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 July 3, 2016

☐ **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	**94-2778785**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1630 McCarthy Boulevard, Milpitas, California	**95035**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (408) 432-1900

Securities registered pursuant to Section 12(b) of the Act:	Name of each exchange on which registered
Common Stock, $0.001 par value	**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 $6,679,000,000 as of December 31, 2015 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 239,721,247 shares of the registrant's common stock issued and outstanding as of July 29, 2016.

DOCUMENTS INCORPORATED BY REFERENCE:

Items 10, 11, 12 and 14 of Part III incorporate information by reference from the definitive proxy statement (the "2016 Proxy Statement") for the 2016 Annual Meeting of Stockholders, to be filed subsequently.

LINEAR TECHNOLOGY CORPORATION

FORM 10-K
For the Fiscal Year Ended July 3, 2016
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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; the anticipated trends in the Company's revenue and the Company's expectations regarding the duration of the weak cycle; 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 "Item 1A - Risk Factors" in 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, transportation, computer, medical, instrumentation, consumer, and military and aerospace systems. Linear Technology produces power management, data conversion, signal conditioning, RF and interface ICs, µModule® subsystems, and wireless sensor network products. The Company 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.

Recent Developments

On July 26, 2016, the Company announced that it had entered into a definitive merger agreement (the "Analog Merger Agreement") with Analog Devices, Inc., a Massachusetts corporation ("Analog Devices"), under which a wholly owned subsidiary of Analog Devices will merge with and into the Company, and the Company will survive as a wholly owned subsidiary of Analog Devices (the "Analog Acquisition"). Under the terms of the Analog Merger Agreement, Linear Technology stockholders who do not exercise their appraisal rights under Delaware law will have the right to receive, for each Linear Technology share held by such stockholders, $46.00 in cash (the "Cash Consideration") and 0.2321 shares of Analog Devices common stock, par value $0.16 2/3 per share (the "Stock Consideration," and together with the Cash Consideration, the "Merger Consideration") (with the ratio of Stock Consideration to Cash Consideration subject to adjustment pursuant to the terms of the Analog Merger Agreement so that the aggregate number of shares issued by Analog Devices as Stock Consideration will not exceed 19.9% of the total outstanding common stock of Analog Devices prior to the Analog Acquisition). Each of the Company's equity awards that were outstanding as of July 22, 2016 and are unvested as of the closing of the Analog Acquisition will be converted into the right to receive the Merger Consideration in respect of each share of the Company's common stock underlying such award when such award vests. Each of the Company's other equity awards that were granted after July 22, 2016 and are unvested as of the closing of the Analog Acquisition will be converted into the right to receive 0.9947 shares of Analog Devices common stock in respect of each share of the Company's common stock underlying such award when such award vests.

The transaction has been approved by both the Company's Board of Directors and the board of directors of Analog Devices, and the completion of the Analog Acquisition is subject to customary closing conditions including, among others, the approval of Linear Technology's stockholders and various regulatory approvals. The transaction is expected to close during the first half of calendar 2017. For additional information on the Analog Merger Agreement and the Analog Acquisition, please refer to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 29, 2016. The

Company cannot guarantee that the Analog Acquisition will be completed or that, if completed, it will be exactly on the terms set forth in the Analog Merger Agreement.

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 Donald P. Zerio, 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.

Interfaces - 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. Lower speed data converters offer resolution up to 32 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 "motes," 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 and control of physical attributes such as temperature, pressure, light, sound and motion. This is particularly important for industrial internet of things ("IoT") applications, where wireless sensor networks may be deployed in harsh and remote environments. With an average power consumption of less than 50µA in heavy usage applications, SmartMesh products deliver over 10 year battery life, enabling wireless sensor nodes to be placed anywhere. Since all SmartMesh products include secure, precompiled network stacks, dynamic mesh optimization software, and network diagnostics software, developers can focus on rapid industrial IoT application development.

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 and Microwave Frequency Circuits - These circuits include mixers, modulators, demodulators, amplifiers, drivers, filters, oscillators/synthesizers and power detectors and controllers. Frequency capabilities reach up to 40GHz. They are used in 2G, 3G, 4G LTE, and the emerging 5G wireless and cable infrastructure, cellphones, wireless data communications, microwave, backhaul, military, radars, precision GPS and satellite communications.

Power Over Ethernet ("PoE") Controllers - 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, filters, 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:

Market	**End Applications/Products**	**Example Product Families**
Industrial/Medical	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	
Space/Military/Harsh Environment	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	
Automotive	Entertainment systems	Battery gas gauges
	Hybrid/electric vehicle battery systems	Isolated µModule 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
Communications	Smart phones	DC - DC converters
	Cellular phones	V.35 transceivers
	Cellular base stations (CDMA/WCDMA/	Isolated µModule power products
	GSM/LTE/ WiMAX)	Variable gain amplifiers
	Point-to-point wireless modems	High-speed amplifiers
	PBX switches	High speed A/D converters
	Optical networking	Digital power monitors
	Channel service units/data service units	Active diode bridge controllers
	Cable modems/networks	RF Power detectors
	Internet appliances	Low noise operational amplifiers
	Servers/ routers/switches	Micropower products
	Power over Ethernet	Power management products
	Wireless access points	Switched capacitor filters
	Wireless microphones	I^2C bus buffers
	Software defined radios	Voltage references
	Wireless sensor networks	Voltage regulators/supervisors
		Data converter products
		Hot Swap controllers

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

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 $23.3 billion in its fiscal year ended December 31, 2015. 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 July 3, 2016 and June 28, 2015, Arrow accounted worldwide for 42% and 36% of the Company’s total net accounts receivable, respectively. Arrow worldwide accounted for 34%, 32% and 31% of the Company’s worldwide net revenues in fiscal 2016, 2015 and 2014, 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 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, Copenhagen, 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's export sales are billed and payable in United States dollars, and thus export sales are generally not directly subject to fluctuating currency exchange rates.

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, three in China, seven in Japan, three in Taiwan, two 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 of up to 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 2016, 2015 and 2014, international revenues were $1,028.0 million or 72% of revenues, $1,066.9 million or 72% of revenues, and $1,010.3 million or 73% of revenues, respectively. The Company's export sales are billed and payable in United States dollars, and thus export sales are generally not directly subject to fluctuating currency exchange rates. During fiscal years 2016, 2015 and 2014, domestic revenues were $396.0 million or 28% of revenues, $408.2 million or 28% of revenues, and $378.1 million or 27% of revenues, respectively.

The Company's backlog of released and firm orders was approximately $187.0 million at July 3, 2016 as compared with $153.9 million at June 28, 2015. 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'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 of epidemic failure. 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. 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 2017.

Patents, Licenses and Trademarks

The Company has been awarded 1,401 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 July 3, 2016, the Company had 1,316 employees involved in research, development and engineering related functions, as compared to 1,289 employees as of June 28, 2015. 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.

During fiscal years 2016, 2015, and 2014, the Company incurred research and development expense of $276.5 million, $266.8 million, and $250.4 million, respectively.

Government Contracts

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

Employees

As of July 3, 2016, the Company had 4,923 employees, including 482 in marketing and sales, 1,316 in research, development and engineering related functions, 3,027 in manufacturing and production, and 98 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, 2016, are as follows:

Name	Age	Position
Robert H. Swanson, Jr.	77	Executive Chairman of the Board of Directors
Lothar Maier	61	Chief Executive Officer
Paul Chantalat	66	Vice President Quality and Reliability
Donald P. Zerio	56	Vice President of Finance and Chief Financial Officer; Secretary
Robert C. Dobkin	72	Vice President of Engineering and Chief Technical Officer
Alexander R. McCann	50	Vice President and Chief Operating Officer
Richard Nickson	66	Vice President of North American Sales
David A. Quarles	50	Vice President of International Sales
Donald Paulus	59	Vice President and General Manager, D Power Products
Steve Pietkiewicz	56	Vice President and General Manager, S Power Products
Robert Reay	55	Vice President and General Manager, Mixed Signal Products
Erik M. Soule	52	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. Zerio has served as Vice President of Finance and Chief Financial Officer of the Company since June 2015. Prior to that Mr. Zerio served as the Company's Corporate Controller for eleven years, and prior to that, International Controller. Mr. Zerio has over 25 years of financial experience in the technology industry gained from senior financial management positions with large multinational companies, small emerging growth companies and PricewaterhouseCoopers. Mr. Zerio received a B.S. degree in Accounting from the University of Connecticut.

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.

Risks Related to the Analog Acquisition

Our business relationships may be subject to disruption due to uncertainty associated with the Analog Acquisition, which could have an adverse effect on our results of operations, cash flows and financial position and, following the completion of the Analog Acquisition, those of the combined company.

Parties with which we do business may be uncertain as to the effects on them from the Analog Acquisition and related transactions, including with respect to their current or future business relationships with us or the combined company. These relationships may be subject to disruption, as customers, suppliers and other persons with whom we have business relationships may delay or defer certain business decisions or might decide to terminate, change or renegotiate their relationships with us, or consider entering into business relationships with parties other than us or the combined company. These disruptions could have an adverse effect on our results of operations, cash flows and financial position or those of the combined company following the completion of the Analog Acquisition. The risk, and adverse effect, of any disruption could be exacerbated by a delay in completion of the Analog Acquisition or termination of the Analog Merger Agreement.

The Analog Merger Agreement subjects us to restrictions on our business activities.

The Analog Merger Agreement subjects us to restrictions on our business activities and generally obligates us to generally operate our businesses in all material respects in the ordinary course. These restrictions could have an adverse effect on our results of operations, cash flows and financial position.

Completion of the Analog Acquisition is subject to the conditions contained in the Analog Merger Agreement, and if these conditions are not satisfied or waived, the Analog Acquisition will not be completed.

Our obligations and the obligations of Analog Devices to complete the Analog Acquisition are subject to the satisfaction or waiver of a number of conditions, including the approval of the Analog Acquisition proposal by our stockholders, the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") and the receipt of all other required regulatory approvals. For a more complete summary of the required regulatory approvals and the conditions to the closing of the Analog Acquisition, please review the Analog Merger Agreement in its entirety, which was filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 29, 2016.

Many of the conditions to closing of the Analog Acquisition are not within our control, and we cannot predict when or if these conditions will be satisfied. If any of these conditions are not satisfied or waived prior to April 26, 2017, which date will automatically be extended to October 26, 2017 under certain circumstances, it is possible that the Analog Merger Agreement will be terminated. Although we and Analog Devices have agreed in the Analog Merger Agreement to use reasonable best efforts, subject to certain limitations, to complete the Analog Acquisition as soon as practicable, these and other conditions to the completion of the Analog Acquisition may not be satisfied. The failure to satisfy all of the required conditions could delay the completion of the Analog Acquisition for a significant period of time or prevent it from occurring. There can be no assurance that the conditions to the closing of the Analog Acquisition will be satisfied or waived or that the Analog Acquisition will be completed. See the risk factor below titled "Failure to complete the Analog Acquisition could negatively affect our stock price, future business and financial results."

