



# LINEAR TECHNOLOGY CORPORATION

## ANALOG INNOVATION

WIRELESS  
SENSOR  
NETWORKS

MICRO  
MODULES

DIGITAL POWER  
SYSTEM  
MANAGEMENT

ENERGY  
HARVESTING

BATTERY  
MANAGEMENT  
SYSTEMS

POWER  
OVER  
ETHERNET++



PHOTO: CARCOS.COM

# LINEAR AUTOMOTIVE MARKETS

Automotive:

# 19%

of our business, up from 17%  
in FY2013, 8% in FY2009

## IN THE RIGHT MARKETS





### Financial Highlights

#### Highlights

Year Ended June 29, 2014

Profitability	Diluted Earnings per Share	<b>\$ 1.90</b>
	Operating Margin	<b>46.1%</b>
	Return on Assets	<b>24.5%</b>
	Return on Sales	<b>33.1%</b>
Liquidity:	Quick Ratio	<b>5.5</b>
	Current Ratio	<b>6.3</b>
Asset Turns:	Inventory Turns	<b>3.8</b>
	Fixed Assets (ROI)	<b>4.9</b>

#### Quarterly Revenue and Operating Income (In Millions)

Q1		340 156
Q2		335 151
Q3		348 161
Q4		365 172

#### Revenues (In Millions)

10		1170
11		1484
12		1267
13		1282
14		1388

#### Operating Income (In Millions)

10		563
11		767
12		582
13		573
14		640

#### Diluted Earnings Per Share (Dollars)

10		1.58
11		2.50
12		1.70
13		1.71
14		1.90

(In Thousands, Except Per Share Amounts)

	2014	2013	2012	2011	2010
Net Revenues	<b>\$ 1,388,386</b>	\$ 1,282,236	\$ 1,266,621	\$ 1,483,962	\$ 1,169,988
Operating Income	<b>639,730</b>	573,154	582,036	767,310	563,411
Net Income	<b>459,961</b>	406,925	398,111	580,782	361,341
Return On Sales	<b>33.1%</b>	31.7%	31.4%	39.1%	30.9%
Diluted Earnings Per Share	<b>1.90</b>	1.71	1.70	2.50	1.58
Cash And Short-Term Investments	<b>1,012,787</b>	1,524,741	1,203,059	922,537	958,069
Working Capital	<b>1,149,598</b>	768,010	1,334,829	1,063,484	681,791
Total Assets	<b>1,655,578</b>	2,098,341	1,851,068	1,594,066	1,590,718
Debt	—	826,629	805,599	785,732	1,159,886
Stockholder Equity	<b>1,331,369</b>	981,908	736,508	505,611	39,785



Industrial:

43%

*of our business, up  
from 42% in FY2013,  
35% in FY2009*

# RIGHT INNOVATIVE PRODUCTS

## To Our Stockholders

Innovate. That's our challenge; that's our opportunity. Our most vibrant end-markets, automotive and industrial, are becoming more electronic. Yesterday's analog isn't good enough. It doesn't help our customers differentiate. Better power management, higher accuracy, faster speeds, smaller space, more safety, lower overall solution costs—these attributes make the difference in our customers' products. We give our customers the capability of cutting edge technology with the quality and reliability of mature products. That's the hard analog, but it's the most innovative and the most rewarding. This is our challenge.

Automotive and industrial are the fastest growing markets, both for us and the overall analog market—this is our opportunity. Between them, they now represent roughly 43% of the analog market, up from roughly 20% ten years ago and 35% only three years ago. In 2014 these markets were strong for Linear as industrial is now 43% of our business, up from 42% last year and 35% five years ago, and automotive is now 19%, up from 17% last year and 8% five years ago. Participating in this growth isn't just taking market share, it's creating market share. It is developing new products with the right needed features.

In this annual report we have featured three end-markets—automotive, industrial and communications—and listed many different

high performance product functions that we offer. As an example, automobiles need more efficient battery systems, which entail better battery electronics. Linear products precisely and safely monitor and balance the voltage within battery cells. Tomorrow's automobiles will employ both a 12-volt battery and a 48-volt battery. Linear products best manage the optimum distribution of energy back and forth between both batteries.

Industrial applications are striving to be more wireless. Our Dust® wireless sensor networks and energy harvesting products match the signal accuracy and reliability of wired signal transmissions at a fraction of the cost. In addition, Dust products can do it anywhere, not just within a confined wired pathway. For example, Dust products wirelessly monitor the wheel bearing vibration signature on railroad trains to determine preemptive maintenance, thereby improving safety and minimizing down time.

Within communications, the cloud is the storage and data access model of the future. To get more data through fiber faster is a challenge. It's an analog problem in a digital environment. Linear µModule® products in a small footprint are managing the power to enable 10x the data to be transmitted through existing optical fiber infrastructure.

