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

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 30, 2012

or

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

For the transition period from __________ to __________

Commission File 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)

(408) 432-1900

(Registrant's telephone number, including area code)

N/A

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

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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 ☒

Shares outstanding of the registrant's common stock:

Class	Outstanding at January 25, 2013
Common Stock, $0.001 par value per share	232,565,349 shares

LINEAR TECHNOLOGY CORPORATION
FORM 10-Q
THREE AND SIX MONTHS ENDED DECEMBER 30, 2012

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Item 1. Financial Statements

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

	Three Months Ended		Six Months Ended	
	December 30, 2012	January 1, 2012	December 30, 2012	January 1, 2012
Revenues	$ 305,281	$ 294,333	$ 640,429	$ 624,253
Cost of sales (1)	78,185	73,821	161,943	153,614
Gross profit	227,096	220,512	478,486	470,639
Expenses:				
Research and development (1)	57,304	52,519	116,107	107,408
Selling, general and administrative (1)	37,090	34,922	74,594	72,594
Total operating expenses	94,394	87,441	190,701	180,002
Operating income	132,702	133,071	287,785	290,637
Interest expense(2)	(12,054)	(11,856)	(24,055)	(23,659)
Acquisition related costs	—	(3,195)	—	(3,195)
Interest and other income	1,043	1,146	2,046	2,367
Income before income taxes	121,691	119,166	265,776	266,150
Provision for income taxes	32,857	31,281	71,760	69,864
Net income	$ 88,834	$ 87,885	$ 194,016	$ 196,286
Basic earnings per share	$ 0.38	$ 0.38	$ 0.82	$ 0.85
Shares used in the calculation of basic earnings per share	235,852	232,209	235,613	232,051
Diluted earnings per share	$ 0.38	$ 0.38	$ 0.82	$ 0.84
Shares used in the calculation of diluted earnings per share	236,850	233,565	236,636	233,347
Cash dividends per share	$ 0.51	$ 0.24	$ 0.76	$ 0.48
Includes the following charges:				
(1)Stock-based compensation				
Cost of sales	$ 1,984	$ 1,844	$ 3,954	$ 3,748
Research and development	9,255	8,609	18,451	17,496
Selling, general and administrative	4,778	4,442	9,523	9,028
(2)Amortization of debt discount (non-cash interest expense)	5,219	4,931	10,365	9,793

See accompanying notes

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

	Three Months Ended		Six Months Ended	
	December 30, 2012	January 1, 2012	December 30, 2012	January 1, 2012
Net income	$ 88,834	$ 87,885	194,016	196,286
Other comprehensive income, net of tax:				
Net changes in unrealized (losses) gains on available-for-sale securities	(65)	(256)	242	(875)
Total comprehensive income	$ 88,769	$ 87,629	$ 194,258	$ 195,411

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

	December 30, 2012 (unaudited)	July 1, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 107,521	$ 213,418
Marketable securities	1,191,881	989,641
Accounts receivable, net of allowance for doubtful accounts of $1,891 ($2,035 at July 1, 2012)	145,174	153,090
Inventories:		
Raw materials	9,368	8,631
Work-in-process	58,175	52,440
Finished goods	17,623	18,593
Total inventories	85,166	79,664
Deferred tax assets	36,840	36,845
Prepaid expenses and other current assets	32,494	32,752
Total current assets	1,599,076	1,505,410
Noncurrent assets:		
Property, plant and equipment, at cost:		
Land	28,837	28,837
Buildings and improvements	223,754	220,741
Manufacturing and test equipment	656,600	652,653
Office furniture and equipment	5,496	5,072
	914,687	907,303
Accumulated depreciation and amortization	(611,167)	(587,081)
Net Property, plant and equipment	303,520	320,222
Identified intangible assets, net and goodwill	17,085	18,185
Other noncurrent assets	3,473	7,251
Total noncurrent assets	324,078	345,658
Total assets	$ 1,923,154	$ 1,851,068
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 11,857	$ 11,459
Accrued payroll and related benefits	76,540	77,978
Deferred income on shipments to distributors	42,291	41,333
Income taxes payable	7,866	13,546
Other accrued liabilities	24,379	26,265
Total current liabilities	162,933	170,581
Deferred tax liabilities	106,455	97,817
Convertible senior notes	815,965	805,599
Other long-term liabilities	45,294	40,563
Total liabilities	1,130,647	1,114,560
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; 231,469 shares issued and outstanding at December 30, 2012 (230,034 shares at July 1, 2012)	231	230
Additional paid-in capital	1,641,359	1,587,815
Accumulated other comprehensive income, net of tax	407	165
Accumulated deficit	(849,490)	(851,702)
Total stockholders' equity	792,507	736,508
Total liabilities and stockholders' equity	$ 1,923,154	$ 1,851,068

See accompanying notes

LINEAR TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Six Months Ended	
	December 30, 2012	January 1, 2012
Cash flow from operating activities:		
Net income	$ 194,016	$ 196,286
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,663	27,591
Tax deficit resulting from the exercise of stock-based awards	(1,405)	(122)
Stock-based compensation	31,928	30,272
Amortization of convertible senior notes discount	10,365	9,793
Change in operating assets and liabilities:		
Decrease in accounts receivable	7,916	31,101
Increase in inventories	(5,502)	(4,990)
Decrease in prepaid expenses, other current assets and deferred tax assets	396	16,653
Decrease in long-term assets	950	1,302
Increase (decrease) in accounts payable, accrued payroll, other accrued liabilities and long-term liabilities	1,806	(14,597)
Increase (decrease) in deferred income on shipments to distributors	958	(5,790)
Increase in income taxes payable	2,907	4,566
Cash provided by operating activities	272,998	292,065
Cash flow from investing activities:		
Purchases of marketable securities	(569,409)	(482,807)
Proceeds from maturities and sales of available-for-sale securities	367,329	262,411
Acquisition, net of cash assumed	—	(23,365)
Purchases of property, plant and equipment	(8,033)	(26,853)
Cash used in investing activities	(210,113)	(270,614)
Cash flow from financing activities:		
Issuance of common stock under employee stock plans	26,442	19,679
Purchases of common stock	(15,793)	(34,786)
Payments of cash dividends	(179,431)	(111,310)
Cash used in financing activities	(168,782)	(126,417)
Decrease in cash and cash equivalents	(105,897)	(104,966)
Cash and cash equivalents, beginning of period	213,418	270,523
Cash and cash equivalents, end of period	$ 107,521	$ 165,557

See accompanying notes

1. Basis of Presentation

Interim financial statements and information are unaudited; however, in the opinion of management, all adjustments necessary for a fair and accurate presentation of the interim results in conformity with U.S. generally accepted accounting principles (“GAAP”) have been made. All such adjustments were of a normal recurring nature. The results for the three and six-month periods ended December 30, 2012 are not necessarily an indication of results to be expected for the entire fiscal year. All information reported in this Form 10-Q should be read in conjunction with the Company’s annual consolidated financial statements for the fiscal year ended July 1, 2012 included in the Company’s Annual Report on Form 10-K. The accompanying balance sheet at July 1, 2012 has been derived from those audited financial statements. Because the Company is viewed as a single operating segment for management purposes, no segment information has been disclosed.

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 the second quarter and the first six months of fiscal year 2013, the Company recognized approximately 16% and 15%, respectively, 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-customer. 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 December 30, 2012, the Company had approximately $52.8 million of deferred revenue and $10.5 million of deferred cost of sales recognized as $42.3 million of “Deferred income on shipments to distributors.” The Company believes that its deferred costs of revenues have limited risk of material impairment as the Company offers stock rotation privileges to distributors (up to 3% to 5% of quarterly purchases) which enable distributors to rotate slow moving inventory. In addition, stock rotated inventory that is returned to the Company is generally resalable. The Company reviews distributor ending on-hand inventory balances, as well as orders placed on the Company to ensure that distributors are not overstocking parts and are ordering to forecasted demand. To the extent the Company had a significant reduction in distributor price or grants significant price rebates, there could be a material impact on the ultimate revenue and gross profit recognized. The price rebates that have been remitted back to distributors have generally ranged from $2.7 million to $3.4 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.

2. Fiscal Period

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

3. Earnings Per Share

Basic earnings per share is calculated using the weighted average shares of common stock outstanding during the period. Diluted earnings per share is calculated using the weighted average shares of common stock outstanding, plus the dilutive effect of stock options using the treasury stock method. 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	Three Months Ended December 30, 2012	Three Months Ended January 1, 2012	Six Months Ended December 30, 2012	Six Months Ended January 1, 2012
Numerator-net income	$ 88,834	$ 87,885	$ 194,016	$ 196,286
Denominator for basic earnings per share-weighted average shares	235,852	232,209	235,613	232,051
Effect of dilutive securities-employee stock options	998	1,356	1,023	1,296
Denominator for diluted earnings per share	236,850	233,565	236,636	233,347
Basic earnings per share	$ 0.38	$ 0.38	$ 0.82	$ 0.85
Diluted earnings per share	$ 0.38	$ 0.38	$ 0.82	$ 0.84

The weighted average diluted common shares outstanding for the quarter and the six months ended December 30, 2012 excludes the effect of 4.8 million and 5.0 million, respectively, out-of-the-money stock options, that if included would be anti-dilutive. The weighted average diluted common shares outstanding for the quarter and the six months ended January 1, 2012 excludes the effect of 8.9 million and 9.1 million, respectively, out-of-the-money stock options, that if included would be anti-dilutive.