The Analog Acquisition is subject to the expiration of applicable waiting periods, and the receipt of approvals, consents or clearances from domestic and foreign regulatory authorities that may impose conditions that could have an adverse effect on us or the combined company or, if not obtained, could prevent completion of the Analog Acquisition.

Before the Analog Acquisition may be completed, any waiting period (or extension thereof) applicable to the Analog Acquisition must have expired or been terminated, and any approvals, consents or clearances required in connection with the Analog Acquisition must have been obtained, in each case, under the HSR Act and under the antitrust and competition laws of China, Israel, Japan, Korea, the European Union (to the extent it has jurisdiction as a result of a referral request made pursuant to Article 4(5) of the EC Merger Regulation or Article 22 of the EC Merger Regulation, which we refer to in this annual report as a European Union specified merger control action), Romania (to the extent required by applicable law, unless a European specified merger control action occurs), Germany (unless a European Union specified merger control action occurs) and the United Kingdom (unless a European Union specified merger control action occurs, and to the extent there is a publication by the United Kingdom Competition & Markets Authority of an Invitation to Comment in relation to the transaction, on its website and/or on the Regulatory News Service of the London Stock Exchange). In addition, the Analog Acquisition may be reviewed under antitrust statutes of other governmental authorities, including U.S. state laws. In deciding whether to grant the required regulatory approval, consent or clearance, the relevant governmental entities will consider the effect of the Analog Acquisition on competition within their relevant jurisdiction. The terms and conditions of the approvals, consents and clearances that are granted may impose requirements, limitations or costs on, or place restrictions on the conduct of, the combined company's business. Under the Analog Merger Agreement, we and Analog Devices have agreed to use reasonable best efforts to obtain such approvals, consents and clearances and therefore may be required to comply with conditions or limitations imposed by governmental authorities. However, Analog Devices will not be required to do any of the following in order to obtain any regulatory approval or otherwise to consummate the Analog Acquisition, and any requirement to do any of the following in order to obtain a required regulatory approval would result in the conditions to the consummation of the Analog Acquisition not being satisfied, unless waived by Analog Devices: (i) sell, divest, exclusively license, hold separate, or otherwise dispose of, or (ii) grant any non-exclusive license, accept any operational restrictions or take or commit to take any

actions which restrictions or actions would limit Analog Devices' or any of its affiliates' freedom of action, in each case with respect to assets, licenses, product lines, operations or businesses of Analog Devices, Linear Technology or any of their respective subsidiaries that individually or in the aggregate generated total collective revenues in excess of $125 million in Analog Devices or Linear Technology's fiscal year 2016, which we refer to in this annual report as the revenue cap. For purposes of clause (ii), the revenues of the asset, license, product line, operation or business impacted by such non-exclusive license, operational restriction or action will be considered in determining whether the revenue cap is met only if such restrictions would limit Analog Devices' or its affiliates' freedom of action with respect to the impacted asset, product line, operation or business after the effective time in a manner that is material to such impacted asset, product line, operation or business or, in the case of a non-exclusive license, the adverse effect of such license is non-de minimis with respect to the impacted asset, product line, operation or business. Analog Devices will also not be required to agree to or accept any obligation to permit any third party to invest (directly or indirectly, including through a joint venture or similar arrangement) in Analog Devices, Linear Technology, or any of their subsidiaries or affiliates. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying completion of the Analog Acquisition or imposing additional material costs on or materially limiting the revenues of the combined company following the completion of the Analog Acquisition. In addition, neither we nor Analog Devices can provide assurance that any such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the Analog Acquisition.

The Analog Merger Agreement limits our ability to pursue alternatives to the Analog Acquisition and may discourage other companies from trying to acquire the Company.

The Analog Merger Agreement contains provisions that make it more difficult for us to sell our business to a party other than Analog Devices. These provisions include a general prohibition on the Company soliciting any acquisition proposal or offer for a competing transaction. Further, there are only limited exceptions to (i) our agreement that our Board of Directors will not withdraw or modify in a manner adverse to Analog Devices the recommendation of the our Board of Directors that our stockholders vote in favor of the adoption of the Analog Merger Agreement and (ii) our agreement not to enter into an agreement with respect to a company takeover proposal. In addition, we are required to pay Analog Devices a termination fee of $490 million if the Analog Merger Agreement is terminated in certain circumstances relating to our entry into an agreement for an alternative transaction or a change in the recommendation of our Board of Directors with respect to the Analog Acquisition.

These provisions could discourage a third party that might have an interest in acquiring all or a significant part of the Company from considering or proposing that acquisition, even if that party were prepared to pay consideration with a higher per share value than the value proposed to be received or realized in the Analog Acquisition. These provisions might also result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

Failure to complete the Analog Acquisition could negatively affect our stock price and our future business and financial results.

If the Analog Acquisition is not completed for any reason, including as a result of our stockholders failing to approve the Analog Acquisition proposal, our ongoing business may be adversely affected, and, without realizing any of the benefits of having completed the Analog Acquisition, we could be subject to a number of negative consequences, including the following:

- we may experience negative reactions from the financial markets, including negative impacts on our stock price;
- we may experience negative reactions from our customers and suppliers, or negative publicity generally;
- we may experience negative reactions from our employees and may not be able to retain key management personnel and other key employees;
- we will have incurred, and will continue to incur, significant non-recurring costs in connection with the Analog Acquisition that we may be unable to recover;

- the Analog Merger Agreement places certain restrictions on the conduct of our business prior to completion of the Analog Acquisition, the waiver of which is subject to the consent of Analog Devices (not to be unreasonably withheld, conditioned or delayed in certain circumstances), which may prevent us from making certain acquisitions, taking certain other specified actions or otherwise pursuing business opportunities during the pendency of the Analog Acquisition that may be beneficial to us if the Analog Acquisition were not to occur; and

- matters relating to the Analog Acquisition (including integration planning) will require substantial commitments of time and resources by our management, which could otherwise have been devoted to day-to-day operations and other opportunities that may be beneficial to us as an independent company.

In addition, upon termination of the Analog Merger Agreement, we are required to pay Analog Devices a termination fee of $490 million if the Analog Merger Agreement is terminated in certain circumstances relating to our entry into an agreement for an alternative transaction or a change in the recommendation of our Board of Directors with respect to the Analog Acquisition. Finally, we could be subject to litigation related to any failure to complete the Analog Acquisition or related to any enforcement proceeding commenced against us to perform our obligations under the Analog Merger Agreement. If the Analog Acquisition is not completed, any of these risks may materialize and may adversely affect our business, financial condition, financial results and stock price.

Uncertainties associated with the Analog Acquisition may cause a loss of our management personnel and our other key employees, which could adversely affect our future business and operations or those of the combined company following the Analog Acquisition.

We are dependent on the experience and industry knowledge of our officers and other key employees to execute our business plans. The combined company's success after the Analog Acquisition, or our success as a stand-alone company if the Analog Acquisition is not completed, will depend in part upon our ability to retain key management personnel and other key employees. Current and prospective employees of the Company may experience uncertainty about their future roles with the combined company following the Analog Acquisition, which may materially adversely affect our ability to attract and retain key personnel during the pendency of the Analog Acquisition. Accordingly, no assurance can be given that either we or the combined company will be able to retain our key management personnel and our other key employees.

Lawsuits may in the future be filed against us or our directors challenging the Analog Acquisition, and an adverse ruling in any such lawsuit may prevent the Analog Acquisition from becoming effective or from becoming effective within the expected timeframe.

Transactions like the Analog Acquisition are frequently the subject to litigation or other legal proceedings, including actions alleging that our Board of Directors breached its fiduciary duty to our stockholders by entering into the Analog Merger Agreement, by failing to obtain a greater value in the transaction for our stockholders or otherwise. We believe that any such litigation or proceedings would be without merit, but there can be no assurance that they will not be brought. If litigation or other legal proceedings are in fact brought against us or our Board, we would defend against it vigorously, but we might not be successful in doing so. An adverse outcome in such matters, as well as the costs and efforts of a defense even if successful, could have a material adverse effect on our business, results of operation or financial condition, including through the possible diversion of our resources or distraction of key personnel.

Further, one of the conditions to the completion of the Analog Acquisition is that no injunction by any court or other tribunal of competent jurisdiction be in effect that temporarily or permanently prohibits, enjoins or makes illegal the consummation of the Analog Acquisition. As such, if any of the plaintiffs are successful in obtaining an injunction prohibiting the consummation of the Analog Acquisition, that injunction may prevent the Analog Acquisition from becoming effective or from becoming effective within the expected timeframe.

Risks Related to Our Business

Fluctuations in consumer and/or corporate spending, including 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 transportation 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, including 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, energy prices, currencies, or other conditions, could adversely affect our revenues and profitability. The impact of general economic sluggishness relating to 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, volatility in oil pricing, fluctuations of the United States dollar, 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 are 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, such 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. In addition, the pendency of the Analog Acquisition could cause customers to fear, rightly or wrongly, that the combined company might not continue to offer those of our products that

are designed into their products and thus reduce their purchases of our products or consider redesign of their products, even before the Analog Acquisition is anticipated to close. The loss of, or a significant reduction in, purchases by a portion of our customer base, for these 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 transportation 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, in some cases years. 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, increases in the cost of our products and 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, currency, political and other risks through our significant worldwide operations.

During fiscal year 2016, 72% 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.

Changes in currency exchange rates where the Company conducts business may impact it financially. As mentioned above, the Company's revenues and billings are transacted in U.S. dollars. Recently, the U.S. dollar has significantly strengthened against other currencies. The strengthening of the U.S. dollar results in the Company's products being more expensive for certain of its international customers. Accordingly, the Company's competitive position may be adversely affected if the U.S. dollar continues to strengthen. The adverse effect to revenue may be partially offset in operating expenses since the Company generally incurs its foreign operating expenses, primarily labor, in the corresponding local currency.

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, Intersil Corporation, 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.

Our financial results may be adversely affected by the ongoing drought in California, where we operate one of our wafer fabrication manufacturing facilities.

We rely on our internal manufacturing facilities located in California and Washington to fabricate most of our wafers. California is in its fifth year of drought and while the state government has eased the mandatory residential reduction in statewide water use in May 2016, both state and local governmental authorities will continue to enforce water use restrictions or impose new ones should drought conditions persist. In the future, this drought may impact businesses in the form of rate increases and/or mandatory reductions. Our fabrication process consumes a significant amount of water and we are generally dependent upon water provided by public utilities. We also maintain a well at the California facility; however, we may be restricted on the amount of water we can draw from that well. Restrictions on our access to water could have a significant adverse impact on our business as production at our California facility could be disrupted by the unavailability of water. In addition, we may be charged

more for water or fined for deemed excessive usage which could impact our operating margins if we are not able to pass along price increases to our customers.

