

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 29, 2014

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

For the transition period from _____ to _____

Commission File Number 0-14864



LINEAR TECHNOLOGY CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

94-2778785

(I.R.S. Employer Identification No.)

1630 McCarthy Boulevard, Milpitas, California

(Address of principal executive offices)

95035

(Zip Code)

Registrant's telephone number, including area code

(408) 432-1900

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

Common Stock, \$0.001 par value

Name of each exchange on which registered

The Nasdaq Stock Market LLC

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

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

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

The aggregate market value of voting stock held by non-affiliates of the registrant was approximately \$6,328,000,000 as of December 27, 2013 based upon the closing sale price on the Nasdaq Global Market reported for such date. Shares of common stock held by each officer and director and by each person who owns 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

There were 238,511,332 shares of the registrant's common stock issued and outstanding as of July 25, 2014.

DOCUMENTS INCORPORATED BY REFERENCE:

- (1) Items 10, 11, 12 and 14 of Part III incorporate information by reference from the definitive proxy statement (the "2014 Proxy Statement") for the 2014 Annual Meeting of Stockholders, to be filed subsequently.
-

LINEAR TECHNOLOGY CORPORATION

FORM 10-K

For the Fiscal Year Ended June 29, 2014

TABLE OF CONTENTS

	<u>Page</u>
Part I:	
Item 1. Business	4
Item 1A. Risk Factors	14
Item 1B. Unresolved Staff Comments	20
Item 2. Properties	21
Item 3. Legal Proceedings	21
Item 4. Mine Safety Disclosures	21
Part II:	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	21
Item 6. Selected Financial Data	23
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	30
Item 8. Financial Statements and Supplementary Data	31
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	54
Item 9A. Controls and Procedures	54
Item 9B. Other Information	54
Part III:	
Item 10. Directors, Executive Officers and Corporate Governance	55
Item 11. Executive Compensation	55
Item 12. Security Ownership of Certain Beneficial Owner and Managements and Related Stockholder Matters	55
Item 13. Certain Relationships and Related Transactions, and Director Independence	55
Item 14. Principal Accounting Fees and Services	55
Part IV:	
Item 15. Exhibits, Financial Statement Schedules	55
Signatures	59

PART I

ITEM 1. BUSINESS

Except for historical information contained in this Annual Report on Form 10-K ("Form 10-K"), certain statements set forth herein, including statements regarding future revenues and profits; future conditions in the Company's markets; availability of resources and manufacturing capacity; resolution of certain tax matters; and the anticipated impact of current and future lawsuits and investigations are forward-looking statements that are dependent on certain risks and uncertainties including such factors, among others, as the timing, volume and pricing of new orders for the Company's products, timely ramp-up of new facilities, the timely introduction of new processes and products, general conditions in the world economy and financial markets and other factors described below. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. Words such as "expect," "anticipate," "forecast," "intend," "plan," "believe," "seek," "estimate," and variations of such words and similar expressions are intended to identify such forward-looking statements. See "Risk Factors" in the "Business" section of this Form 10-K for a more thorough list of potential risks and uncertainties.

General

Linear Technology Corporation (together with its consolidated subsidiaries, "Linear," "Linear Technology" or the "Company"), 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 over 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, μ Module[®] subsystems, and wireless sensor network products. The Company is a Delaware corporation; it was originally organized and incorporated in California in 1981. The Company competes primarily on the basis of performance, functional value, quality, reliability and service.

Available Information

The Company makes available free of charge through its website, www.linear.com, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and all amendments to those reports as soon as reasonably practicable after such materials are electronically filed with the Securities and Exchange Commission ("SEC"). These reports may also be requested by contacting Paul Coghlan, Vice President of Finance and Chief Financial Officer, 1630 McCarthy Blvd., Milpitas, CA 95035. The Company's Internet website and the information contained therein or incorporated therein are not intended to be incorporated into this Annual Report on Form 10-K. In addition, the public may read and copy any materials the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549 or may obtain information by calling the SEC at 1-800-SEC-0330. Moreover, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding reports that the Company files electronically with the SEC at <http://www.sec.gov>.

The Linear Circuit Industry

Semiconductor components are the electronic building blocks used in electronic systems and equipment. These components are classified as either discrete devices (such as individual transistors) or integrated circuits (in which a number of transistors and other elements are combined to form a more complicated electronic circuit). Integrated circuits ("ICs") may be divided into two general categories, digital and linear (or analog). Digital circuits, such as memory devices and microprocessors, generally process on-off electrical signals, represented by binary digits, "1" and "0." In contrast, linear integrated circuits monitor, condition, amplify or transform continuous analog signals associated with physical properties, such as temperature, pressure, weight, light, sound or speed, and play an important role in bridging between real world phenomena and a variety of electronic systems. Linear integrated circuits also provide voltage regulation and power control to electronic systems, especially in hand-held and larger battery powered systems where battery management and high power efficiency are needed.

The Company believes that several factors generally distinguish the linear integrated circuit business from the digital integrated circuit business, including:

Importance of Individual Design Contribution. The Company believes that the creativity of individual design engineers is of particular importance in the linear integrated circuit industry. The design of a linear integrated circuit

generally involves greater variety and less repetition of integrated circuit elements than digital design. In addition, the interaction of linear integrated circuit elements is complex, and the exact placement of these elements in the integrated circuit is critical to the circuit's precision and performance. Computer-aided engineering and design tools for linear integrated circuits are not as accurate in modeling circuits as those tools used for designing digital circuits. As a result, the contributions of a relatively small number of individual design engineers are generally of greater importance in the design of linear integrated circuits than in the design of digital circuits.

Smaller Capital Requirements. Digital circuit design attempts to minimize device size and maximize speed by increasing circuit densities. The process technology necessary for increased density requires very expensive wafer fabrication equipment. In contrast, linear integrated circuit design focuses on precise matching and placement of integrated circuit elements, and linear integrated circuits often require large feature sizes to achieve precision and high voltage operation. Accordingly, the linear integrated circuit manufacturing process generally requires smaller initial capital expenditures, particularly for photomasking equipment and clean room facilities, and less frequent replacement of manufacturing equipment because the equipment has, to date, been less vulnerable to technological obsolescence.

Market Diversity; Relative Pricing Stability. Because of the varied applications for linear integrated circuits, manufacturers typically offer a greater variety of device types to a more diverse group of customers, who typically have smaller volume requirements per device, than is true for digital IC manufacturers. As a result, linear integrated circuit manufacturers are often less dependent upon particular products or customers; linear integrated circuit markets are generally more fragmented; and competition within those markets tends to be more diffused.

The Company believes that competition in the integrated linear market is particularly dependent upon performance, functional value, quality, reliability and service. As a result, linear integrated circuit pricing has generally been more stable than most digital circuit pricing.

Products and Markets

Linear Technology produces a wide range of products for a variety of customers and markets. The Company emphasizes standard products and multi-customer application specific products to address larger markets and to reduce the risk of dependency upon a single customer's requirements. The Company targets the high performance segment of the analog integrated circuit market. "High performance" may be characterized by higher precision, higher efficiency, lower noise, lower power, higher linearity, higher speed, higher voltage, more subsystem integration on a single chip and many other special features. Increased demand for more complex integrated analog solutions has fostered the expansion of the Company's products to include fully integrated module solutions for system power, signal processing and data acquisition applications. The Company's SmartMesh IP and SmartMesh WirelessHART technology offers complete wireless network based solutions using low power electronic components, board level products with mesh networking and software addressing high level applications such as industrial process automation, data center energy management, building energy management, renewable energy monitoring, and transportation management systems. The Company focuses virtually all of its design efforts on proprietary products, which at the time of introduction are original designs by the Company offering unique characteristics differentiating them from those offered by competitors.

Although the types and mix of linear products vary by application, the Company's principal product categories are as follows:

Amplifiers - These circuits amplify the output voltage or current of a device. The amplification represents the ratio of the output voltage or current to the input voltage or current. The most widely used device is the operational amplifier due to its versatility and precision.

High Speed Amplifiers - These amplifiers are used to amplify signals from 5 megahertz to 2 Gigahertz for applications such as video, fast data acquisition and wireless communications.

Voltage Regulators - Voltage regulators deliver a tightly controlled voltage to power electronic systems. This category of product consists primarily of two types, the linear regulator and the switch-mode regulator. Switch-mode regulators are also used to convert voltage up or down within an electronic system for power management and battery charging.

Voltage References - These circuits serve as electronic benchmarks providing a constant voltage for measurement systems usage. Precision references have a constant output independent of input, temperature changes or time.

Interface - Interface circuits act as an intermediary to transfer digital signals between or within electronic systems. These circuits are used in computers, modems, instruments, networking equipment and remote data acquisition systems.

Data Converters - These circuits change linear (analog) signals into digital signals, or vice versa, and are often referred to as data acquisition subsystems, A/D converters and D/A converters. The accuracy and speed with which the analog signal is converted to its digital counterpart (and vice versa) is considered a key characteristic for these devices. Low speed data converters may have resolution up to 24 bits, while high speed converters may operate in the region of 100's of megahertz sample rates.

Battery Stack Monitors- These circuits monitor the voltage on individual battery cells that are connected in series. By combining many of these circuits, the voltage of every cell in very high voltage battery string can be monitored. This is a necessary function to maintain the health, longevity and safety of such systems. High voltage battery strings are used in electric and hybrid electric vehicles, battery back-up systems, portable power systems and other high power battery systems.

Silicon Oscillators and Timer Blox™- These general purpose circuits provide a wide range of timing functions and clock signals for frequencies ranging from less than 1Hz up to 170MHz. They operate without a quartz crystal or ceramic resonator, and are designed to be simple, small and robust. The functions provided by these parts cover a broad range of applications, including event synchronization and timing, switching regulation, signal-generation, analog-to-digital conversion and digital-to-analog conversion.

PLL Synthesizers and Clock Distribution- A phase locked loop ("PLL") locks the phase and frequency of a higher frequency device (usually a voltage controlled oscillator) to a more stable, lower frequency device. As a black box, the PLL can be viewed as a frequency multiplier. A PLL is employed when there is the need for a stable reference high frequency local oscillator source. Example applications are numerous and include wireless/optical communications and networking, medical devices and instrumentation.

SmartMesh® Embedded Wireless Sensor Network- SmartMesh®IP and SmartMesh WirelessHART products consist of low power electronic components, board level products, and software. SmartMesh® sensor networks are comprised of a self-forming mesh of nodes, or "motest," which collect and relay data, and a network manager that monitors and manages network performance and sends data to the host application, enabling wireless monitoring/control of physical attributes such as temperature, pressure, light, sound and motion.

Isolated µModule Transceivers- Isolated µModule transceivers use magnetically coupled technology to provide data and power isolation in a system in a package module. They integrate inductive/magnetic components, dedicated integrated circuit functions and power on a single substrate printed circuit board, all encapsulated in a standard plastic package.

Radio Frequency Circuits - These circuits include mixers, modulators, demodulators, amplifiers, drivers, filters, oscillators/synthesizers and power detectors and controllers. They are used in 2G, 3G, 4G LTE (and beyond) wireless and cable infrastructure, cellphones, wireless data communications, microwave, backhaul, military, radars, precision GPS and satellite communications.

Power Over Ethernet Controllers ("PoE") - PoE controller circuits enable efficient transmission of voltage and current over standard Ethernet cables to power equipment or devices connected to the network.

µModule Power Products - A DC/DC µModule simplifies the design of a complex power circuit, such as point of load regulation, LED drivers and battery charging by integrating a complete circuit into a protective and encapsulated package that is tiny, thin and light-weight. These devices are so small that they resemble a surface-mount IC. The customer design requires limited knowledge of analog and DC/DC regulator circuits and these products enable a quick time-to-market power supply solution for digital systems using FPGAs, ASICs, DSPs, or microcontrollers.

Signal Chain µModule products- Complete signal chain functions utilizing data converters, filter, amplifiers, RF circuits, and related passive components are encapsulated as system-in-a-package modules. Signal Chain µModule products simplify the design and eliminate circuit board layout problems and individual component selection for high performance systems, while requiring only normal IC handling and board manufacturing processes.

Other - Other linear circuits include buffers, power monitors, motor controllers, coulomb counters, diodes/bridges, hot swap circuits, comparators, sample-and-hold devices, timers, drivers and filters (both switched capacitor and continuous

time) which are used to limit and/or manipulate signals in such applications as base stations, navigation systems and industrial applications.

Linear circuits are used in various applications including factory automation, process control, industrial and laboratory instrumentation, security monitoring devices, complex medical devices, telecommunications, networking products such as power over Ethernet switches; automotive electronics, tablet, notebook and desktop computers; computer peripherals, video/multimedia, military, space and other harsh environment systems; and high-end consumer products. The Company focuses its product development and marketing efforts on high performance applications where the Company believes it can position itself competitively with respect to product performance and functional value. The following table sets forth examples of product families by end-market applications:

<u>Market</u>	<u>End Applications/Products</u>	<u>Example Product Families</u>
<i>Industrial/Medical</i>	Flow or rate metering	D to A converters
	Position/pressure/temperature sensing and controls	Power monitors and controllers
	Robotics	Current sense amplifiers
	Energy management/harvesting	Differential amplifier
	High brightness lighting	High speed A/D converters
	Process control data communication	SAR A/D and Delta-Sigma converters
	Factory automation	High speed operational amplifiers
	Security and surveillance system	Interface (RS 485/232) products
	Remote meter reading	Precision operational amplifiers
	Wireless sensor networks	Instrumentation amplifiers
	RFID transponders	Silicon oscillators
	GPS surveying instruments	Precision comparators and voltage references
	Scanning electron microscopes	Monolithic filters
	Solar power	Switching voltage regulators
	Machine vision equipment	Hot swap circuits
	Voltmeters/multimeters/oscilloscopes/curve tracers	DC-DC converters
	Test equipment	µModule power products
	Logic/network analyzers	PoE interface controllers
	Weighing scales	Push button controllers
	Analytic and test equipment	Ideal diode controllers
	Gas chromatographs	Surge stoppers
	X-Ray, EKG, MRI, PET, CAT scanners	Battery stack monitors
	Particle accelerators	Smartmesh® embedded wireless sensor networks
	DNA and blood analyzers	
	Patient monitors	
	Infusion pumps	
	IR cameras	
	Ultra sound diagnostic equipment	
<i>Space/Military/Harsh Environment</i>	Communications	Space qualified (JAN/QML)
	Satellites	Radiation hardened
	Guidance and navigation systems	Military plastic
	Displays	Military hermetic (SMD's)
	Firing controls	Extreme temperature

	Ground support equipment	
	Sonar systems	
	Surveillance equipment	
	Ordnance	
	Radar systems	
	GPS	
	JTRS manpacks	
<i>Automotive</i>	Entertainment systems	Battery gas gauges
	Hybrid/electric vehicle battery systems	Isolated μ Module power products
	Navigation and safety system	Low drop out voltage regulators
	Headlamps	LED driver controllers
	Daytime running lights	Li-ion battery chargers
	Dashboard instrumentation	CAN transceivers
	Emission controls	Ideal diodes
	Collision avoidance systems	Surge Stoppers
	Radar adaptive cruise control	Monitors over/under voltage
	Heads-up-displays	Protection controllers
	Idle stop and go systems	Timer Blox
	Electronic steering and braking	Battery management systems
	Antenna power supplies	Precision voltage references
	LED lighting	Comparators
	Parking assistance	Current sense amplifiers
	Lane recognition	High speed and SAR ADC's
<i>Communications</i>	Smart phones	DC - DC converters
	Cellular phones	V.35 transceivers
	Cellular base stations (CDMA/WCDMA/ GSM/LTE/ WiMAX)	Isolated μ Module power products
	Point-to-point wireless modems	Variable gain amplifiers
	PBX switches	High-speed amplifiers
	Optical networking	High speed A/D converters
	Channel service units/data service units	Digital power monitors
	Cable modems/networks	Active diode bridge controllers
	Internet appliances	RF Power detectors
	Servers/ routers/switches	Low noise operational amplifiers
	Power over Ethernet	Micropower products
	Wireless access points	Power management products
	Wireless microphones	Switched capacitor filters
	Software defined radios	I ² C bus buffers
	Wireless sensor networks	Voltage references
		Voltage regulators/supervisors
		Data converter products
		Hot Swap controllers
		Multi-protocol circuits
		Thermoelectric coolers
		μ Module power products

		Power amplifier controllers Ideal diode bridge controller Mixers/Modulators/Demodulators Battery chargers Power over Ethernet controllers Multi-Phase switching regulators Smartmesh® wireless sensor networks
Computer/High-End Consumer	Communications/interface modems Disk drives Solid state disc drives Notebook computers Desktop computers Workstations LCD monitors/projectors Plotters/printers Digital still cameras Satellite radios Battery chargers Electronic toys Video/multimedia systems Digital video recorders Set top boxes/Satellite TV receivers LCD display TVs Bluetooth headsets Hand-held GPS units Tablet PCs Media players Video/multimedia systems Wearables	Battery chargers DC - DC converters Electronic circuit breakers Hot Swap controllers Line drivers/ receivers USB power controller/ chargers Low drop out linear regulators Micropower products Multi-Phase switching regulators PCMCIA power switching Power management Power sequencing/monitoring Isolated µModule transceivers Video amplifiers High speed A/D converters Nano current voltage supervisors Operational amplifiers Voltage references

Marketing and Customers

The Company markets its products worldwide primarily through a direct sales staff and through electronics distributors to a broad range of customers in diverse industries. Arrow Electronics Inc. (“Arrow”), the Company’s largest distributor, distributes the Company’s products worldwide. Arrow is one of the largest distributors of electronic components in the world with revenues of \$21.4 billion in their December 2013 fiscal year-end. Arrow's global components business segment covers the world's largest electronics markets - the Americas, EMEA (Europe, Middle East, and Africa), and Asia Pacific regions. As of June 29, 2014 and June 30, 2013, Arrow accounted worldwide for 38% and 36% of the Company’s total net accounts receivable, respectively. Arrow worldwide accounted for 31%, 31% and 29% of the Company’s worldwide net revenues in fiscal 2014, 2013 and 2012, respectively. As of June 29, 2014 and June 30, 2013, Arrow domestic accounted for 10% and 13% of the Company’s total net accounts receivable, respectively. Arrow domestic accounted for 12%, 13% and 13% of the Company’s worldwide net revenues in fiscal 2014, 2013 and 2012, respectively. Arrow, like the Company’s other distributors, is not an end customer, but rather serves as a channel of sale to many end users of the Company's products.

No end customer accounted for more than 10% of the Company’s worldwide net revenues for any of the periods presented.

The Company’s products typically require a sophisticated technical sales effort. The Company's sales organization is divided into domestic and international regions. The Company’s sales offices are located throughout most major metropolitan

areas in the United States. Internationally, the Company has sales offices in or near: Dortmund, Helsinki, London, Milan, Munich, Paris, Lyon, Stockholm, Oulu, Stuttgart, Sydney, Melbourne, Beijing, Hong Kong, Tokyo, Nagoya, Osaka, Seoul, Shanghai, Shenzhen, Chengdu, Xian, Wuhan, Singapore, Taipei, Tel Aviv, Bangalore, Montreal, Ottawa, Toronto, Calgary, and Vancouver.

