These independent distributors generally represent product lines offered by several companies and thus could reduce their sales efforts for our products or they could terminate their representation of us. We generally do not require letters of credit from our distributors, including our largest distributor, and are not protected against accounts receivable default or declarations of bankruptcy by these distributors. Our inability to collect open accounts receivable could adversely affect our operating results. Termination of a significant distributor or a group of distributors, whether at our initiative or the distributor's initiative or through consolidation in the distribution industry, could disrupt our current business, and if we are unable to find suitable replacements with the appropriate scale and resources, our operating results could be adversely affected.

We are required to estimate the effects of returns and allowances provided to distributors and record revenue at the time of sale to the distributor. If our estimates of such credits and rights are materially understated, it could cause subsequent adjustments that negatively impact our revenues and gross profits in a future period.

Our stock price may be volatile.

The market price of our common stock has been volatile in the past and may be volatile in the future, as it may be significantly affected by factors including:

- the extent of the impact and the duration of the COVID-19 pandemic;
- global economic conditions generally;
- crises in global credit, debt and financial markets;
- actual or anticipated fluctuations in our revenue and operating results;
- changes in financial estimates or other statements made by securities analysts or others in analyst reports or other publications, or our failure to perform in line with those estimates or statements or our published guidance;
- financial results and prospects of our customers;
- U.S. and foreign government actions, including with respect to trade, travel, export and taxation;
- changes in market valuations of other semiconductor companies;

- rumors and speculation in the press, investment community or on social media about us, our customers or other companies in our industry;
- announcements by us, our customers or our competitors of significant new products, technical innovations, material transactions, acquisitions or dispositions, litigation, capital commitments, including share repurchases and dividend policies, or revised earnings estimates;
- departures of key personnel;
- alleged noncompliance with laws, regulations or ethics standards by us or any of our employees, officers or directors; and
- negative media publicity targeting us or our suppliers, customers or competitors.

The stock market has historically experienced volatility, especially within the semiconductor industry, that often has been unrelated to the performance of particular companies. These market fluctuations may cause our stock price to fall regardless of our operating results.

Our directors and executive officers periodically buy or sell shares of our common stock in the market, including pursuant to Rule 10b5-1 trading plans. Regardless of the individual's reasons for such purchases or sales, securities analysts and investors could view such transactions as positive or negative indicators and our stock price could be adversely affected as a result.

Risks Related to our Indebtedness

We have substantial existing indebtedness and the ability to incur significant additional indebtedness, which could limit our operations and our use of our cash flow and negatively impact our credit ratings.

As of January 29, 2022, we had approximately $6.3 billion in outstanding indebtedness. In addition, we had $2.5 billion of availability under our $2.5 billion of unsecured revolving credit facility. Our leverage could have negative consequences, including increasing our vulnerability to adverse economic and industry conditions, limiting our ability to obtain additional financing and limiting our ability to acquire new products and technologies through strategic acquisitions. We may also incur additional debt in the future, which would increase these risks.

Our ability to make payments of principal and interest on our indebtedness when due depends upon our future operating performance, as well as general economic conditions, industry cycles and other factors beyond our control. If we are unable to service or refinance our debt, we may be required to divert funds that would otherwise be invested in growing our business operations, repatriate earnings as dividends from foreign locations with potential negative tax consequences, or sell selected assets.

Such measures might not be sufficient to enable us to service our debt, which could negatively impact our financial results. In addition, we may not be able to obtain any such financing, refinancing or complete a sale of assets on economically favorable terms. In the case of financing or refinancing, favorable interest rates will depend on conditions in the debt capital markets. In addition, if our credit ratings are downgraded or put on watch for a potential downgrade, the applicable interest rate on borrowings under our current revolving credit facility may rise and our ability to obtain additional financing or refinance our existing debt may be negatively affected.

Restrictions in our revolving credit facility and outstanding debt instruments may limit our activities.