We are subject to a variety of domestic and international laws and regulations, including those relating to 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 "Dodd-Frank 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 our products contain gold, tungsten and tin. As a result of the Dodd-Frank Act, we must annually publicly disclose whether we manufacture (as defined in the Dodd-Frank Act) any products that contain conflict minerals. Additionally, customers typically rely on us to provide critical data regarding the parts they purchase, including conflict mineral information. Our material sourcing is broad-based and multi-tiered, and it is difficult to verify the origins for conflict minerals used in the products we sell. We have many suppliers, and each may provide conflict mineral information in a different manner, if at all. Accordingly, because the supply chain is complex, we may face reputational challenges from being unable to sufficiently verify the origins of conflict minerals used in our 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, we are 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 our 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 our policies and procedures mandate compliance with such laws and regulations, there can be no assurance that our 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, which could have a material adverse impact on our 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 on our part to determine our worldwide tax liabilities. We have a partial tax holiday through July 2025 in Malaysia and a partial tax holiday in Singapore through August 2019. The ability to extend such tax holidays beyond their date of expiration cannot be assured. 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, if we fail to meet certain conditions to the tax holidays, we may be liable for additional taxes and penalties. 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. 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. 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, but 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.

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.

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

We rely on information technology systems throughout our organization to process and maintain financial records and employee and customer data, process orders, manage inventory, coordinate shipments to customers, process and maintain personal data and other confidential and proprietary information, assist in semiconductor engineering and other technical activities and operate other critical functions such as internet connectivity, network communications and email. The information technology systems we use in our business may be susceptible to damage, disruptions or shutdowns due to power outages, hardware failures, telecommunication failures, user errors, catastrophes or other unforeseen events. If we were to experience a disruption in the information technology systems that involve our internal communications or our interactions with customers or suppliers, it could result in the loss of sales and customers and significant incremental costs, which could adversely affect our business.

We may also be subject to security breaches or other unauthorized access to, or misuse or acquisition of, personal data or other proprietary or confidential information caused by computer viruses, illegal break-ins or hacking, sabotage, acts of vandalism by third parties, or intentional or inadvertent breaches by our employees or service providers. In addition, we provide our confidential and proprietary information to third-party business partners where necessary to conduct our business. While we employ confidentiality agreements to protect such information, those third parties may also suffer security breaches or otherwise compromise the protection of such information. If any security breaches or unauthorized access to, or use or acquisition of, personal data or other confidential or proprietary information were to occur or believed to have occurred, our relationships with our business partners and customers could be materially damaged, our reputation and brand could be materially harmed, and governmental authorities or affected persons or entities could initiate enforcement actions, investigations, or other legal or regulatory action against us, which could cause us to incur significant fines, expenses and liability or could result in orders, judgments, or consent decrees forcing us to modify our business practices. Any of these events could have a material adverse impact on our business, operating results and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

At July 3, 2016, 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)	360,000	Test and packaging operations, warehousing and distribution, research and development, and sales and administration
1	Malaysia (B)	350,000	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 additional 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 2017.

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 July 3, 2016.

Period	Total Number of Shares Purchased (1)	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 (2)
April 4, 2016 – May 1, 2016	—	$ —	—	6,282,795
May 2, 2016 – May 29, 2016	174,161	$ 46.26	—	6,282,795
May 30, 2016 – July 3, 2016	—	$ —	—	6,282,795
Total	174,161	$ 46.26	—	6,282,795

(1) During the quarter ended July 3, 2016, the Company withheld 174,161 shares of restricted stock for $8.1 million to satisfy employee tax withholding requirements related to the vesting of restricted stock awards. No shares of its common stock were repurchased in the open market under the open market repurchase program authorized by the Board of Director in October 2014.

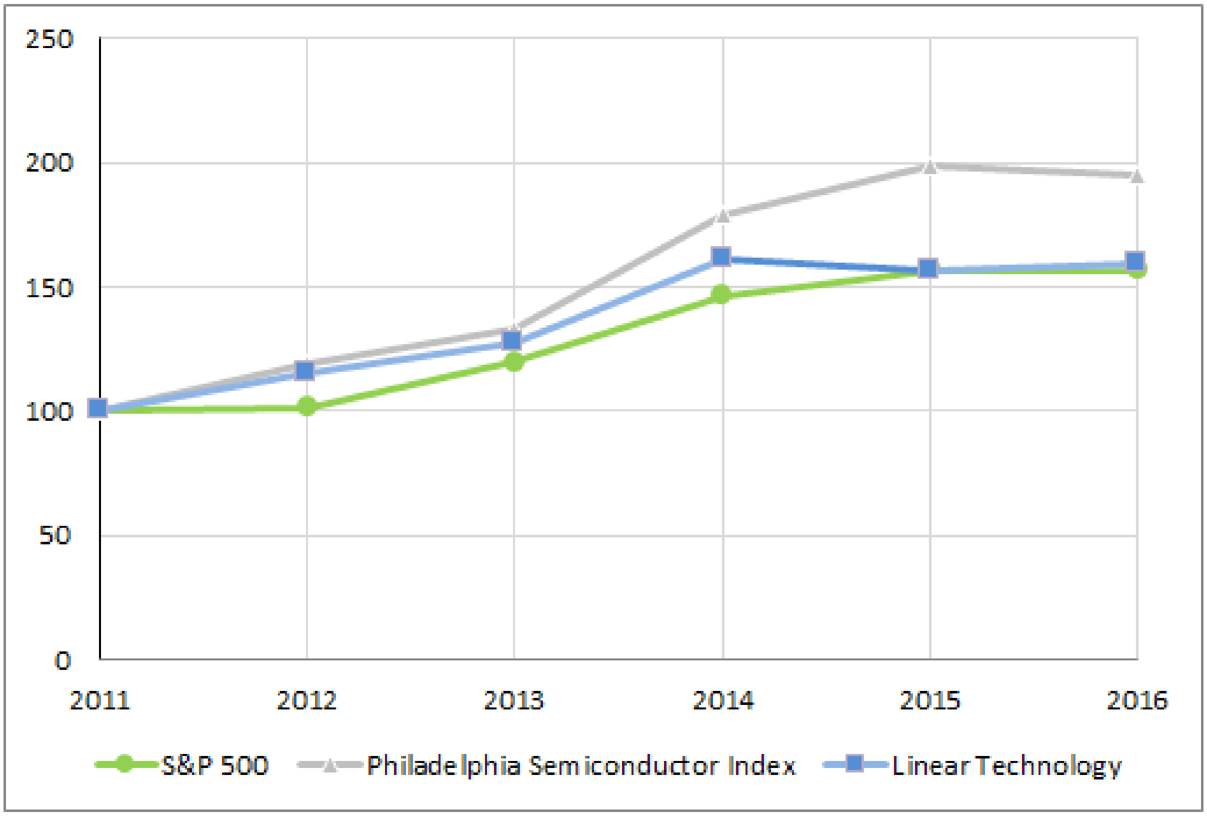
(2) On October 14, 2014, the Company's Board of Directors authorized the Company to purchase up to 10.0 million shares of its outstanding common stock in the open market over a two-year time period.

The Analog Merger Agreement restricts the ability of the Company to repurchase shares of its common stock until the time that the transaction is consummated or the Analog Merger Agreement is terminated.

The Company's common stock price has been, and will likely continue to be, affected by the pending Analog Acquisition.

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 July 3, 2011 and ending July 3, 2016. The graph assumes that $100 was invested on July 3, 2011 in each of Linear Technology common stock, the S&P 500 Index, and the Philadelphia Semiconductor Index.



ITEM 6. SELECTED FINANCIAL DATA

The following table includes selected financial data for each of our last five fiscal years.

	2016	2015	2014	2013	2012
In thousands, except per share amounts					
Income statement information					
Revenues	$ 1,423,936	$ 1,475,139	$ 1,388,386	$ 1,282,236	$ 1,266,621
Net income	494,346	520,963	459,961	406,925	398,111
Basic earnings per share	$ 2.02	$ 2.13	$ 1.91	$ 1.72	$ 1.71
Diluted earnings per share	2.02	2.12	1.90	1.71	1.70
Weighted average shares outstanding – Basic	244,662	244,408	240,498	236,703	233,013
Weighted average shares outstanding – Diluted	245,048	245,218	242,551	237,753	234,298
Balance sheet information					
Cash, cash equivalents and marketable securities	$ 1,448,275	$ 1,202,722	$ 1,012,787	$ 1,524,741	$ 1,203,059
Total assets	2,049,981	1,884,079	1,655,578	2,098,341	1,851,068
Convertible senior notes	—	—	—	826,629	805,599
Cash dividends per share	$ 1.24	$ 1.14	$ 1.06	$ 1.02	$ 0.98

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, transportation, 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 $373.8 million for the fourth quarter of fiscal year 2016 increased $12.6 million, or 3.5%, over the previous quarter's revenues of $361.1 million. The Company's quarterly industry leading gross margin and operating margin percentages remained relatively steady at 76.4% and 45.9% respectively, while earnings per share increased $0.02 to $0.54. For fiscal year 2016, revenue decreased 3.5% to $1,423.9 million, while earnings per share decreased $0.10 to $2.02. The Company had three sequential quarters of revenue growth after a significant decline in the first fiscal quarter of 2016. As a result of the pending Analog Acquisition, the Company will not provide expected financial results for the first quarter of fiscal 2017 or future periods.

Acquisition by Analog Devices

On July 26, 2016, the Company announced that it had entered into the Analog Merger Agreement, under which a wholly owned subsidiary of Analog Devices will merge with and into the Company, and the Company will survive as a wholly owned subsidiary of Analog Devices. Under the terms of the Analog Merger Agreement, Linear Technology stockholders who do not exercise their appraisal rights under Delaware law will have the right to receive, for each Linear Technology share held by such stockholders, $46.00 as Cash Consideration and 0.2321 shares of Analog Devices common stock as Stock Consideration (with the ratio of Stock Consideration to Cash Consideration subject to adjustment pursuant to the terms of the Analog Merger Agreement so that the aggregate number of shares issued by Analog Devices as Stock Consideration will not exceed 19.9% of the total outstanding common stock of Analog Devices prior to the Analog Acquisition). Each of the Company's equity awards that were outstanding as of July 22, 2016 and are unvested as of the closing of the Analog Acquisition will be converted into the right to receive the Merger Consideration in respect of each share of the Company's common stock underlying such award when such award vests. Each of the Company's other equity awards that were granted after July 22, 2016 and are unvested as of the closing of the Analog Acquisition will be converted into the right to receive 0.9947 shares of Analog Devices common stock in respect of each share of the Company's common stock underlying such award when such award vests.