The Company has an agreement with one independent sales representative in South America. Commissions are paid to sales representatives upon shipments either directly from the Company or through distributors. The Company has agreements with four independent distributors in North America, five in Europe, two in China, seven in Japan, three in Taiwan, three in Russia, and one each in Korea, Singapore, Malaysia, Thailand, India, South Africa, Philippines, Israel, Brazil, Australia, and New Zealand.

The Company's agreements with domestic distributors allow for price protection on certain distribution inventory if the Company lowers the prices of its products. The Company's agreements with domestic distributors also allow for stock rotation privileges (up to 3%-5% of quarterly purchases), which enable distributors to rotate slow moving inventory. The Company's sales to international distributors are made under agreements which permit limited stock return privileges but not sales price rebates. The agreements generally permit distributors to exchange up to 5% of eligible purchases on a semi-annual basis. See Critical Accounting Policies and Note 1 of Notes to Consolidated Financial Statements of this Form 10-K, which contains information regarding the Company's revenue recognition policy.

During fiscal years 2014, 2013 and 2012, international revenues were \$1,010.3 million or 73% of revenues, \$912.5 million or 71% of revenues, and \$900.1 million or 71% of revenues, respectively. Because the Company's export sales are billed and payable in United States dollars, export sales are generally not directly subject to fluctuating currency exchange rates. During fiscal years 2014, 2013 and 2012, domestic revenues were \$378.1 million or 27% of revenues, \$369.7 million or 29% of revenues, and \$366.5 million or 29% of revenues, respectively.

The Company's backlog of released and firm orders was approximately \$187.4 million at June 29, 2014 as compared with \$151.1 million at June 30, 2013. The Company defines backlog as consisting of distributor stocking orders and OEM orders for which a delivery schedule has been specified by the OEM customer for product shipment within six months. Although the Company receives volume purchase orders, most of these purchase orders are cancelable, generally outside of thirty days of delivery, by the customer without significant penalty. Lead-time for the release of purchase orders depends upon the scheduling practices of the individual customer and the availability of individual products, so the rate of booking new orders varies from month to month. Also, the Company's agreements with certain domestic distributors provide for price protection. Consequently, the Company does not believe that its backlog at any time is necessarily representative of actual sales for any succeeding period.

In the operating history of the Company, seasonality of business has not been a material factor, although the results of operations for the first and second fiscal quarters of each year are slightly impacted by customary summer vacation and calendar year-end holidays. In addition, industrial customers typically have stronger demand in the first half of the calendar year.

The Company warrants that its products, until they are incorporated in other products, are free from defects in workmanship and materials and conform to the Company's published specifications. Warranty expense has been nominal to date. Refer to Note 1 of Notes to Consolidated Financial Statements of this Form 10-K, which contains information regarding the Company's warranty policy.

Manufacturing

The Company's wafer fabrication facilities are located in Camas, Washington ("Camas") and Milpitas, California ("Hillview"). Each facility was built to Company specifications to support a number of sophisticated process technologies and to satisfy rigorous quality assurance and reliability requirements of United States military specifications and major worldwide OEM customers. In addition to wafer fabrication facilities, the Company has an assembly and test facility located in Malaysia and a test and distribution facility located in Singapore. All of the Company's wafer fabrication, assembly, and test facilities have received ISO 9001, TS 16949 and ISO 14001 certifications.

The Company's wafer fabrication facilities located in Camas and Hillview produce six-inch diameter wafers for use in the production of the Company's devices. The Company currently uses similar manufacturing processes in both its Camas and Hillview facilities.

The Company's basic process technologies include high-speed bipolar, high gain low noise bipolar, radio frequency bipolar, silicon gate complementary metal-oxide semiconductor ("CMOS") and BiCMOS. The Company also has two proprietary complementary bipolar processes. The Company's bipolar processes are typically used in linear integrated circuits where high voltages, high power, high frequency, low noise or effective component matching is necessary. The Company's proprietary silicon gate CMOS processes provide switch characteristics required for many linear integrated circuit functions, as well as an efficient mechanism for combining linear and digital circuits on the same chip. The Company's CMOS processes were developed to address the specific requirements of linear integrated circuit functions. The complementary bipolar processes were developed to address higher speed analog functions. The Company's basic processes can be combined with a number of adjunct processes to create a diversity of IC components. A minor portion of the Company's wafer manufacturing, particularly very small feature size products is done at two independent foundries. The accompanying chart provides a brief overview of the Company's IC process capabilities:

Process Families	Benefits/ Market Advantages	Product Application
P-Well SiGate CMOS	General purpose, stability	Switches, filters, data conversion, chopper amplifiers
N-Well SiGate CMOS	Speed, density, stability	Switches, data conversion
Bi-CMOS	Speed, density, stability, flexibilities	Data conversion, power controller, battery management
High Power Bipolar	Power (100 watts), high current (10 amps)	Linear and smart power products, switching regulators
Low Noise Bipolar	Precision, low current, low noise, high gain	Op amps, voltage references
High Speed Bipolar	Fast, wideband, video high data rate	Op amps, video, comparators, switching regulators
JFETS	Speed, precision, low current	Op amps, switches, sample and hold
Rad-Hard	Total dose radiation hardened	All space products
Complementary Bipolar	Speed, low distortion, precision	Op amps, video amps, converters
CMOS/Thin Films	Stability, precision	Filters, data conversion
High Voltage CMOS	High voltage general purpose compatible with Bipolar	Switches, chopper amplifiers
Bipolar/Thin Films	Precision, stability, matching	Converters, amplifiers
RF Bipolar	High speed, low power	RF wireless, high speed data communications
BCD (Bipolar CMOS DMOS)	Higher density, high speed, lower current	Switchers, controllers

The Company emphasizes quality and reliability from initial product design through manufacturing, packaging and testing. The Company's design team focuses on fault tolerant design and optimum location of integrated circuit elements to enhance reliability. Linear Technology's wafer fabrication facilities have been designed to minimize wafer handling and the impact of operator error through the use of microprocessor-controlled equipment. The Company has received Defense Supply Center, Columbus (DSCC,) Jan Class S Microcircuit Certification, which enables the Company to manufacture products intended for use in space or for critical applications where replacement is extremely difficult or impossible and where reliability is imperative. The Company has also received MIL-PRF-38535 Qualified Manufacturers Listing (QML) certification for military products from DSCC.

The majority of processed wafers are sent to the Company's assembly facility in Penang, Malaysia and a small portion are sent to offshore independent assembly subcontractors. The Penang facility opened in fiscal year 1995 and generally services approximately 80%-85% of the Company's assembly requirements. In fiscal year 2012, the Penang facility was expanded and has approximately 245,000 square feet of manufacturing floor space. The Company's primary assembly subcontractor is UTAC, located in Thailand. The Company also maintains domestic assembly operations to satisfy particular customer requirements, especially those for military applications, and to provide rapid turnaround for new product development.

After assembly, most products are sent to the Company's Singapore facility for final testing, inspection and packaging as required. The Singapore facility opened in fiscal year 1990. Some products are returned to Milpitas for the same back-end processing. The Company's Singapore facility serves as a major warehouse and distribution center with the bulk of the Company's shipments to end customers originating from this facility.

Manufacturing of individual products, from wafer fabrication through final testing, may take from eight to sixteen weeks. Since the Company sells a wide variety of device types, and customers typically expect delivery of products within a short period of time following order, the Company maintains a substantial work-in-process and finished goods inventory.

Based on its anticipated production requirements, the Company believes it will have sufficient available resources and manufacturing capacity for fiscal year 2015.

Patents, Licenses and Trademarks

The Company has been awarded 1,081 United States and international patents and has considerable pending and published patent applications outstanding. Although the Company believes that these patents and patent applications may have value, the Company's future success will depend primarily upon the technical abilities and creative skills of its personnel, rather than on its patents.

The Company relies on patents, trademarks, international treaties and organizations, and foreign laws to protect and enforce its intellectual property. The Company continually assesses whether to seek formal protection for particular innovations and technologies, such litigation is likely to be expensive and time consuming to resolve. In addition, such litigation can result in the diversion of management's time and attention away from business operations.

As is common in the semiconductor industry, the Company has at times been notified of claims that it may be infringing patents issued to, or other proprietary rights held by others and has periodically been involved in litigation pertaining to such matters. If it appears necessary or desirable, the Company may seek licenses under such patents or rights, although there can be no assurance that all necessary licenses can be obtained by the Company on acceptable terms. In addition, from time to time the Company may negotiate with other companies to license patents, products or process technology for use in its business.

Research and Development

The Company's ability to compete depends in part upon its continued introduction of technologically innovative products on a timely basis. To facilitate this need, the Company has organized its product development efforts into four groups: two power product groups (D power and S power); mixed signal products; and signal conditioning products including high frequency products and wireless sensor network products. Linear Technology's product development strategy emphasizes a broad line of standard high performance products to address a diversity of customer applications. The Company's research and development ("R&D") efforts are directed primarily at designing and introducing new products and to a lesser extent developing new processes and advanced packaging.

As of June 29, 2014, the Company had 1,244 employees involved in research, development and engineering related functions, as compared to 1,165 employees at the end of fiscal year 2013. The Company has remote design centers throughout the United States, as well as in Singapore, China and Germany as part of the Company's strategy of obtaining and retaining analog engineering design talent. For fiscal years 2014, 2013, and 2012, the Company's R&D expense was \$250.4 million, \$235.2 million and \$224.5 million, respectively. The increase in R&D expense in fiscal year 2014 over fiscal year 2013 was primarily due to increases in employee compensation costs of \$8.0 million and employee profit sharing costs of \$4.5 million.

Government Contracts

The Company currently has no material U.S. Government contracts.

Employees

As of June 29, 2014, the Company had 4,661 employees, including 468 in marketing and sales, 1,244 in research, development and engineering related functions, 2,849 in manufacturing and production, and 100 in management, administration and finance. The Company has never had a work stoppage, no employees are represented by a labor organization, and the Company considers its employee relations to be good.

Competition

The Company competes in the high performance segment of the linear market. The Company's major competitors include Analog Devices, Intersil, Maxim Integrated Products and Texas Instruments. The principal elements of competition include product performance, functional value, quality and reliability, technical service and support, price, diversity of product

line and delivery capabilities. The Company believes it competes favorably with respect to these factors, although the Company may be at a disadvantage in comparison to larger companies with broader product lines and greater technical service and support capabilities.

Executive Officers of the Registrant

The executive officers of the Company, and their ages as of August 1, 2014, are as follows:

Name	Age	Position
Robert H. Swanson, Jr.	75	Executive Chairman of the Board of Directors
Lothar Maier	59	Chief Executive Officer
Paul Chantalat	64	Vice President Quality and Reliability
Paul Coghlan	69	Vice President of Finance and Chief Financial Officer; Secretary
Robert C. Dobkin	70	Vice President of Engineering and Chief Technical Officer
Alexander R. McCann	48	Vice President and Chief Operating Officer
Richard Nickson	64	Vice President of North American Sales
David A. Quarles	48	Vice President of International Sales
Donald Paulus	57	Vice President and General Manager, D Power Products
Steve Pietkiewicz	54	Vice President and General Manager, S Power Products
Robert Reay	53	Vice President and General Manager, Mixed Signal Products
Erik M. Soule	50	Vice President and General Manager, Signal Conditioning Products

Mr. Swanson, a founder of the Company, has served as Executive Chairman of the Board of Directors since January 2005. Prior to that time he served as Chairman of the Board of Directors and Chief Executive Officer since April 1999, and prior to that time as President, Chief Executive Officer and a director of the Company since its incorporation in September 1981. From August 1968 to July 1981, he was employed in various positions at National Semiconductor Corporation (“National”), a manufacturer of integrated circuits, including Vice President and General Manager of the Linear Integrated Circuit Operation and Managing Director in Europe. Mr. Swanson has a B.S. degree in Industrial Engineering from Northeastern University.

Mr. Maier was named Chief Executive Officer of Linear Technology in January 2005. Prior to that, Mr. Maier served as the Company’s Chief Operating Officer from April 1999 to January 2005. Before joining Linear Technology, Mr. Maier held various management positions at Cypress Semiconductor Corp. from July 1983 to March 1999, most recently as Senior Vice President and Executive Vice President of Worldwide Operations. He holds a B.S. degree in Chemical Engineering from the University of California at Berkeley.

Mr. Chantalat has served as Vice President of Quality and Reliability since July 1991. From January 1989 to July 1991, he held the position of Director of Quality and Reliability. From July 1983 to January 1989, he held the position of Manager of Quality and Reliability. From February 1976 to July 1983, he was employed in various positions at National where his most recent position was Group Manager of Manufacturing Quality Engineering. Mr. Chantalat received a B.S. and an M.S. in Electrical Engineering from Stanford University in 1970 and 1972, respectively.

Mr. Coghlan has served as Vice President of Finance and Chief Financial Officer of the Company since December 1986. From October 1981 until joining the Company, he was employed in various positions at GenRad, Inc., a manufacturer of automated test equipment, including Corporate Controller, Vice President of Corporate Quality and Vice President and General Manager of the Structural Test Products Division. Before joining GenRad, Inc., Mr. Coghlan was associated with Price Waterhouse & Company in the United States and Paris, France for twelve years. Mr. Coghlan received a B.A. from Boston College in 1966 and an MBA from Babson College in 1968.

Mr. Dobkin, a founder of the Company, has served as Vice President of Engineering and Chief Technical Officer since April 1999, and as Vice President of Engineering from September 1981 to April 1999. From January 1969 to July 1981, he was employed in various positions at National, where his most recent position was Director of Advanced Circuit Development. Mr. Dobkin has extensive experience in linear integrated circuit design. Mr. Dobkin attended the Massachusetts Institute of Technology.

Mr. McCann was named Chief Operating Officer of Linear Technology in January 2005, prior to that Mr. McCann served as Vice President of Operations since January 2004. Prior to joining the Company, he was Vice President of Operations at NanoOpto Corporation in Somerset, NJ from July 2002 to December 2003, Vice President of Worldwide Operations at Anadigics Inc. in Warren, NJ from December 1998 to June 2002 and held various management positions at National Semiconductor UK Ltd. from August 1985 to September 1998. Mr. McCann received a B.S. (equivalent) in Electrical and Electronic Engineering in 1985 from James Watt College and an MBA in 1998 from the University of Glasgow Business School.

Mr. Nickson has served as Vice President of North American Sales since October 2001. From July 2001 until October 2001 he was Director of USA Sales. From February 1998 until July 2001, he was European Sales Director. From August 1993 until January 1998, he held the position of Northwest Area Sales Manager. From April 1991 to August 1993, he was President and Co-founder of Focus Technical Sales. From August 1983 to April 1991, he served with National in various positions where his most recent position was Vice President of North American Sales. Mr. Nickson was Founder and President of Micro-Tex, Inc. from June 1980 to August 1983. Prior to 1980, Mr. Nickson spent seven years in semiconductor sales, including four years with Texas Instruments. He received a B.S. in Mathematics from Illinois Institute of Technology in 1971.

Mr. Quarles has served as Vice President of International Sales since August 2001. From October 2000 to August 2001, he held the position of Director of Marketing. From July 1996 to September 2000, he held the position of Director of Asia-Pacific Sales stationed in Singapore. From June 1991 to July 1996, he worked as a Sales Engineer and later as District Sales Manager for the Bay Area sales team. Prior to Linear, Mr. Quarles worked two years as a Sales Engineer at National. Mr. Quarles received a B.S. in Electrical Engineering in 1988 from Cornell University.

Mr. Paulus has served as Vice President and General Manager of D Power Products since June 2003. He joined the Company in October 2001 as Director of Satellite Design Centers. Prior to joining the Company, he was a founder of Integrated Sensor Solutions, Inc. ("ISS") serving as Vice President of Engineering and Chief Operating Officer from November 1991 to August 1999. ISS was acquired by Texas Instruments, Inc. ("TI") in 1999, and Mr. Paulus served as TI's General Manager, Automotive Sensors and Controls in San Jose until October 2001. Prior to ISS, Mr. Paulus served in various engineering and management positions with Sierra Semiconductor from February 1989 to November 1991, Honeywell Signal Processing Technologies from December 1984 to February 1989, and Bell Laboratories from June 1979 to December 1984. Mr. Paulus received a B.S. in Electrical Engineering from Lehigh University, an M.S. in Electrical Engineering from Stanford University and an MBA from the University of Colorado.

Mr. Pietkiewicz has served as Vice President and General Manager of S Power Products since July 2007 and as General Manager of S Power Products since April 2005. From March 1995 until April 2005 he was a Design Engineering Manager responsible for switching regulator and linear regulator integrated circuits. Mr. Pietkiewicz began his employment at the Company as a design engineer in December 1987 after serving as a design engineer at Precision Monolithics, Inc. from May 1981 until July 1985, and Analog Devices Inc. from July 1985 until December 1987. Mr. Pietkiewicz received his BSEE degree from the University of California at Berkeley in 1981.

Mr. Reay has served as Vice President and General Manager of Mixed Signal Products since January 2002 and as General Manager of Mixed Signal Products since November 2000. From January 1992 to October 2000 he was the Design Engineering Manager responsible for a variety of product families including interface, supervisors, battery chargers and hot swap controllers. Mr. Reay joined Linear Technology in April 1988 as a design engineer after spending four years at GE Intersil. Mr. Reay received a B.S. and M.S. in Electrical Engineering from Stanford University in 1984.

Mr. Soule has served as Vice President and General Manager of Signal Conditioning Products since July 2007 and as General Manager of Signal Conditioning Products since October 2004. He joined the Company in September 2002 as Product Marketing Manager of Signal Conditioning Products. Prior to Linear Technology, Mr. Soule was Director of Marketing at Sensory, Inc. from 1997 to 2002. Prior to Sensory, he held various engineering and management positions at National from 1994 to 1997 and from 1986 to 1990 and Avocet, Inc. from 1990 to 1994. Mr. Soule received a B.S. in Electrical Engineering from Rensselaer Polytechnic Institute in 1986 and an MBA from San Jose State University in 1996.

ITEM 1A. RISK FACTORS

A description of the risk factors associated with the Company is set forth below. In addition to the risk factors discussed below, see "Factors Affecting Future Operating Results" included in "Management's Discussion and Analysis" for further discussion of other risks and uncertainties that may affect the Company.

Erratic consumer and/or corporate spending due to uncertainties in the macroeconomic environment could adversely affect our revenues and profitability.

We depend on demand from the industrial, communication, computer, consumer and automotive end-markets we serve. Our revenues and profitability are based on certain levels of consumer and corporate spending. Reductions or other fluctuations in consumer and/or corporate spending as a result of uncertain conditions in the macroeconomic environment, such as government economic or fiscal instability, restricted global credit conditions, reduced demand, imbalanced inventory levels, mortgage failures, fluctuations in interest rates, higher energy prices, or other conditions, could adversely affect our revenues and profitability. The impact of general economic sluggishness relating to US and European debt, government debt limits, unemployment issues and other causes can cause customers to be cautious, or delay or reduce orders for our products until these economic uncertainties improve.