Our current revolving credit facility and outstanding debt instruments impose, and future debt instruments to which we may become subject may impose, restrictions that limit our ability to engage in activities that could otherwise benefit us, including to undertake certain transactions, to create certain liens on our assets and to incur certain subsidiary indebtedness. Our ability to comply with these financial restrictions and covenants is dependent on our future performance, which is subject to prevailing economic conditions and other factors, including factors that are beyond our control such as changes in technology, government regulations and the level of competition in our markets. In addition, our revolving credit facility requires us to maintain compliance with specified financial ratios. If we breach any of the covenants under our revolving credit facility, the indentures governing our outstanding senior unsecured notes, or any future debt instruments to which we may become subject and do not obtain appropriate waivers, then, subject to applicable cure periods, our outstanding indebtedness thereunder could be declared immediately due and payable and/or we may be restricted from further borrowing under our revolving credit facility.

Risks Related to Legal, Regulatory and Compliance Matters

We may be unable to adequately protect our proprietary intellectual property rights, which may limit our ability to compete effectively.

Our future success depends, in part, on our ability to protect our intellectual property. We primarily rely on patent, mask work, copyright, trademark and trade secret laws, as well as nondisclosure agreements, information security practices, and other methods, to protect our proprietary information, technologies and processes. Despite our efforts to protect our intellectual property, it is possible that competitors or other unauthorized third parties may obtain or disclose our confidential information, reverse engineer or copy our technologies, products or processes, or otherwise misappropriate our intellectual property. Moreover, the laws of foreign countries in which we design, manufacture, market and sell our products may afford little or no effective protection of our intellectual property.

There can be no assurance that the claims allowed in our issued patents will be sufficiently broad to protect our technology. In addition, any of our existing or future patents may be challenged, invalidated or circumvented. As such, any rights granted under these patents may not prevent others from exploiting our proprietary technology. We may not be able to obtain foreign patents or pending applications corresponding to our U.S. patents and applications. Even if patents are granted, we may not be able to effectively enforce our rights. If our patents and mask works do not adequately protect our technology, or if our registrations expire prior to end of life of our products, our competitors may be able to offer products similar to ours. Our competitors may also be able to develop similar technology independently or design around our patents.

We generally enter into confidentiality agreements with our employees, consultants and strategic partners. We also try to control access to and distribution of our technologies, documentation and other proprietary information. Despite these efforts, internal or external parties may attempt to copy, disclose, obtain or use our products or technology without our authorization. Also, former employees may seek employment with our business partners, customers or competitors, and there can be no assurance that the confidential nature of our proprietary information will be maintained in the course of such future employment.

A significant disruption in, or breach in security of, our information technology systems or certain of our products could materially and adversely affect our business or reputation.

We rely on information technology systems throughout our company to keep financial records and customer data, process orders, manage inventory, coordinate shipments to customers, maintain confidential and proprietary information, assist in semiconductor engineering and other technical activities and operate other critical functions such as Internet connectivity, network communications and email. Our information technology systems may be susceptible to damage, disruptions or shutdowns due to power outages, hardware failures, telecommunication failures, employee malfeasance, user errors, catastrophes or other unforeseen events. Due to the COVID-19 pandemic, many of our employees and directors are temporarily working remotely, which may pose additional data security risks. We also rely upon external cloud providers for certain infrastructure activities. If we were to experience a prolonged disruption in the information technology systems that involve our internal communications or our interactions with customers or suppliers, it could result in the loss of sales and customers and significant incremental costs, which could adversely affect our business. We may also be subject to security breaches of our information technology systems and certain of our products caused by viruses, illegal break-ins or hacking, sabotage, or acts of vandalism by third parties or our employees or contractors. Our security measures or those of our third-party service providers may not detect or prevent security breaches, defects, bugs or errors. In addition, we provide our confidential and proprietary information to our strategic partners in certain cases where doing so is necessary to conduct our business. Those third parties may be subject to security breaches or otherwise compromise the protection of such information. Security breaches of our information technology systems or those of our partners could result in the misappropriation or unauthorized disclosure of confidential and proprietary information belonging to us or to our employees, partners, customers, suppliers, or other third parties, which could result in our suffering significant financial or reputational damage.

We are occasionally involved in litigation, including claims regarding intellectual property rights, which could be costly to litigate and could require us to redesign products or pay significant royalties.