The transaction has been approved by both the Company's Board of Directors and the board of directors of Analog Devices, and the completion of the Analog Acquisition is subject to customary closing conditions including, among others, the approval of Linear Technology's stockholders and various regulatory approvals. The Company has incurred, and in the future will continue to incur, significant non-recurring costs in connection with the Analog Acquisition. In addition, our ability to borrow under the Credit Agreement (as defined below) or other means of obtaining capital may be restricted by the terms of the Analog Merger Agreement. The transaction is expected to close during the first half of calendar 2017. For additional information on the Analog Merger Agreement and the Analog Acquisition, please refer to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 29, 2016. The Company cannot guarantee that the Analog Acquisition will be completed or that, if completed, it will be exactly on the terms as set forth in the Analog Merger Agreement. Should the Analog Acquisition not be completed, the Company will continue to be responsible for payment of commitments to current employees under retention agreements and may either receive or pay a termination fee depending on the circumstances, as provided for in the Analog Merger Agreement.

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 2016 and 2015, 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 July 3, 2016, the Company had approximately $61.2 million of deferred revenue and $12.5 million of deferred cost of sales recognized as $48.7 million of "Deferred income on shipments to distributors." At June 28, 2015, the Company had approximately $58.8 million of deferred revenue and $11.9 million of deferred cost of sales recognized as $46.9 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 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 was 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. During fiscal years 2016 and 2015, the price rebates that have been remitted back to distributors have ranged from $3.5 million to $4.4 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 10 of Notes to Consolidated Financial Statements of this Form 10-K for a discussion of current tax matters.

Results of Operations

The table below presents the income statement items expressed as a percentage of revenue for the periods indicated.

	Fiscal Year Ended		
	July 3, 2016	June 28, 2015	June 29, 2014
Revenues	100.0 %	100.0 %	100.0 %
Cost of sales	24.1	24.1	24.4
Gross margin	75.9	75.9	75.6
Expenses:			
Research & development	19.4	18.1	18.0
Selling, general & administrative	11.9	11.5	11.5
	31.3	29.6	29.5
Operating margin	44.6	46.3	46.1
Interest expense	—	—	(3.0)
Interest and other income	0.4	0.2	0.2
Income before income taxes	45.0 %	46.5 %	43.3 %
Tax rate	22.7 %	24.0 %	23.5 %

Revenue by Geographic Region

	Twelve Months Ended				Change	
(Dollars in thousands)	July 3, 2016	% of Revenue	June 28, 2015	% of Revenue	Amount	Percent
North America	$ 395,963	28%	$ 408,213	28%	$ (12,250)	(3)%
Europe	280,479	20%	291,988	20%	(11,509)	(4)
Japan	203,981	14%	229,110	15%	(25,129)	(11)
Rest of the world	543,513	38%	545,828	37%	(2,315)	(0)
Total revenue	$1,423,936	100%	$1,475,139	100%	$ (51,203)	(3)%

Fiscal year 2016 revenues declined in all major geographies compared to the prior fiscal year. The Rest of World geography is primarily Asia, excluding Japan. Revenue declined in all end-markets, except Transportation, with Industrial, Communication, and Computer showing the largest declines in absolute dollars. The Company's bookings in the Industrial, Transportation, Communication infrastructure, and Military end-markets in aggregate were 90% of bookings in fiscal year 2016, as compared to 88% of bookings for fiscal year 2015.

Revenues in fiscal year 2016 decreased from the prior fiscal year due to decreases in the number of units shipped, partially offset by a higher average selling price ("ASP"). The number of units shipped in fiscal year 2016 decreased 7% to 732.7 million units from 785.3 million units in fiscal year 2015. The ASP in fiscal year 2016 increased 3% to $1.95 per unit over $1.89 per unit in fiscal year 2015.

	Twelve Months Ended				Change	
(Dollars in thousands)	June 28, 2015	% of Revenue	June 29, 2014	% of Revenue	Amount	Percent
North America	$ 408,213	28%	$ 378,052	27%	$ 30,161	8 %
Europe	291,988	20%	267,219	19%	24,769	9
Japan	229,110	15%	222,792	16%	6,318	3
Rest of the world	545,828	37%	520,323	38%	25,505	5
Total revenue	$1,475,139	100%	$1,388,386	100%	$ 86,753	6 %

Fiscal year 2015 revenues increased in all major geographies compared to the prior fiscal year. Revenue increased in all end-markets, led by the Industrial and Transportation end-markets. The Company's bookings in the Industrial, Transportation,

Communication infrastructure, and Military end-markets in aggregate were 88% of bookings in both fiscal year 2015 and fiscal year 2014.

Revenues in fiscal year 2015 increased over the prior fiscal year due to increases in the number of units shipped and in the ASP of units. The number of units shipped in fiscal year 2015 increased 4% to 785.3 million units over 753.8 million units in fiscal year 2014. The ASP in fiscal year 2015 increased 3% to $1.89 per unit over $1.84 per unit in fiscal year 2014.

Gross Profit

	Twelve Months Ended			Change			
	July 3,	June 28,	June 29,	2016		2015	
(Dollars in thousands)	2016	2015	2014	Amount	Percent	Amount	Percent
Gross profit	$1,080,135	$1,119,412	$1,049,806	$ (39,277)	(3.5)%	$ 69,606	6.6 %
Gross margin as a % of revenue	75.9%	75.9%	75.6%				

Gross margin for fiscal year 2016 and the prior fiscal year was 75.9%. Gross margin in fiscal year 2016 benefited from a higher ASP, higher factory efficiencies, and favorable foreign exchange rates, partially offset by spreading fixed costs over a lower revenue base.

Gross margin for fiscal year 2015 increased to 75.9% as compared to 75.6% in fiscal year 2014. The increase in gross margin in fiscal year 2015 was primarily due to spreading fixed costs over a higher revenue base and a higher ASP, partially offset by higher labor, raw material, and electronic component costs.

Research and Development ("R&D")

	Twelve Months Ended			Change			
	July 3,	June 28,	June 29,	2016		2015	
(Dollars in thousands)	2016	2015	2014	Amount	Percent	Amount	Percent
R&D	$ 276,462	$ 266,761	$ 250,434	$ 9,701	3.6 %	$ 16,327	6.5 %
R&D as a % of revenue	19.4%	18.1%	18.0%				

Fiscal year 2016 R&D expense increased $9.7 million compared to the prior fiscal year, primarily due to a $5.8 million increase in labor and fringe compensation costs as a result of increases in headcount, merit increases, and the extra week during fiscal year 2016 as the period had 53 weeks compared to the customary 52 weeks. In addition, employee stock-based compensation costs increased $4.3 million, partially due to the extra week during fiscal year 2016, and other R&D expense increased $1.7 million primarily due to higher expenses for R&D supplies. These increases were partially offset by a $2.1 million decrease in employee profit sharing as a result of lower operating income during fiscal year 2016.

Fiscal year 2015 R&D expense increased $16.3 million compared to the prior fiscal year, primarily due to an $8.1 million increase in compensation costs as a result of increases in headcount, annual salaries, and related fringe benefit costs. In addition, employee profit sharing increased $3.5 million and employee stock-based compensation costs increased $4.0 million.

Selling, General and Administrative ("SG&A")

	Twelve Months Ended			Change			
	July 3,	June 28,	June 29,	2016		2015	
(Dollars in thousands)	2016	2015	2014	Amount	Percent	Amount	Percent
SG&A	$ 170,120	$ 169,952	$ 159,642	$ 168	0.1 %	$ 10,310	6.5 %
SG&A as a % of revenue	11.9%	11.5%	11.5%				

Fiscal year 2016 SG&A expense increased $0.2 million compared to the prior fiscal year, primarily due to a $2.0 million increase in stock-based compensation, partially due to the extra week during fiscal year 2016, and a $1.1 million increase in compensation costs mainly as a result of merit increases and related fringe benefit costs, partially offset by a $0.3 million decrease from lower commission costs. These increases were also partially offset by a $1.0 million decrease in employee profit sharing,

as a result of lower operating income during fiscal year 2016, and a $1.6 million decrease in other SG&A expense primarily due to lower expenses from advertising and travel.

Fiscal year 2015 SG&A expense increased $10.3 million compared to the prior fiscal year, primarily due to a $2.1 million increase in compensation costs mainly as a result of annual salary increases and commission costs. In addition, employee profit sharing increased $2.8 million and employee stock-based compensation increased $2.2 million. Other SG&A expense increased $3.3 million primarily due to advertising and legal expenses.

Interest and Other Income (Expense)

	Twelve Months Ended			Change			
				2016		2015	
(Dollars in thousands)	July 3, 2016	June 28, 2015	June 29, 2014	Amount	Percent	Amount	Percent
Interest and other income (expense)	$ 5,896	$ 2,690	$ (38,462)	$ 3,206	119.2 %	$ 41,152	107.0%
Interest and other income (expense) as a % of revenue	0.4%	0.2%	(2.8%)				

Fiscal year 2016 interest and other income increased $3.2 million compared to the prior fiscal year, primarily due to an increase in the average cash balance and higher interest rates earned on the Company's cash, cash equivalents and marketable securities balances. In addition, the prior fiscal year was lower due to higher foreign currency exchange losses on non-trade foreign receivables.

Fiscal year 2015 interest expense decreased $41.2 million compared to the prior fiscal year, primarily as a result of the conversion of the Company’s 3.00% Convertible Senior Notes (the “Notes”) at the end of the fiscal year 2014. Fiscal year 2015 interest and other income was $2.7 million and remained flat with the interest and other income of $2.7 million in fiscal year 2014. The average interest rate earned increased during fiscal year 2015; however, interest income was unchanged due to lower cash, cash equivalents and marketable security balances as a result of the debt extinguishment of the Notes and marginally due to higher foreign currency exchange losses on non-trade foreign receivables.

Provision for Income Taxes

	Twelve Months Ended			Change			
				2016		2015	
(Dollars in thousands)	July 3, 2016	June 28, 2015	June 29, 2014	Amount	Percent	Amount	Percent
Provision for income taxes	$ 145,103	$ 164,426	$ 141,307	$ (19,323)	(11.8)%	$ 23,119	16.4 %
Effective tax rate	22.7%	24.0%	23.5%				

The Company’s effective income tax rate was 22.7% in fiscal year 2016 compared to 24.0% in fiscal year 2015. Each period benefited from similar discrete items, primarily the release of tax reserves in each period due to the expiration of open fiscal years that were previously subject to audit. The release of discrete tax benefits in fiscal year 2016 had a greater impact on the effective tax rate recognized as compared to the release of discrete tax benefits during fiscal 2015. In addition, the tax provision for the 2016 fiscal period decreased due to the permanent reinstatement of the Research & Experimentation Tax Credit (the “R&D Tax Credit”).

The Company’s effective income tax rate was 24.0% in fiscal year 2015 compared to 23.5% in fiscal year 2014. Each period benefited from similar discrete items, primarily the retroactive reinstatement of the R&D Tax Credit for the prior calendar year in 2013 and again in 2014 and the release of tax reserves in each period due to the expiration of open fiscal years that were previously subject to 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 2025 in Malaysia.

