

LINEAR TECHNOLOGY CORPORATION
2016 ANNUAL REPORT



16 YEARS ON THE S&P 500

30 YEARS ON THE NASDAQ

121 QUARTERS OF POSITIVE CASH FLOW

35% NET PROFIT

35 YEARS OF ANALOG INNOVATION

FINANCIAL HIGHLIGHTS

35 YEARS OF ANALOG INNOVATION

Highlights

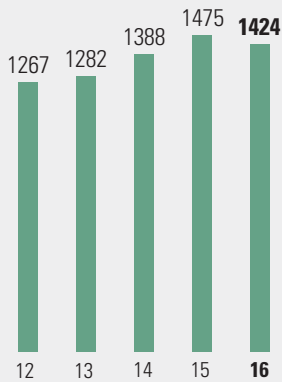
Year Ended July 3, 2016

Profitability:	Diluted Earnings per Share	\$ 2.02
	Operating Margin	44.5%
	Return on Assets	25.1%
	Return on Sales	34.7%
Liquidity:	Quick Ratio	8.9
	Current Ratio	9.8
Asset Turns:	Inventory Turns	3.5
	Fixed Assets (ROI)	4.7

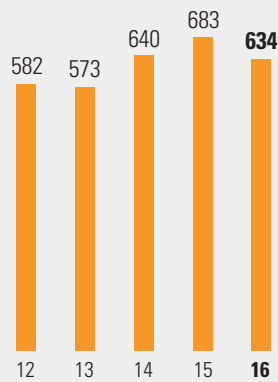
Quarterly Revenue and Operating Income (In Millions)

Q1		342
		150
Q2		347
		149
Q3		361
		162
Q4		374
		172

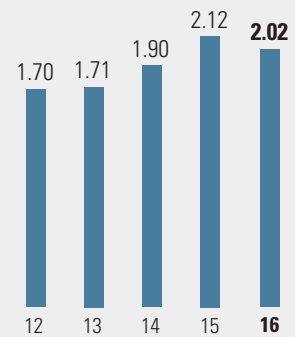
Revenues (In Millions)



Operating Income (In Millions)



Diluted Earnings Per Share (Dollars)



(In Thousands, Except Per Share Amounts)

	2016	2015	2014	2013	2012
Net Revenues	\$ 1,423,936	\$ 1,475,139	\$ 1,388,386	\$ 1,282,236	\$ 1,266,621
Operating Income	633,553	682,699	639,730	573,154	582,036
Net Income	494,346	520,963	459,961	406,925	398,111
Return On Sales	34.7%	35.3%	33.1%	31.7%	31.4%
Diluted Earnings Per Share	2.02	2.12	1.90	1.71	1.70
Cash And Short-Term Investments	1,448,275	1,202,722	1,012,787	1,524,741	1,203,059
Working Capital	1,574,764	1,401,834	1,149,598	768,010	1,334,829
Total Assets	2,049,981	1,884,079	1,655,578	2,098,341	1,851,068
Debt	—	—	—	826,629	805,599
Stockholder Equity	1,759,175	1,577,927	1,331,369	981,908	736,508

To Our Stockholders,

35 years in business and 30 years on NASDAQ. The result of 35 years of Analog Excellence, delivering innovative solutions to our customers and industry-leading financials to our stockholders. We create this value by inventing, developing and manufacturing the “hard stuff”—solutions that enable our customers to create systems that are smaller and run more efficiently, precisely and reliably.

Electronics permeate every facet of our lives, and at Linear we focus our design efforts on the fastest growing and most stable analog markets. These span the transportation and industrial markets, which together represent 66% of our business, as well as communications infrastructure, networking and computing. In transportation, we are witnessing major technological breakthroughs, with developments in hybrid/electric and all-electric vehicles, advanced driver assistance systems, safety systems, and the promising future of autonomous, self-driving vehicles. Linear is participating in all of these, resulting in transportation growing from 20% to 23% of our annual revenue in fiscal 2016. As expected, the first half of fiscal 2016 was weak due to global macroeconomic conditions, which affected the industrial market most. But this market rebounded in the second half, helping us achieve solid sequential growth in those quarters, and industrial remains our largest market at 43%.