The semiconductor industry is characterized by frequent claims and litigation involving patent and other intellectual property rights. Other companies or individuals have obtained patents covering a variety of semiconductor designs and processes, and we might be required to obtain licenses under some of these patents or be precluded from making and selling infringing products, if those patents are found to be valid and infringed by us. In the event a third party makes a valid intellectual property claim against us and a license is not available to us on commercially reasonable terms, or at all, we could be forced either to redesign or to stop production of products incorporating that intellectual property, and our operating results could be materially and adversely affected. Litigation may be necessary to enforce our patents or other of our intellectual property rights or to defend us against claims of infringement, and this litigation could be costly and divert the attention of our key personnel. We could also be subject to litigation or arbitration disputes arising under our contractual obligations, as well as customer indemnity, warranty or product liability claims that could lead to significant costs and expenses as we defend those claims or pay damage awards. There can be no assurance that we are adequately insured to protect against all claims and potential liabilities, and we may elect to self-insure with respect to certain matters. An adverse outcome in litigation or arbitration could have a material adverse effect on our financial position or on our operating results or cash flows in the period in which the dispute is resolved.

We are subject to environmental, health and safety (EHS) regulations, which could increase our expenses and affect our operating results.

Our industry is subject to EHS requirements, particularly those that control and restrict the sourcing, use, transportation, emission, discharge, storage and disposal of certain substances, and materials used or produced in the semiconductor manufacturing process. Public attention to environmental sustainability and social responsibility concerns continues to increase, and our customers routinely include stringent environmental and other standards in their contracts with us. Changes in EHS laws or regulations may require us to invest in costly equipment or make manufacturing process changes and may adversely affect the sourcing, supply and pricing of materials used in our products. In particular, climate change concerns and the potential resulting environmental impact may result in new or more stringent environmental, health, and safety laws and regulations that may affect us, our suppliers, and our customers. Such laws or regulations could cause us to incur additional direct costs for compliance, as well as increased indirect costs resulting from our customers, suppliers, or both incurring additional compliance costs that are passed on to us. These costs may adversely impact our results of operations and financial condition. In addition, we use hazardous and other regulated materials that subject us to risks of strict liability for damages caused by potential or actual releases of such materials. Any failure to control such materials adequately or to comply with existing or future EHS statutory or regulatory standards, requirements or contractual obligations could result in any of the following, each of which could have a material adverse effect on our business and operating results:

- liability for damages and remediation;
- the imposition of regulatory penalties and civil and criminal fines;
- the suspension or termination of the development, manufacture, sale or use of certain of our products;
- changes to our manufacturing processes or a need to substitute materials that may cost more or be less available;
- damage to our reputation; and/or
- increased expenses associated with compliance.

If we fail to comply with government contracting regulations, we could suffer a loss of revenue or incur price adjustments or other penalties.

Some of our revenue is derived from contracts with agencies of the United States government and subcontracts with its prime contractors. As a United States government contractor or subcontractor, we are subject to federal contracting regulations, including the Federal Acquisition Regulations, which govern the allowability of costs incurred by us in the performance of United States government contracts. Certain contract pricing is based on estimated direct and indirect costs, which are subject to change. Additionally, the United States government is entitled after final payment on certain negotiated contracts to examine all of our cost records with respect to such contracts and to seek a downward adjustment to the price of the contract if it determines that we failed to furnish complete, accurate and current cost or pricing data in connection with the negotiation of the price of the contract.

In connection with our United States government business, we are also subject to government audits and to review and approval of our policies, procedures, and internal controls for compliance with procurement regulations and applicable laws, such as the Cybersecurity Maturity Model Certification. In certain circumstances, if we do not comply with the terms of a government contract or with regulations or statutes, we could be subject to downward contract price adjustments or refund obligations or could in extreme circumstances be assessed civil and criminal penalties or be debarred or suspended from obtaining future contracts for a specified period of time. Any such suspension or debarment or other sanction could have an adverse effect on our business.

Under some of our government subcontracts, we are required to maintain secure facilities and to obtain security clearances for personnel involved in performance of the contract, in compliance with applicable federal standards. If we were unable to comply with these requirements, or if personnel critical to our performance of these contracts were unable to obtain or maintain their security clearances, we might be unable to perform these contracts or compete for other projects of this nature, which could adversely affect our revenue.