Liquidity and Capital Resources

At July 3, 2016, cash, cash equivalents and marketable securities totaled $1,448.3 million, an increase of $245.6 million from the June 28, 2015 balance. Major uses of cash provided by operating activities of $685.1 million were (i) cash dividends of $303.4 million, representing $1.24 per share for fiscal year 2016, (ii) $89.0 million to purchase 2.2 million shares of the Company's common stock in the open market, and (iii) $30.8 million to purchase 0.7 million shares to satisfy minimum statutory withholding requirements related to the vesting of employee restricted stock awards. Working capital at July 3, 2016 was $1,574.8 million.

The Company's cash, cash equivalent, and marketable securities include significant funds held by the Company's non-U.S. subsidiaries. Funds held by non-U.S. subsidiaries are generally subject to U.S. income taxation upon repatriation to the U.S. The Company's non-U.S. funds include approximately $319 million available for use in the U.S. without incurring additional U.S. income taxes in excess of the amounts accrued in its financial statements as of July 3, 2016. The remaining amount of non-U.S. cash, cash equivalents, and short-term investments is being held offshore indefinitely for reinvestment and, therefore, no U.S. current or deferred taxes have been accrued on such amount.

The Company's international operations and capital requirements are funded primarily by cash generated by foreign operating activities and cash held by non-U.S subsidiaries. The Company's U.S. operations and capital requirements are funded primarily by cash generated from U.S. operating activities and to a lesser extent by cash and investments held by the U.S. parent company. Cash generated by U.S. operations has been and is expected to be sufficient to meet the Company's business needs in the U.S. for the foreseeable future including the funding of U.S. operations, purchases of capital equipment and the quarterly dividend.

The Company's accounts receivable balance of $157.5 million at the end of fiscal year 2016 decreased $21.8 million from the June 28, 2015 balance of $179.3 million. The decrease is primarily due to lower shipments and higher collections in the fourth quarter of fiscal year 2016 as compared to the fourth quarter of fiscal year 2015. Inventory totaled $97.3 million at the end of fiscal year 2016, a decrease of $2.6 million from the prior year balance. The decrease in inventory was primarily due to an increase in the Company's reserve balances for work in process inventory.

The Company's net property, plant and equipment balance of $285.9 at the end of fiscal year 2016 decreased $1.9 million from the prior year balance. Fixed asset additions totaled $47.3 million primarily for procurement of assembly, test and wafer fabrication equipment and the extension of a factory building in Singapore. Depreciation expense was $49.2 million during fiscal year 2016.

A cash dividend of $0.32 per share dividend will be paid on August 24, 2016 to stockholders of record on August 12, 2016. The payment of future dividends will be based on financial performance.

On October 23, 2013, the Company entered into a $100.0 million credit agreement with Wells Fargo Bank, National Association (the "Credit Agreement"). The Company originally 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. On July 27, 2015, the Credit Agreement was amended to increase the size of the line of credit to $150.0 million and to extend the maturity date from October 23, 2015 to July 27, 2017. Pursuant to the terms of the Linear Merger Agreement, the Company's ability to borrow under the Credit Agreement cannot exceed $75 million without Analog Devices' consent. The Company has not utilized the Credit Agreement to date. For further information on the Credit Agreement, see Note 7 of Notes to Consolidated Financial Statements.

Under the Analog Merger Agreement, the Company must pay Analog Devices a termination fee of $490 million if the merger agreement is terminated in certain circumstances involving a company takeover proposal, an adverse recommendation change or a breach of the Company's non-solicitation obligations under the Analog Merger Agreement. Conversely, Analog Devices has agreed to pay a termination fee of $700 million to the Company if the Analog Merger Agreement is terminated under

certain circumstances involving the failure to obtain required regulatory approvals. In addition, whether or not the Analog Acquisition is completed, the uncertainty related to the proposed Analog Acquisition could adversely impact our business.

Contractual Obligations

The following table summarizes the Company's significant contractual obligations at July 3, 2016 and the effect such obligations are expected to have on the Company's liquidity and cash flows in future periods.

(In thousands)	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating lease obligations (1)	$ 12,863	$ 3,557	$ 4,495	$ 2,664	$ 2,147
Credit agreement (2)	—	—	—	—	—
Total	$ 12,863	$ 3,557	$ 4,495	$ 2,664	$ 2,147

(1) The Company leases some of its facilities under non-cancelable operating leases that expire at various dates through fiscal 2057. See Note 11 of Notes to Consolidated Financial Statements 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 the Credit Agreement with Wells Fargo Bank, National Association providing for a $100.0 million unsecured revolving line of credit. On July 27, 2015, the Credit Agreement was extended for two years with similar terms for $150.0 million. The Company has not utilized the Credit Agreement to date.

Off-Balance Sheet Arrangements

As of July 3, 2016, the Company had no off-balance sheet financing arrangements.

Recent Accounting Pronouncements

Refer to "Recent Accounting Pronouncements" in Note 1 to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate 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. Based upon the weighted average duration of the Company's investments at July 3, 2016, 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 $8.5 million. Such losses would only be realized if the Company sold the investments 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.

Foreign exchange risk

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. The operations outside of the United States incur operating expenses denominated in foreign currencies. The results of operations and cash flows are therefore subject to fluctuations due to changes in foreign currency exchange rates. The Company has not entered into any foreign currency exchange contracts to hedge foreign exchange risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

For the year ended	July 3, 2016	June 28, 2015	June 29, 2014
Revenues	$ 1,423,936	$ 1,475,139	$ 1,388,386
Cost of sales[(1)]	343,801	355,727	338,580
Gross profit	1,080,135	1,119,412	1,049,806
Expenses:			
Research and development [(1)]	276,462	266,761	250,434
Selling, general and administrative[(1)]	170,120	169,952	159,642
Total operating expenses	446,582	436,713	410,076
Operating income	633,553	682,699	639,730
Interest expense[(2)]	—	—	(41,168)
Interest income and other income	5,896	2,690	2,706
Income before income taxes	639,449	685,389	601,268
Provision for income taxes	145,103	164,426	141,307
Net income	$ 494,346	$ 520,963	$ 459,961
Basic earnings per share	$ 2.02	$ 2.13	$ 1.91
Shares used in the calculation of basic earnings per share	244,662	244,408	240,498
Diluted earnings per share	$ 2.02	$ 2.12	$ 1.90
Shares used in the calculation of diluted earnings per share	245,048	245,218	242,551
Cash dividends per share	$ 1.24	$ 1.14	$ 1.06

Includes the following non-cash charges:			
[(1)] Stock-based compensation			
Cost of sales	$ 9,894	$ 8,966	$ 8,074
Research and development	45,923	41,584	37,624
Selling, general and administrative	23,625	21,581	19,430
[(2)] Amortization of debt discount (non-cash interest expense)	—	—	18,458

See accompanying notes.

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

For the year ended	July 3, 2016	June 28, 2015	June 29, 2014
Net income	$ 494,346	$ 520,963	$ 459,961
Other comprehensive income, net of tax:			
Net changes in unrealized gains on available-for-sale securities	674	206	621
Total comprehensive income	$ 495,020	$ 521,169	$ 460,582

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

As of	July 3, 2016	June 28, 2015
Assets		
Cash and cash equivalents	$ 263,682	$ 195,679
Marketable securities	1,184,593	1,007,043
Accounts receivable, net of allowances ($1,649 as of July 3, 2016 and $1,651 as of June 28, 2015)	157,460	179,264
Inventories:		
Raw materials	9,915	10,668
Work-in-process	66,172	66,572
Finished goods	21,164	22,621
Total inventories	97,251	99,861
Deferred tax assets (1)	—	48,493
Prepaid expenses and other current assets	51,744	54,412
Total current assets	1,754,730	1,584,752
Property, plant and equipment, at cost:		
Land	28,834	28,837
Buildings and improvements	264,484	243,977
Manufacturing and test equipment	753,916	730,719
Office furniture and equipment	7,285	6,727
Gross property, plant and equipment	1,054,519	1,010,260
Accumulated depreciation and amortization	(768,653)	(722,518)
Net property, plant and equipment	285,866	287,742
Identified intangible assets, net and goodwill	9,385	11,585
Total noncurrent assets	295,251	299,327
Total assets	$ 2,049,981	$ 1,884,079
Liabilities and stockholders' equity		
Accounts payable	$ 17,465	$ 17,608
Accrued payroll and related benefits	93,187	98,498
Deferred income on shipments to distributors	48,701	46,860
Income taxes payable	3,342	5,822
Other accrued liabilities	17,271	14,130
Total current liabilities	179,966	182,918
Deferred tax liabilities	68,388	85,612
Other long-term liabilities	42,452	37,622
Total liabilities	290,806	306,152
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; 239,654 shares issued and outstanding (239,751 as of June 28, 2015)	240	240
Additional paid-in capital	2,136,910	2,052,250
Accumulated other comprehensive income, net of tax	1,235	561
Accumulated deficit	(379,210)	(475,124)
Total stockholders' equity	1,759,175	1,577,927
Total liabilities and stockholders' equity	$ 2,049,981	$ 1,884,079

See accompanying notes.

(1) The FASB issued ASU 2015-17, "Balance Sheet Classification of Deferred Taxes", which simplifies the presentation of deferred income taxes. This ASU requires that deferred tax assets and liabilities be classified as non-current. During the fourth quarter of fiscal year 2016 the standard was early adopted on a prospective basis. Adoption of this ASU resulted in a reclassification of $49.0 million of current deferred tax assets to net non-current deferred tax liabilities in the Consolidated Balance Sheet as of July 3, 2016. No prior periods were retrospectively adjusted.

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

For the year ended	July 3, 2016	June 28, 2015	June 29, 2014
Cash flow from operating activities:			
Net income	$ 494,346	$ 520,963	$ 459,961
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	51,409	54,098	51,255
Stock-based compensation	79,442	72,131	65,128
Amortization of convertible senior notes discount	—	—	18,458
Excess tax benefit from stock-based compensation	(7,997)	(15,190)	(11,038)
Change in operating assets and liabilities:			
Accounts receivable	21,804	(5,924)	(28,066)
Inventories	2,610	(8,551)	(4,081)
Prepaid expenses, other current assets and deferred tax assets	10,758	(3,816)	1,464
Accounts payable, accrued payroll, other accrued liabilities and noncurrent liabilities	(2,281)	(1,496)	21,038
Deferred income on shipments to distributors	1,841	1,241	1,531
Income taxes payable	33,125	(14,537)	20,777
Cash provided by operating activities	685,057	598,919	596,427
Cash flow from investing activities:			
Purchase of marketable securities	(1,433,303)	(886,222)	(1,496,652)
Proceeds from sale and maturities of available-for-sale securities	1,256,796	734,961	2,039,216
Purchase of property, plant and equipment	(47,333)	(62,560)	(37,669)
Cash (used in) provided by investing activities	(223,840)	(213,821)	504,895
Cash flow from financing activities:			
Extinguishment of Convertible Senior Notes	—	—	(845,087)
Excess tax benefit from stock-based compensation	7,997	15,190	11,038
Issuance of common stock under employee stock plans	21,934	40,712	100,491
Purchase of common stock	(119,787)	(124,240)	(81,786)
Payment of cash dividends	(303,358)	(278,404)	(255,305)
Cash used in financing activities	(393,214)	(346,742)	(1,070,649)
Increase in cash and cash equivalents	68,003	38,356	30,673
Cash and cash equivalents, beginning of year	195,679	157,323	126,650
Cash and cash equivalents, end of year	$ 263,682	$ 195,679	$ 157,323
Supplemental disclosures of cash flow information:			
Cash paid for income taxes	$ 89,749	$ 186,920	$ 119,797
Cash paid for interest expense	$ —	$ —	$ 21,127

See accompanying notes.