Sudden adverse shifts in the business cycle could adversely affect our revenues and profitability.

The semiconductor market has historically been cyclical and subject to significant economic downturns at various times. The cyclical nature of the semiconductor industry may cause us to experience substantial period-to-period fluctuations in our results of operations. The growth rate of the global economy is one of the factors affecting demand for semiconductor components. Many factors could adversely affect regional or global economic growth including turmoil or depressed conditions in financial or credit markets, depressed business or consumer confidence, inventory excesses, increased unemployment, inflation for goods, services or materials, rising interest rates in the United States and the rest of the world, a significant act of terrorism which disrupts global trade or consumer confidence, geopolitical tensions including war and civil unrest, reduced levels of economic activity, or disruptions of international transportation.

Typically, our ability to meet our revenue and profitability goals and projections is dependent to a large extent on the orders we receive from our customers within the period and by our ability to match inventory and current production mix with the product mix required to fulfill orders on hand and orders received within a period for delivery in that period. Because of this complexity in our business, no assurance can be given that we will achieve a match of inventory on hand, production units, and shippable orders sufficient to realize quarterly or annual revenue and net income goals.

Volatility in customer demand in the semiconductor industry could affect future levels of revenue and profitability and limit our ability to predict such levels.

Historically, we have maintained low lead times, which have enabled customers to place orders close to their true needs for product. In defining our financial goals and projections, we consider inventory on hand, backlog, production cycles and expected order patterns from customers. If our estimates in these areas become inaccurate, we may not be able to meet our revenue goals and projections. In addition, some customers 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 some, of the products. As a result, in any quarterly fiscal period we are subject to the risk of cancellation of orders leading to a fall-off of revenue and backlog. Further, those orders may be for products that meet the customer's unique requirements so that those cancelled orders would, in addition, result in an inventory of unsalable products, and thus potential inventory write-offs. We routinely estimate inventory reserves required for such products, but actual results may differ from these reserve estimates.

We generate revenue from thousands of customers worldwide and our revenues are diversified by end-market and geographical region. Our results in any period, or sequence of periods, may be positively affected by the fact that a customer has designed one of our products into one of their high selling products. This positive effect may not last, however, as our customers frequently redesign their high selling products, especially to lower their products' costs. In such redesigns, they may decide to no longer use our product or may seek pricing terms from us that we choose not to accede to, thus resulting in the customer ceasing or significantly decreasing its purchases from us. The loss of, or a significant reduction in purchases by a portion of our customer base, for this or other reasons, such as changes in purchasing practices, could adversely affect our results of operations. In addition, the timing of customers' inventory adjustments may adversely affect our results of operations.

We may be unsuccessful in developing and selling new products required to maintain or expand our business.

The markets for our products depend on continued demand for our products in the communications, industrial, computer, high-end consumer and automotive end-markets. The semiconductor industry is characterized by rapid technological change, variations in manufacturing efficiencies of new products, and significant expenditures for capital equipment and product development. New product offerings by competitors and customer demands for increasing linear integrated circuit performance or lower prices may render our products less competitive over time, thus necessitating our continual development

of new products. New product introductions are thus a critical factor for maintaining or increasing future revenue growth and sustained or increased profitability, but they can present significant business challenges because product development commitments and expenditures must be made well in advance of the related revenues. The success of a new product depends on a variety of factors including accurate forecasts of long-term market demand and future technological developments, accurate anticipation of competitors' actions and offerings, timely and efficient completion of process design and development, timely and efficient implementation of manufacturing and assembly processes, product performance, quality and reliability of the product, and effective marketing, revenue and service.

Although we believe that the high performance segment of the linear integrated circuit market is generally less affected by price erosion or by significant expenditures for capital equipment and product development than other semiconductor market sectors, future operating results may reflect substantial period-to-period fluctuations due to these or other factors.

In addition, with respect to our acquisition of Dust Networks, we may not achieve benefits we expected to achieve, and we may incur write-downs, impairment charges or unforeseen liabilities that could negatively affect our operating results or financial position or could otherwise harm our business.

Our manufacturing operations may be interrupted or suffer yield problems.

We rely on our internal manufacturing facilities located in California and Washington to fabricate most of our wafers. We depend on outside silicon foundries for a small portion (roughly 5%) of our wafer fabrication. We could be adversely affected in the event of a major earthquake, which could cause temporary loss of capacity, loss of raw materials, and damage to manufacturing equipment. Additionally, we rely on our internal and external assembly and testing facilities located in Singapore and Malaysia. We are subject to economic and political risks inherent to international operations, including changes in local governmental policies, currency fluctuations, transportation delays and the imposition of export controls or import tariffs. We could be adversely affected if any such changes are applicable to our foreign operations.

Our manufacturing yields are a function of product design and process technology, both of which are developed by us. The manufacture and design of integrated circuits is highly complex. We may experience manufacturing problems in achieving acceptable yields or experience product delivery delays in the future as a result of, among other things, capacity constraints, equipment malfunctioning, construction delays, upgrading or expanding existing facilities or changing our process technologies, any of which could result in a loss of future revenues or increases in fixed costs. To the extent we do not achieve acceptable manufacturing yields or there are delays in wafer fabrication, our results of operations could be adversely affected. In addition, operating expenses related to increases in production capacity may adversely affect our operating results if revenues do not increase proportionately.

Our dependence on third party foundries and other manufacturing subcontractors may cause delays beyond our control in delivering our products to our customers.

A portion of our wafers (approximately 15%-20%) are processed offshore by independent assembly subcontractors primarily located in Thailand. These subcontractors separate wafers into individual circuits and assemble them into various finished package types. During periods of increasing demand and volatile lead times, sub-contractors can become over committed and therefore unable to meet all of their customer demand requirements thereby causing inconsistencies in availability of supply. In addition, reliability problems experienced by our assemblers could cause problems in delivery and quality, resulting in potential product liability to us. We could also be adversely affected by political disorders, labor disruptions, and natural disasters in these locations.

We are dependent on outside silicon foundries for a small portion (roughly 5%) of our wafer fabrication. As a result, we cannot directly control delivery schedules for these products, which could lead to product shortages, quality assurance problems and increases in the cost of our products. We may experience delays in delivering our products to our customers. If these foundries are unable or unwilling to produce adequate supplies of processed wafers conforming to our quality standards, our business and relationships with our customers for the limited quantities of products produced by these foundries could be adversely affected. Finding alternate sources of supply or initiating internal wafer processing for these products may not be economically feasible. In addition, the manufacture of our products is a highly complex and precise process, requiring production in a highly controlled environment. Changes in manufacturing processes or the inadvertent use of defective or contaminated materials by a third party foundry could adversely affect the foundry's ability to achieve acceptable manufacturing yields and product reliability.

We rely on third party vendors for materials, supplies, critical manufacturing equipment and freight services that may not have adequate capacity or may be impacted by outside influences such as natural disasters or material sourcing that could impact our product delivery requirements.

The semiconductor industry has experienced a very large expansion of fabrication capacity and production worldwide over time. As a result of increasing demand from semiconductor and other manufacturers, availability of certain basic materials and supplies, such as chemicals, gases, polysilicon, silicon wafers, ultra-pure metals, lead frames and molding compounds, and subcontract services, like epitaxial growth, ion implantation and assembly of integrated circuits into packages, have from time to time, over the past several years, been in short supply and could come into short supply again if overall industry demand continues to increase in the future. In addition, from time to time natural disasters can lead to a shortage of some of the above materials due to disruption of the manufacturer's production. We do not have long-term agreements providing for all of these equipment, materials, supplies, and services, and shortages could occur as a result of capacity limitations or production constraints on suppliers that could have a materially adverse effect on our ability to achieve our planned production.

A number of our products use components that are purchased from third parties. Supplies of these components may not be sufficient to meet all customer requested delivery dates for products containing these components, which could adversely affect future revenue and earnings. Additionally, significant fluctuations in the purchase price for these components could affect gross margins for the products involved. Suppliers could also discontinue the manufacture of such purchased components or could have quality problems that could affect our ability to meet customer commitments.

Our manufacturing processes rely on critical manufacturing equipment purchased from third party suppliers. During periods of increasing demand we could experience difficulties or delays in obtaining additional critical manufacturing equipment. In addition, suppliers of semiconductor manufacturing equipment are sometimes unable to deliver test and/or fabrication equipment to a schedule or equipment performance specification that meets our requirements. Delays in delivery of equipment needed for growth could adversely affect our ability to achieve our manufacturing and revenue plans in the future.

We rely on third parties including freight forwarders, airlines, and ground transportation companies to deliver our products to customers. Interruptions in the ability of these third parties to deliver our products to customers due to geological events such volcanic eruptions, earthquakes, hurricanes or other such natural disasters may cause a temporary delay in meeting our shipping estimates and schedules.

We are exposed to business, economic, political and other risks through our significant worldwide operations.

During fiscal year 2014, 73% of our revenues were derived from customers in international markets. In addition, we have test and assembly facilities in Singapore and Malaysia. Accordingly, we are subject to the economic and political risks inherent in international revenue and operations and their impact on the United States economy in general, including the risks associated with ongoing uncertainties and political and economic instability in many countries around the world, economic disruption from financial and economic declines or turmoil, dysfunction in the credit markets, acts of terrorism, natural disasters or the response to any of the foregoing by the United States and other major countries. In past years, natural disasters in Japan and Thailand have affected the global marketplace.

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

Our success depends in part on our proprietary technology. While we attempt to protect our proprietary technology through patents, copyrights and trade secret protection, we believe that our success also depends on increasing our technological expertise, continuing our development of new products and providing comprehensive support and service to our customers. However, we may be unable to protect our technology in all instances, or our competitors may develop similar or more competitive technology independently. We currently hold a number of United States and foreign patents and pending patent applications. However, other parties may challenge or attempt to invalidate or circumvent any patents the United States or foreign governments issue to us or these governments may fail to issue patents for pending applications. In addition, the rights granted or anticipated under any of these patents or pending patent applications may be narrower than we expect or provide no competitive advantages. Furthermore, effective patent, trademark, copyright, maskwork and trade secret protection may be unavailable, limited or not applied for in certain foreign countries. We may incur significant legal costs to protect our intellectual property.

We also seek to protect our proprietary technology, including technology that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with our collaborators, advisors, employees and consultants. We cannot assure you that these agreements will always be entered into or will not be breached or that we will have adequate remedies for any breach.

We have received, and may receive in the future, notices of claims of infringement and misappropriation of other parties' proprietary rights. In the event of an adverse decision in a patent, trademark, copyright, maskwork or trade secret action, we could be required to withdraw the product or products found to be infringing from the market or redesign products offered for sale or under development. Whether or not these infringement claims are successfully asserted, we would likely incur significant costs and diversion of our resources with respect to the defense of these claims. In the event of an adverse outcome in any litigation, we may be required to pay substantial damages, including enhanced damages for willful infringement, and incur significant attorneys' fees, as well as indemnify customers for damages they might suffer if the products they purchase from us infringe intellectual property rights of others. We could also be required to stop our manufacture, use, sale or importation of infringing products, expend significant resources to develop or acquire non-infringing technology, discontinue the use of some processes, or obtain licenses to intellectual property rights covering products and technology that we may, or have been found to, infringe or misappropriate such intellectual property rights.

Our products may contain defects that could affect our results of operations.

Our products may contain undetected errors or defects. Such problems may cause delays in product introductions and shipments, result in increased costs and diversion of development resources, cause us to incur increased charges due to obsolete or unusable inventory, require design modifications, or decrease market acceptance or customer satisfaction with these products, which could result in loss of sales or product returns. In addition, we may not find defects or failures in our products until after commencement of commercial shipments, which may result in loss or delay in market acceptance that could significantly harm our operating results. Our current or potential customers also might seek to recover from us any losses resulting from defects or failures in our products; further, such claims might be significantly higher than the revenues and profits we receive from those of our products involved as we are usually a component supplier with limited value content relative to the value of a complete system or sub-system. In most cases we have contractual provisions in our customer contracts that seek to limit our liability to the replacement of the defective parts shipped. Nonetheless, liability claims could require us to spend significant time and money in litigation or to pay significant damages for which we may have insufficient insurance coverage. Any of these claims, whether or not successful, could seriously damage our reputation and business.

If we fail to attract and retain qualified personnel, our business may be harmed.

Our performance is substantially dependent on the performance of our executive officers and key employees. The loss of the services of key officers, technical personnel or other key employees could harm the business. Our success depends on our ability to identify, hire, train, develop and retain highly qualified technical and managerial personnel. Failure to attract and retain the necessary technical and managerial personnel could harm us.

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

We compete in the high performance segment of the linear integrated circuit market. Our competitors include among others, Analog Devices, Inc., Intersil, Maxim Integrated Products, Inc. and Texas Instruments, Inc. Competition among manufacturers of linear integrated circuits is intense, and certain of our competitors have significantly greater financial, technical, manufacturing and marketing resources than us. The principal elements of competition include product performance, functional value, quality and reliability, technical service and support, price, diversity of product line and delivery capabilities. We believe we compete favorably with respect to these factors, although we may be at a disadvantage in comparison to larger companies with broader product lines and greater technical service and support capabilities.

Environmental liabilities could force us to expend significant capital and incur substantial costs.

Federal, state and local regulations impose various environmental controls on the storage, use, discharge and disposal of certain chemicals and gases used in semiconductor processing. Our facilities have been designed to comply with these regulations, and we believe that our activities conform to present environmental regulations. Increasing public attention has, however, been focused on the environmental impact of electronics manufacturing operations. While we to date have not experienced any materially adverse business effects from environmental regulations, there can be no assurance that changes in such regulations will not require us to acquire costly remediation equipment or to incur substantial expenses to comply with such regulations. Any failure by us to control the storage, use or disposal of, or adequately restrict the discharge of hazardous substances could subject us to significant liabilities.

We are subject to a variety of domestic and international laws and regulations, including the use of "conflict minerals", U.S. Customs and Export Regulations and the Foreign Corrupt Practices Act.

As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Act"), the SEC has promulgated disclosure requirements regarding the use of certain minerals (tantalum, tin, tungsten and gold), which are mined from the Democratic Republic of Congo and adjoining countries, known as conflict minerals. Certain of the Company's products contain gold, tungsten and tin. As a result of the Act, the Company must annually publicly disclose whether it manufactures (as defined in the Act) any products that contain conflict minerals. Additionally, customers typically rely on the Company to provide critical data regarding the parts they purchase, including conflict mineral information. The Company's material sourcing is broad-based and multi-tiered, and it is difficult to verify the origins for conflict minerals used in the products it sells. The Company has many suppliers and each provides conflict mineral information in a different manner, if at all. Accordingly, because the supply chain is complex, the Company may face reputational challenges if it is unable to sufficiently verify the origins of conflict minerals used in its products. Additionally, customers may demand that the products they purchase be free of conflict minerals. This may limit the number of suppliers that can provide products in sufficient quantities to meet customer demand or at competitive prices.

Among other laws and regulations, the Company is also subject to U.S. Customs and Export Regulations, including U.S. International Traffic and Arms Regulations and similar laws, which collectively control import, export and sale of technologies by companies and various other aspects of the operation of the Company's business, and the Foreign Corrupt Practices Act and similar anti-bribery laws, which prohibit companies from making improper payments to government officials for the purposes of obtaining or retaining business. While the Company's policies and procedures mandate compliance with such laws and regulations, there can be no assurance that the Company's employees and agents will always act in strict compliance. Failure to comply with such laws and regulations may result in civil and criminal enforcement, including monetary fines and possible injunctions against shipment of product or other activities of the Company, which could have a material adverse impact on the Company's results of operations and financial condition.

Our financial results may be adversely affected by increased tax rates and exposure to additional tax liabilities.

As a global company, our effective tax rate is highly dependent upon the geographic composition of our worldwide earnings and tax regulations governing each region. We are subject to income taxes in both the United States and various foreign jurisdictions, and significant judgment is required to determine worldwide tax liabilities. We have a partial tax holiday through July 2015 in Malaysia which we expect to extend if certain conditions are met and a partial tax holiday in Singapore through August 2019. Our effective tax rate as well as the actual tax ultimately payable could be adversely affected by changes in the split of earnings between countries with differing statutory tax rates, in the valuation of deferred tax assets, in tax laws or by material audit assessments, which could affect our profitability. In addition, the amount of income taxes we pay is subject to ongoing audits in various jurisdictions, and a material assessment by a governing tax authority could affect our profitability. Finally, jurisdictions could change their tax regulations to include profits that were previously exempt.

We have not provided for U.S. federal and state income taxes on a portion of our undistributed earnings of our non-U.S. subsidiaries that are considered permanently reinvested outside the United States. If in the future we decide to repatriate such foreign earnings to fund U.S. operations, we would incur incremental U.S. federal and state income taxes. However, it is our intent to keep these funds permanently reinvested outside of the United States and current plans do not demonstrate a need to repatriate them to fund our U.S. operations.

Our stock price may be volatile.

The trading price of our common stock may be subject to wide fluctuations. Our stock price may fluctuate in response to a number of events and factors, such as general United States and world economic and financial conditions, our own quarterly variations in operating results, announcements of technological innovations or new products by us or our competitors, changes in financial estimates and recommendations by securities analysts, the operating and stock price performance of other companies that investors may deem comparable to us, the hedging of our common stock and other derivative transactions by third parties, and new reports relating to trends in our markets or those of our customers. Additionally, lack of positive performance in our stock price may adversely affect our ability to retain key employees.

The stock market in general, and prices for companies in our industry in particular, has experienced extreme volatility that often has been unrelated to the operating performance of a particular company. These broad market and industry fluctuations may adversely affect the price of our common stock, regardless of our operating performance.

Our certificate of incorporation and by-laws include anti-takeover provisions that may enable our management to resist an unwelcome takeover attempt by a third party.

Our organizational documents and Delaware law contain provisions that might discourage, delay or prevent a change in control of our company or a change in our management. Our Board of Directors may also choose to adopt further anti-takeover measures without stockholder approval. The existence and adoption of these provisions could adversely affect the voting power of holders of common stock and limit the price that investors might be willing to pay in the future for shares of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

At June 29, 2014, the Company owned the major facilities described below:

No. of Bldgs	Location	Total Sq. Ft	Use
6	Milpitas, California	430,000	Executive and administrative offices, wafer fabrication, test and assembly operations, research and development, sales and marketing, and warehousing and distribution
1	Camas, Washington	105,000	Wafer fabrication
1	Chelmsford, Massachusetts	30,000	Research and development; sales and administration
1	Colorado Springs, Colorado	20,000	Research and development
1	Auburn, New Hampshire	20,000	Research and development
1	Raleigh, North Carolina	20,000	Research and development; sales and administration
2	Singapore (A)	260,000	Test and packaging operations, warehousing and distribution, research and development, and sales and administration
1	Malaysia (B)	338,000	Assembly operations, research and development

(A) Leases on the land used for this facility expire in 2021 through 2022 with an option to extend the lease for an additional 30 years.

(B) Leases on the land used for this facility expire in 2054 through 2057.