4. 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 has no Level 3 assets.

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 December 30, 2012:

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	$ 343,504	$ —	$ 343,504
Investments in municipal bonds, obligations of U.S. government-sponsored enterprises, corporate debt and commercial paper	—	888,457	888,457
Total assets measured at fair value	$ 343,504	$ 888,457	$ 1,231,961

5. Marketable Securities

The Company's cash equivalents and marketable securities in debt instruments are classified as available-for-sale; most of the debt instruments have an investment rating of AA+ to AAA. The following is a summary of cash equivalents and marketable securities at December 30, 2012 and July 1, 2012:

	December 30, 2012			
In thousands	Amortized Cost	Unrealized Gain	Unrealized (Loss) [1]	Fair Value
U.S. Treasury securities	$ 331,177	$ 274	$ —	$ 331,451
Obligations of U.S. government-sponsored enterprises	179,487	228	(1)	179,714
Municipal bonds	578,958	511	(77)	579,392
Corporate debt securities and other	129,334	18	(1)	129,351
Money market funds	12,053	—	—	12,053
Total	$ 1,231,009	$ 1,031	$ (79)	$ 1,231,961
Amounts included in:				
Cash equivalents	$ 40,080	$ —	$ —	$ 40,080
Marketable securities	1,190,929	1,031	(79)	1,191,881
Total	$ 1,231,009	$ 1,031	$ (79)	$ 1,231,961

	July 1, 2012			
In thousands	Amortized Cost	Unrealized Gain	Unrealized (Loss) [1]	Fair Value
U.S. Treasury securities	$ 295,964	$ 77	$ (74)	$ 295,967
Obligations of U.S. government-sponsored enterprises	167,554	169	(13)	167,710
Municipal bonds	428,362	669	(41)	428,990
Corporate debt securities and other	167,323	16	(11)	167,328
Money market funds	63,782	—	—	63,782
Total	$ 1,122,985	$ 931	$ (139)	$ 1,123,777
Amounts included in:				
Cash equivalents	$ 134,136	$ —	$ —	$ 134,136
Marketable securities	988,849	931	(139)	989,641
Total	$ 1,122,985	$ 931	$ (139)	$ 1,123,777

[1] The Company evaluated the nature of the investments with a loss position at December 30, 2012 and July 1, 2012, 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 December 30, 2012 and July 1, 2012.

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

In thousands	December 30, 2012	July 1, 2012
Due in one year or less	$ 835,019	$ 493,934
Due after one year through three years	356,862	495,707
Total	$ 1,191,881	$ 989,641

6. Stock-based Compensation

Equity Incentive Plans

At December 30, 2012, 20.7 million shares were available for grant under the Company's equity incentive 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 also generally become exercisable over a five-year period (generally 10% every six months) based upon continued employment. Options granted prior to January 11, 2005 expire ten years after the date of grant; options granted after January 11, 2005 expire seven years after the date of the grant.

The Company has an Employee Stock Purchase Plan ("ESPP") that permits eligible employees to purchase common stock through payroll deductions at 85% of the fair market value of the common stock at the end of each six-month offering period. The offering periods generally commence on approximately May 1 and November 1 of each year. At December 30, 2012, 1.2 million shares were available for issuance under the ESPP.

Accounting for Stock-Based Compensation

Compensation cost for restricted stock awards is based on the fair market value of the Company's stock on the date of grant. 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 Company amortizes the compensation cost straight-line over the vesting period, which is generally five years. The Black-Scholes valuation model requires the Company to estimate key assumptions such as expected option term, stock price volatility and forfeiture rates 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.

As of December 30, 2012, there was approximately $151.3 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 5 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 six months ended December 30, 2012, options for approximately 0.9 million shares were exercised for a gain to the optionee (aggregate intrinsic value) of $6.6 million determined as of the dates of the option exercises.

Stock Options

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

	Stock Options Outstanding	Weighted-Average Exercise Price
Outstanding options, July 1, 2012	11,080,860	$ 31.12
Granted	—	—
Forfeited and expired	(763,150)	37.00
Exercised	(893,429)	25.07
Outstanding options, December 30, 2012	9,424,281	$ 31.22
Options vested and exercisable at:		
December 30, 2012	7,603,399	$ 33.25

Restricted Stock

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

	Restricted Awards Outstanding	Weighted-Average Grant-Date Fair Value
Nonvested at July 1, 2012	5,398,008	$ 30.67
Granted	1,501,476	31.67
Vested	(877,710)	30.57
Forfeited	(74,669)	30.14
Nonvested at December 30, 2012	5,947,105	$ 30.95

7. Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of unrealized gains or losses on available-for-sale securities. The components of other comprehensive income at December 30, 2012 and July 1, 2012 were as follows:

In thousands	Accumulated Other Comprehensive Income
Balance, July 1, 2012	$ 165
Net changes in unrealized gains on available-for-sale securities, net of tax	242
Accumulated other comprehensive income, December 30, 2012	$ 407

In thousands	Accumulated Other Comprehensive Income
Balance, July 3, 2011	$ 1,130
Net changes in unrealized (losses) on available-for-sale securities, net of tax	(875)
Accumulated other comprehensive income, January 1, 2012	$ 255

8. Acquisition

On December 20, 2011, the Company acquired 100% of the outstanding stock of privately held Dust Networks ("Dust") of Hayward, California, a provider of low power wireless sensor network technology. The acquisition of Dust enables the Company to offer a complete high performance wireless sensor networking solution. Dust's low power radio and software technology complements the Company's strengths in industrial instrumentation, power management and energy harvesting technology. The consideration associated with the acquisition was approximately $25.2 million including $1.7 million for Dust acquisition expenses that were expensed immediately. The Company will pay additional consideration over a two year period of up to $2.8 million in cash, based on the duration of service performed by certain acquired key employees. As of December 30, 2012 the Company has paid $1.4 million of retention bonuses and owes approximately $1.4 million in retention bonuses.

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

No supplemental pro-forma information is presented for the acquisition due to the immaterial effect of the acquisition on the Company's results of operations.

9. Goodwill and Intangible Assets

Goodwill

The Company will annually evaluate goodwill for impairment as well as whenever events or changes in circumstances might suggest that the carrying value of goodwill may not be recoverable. The Company expects that none of the goodwill will be deductible for tax purposes. The goodwill balance of $2.2 million at December 30, 2012 is attributable to the Dust acquisition in fiscal 2012. There were no changes to the goodwill balance for the quarter ended December 30, 2012.

Intangible Assets

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

Amortization expense related to technology licenses that were not acquired as part of the Dust acquisition was $1.4 million for the quarter ended December 30, 2012.

The remaining amortization expense, related to finite-lived intangible assets, will be recognized over a weighted-average period of approximately 7.2 years. The useful lives of amortizable intangible assets are as follows:

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

Intangible assets consisted of the following:

In thousands	December 30, 2012		
	Original Cost	Accumulated Amortization	Net
Intellectual property	$ 13,100	$ (1,800)	$ 11,300
Customer relationships	4,000	(400)	3,600
Technology licenses	56,570	(55,627)	943
Total intangible assets	$ 73,670	$ (57,827)	$ 15,843

10. Convertible Senior Notes

During the fourth quarter of fiscal year 2007, the Company issued $1.0 billion aggregate principal amount of its 3.00% Convertible Senior Notes due May 1, 2027 (the “2027A notes”) and $700.0 million aggregate principal amount of its 3.125% Convertible Senior Notes due May 1, 2027 (the “2027B notes” and, together with the 2027A notes, the “Notes”) to an initial purchaser in a private offering. The Company received net proceeds from the issuance of the Notes of $1,678.0 million after the deduction of issuance costs of $22.0 million. The Company used the entire net proceeds of the offering to fund a portion of its repurchase of $3.0 billion of its common stock pursuant to an accelerated stock repurchase transaction it entered into with an affiliate of the initial purchaser of the Notes simultaneously with the offering of the Notes. The Company redeemed for cash $395.8 million (the remaining principal amount) of its 2027B notes on November 1, 2010 using a portion of its existing cash and marketable securities balances. Through the second quarter of fiscal year 2013 the Company has repurchased $154.9 million (principal amount) of its 2027A notes, resulting in approximately $845.1 million (principal amount) of debt outstanding as of December 30, 2012. At December 30, 2012, no shares related to the Notes were included in the computation of diluted earnings per share.