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

	Common Stock			Accumulated Other		Total
	Shares	Amount	Additional Paid-In Capital	Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity
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
Other comprehensive income, net of taxes	—	—	—	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
Issuance of common stock for cash under employee stock option, restricted stock and stock purchase plans	3,502	4	40,708	—	—	40,712
Excess tax benefits from stock-based compensation	—	—	15,190	—	—	15,190
Purchase and retirement of common stock	(2,847)	(3)	(23,546)	—	(100,691)	(124,240)
Cash dividends - $1.14 per share	—	—	—	—	(278,404)	(278,404)
Stock-based compensation	—	—	72,131	—	—	72,131
Other comprehensive income, net of taxes	—	—	—	206	—	206
Net income	—	—	—	—	520,963	520,963
Balance at June 28, 2015	239,751	240	2,052,250	561	(475,124)	1,577,927
Issuance of common stock for cash under employee stock option, restricted stock and stock purchase plans	2,762	3	21,931	—	—	21,934
Excess tax benefits from stock-based compensation	—	—	7,997	—	—	7,997
Purchase and retirement of common stock	(2,859)	(3)	(24,710)	—	(95,074)	(119,787)
Cash dividends - $1.24 per share	—	—	—	—	(303,358)	(303,358)
Stock-based compensation	—	—	79,442	—	—	79,442
Other comprehensive income, net of taxes	—	—	—	674	—	674
Net income	—	—	—	—	494,346	494,346
Balance at July 3, 2016	239,654	$ 240	$ 2,136,910	$ 1,235	$ (379,210)	$ 1,759,175

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, transportation, computer, medical, instrumentation, consumer, and military and aerospace systems. Linear Technology produces power management, data conversion, signal conditioning, RF and interface ICs, µModule® subsystems, and wireless sensor network products. The Company 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 2015 and 2014 were 52-week years. Fiscal year 2016 is a 53-week fiscal year, with the additional week falling in the second quarter.

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.

Pending Acquisition by Analog Devices, Inc.

On July 26, 2016, the Company announced that it had entered into a definitive merger agreement (the "Analog Merger Agreement") with Analog Devices, Inc. ("Analog Devices"), under which a wholly owned subsidiary of Analog Devices will merge with and into the Company, and the Company will survive as a wholly owned subsidiary of Analog Devices (the "Analog Acquisition"). Under the terms of the Analog Merger Agreement, Linear Technology stockholders who do not exercise their appraisal rights under Delaware law will have the right to receive, for each Linear Technology share held by such stockholders, $46.00 in cash (the "Cash Consideration") and 0.2321 shares of Analog Devices common stock, par value $0.16 2/3 per share (the "Stock Consideration," and together with the Cash Consideration, the "Merger Consideration") (with the ratio of Stock Consideration to Cash Consideration to be adjusted pursuant to the terms of the Analog Merger Agreement so that the aggregate number of shares issued by Analog Devices as Stock Consideration will not exceed 19.9% of the total outstanding common stock of Analog Devices prior to the Analog Acquisition). Each of the Company's equity awards that were outstanding as of July 22, 2016 and are unvested as of the closing will be converted into the right to receive the Merger Consideration in respect of each share of the Company's common stock underlying such award when such award vests. Each of the Company's other equity awards that were granted after July 22, 2016 and are unvested as of the closing will be converted into the right to receive 0.9947 shares of Analog Devices common stock in respect of each share of the Company's common stock underlying such award when such award vests. The Analog Merger Agreement includes representations, warranties and covenants, including break-up fees payable or receivable under certain circumstances if the transaction fails to close.

The transaction has been approved by both the Company's Board of Directors and the board of directors of Analog Devices, and the completion of the Analog Acquisition is subject to customary closing conditions including, among others, the approval of Linear Technology's stockholders and various regulatory approvals. The transaction is expected to close during the first half of calendar 2017. For additional information on the Analog Merger Agreement and the Analog Acquisition, please refer

to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 29, 2016. The Company cannot guarantee that the Analog Acquisition will be completed or that, if completed, it will be exactly on the terms set forth in the Analog Merger Agreement.

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 July 3, 2016 and June 28, 2015, 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 (loss), net of tax" 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

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents, marketable securities, and accounts receivable. 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.

Accounts receivable from significant customers, those representing 10% or more of total accounts receivable included approximately 42% of the accounts receivable balance from the Company's largest distributor, Arrow, as of July 3, 2016, and 36% as of June 28, 2015. 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.

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 July 3, 2016, 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

Property, plant and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which is generally 5-10 years for equipment and 10-30 years for buildings. 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 2016, 2015, and 2014 was $49.2 million, $51.9 million and $49.1 million, respectively.

Goodwill

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 annually, or earlier if indicators of potential impairment exist. Based on a qualitative assessment, the Company determines if the fair value of a reporting unit is more likely than not to be less than its carrying amount. If potential impairment indicators exist, the Company utilizes a two-step quantitative analysis to complete the impairment test. The first step of the impairment test involves comparing the fair values of the applicable reporting units with their aggregate carrying value using the income approach methodology of valuation. The second step, if necessary, compares the implied fair value of the goodwill with the carrying value of that goodwill. No goodwill impairment charges have been recorded for any of the periods presented.

Intangible Assets

Intangible assets represent acquired intellectual property and customer relationships and are subject to an annual impairment test. Intangible assets are amortized over their estimated useful lives of 5 to 10 years using the straight-line method of amortization.

Impairment of Long-Lived Assets

Long-lived assets consist of property, plant, and equipment and intangible assets. Long-lived assets by geographic area were as follows, net of accumulated depreciation:

In thousands	July 3, 2016	June 30, 2015
United States	$ 183,507	$ 189,248
Malaysia	47,481	51,356
Singapore	63,967	58,375
Other	296	348
Total long-lived assets	$ 295,251	$ 299,327

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or that the useful life is shorter than originally estimated.

Advertising Expense

The Company expenses advertising costs in the period in which they occur. Advertising expenses for fiscal years 2016, 2015, and 2014 were approximately $5.2 million, $5.9 million and $5.5 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 2016 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 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. During fiscal years 2016 and 2015, these price rebates that have been remitted back to distributors have ranged from $3.5 million to $4.4 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 of epidemic failure. 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, which 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 2016, 2015, and 2014 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 10 for further information related to income taxes.

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 and unvested restricted stock awards, plus the dilutive effect of stock options and restricted stock units calculated using the treasury stock method, and prior to fiscal year 2015, the dilutive effect of the conversion premium related to the Convertible Senior Notes. The following table sets forth the reconciliation of weighted average common shares outstanding used in the computation of basic and diluted earnings per share:

In thousands, except per share amounts	July 3, 2016	June 28, 2015	June 29, 2014
Net income	$ 494,346	$ 520,963	$ 459,961
Basic shares:			
Weighted-average shares outstanding – Basic	244,662	244,408	240,498
Basic earnings per share	$ 2.02	$ 2.13	$ 1.91
Diluted shares:			
Dilutive effect of equity plans	386	810	1,173
Dilutive effect of the conversion premium	—	—	880
Weighted-average shares outstanding – Diluted	245,048	245,218	242,551
Diluted earnings per share	$ 2.02	$ 2.12	$ 1.90

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 2016, 2015, and 2014 were as follows:

In thousands	July 3, 2016	June 28, 2015	June 29, 2014
Europe	$ 280,479	$ 291,988	$ 267,219
Japan	203,981	229,110	222,792
Rest of the world	543,513	545,828	520,322
Total export sales	$ 1,027,973	$ 1,066,926	$ 1,010,333

Adoption of New and Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standard Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 Revenue from Contracts with Customers (Topic 606). On July 9, 2015, the FASB agreed to delay the effective date by one year from the first quarter of fiscal year 2018. In accordance with the agreed upon delay, the new standard is effective for the Company beginning in the first quarter of fiscal year 2019. Early adoption is permitted, but not before the original effective date of the standard. 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.

In August 2014, the FASB issued ASU No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. Each reporting period, management is required to assess whether there is substantial doubt about an entity's ability to continue as a going concern and if so to provide related footnote disclosures. The new guidance is effective for annual and interim periods ending after December 15, 2016. Early adoption is permitted. This ASU is not expected to have an impact on the Company's financial statements or disclosures.

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory. The new guidance changes the measurement principle for inventory from the lower of cost or market to lower of cost and net realizable value. The new guidance is effective for annual and interim periods ending after December 15, 2016. Early adoption is permitted. The Company intends to implement this guidance beginning in fiscal year 2017. This ASU is not expected to have a material impact on the Company's financial statements or disclosures.

In November 2015, the FASB issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes. All deferred tax assets and liabilities, along with any related valuation allowance, will be classified as noncurrent on the balance sheet. As a result, each jurisdiction will now only have one net noncurrent deferred tax asset or liability. The new guidance is effective for annual and interim periods ending after December 15, 2016. Early adoption is permitted and may be applied either prospectively or retrospectively. The Company adopted this update in the fourth quarter of fiscal year 2016 on a prospective basis. Prior reporting periods were not retrospectively adjusted. The adoption of this guidance had no impact on our Consolidated Statements of Income. See Note 10 of Notes to Consolidated Financial Statements.

In February 2016, the FASB issued ASU 2016-02, Leases. This standard requires entities that lease assets, with a lease term of more than 12 months, to recognize lease assets and lease liabilities on the balance sheet. Under existing guidance, operating leases are not recorded as lease assets and lease liabilities on the balance sheet. The standard is effective for fiscal years and the interim periods within those fiscal years beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the timing and effects of adoption of this ASU on the consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. This standard will impact how to account for certain aspects of share-based payments to employees. The standard is effective for fiscal years and the interim periods within those fiscal years beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the timing and effects of adoption of this ASU on the consolidated financial statements.

Note 2. Stock-Based Compensation

Equity Incentive Plans

The Company currently has a 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. Prior to its expiration in July 2015, the Company also had a 2005 Equity Incentive Plan, under which it could grant similar awards. 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 July 3, 2016, 14.9 million shares were available for grant under the plans. The Company's restricted awards generally vest annually over a period of five years (20% a year) based upon continued employment with the Company. Options vest over a five-year period (generally 10% every six months) based upon continued employment. Options expire seven years after the date of the grant. The Company's last stock option grant to an employee was in January 2009. There were no outstanding options as of July 3, 2016.