The Company leases design facilities located in: Burlington, Vermont; Santa Barbara, California; Grass Valley, California; Phoenix, Arizona; Dallas, Texas; Munich, Germany; and Hangzhou, China. The Company leases sales offices in the United States in the areas of Chicago, Cleveland, Minneapolis, Philadelphia, Sacramento, San Jose, Denver, Portland, Seattle, Austin, Irvine, Los Angeles and San Diego; and internationally in London, Stockholm, Helsinki, Dortmund, Munich, Stuttgart, Paris, Milan, Sydney, Tokyo, Nagoya, Osaka, Taipei, Singapore, Seoul, Hong Kong, Beijing, Shanghai, Shenzhen, Chengdu, Xian, Wuhan and Bangalore. See Note 11 of Notes to Consolidated Financial Statements contained in this Form 10-K. The Company believes that its existing facilities are suitable and adequate for its business purposes through fiscal year 2014.

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business on a wide range of matters, including, among others, patent suits and employment claims. The Company does not believe that any such current suits will have a material impact on its business or financial condition. However, current lawsuits and any future lawsuits will divert resources and could result in the payment of substantial damages.

ITEM 4. MINE SAFETY DISCLOSURES

None

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The information required by this item regarding equity compensation plans is incorporated by reference to the information set forth in Item 12 of this Form 10-K.

The following table sets forth certain information with respect to common stock purchased by the Company for the three-month period ended June 29, 2014. For the majority of restricted stock awards and units granted, the number of shares issued on the date the restricted stock awards and units vest is net of the minimum statutory tax withholding requirements that the Company pays in cash to the appropriate taxing authorities on behalf of its employees. These withheld shares are not

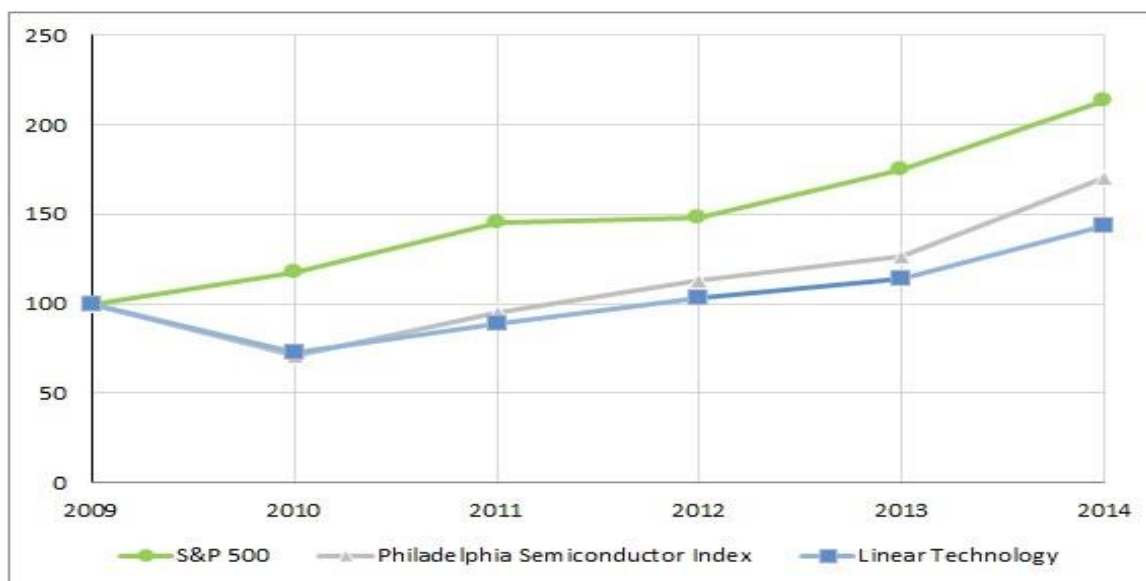
included in the common stock repurchase totals in the following table, even though they are treated as common stock repurchases in our financial statements because they reduce the number of shares that would have been issued upon vesting.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs (1)
Month #1 (March 31, 2014 – April 27, 2014)	—	\$ —	—	7,613,980
Month #2 (April 28, 2014 - May 25, 2014)	650,000	44.55	650,000	6,963,980
Month #3 (May 26, 2014 – June 29, 2014)	—	—	—	6,963,980
Total	<u>650,000</u>	<u>\$ 44.55</u>	<u>650,000</u>	<u>6,963,980</u>

(1) On October 16, 2012, the Company's Board of Directors authorized the Company to purchase up to 10.0 million shares of its outstanding common stock in the open market over a two-year time period.

Stock Performance Graph

The following graph presents a comparison of the cumulative total stockholder return on the Company's stock with the cumulative total return of the S&P 500 and the Philadelphia Semiconductor Index for the period of five years commencing June 28, 2009 and ending June 29, 2014. The graph assumes that \$100 was invested on June 28, 2009 in each of Linear Technology common stock, the S&P 500 Index, and the Philadelphia Semiconductor Index.



ITEM 6. SELECTED FINANCIAL DATA

FIVE FISCAL YEARS ENDED June 29, 2014

	2014	2013	2012	2011	2010
<i>In thousands, except per share amounts</i>					
Income statement information					
Revenues	\$ 1,388,386	\$ 1,282,236	\$ 1,266,621	\$ 1,483,962	\$ 1,169,988
Net income	459,961	406,925	398,111	580,782	361,341
Basic earnings per share	\$ 1.91	\$ 1.72	\$ 1.71	\$ 2.52	\$ 1.59
Diluted earnings per share	1.90	1.71	1.70	2.50	1.58
Weighted average shares outstanding – Basic	240,498	236,703	233,013	230,806	227,723
Weighted average shares outstanding – Diluted	242,551	237,753	234,298	232,772	228,860
Balance sheet information					
Cash, cash equivalents and marketable securities	\$ 1,012,787	\$ 1,524,741	\$ 1,203,059	\$ 922,537	\$ 958,069
Total assets	1,655,578	2,098,341	1,851,068	1,594,066	1,590,718
Convertible senior notes	—	826,629	805,599	785,732	1,159,886
Cash dividends per share	\$ 1.06	\$ 1.02	\$ 0.98	\$ 0.94	\$ 0.90

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Linear Technology Corporation, 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 over 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.

Quarterly revenues of \$365.4 million for the fourth quarter of fiscal year 2014 increased \$17.4 million or 5.0% over the previous quarter's revenue of \$348.0 million and increased \$38.2 million or 11.7% over \$327.3 million reported in the fourth quarter of fiscal year 2013. Net income of \$129.7 million increased \$12.1 million or 10.3% over the third quarter of fiscal year 2014 and increased \$27.8 million or 27.3% over the fourth quarter of fiscal year 2013. Diluted earnings per share of \$0.53 per share in the fourth quarter of fiscal year 2014 increased \$0.05 per share or 10.4% over the third quarter of fiscal year 2014 and increased \$0.10 per share or 23.3% over the fourth quarter of fiscal year 2013.

Revenue for fiscal year 2014 was \$1,388.4 million, an increase of 8.3% or \$106.2 million over revenue of \$1,282.2 million in the prior fiscal year. Net income of \$460.0 million for fiscal year 2014 increased \$53.0 million or 13.0% over \$406.9 million reported in the previous fiscal year. The results for fiscal year 2014 benefited from lower interest expense as a result of the Convertible Senior Note conversion in May 2014 offset by a slightly higher effective tax rate of 23.5% compared to 23.1% in fiscal year 2013. Diluted earnings per share for fiscal year 2014 was \$1.91, an increase of \$0.19 per share or 11.1% over the prior fiscal year.

Critical Accounting Policies

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States, which require it to make estimates and judgments that significantly affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Company regularly evaluates these estimates, including those related to inventory valuation, revenue recognition and income taxes. These estimates are based on historical experience and on assumptions that are believed by management to be reasonable under the circumstances. Actual results may differ from these estimates, which may impact the carrying values of assets and liabilities.

The Company believes the following critical accounting policies affect the more significant judgments and estimates used in the preparation of the Company's consolidated financial statements.

Revenue Recognition

The Company recognizes revenues when the earnings process is complete, when persuasive evidence of an arrangement exists, the product has been delivered, the price is fixed and determinable and collection is reasonably assured. During fiscal years 2014 and 2013, the Company recognized approximately 15% of net revenues from domestic distributors that are recognized under agreements which provide for certain sales price rebates and limited product return privileges. Given the uncertainties associated with the levels of pricing rebates, the ultimate sales price on domestic distributor sales transactions is not fixed or determinable until domestic distributors sell the merchandise to the end-user. At the time of shipment to domestic distributors, the Company records a trade receivable and deferred revenue at the distributor purchasing price since there is a legally enforceable obligation from the distributor to pay for the products delivered. The Company relieves inventory as title has passed to the distributor and recognizes deferred cost of sales in the same amount. "Deferred income on shipments to distributors" represents the difference between deferred revenue and deferred cost of sales and is recognized as a current liability until such time as the distributor confirms a final sale to its end customer. At June 29, 2014, the Company had approximately \$56.8 million of deferred revenue and \$11.2 million of deferred cost of sales recognized as \$45.6 million of "Deferred income on shipments to distributors." At June 30, 2013, the Company had approximately \$54.8 million of deferred revenue and \$10.7 million of deferred cost of sales recognized as \$44.1 million of "Deferred income on shipments to distributors." The Company believes that its deferred costs of revenues have limited risk of material impairment, as the Company offers stock rotation privileges to distributors (up to 3% to 5% of quarterly purchases) which enable distributors to rotate slow moving inventory. In addition, stock rotated inventory that is returned to the Company is generally resalable. The Company reviews distributor ending on-hand inventory balances, as well as orders placed on the Company to ensure that distributors are not overstocking parts and are ordering to forecasted demand. To the extent the Company were to

have a significant reduction in distributor price or grant significant price rebates, there could be a material impact on the ultimate revenue and gross profit recognized. The price rebates that have been remitted back to distributors have ranged from \$2.7 million to \$4.2 million per quarter.

The Company's sales to international distributors are made under agreements which permit limited stock return privileges but not sales price rebates. Revenue on these sales is recognized upon shipment at which time title passes. The Company has reserves to cover expected product returns. If product returns for a particular fiscal period exceed or are below expectations, the Company may determine that additional or less sales return allowances are required to properly reflect its estimated exposure for product returns. Generally, changes to sales return allowances have not had a significant impact on operating margin.

Inventory Valuation

The Company values inventories at the lower of cost or market. The Company records charges to write-down inventories for unsalable, excess or obsolete raw materials, work-in-process and finished goods. Newly introduced parts are generally not valued until success in the market place has been determined by a consistent pattern of sales and backlog among other factors. The Company arrives at the estimate for newly released parts by analyzing sales and customer backlog against ending inventory on hand. The Company reviews the assumptions on a quarterly basis and makes decisions with regard to inventory valuation based on the current business climate. In addition to write-downs based on newly introduced parts, judgmental assessments are calculated for the remaining inventory based on salability, obsolescence, historical experience and current business conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required that could adversely affect operating results. If actual market conditions are more favorable, the Company may have higher gross margins when products are sold. Sales to date of such products have not had a significant impact on gross margin.

Income Taxes

The Company must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, tax benefits and deductions and in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. Significant changes to these estimates may result in an increase or decrease to the tax provision in a subsequent period.

The calculation of the Company's tax liabilities involves uncertainties in the application of complex tax regulations. The Company recognizes liabilities for uncertain tax positions based on the two-step process prescribed in the authoritative accounting literature. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as the Company has to determine the probability of various possible outcomes. The Company reevaluates these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision. Refer to Note 11 of Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for a discussion of current tax matters.

Results of Operations

The table below presents the income statement items as a percentage of revenues and provides the percentage change of such items in dollars compared to the prior fiscal year amount.

	Fiscal Year Ended			Percentage Change	
	June 29, 2014	June 30, 2013	July 1, 2012	2014 Over 2013	2013 Over 2012
Revenues	100.0 %	100.0 %	100.0 %	8 %	1 %
Cost of sales	24.4	25.2	24.7	5	3
Gross margin	75.6	74.8	75.3	9	1
Expenses:					
Research & development	18.0	18.3	17.7	6	5
Selling, general & administrative	11.5	11.8	11.7	5	3
	29.5	30.1	29.4	6	4
Operating margin	46.1	44.7	45.9	12	(2)
Interest expense	(3.0)	(3.8)	(3.8)	(15)	(2)
Acquisition related costs	—	—	(0.2)	—	—
Interest and other income	0.2	0.3	0.4	(34)	(11)
Income before income taxes	43.3 %	41.2 %	42.3 %	14	(1)
Tax rate	23.5 %	23.1 %	25.7 %		

Fiscal year 2014 revenues of \$1,388 million increased \$106.2 million or 8% over revenues of \$1,282 million in fiscal year 2013. Fiscal year 2014 revenues increased over the prior fiscal year due to increases in revenues in the Industrial, Automotive, Communication and Consumer end-markets partially offset by lower revenues in the Computer and Military end-markets. The Company continues to reduce its exposure to the Consumer and cell-phone end-markets in favor of the Industrial, Automotive, Communication infrastructure and Military end-markets. The Company's bookings in the Industrial, Automotive, Communication infrastructure, and Military end-markets in aggregate were 88% of bookings in fiscal year 2014, as compared to 86% of bookings for fiscal year 2013 and 84% in fiscal 2012.

Revenues in fiscal year 2014 increased over the prior fiscal year due to an increase in the number of units shipped while the average selling price ("ASP") remained flat. The number of units shipped in fiscal year 2014 increased 9% to 753.8 million units over 691.0 million units in the fiscal year 2013. The ASP of \$1.84 per unit in fiscal years 2014 was flat compared to fiscal year 2013.

Revenues in fiscal year 2014 increased in each major geographic region. International revenues were \$1,010.3 million or 73% of revenues in fiscal year 2014, an increase of \$97.8 million over international revenues of \$912.5 million or 71% of revenues in the previous fiscal year. Internationally, sales to Rest of World ("ROW") represented \$520.3 million or 38% of revenues, while sales to Europe and Japan were \$267.2 million or 19% of revenues and \$222.8 million or 16% of revenues, respectively. Domestic revenues were \$378.1 million or 27% of revenues in fiscal year 2014, an increase of \$8.4 million over domestic revenues of \$369.7 million or 29% of revenues in fiscal year 2013.

Fiscal year 2013 revenues of \$1,282 million increased \$15.6 million or 1% over revenues of \$1,267 million in fiscal year 2012. Fiscal year 2013 revenues increased over the prior fiscal year due to increases in revenues in the Industrial and Automotive end-markets partially offset by lower revenues in the Communication and Consumer end-markets. The Company's Computer and Military end-market revenues were generally unchanged from the prior year. The Company's bookings in the Industrial, Automotive, Communication infrastructure, and Military end-markets in aggregate were 86% of bookings in fiscal year 2013, as compared to 82% of bookings for fiscal year 2011, 76% in fiscal 2010, and 64% in fiscal 2005.

Revenues in fiscal year 2013 increased over the prior fiscal year due to an increase in the ASP while the number of units shipped was down slightly. The ASP for fiscal year 2013 increased \$0.03 or 2% to \$1.84 per unit in fiscal year 2013 over \$1.81 per unit in fiscal year 2012. The number of units shipped was down slightly to 691.0 million units in fiscal year 2013 from 692.1 million units in the fiscal year 2012.

Geographically, revenues in fiscal year 2013 increased in ROW and the United States offset by decreases in Japan and Europe. International revenues were \$912.5 million or 71% of revenues in fiscal year 2013, an increase of \$12.4 million over international revenues of \$900.1 million or 71% of revenues in the previous fiscal year. Internationally, sales to ROW represented \$486.8 million or 38% of revenues, while sales to Europe and Japan were \$235.3 million or 18% of revenues and \$190.4 million or 15% of revenues, respectively. Domestic revenues were \$369.7 million or 29% of revenues in fiscal year 2013, an increase of \$3.2 million over domestic revenues of \$366.5 million or 29% of revenues in fiscal year 2012.

Gross profit for fiscal year 2014 was \$1,049.8 million, an increase of \$90.1 million or 9% over gross profit of \$959.7 million in fiscal year 2013. Gross margin increased to 75.6% in fiscal year 2014 as compared to 74.8% in fiscal year 2013. The increase in gross margin in fiscal year 2014 was primarily due to spreading fixed costs over a higher sales base.

Gross profit for fiscal year 2013 was \$959.7 million, an increase of \$5.6 million or 1% over gross profit of \$954.1 million in fiscal year 2012. Gross margin decreased to 74.8% in fiscal year 2013 as compared to 75.3% in fiscal year 2012. The decrease in gross margin in fiscal year 2013 was primarily due to a slight change in mix of products sold and higher factory costs primarily due to stronger foreign currencies partially offset by slightly higher ASP's and lower royalty costs.

Research and development ("R&D") expense for fiscal year 2014 was \$250.4 million, an increase of \$15.2 million or 6% over R&D expense of \$235.2 million in fiscal year 2013. The increase in R&D expense was primarily due to an \$8.0 million increase in compensation costs as a result of increases in headcount, annual salary increases and increases in related fringe benefit costs. In addition, employee profit sharing increased \$4.5 million and employee stock-based compensation costs increased \$0.7 million. Other R&D expense increased \$2.0 million primarily due to patent fees and travel costs.

R&D expense for fiscal year 2013 was \$235.2 million, an increase of \$10.7 million or 5% over R&D expense of \$224.5 million in fiscal year 2012. The increase in R&D expense was primarily due to a \$6.3 million increase in compensation costs due to increased headcount from the acquisition of Dust Networks ("Dust") that occurred at the end of the second quarter of fiscal 2012, annual salary increases and increases in related fringe benefit costs. In addition, stock-based compensation costs increased \$1.5 million and employee profit sharing increased \$0.6 million. Other R&D expense increased \$2.3 million primarily due to \$1.6 million in intangible asset amortization and retention bonus costs related to the Dust acquisition as well as an increase in mask costs of \$0.6 million.

Selling general and administrative ("SG&A") expense for fiscal year 2014 was \$159.6 million, an increase of \$8.2 million or 5% over SG&A expense of \$151.4 million in fiscal year 2013. The increase in SG&A expense was primarily due to a \$4.8 million increase in compensation costs primarily due to annual salary increases, commission costs and increases in related fringe benefit costs. In addition, employee profit sharing increased \$3.5 million and employee stock-based compensation increased \$0.4 million. These increases were partially offset by a \$0.5 million decrease in other SG&A expenses primarily due to lower legal expenses.

SG&A expense for fiscal year 2013 was \$151.4 million, an increase of \$3.8 million or 3% over SG&A expense of \$147.6 million in fiscal year 2012. The increase in SG&A expense was primarily due to a \$3.2 million increase in compensation costs primarily due to annual salary increases and increases in related fringe benefit costs. In addition, employee profit sharing increased \$0.8 million and employee stock-based compensation increased \$0.8 million. Other SG&A expense decreased \$1.0 million primarily due to lower legal expenses.