At December 30, 2012, the conversion rate of the 2027A notes was 23.770 shares of common stock per $1,000 principal amount of the 2027A notes, subject to adjustment upon the occurrence of certain events as described in the Indenture for the 2027A notes (including the payment of dividends). The Company may redeem all or some of the 2027A notes for cash at any time on or after

May 1, 2014, and holders may require the Company to repurchase the 2027A notes for cash on specified dates beginning May 1, 2014 or upon a fundamental change.

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

The carrying values of the liability and equity components of the Notes are reflected in the Company's consolidated balance sheets as follows:

In thousands	December 30, 2012	July 1, 2012
Liability components		
Principal amount of the Notes	$ 845,088	$ 845,088
Unamortized discount of liability component	(29,123)	(39,489)
Carrying value of liability component	$ 815,965	$ 805,599
Equity component-net carrying value	$ 122,639	$ 122,639

Interest expense related to the Notes included in interest expense on the consolidated statements of income was recognized as follows:

	Three Months Ended		Six Months Ended	
In thousands	December 30, 2012	January 1, 2012	December 30, 2012	January 1, 2012
Contractual coupon interest	$ 6,338	$ 6,338	$ 12,676	$ 12,676
Amortization of debt discount	5,219	4,931	10,365	9,793
Amortization of debt issuance costs	475	475	949	949
Total interest expense related to the Notes	$ 12,032	$ 11,744	$ 23,990	$ 23,418

11. Stockholders' Equity

Stock Repurchase

On October 16, 2012, the Company's Board of Directors authorized the Company to purchase up to 10.0 million shares of its outstanding common stock in the open market over a two-year time period. During the quarter ended December 30, 2012, the Company repurchased 0.2 million shares of its common stock for approximately $6.5 million. As of December 30, 2012, the Company had remaining authorization to repurchase up to an additional 9.8 million shares of the Company's common stock.

In addition to open market repurchases, the Company also repurchases shares related to equity award vestings as outlined below. During the quarter ended December 30, 2012, the Company repurchased approximately 0.1 million shares of its common stock for approximately $4.2 million. The Company generally grants restricted stock awards and restricted stock units under its equity incentive plans, which are subject to vesting. Recipients are required to pay tax on such awards and units at the time they vest. For the majority of restricted stock awards and units granted, the number of shares issued on the date the awards and units vest is net of the minimum statutory withholding requirements that the Company pays in cash to the appropriate taxing authorities on behalf of its employees. These withheld shares are not included in the common open market stock repurchase totals in the above paragraph even though they are treated as common stock repurchases in our financial statements, as they reduce the number of shares that would otherwise have been issued.

Dividends

During the quarter ended December 30, 2012, Company's Board of Directors accelerated the payment of its March quarterly dividend payment into the December quarter to benefit shareholders due to potential increases in tax rates on

investment income in the United States. Therefore, the Company expects that its next dividend payout will be in May 2013. Concurrent with the December payout, the Company's Board of Directors approved an increase in the Company's quarterly dividend from $0.25 per share to $0.26 per share. This marked the 21st consecutive year the Company has increased its dividend. The dividend was paid on December 28, 2012 to stockholders of record on December 17, 2012. During the six months ended December 30, 2012, the Company paid $179.4 million in dividends representing $0.76 per share. The payment of future dividends will be based on quarterly financial performance.

12. Product Warranty and Indemnification

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

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

13. Income Taxes

The Company must recognize the 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 tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. As of December 30, 2012, the Company's other long-term liabilities account includes $35.7 million of unrecognized tax benefits of which approximately $16.0 million would favorably impact its effective income tax rate in future periods if the Company's positions on these tax matters are upheld. The Company has determined that it is reasonably possible that approximately $8.5 million of unrecognized tax benefits may be recognized within the next year as a discrete tax benefit. The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense. Included in the liability for unrecognized tax benefits was 3.1 million accrued for interest at December 30, 2012.

14. Contingencies

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.

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

Overview

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

Quarterly revenues of $305.3 million for the second quarter of fiscal year 2013 decreased $29.9 million or 8.9% from the previous quarter's revenue of $335.1 million and increased $10.9 million or 4% over $294.3 million reported in the second quarter of fiscal year 2012. Net income of $88.8 million decreased $16.3 million or 16% from the first quarter of fiscal year 2013 and decreased $0.9 million or 1% from the second quarter of fiscal year 2012. Diluted earnings per share of $0.38 per share in the second quarter of fiscal year 2013 decreased $0.07 per share or 16% from the first quarter of fiscal year 2013 and was flat compared to the second quarter of fiscal year 2012.

Critical Accounting Estimates

There have been no significant changes to the Company's critical accounting policies during the six months ended December 30, 2012, as compared to the previous disclosures in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Annual Report on Form 10-K for the fiscal year ended July 1, 2012.

Results of Operations

The table below summarizes the income statement items for the three and six months ended December 30, 2012 and January 1, 2012 as a percentage of total revenue and provides the percentage change in absolute dollars of such items comparing the interim periods ended December 30, 2012 to the corresponding periods from the prior fiscal year:

	Three Months Ended			Six Months Ended		
	December 30, 2012	January 1, 2012	Increase/ (Decrease)	December 30, 2012	January 1, 2012	Increase/ (Decrease)
Revenues	100.0%	100.0%	4%	100.0%	100.0%	3%
Cost of sales	25.6	25.1	6	25.3	24.6	5
Gross profit	74.4	74.9	3	74.7	75.4	2
Expenses:						
Research and development	18.8	17.8	9	18.1	17.2	8
Selling, general and administrative	12.1	11.9	6	11.6	11.6	3
	30.9	29.7	8	29.7	28.8	6
Operating income	43.5	45.2	—	45.0	46.6	(1)
Interest expenses	(3.9)	(4.0)	(2)	(3.8)	(3.9)	(2)
Acquisition related costs	-	(1.1)	-	-	(0.5)	-
Interest and other income	0.3	0.4	(9)	0.3	0.4	(14)
Income before income taxes	39.9%	40.5%	2	41.5%	42.6%	-
Tax rate	27.00%	26.25%		27.00%	26.25%	

Revenue for the quarter ended December 30, 2012 was $305.3 million, an increase of $10.9 million or 4% over revenue of $294.3 million for the same quarter of the previous fiscal year. Revenues grew over the prior year quarter in the industrial end-market and were generally similar to the prior year in the Company's other end-markets. Revenue for the quarter ended December 30, 2012 increased over the prior fiscal year quarter due to a higher number of units shipped and a higher average selling price ("ASP") . The number of units shipped increased by approximately 2% from 160.3 million units in the second quarter of fiscal year 2012 to 163.3 million units in the second quarter of fiscal year 2013. The ASP of $1.85 per unit in the second quarter of fiscal year 2013 increased slightly compared to the ASP of $1.83 per unit in the second quarter of fiscal year 2012.

Geographically, revenues for the quarter ended December 30, 2012 increased in each major geographical region except for Japan, which declined moderately compared to the same quarter of the previous fiscal year. International revenues for the quarter ended December 30, 2012 were $217.0 million or 71% of revenues, an increase of $7.7 million as compared to international revenues of $209.3 million or 71% of revenues for the same period in the previous fiscal year. Revenues for the quarter ended December 30, 2012 for Rest of World ("ROW") represented $118.8 million or 39% of revenues, while sales to Europe and Japan were $51.3 million or 17% of revenues and $46.9 million or 15% of revenues, respectively. Domestic revenues were $88.3 million or 29% of revenues in the second quarter of fiscal year 2013, an increase of $3.3 million over $85.0 million or 29% of revenues in the same period of fiscal year 2012.

Revenue for the six months ended December 30, 2012 was $640.4 million, an increase of $16.2 million or 3% over revenue of $624.3 million for the same period of the previous fiscal year. The increase in revenues for the six months ended December 30, 2012 from the same period of the previous fiscal year was due to similar factors as the second fiscal quarter described above. The number of units shipped increased by approximately 1% over 341.7 million units in the six months ended January 1, 2012 to 346.0 million units in the current fiscal year. The ASP for the six months ended December 30, 2012 was higher at $1.82 per unit as compared to $1.80 per unit in the same period of fiscal year 2012.

Geographically, revenues for the six months ended December 30, 2012 increased in ROW and the United States offset by decreases in Japan and Europe compared to the same period of the previous fiscal year. International revenues for the six months ended December 30, 2012 were $459.6 million or 72% of revenues, an increase of $14.6 million as compared to international revenues of $445.0 million or 71% of revenues for the same period in the previous fiscal year. Revenues for the six months ended December 30, 2012 for ROW, represented $249.1 million or 39% of revenues, while sales to Europe and Japan were $112.4 million or 18% of revenues and $98.1 million or 15% of revenues, respectively. Domestic revenues were $180.8 million or 28% of revenues for the six months ended December 30, 2012, an increase of $1.6 million over $179.2 million or 29% of revenues in the same period of fiscal year 2012.