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 July 3, 2016, 2.2 million shares were available for issuance under the ESPP.

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

2010 Equity Incentive Plan. The 2010 Equity Incentive 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. The 2005 Equity Incentive Plan expired in July 2015. Prior to its expiration, the plan enabled 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 could grant awards to employees, executive officers, directors and consultants who provided services to the Company.

2005 Employee Stock Purchase Plan. The 2005 Employee Stock Purchase Plan provides employees of the Company with an opportunity to purchase common stock of the Company through accumulated payroll deductions. 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 July 3, 2016 there was approximately $202.2 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 July 3, 2016, 0.5 million stock options were exercised for a gain (aggregate intrinsic value) of $9.8 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
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
Granted	—	—
Forfeited and expired	—	—
Exercised	(1,328,337)	23.17
Outstanding options, June 28, 2015	481,762	$ 22.75
Granted	—	—
Forfeited and expired	—	—
Exercised	(481,762)	22.75
Outstanding options, July 3, 2016	—	$ —
Options vested and exercisable at:		
June 29, 2014	1,809,099	23.05
June 28, 2015	481,762	22.75

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 June 30, 2013	5,668,273	$ 31.54
Granted	2,367,730	43.49
Vested	(1,789,488)	30.37
Forfeited	(129,428)	33.36
Non-vested at June 29, 2014	6,117,087	$ 36.46
Granted	2,495,074	44.71
Vested	(1,903,091)	34.63
Forfeited	(127,306)	36.70
Non-vested at June 28, 2015	6,581,764	$ 40.13
Granted	1,917,351	42.92
Vested	(1,995,323)	37.67
Forfeited	(210,684)	39.64
Non-vested at July 3, 2016	6,293,108	$ 41.36

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 2016 and 2015.

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 July 3, 2016:

In thousands Description	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Assets			
Investments in U.S. Treasury securities and money-market funds	$ 513,193	$ —	$ 513,193
Investments in municipal bonds, obligations of U.S. government-sponsored enterprises and commercial paper	—	832,438	832,438
Total assets measured at fair value	$ 513,193	$ 832,438	$ 1,345,631

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 28, 2015:

In thousands Description	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Assets			
Investments in U.S. Treasury securities and money-market funds	$ 427,800	$ —	$ 427,800
Investments in municipal bonds, obligations of U.S. government-sponsored enterprises and commercial paper	—	677,899	677,899
Total assets measured at fair value	$ 427,800	$ 677,899	$ 1,105,699

Note 4. Marketable Securities

The following is a summary of cash equivalents and marketable securities at July 3, 2016:

	July 3, 2016			
In thousands	Amortized Cost	Unrealized Gain	Unrealized (Loss) [1]	Fair Value
U.S. Treasury securities	$ 441,925	$ 783	$ (5)	$ 442,703
Obligations of U.S. government-sponsored enterprises	316,368	855	—	317,223
Municipal bonds	119,680	158	(10)	119,828
Corporate debt securities and other	395,254	143	(10)	395,387
Money market funds	70,490	—	—	70,490
Total	$ 1,343,717	$ 1,939	$ (25)	$ 1,345,631
Amounts included in:				
Cash equivalents	$ 161,028	$ 10	$ —	$ 161,038
Marketable securities	1,182,689	1,929	(25)	1,184,593
Total	$ 1,343,717	$ 1,939	$ (25)	$ 1,345,631

The following is a summary of cash equivalents and marketable securities at June 28, 2015:

	June 28, 2015			
In thousands	Amortized Cost	Unrealized Gain	Unrealized (Loss) [1]	Fair Value
U.S. Treasury securities	$ 364,925	$ 618	$ (6)	$ 365,537
Obligations of U.S. government-sponsored enterprises	258,519	299	(1)	258,817
Municipal bonds	138,419	26	(80)	138,365
Corporate debt securities and other	280,699	21	(3)	280,717
Money market funds	62,263	—	—	62,263
Total	$ 1,104,825	$ 964	$ (90)	$ 1,105,699
Amounts included in:				
Cash equivalents	$ 98,657	$ —	$ (1)	$ 98,656
Marketable securities	1,006,168	964	(89)	1,007,043
Total	$ 1,104,825	$ 964	$ (90)	$ 1,105,699

[1] The Company evaluated the nature of the investments with a loss position at July 3, 2016 and June 28, 2015, 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 July 3, 2016 and June 28, 2015.

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

In thousands	July 3, 2016	June 28, 2015
Due in one year or less	$ 943,323	$ 605,726
Due after one year through five years	241,270	401,317
Total marketable securities	$ 1,184,593	$ 1,007,043

Note 5. Goodwill and Intangible Assets

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. As a result of the acquisition the Company recorded goodwill and intangible assets during fiscal year 2012.

Goodwill

The goodwill balance of $2.2 million at July 3, 2016 is attributable to the acquisition of Dust. There were no changes to the goodwill balance for the year ended July 3, 2016. 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.

Intangible Assets

Attributable to the acquisition of Dust the Company recorded intangible assets of $13.1 million for intellectual property and $4.0 million for 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 5.2 years. The useful lives of amortizable intangible assets are as follows:

Intangible assets consisted of the following:

In thousands	July 3, 2016			June 28, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intellectual property	$ 13,100	$ (8,100)	$ 5,000	$ 13,100	$ (6,300)	$ 6,800
Customer relationships	4,000	(1,800)	2,200	4,000	(1,400)	2,600
Total intangible assets	$ 17,100	$ (9,900)	$ 7,200	$ 17,100	$ (7,700)	$ 9,400

Amortization expense associated with intangible assets for fiscal year 2016, 2015, and 2014 was $2.2 million, $2.2 million and $2.2 million, respectively. Amortization expense for intangible assets is estimated to be $1.7 million in fiscal year 2017, $1.2 million in fiscal year 2018, $1.2 million in fiscal year 2019, $1.2 million in fiscal year 2020, $1.2 million in fiscal year 2021 and $0.6 million thereafter.

Note 6. Convertible Senior Notes

During the fourth quarter of fiscal year 2007, the Company issued $1.7 billion aggregate principal amount of Convertible Senior Notes (the “Notes”). The Notes paid cash interest ranging from 3.00% to 3.125% semiannually. 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.

On May 1, 2014 the Company executed the conversion of the outstanding principal amount of the Notes totaling $845.1 million. Based upon the conversion price of $40.68 per share, each $1,000 principal amount of the Notes was converted at a rate of 24.582 shares of the Company’s common stock. As a result of the conversion, holders of the 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.

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

In thousands		June 29, 2014
Contractual coupon interest	$	21,127
Amortization of debt discount		18,458
Amortization of debt issuance costs		1,583
Total interest expense related to the Notes	$	41,168

Note 7. Credit Facility

On October 23, 2013, the Company entered into a credit agreement (the “Credit Agreement”) with Wells Fargo Bank, National Association (the “Bank”). On July 27, 2015, the Credit Agreement was amended to extend the maturity date and increase the size of the line of credit. The Company entered into the Credit Agreement to enhance cash deployment flexibility.

As amended, the Credit Agreement provides for a $150.0 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 July 27, 2017 (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%. Any then-outstanding 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. In addition, the Company’s ability to borrow under the Credit Agreement or other means of obtaining capital may be restricted by the terms of the Analog Merger Agreement. To date, the Company has not utilized the Credit Agreement and was in compliance with the covenants under this credit facility.

Pursuant to the terms of the Linear Merger Agreement, the Company’s ability to borrow under the Credit Agreement cannot exceed $75 million without Analog Devices’ consent. As such, the Company’s ability to borrow under the Credit Agreement or other means of obtaining capital may be restricted by the terms of the Analog Merger Agreement.

Note 8. Stockholders’ Equity

Stock Repurchase

On October 16, 2012, the Company’s Board of Directors authorized the Company to repurchase up to 10.0 million shares of its outstanding common stock in the open market over a two-year time period. As this stock repurchase expired after the two-year time period, on October 14, 2014, the Company’s Board of Directors authorized the Company to repurchase 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 the Company’s 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 2016, 2015 and 2014 are as follows:

In thousands	July 3, 2016	June 28, 2015	June 29, 2014
Number of shares of common stock repurchased	2,860	2,847	1,896
Total cost of repurchase	$ 119,787	$ 124,240	$ 81,786

The Analog Merger Agreement restricts the ability of the Company to repurchase shares of its common stock until the time that the transaction is consummated or the Analog Merger Agreement is terminated.

Dividends

A cash dividend of $0.32 per share will be paid on August 24, 2016 to stockholders of record on August 12, 2016. During fiscal year 2016, the Company paid $303.4 million in dividends representing $1.24 per share. The payment of future dividends will be based on quarterly financial performance.

Note 9. 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 $11.7 million, $11.7 million and $9.7 million in fiscal years 2016, 2015, and 2014, respectively.

Note 10. Income Taxes

The components of income before income taxes for fiscal years 2016, 2015, and 2014 are as follows:

In thousands	July 3, 2016	June 28, 2015	June 29, 2014
United States operations	$ 431,266	$ 406,579	$ 364,275
Foreign operations	208,183	278,810	236,993
	$ 639,449	$ 685,389	$ 601,268

The provision for income taxes for fiscal years 2016, 2015, and 2014 consists of the following:

In thousands	July 3, 2016	June 28, 2015	June 29, 2014
United States federal:			
Current	$ 106,564	$ 142,630	$ 153,396
Deferred	30,403	14,819	(11,706)
	136,967	157,449	141,690
State:			
Current	1,665	1,910	(4,207)
Deferred	17	229	(392)
	1,682	2,139	(4,599)
Foreign:			
Current	5,604	4,584	3,986
Deferred	850	254	230
	6,454	4,838	4,216
	$ 145,103	$ 164,426	$ 141,307

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 2016, 2015, and 2014 as follows:

In thousands	July 3, 2016	June 28, 2015	June 29, 2014
Tax at U.S. statutory rate	$ 223,807	$ 239,886	$ 210,443
State income taxes, net of federal benefit	1,266	1,131	(2,989)
Earnings of foreign subsidiaries subject to lower rates	(52,440)	(54,965)	(49,149)
Domestic manufacturing deduction	(13,604)	(14,043)	(13,342)
Research and development credit	(18,212)	(12,813)	(6,378)
Other	4,286	5,230	2,722
	$ 145,103	$ 164,426	$ 141,307

The tax benefits attributable to equity-based compensation transactions that were applied to additional paid-in capital were $8.0 million, $15.2 million and 11.0 million, for fiscal years 2016, 2015, and 2014, 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 July 3, 2016 and June 28, 2015 are as follows:

In thousands	July 3, 2016	June 28, 2015
Deferred tax assets:		
Loss carryforwards	$ 4,190	$ 5,071
Credit carryforwards	20,716	18,659
Inventory valuation	6,301	17,267
Deferred income on shipments to distributors	17,270	16,623
Stock-based compensation	10,605	10,897
Accrued compensation and benefits	8,664	8,307
Other	2,015	2,501
Valuation allowance	(20,716)	(18,659)
Total deferred tax assets	49,045	60,666
Deferred tax liabilities:		
Depreciation and amortization	$ 7,782	$ 6,256
Unremitted earnings of subsidiaries	105,517	89,688
Other	4,134	1,841
Total deferred tax liabilities	117,433	97,785
Net deferred tax liabilities	$ (68,388)	$ (37,119)

The Company has a gross state tax credit carryforward that does not expire of $35.4 million. The Company provided a full valuation allowance on the state credit carryforwards which are not likely to be utilized.