Interest expense for fiscal year 2014 was \$41.2 million, a decrease of \$7.1 million from \$48.3 million in fiscal year 2013 due to the May 1, 2014 conversion of the Company's 3.00% Convertible Senior Notes ("Notes"). As a result of the conversion, holders of the Notes received the principal amount of \$845.1 million in cash. The remaining conversion premium was settled in shares of the Company's common stock totaling approximately 2.9 million shares. There was no gain or loss recognized as a result of the conversion.

Interest expense for fiscal year 2013 was \$48.3 million, an increase of \$0.8 million over \$47.5 million in fiscal year 2012 primarily due to higher non-cash interest expense from the amortization of the discount on the Notes.

Interest and other income for fiscal year 2014 was \$2.7 million, a decrease of \$1.4 million or 34% from interest and other income of \$4.1 million in fiscal year 2013. Interest income decreased primarily due to a decrease in the average interest rate earned on the Company's cash, cash equivalents and marketable securities balance and due to lower cash, cash equivalent and marketable securities balances as a result of the cash conversion of \$845.1 million of the Notes on May 1, 2014.

Interest and other income for fiscal year 2013 was \$4.1 million, a decrease of \$0.5 million or 11% from interest and other income of \$4.6 million in fiscal year 2012. Interest income decreased due to a lower average interest rate earned on the Company's cash, cash equivalents and marketable securities balances partially offset by higher cash, cash equivalents and marketable securities balances.

The Company's effective income tax rate was 23.5% in fiscal year 2014 compared to 23.1% in fiscal year 2013. The increase in the effective income tax rate from the prior year periods was primarily due to the expiration of the Federal Research and Development Tax Credit ("R&D Tax Credit") that had occurred on December 31, 2013. Accordingly, the annual effective tax rate for fiscal 2014 includes the benefit of the R&D Tax Credit for six months. Excluding quarterly discrete tax adjustments, the Company estimates that its annual effective income tax rate for fiscal 2015 will be in the range of 25.5% to 26.5%.

The Company's effective income tax rate was 23.1% in fiscal year 2013 compared to 25.7% in fiscal year 2012. The decrease in the effective tax rate from fiscal year 2012 to fiscal year 2013 was primarily due to discrete tax benefits recognized in the third quarter of fiscal year 2013. During fiscal 2013, the Company's annual effective tax rate was positively impacted by the reinstatement of the federal R&D tax credit legislation commencing with the third quarter of fiscal 2013, which resulted in a discrete tax benefit of \$4.5 million. In addition, the Company recognized a \$6.1 million discrete tax benefit in the third quarter primarily for the reversal of estimated liabilities for uncertain tax positions for the expiration of open tax years (i.e. fiscal years that are no longer subject to IRS audit).

The Company's effective tax rate is lower than the federal statutory rate of 35% as a result of lower tax rates on the earnings of its wholly-owned foreign subsidiaries, principally in Singapore and Malaysia. The Company has a partial tax holiday in Singapore through August 2019 and a partial tax holiday through July 2015 in Malaysia, which the Company expects to extend if certain conditions are met. In addition, the Company receives tax benefits as a domestic manufacturer and from R&D tax credits when that benefit is in effect.

Factors Affecting Future Operating Results

Except for historical information contained herein, the matters set forth in this Annual Report on Form 10-K, including the statements in the following paragraphs, are forward-looking statements that are dependent on certain risks and uncertainties including such factors, among others, as the timing, volume and pricing of new orders received and shipped during a fiscal period, timely ramp-up of new facilities, the timely introduction of new processes and products; increases in costs associated with utilities, transportation and raw materials; currency fluctuations; the effects of adverse economic and financial conditions in the United States and throughout the world; and other factors described below and in "Item 1A – Risk Factors" section of this Annual Report on Form 10-K.

Quarterly revenues of \$365.4 million for the fourth quarter of fiscal year 2014 increased \$17.4 million or 5.0% sequentially over the third quarter of fiscal year 2014 due to increased revenues in each of the Company's end-markets over the preceding sequential quarter led by the Industrial end-market. The Company maintained industry leading gross margin and operating margin, which increased to 76% and 47%, respectively. During the fourth quarter the Company converted with internally generated funds its outstanding Notes with a principal value of \$845.1 million, which led to lower interest expense for the period.

The Company believes it has good momentum heading into the new fiscal year and the book to bill ratio for the quarter was positive and improved over the previous quarter. The Company is in a good position to grow in the core end-markets it serves and has the innovative products to take advantage of its positioning. Historically, the Company's first fiscal quarter is a seasonally weaker period, but given the current bookings levels and backlog the Company is currently forecasting revenue growth in its first quarter of fiscal year 2015 of 1% to 3% sequentially over the prior quarter which would be 8% to 11% on an annual basis over the same quarter in the prior fiscal year.

Liquidity and Capital Resources

At June 29, 2014, cash, cash equivalents and marketable securities totaled \$1,012.8 million, a decrease of \$512.0 million from the June 30, 2013 balance. The decrease was primarily due to the conversion of \$845.1 million principal amount of the Company's Notes on May 1, 2014; the payment of cash dividends of \$255.3 million, representing \$1.06 per share for fiscal year 2014; \$81.8 million to purchase common stock, of which \$54.3 million was used to purchase 1.3 million shares of the Company's common stock in the open market and \$27.5 million was used to purchase 0.6 million shares to satisfy minimum statutory withholding requirements related to the vesting of employee restricted stock awards. Working capital at June 29, 2014 was \$1,149.6 million.

The Company's accounts receivable balance of \$173.3 million at the end of fiscal year 2014 increased \$28.0 million over the June 30, 2013 balance of \$145.3 million. The increase is primarily due to higher shipments in the fourth quarter of fiscal year 2014 as compared to the fourth quarter of fiscal year 2013. Inventory totaled \$91.3 million at the end of the fourth quarter of fiscal year 2014, an increase of \$4.1 million over the prior year fourth quarter balance. The increase in inventory was primarily due to an increase in the Company's work in process inventory, primarily diebank. The Company maintains a relatively high quantity of diebank inventory, which are unpackaged integrated circuits in wafer form, to maintain low lead-times on customer orders. Current deferred tax assets increased \$46.3 million over the fourth quarter of fiscal year 2013. In the prior fiscal year deferred tax assets were netted against deferred tax liabilities arising from the Notes. As a result of the conversion of the Notes on May 1, 2014 the Company's related current deferred tax liabilities arising from the Notes were partially reclassified to income taxes payable and the balance was charged against additional paid-in capital as required.

Net property, plant and equipment decreased \$11.4 million from the fourth quarter of fiscal year 2013 due to \$49.1 million of depreciation expense offset by fixed assets additions of \$37.7 million. Fixed asset additions of \$37.7 million were made primarily to increase production at the Company's Singapore and Penang facilities.

Convertible Senior Notes-current portion decreased \$826.6 million due to the conversion of the 3.00% Convertible Senior Notes on May 1, 2014. As a result of the conversion, holders of the Notes received the principal amount of \$845.1 million in cash. The remaining conversion premium was settled in shares of the Company's common stock totaling approximately 2.9 million shares. There was no gain or loss recognized as a result of the conversion.

As of June 29, 2014, the Company has not provided for U.S. federal and state income taxes on approximately \$852 million which pertain to a portion of the undistributed earnings of non-U.S. subsidiaries, since such earnings are considered permanently reinvested outside the United States. If in the future the Company decides to repatriate such foreign earnings, the Company would incur incremental U.S. federal and state income taxes. However, the Company's intent is to keep these funds permanently reinvested outside of the United States and current plans do not demonstrate a need to repatriate them to fund U.S. operations.

In July 2014, the Company's Board of Directors declared a cash dividend of \$0.27 per share. The \$0.27 per share dividend will be paid on August 27, 2014 to stockholders of record on August 15, 2014. The payment of future dividends will be based on financial performance.

Historically, the Company has satisfied its liquidity needs through cash generated from operations. Given its financial condition and historical operating performance, the Company believes that current capital resources and cash generated from operating activities should be sufficient to meet its liquidity and capital expenditures for the foreseeable future.

On October 23, 2013, the Company entered into a \$100.0 million credit agreement by and between the Company and Wells Fargo Bank, National Association (the "Credit Agreement"). The Company entered into the Credit Agreement to enhance cash deployment flexibility in connection with the conversion of its Notes and potential onshore cash requirements post conversion. Presently, the Company has not utilized the Credit Agreement. For further information on the credit facility see Note 8 of Notes to Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

On May 28, 2014, the Financial Accounting Standard Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 Revenue from Contracts with Customers (Topic 606), which will supersede most existing revenue recognition guidance under current US General Accepted Accounting Principles ("GAAP"). The new standard will become effective for the first annual fiscal period beginning after December 15, 2016; accordingly, the standard is effective for the Company beginning in fiscal year 2018, with no option to early adopt under US GAAP. The core principle of ASU No. 2014-09 is that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASU No. 2014-09 provides for one of the two methods of transition: retrospective application to each prior period presented; or recognition of the cumulative effect of retrospective application of the new standard in the period of initial application. The Company is currently evaluating the impact of ASU No. 2014-09 on its consolidated financial statements and which transition method to elect.

Contractual Obligations

The following table summarizes the Company's significant contractual obligations at June 29, 2014 and the effect such obligations are expected to have on the Company's liquidity and cash flows in future periods.

(In thousands)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 and thereafter
Operating lease obligations (1)	\$ 2,762	\$ 2,235	\$ 1,154	\$ 764	\$ 1,535
\$100.0 million Credit Agreement (2)	—	—	—	—	—
Total	<u>\$ 2,762</u>	<u>\$ 2,235</u>	<u>\$ 1,154</u>	<u>\$ 764</u>	<u>\$ 1,535</u>

- (1) The Company leases some of its facilities under noncancelable operating leases that expire at various dates through fiscal 2057. See Note 11 of Notes to Consolidated Financial Statement contained in this Form 10-K for additional information about operating leases.
- (2) During the second quarter of fiscal year 2014, the Company entered into a credit agreement with Wells Fargo Bank, National Association providing for a \$100.0 million unsecured revolving line of credit. Presently, the Company has not utilized the Credit Agreement.

Off-Balance Sheet Arrangements

As of June 29, 2014, the Company had no off-balance sheet financing arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's cash equivalents and marketable securities are subject to market risk, primarily interest rate and credit risk. The Company's investments are managed by outside professional managers within investment guidelines set by the Company. Such guidelines include security type, credit quality and maturity and are intended to limit market risk by restricting the Company's investments to high quality debt instruments with relatively short-term maturities. The Company does not use derivative financial instruments in its investment portfolio. Based upon the weighted average duration of the Company's investments at June 29, 2014, a hypothetical 100 basis point increase in short-term interest rates would result in an unrealized loss in market value of the Company's investments totaling approximately \$9.2 million. However, because the Company's debt securities are classified as available-for-sale, no gains or losses are recognized by the Company in its results of operations due to changes in interest rates unless such securities are sold prior to maturity. These investments are reported at fair value with the related unrealized gains or losses reported in accumulated other comprehensive income, a component of stockholders' deficit. The Company generally holds securities until maturity.

The Company's sales outside the United States are transacted in U.S. dollars; accordingly, the Company's sales are not generally impacted by foreign currency rate changes.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

LINEAR TECHNOLOGY CORPORATION CONSOLIDATED STATEMENTS OF INCOME (in thousands, except per share amounts)

THREE YEARS ENDED JUNE 29, 2014	2014	2013	2012
Revenues	\$ 1,388,386	\$ 1,282,236	\$ 1,266,621
Cost of sales ⁽¹⁾	338,580	322,516	312,539
Gross profit	1,049,806	959,720	954,082
Expenses:			
Research and development ⁽¹⁾	250,434	235,184	224,467
Selling, general and administrative ⁽¹⁾	159,642	151,382	147,579
Total operating expenses	410,076	386,566	372,046
Operating income	639,730	573,154	582,036
Interest expense ⁽²⁾	(41,168)	(48,343)	(47,517)
Acquisition related costs	—	—	(3,195)
Interest income and other income	2,706	4,070	4,586
Income before income taxes	601,268	528,881	535,910
Provision for income taxes	141,307	121,956	137,799
Net income	\$ 459,961	\$ 406,925	\$ 398,111
Basic earnings per share	\$ 1.91	\$ 1.72	\$ 1.71
Shares used in the calculation of basic earnings per share	240,498	236,703	233,013
Diluted earnings per share	\$ 1.90	\$ 1.71	\$ 1.70
Shares used in the calculation of diluted earnings per share	242,551	237,753	234,298
Cash dividends per share	\$ 1.06	\$ 1.02	\$ 0.98

Includes the following non-cash charges:

⁽¹⁾ Stock-based compensation

Cost of sales	\$ 8,074	\$ 7,912	\$ 7,579
Research and development	37,624	36,904	35,389
Selling, general and administrative	19,430	19,049	18,257

⁽²⁾ Amortization of debt discount (non-cash interest expense)

18,458	21,029	19,868
--------	--------	--------

See accompanying notes.

LINEAR TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In thousands)

<u>THREE YEARS ENDED JUNE 29, 2014</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net income	\$ 459,961	\$ 406,925	\$ 398,111
Other comprehensive income, net of tax:			
Net changes in unrealized gains (losses) on available-for-sale securities	<u>621</u>	<u>(431)</u>	<u>(965)</u>
Total comprehensive income	<u>\$ 460,582</u>	<u>\$ 406,494</u>	<u>\$ 397,146</u>

LINEAR TECHNOLOGY CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

JUNE 29, 2014 AND JUNE 30, 2013	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 157,323	\$ 126,650
Marketable securities	855,464	1,398,091
Accounts receivable, net of allowance for doubtful accounts of \$1,653 (\$1,891 in 2013)	173,340	145,274
Inventories:		
Raw materials	10,544	9,348
Work-in-process	62,695	59,532
Finished goods	18,071	18,349
Total inventories	91,310	87,229
Deferred tax assets	46,294	—
Prepaid expenses and other current assets	40,982	36,646
Total current assets	1,364,713	1,793,890
Property, plant and equipment, at cost:		
Land	28,837	28,837
Buildings and improvements	237,809	235,748
Manufacturing and test equipment	681,071	651,194
Office furniture and equipment	6,028	5,494
	953,745	921,273
Accumulated depreciation and amortization	(676,665)	(632,807)
Net property, plant and equipment	277,080	288,466
Identified intangible assets, net and goodwill	13,785	15,985
Total noncurrent assets	290,865	304,451
Total assets	<u>\$ 1,655,578</u>	<u>\$ 2,098,341</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 28,221	\$ 10,258
Accrued payroll and related benefits	88,326	77,659
Deferred income on shipments to distributors	45,619	44,088
Income taxes payable	41,731	12,834
Other accrued liabilities	11,218	18,933
Convertible senior notes- current portion	—	826,629
Deferred tax liabilities- current portion	—	35,479
Total current liabilities	215,115	1,025,880
Deferred tax liabilities	67,999	48,026
Other long-term liabilities	41,095	42,527
Total liabilities	324,209	1,116,433
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 2,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.001 par value, 2,000,000 shares authorized; 239,096 and 233,025 shares issued and outstanding at June 29, 2014 and June 30, 2013, respectively	239	233
Additional paid-in capital	1,947,767	1,736,496
Accumulated other comprehensive income, net of tax	355	(266)
Accumulated deficit	(616,992)	(754,555)
Total stockholders' equity	1,331,369	981,908
Total liabilities and stockholders' equity	<u>\$ 1,655,578</u>	<u>\$ 2,098,341</u>

See accompanying notes.

LINEAR TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

THREE YEARS ENDED JUNE 29, 2014	2014	2013	2012
Cash flow from operating activities:			
Net income	\$ 459,961	\$ 406,925	\$ 398,111
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	51,255	55,366	55,934
Stock-based compensation	65,128	63,865	61,225
Amortization of convertible senior notes discount	18,458	21,029	19,868
Excess tax benefit from stock-based compensation	(11,038)	—	—
Change in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(28,066)	7,816	17,290
Increase in inventories	(4,081)	(7,565)	(5,965)
Decrease (increase) in prepaid expenses, other current assets and deferred tax assets	1,464	(2,159)	12,001
Decrease in long-term assets	—	1,426	4,581
Increase (decrease) in accounts payable, accrued payroll, other accrued liabilities and noncurrent liabilities	21,038	(4,727)	(24,905)
Increase (decrease) in deferred income on shipments to distributors	1,531	2,755	(6,254)
Increase in income taxes payable	20,777	19,203	33,333
Cash provided by operating activities	<u>596,427</u>	<u>563,934</u>	<u>565,219</u>
Cash flow from investing activities:			
Purchase of marketable securities	(1,496,652)	(1,181,592)	(1,046,120)
Proceeds from sale and maturities of available-for-sale securities	2,039,216	772,968	707,791
Acquisition of Dust Networks, net of cash assumed	—	—	(23,365)
Purchase of property, plant and equipment	(37,669)	(17,640)	(35,731)
Cash provided by (used in) investing activities	<u>504,895</u>	<u>(426,264)</u>	<u>(397,425)</u>
Cash flow from financing activities:			
Extinguishment of Convertible Senior Notes	(845,087)	—	—
Excess tax benefit from stock-based compensation	11,038	—	—
Issuance of common stock under employee stock plans	100,491	102,590	79,650
Purchase of common stock	(81,786)	(85,699)	(76,066)
Payment of cash dividends	(255,305)	(241,329)	(228,483)
Cash used in financing activities	<u>(1,070,649)</u>	<u>(224,438)</u>	<u>(224,899)</u>
Increase (Decrease) in cash and cash equivalents	30,673	(86,768)	(57,105)
Cash and cash equivalents, beginning of year	126,650	213,418	270,523
Cash and cash equivalents, end of year	<u>\$ 157,323</u>	<u>\$ 126,650</u>	<u>\$ 213,418</u>
Supplemental disclosures of cash flow information:			
Cash paid for income taxes	<u>\$ 119,797</u>	<u>\$ 99,720</u>	<u>\$ 91,315</u>
Cash paid for interest expense	<u>\$ 21,127</u>	<u>\$ 25,485</u>	<u>\$ 25,831</u>

See accompanying notes.