Gross profit of $227.1 million for the quarter ended December 30, 2012 increased $6.6 million or 3% over gross profit of $220.5 million in the second quarter of fiscal year 2012. Gross profit of $478.5 million for the six months ended December 30, 2012 increased $7.8 million or 2% over gross profit of $470.6 million in the same period of fiscal year 2012, Gross profit as a percentage of revenues decreased to 74.4% in the second quarter of fiscal year 2013 as compared to 74.9% for the same period in the previous fiscal year. Gross profit as a percentage of revenues decreased to 74.7% for the six months ended December 30, 2012 as compared to 75.4% for the same period of the previous fiscal year. The decrease in gross profit as a percentage of revenues for the quarter and six months ended December 30, 2012 was due to a slight change in mix of products sold and higher factory costs primarily due to stronger foreign currencies.

Research and development (“R&D”) expense for the quarter ended December 30, 2012 was $57.3 million, an increase of $4.8 million or 9% over R&D expense of $52.5 million for the same period in the previous fiscal year. R&D increased $2.1 million due to higher labor costs primarily due to increased headcount from the Dust acquisition that occurred at the end of the second quarter of fiscal 2012. In addition, employee profit sharing increased $0.3 million and employee stock-based compensation increased $0.6 million. Other R&D expenses increased $1.8 million primarily due to $0.8 million in intangible asset amortization and retention bonus costs related to the Dust acquisition as well as an increase in mask costs of $0.4 million.

R&D expense for the six months ended December 30, 2012 was $116.1 million, an increase of $8.7 million or 8% over R&D expense of $107.4 million for the same period in the previous fiscal year. R&D increased $5.0 million due to higher labor costs primarily due to increased headcount from the Dust acquisition that occurred at the end of the second quarter of fiscal 2012. In addition, employee profit sharing increased $0.5 million and employee stock-based compensation increased $1.0 million. Other R&D expenses increased $2.2 million primarily due to $1.6 million in intangible asset amortization and retention bonus costs related to the Dust acquisition as well as an increase in mask costs of $0.4 million.

Selling, general and administrative expense (“SG&A”) for the quarter ended December 30, 2012 was $37.1 million, an increase of $2.2 million or 6% over SG&A expense of $34.9 million for the same period in the previous fiscal year. The increase in SG&A expense was due to a $1.1 million increase in compensation costs primarily due to an increase in annual merit compensation. In addition, employee profit sharing increased $0.3 million and employee stock-based compensation increased $0.3 million. Other SG&A expenses increased $1.3 million offset by $0.8 million decrease in legal expenses.

SG&A for the six months ended December 30, 2012 was $74.6 million, an increase of $2.0 million or 3% over SG&A expense of $72.6 million for the same period in the previous fiscal year. The increase in SG&A expense was primarily due to a $1.8 million increase in compensation costs primarily due to an increase in annual merit compensation. In addition, employee profit sharing increased

$0.5 million and employee stock-based compensation increased $0.5 million. Other SG&A expenses decreased $0.7 million primarily due to a $1.3 million decrease in legal expenses.

Interest expense was $12.1 million and $24.1 million, respectively, for the quarter and six months ended December 30, 2012, an increase of $0.2 million and $0.4 million, respectively, over the corresponding period of fiscal year 2012 primarily due to higher non-cash interest expense.

In the prior fiscal year the Company incurred $3.2 million in transaction costs related to the acquisition of Dust Networks during the second quarter of fiscal 2012. Included in the $3.2 million were $1.7 million of Dust's acquisition expenses.

Interest income was $1.0 million and $2.0 million, respectively, for the quarter and six months ended December 30, 2012, a decrease of $0.1 million and $0.3 million from the corresponding periods of fiscal year 2012. Interest income decreased due to a decrease in the average interest rate earned on the Company's cash, cash equivalents and marketable securities balances partially offset by a higher cash, cash equivalents and marketable security balance.

The Company's effective income tax rate for the second quarter and the first six months of fiscal year 2013 was 27.00% as compared to 26.25% in the same periods of fiscal year 2012. The increase in the effective income tax rate from the prior year periods was primarily due to the expiration of the Federal Research and Development Tax Credit ("R&D Tax Credit") as of December 31, 2011. Fiscal year 2012 included a half-year R&D Tax Credit whereas fiscal 2013 to date included no R&D Tax Credit. In January, 2013 Congress reinstated the R&D Tax Credit retroactive to January 1, 2012. As a result, commencing with the third fiscal quarter, the Company will record a discrete tax benefit for the R&D Tax Credit for fiscal 2012 and adjust its annual effective rate for fiscal 2013. The Company currently estimates that these adjustments related to the reinstatement of R&D Tax Credit will lower its effective tax rate for the third quarter of fiscal 2013 and lower its annual effective rate going forward, excluding discrete items, by approximately 1.0% to 1.5%.

Factors Affecting Future Operating Results

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

Quarterly revenues of $305.3 million for the second quarter of fiscal year 2013 decreased $29.9 million or 8.9% from the previous quarter's revenue of $335.1 million and operating income as a percent of sales decreased to 43.5% from 46.3%. The Company anticipated a difficult second fiscal quarter given the tough domestic and global economic climate. The decrease in revenues of 9% was within the Company's guidance, but at the low end, as bookings were weak the first two months of the second quarter. The Company is encouraged that bookings had some momentum exiting the second quarter and this improvement has continued through the early stage of the third quarter. Innovation is prevalent in the Company's end markets and the Company's product positioning is strong. Based upon the Company's current booking rate, and assuming business confidence improves over last quarter, the Company expects to resume moderate revenue growth in the third quarter. The Company currently estimates that fiscal third quarter revenues will grow in the range of 1% to 4% over the second quarter.

Although the Company believes that it has the product lines, manufacturing facilities and technical and financial resources for its current operations, sales and profitability could be significantly affected by factors described above and other factors. Additionally, the Company's common stock could be subject to significant price volatility should sales and/or earnings fail to meet expectations of the investment community.

Liquidity and Capital Resources

At December 30, 2012, the Company's cash, cash equivalents and marketable securities balances were $1,299.4 million in aggregate, representing an increase of $96.3 million over the July 1, 2012 balances of $1,203.1 million. The increase was primarily due to positive cash flows from operations of $273.0 million and to a lesser extent the issuance of stock under employee stock plans, these were partially offset by $179.4 million for the payment of cash dividends, representing $0.76 per share for the six months ended December 30, 2012, including the accelerated dividend payment in December 2012, $15.8 million to purchase common stock; and $8.0 million for capital additions. Working capital at December 30, 2012 was $1,436.1 million.

Accounts receivable totaled $145.2 million at the end of the second quarter of fiscal year 2013, a decrease of $7.9 million from the July 1, 2012 balance of $153.1 million. Inventory totaled $85.2 million at the end of the second quarter of fiscal year 2013, an increase of $5.5 million over the fourth quarter of fiscal year 2012. The increase in inventory was primarily due to an increase in the Company's work in process inventory.

Net property, plant and equipment decreased $16.7 million from the fourth quarter of fiscal year 2012 due to fixed assets additions of $8.0 million offset by $24.7 million in depreciation expense. Income taxes payable totaled $7.9 million at the end of the second quarter of fiscal year 2013, a decrease of $5.7 million from the fourth quarter of fiscal year 2012 primarily due to two quarterly tax payments made during the second quarter offset by the tax provision.

During the second quarter the Company's Board of Directors accelerated the payment of the March quarterly dividend payment into the December quarter to benefit shareholders due to potential increase in tax rates on investment income. Concurrent with the December payout, the Company's Board of Directors approved an increase in the Company's quarterly dividend from $0.25 per share to $0.26 per share. This marked the 21st consecutive year the Company has increased its dividend. The dividend was paid on December 28, 2012 to stockholders of record on December 17, 2012. The payment of future dividends will be based on the Company's financial performance.

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

On December 30, 2012, the Company has debt outstanding of $845.1 million that can be redeemed by the Company at any time on or after May 1, 2014. The Company presently intends to redeem the debt on May 1, 2014, and presently anticipates having sufficient domestic cash balances to do so.

Off Balance-Sheet Arrangements

As of December 30, 2012, the Company had no off-balance sheet financing arrangements.

Contractual Obligations

In April 2007, the Company issued $1.0 billion principal amount of its 3.0% Convertible Senior Notes due May 1, 2027. Through the second quarter of fiscal year 2013, the Company has retired $154.9 million in face value, leaving a remaining balance of $845.1 million. The Company pays cash interest at an annual rate of 3.0%, payable semiannually on November 1 and May 1 of each year. See Note 10 to the consolidated financial statements, included in Part 1, "Financial Information," for additional information.