Other breakthroughs that transcend many end-markets, including computer, are our PSM family of digital power system management



# LINEAR INDUSTRIAL MARKETS

FACTORY AUTOMATION  
TEST EQUIPMENT AND ANALYZERS  
INFUSION PUMPS  
ROBOTICS  
VOLTMETERS/MULTIMETERS  
SECURITY AND SURVEILLANCE SYSTEMS  
ENERGY MANAGEMENT/HARVESTING  
WIRELESS SENSOR READING  
OSCILLOSCOPES/CURVE TRACERS  
X-RAY, EKG, MRI, PET, CAT SCANNERS  
PATIENT MONITORS  
IR CAMERAS  
HIGH BRIGHTNESS LIGHTING  
PROCESS CONTROL  
POSITION/PRESSURE/TEMPERATURE  
SENSING AND CONTROLS  
SCANNING ELECTRON MICROSCOPES  
SOLAR POWER  
LOGIC/NETWORK ANALYZERS  
DNA AND BLOOD ANALYZERS  
PARTICLE ACCELERATORS  
RFID TRANSPONDERS  
REMOTE METER READING  
FLOW OR RATE METERING  
WEIGHING SCALES  
GAS CHROMATOGRAPHS





**SERVERS/ROUTERS/SWITCHES**

**POWER OVER ETHERNET**

**OPTICAL NETWORKING**

**4G/5G CELLULAR BASESTATIONS**

**GPS RECEIVERS**

**MICROWAVE BACKHAUL**

**SOFTWARE-DEFINED RADIO**

**MULTICARRIER RECEIVERS**

**MULTICARRIER TRANSMITTERS**

**PUBLIC SAFETY RADIOS**

**POINT-TO-POINT DATA LINKS**

**WIRELESS INTERNET OF THINGS**

**WIRELESS ACCESS POINTS**

**WIRELESS PICOCELL REPEATERS**

**WIRELESS MICROPHONES**

**MILITARY COMMUNICATIONS**

**CHANNEL SERVICE/DATA SERVICE UNITS**

**SATELLITE COMMUNICATIONS SYSTEMS**

**CELLULAR/SMART PHONES**

**RADAR SYSTEMS**

**WIRELESS SENSOR NETWORKS**

**CABLE MODEMS/NETWORKS**

**VIDEO-ON-DEMAND HEADENDS**

# **LINEAR COMMUNICATIONS MARKETS**

Communications:

20%

*of our business, down from  
21% in FY2013, 29% in FY2009*

# RIGHT RESULTS FOR OUR INVESTORS

circuits, which embed smart analog technology within networking equipment to enable maintenance and optimum efficiency diagnostics. Our family of Silent Switcher® regulators minimizes susceptibility to outside electronic interference without compromising efficiency or low voltage operation. Power-over-Ethernet++ products broaden the usefulness of network cables by increasing the power capability from 5 watts to up to 90 watts of power, thereby greatly expanding the portability of surveillance cameras and other products throughout industrial locations.

These are all complex products, often system level solutions, that entail digital and analog circuitry. The design cycles for these products are long and often involve multiple engineers on one product. The automotive and industrial markets ideally suit this complexity since their products also have long design cycles.

Success needs very talented professionals with long tenure to see a product through from its conception, through the design phase, initial end-market understanding and customer support of first generation products. Linear needs to be an attractive employer for our valued talent. We are headquartered in Silicon Valley, the premier area for technology invention in the world. Our most recent, fully vested major equity award completed its five year vesting period in January and 91% of the employees who received an award are still actively employed in the Company.

Once again the Company has received several product awards including the prestigious *EE Times/EDN* ACE Ultimate Power Product of the Year Award for our LT8614 Silent Switcher regulator. Other notable awards were also received for products from our Dust, analog mixed signal and analog RF product groups.

To complement our design efforts, we continue to position the Company as an outstanding supplier to our customers with the highest levels of quality and reliability. We have expanded our production capacity in Malaysia to anticipate our growing µModule opportunities and have also begun expanding our testing capacity in Singapore.

Our product offerings and end-market focus have positively impacted our financial results for fiscal 2014. Revenues of \$1.388 billion grew 8.3% over the previous year and the last three quarters within 2014 had higher year over year quarterly growth than their previous quarter.

By end-markets served, industrial and automotive grew the most, with automotive bookings growing roughly 25% and industrial 15% over the prior year. Operating income of \$639.7 million grew 12% and was a very respectable 46.1% of sales. Net income of \$460 million grew 13% over the previous year. As has been consistently demonstrated over the years by our business model, we had good cash flow generation. For the 22nd consecutive year we increased the per share cash dividend and we bought back some of our common stock.