LINEAR TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except per share amounts)

THREE YEARS ENDED JUNE 29, 2014

THREE YEARS ENDED JUNE 29, 2014	Common Stock		Accumulated			Total
	Shares	Amount	Additional Paid-In Capital	Other Comprehensive Income	Accumulated Deficit	Stockholders' Equity
Balance at July 3, 2011	227,607	\$ 227	\$ 1,465,871	\$ 1,130	\$ (961,617)	\$ 505,611
Issuance of common stock for cash under employee stock option, restricted stock and stock purchase plans	4,908	5	79,645	—	—	79,650
Tax deficit from stock transactions	—	—	(2,575)	—	—	(2,575)
Purchase and retirement of common stock	(2,481)	(2)	(16,351)	—	(59,713)	(76,066)
Cash dividends - \$0.98 per share		—	—	—	(228,483)	(228,483)
Stock-based compensation	—	—	61,225	—	—	61,225
Unrealized loss on available-for-sale investments, net of \$628 tax effect	—	—	—	(965)	—	(965)
Net income	—	—	—	—	398,111	398,111
Balance at July 1, 2012	230,034	230	1,587,815	165	(851,702)	736,508
Issuance of common stock for cash under employee stock option, restricted stock and stock purchase plans	5,392	5	102,585	—	—	102,590
Tax deficit from stock transactions	—	—	(521)	—	—	(521)
Purchase and retirement of common stock	(2,401)	(2)	(17,248)	—	(68,449)	(85,699)
Cash dividends - \$1.02 per share	—	—	—	—	(241,329)	(241,329)
Stock-based compensation	—	—	63,865	—	—	63,865
Unrealized loss on available-for-sale investments, net of \$151 tax effect	—	—	—	(431)	—	(431)
Net income	—	—	—	—	406,925	406,925
Balance at June 30, 2013	233,025	233	1,736,496	(266)	(754,555)	981,908
Issuance of common stock for cash under employee stock option, restricted stock and stock purchase plans	5,059	5	100,483	—	—	100,488
Excess tax benefits from stock-based compensation	—	—	11,038	—	—	11,038
Purchase and retirement of common stock	(1,896)	(2)	(14,691)	—	(67,093)	(81,786)
Release of deferred tax liabilities as a result of the conversion of Convertible Senior Notes	—	—	49,313	—	—	49,313
Shares issued as conversion premium for the conversion of Convertible Senior Notes	2,908	3	—	—	—	3
Cash dividends - \$1.06 per share	—	—	—	—	(255,305)	(255,305)
Stock-based compensation	—	—	65,128	—	—	65,128
Unrealized loss on available-for-sale investments, net of \$201 tax effect	—	—	—	621	—	621
Net income	—	—	—	—	459,961	459,961
Balance at June 29, 2014	239,096	\$ 239	\$ 1,947,767	\$ 355	\$ (616,992)	\$ 1,331,369

See accompanying notes

LINEAR TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of Business and Significant Accounting Policies

Description of Business

Linear Technology Corporation (together with its consolidated subsidiaries, "Linear," "Linear Technology" or the "Company"), 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 over 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, μ Module[®] subsystems, and wireless sensor network products. The Company is a Delaware corporation; it was originally organized and incorporated in California in 1981.

Basis of Presentation

The Company operates on a 52/53-week fiscal year ending on the Sunday nearest June 30. Fiscal years 2014, 2013 and 2012 were 52-week years.

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries after elimination of all significant inter-company accounts and transactions. Accounts denominated in foreign currencies have been remeasured using the U.S. dollar as the functional currency.

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates.

Cash Equivalents and Marketable Securities

Cash equivalents are highly liquid investments purchased with original maturities of three months or less at the time of purchase. Cash equivalents consist of investment grade securities in commercial paper, bank certificates of deposit, and money market funds.

Investments with maturities over three months at the time of purchase are classified as marketable securities. At June 29, 2014 and June 30, 2013, the Company's marketable securities balance consisted primarily of debt securities in municipal bonds, corporate bonds, commercial paper, U.S. and foreign government and agency securities. The Company's marketable securities are managed by outside professional managers within investment guidelines set by the Company. The Company's investment guidelines generally restrict the professional managers to high quality debt instruments with a credit rating of AAA. Within the Company's investment policy there is a provision that allows the Company to hold AA+ securities under certain circumstances. The Company's investments in debt securities are classified as available-for-sale. Investments in available-for-sale securities are reported at fair value with unrealized gains and losses, net of tax, as a component of "Accumulated other comprehensive income" in the Consolidated Balance Sheets. The Company classifies investments with maturities greater than twelve months as current as it considers all investments as a potential source of operating cash regardless of maturity date. The cost of securities matured or sold is based on the specific identification method.

Accounts Receivable

The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the accounts receivable balance. The Company determines the allowance based on the aging of its accounts receivable, historical experience, known troubled accounts, management judgment and other currently available evidence. The Company writes off accounts receivable against the allowance when it determines a balance is uncollectible and no longer actively pursues collection of the receivable.

Concentrations of Credit Risk

The Company's investment policy restricts investments to high credit quality investments with maturities of three years or less and limits the amount invested with any one issuer. Concentrations of credit risk with respect to accounts

receivable are generally not significant due to the diversity of the Company's customers, customer end-markets, and customer geographical locations. The Company performs ongoing credit evaluations of its customers' financial condition and requires collateral, primarily letters of credit, as deemed necessary.

Arrow Electronics Inc. ("Arrow"), the Company's largest distributor, distributes the Company's products worldwide. Arrow is one of the largest distributors of electronic components in the world with revenues of \$21.4 billion in their December 2013 fiscal year-end. Arrow's global components business segment covers the world's largest electronics markets - the Americas, EMEA (Europe, Middle East, and Africa), and Asia Pacific regions. As of June 29, 2014 and June 30, 2013, Arrow worldwide accounted for 38% and 36% of the Company's total net accounts receivable, respectively. Arrow worldwide accounted for 31%, 31% and 29% of the Company's worldwide net revenues in fiscal 2014, 2013 and 2012, respectively. As of June 29, 2014 and June 30, 2013, Arrow domestic accounted for 10% and 13% of the Company's total net accounts receivable, respectively. Arrow domestic accounted for 12%, 13% and 13% of the Company's worldwide net revenues in fiscal 2014, 2013 and 2012, respectively. Arrow, like the Company's other distributors, is not an end customer, but rather serves as a channel of sale to many end users of the Company's products.

No end customer accounted for more than 10% of the Company's worldwide net revenues for any of the periods presented.

The Company's assets, liabilities and cash flows are predominantly U.S. dollar denominated, including those of its foreign operations. However, the Company's foreign subsidiaries have certain assets, liabilities and cash flows that are subject to foreign currency risk. For the three years ended June 29, 2014, the Company did not utilize derivative instruments to hedge foreign currency risk or for any other purpose. Gains and losses resulting from foreign currency fluctuations are recognized in income.

Inventories

The Company values inventories at the lower of cost or market on a first-in, first-out basis. The Company records charges to write-down inventories for unsalable, excess or obsolete raw materials, work-in-process and finished goods. Newly introduced parts are generally not valued until success in the market place has been determined by a consistent pattern of sales and backlog among other factors. In addition to write-downs based on newly introduced parts, judgmental assessments are calculated for the remaining inventory based on salability, obsolescence, historical experience and current business conditions.

Property, Plant and Equipment and Other Non-Current Assets

Depreciation for property, plant and equipment is provided using the straight-line method over the estimated useful lives of the assets (5-10 years for equipment and 10-30 years for buildings and building improvements). Leasehold improvements are amortized over the shorter of the asset's useful life or the expected term of the lease. Depreciation expense for fiscal years 2014, 2013, and 2012 was \$49.1 million, \$49.4 million and \$48.5 million, respectively.

Other non-current assets principally relate to intangible assets totaling \$11.6 million and goodwill totaling \$2.2 million. Intangible assets are amortized over their estimated useful lives of 5 to 10 years using the straight-line method of amortization.

The Company performs reviews of its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying value may not be recoverable or that the useful life is shorter than originally estimated.

Long-lived assets by geographic area were as follows, net of accumulated depreciation:

<i>In thousands</i>	June 29, 2014	June 30, 2013
United States	\$ 187,900	\$ 208,971
Malaysia	54,539	56,889
Singapore	48,426	38,591
Total long-lived assets	<u>\$ 290,865</u>	<u>\$ 304,451</u>

Goodwill and Intangible Assets

The Company reviews goodwill and purchased intangible assets with indefinite lives for impairment annually and whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Reviews are performed to determine whether the carrying value of an asset is impaired, based on comparisons to undiscounted expected future cash flows. If this comparison indicates that there is impairment, the impaired asset is written down to fair value, which is typically calculated using: (i) quoted market prices or (ii) discounted expected future cash flows utilizing a discount rate consistent with the guidance. Impairment is based on the excess of the carrying amount over the fair value of those assets.

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. The Company tests goodwill for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis or more frequently if the Company believes indicators of impairment exist. During fiscal year 2014, the Company performed a qualitative assessment to test goodwill for impairment. Based on the qualitative assessment, if the Company determines that the fair value of a reporting unit is more likely than not (i.e. a likelihood of more than 50 percent) to be less than its carrying amount, the two step impairment test will be performed. The first step of the impairment test involves comparing the fair values of the applicable reporting units with their aggregate carrying values, including goodwill. The Company generally determines the fair value of the Company's reporting units using the income approach methodology of valuation that includes the discounted cash flow method as well as other generally accepted valuation methodologies. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, the Company performs the second step of the goodwill impairment test to determine the amount of impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill. No impairment charges were recorded associated with the Company's goodwill and intangible assets for any of the periods presented.

Advertising Expense

The Company expenses advertising costs in the period in which they occur. Advertising expenses for fiscal years 2014, 2013, and 2012 were approximately \$5.5 million, \$5.4 million and \$5.1 million, respectively.

Revenue Recognition

The Company recognizes revenues when the earnings process is complete, when persuasive evidence of an arrangement exists, the product has been delivered, the price is fixed and determinable and collection is reasonably assured. The Company recognized approximately 15% of net revenues in fiscal year 2014 from North American ("domestic") distributors. Domestic distributor revenues are recognized under agreements which provide for certain sales price rebates and limited product return privileges. Given the uncertainties associated with the levels of pricing rebates, the ultimate sales price on domestic distributor sales transactions is not fixed or determinable until domestic distributors sell the merchandise to the end-customer. Domestic distributor agreements permit the following: price protection on certain domestic distribution inventory if the Company lowers the prices of its products; exchanges up to 3%-5% of certain purchases on a quarterly basis; and ship and debit transactions. Ship and debit transactions occur when the Company agrees to accept a lower selling price for a specific quantity of product at the request of the domestic distributor in order to complete a sales transaction in the domestic distributor channel. For such sales, the Company rebates the negotiated price decrease to the distributor upon shipment as a reduction in the accounts receivable from the distributor.

At the time of shipment to domestic distributors, the Company records a trade receivable and deferred revenue at the distributor's purchase price since there is a legally enforceable obligation from the distributor to pay for the products delivered. The Company relieves inventory as title has passed to the distributor and recognizes deferred cost of sales in the same amount. "Deferred income on shipments to distributors" represents the difference between deferred revenue and deferred costs of sales and is recognized as a current liability until such time as the distributor confirms a final sale to its end customer. "Deferred income on shipments to distributors" effectively represents the deferred gross margin on the sale to the distributor, however, the actual amount of gross margin the Company ultimately recognizes in future periods may be less than the originally recorded amount as a result of price protection, negotiated price rebates and exchanges as mentioned above. The wide range and variability of negotiated price rebates granted to distributors does not allow the Company to accurately estimate the portion of the balance in the "Deferred income on shipments to distributors" that will be remitted back to the distributors. These price rebates that have been remitted back to distributors have ranged from \$2.7 million to \$4.2 million per quarter. The Company does not reduce deferred income by anticipated future price rebates. Instead, price rebates are recorded against "Deferred income on shipments to distributors" when incurred, which is generally at the time the distributor sells the product to the end customers.

The Company's sales to international distributors are made under agreements which permit limited stock return privileges but not sales price rebates. The agreements generally permit distributors to exchange up to 5% of purchases on a

semi-annual basis. Revenue on international distributor sales is recognized upon shipment at which time title passes. The Company estimates international distributor returns based on historical data and current business expectations and defers a portion of international distributor revenues and costs based on these estimated returns.

Product Warranty and Indemnification

The Company's warranty policy provides for the replacement of defective parts. In certain large contracts, the Company has agreed to negotiate in good faith a product warranty in the event that an epidemic failure of its parts was to take place. To date there have been no significant occurrences. Warranty expense historically has been immaterial.

The Company provides a limited indemnification for certain customers against intellectual property infringement claims related to the Company's products. In certain cases, there are limits on and exceptions to the Company's potential liability for indemnification relating to intellectual property infringement claims. To date, the Company has not incurred any significant indemnification expenses relating to intellectual property infringement claims. The Company cannot estimate the amount of potential future payments, if any, that the Company might be required to make as a result of these agreements, and accordingly, the Company has not accrued any amounts for its indemnification obligations.

Stock-Based Compensation

The Company has equity incentive plans, which are described more fully in "Note 2: Stock-Based Compensation." Stock-based compensation is measured at the grant date, based on the fair value of the award. The Company's equity awards granted in fiscal years 2014 and 2013 were restricted stock awards. Stock-based compensation cost for restricted stock awards is based on the fair market value of the Company's stock on the date of grant. Stock-based compensation cost for stock options is calculated on the date of grant using the fair value of stock options as determined using the Black-Scholes valuation model. The Black-Scholes valuation model requires the Company to estimate key assumptions such as expected option term and stock price volatility to determine the fair value of a stock option. The estimate of these key assumptions is based on historical information and judgment regarding market factors and trends. The Company amortizes restricted stock and stock option award compensation cost straight-line over the awards vesting period, which is generally 5 years.

Income Taxes

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company recognizes liabilities for uncertain tax positions based on the two-step process prescribed in the authoritative accounting literature. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. See "Note 11. Income Taxes" for further information.

Earnings Per Share

Basic earnings per share is calculated using the weighted average shares of common stock and unvested restricted stock outstanding during the period. Diluted earnings per share is calculated using the weighted average shares of common stock outstanding, unvested restricted stock, the dilutive effect of stock options, calculated using the treasury stock method and the dilutive effect of the conversion premium related to the Notes. The dilutive effect of stock options for fiscal years 2014, 2013, and 2012 was 1,173,000, 1,050,000, and 1,285,000 shares, respectively. There were no out-of-the-money stock options that had to be excluded from the weighted average diluted common shares outstanding for fiscal year 2014. The weighted average diluted common shares outstanding for fiscal years 2013, and 2012 excludes the effect of approximately 4,391,000, and 7,929,000 stock options, respectively, that if included would be anti-dilutive.

The Company included the dilutive effect of 879,000 shares for the conversion premium related to the Notes in the calculation of diluted earnings per common share because the average-per-share market price of the Company's common stock was above the conversion price during the fiscal year prior to the conversion on May 1, 2014. The conversion premium was not included in the calculation of diluted earnings per common share in the prior fiscal year periods because the average-per-share market price in each year was below the conversion prices during these periods.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income or loss. Other comprehensive income or loss components include unrealized gains or losses on available-for-sale securities, net of tax.

Segment Reporting

The Company competes in a single operating segment, and as a result, no segment information has been disclosed outside of geographical information. Disclosures about products and services, and major customers are included above in Note 1.

Export sales by geographic area in fiscal years 2014, 2013, and 2012 were as follows:

<i>In thousands</i>	June 29, 2014	June 30, 2013	July 1, 2012
Europe	\$ 267,219	\$ 235,300	\$ 243,183
Japan	222,792	190,400	204,478
Rest of the world	520,322	486,800	452,468
Total export sales	<u>\$ 1,010,333</u>	<u>\$ 912,500</u>	<u>\$ 900,129</u>

Recently Accounting Pronouncements

On May 28, 2014, the Financial Accounting Standard Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09 Revenue from Contracts with Customers (Topic 606), which will supersede most existing revenue recognition guidance under current US General Accepted Accounting Principles (“GAAP”). The new standard will become effective for the first annual fiscal period beginning after December 15, 2016; accordingly, the standard is effective for the Company beginning in fiscal year 2018, with no option to early adopt under US GAAP. The core principle of ASU No. 2014-09 is that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASU No. 2014-09 provides for one of the two methods of transition: retrospective application to each prior period presented; or recognition of the cumulative effect of retrospective application of the new standard in the period of initial application. The Company is currently evaluating the impact of ASU No. 2014-09 on its consolidated financial statements and which transition method to elect.

Note 2. Stock-Based Compensation

Equity Incentive Plans

The Company has two equity incentive plans (2005 Equity Incentive Plan and 2010 Equity Incentive Plan) under which the Company may grant Incentive Stock Options, Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units. Under the plans, the Company may grant awards to employees, executive officers, directors and consultants who provide services to the Company. To date, the Company has only granted Nonstatutory Stock Options, Restricted Stock and Restricted Stock Units. At June 29, 2014, 18.4 million shares were available for grant under the plans. Over the past four years the Company has only granted restricted stock and restricted stock units. The Company’s restricted awards generally vest annually over a period of five years (20% a year) based upon continued employment with the Company. Stock options generally become exercisable over a five-year period (generally 10% every six months) and expire seven years after the grant.

The Company has an Employee Stock Purchase Plan (“ESPP”) that permits eligible employees to purchase common stock through payroll deductions at 85% of the fair market value of the common stock at the end of each six-month offering period. The offering periods generally commence on approximately May 1 and November 1 of each year. At June 29, 2014, 0.8 million shares were available for issuance under the ESPP. During fiscal year 2014, 0.2 million shares were issued at a weighted-average price of \$35.46 per share.

The following is a brief description of each of the Company’s equity incentive plans:

2010 Equity Incentive Plan. At the 2010 Annual Meeting of Stockholders on November 3, 2010, the Company’s stockholders approved a new 2010 Equity Incentive Plan that replaced the 2001 Nonstatutory Stock Option Plan. The remaining shares from the 2001 Nonstatutory Stock Option Plan were transferred into the 2010 Equity Incentive Plan and an

additional 5.0 million shares were added to the 2010 Equity Incentive Plan. The plan enables the Company to issue Incentive Stock Options, Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performances Shares and Performance Units. Under the 2010 Equity Incentive Plan, the Company may grant awards to employees, executive officers, directors and consultants who provide services to the Company.

2005 Equity Incentive Plan. On November 2, 2005, the Company's stockholders approved the 2005 Equity Incentive Plan, to provide for the issuance of the Company's common stock. The plan enables the Company to issue Incentive Stock Options, Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performances Shares and Performance Units. Under the 2005 Equity Incentive Plan, the Company may grant awards to employees, executive officers, directors and consultants who provide services to the Company.

2005 Employee Stock Purchase Plan. On November 2, 2005, the Company's stockholders approved the 2005 Employee Stock Purchase Plan, to provide employees of the Company with an opportunity to purchase common stock of the Company through accumulated payroll deductions. The Company's stockholders approved a 2.0 million share increase to the 2005 ESPP plan at the 2009 Annual Meeting of Stockholders. The maximum number of shares that may be issued to any one participant in any six-month offering period under the ESPP is currently 300 shares.

As of June 29, 2014 there was approximately \$173.8 million of total unrecognized stock-based compensation cost related to share-based payments granted under the Company's stock-based compensation plans that will be recognized over a period of approximately five years. Future grants will add to this total, whereas quarterly amortization and the vesting of the existing grants will reduce this total.

The Company issues new shares of common stock upon exercise of stock options. For the fiscal year ended June 29, 2014, 3.0 million stock options were exercised for a gain (aggregate intrinsic value) of \$37.8 million determined as of the date of option exercise.