ITEM 2. **Unregistered Sales of Equity Securities and Use of Proceeds**

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (a) (d)		Average Price Paid Per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (c) (d)		Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 31, 2021 through November 27, 2021	74,628	$	184.97	—	$	7,386,077,264
November 28, 2021 through December 25, 2021	8,177	$	180.37	—	$	7,386,077,264
December 26, 2021 through January 29, 2022	2,512,222	$	172.01	2,435,354	$	7,338,078,742
Total	2,595,027	$	172.41	2,435,354	$	7,338,078,742

(a) Includes 159,673 shares withheld by us from employees to satisfy minimum employee tax obligations upon vesting of restricted stock units/awards granted to our employees under our equity compensation plans.

(b) The average price paid for shares in connection with vesting of restricted stock units/awards are averages of the closing stock price at the vesting date which is used to calculate the number of shares to be withheld.

(c) Shares repurchased pursuant to the stock repurchase program publicly announced on August 12, 2004 and updated thereafter. Under the repurchase program, we may repurchase outstanding shares of our common stock from time to time in the open market and through privately negotiated transactions in an aggregate amount of up to $16.7 billion. Unless terminated earlier by resolution of our Board of Directors, the repurchase program will expire when we have repurchased all shares authorized for repurchase under the repurchase program.

(d) Includes 2.1 million shares delivered as final settlement under our accelerated share repurchase agreements in January 2022, which were funded by a $500.0 million advance payment during fiscal 2021.

ITEM 6. Exhibits

Exhibit No.	Description
10.1†#	Form of Restricted Stock Unit Agreement for Non-Employee Directors for usage under the Company's 2020 Equity Incentive Plan adopted December 7, 2021.
10.2†#	Form of Global Restricted Stock Unit Agreement for Employees for usage under the Company's 2020 Equity Incentive Plan adopted December 7, 2021.
10.3†#	Form of Global Restricted Stock Unit Agreement for Employees for usage under the Company's 1996 Stock Incentive Plan adopted December 7, 2021.
10.4†#	Form of Relative Total Shareholder Return Performance Restricted Stock Unit Agreement for Employees for usage under the Company's 2020 Equity Incentive Plan adopted December 7, 2021.
10.5†#	Form of Financial Metric Performance Restricted Stock Unit Agreement for Employees for usage under the Company's 2020 Equity Incentive Plan adopted December 7, 2021.
31.1†	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
31.2†	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).
32.1†*	Certification Pursuant to 18 U.S.C. Section 1350 (Chief Executive Officer).
32.2†*	Certification Pursuant to 18 U.S.C. Section 1350 (Chief Financial Officer).
101.INS	The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.**
101.SCH	Inline XBRL Schema Document.**
101.CAL	Inline XBRL Calculation Linkbase Document.**
101.LAB	Inline XBRL Labels Linkbase Document.**
101.PRE	Inline XBRL Presentation Linkbase Document.**
101.DEF	Inline XBRL Definition Linkbase Document.**
104	Cover page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).
†	Filed or furnished herewith.
#	Indicates management contract or compensatory plan, contract or agreement.
*	The certification furnished in each of Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates each by reference. Such certification will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.
**	Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Condensed Consolidated Statements of Income for the three months ended January 29, 2022 and January 30, 2021, (ii) Condensed Consolidated Statements of Comprehensive Income for the three months ended January 29, 2022 and January 30, 2021, (iii) Condensed Consolidated Balance Sheets at January 29, 2022 and October 30, 2021, (iv) Condensed Consolidated Statements of Shareholders' Equity for the three months ended January 29, 2022 and January 30, 2021, (v) Condensed Consolidated Statements of Cash Flows for the three months ended January 29, 2022 and January 30, 2021 and (vi) Notes to Condensed Consolidated Financial Statements for the three months ended January 29, 2022.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ANALOG DEVICES, INC.

Date: February 16, 2022	By:	/s/ Vincent Roche
		Vincent Roche President and Chief Executive Officer (Principal Executive Officer)
Date: February 16, 2022	By:	/s/ Prashanth Mahendra-Rajah
		Prashanth Mahendra-Rajah Senior Vice President, Finance and Chief Financial Officer (Principal Financial Officer)