As a result, revenue for the year decreased 3.5% to \$1.424 billion. After a decline in the first quarter and modest growth in the December quarter, we delivered good growth in the second half of the year. Net income of \$494.3 million decreased 5.1%. Operating income was \$633.6 million and was 44.5% of sales. The Company generated cash flow from operations of \$685.1 million, of which \$303.4 million was paid out in dividends and \$119.8 million was used to purchase common stock. During the year, the quarterly per share cash dividend was raised 7% in January and this was the 24th consecutive year the Company increased its dividend. This strong financial performance is reflective of the value our solutions bring to our customers as we continue to drive innovation.

Combining with Analog Devices. On July 26, Analog Devices and Linear Technology announced a definitive agreement for Analog Devices to acquire Linear Technology. Upon completion of the acquisition, Analog Devices will be the premier global analog technology company, with strengths in data converters, power management, amplifiers, interface, RF and microwave products. Linear Technology stockholders will participate in Analog Devices’ business if the acquisition is completed. Linear Technology stockholders are expected to hold approximately 16% of the combined company on a fully diluted basis based on the merger

consideration of \$46.00 per share in cash and 0.2321 of a share of Analog Devices common stock for each share of Linear Technology common stock held at the close of the transaction.

For 35 years, Linear Technology has had great success by growing its business organically. However, the acquisition of Linear Technology by Analog Devices has the potential to create a combination where one plus one truly exceeds two. Analog Devices is a highly respected company. By combining our complementary areas of technology strength, Linear Technology and Analog Devices will advance technology in the analog and power semiconductor markets, delivering innovative analog solutions to customers worldwide.

As we look toward the future, we can reflect on what we have built together over 35 years. We have built a strong company, in solid growth markets, a world leader in high performance analog and power management products. Our customers place a high value on what we deliver—products that consistently push the performance envelope, our ability to anticipate and solve their system design challenges, and our industry leading technical team.

We want to thank our stockholders, our customers, and our dedicated employees for making this possible.

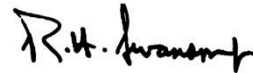
Sincerely,



DONALD P. ZERIO
Vice President, Finance and
Chief Financial Officer



LOTHAR MAIER
Chief Executive Officer



ROBERT H. SWANSON, JR.
Executive Chairman

CORPORATE INFORMATION

Board of Directors

ROBERT H. SWANSON, JR.

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

LOTHAR MAIER

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

ARTHUR C. AGNOS ¹

Director since 2010
Former Mayor of San Francisco, California

JOHN J. GORDON ^{1,2}

Director since 2010
Former Senior Investment Officer
State Farm Insurance Company

DAVID S. LEE ²

Director since 1988
Chairman
eOn Communication Corp.

RICHARD M. MOLEY ^{1,2}

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

THOMAS S. VOLPE ^{1,2}

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

Transfer Agent and Registrar

COMPUTERSHARE TRUST COMPANY N.A.

PO Box 43078
Providence, Rhode Island 02940-3078

Independent Registered Public Accounting Firm

ERNST & YOUNG LLP San Jose, California

Legal Counsel

WILSON, SONSINI, GOODRICH & ROSATI

Professional Corporation

Corporate and Investor Information

Please direct inquiries to:

DONALD P. ZERIO

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

Officers

ROBERT H. SWANSON, JR.

Co-founder and Executive Chairman

LOTHAR MAIER

Chief Executive Officer

DONALD P. ZERIO

Vice President, Finance,
Chief Financial Officer, and Secretary

V. PAUL CHANTALAT

Vice President,
Quality and Reliability

ROBERT C. DOBKIN

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

ALEXANDER R. McCANN

Vice President and
Chief Operating Officer

RICHARD E. NICKSON

Vice President,
North American Sales

DONALD E. PAULUS

Vice President,
Power Management Products

STEVEN M. PIETKIEWICZ

Vice President,
Power Management Products

DAVID A. QUARLES

Vice President,
International Sales

ROBERT L. REAY

Vice President,
Mixed Signal Products

ERIK M. SOULE

Vice President,
Signal Conditioning Products

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

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

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

Linear Technology, headquartered in Milpitas, California, employs 4,923 people worldwide and has technical sales and support locations throughout North America, Europe and Asia. In addition to manufacturing, assembly and test facilities in California, Washington, Singapore and Malaysia, the Company has thirteen design centers in Arizona, California (3), Colorado, Vermont, Massachusetts, New Hampshire, North Carolina, Texas, Singapore, Munich, Germany, and Hangzhou, China.

¹ Member of the Compensation Committee ² Member of the Audit Committee



1630 McCARTHY BOULEVARD
MILPITAS, CA 95035
408.432.1900

WWW.LINEAR.COM