Operating Margin:

46%

Up from 44.7% in FY2013,  
35% in FY2009

LINEAR

The Company's return to stockholders in the form of cash dividends and stock buybacks was 24% of revenue, or 73% of net income. We redeemed our Convertible Senior Notes of \$845.1 million all out of internally generated funds. This was a milestone for us. In 2007 we incurred debt to buy back 83 million shares, representing 27% of our outstanding stock. In 2014 we finished paying off the debt with only 2.9 million shares issued related to the conversion premium. At today's market prices, the net 80.1 million shares bought back would have a market value of roughly \$3.6 billion.

In summary, we believe we are in the right markets with the right products to deliver the right results to our investors. We are grateful to our industrious and talented employees,

to our challenging and participative customers and to our knowledgeable and supportive stockholders.

Thank you all for your efforts on our behalf.

As always, we continue to strive for analog excellence.

Sincerely,



PAUL COGLAN  
Vice President, Finance and  
Chief Financial Officer



LOTHAR MAIER  
Chief Executive Officer



ROBERT H. SWANSON, JR.  
Executive Chairman





## CORPORATE INFORMATION

### Board Of Directors

**ROBERT H. SWANSON, JR.**

Director since 1981  
Executive Chairman  
Co-founder and Chief Executive  
Officer from 1981 to January 2005  
Linear Technology Corporation

**LOTHAR MAIER**

Director since 2005  
Chief Executive Officer  
since January 2005  
Linear Technology Corporation

**ARTHUR C. AGNOS<sup>1</sup>**

Director since 2010  
Former Mayor of San Francisco,  
California

**JOHN J. GORDON<sup>1,2</sup>**

Director since 2010  
Former Senior Investment Officer  
State Farm Insurance Company

**DAVID S. LEE<sup>2</sup>**

Director since 1988  
Chairman  
eOn Communication Corp.

**RICHARD M. MOLEY<sup>1,2</sup>**

Chairman of Compensation  
Committee  
Director since 1994  
Former President and  
Chief Executive Officer  
StrataCom, Inc.

**THOMAS S. VOLPE<sup>1,2</sup>**

Chairman of Audit Committee  
Director since 1984  
Former Chief Executive Officer  
Dubai Group LLC

### Transfer Agent and Registrar

**COMPUTERSHARE TRUST  
COMPANY N.A.**

PO Box 43078  
Providence, Rhode Island 02940-3078

### Independent Registered Public Accounting Firm

**ERNST & YOUNG LLP**

San Jose, California

### Legal Counsel

**WILSON, SONSINI, GOODRICH &  
ROSATI**

Professional Corporation

### Corporate and Investor Information

Please direct inquiries to:

**PAUL COGHLAN**

Vice President, Finance and CFO  
Linear Technology Corporation  
1630 McCarthy Blvd.  
Milpitas, California 95035-7417

### Officers

**ROBERT H. SWANSON, JR.**

Co-founder and Executive Chairman

**LOTHAR MAIER**

Chief Executive Officer

**V. PAUL CHANTALAT**

Vice President,  
Quality and Reliability

**PAUL COGHLAN**

Vice President, Finance,  
Chief Financial Officer, and  
Secretary

**ROBERT C. DOBKIN**

Co-founder, Vice President,  
Engineering, and  
Chief Technical Officer

**ALEXANDER R. McCANN**

Vice President and  
Chief Operating Officer

**RICHARD E. NICKSON**

Vice President,  
North American Sales

**DONALD E. PAULUS**

Vice President,  
Power Management Products

**STEVEN M. PIETKIEWICZ**

Vice President,  
Power Management Products

**DAVID A. QUARLES**

Vice President,  
International Sales

**ROBERT L. REAY**

Vice President,  
Mixed Signal Products

**ERIK M. SOULE**

Vice President,  
Signal Conditioning Products

**Linear Technology Corporation** (Nasdaq: LLTC), a member of the S&P 500, has been designing, manufacturing and marketing a broad line of high performance analog integrated circuits for major companies worldwide for three decades. The Company's products provide an essential bridge between our analog world and the digital electronics in communications, networking, industrial, automotive, computer, medical, instrumentation, consumer, and military and aerospace systems. Linear Technology produces power management, data conversion, signal conditioning, RF and interface ICs, µModule® subsystems and wireless sensor network products.

The Company markets over 7,500 products to more than 15,000 original equipment manufacturers. These products compete in the marketplace

based on their performance, functional value, quality and reliability. Linear Technology products are produced using state-of-the-art silicon gate CMOS, BiCMOS, Complementary Bipolar, High Voltage and RF wafer fabrication process technologies.

Linear Technology, headquartered in Milpitas, California, employs 4,700 people worldwide and has technical sales and support locations throughout North America, Europe and Asia. In addition to manufacturing, assembly and test facilities in California, Washington, Singapore and Malaysia, the Company has thirteen design centers in Arizona, California (3), Colorado, Vermont, Massachusetts, New Hampshire, North Carolina, Texas, Singapore, Munich, Germany, and Hangzhou, China.

<sup>1</sup> Member of the Compensation Committee    <sup>2</sup> Member of the Audit Committee



*ANALOG EXCELLENCE*

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