Fair Value

As of December 30, 2012, the Company's cash equivalents and marketable securities investments in debt securities had a fair value of $1,232.0 million. The Company's cash equivalents and marketable securities investment portfolio consists of money-market funds, U.S. Treasury securities, obligations of U.S. government-sponsored enterprises, municipal bonds, commercial debt and corporate debt securities. See Note 5 to the consolidated financial statements, included in Part 1, "Financial Information," for additional information. Most of the Company's investments in debt instruments have an investment rating of AA+ to AAA.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For additional quantitative and qualitative disclosures about market risk affecting the Company, see item 7A of the Company's Form 10-K for the fiscal year ended July 1, 2012. There have been no material changes in the market risk affecting the Company since the filing of the Company's Form 10-K for fiscal year 2012. At December 30, 2012, the Company's cash and cash equivalents, and marketable securities consisted of money-market funds, U.S. Treasury securities, obligations of U.S. government sponsored enterprises, municipal bonds, commercial debt and corporate debt securities. The Company did not hold any derivative financial instruments. The Company's interest income is sensitive to changes in the general level of interest rates. In this regard, changes in interest rates can affect the interest earned on cash and cash equivalents and short-term investments.

The Company's revenues outside the United States are transacted in U.S. dollars; accordingly the Company's revenues are not impacted by foreign currency rate changes. To date, fluctuations in foreign currency exchange rates have had a minor impact on the results of operations.

Item 4. Controls and Procedures

(a) *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 Quarterly Report on Form 10-Q. For purposes of this section, the term *disclosure controls and procedures,* as defined in Rules 13a-15(c) and 15d-15(e) under the Securities Exchange Act of 1934 (15 U.S.C 78a et seq.) (the "Exchange Act") 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 Exchange Act 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 Exchange Act 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 December 30, 2012. 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 Exchange Act at a reasonable assurance level 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

(b) *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 Exchange Act) occurred during the quarter ended December 30, 2012 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. 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 1A. Risk Factors

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

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

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

The semiconductor market has historically been cyclical and subject to significant economic downturns at various times. The cyclical nature of the semiconductor industry may cause us to experience substantial period-to-period fluctuations in our results of operations. The growth rate of the global economy is one of the factors affecting demand for semiconductor components. Many factors could adversely affect regional or global economic growth including turmoil or depressed conditions in financial or

credit markets, depressed business or consumer confidence, inventory excesses, increased unemployment, inflation for goods, services or materials, rising interest rates in the United States and the rest of the world, a significant act of terrorism which disrupts global trade or consumer confidence, geopolitical tensions including war and civil unrest, reduced levels of economic activity, or disruptions of international transportation.

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

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

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

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

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

The markets for our products depend on continued demand for our products in the communications, industrial, computer, high-end consumer and automotive end-markets. The semiconductor industry is characterized by rapid technological change, variations in manufacturing efficiencies of new products, and significant expenditures for capital equipment and product development. New product offerings by competitors and customer demands for increasing linear integrated circuit performance or lower prices may render our products less competitive over time, thus necessitating our continual development of new products. New product introductions are thus a critical factor for maintaining or increasing future sales growth and sustained or increased profitability, but they can present significant business challenges because product development commitments and expenditures must be made well in advance of the related revenues. The success of a new product depends on a variety of factors including accurate forecasts of long-term market demand and future technological developments, accurate anticipation of competitors' actions and offerings, timely and efficient completion of process design and development, timely and efficient implementation of manufacturing and assembly processes, product performance, quality and reliability of the product, and effective marketing, sales 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 recent 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 (less than 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 5% to 15%) 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 (less than 5%) of our wafer fabrication. As a result, we cannot directly control delivery schedules for these products, which could lead to product shortages, quality assurance problems and increases in the cost of our products. We may experience delays in delivering our products to our customers. If these foundries are unable or unwilling to produce adequate supplies of processed wafers conforming to our quality standards, our business and relationships with our customers for the limited quantities of products produced by these foundries could be adversely affected. Finding alternate sources of supply or initiating internal wafer processing for these products may not be economically feasible. In addition, the manufacture of our products is a highly complex and precise process, requiring production in a highly controlled environment. Changes in manufacturing processes or the inadvertent use of defective or contaminated materials by a third party foundry could adversely affect the foundry's ability to achieve acceptable manufacturing yields and product reliability.

We rely on third party vendors for materials, supplies, critical manufacturing equipment and freight services that may not have adequate capacity or may be impacted by outside influences such as natural disasters 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 of 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 the components, which could adversely affect future sales 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 products or could have quality problems that could affect our ability to meet customer commitments.

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

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

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

During the second quarter of fiscal year 2013, 71% of our revenues were derived from customers in international markets. Also, the Company has test and assembly facilities in Singapore and Malaysia. Accordingly, we are subject to the economic and political risks inherent in international sales 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 as well as the economic disruption from financial and economic declines or turmoil, dysfunction in the credit markets, acts of terrorism, natural disasters or the response to any of the foregoing by the United States and other major countries. In the past years, natural disasters in Japan and Thailand have affected the global marketplace.

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

Our success depends in part on our proprietary technology. While we attempt to protect our proprietary technology through patents, copyrights and trade secret protection, we believe that our success also depends on increasing our technological expertise, continuing our development of new products and providing comprehensive support and service to our customers. However, we may be unable to protect our technology in all instances, or our competitors may develop similar or more competitive technology independently. We currently hold a number of United States and foreign patents and pending patent applications. However, other parties may challenge or attempt to invalidate or circumvent any patents the United States or foreign governments issue to us or these governments may fail to issue patents for pending applications. In addition, the rights granted or anticipated under any of these patents or pending patent applications may be narrower than we expect or, in fact 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 undertaken 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 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 and 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 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 the Company has contractual wording that limits its liability to the replacement of the defective parts shipped. 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 market. Our competitors include among others, Analog Devices, Inc., Intersil, Maxim Integrated Products, Inc. and Texas Instruments, Inc. Competition among manufacturers of linear integrated circuits is intense, and certain of our competitors may 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 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 worldwide earnings and tax regulations governing each region. We are subject to income taxes in both the United States and various foreign jurisdictions, and significant judgment is required to determine worldwide tax liabilities. Our effective tax rate as well as the actual tax ultimately payable could be adversely affected by changes in the split of earnings between countries with differing statutory tax rates, in the valuation of deferred tax assets, in tax laws or by material audit assessments, which could affect our profitability. In addition, the amount of income taxes we pay is subject to ongoing audits in various jurisdictions, and a material assessment by a governing tax authority could affect our profitability. Finally, jurisdictions could change their tax regulations to include profits that were previously exempt.

We are leveraged, and our debt obligations may affect our business, operating results and financial condition.

On December 30, 2012, we have debt outstanding of $845.1 million aggregate principal amount of our 3.00% Convertible Senior Notes due May 1, 2027 ("the Notes"). Debt service obligations arising from the Notes could adversely affect us in a number of ways, including by:

- limiting our ability to obtain in the future, if needed, financing for working capital, capital expenditures, debt service requirements or other corporate purposes;
- limiting our flexibility in implementing our business strategy and in planning for, or reacting to, changes in our business;
- placing us at a competitive disadvantage relative to any of our competitors who have lower levels of debt;
- decreasing our debt ratings and increasing our cost of borrowed funds;
- making us more vulnerable to a downturn in our business or the economy generally;
- subjecting us to the risk of being forced to refinance at higher interest rates these amounts when due; and

- requiring us to use a substantial portion of our cash to pay principal and interest on our debt instead of contributing those funds to other purposes such as working capital, capital expenditures or other corporate purposes.

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. As our Notes are convertible into shares of our common stock, volatility or depressed prices of our common stock could have a similar effect on the trading price of our Notes. In addition, to the extent we deliver common stock on conversion of the Notes, the ownership interests of our existing stockholders may be diluted. Sales in the public market of common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock, as could the anticipated conversion of the Notes.

We may not have the ability to repurchase the Notes or to pay cash upon their conversion if and as required by the indentures governing the Notes.

Holders of our Notes have the right to require us to repurchase the $845.1 million principal amount of the Notes for cash at any time on or after May 1, 2014 or upon the earlier occurrence of a fundamental change. In addition, we can voluntarily repurchase the entire principal amount of the Notes at any time on or after May 1, 2014. We presently intend to do such repurchase on May 1, 2014, however, we may not have sufficient funds to do so or have the ability to arrange necessary financing on acceptable terms. In addition, upon any conversion of the Notes we are required to make cash payments to the holders of the Notes equal to the lesser of the principal amount of the Notes being converted and the conversion value of those Notes. Such payments could be significant, and we may not have sufficient funds to make them at such time. Moreover, even if we do have sufficient funds to repurchase the Notes and/or to make any additional payments upon conversion, doing so could reduce our working capital below levels that we believe are necessary or appropriate for the ongoing operation of our business. In such case, we might be forced to repatriate cash currently held by our offshore subsidiary, which will have adverse tax consequences, or to raise additional financing at the time of the repurchase or thereafter until cash generated from operations can restore working capital to the desired level.

Our failure to repurchase the Notes or convert the Notes into cash or a combination of cash and shares upon exercise of a holder's conversion right in accordance with the provisions of the indentures would constitute a default under the applicable indenture. In addition, a default under the indenture could lead to a default under existing and future agreements governing our indebtedness. If, due to a default, the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay such indebtedness and the Notes.

A fundamental change may also constitute an event of default under, or result in the acceleration of the maturity of, our then-existing indebtedness. In addition, our ability to repurchase the Notes in cash or make any other required payments may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time.