Stock Options

The following table summarizes the stock option activity and related information under all stock option plans:

	Stock Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contract Life (Years)	Aggregate Intrinsic Value
Outstanding options, July 3, 2011	17,543,589	\$ 31.38		
Granted	—	—		
Forfeited and expired	(3,590,390)	37.31		
Exercised	(2,872,339)	24.96		
Outstanding options, July 1, 2012	11,080,860	\$ 31.12		
Granted	—	—		
Forfeited and expired	(1,028,250)	37.28		
Exercised	(3,316,280)	28.42		
Outstanding options, June 30, 2013	6,736,330	\$ 31.51		
Granted	—	—		
Forfeited and expired	(1,915,375)	41.19		
Exercised	(3,010,856)	30.44		
Outstanding options, June 29, 2014	1,810,099	\$ 23.05	1.52	\$ 42,764,840
Vested and expected to vest at June 29, 2014	1,810,094	\$ 23.05	1.52	\$ 42,764,759
Options vested and exercisable at:				
July 1, 2012	8,613,560	33.52		
June 30, 2013	5,529,186	33.42		
June 29, 2014	1,809,099	23.05	1.52	\$ 42,747,870

The following table sets forth certain information with respect to employee stock options outstanding and exercisable at June 29, 2014:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Stock Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Stock Exercisable	Weighted Average Exercise Price
\$22.74-\$22.74	1,767,099	\$ 22.74	1.55	1,767,099	\$ 22.74
\$29.71-\$29.71	1,000	29.71	2.55	—	—
\$36.12-\$36.12	42,000	36.12	0.25	42,000	36.12
\$22.74-\$36.12	<u>1,810,099</u>	<u>\$ 23.05</u>	<u>1.52</u>	<u>1,809,099</u>	<u>\$ 23.05</u>

Restricted Awards

The following table summarizes the Company's restricted stock and restricted stock unit activity under all equity award plans:

	Restricted Awards Outstanding	Weighted-Average Grant-Date Fair Value
Non-vested at July 3, 2011	5,202,056	\$ 30.37
Granted	2,065,806	31.30
Vested	(1,755,210)	30.53
Forfeited	<u>(114,644)</u>	30.41
Non-vested at July 1, 2012	5,398,008	\$ 30.67
Granted	2,190,049	32.81
Vested	(1,779,799)	30.54
Forfeited	<u>(139,985)</u>	30.80
Non-vested at June 30, 2013	5,668,273	\$ 31.54
Granted	2,367,730	43.49
Vested	(1,789,488)	30.37
Forfeited	<u>(129,428)</u>	33.36
Non-vested at June 29, 2014	<u>6,117,087</u>	<u>\$ 36.46</u>

Note 3. Fair Value

The Company has determined that the only assets and liabilities in the Company's financial statements that are required to be measured at fair value on a recurring basis are the Company's investment portfolio assets. Financial instruments are categorized in a fair value hierarchy that prioritizes the information used to develop assumptions for measuring fair value and expands disclosures about fair value measurements. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 input); then to quoted prices (in non-active markets or in active markets for similar assets or liabilities), inputs other than quoted prices that are observable for the asset or liability, and inputs that are not directly observable, but that are corroborated by observable market data for the asset or liability (Level 2 input); then the lowest priority to unobservable inputs, for example, the Company's data about the assumptions that market participants would use in pricing an asset or liability (Level 3 input). Fair value is a market-based measurement, not an entity-specific measurement, and a fair value measurement should therefore be based on the assumptions that market participants would use in pricing the asset or liability.

The Company's Level 1 assets consist of investments in money-market funds and United States Treasury securities that are actively traded. The Company's Level 2 assets consist of municipal bonds, obligations of U.S. government-sponsored enterprises, corporate debt and commercial paper that are less actively traded in the market, but where quoted market prices exist for similar instruments that are actively traded. The Company determines the fair value of its Level 2 assets by obtaining non-binding market prices from its third-party portfolio managers on the last day of the quarter. The Company had no Level 3 assets in fiscal years 2014 and 2013.

The following table presents the Company's fair value hierarchy for its financial assets (cash equivalents and marketable securities) measured at fair value on a recurring basis as of June 29, 2014:

<i>In thousands</i>	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Description			
Assets			
Investments in U.S. Treasury securities and money-market funds	\$ 443,635	\$ —	\$ 443,635
Investments in municipal bonds, obligations of U.S. government- sponsored enterprises and commercial paper	—	446,931	446,931
Total assets measured at fair value	<u>\$ 443,635</u>	<u>\$ 446,931</u>	<u>\$ 890,566</u>

The following table presents the Company's fair value hierarchy for its financial assets (cash equivalents and marketable securities) measured at fair value on a recurring basis as of June 30, 2013:

<i>In thousands</i>	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Description			
Assets			
Investments in U.S. Treasury securities and money-market funds	\$ 433,301	\$ —	\$ 433,301
Investments in municipal bonds, obligations of U.S. government- sponsored enterprises and commercial paper	—	1,004,055	1,004,055
Total assets measured at fair value	<u>\$ 433,301</u>	<u>\$ 1,004,055</u>	<u>\$ 1,437,356</u>

Note 4. Marketable Securities

The following is a summary of cash equivalents and marketable securities at June 29, 2014 and June 30, 2013:

<i>In thousands</i>	June 29, 2014			
	Amortized Cost	Unrealized Gain	Unrealized (Loss) ⁽¹⁾	Fair Value
U.S. Treasury securities	\$ 426,777	\$ 455	\$ (2)	\$ 427,230
Obligations of U.S. government-sponsored enterprises	133,131	46	(2)	133,175
Municipal bonds	60,267	49	(4)	60,312
Corporate debt securities and other	253,429	18	(3)	253,444
Money market funds	16,405	—	—	16,405
Total	<u>\$ 890,009</u>	<u>\$ 568</u>	<u>\$ (11)</u>	<u>\$ 890,566</u>
Amounts included in:				
Cash equivalents	\$ 35,102	\$ —	\$ —	\$ 35,102
Marketable securities	854,907	568	(11)	855,464
Total	<u>\$ 890,009</u>	<u>\$ 568</u>	<u>\$ (11)</u>	<u>\$ 890,566</u>

<i>In thousands</i>	June 30, 2013			
	Amortized Cost	Unrealized Gain	Unrealized (Loss) ⁽¹⁾	Fair Value
U.S. Treasury securities	\$ 423,090	\$ 247	\$ (2)	\$ 423,335
Obligations of U.S. government-sponsored enterprises	120,420	100	(3)	120,517
Municipal bonds	674,004	319	(64)	674,259
Corporate debt securities and other	209,257	26	(4)	209,279
Money market funds	9,966	—	—	9,966
Total	<u>\$ 1,436,737</u>	<u>\$ 692</u>	<u>\$ (73)</u>	<u>\$ 1,437,356</u>
Amounts included in:				
Cash equivalents	\$ 39,265	\$ —	\$ —	\$ 39,265
Marketable securities	1,397,472	692	(73)	1,398,091
Total	<u>\$ 1,436,737</u>	<u>\$ 692</u>	<u>\$ (73)</u>	<u>\$ 1,437,356</u>

⁽¹⁾ The Company evaluated the nature of the investments with a loss position at June 29, 2014 and June 30, 2013, which are primarily obligations of the U.S. government and its sponsored enterprises, municipal bonds and U.S. corporate notes. In evaluating the investments, the Company considered the duration of the impairments, and the amount of the impairments relative to the underlying portfolio and concluded that such amounts were not other-than-temporary. The Company principally holds securities until maturity, however, they may be sold under certain circumstances. Unrealized losses on the investments greater than twelve months old were not significant as of June 29, 2014 and June 30, 2013.

The estimated fair value of investments in debt securities by effective maturity date, is as follows:

<i>In thousands</i>	June 29, 2014	June 30, 2013
Due in one year or less	\$ 470,453	\$ 1,349,531
Due after one year through three years	385,011	48,560
Total	<u>\$ 855,464</u>	<u>\$ 1,398,091</u>

Note 5. Acquisition

On December 20, 2011, the Company acquired 100% of the outstanding stock of privately held Dust Networks ("Dust") of Hayward, California, a provider of low power wireless sensor network technology. The acquisition of Dust enables the Company to offer a complete high performance wireless sensor networking solution. Dust's low power radio and software technology complements the Company's strengths in industrial instrumentation, power management and energy harvesting technology. The consideration associated with the acquisition was approximately \$25.2 million including \$1.7 million for Dust acquisition expenses that were expensed immediately. The Company paid additional consideration over the subsequent two year period of approximately \$2.8 million in cash, to certain acquired key employees.

The Company allocated the Dust purchase price to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair value at the date of acquisition resulting in the recognition of \$13.1 million of intellectual property, \$4.0 million of customer relationships, \$2.2 million of goodwill and \$3.6 million in net tangible assets.

No supplemental pro-forma information is presented for the acquisition due to the immaterial effect of the acquisition on the Company's results of operations. The Company recognized \$3.2 million of transaction related costs that were expensed in the quarter ended January 1, 2012.

Note 6. Goodwill and Intangible Assets

Goodwill

The Company annually evaluates goodwill for impairment as well as whenever events or changes in circumstances might suggest that the carrying value of goodwill may not be recoverable. The Company expects that none of the goodwill will be deductible for tax purposes. The goodwill balance of \$2.2 million at June 29, 2014 is attributable to the acquisition of Dust Networks ("Dust") in fiscal year 2012. There were no changes to the goodwill balance for the year ended June 29, 2014.

Intangible Assets

As a result of the acquisition of Dust during the second quarter of fiscal year 2012 the Company recorded the following intangible assets: \$13.1 million of intellectual property and \$4.0 million of customer relationships. The Company reviews intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. Finite-intangible assets are amortized on a straight-line basis over their estimated useful lives that is expected to reflect the estimated pattern of economic use.

The remaining amortization expense, related to finite-lived intangible assets, will be recognized over a weighted-average period of approximately 6.4 years. The useful lives of amortizable intangible assets are as follows:

Assets	Life
Intellectual property	5-10 years
Customer relationships	10 years

Intangible assets consisted of the following:

<i>In thousands</i>	June 29, 2014		
	Original Cost	Accumulated Amortization	Net
Intellectual property	\$ 13,100	\$ (4,500)	\$ 8,600
Customer relationships	4,000	(1,000)	3,000
Total intangible assets	<u>\$ 17,100</u>	<u>\$ (5,500)</u>	<u>\$ 11,600</u>

In thousands

	June 30, 2013		
	Original Cost	Accumulated Amortization	Net
Intellectual property	\$ 13,100	\$ (2,700)	\$ 10,400
Customer relationships	4,000	(600)	3,400
Total intangible assets	<u>\$ 17,100</u>	<u>\$ (3,300)</u>	<u>\$ 13,800</u>

Amortization expense associated with intangible assets for fiscal year 2014, 2013, and 2012 was \$2.2 million, \$6.0 million and \$6.8 million, respectively. Amortization expense for intangible assets is estimated to be \$2.2 million in fiscal year 2015, \$2.2 million in fiscal year 2016, \$1.7 million in fiscal year 2017, \$1.2 million in fiscal year 2018, \$1.2 million in fiscal year 2019 and \$3.1 million thereafter.

Note 7. Convertible Senior Notes

During the fourth quarter of fiscal year 2007, the Company issued \$1.0 billion aggregate principal amount of its 3.00% Convertible Senior Notes due May 1, 2027 (the “2027A notes”) and \$700.0 million aggregate principal amount of its 3.125% Convertible Senior Notes due May 1, 2027 (the “2027B notes” and, together with the 2027A notes, the “Notes”) to an initial purchaser in a private offering. The Company received net proceeds from the issuance of the Notes of \$1,678.0 million after the deduction of issuance costs of \$22.0 million. The Company used the entire net proceeds of the offering to fund a portion of its repurchase of \$3.0 billion of its common stock pursuant to an accelerated stock repurchase transaction it entered into with an affiliate of the initial purchaser of the Notes simultaneously with the offering of the Notes.

The Company redeemed for cash \$395.8 million (the remaining principal amount) of its 2027B notes in fiscal 2011 using a portion of its existing cash and marketable securities balances. On May 1, 2014 the Company executed the conversion of the remaining principal amount of \$845.1 million of its 2027A notes. On such date, each \$1,000 principal amount of the 2027A notes was convertible at a rate of 24.582 shares (which is equivalent to a conversion price of approximately \$40.68 per share) of the Company’s common stock. The first \$1,000 in conversion value of \$845.1 million was paid in cash and the remaining conversion premium of \$138.9 million was settled in common stock, as provided in the Indenture for the 2027A Notes. As a result of the conversion, holders of the 2027A notes received the principal amount of \$845.1 million in cash and the remaining conversion premium was settled in shares of the Company’s common stock totaling approximately 2.9 million shares. There was no gain or loss recognized as a result of the conversion.

The 2027A notes paid cash interest of 3.00% semiannually in arrears on May 1 and November 1. In accordance with the provisions of ASC 470-20-10 to 35, the Company recognized an effective interest rate of 5.69% on the carrying value of the 2027A notes. The effective rate is based on the interest rates of similar instruments issued at the time of issuance of the 2027A notes that do not have conversion features such as the 2027A notes. The difference between the effective interest rate of 5.69% and the coupon rate of 3.00%, results in non-cash interest expense that will never be paid by the Company.

Prior to the conversion, interest expense related to the Notes included in interest expense on the condensed consolidated statements of income for fiscal years 2014, 2013, and 2012 was as follows:

<i>In thousands</i>	June 29, 2014	June 30, 2013	July 1, 2012
Contractual coupon interest	\$ 21,127	\$ 25,353	\$ 25,353
Amortization of debt discount	18,458	21,029	19,868
Amortization of debt issuance costs	1,583	1,898	1,898
Total interest expense related to the Notes	<u>\$ 41,168</u>	<u>\$ 48,280</u>	<u>\$ 47,119</u>

Note 8. Credit Facility

On October 23, 2013, the Company entered into a credit agreement (the “Credit Agreement”) by and between the Company and Wells Fargo Bank, National Association (the “Bank”). The Company entered into the Credit Agreement to enhance cash deployment flexibility.

The Credit Agreement provides for a \$100.0 million unsecured revolving line of credit, under which the Company may borrow, repay and reborrow loans from time to time prior to its scheduled maturity date of October 22, 2015 (the “Maturity Date”). Proceeds of loans made under the Credit Agreement may be used for working capital and other general corporate purposes of the Company and its subsidiaries. The Company may prepay the loans under the Credit Agreement in whole or in part at any time without premium or penalty, subject to customary breakage costs.

The loans bear interest at LIBOR plus 1.0%. The principal amount, together with all accrued and unpaid interest, is due and payable on the Maturity Date.

The Company is required to maintain with the Bank average account balances, calculated on a quarterly basis, of not less than \$30.0 million. The Company must also maintain EBITDA of not less than \$75.0 million measured quarterly, and, in order to take certain actions such as payments of dividends, must also maintain a balance of \$500.0 million of cash and cash equivalents and marketable securities on a worldwide consolidated basis. The Credit Agreement contains other customary affirmative and negative covenants, as well as customary events of default. Presently, the Company has not utilized the credit agreement.

Note 9. Stockholders’ Equity

Stock Repurchase

On October 16, 2012, the Company’s Board of Directors authorized the Company to purchase up to 10.0 million shares of its outstanding common stock in the open market over a two-year time period. For the majority of restricted stock awards and units granted, the number of shares issued on the date the restricted stock awards and units vest is net of the minimum statutory tax withholding requirements that the Company pays in cash to the appropriate taxing authorities on behalf of its employees. The table below includes these withheld shares because they are treated as common stock repurchases in our financial statements, as they reduce the number of shares that would have been issued upon vesting. In addition, the table below includes open market repurchases.

Shares repurchased in fiscal years 2014, 2013, and 2012 are as follows:

<i>In thousands</i>	June 29, 2014	June 30, 2013	July 1, 2012
Number of shares of common stock repurchased	1,896	2,401	2,481
Total cost of repurchase	\$ 81,786	\$ 85,699	\$ 76,066

Dividends

On July 23, 2014 the Company’s Board of Directors approved a cash dividend of \$0.27 per share which is payable on August 27, 2014 to stockholders of record on August 15, 2014. During fiscal year 2014, the Company paid \$255.3 million in dividends representing \$1.06 per share. The payment of future dividends will be based on quarterly financial performance.

Note 10. Retirement Plan

The Company has established a 401(k) retirement plan for its qualified U.S. employees. Under the plan, participating employees may defer up to 25% of their pre-tax earnings, subject to the Internal Revenue Service annual contribution limits. The Company contributes to qualified U.S. employees’ 401(k) accounts as part of the Company’s semi-annual profit sharing payouts. Contributions made by the Company within the fiscal year to this plan were approximately \$9.7 million, \$9.4 million and \$10.6 million in fiscal years 2014, 2013, and 2012, respectively.

Note 11. Income Taxes

The components of income before income taxes for fiscal years 2014, 2013, and 2012 are as follows:

<i>In thousands</i>	June 29, 2014	June 30, 2013	July 1, 2012
United States operations	\$ 364,275	\$ 334,693	\$ 390,619
Foreign operations	236,993	194,188	145,291
	<u>\$ 601,268</u>	<u>\$ 528,881</u>	<u>\$ 535,910</u>

The provision for income taxes for fiscal years 2014, 2013, and 2012 consists of the following:

<i>In thousands</i>	June 29, 2014	June 30, 2013	July 1, 2012
United States federal:			
Current	\$ 153,396	\$ 91,308	\$ 102,097
Deferred	(11,706)	23,590	29,387
	<u>141,690</u>	<u>114,898</u>	<u>131,484</u>
State:			
Current	(4,207)	2,058	2,265
Deferred	(392)	130	41
	<u>(4,599)</u>	<u>2,188</u>	<u>2,306</u>
Foreign:			
Current	3,986	5,014	4,734
Deferred	230	(144)	(725)
	<u>4,216</u>	<u>4,870</u>	<u>4,009</u>
	<u>\$ 141,307</u>	<u>\$ 121,956</u>	<u>\$ 137,799</u>

The provision for income taxes reconciles to the amount computed by applying the statutory U.S. Federal rate at 35% to income before income taxes for fiscal years 2014, 2013, and 2012 are as follows:

<i>In thousands</i>	June 29, 2014	June 30, 2013	July 1, 2012
Tax at U.S. statutory rate	\$ 210,443	\$ 185,108	\$ 187,569
State income taxes, net of federal benefit	(2,989)	1,422	1,485
Earnings of foreign subsidiaries subject to lower rates	(49,149)	(40,526)	(38,931)
Domestic manufacturing deduction	(13,342)	(12,833)	(10,641)
Research and development credit	(6,378)	(14,506)	(6,944)
Other	2,722	3,291	5,261
	<u>\$ 141,307</u>	<u>\$ 121,956</u>	<u>\$ 137,799</u>

The tax benefits (charges) attributable to equity-based compensation transactions that were applied to additional paid-in capital were \$11.0 million, \$(0.5) million and \$ (2.6) million, for fiscal 2014, 2013, and 2012, respectively.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities recorded in the balance sheet as of June 29, 2014 and June 30, 2013 are as follows:

<i>In thousands</i>	June 29, 2014	June 30, 2013
Deferred tax assets:		
Loss carryforwards	\$ 5,979	\$ 6,887
Credit carryforwards	13,663	8,993
Inventory valuation	19,601	20,697
Deferred income on shipments to distributors	15,827	15,284
Stock-based compensation	12,496	19,178
Accrued compensation and benefits	7,517	7,120
Other	2,581	3,222
Valuation allowance	(13,663)	(8,993)
Total deferred tax assets	64,001	72,388
Deferred tax liabilities:		
Depreciation and amortization	\$ 9,469	\$ 13,845
Unremitted earnings of subsidiaries	72,748	58,951
Convertible senior notes	—	81,929
Other	3,489	1,168
Total deferred tax liabilities	85,706	155,893
Net deferred tax liabilities	<u>\$ (21,705)</u>	<u>\$ (83,505)</u>

The Company has state tax credit carryforwards of \$13.7 million, that do not expire. The Company has provided a valuation allowance of \$(13.7) million on state tax credit carryforwards which are not likely to be utilized.