As of July 3, 2016, the Company has gross federal and state net operating loss carryforwards of $11.8 million and $11.8 million, respectively. The federal and state net operating loss carryforwards will expire at various dates from 2017 through 2030. The net operating loss carryforwards are subject to an annual limitation as a result of the acquisition of Dust Networks by the Company, which constitutes a change of ownership as defined under Internal Revenue Code Section 382.

The Company is subject to examination by the United States federal tax authorities for the tax years 2013 and later. State income tax returns are generally subject to examination for a period of three to five years after filing of the respective return. Foreign income tax examination period varies from jurisdiction to jurisdiction. Singapore has a statute of limitations of four years. The Company is not currently under any significant tax returns examination.

The FASB issued ASU 2015-17, "Balance Sheet Classification of Deferred Taxes," which simplifies the presentation of deferred income taxes. This ASU requires that deferred tax assets and liabilities be classified as non-current. During the fourth quarter of fiscal year 2016 the standard was early adopted on a prospective basis. Adoption of this ASU resulted in a reclassification of $49.0 million of current deferred tax assets to net non-current deferred tax liabilities in the Consolidated Balance Sheet as of July 3, 2016. No prior periods were retrospectively adjusted.

The Company has a partial tax holiday in Singapore and Malaysia whereby the local statutory rate is significantly reduced, if certain conditions are met. The tax holiday for Singapore is effective through August 2019 and the tax holiday for Malaysia is effective through July 2025.

The impact of the Singapore and Malaysia tax holidays was to increase net income by approximately $24.4 million, or $0.10 per diluted share, in fiscal year 2016, $25.6 million, or $0.10 per diluted share, in fiscal year 2015, and $22.6 million, or $0.09 per diluted share, in fiscal year 2014. 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 then the additional U.S. taxable income would be approximately $1,149.0 million.

At July 3, 2016, the Company had $36.8 million of unrecognized tax benefits, of which $14.5 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 2016 includes accrued interest on unrecognized tax benefits totaling $0.8 million. At July 3, 2016, the total amount of interest on unrecognized tax benefits was $2.0 million. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

In thousands		Unrecognized Tax Benefits
Balance at June 29, 2014	$	29,443
Net additions for current year tax positions		6,534
Net additions for prior year tax positions		1,173
Lapse in statute of limitations		(7,534)
Balance at June 28, 2015		29,616
Net additions for current year tax positions		6,608
Net additions for prior year tax positions		8,048
Lapse in statute of limitations		(7,486)
Balance at July 3, 2016	$	36,786

The Company estimates that it is reasonably possible that the liability for gross unrecognized tax benefits could decrease up to $6.5 million within the next 12 months. These changes could occur as a result of expiration of various statutes of limitations.

During fiscal year 2016 the Company had $3.6 million of discrete tax benefits that positively impacted the effective tax rate, related to the reversal of estimated tax liabilities for uncertain tax positions as a result of the expiration of open tax years.

During fiscal year 2015 the Company had $2.7 million of discrete tax benefits that positively impacted the effective tax rate, related to the reversal of estimated tax liabilities for uncertain tax positions as a result of the expiration of open tax years.

Note 11. 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. Total rent expense was $4.0 million, $3.9 million, and $3.7 million in fiscal years 2016, 2015, and 2014, respectively.

The following is a schedule of future minimum rental payments required under long-term operating leases at July 3, 2016:

Fiscal Years		Operating Leases
2017	$	3,557
2018		2,471
2019		2,024
2020		1,437
2021		1,227
Thereafter		2,147
Total	$	12,863

Under the Analog Merger Agreement, the Company has agreed to pay a termination fee of $490 million to Analog Devices if the Analog Merger Agreement is terminated under certain circumstances, including termination by the Company to enter into a superior alternative transaction or following an adverse recommendation change of the Company's Board of Directors.

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 12. Quarterly Information (Unaudited)

The following table sets forth our unaudited consolidated financial results, for the last eight fiscal quarters:

In thousands, except per share amounts Quarter Ended Fiscal Year 2016	July 3, 2016	April 3, 2016	January 3, 2016	September 27, 2015
Revenues	$ 373,766	$ 361,125	$ 347,128	$ 341,917
Gross profit	285,514	275,165	262,744	256,712
Net income	132,375	128,392	121,532	112,047
Basic earnings per share	0.54	0.53	0.50	0.46
Diluted earnings per share	0.54	0.52	0.50	0.46
Cash dividends per share	0.32	0.32	0.30	0.30
Stock price range per share:				
High	47.79	44.68	45.24	43.18
Low	43.57	38.13	37.48	36.60

In thousands, except per share amounts Quarter Ended Fiscal Year 2015	June 28, 2015	March 29, 2015	December 28, 2014	September 28, 2014
Revenues	$ 379,483	$ 372,021	$ 352,575	$ 371,060
Gross profit	288,636	282,874	265,849	282,053
Net income	132,715	135,187	123,602	129,459
Basic earnings per share	0.54	0.55	0.51	0.53
Diluted earnings per share	0.54	0.55	0.51	0.53
Cash dividends per share	0.30	0.30	0.27	0.27
Stock price range per share:				
High	48.04	49.23	46.52	46.83
Low	45.13	43.49	37.95	42.43

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 July 3, 2016 there were approximately 1,658 stockholders of record.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Linear Technology Corporation

We have audited the accompanying consolidated balance sheets of Linear Technology Corporation as of July 3, 2016 and June 28, 2015, 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 July 3, 2016. 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 July 3, 2016 and June 28, 2015, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended July 3, 2016, 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 July 3, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated August 25, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
August 25, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Linear Technology Corporation

We have audited Linear Technology Corporation's internal control over financial reporting as of July 3, 2016, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 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 July 3, 2016, 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 July 3, 2016 and June 28, 2015, 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 July 3, 2016 of Linear Technology Corporation and our report dated August 25, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
August 25, 2016

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 July 3, 2016. 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 July 3, 2016 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 July 3, 2016. 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 (2013). Based on its assessment of internal control over financial

reporting, management has concluded that, as of July 3, 2016, 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 July 3, 2016 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 2016 Proxy Statement, under the caption "Proposal Three - The Director Election," 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 2016 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 2016 Proxy Statement, under the section titled "Executive Compensation."

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

Incorporated by reference to the 2016 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 2016 Proxy Statement, under the section titled "Fees Paid To Ernst & Young LLP."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

The following consolidated financial statements are included in Item 8:

2. Schedules

VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions	Balance at End of Period
Allowance for doubtful accounts:				
June 29, 2014	$ 1,891	$ —	$ 238	$ 1,653
June 28, 2015	1,653	—	2	1,651
July 3, 2016	1,651	—	2	1,649

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.

2.1 Agreement and Plan of Merger, dated July 26, 2016, by and among Linear Technology Corporation, Analog Devices, Inc. and Tahoe Acquisition Corp. (10)

3.1 Certificate of Incorporation of Registrant. (6)

3.5 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. (17)
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. (17)
10.10	First Amendment to Credit Agreement, dated as of July 27, 2015, by and between Linear Technology Corporation and Wells Fargo Bank, National Association. (15)
10.20	First Amendment to Revolving Line of Credit Note, dated as of July 27, 2015, 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	Fourth Amended and Restated Employment Agreement between Registrant and Robert H. Swanson, Jr. dated April 16, 2015. (*) (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, as amended December 30, 2008 and July 25, 2016. (*)
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	Form of Change of Control Severance Agreement between the Registrant and certain of its executive officers and key employees, including Donald E. Paulus. (*) (13)
10.56	Change of Control Severance Agreement between the Registrant and Donald P. Zerio, Vice President, Finance and Chief Financial Officer. (*) (13)
10.57	Employment Agreement dated August 11, 2009 between the Registrant and Lothar Maier. (*) (1)
10.58	2010 Equity Incentive Plan. (14)
10.59	Transition Agreement between Registrant and Paul Coghlan dated June 26, 2015. (16)
10.60	Consulting Agreement between Registrant and Paul Coghlan dated June 26, 2015. (16)
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 Donald Zerio 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 November 5, 2015.

(10) Incorporated by reference to the Registrant's current report on Form 8-K filed with the Securities and Exchange Commission on July 26, 2016.

(11) Incorporated by reference to the Registrant's current report on Form 8-K filed with the Securities and Exchange Commission on September 26, 2014.

(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 the Registrant's current report on Form 8-K filed with the Securities and Exchange Commission on June 28, 2016.

(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/A filed with the Securities and Exchange Commission on July 31, 2015.

(16) Incorporated by reference to the Registrant's current report on Form 8-K/A filed with the Securities and Exchange Commission on June 30, 2015.

(17) 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.

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 25, 2016

POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Lothar Maier and Donald P. Zerio, 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 25, 2016

/s/ Donald P. Zerio
Donald P. Zerio
Vice President of Finance and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
August 25, 2016

/s/ Robert H. Swanson, Jr.
Robert H. Swanson, Jr.
Executive Chairman of the Board
August 25, 2016

/s/ Thomas S. Volpe
Thomas S. Volpe
Director
August 25, 2016

/s/ David S. Lee
David S. Lee
Director
August 25, 2016

/s/ Richard M. Moley
Richard M. Moley
Director
August 25, 2016

/s/ Arthur Agnos
Arthur C. Agnos
Director
August 25, 2016

/s/ John Gordon
John J. Gordon
Director
August 25, 2016

XBRL-Only Content Section

(1) The FASB issued ASU 2015-17, “Balance Sheet Classification of Deferred Taxes”, which simplifies the presentation of deferred income taxes. This ASU requires that deferred tax assets and liabilities be classified as non-current. During the fourth quarter of fiscal year 2016 the standard was early adopted on a prospective basis. Adoption of this ASU resulted in a reclassification of $49.0 million of current deferred tax assets to net non-current deferred tax liabilities in the Consolidated Balance Sheet as of July 3, 2016. No prior periods were retrospectively adjusted.

(1) Stock-based compensation
Cost of sales $9,894, $8,966, $8,074
Research and development $45,923, $41,584, $37,624
Selling, general and administrative $23,625, $21,581, $19,430

(2) Amortization of debt discount (non-cash interest expense) $0, $0, $18,458