The terms of the Notes and related provisions in the indentures subject noteholders to risks. Noteholders should be aware of the following risks, in addition to those described for holders of our common stock:

- We are not restricted from taking actions or incurring additional debt (including secured debt) which may affect our ability to make payments under the Notes,
- The Notes are not secured by any of our assets or those of our subsidiaries and are effectively subordinated to any secured debt we may incur. In any liquidation, dissolution, bankruptcy or other similar proceeding, holders of our secured debt may assert rights against any assets securing such debt in order to receive full payment of their debt before those assets may be used to pay the holders of the Notes. In such an event, we may not have sufficient assets remaining to pay amounts due on any or all of the Notes. In addition, none of our subsidiaries have guaranteed our obligations under, or have any obligation to pay any amounts due on, the Notes. As a result, the Notes are effectively subordinated to all liabilities of our subsidiaries, including trade payables,

- The fundamental change provisions in the Notes and the indentures may not require us to offer to repurchase the Notes in the event of certain transactions. For example, any leveraged recapitalization, refinancing, restructuring, or acquisition initiated by us will generally not constitute a fundamental change requiring us to repurchase the Notes;
- The liquidity of the trading market in the Notes, and the market price quoted for these Notes, may be adversely affected by, among other things, changes in, or other factors affecting, the market prices of our common stock, changes in the overall market for debt securities, and prevailing interest rates,
- The conversion rates of the Notes may not adjust for certain events, such as a third-party tender or exchange offer or an issuance of our common stock for cash. In addition, adjustments in conversion rates may not adequately compensate noteholders for any lost value in the Notes as a result of a particular transaction,
- The sale of the Notes and the shares of common stock issuable upon conversion of the Notes depends upon the continued maintenance of a registration statement filed with the SEC covering the resale of the Notes, or an exemption from the registration requirements of the Securities Act and any applicable state securities laws; and,
- Noteholders are not entitled to any rights as holders of our common stock although, given that the Notes are convertible into shares of our common stock, they may be affected by any change relating to the common stock.

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

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

c) Stock Repurchases

Period	**Total Number of Shares Purchased**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Maximum Number of Shares that May Yet be purchased Under the Plans or Programs** [(1)]
Month #1 (October 1, 2012 – October 28, 2012)	-	-	-	10,000,000
Month #2 (October 29, 2012 – November 25, 2012)	200,000	$32.59	200,000	9,800,000
Month #3 (November 26, 2012 – December 30, 2012)	-	-	-	-
Total	200,000	$32.59	200,000	9,800,000

The Company generally grants restricted stock awards and restricted stock units under its equity incentive plans, which are subject to vesting. Recipients are required to pay tax on such awards and units at the time they vest. For the majority of restricted stock awards and units granted, the number of shares issued on the date the awards and units vest is net of the minimum statutory withholding requirements that the Company pays in cash to the appropriate taxing authorities on behalf of its employees. These withheld shares are not included in the common stock repurchase totals in the preceding table even though they are treated as common stock repurchases in our financial statements, as they reduce the number of shares that would otherwise have been issued.

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

Item 3. Defaults Upon Senior Securities

N/A

Item 5. Other Information

N/A

Item 6. Exhibits

Exhibit Number	Description
10.50	Third Amended and Restated Employment Agreement between Registrant and Robert H. Swanson, Jr. dated December 18, 2012 (*)
31.1	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer and Principal Accounting Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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

(*) Agreement amended in non-material ways solely (i) in response to recent Internal Revenue Service guidance on Section 409A of the Internal Revenue Code and (ii) to add clarifying language regarding existing provisions. Agreement is a compensatory plan.

SIGNATURES

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

LINEAR TECHNOLOGY CORPORATION

DATE: February 7, 2013

BY /s/Paul Coghlan

Paul Coghlan
Vice President, Finance &
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

Exhibit 10.50

LINEAR TECHNOLOGY CORPORATION

ROBERT H. SWANSON, JR.

THIRD AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Robert H. Swanson, Jr. Third Amended and Restated Employment Agreement (the "Agreement") is entered into as of December 18, 2012 (the "Effective Date") by and between Linear Technology Corporation (the "Company") and Robert H. Swanson, Jr. ("Executive").

WHEREAS, Executive and the Company executed the Robert H. Swanson, Jr. Employment Agreement in January 2002 (the "Initial Employment Agreement");

WHEREAS, Executive has since resigned from his employment as Chief Executive Officer of the Company, but at the request of the Board of Directors of the Company (the "Board") pursuant to Section 3 (f) of the Initial Employment Agreement, has agreed to remain Executive Chairman of the Board;

WHEREAS, Executive and the Company executed the Robert H. Swanson, Jr. Amended and Restated Employment Agreement on October 18, 2005 (the "Amended Employment Agreement");

WHEREAS, Executive and the Company executed the Robert H. Swanson, Jr. Second Amended and Restated Employment Agreement on November 5, 2008 (the "Second Amended Employment Agreement"); and

WHEREAS, Executive and the Company desire to revise the Second Amended Employment Agreement to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") (as it has been and may be amended from time to time) and the final regulations and any guidance promulgated thereunder (together, "Section 409A").

NOW, THEREFORE, in consideration of their mutual promises and intending to be legally bound, the parties agree as follows:

1. Duties and Scope of Employment.

(a) Positions; Agreement Commencement Date; Duties. Following the Effective Date, Executive shall continue to serve as Executive Chairman of the Board, reporting to the Board. The period of Executive's employment hereunder is referred to herein as the "Employment Term." During the Employment Term, Executive shall render such business and professional services in the performance of his duties, consistent with Executive's position within the Company, as shall reasonably be assigned to him by the Board.

(b) Obligations. During the Employment Term, Executive shall devote his business efforts and time to the Company two to three days per week. Executive agrees, during the Employment Term, not to actively engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the approval of the Board that would result in a conflict of interest with the Company's business.

2. At-Will Employment. Executive and the Company understand and acknowledge that Executive's employment with the Company constitutes "at-will" employment. Subject to the Company's obligation to provide severance benefits as specified herein, Executive and the Company acknowledge that

this employment relationship may be terminated at any time, upon written notice to the other party, with or without good cause or for any or no cause, at the option either of the Company or Executive.

3. Compensation.

(a) Base Salary. While employed by the Company, the Company shall pay the Executive as compensation for his services $468,000 (the "Base Salary"), prorated for the number of full days of service he performs as Executive Chairman of the Board. Such salary shall be paid periodically in accordance with normal Company payroll practices and subject to the usual, required withholding. Executive's Base Salary shall be reviewed annually by the Compensation Committee of the Board (the "Committee") for possible adjustments in light of Executive's performance and competitive data.

(b) Bonuses. Executive shall be eligible to earn a bonus under the Company's 1996 Senior Executive Bonus Plan as specified by the Committee and will also be eligible to participate in the Key Employee Incentive Bonus Plan or any successor bonus plans to such plans (collectively, the "Bonus Plans").

(i) Executive's target bonus (the "Target Bonus") for any six-month period will be his target bonus for the previous six-month period increased or decreased by the same percentage the total bonus pool for the Bonus Plans for the six-month period in question increased or decreased compared to the previous six-month period. By way of example only, if Executive's Target Bonus for the first six-month period of a particular year is $1,000,000 and the total bonus pool for the Bonus Plans for the second six-month period of such year increases by 10% over the total bonus pool for the Bonus Plans for the first six-month period of such year, then Executive's Target Bonus for second six-month period would be $1,100,000.

(ii) Executive's actual bonus for any particular period will equal the actual bonus to which he would have otherwise been entitled for such period based upon the Target Bonus prorated for the number of full days of service he performs for the Company as Executive Chairman of the Board during such period, or alternatively in such lesser amount as the Committee deems appropriate, but in no event more than 50% of the Target Bonus for any relevant period. By way of example only, if the actual bonus Executive would have been entitled to for a period if he had worked full time was the Target Bonus of $1,000,000, then (A) if the number of full days of service Executive performed during the period was 30% of full time, his actual bonus would be $300,000, and (B) if the number of full days of service Executive performed during the period was 60% of full time, then his actual bonus would be $500,000.

(iii) Any such bonus will be paid promptly following the determination of whether and to what extent that it has been earned, but in no event after the later of (i) March 15 of the calendar year following the calendar year in which such determination is made and no longer subject to a substantial risk of forfeiture, or (ii) two and one-half months following the end of the fiscal year of the Company in which such determination is made and no longer subject to a substantial risk of forfeiture.

(c) Benefits. During the Employment Term, Executive shall be eligible to participate in the employee benefit plans maintained by the Company that are applicable to other senior management to the full extent provided for under those plans, including health and other welfare plan participation, use of the Company airplane and pilot(s) as set forth in Section 3(d) hereof, office space and secretary, but excluding participation in any Company employee stock purchase plan intended to qualify under Section 423 of the Code, and any Company 401(k) plan and any benefits and perquisites where continuing Executive's participation would be either (i) contrary to statute or regulation, or (ii) highly impractical.