The Company has a partial tax holiday in Singapore whereby the local statutory rate is significantly reduced. The tax holiday is effective through August 2019, if certain conditions are met. The Company has obtained a partial tax holiday in Malaysia, which is effective through July 2015. The Company currently expects to extend the Malaysia tax holiday.

The impact of the Singapore and Malaysia tax holidays was to increase net income by approximately \$22.6 million (\$0.09 per diluted share) in fiscal year 2014, \$18.9 million (\$0.08 per diluted share) in fiscal year 2013, and \$18.0 million (\$0.08 per diluted share) in fiscal year 2012. The Company does not provide a residual U.S. tax on a portion of the undistributed earnings of its Singapore and Malaysian subsidiaries, as it is the Company's intention to permanently invest these earnings overseas. Should these earnings be remitted to the U.S. parent, additional U.S. taxable income would be approximately \$852.2 million. Determining the unrecognized deferred tax liability related to investments in these non-U.S. subsidiaries that are permanently reinvested is not practicable.

At June 29, 2014, the Company had \$29.4 million of unrecognized tax benefits, of which \$10.6 million if recognized, would favorably impact the effective income tax rate in future periods.

The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense. Income tax expense for fiscal year 2014 includes accrued interest on unrecognized tax benefits totaling \$0.8 million. At June 29, 2014, the total amount of interest on unrecognized tax benefits is \$2.0 million. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

<i>In thousands</i>	Unrecognized Tax Benefits
Balance at July 1, 2012	\$ 30,230
Net additions for current year tax positions	6,808
Net additions for prior year tax positions	1,053
Settlements	—
Lapse in statute of limitations	(7,538)
Balance at June 30, 2013	30,553
Net additions for current year tax positions	6,012
Net additions for prior year tax positions	972
Settlements	(2,215)
Lapse in statute of limitations	(5,879)
Balance at June 29, 2014	<u>\$ 29,443</u>

The Company estimates that it is reasonably possible that the liability for gross unrecognized tax benefits could decrease up to \$8.1 million within the next 12 months. These changes could occur as a result of expiration of various statutes of limitations.

During fiscal year 2014 the Company had \$6.4 million of discrete tax benefits that positively impacted the effective tax rate, related primarily to the reversal of estimated tax liabilities for uncertain tax positions as a result of the expiration of open tax years.

Note 12. Commitments and Contingencies

Contractual Obligations

The Company leases certain of its facilities under operating leases, some of which have options to extend the lease period. In addition, the Company has entered into long-term land leases for the sites of its Singapore and Malaysia manufacturing facilities.

At June 29, 2014, future minimum lease payments under non-cancelable operating leases and land leases having an initial term in excess of one year were as follows: fiscal year 2015: \$2.8 million; fiscal year 2016: \$2.2 million; fiscal year 2017: \$1.2 million; fiscal year 2018: \$0.8 million, fiscal year 2019: \$0.5 million and thereafter: \$1.0 million.

Total rent expense was \$3.7 million, \$4.1 million, and \$4.1 million in fiscal years 2014, 2013, and 2012, respectively.

Litigation

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business on a wide range of matters, including, among others, patent suits and employment claims. The Company does not believe that any such current suits will have a material impact on its business or financial condition. However, current lawsuits and any future lawsuits will divert resources and could result in the payment of substantial damages.

Note 13. Quarterly Information (Unaudited)*In thousands, except per share amounts*

Quarter Ended Fiscal Year 2014	June 29, 2014	March 30, 2014	December 29, 2013	September 29, 2013
Revenues	\$ 365,428	\$ 348,006	\$ 334,595	\$ 340,357
Gross profit	277,849	263,527	252,074	256,356
Net income	129,735	117,607	104,751	107,868
Basic earnings per share	0.53	0.49	0.44	0.45
Diluted earnings per share	0.53	0.48	0.44	0.45
Cash dividends per share	0.27	0.27	0.26	0.26
Stock price range per share:				
High	50.43	48.68	45.38	40.98
Low	44.23	43.36	38.70	36.75

In thousands, except per share amounts

Quarter Ended Fiscal Year 2013	June 30, 2013	March 31, 2013	December 30, 2012	September 30, 2012
Revenues	\$ 327,265	\$ 314,542	\$ 305,281	\$ 335,148
Gross profit	245,951	235,283	227,096	251,390
Net income	101,941	110,968	88,834	105,182
Basic earnings per share	0.43	0.47	0.38	0.45
Diluted earnings per share	0.43	0.46	0.38	0.45
Cash dividends per share	0.26	—	0.51	0.25
Stock price range per share:				
High	38.38	38.58	34.46	33.67
Low	34.61	34.30	31.00	29.66

The stock activity in the above table is based on the high and low closing prices. These prices represent quotations between dealers without adjustment for retail markups, markdowns or commissions, and may not represent actual transactions. The Company's common stock is traded on the NASDAQ Global Market under the symbol LLTC.

At June 29, 2014 there were approximately 1,664 stockholders of record.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Linear Technology Corporation

We have audited the accompanying consolidated balance sheets of Linear Technology Corporation as of June 29, 2014 and June 30, 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three fiscal years in the period ended June 29, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15(a)2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Linear Technology Corporation as of June 29, 2014 and June 30, 2013, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended June 29, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Linear Technology Corporation's internal control over financial reporting as of June 29, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated August 20, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
August 20, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Linear Technology Corporation

We have audited Linear Technology Corporation's internal control over financial reporting as of June 29, 2014 based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Linear Technology Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Linear Technology Corporation maintained, in all material respects, effective internal control over financial reporting as of June 29, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Linear Technology Corporation as of June 29, 2014 and June 30, 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three fiscal years in the period ended June 29, 2014 of Linear Technology Corporation and our report dated August 20, 2014 expressed an unqualified opinion thereon.

/s/Ernst & Young LLP

San Jose, California
August 20, 2014

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. For purposes of this section, the term *disclosure controls and procedures* means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) is recorded, processed, summarized and reported within the time periods specified in the 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 an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

The Company's management evaluated, with the participation of its Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's disclosure controls and procedures as of June 29, 2014. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, the Company's disclosure controls and procedures are effective to ensure that information it is required to disclose in reports that it files or submits under the Securities Exchange Act of 1934 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, and that such information is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

Changes in Internal Control over Financial Reporting.

No change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) occurred during the quarter ended June 29, 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

The management of Linear Technology is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) or 15d-15(f) of the Securities Exchange Act of 1934. The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of financial statements issued for external purposes in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial reporting reliability and financial statement preparation and presentation.

The Company's management assessed the effectiveness of its internal control over financial reporting as of June 29, 2014. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control—Integrated Framework (1992 framework). Based on its assessment of internal control over financial reporting, management has concluded that, as of June 29, 2014, the Company's internal control over financial reporting is effective based on the COSO criteria.

Management's assessment of the effectiveness of internal control over financial reporting as of June 29, 2014 has been audited by Ernst and Young LLP, an independent registered public accounting firm, as stated in their attestation report which is included herein.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item for the Company's directors is incorporated herein by reference to the 2014 Proxy Statement, under the caption "Proposal One - Election of Directors," and for the executive officers of the Company, the information is included in Part I hereof under the caption "Executive Officers of the Registrant." The information required by this item with respect to compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference to the 2014 Proxy Statement under the caption "Section 16(a) Beneficial Ownership Reporting Compliance."

The Company had adopted a Code of Business Conduct and Ethics that applies to all of its employees, including its Chief Executive Officer, Chief Financial Officer, and its principal accounting officers. The Company's Code of Business Conduct and Ethics is posted on its website at <http://www.linear.com/>. The Company intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to, or waiver from, a provision of the Code of Business Conduct and Ethics by posting such information on its website, at the address specified above.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference to the 2014 Proxy Statement, under the section titled "Executive Compensation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated by reference to the 2014 Proxy Statement, under the section titled "Beneficial Security Ownership of Directors, Executive Officers and Certain Other Beneficial Owners" and "Securities Authorized for Issuance Under Equity Compensation Plans."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Not applicable.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated by reference to the 2014 Proxy Statement, under the section titled "Fees Paid To Ernst & Young LLP."

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

The following consolidated financial statements are included in Item 8:

Consolidated Statements of Income for each of the three years in the period ended June 29, 2014
Consolidated Statement of Comprehensive Income for each of the three years in the period ended June 29, 2014
Consolidated Balance Sheets as of June 29, 2014 and June 30, 2013
Consolidated Statements of Cash Flows for each of the three years in the period ended June 29, 2014
Consolidated Statements of Stockholders' Equity for each of the three years in the period ended June 29, 2014
Reports of Independent Registered Public Accounting Firm

2. Schedules

VALUATION AND QUALIFYING ACCOUNTS (Dollars in thousands)

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions	Balance at End of Period
Allowance for doubtful accounts:				
July 1, 2012	\$ 2,043	\$ —	\$ 8	\$ 2,035
June 30, 2013	\$ 2,035	\$ —	\$ 144	\$ 1,891
June 29, 2014	\$ 1,891	\$ —	\$ 238	\$ 1,653

Schedules other than the schedule listed above have been omitted since they are either not required or the information is included elsewhere.

3. Exhibits

The Exhibits which are filed with this report or which are incorporated by reference herein are set forth in the Exhibit Index.

(c) Exhibit Index

The Exhibits which are filed with this report or which are incorporated by reference herein are set forth in the Exhibit Index.

- 3.1 Certificate of Incorporation of Registrant. (6)
- 3.4 Amended and Restated Bylaws of Registrant. (10)
- 4.1 Indenture dated April 24, 2007 with U.S. Bank National Association as Trustee and Cede & Co. as nominee for The Depository Trust Corporation for 3.00% Convertible Senior Notes due May 1, 2027. (13)
- 4.2 Indenture dated April 24, 2007 with U.S. Bank National Association as Trustee and Cede & Co. as nominee for The Depository Trust Corporation for 3.125% Convertible Senior Notes Due May 1, 2027. (13)
- 10.10 Credit Agreement, dated as of October 23, 2013, by and between Linear Technology Corporation and Wells Fargo Bank, National Association. (15)
- 10.20 Revolving Line of Credit Note, dated as of October 23, 2013, issued by Linear Technology Corporation to Wells Fargo Bank, National Association. (15)
- 10.36 Form of Indemnification Agreement. (6)
- 10.45 Land lease dated March 30, 1993 between the Registrant and the Singapore Housing and Development Board.(2)
- 10.46 Land lease dated November 20, 1993 between the Registrant and the Penang Development Corporation. (3)
- 10.47 1996 Incentive Stock Option Plan and form of Nonstatutory Stock Option Agreement.(*)(4)
- 10.48 2009 Executive Bonus Plan, as amended July 20, 2010. (*) (5)
- 10.49 2001 Nonstatutory Stock Option Plan, as amended July 23, 2002, and form of Stock Option Agreement. (*) (8)

- 10.50 Third Amended and Restated Employment Agreement between Registrant and Robert H. Swanson, Jr. dated December 18, 2012. (*) (11)
- 10.51 Employment Agreement dated January 15, 2002 between the Registrant and Paul Coghlan. (*) (7)
- 10.52 Employment Agreement dated January 15, 2002 between the Registrant and Robert C. Dobkin. (*) (7)
- 10.53 2005 Equity Incentive Plan, form of Stock Option Agreement, form of Restricted Stock Agreement, and form of Restricted Stock Unit Agreement. (*) (12)
- 10.54 2005 Employee Stock Purchase Plan and enrollment form. (*) (9)
- 10.55 Registration Rights Agreement dated April 24, 2007 for 3.00% Convertible Senior Notes Due May 1, 2027. (13)
- 10.56 Registration Rights Agreement dated April 24, 2007 for 3.125% Convertible Senior Notes Due May 1, 2027. (13)
- 10.57 Employment Agreement dated August 11, 2009 between the Registrant and Lothar Maier. (*) (1)
- 10.58 2010 Equity Incentive Plan. (14)
- 21.1 Subsidiaries of Registrant.
- 23.1 Consent of Independent Registered Public Accounting Firm.
- 31.1 Certification of Chief Executive Officer.
- 31.2 Certification of Chief Financial Officer.
- 32.1 Certification of Lothar Maier and Paul Coghlan Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

(*) The item listed is a compensatory plan of the Company.

(1) Incorporated by reference to the Registrant's current report on Form 8-K filed with the Securities and Exchange Commission on August 17, 2009.

(2) Incorporated by reference to identically numbered exhibit filed in response to Item 14(a)(3) "Exhibits" of the Registrant's Annual Report on Form 10-K for the fiscal year ended June 27, 1993.

(3) Incorporated by reference to identically numbered exhibit filed in response to Item 14(a)(3) "Exhibits" of the Registrant's Annual Report on Form 10-K for the fiscal year ended July 3, 1994.

(4) Incorporated by reference to Exhibits 4.1 and 4.2 of the Registrant's Registration Statement on Form S-8 filed with the Commission on July 30, 1999.

(5) Incorporated by reference to identically numbered exhibit filed in response to Item 14(a)(3) "Exhibits" of the Registrant's Annual Report on Form 10-K for the fiscal year ended June 27, 2010.

(6) Incorporated by reference to identically numbered exhibit filed in response Item 14(a)(3) "Exhibits" of the Registrant's Annual Report on Form 10-K for the fiscal year ended July 1, 2001.

- (7) Incorporated by reference to identically numbered exhibit filed in response to Item 6 “Exhibits and Reports on Form 8-K” of the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2002.
- (8) Incorporated by reference to identically numbered exhibit filed in response to Item 14(a)(3) “Exhibits” of the Registrant’s Annual Report on Form 10-K for the fiscal year ended June 30, 2002.
- (9) Incorporated by reference to the Registrant’s Statement on Form S-8 filed with the Securities and Exchange Commission on September 30, 2005.
- (10) Incorporated by reference to the Registrant’s current report on Form 8-K filed with the Securities and Exchange Commission on October 18, 2006.
- (11) Incorporated by reference to identically numbered exhibit filed in response to Item 6 “Exhibits” of the Registrant’s Quarterly Report on Form 10-Q for the quarter ended December 30, 2012.
- (12) Incorporated by reference to identically numbered exhibit filed in response to Item 6 “Exhibits” of the Registrant’s Quarterly Report on Form 10-Q for the quarter ended October 2, 2005.
- (13) Incorporated by reference to identically numbered exhibit filed in response to Item 6 “Exhibits” of the Registrant’s Quarterly Report on Form 10-Q for the quarter ended April 1, 2007.
- (14) Incorporated by reference to Appendix A of the Registrant’s Definitive Proxy Statement filed on September 15, 2010.
- (15) Incorporated by reference to the Registrant’s current report on Form 8-K filed with the Securities and Exchange Commission on October 23, 2013.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

LINEAR TECHNOLOGY CORPORATION

(Registrant)

By: /s/ Lothar Maier

Lothar Maier
Chief Executive Officer
August 20, 2014

POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Lothar Maier and Paul Coghlan, jointly and severally, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Lothar Maier

Lothar Maier
Chief Executive Officer (Principal
Executive Officer)
August 20, 2014

/s/ Paul Coghlan

Paul Coghlan
Vice President of Finance and Chief
Financial Officer (Principal Financial
Officer and Principal Accounting Officer)
August 20, 2014

/s/ Robert H. Swanson, Jr.

Robert H. Swanson, Jr.
Executive Chairman of the Board
August 20, 2014

/s/ Thomas S. Volpe

Thomas S. Volpe
Director
August 20, 2014

/s/ David S. Lee

David S. Lee
Director
August 20, 2014

/s/ Richard M. Moley

Richard M. Moley
Director
August 20, 2014

/s/ Arthur Agnos

Arthur C. Agnos
Director
August 20, 2014

/s/ John Gordon

John J. Gordon
Director
August 20, 2014

LINEAR TECHNOLOGY CORPORATION**LIST OF SUBSIDIARIES**

1. Linear Technology (U.K.) Limited
2. Linear Technology KK (Japan)
3. Linear Technology GmbH (Germany)
4. Linear Technology S.A.R.L. (France)
5. Linear Technology PTE (Singapore)
6. Linear Technology (Taiwan) Corporation
7. Linear Technology Korea
8. Linear Semiconductor Sdn Bhd (Malaysia)
9. Linear Technology A.B. (Sweden)
10. Linear Technology Corporation Limited (Hong Kong)
11. Linear Technology S.r.l. (Italy)
12. Linear Technology GK (Japan)
13. Linear Technology Canada Corp.
14. Linear Technology (Hangzhou) Analog IC Design (China)
15. Linear Technology Semiconductor India Private Limited
16. Dust Networks, Inc.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-58745, 333-40595, 333-84149, 333-60946, 333-102542, 333-128747, 333-129856, 333-158743, 333-168948, 333-172185, Form S-3ASR No. 333-144193, and Form S-3 No. 333-144012) of our reports dated August 20, 2014, with respect to the consolidated financial statements and schedule of Linear Technology Corporation, and the effectiveness of internal control over financial reporting of Linear Technology Corporation, included in this Annual Report (Form 10-K) for the fiscal year ended June 29, 2014.

/s/ Ernst & Young LLP

San Jose, California
August 20, 2014

**CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Principal Executive Officer

I, Lothar Maier, certify that:

- 1) I have reviewed this Annual Report on Form 10-K of Linear Technology Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses, in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 20, 2014

/s/ Lothar Maier

Lothar Maier
Chief Executive Officer

**CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
Principal Financial Officer and Principal Accounting Officer**

I, Paul Coghlan, certify that:

- 1) I have reviewed this Annual Report on Form 10-K of Linear Technology Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses, in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 20, 2014

/s/ Paul Coghlan

Paul Coghlan
Vice President and Chief Financial Officer (Principal
Financial Officer and Principal Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-
OXLEY ACT OF 2002**

I, Lothar Maier, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Linear Technology Corporation on Form 10-K for the fiscal year ended June 29, 2014 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Linear Technology Corporation.

Date: August 20, 2014

By: /s/ Lothar Maier

Name: Lothar Maier

Title: Chief Executive Officer

I, Paul Coghlan, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Linear Technology Corporation on Form 10-K for the fiscal year ended June 29, 2014 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Linear Technology Corporation.

Date: August 20, 2014

By: /s/ Paul Coghlan

Name: Paul Coghlan

Title: Chief Financial Officer