

## **Linear Technology Corporation**

### **Corporate Policy regarding Tax Gross-Ups**

(Adopted August 18, 2015)

#### **Background**

The Compensation Committee of the Board of Directors of Linear Technology Corporation (the “**Company**”) has been requested to consider adopting a policy with respect to the payment by the Company of Tax Gross-Ups.

In considering such matter, the Committee has been advised that the payment by a corporation to one of its senior executive officers of a Tax Gross-Up is currently viewed by certain of the Company’s significant stockholders as a “problematic” compensation practice in terms of aligning a corporation’s executive compensation programs with the corporation’s performance, and is therefore disfavored by such stockholders. Moreover, the Committee has also been advised that Tax Gross-Ups are not a common compensation practice among competitors in the Company’s industry or other companies with which the Company competes for talent (the “**Company’s Peers**”).

#### **Definition**

A “**Tax Gross-Up**” is defined as a payment to a senior executive officer of an amount that is calculated by reference to his or her estimated tax liability under Section 4999 of the Internal Revenue Code of 1986, as amended (the “**Code**”), as a result of triggering a limitation of deductibility under Section 280G of the Code; Section 409A of the Code; or any similar tax law or regulation. A “**Tax Gross-Up**” does not include any compensation arrangement that is made available to Company management employees generally, including, for example, relocation or expatriate tax equalization policies, nor any compensation programs that are or become offered by the Company’s Peers.

#### **Policy**

Based upon the foregoing considerations and views, the Committee hereby adopts a policy that the Company will not pay or commit to pay a Tax Gross-Up to senior executive officers of the Company.

This policy is also not intended to affect or change any existing contractual obligation of the Company, nor the terms of any compensation or benefit plan or arrangement currently in effect (including the provisions of any existing employment agreement with a senior executive of the Company).

This policy is adopted by the Compensation Committee of the Board on August 18, 2015 based upon the considerations and views set forth above, and shall remain in effect for such time as the Compensation Committee, in the good faith exercise of its fiduciary duties, determines that these considerations and views remain valid, such that retaining the policy is in the best interests of the Company’s stockholders.