(d) Use of Company Airplane. During the Employment Term, Executive shall be permitted to use, for personal purposes, the Company airplane and pilot(s), for up to 35% of the available flight time in any year; provided, however, that such use shall be subject to the Company's reasonable policies and airplane usage requirements. Executive shall be fully grossed-up for any imputed taxable income recognized by virtue of such use so that the net effect to Executive is the same as if there was no imputed income. Executive will receive such payments no later than the end of the calendar year following the calendar year in which Executive remits the applicable taxes to the relevant tax authorities.

(e) Severance Prior to a Change of Control.

(i) <u>Voluntary Termination for Good Reason; Involuntary Termination Other Than for Cause</u>. If, prior to a Change of Control (as defined herein), Executive's tenure as Executive Chairman of the Board, terminates due to (i) a voluntary termination for "Good Reason" (as defined herein) where the grounds for the Good Reason are not cured by the Company within 30 days following receipt of written notice specifying the grounds from Executive, or (ii) an involuntary termination by the Company other than for "Cause" (as defined herein), then, subject to Section 5, and subject to Executive executing and not revoking a standard form of mutual release of claims with the Company, which the Company shall provide to Executive no later than five (5) business days after the termination date (the "Release"), and provided that the Release becomes effective and irrevocable no later than sixty (60) days following the termination date (such deadline, the "Release Deadline"), and subject to Executive not breaching the terms of Section 12 hereof:

(1) all of Executive's Company stock options (together with other rights to purchase or receive Company common stock) and restricted stock (including restricted stock units and similar awards) shall immediately accelerate vesting as to 100% of the then unvested amount of such award;

(2) Executive shall receive continued payments of severance pay for 12 months following the date of such termination at a rate equal to:

a) Executive's annual Base Salary at the rate in effect on the date of such termination, plus

b) two times the average of his Target Bonus (without respect to any proration for actual days of service performed or the 50% limitation, each as referred in Section 3(b)(ii) above) for the four six-month bonus periods prior to the date of such termination, which amount will be payable in equal installments over such 12-month period (for purposes of clarity, it is the intention of this paragraph that Executive receive under this paragraph an amount equal to a full year of (i.e., twice) the full amount of his average six-month Target Bonuses as if he were performing his duties as Executive Chairman full time at the time of termination; by way of example only, if Executive's Target Bonuses (without regard to his actual bonuses paid) were $1,000,000, $1,200,000, $800,000 and $1,000,000, respectively, in the four six-month periods prior to the date of termination, then the average six-month Target Bonus would be $1,000,000, and the annual bonus payable under this paragraph would be $2,000,000);

in each case, as if Executive had been performing services as Executive Chairman of the Board on a full-time basis up to the date of termination, with no proration or limitation on the amount of his actual compensation (e.g., Executive's bonus would not be prorated or limited to 50% of his Target Bonus for any particular period based upon time actually worked), less applicable withholding and payable in accordance with the Company's standard payroll practices (the "Severance Payment");

(3) the Company shall reimburse Executive for premiums paid for continued health and dental benefits for Executive and his covered dependents for the lesser of:

a) 18 months from the date of Executive's termination of employment, payable when such premiums are due (provided Executive validly elects to continue coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), or

b) the date upon which Executive and his covered dependents are covered by similar plans of Executive's new employer (the "COBRA Coverage").

For purposes of this Agreement, "Cause" shall mean (i) an act of personal dishonesty taken by Executive in connection with his responsibilities hereunder and intended to result in substantial personal enrichment of Executive; (ii) Executive being convicted of, or plea of *nolo contendere* to, a felony; (iii) a willful act by Executive which constitutes gross misconduct and which is injurious to the Company; and (iv) following delivery to Executive of a written demand for performance from the Company which describes the basis for the Company's reasonable belief that Executive has not substantially performed his duties, continued violations by Executive of Executive's obligations to the Company which are demonstrably willful and deliberate on Executive's part.

For purposes of this Agreement, "Good Reason" means, without Executive's express consent, (i) a material reduction of Executive's duties, title, authority or responsibilities, relative to Executive's duties, title, authority or responsibilities as in effect immediately prior to such reduction, or the assignment to Executive of such reduced duties, title, authority or responsibilities; (ii) a material reduction, of the facilities and perquisites (including office space and location) available to Executive immediately prior to such reduction, other than a reduction generally applicable to all senior management of the Company; (iii) a reduction by the Company in the Base Salary of Executive as in effect immediately prior to such reduction; (iv) a material reduction by the Company in the aggregate level of employee benefits, including Target Bonuses, to which Executive was entitled immediately prior to such reduction with the result that Executive's aggregate benefits package is materially reduced (other than a reduction that generally applies to Company employees); (v) the relocation of Executive to a facility or a location more than 35 miles from Executive's then present location); or (vi) any act or set of facts or circumstances which would, under California case law or statute constitute a constructive termination of Executive; provided, however, that Executive agrees that Executive's transition from Chief Executive Officer and Chairman of the Board to Chairman pursuant to Section 3(f) of the Initial Employment Agreement and the related reductions in pay, responsibilities and the like did not constitute Good Reason.

Executive shall not be required to mitigate the value of any severance benefits contemplated by this Agreement, nor shall any such benefits be reduced by any earnings or benefits that the Executive may receive from any other source; provided, however, that if Executive receives severance benefits hereunder, he expressly waives the right to receive severance benefits under any other severance plan or policy of the Company.

(ii) Voluntary Termination Other than for Good Reason; Involuntary Termination for Cause. Except as provided otherwise in Sections 3(g) hereof, in the event Executive terminates his employment voluntarily other than for Good Reason or is involuntarily terminated by the Company for Cause, then all vesting of Executive's stock options (together with other rights to purchase or receive Company common stock) and restricted stock (including restricted stock units and similar awards) shall terminate immediately and all payments of compensation by the Company to Executive hereunder shall immediately terminate (except as to amounts already earned).

(iii) Timing of Payments. Any severance payments under this Agreement subject to the signing of a Release shall be paid on (or, in the case of any such payments made in installments, shall not commence until) the Release Deadline, or, if later, such time as is required by Section 5 below, except that the acceleration of vesting of options or restricted stock shall become effective on the date the Release becomes effective and irrevocable. Except as required by Section 5 below, any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's separation from service but for the preceding sentence shall be paid to Executive on the Release Deadline and the remaining payments shall be made as provided in the Agreement.

(f) Change of Control Benefits. In the event of a "Change of Control" (as defined herein), Executive shall receive the benefits specified in Section 3(e)(i) above (including 100% vesting acceleration); provided that the Severance Payment shall be payable in a lump-sum within five days following the Change of Control and the COBRA Coverage shall be extended to Executive upon any subsequent termination of his employment, whether or not for Cause or Good Reason, subject to Section 5. In the event Executive's tenure as Executive Chairman of the Board terminates following a Change of Control, for any or no reason, including pursuant to Section 3(g) hereof, Executive shall not be entitled to any additional compensation (excepts as to amounts already earned and payments and benefits due pursuant to Section 3(e)).

For purposes of this Agreement, "Change of Control" shall mean the occurrence of any of the following events:

(i) Change in Ownership of the Company. A change in the ownership of the Company, which is deemed to occur on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the Company; or

(ii) Change in Effective Control of the Company. A change in the effective control of the Company, which is deemed to occur on the date that a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election was not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change of Control; or

(iii) Change in Ownership of a Substantial Portion of the Company's Assets. A change in the ownership of a substantial portion of the Company's assets, which is deemed to occur on the date that any Person acquires (either is one transaction or in multiple transactions over the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of the above sections, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing provisions of this definition, a transaction will not be deemed a Change of Control unless the transaction qualifies as a "change in control event" within the meaning of Section 409A.

(g) Voluntary Termination when Executive is 65 or Older. In the event that on or after his 65th birthday, Executive (i) voluntarily terminates as Executive Chairman of the Board, and, (ii) if he is then employed by the Company, voluntarily terminates such employment, then Executive shall receive the same benefits as if such voluntary termination was a voluntary termination for Good Reason, which will entitle him to severance benefits under Section 3(e)(i), and, if applicable, paid and provided as set forth in Section 3(f).

4. Death or Total Disability of Executive.

(a) Death. Upon Executive's death while Executive is an employee or consultant of the Company, then (i) employment hereunder shall automatically terminate; (ii) all of Executive's Company stock options (together with other rights to purchase or receive Company common stock) and restricted stock (including restricted stock units and similar awards) shall immediately accelerate vesting as to 50% of the then unvested amount of such award, and all subsequent vesting of Executive's stock options (together with other rights to purchase or receive Company common stock) and restricted stock (including restricted stock units and similar awards) shall terminate immediately; and (iii) all payments of compensation by the Company to Executive hereunder shall immediately terminate (except as to amounts already earned).

(b) Disability. Upon Executive's becoming permanently and totally disabled (as defined in accordance with Code Section 22(e)(3) or its successor provision) while Executive is an employee of the Company, then employment hereunder shall automatically terminate and all payments of compensation by the Company to Executive hereunder shall immediately terminate (except as to amounts already earned), and all vesting of Executive's stock options (together with other rights to purchase or receive Company common stock) and restricted stock (including restricted stock units and similar awards) shall terminate immediately.

5. Section 409A. Notwithstanding anything to the contrary in this Agreement, no Deferred Compensation Separation Benefits (as defined below) shall become payable under this Agreement until Executive has a "separation from service" within the meaning of Section 409A. Further and notwithstanding anything to the contrary in this Agreement and solely with respect to the timing of the payment of any severance payments or benefits, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination, other than a termination due to Executive's death, then any severance payments payable to Executive pursuant to this Agreement, if any, and any other severance payments or separation benefits which may be considered deferred compensation under Section 409A (together, the "Deferred Compensation Separation Benefits") otherwise due to Executive on or within the six-month period following Executive's termination shall accrue during such six-month period and shall become payable in a lump sum payment on the date six months and one-day following the date of Executive's termination of employment, unless Executive dies following the termination of his employment, in which case, the Deferred Compensation Separation Benefits shall be paid to Executive's estate as soon as practicable following his death. All subsequent Deferred Compensation Separation Benefits, if any, shall be payable in accordance with the payment schedule applicable to each payment or benefit. It is the intent of this Agreement to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder shall be subject to the additional tax imposed under Section 409A, and any ambiguities herein shall be interpreted to so comply. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions that are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

6. Golden Parachute Excise Tax Full Gross-Up.

(a) In the event that the benefits provided for in this Agreement or otherwise payable to Executive constitute "parachute payments" within the meaning of Section 280G of the Code and will be subject to the excise tax imposed by Section 4999 of the Code, then Executive shall receive (i) a payment from the Company sufficient to pay such excise tax, plus (ii) an additional payment from the Company sufficient to pay the excise tax and federal and state income and employment taxes arising from the payments made by the Company to Executive pursuant to this sentence. Executive shall receive such payments no later than the end of calendar year following the calendar year in which Executive remits the applicable taxes to the relevant tax authorities.

(b) Unless the Company and the Executive otherwise agree in writing, the determination of Executive's excise tax liability and the amount required to be paid under this Section 6 shall be made in writing by the Company's independent auditors who are primarily used by the Company immediately prior to the Change of Control (the "Accountants"). For purposes of making the calculations required by this Section 6, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 6.

7. Assignment. This Agreement shall be binding upon and inure to the benefit of (a) the heirs, beneficiaries, executors and legal representatives of Executive upon Executive's death and (b) any successor of the Company. Any such successor of the Company shall be deemed substituted for the Company under the terms of this Agreement for all purposes. As used herein, "successor" shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance or other disposition (other than as

aforesaid) of any interest in the rights of Executive to receive any form of compensation hereunder shall be null and void.

8. Notices. All notices, requests, demands and other communications called for hereunder shall be in writing and shall be deemed given if (i) delivered personally or by facsimile, (ii) one-day after being sent by Federal Express or a similar commercial overnight service, or (iii) three days after being mailed by registered or certified mail, return receipt requested, prepaid and addressed to the parties or their successors in interest at the following addresses, or at such other addresses as the parties may designate by written notice in the manner aforesaid:

If to the Company:	Linear Technology Corporation 720 Sycamore Drive Milpitas, CA 95035 Attn: General Counsel
If to Executive:	Robert H. Swanson, Jr. at the last residential address known by the Company.

9. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

10. Entire Agreement. This Agreement, the Confidential Information and Invention Assignment Agreement previously entered into by and between the Company and Executive and the indemnification agreement previously entered into by and between the Company and Executive represent the entire agreement and understanding between the Company and Executive concerning Executive's employment relationship with the Company, and supersede and replace any and all prior agreements and understandings concerning Executive's employment relationship with the Company.

11. Dispute Resolution.

(a) The parties shall first meet to settle any dispute through good faith negotiation or non-binding mediation. If not settled by good faith negotiation or non-binding mediation between the parties within 30 days from the date one party requests in writing to meet the other party, then to the extent permitted by law, any dispute or controversy arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof shall be finally settled by binding arbitration to be held in Santa Clara County, California, in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association (the “Rules”). The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be confidential, final, conclusive and binding on the parties to the arbitration. Judgment may be entered under a protective order on the arbitrator's decision in any court having jurisdiction. The Company shall pay all costs of any mediation or arbitration; provided, however, that each party shall pay its own attorney and advisor fees.

(b) The arbitrator shall apply California law to the merits of any dispute or claim, without reference to rules of conflict of law. The arbitration proceedings shall be governed by federal arbitration law and by the Rules, without reference to state arbitration law. Executive hereby expressly consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement and/or relating to any arbitration in which the parties are participants.

(c) Executive understands that nothing in Section 11 modifies Executive's at-will status. Either the Company or Executive can terminate the employment relationship at any time, with or without cause.

(d) EXECUTIVE HAS READ AND UNDERSTANDS SECTION 11, WHICH DISCUSSES ARBITRATION. EXECUTIVE UNDERSTANDS THAT BY SIGNING THIS

AGREEMENT, EXECUTIVE AGREES, TO THE EXTENT PERMITTED BY LAW, TO SUBMIT ANY FUTURE CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH, OR TERMINATION THEREOF TO BINDING ARBITRATION, AND THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP.

12. Covenants Not to Compete and Not to Solicit.

(a) Covenant Not to Compete. In consideration for the benefits Executive is to receive herein Executive agrees that, until the end of the 12-month period following the date of his termination of employment with the Company for any reason or no reason, Executive will not directly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), or have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages or participates anywhere in the world in providing goods and services similar to those provided by the Company upon the date of Executive's termination of employment. Ownership of less than 3% of the outstanding voting stock of a corporation or other entity will not constitute a violation of this provision. The Company agrees not to unreasonably withhold consent from Executive to engage in any activity that is not competitive with the Company.

(b) Covenant Not to Solicit. In consideration for the benefits Executive is to receive herein Executive agrees that he will not, at any time during the 12-month period following his termination date, directly or indirectly solicit any individuals to leave the Company's employ for any reason or interfere in any other manner with the employment relationships at the time existing between the Company and its current or prospective employees.

(c) Representations. The parties intend that the covenants contained in Section 12(a) and (b) shall be construed as a series of separate covenants, one for each county, city and state (or analogous entity) and country of the world. If, in any judicial proceeding, a court shall refuse to enforce any of the separate covenants, or any part thereof, then such unenforceable covenant, or such part thereof, shall be deemed eliminated from this Agreement for the purpose of those proceedings to the extent necessary to permit the remaining separate covenants, or portions thereof, to be enforced.

(d) Reformation. In the event that the provisions of this Section 12 should ever be deemed to exceed the time or geographic limitations, or scope of this covenant, permitted by applicable law, then such provisions shall be reformed to the maximum time or geographic limitations, as the case may be, permitted by applicable laws.

(e) Reasonableness of Covenants. Executive represents that he (i) is familiar with the covenants not to compete and solicit, and (ii) is fully aware of his obligations hereunder, including, without limitation, the reasonableness of the length of time, scope and geographic coverage of these covenants.

13. No Oral Modification, Cancellation or Discharge. This Agreement may only be amended, canceled or discharged in writing signed by Executive and the Company's then existing Chief Executive Officer, subject to prior approval of the Board.

14. Withholding. The Company shall be entitled to withhold, or cause to be withheld, from payment any amount of withholding taxes required by law with respect to payments made to Executive in connection with his employment hereunder.

15. Governing Law. This Agreement shall be governed by the laws of the State of California (with the exception of its conflict of laws provisions).

16. Acknowledgment. Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from his private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement:

LINEAR TECHNOLOGY CORPORATION

/s/ Richard M. Moley Date: December 18, 2012
Richard M. Moley
Chairman of the Compensation Committee

EXECUTIVE

/s/ Robert H. Swanson, Jr. Date: December 18, 2012
Robert H. Swanson, Jr.

Exhibit 31.1

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

Principal Executive Officer

I, Lothar Maier, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Linear Technology Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses, in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: February 7, 2013

/s/ Lothar Maier

Lothar Maier
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

Principal Financial Officer and Principal Accounting Officer

I, Paul Coghlan, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Linear Technology Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses, in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: February 7, 2013

/s/ Paul Coghlan

Paul Coghlan

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

Exhibit 32.1

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

I, Lothar Maier, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Linear Technology Corporation on Form 10-Q for the quarterly period ended December 30, 2012, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Linear Technology Corporation.

DATE:	February 7, 2013	By:	/s/ Lothar Maier
		Name:	Lothar Maier
		Title:	Chief Executive Officer

I, Paul Coghlan, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Linear Technology Corporation on Form 10-Q for the quarterly period ended December 30, 2012, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Linear Technology Corporation.

DATE:	February 7, 2013	By:	/s/ Paul Coghlan
		Name:	Paul Coghlan
		Title:	Chief Financial Officer