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 28, 2003

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

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
(408) 432-1900
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE AND TELEPHONE NUMBER)

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes ☒ No ☐

There were 312,272,486 shares of the Registrant's Common Stock issued and outstanding as of January 23, 2004.

LINEAR TECHNOLOGY CORPORATION
FORM 10-Q
THREE AND SIX MONTHS ENDED DECEMBER 28, 2003

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PART I. FINANCIAL INFORMATION

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 28, 2003	December 29, 2002	December 28, 2003	December 29, 2002
Net sales	$ 186,021	$ 145,045	$ 360,098	$ 287,056
Cost of sales	43,777	38,653	85,186	75,221
Gross profit	142,244	106,392	274,912	211,835
Expenses:				
Research and development	24,992	21,331	49,327	44,405
Selling, general and administrative	19,240	16,482	36,811	33,429
	44,232	37,813	86,138	77,834
Operating income	98,012	68,579	188,774	134,001
Interest income, net	6,684	10,524	13,769	20,879
Income before income taxes	104,696	79,103	202,543	154,880
Provision for income taxes	30,361	22,940	58,737	44,915
Net income	$ 74,335	$ 56,163	$ 143,806	$ 109,965
Basic earnings per share	$ 0.24	$ 0.18	$ 0.46	$ 0.35
Shares used in the calculation of basic earnings per share	313,369	312,581	313,389	313,386
Diluted earnings per share	$ 0.23	$ 0.18	$ 0.44	$ 0.34
Shares used in the calculation of diluted earnings per share	323,440	320,556	323,167	321,405
Cash dividends per share	$ 0.06	$ 0.05	$ 0.12	$ 0.10

See accompanying notes

LINEAR TECHNOLOGY CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	December 28, 2003 (unaudited)	June 29, 2003 (audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 221,251	$ 136,276
Short-term investments	1,465,522	1,457,291
Accounts receivable, net of allowance for doubtful accounts of $1,762 ($1,762 at June 29, 2003)	89,491	80,094
Inventories:		
Raw materials	3,027	3,196
Work-in-process	24,500	25,471
Finished goods	5,540	3,427
Total inventories	33,067	32,094
Deferred tax assets	51,181	51,181
Prepaid expenses and other current assets	20,497	19,064
Total current assets	1,881,009	1,776,000
Property, plant and equipment, at cost:		
Land, buildings and improvements	142,660	142,361
Manufacturing and test equipment	323,071	324,314
Office furniture and equipment	3,399	3,399
	469,130	470,074
Accumulated depreciation and amortization	(263,122)	(246,630)
Net property, plant and equipment	206,008	223,444
Other non current assets	55,481	57,435
Total assets	$ 2,142,498	$ 2,056,879
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 7,875	$ 7,480
Accrued payroll and related benefits	43,448	39,471
Deferred income on shipments to distributors	43,842	44,678
Income taxes payable	64,370	53,279
Other accrued liabilities	17,106	17,121
Total current liabilities	176,641	162,029
Deferred tax and other long-term liabilities	75,950	79,921
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; 313,134 shares issued and outstanding at December 28, 2003 (312,706 shares at June 29, 2003)	313	313
Additional paid-in capital	791,551	740,084
Accumulated other comprehensive income, net	2,952	6,950
Retained earnings	1,095,091	1,067,582
Total stockholders' equity	1,888,907	1,814,929
Total liabilities and stockholders' equity	$ 2,142,498	$ 2,056,879

See accompanying notes

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

	Six Months Ended	
	December 28, 2003	December 29, 2002
Cash flow from operating activities:		
Net income	$ 143,806	$ 109,965
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,512	22,415
Tax benefit from stock option transactions	20,755	14,593
Change in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(9,397)	(10,366)
Decrease (increase) in inventories	(973)	(2,010)
Decrease (increase) in prepaid expenses and other current assets	(1,433)	292
Decrease (increase) in non current assets	(875)	--
Increase (decrease) in accounts payable, accrued payroll and other accrued liabilities	2,888	(551)
Increase (decrease) in deferred income on shipments to distributors	(836)	(369)
Increase (decrease) in income taxes payable and deferred tax liabilities	11,091	(14,480)
Cash provided by operating activities	189,538	119,489
Cash flow from investing activities:		
Purchase of short-term investments	(480,743)	(417,486)
Proceeds from sales and maturities of short-term investments	466,012	422,188
Purchase of property, plant and equipment	(4,247)	(3,153)
Cash provided by (used in) investing activities	(18,978)	1,549
Cash flow from financing activities:		
Issuance of common shares under employee stock plans	35,775	22,690
Purchase of common stock	(83,716)	(126,507)
Payment of cash dividends	(37,644)	(31,351)
Cash provided by (used in) financing activities	(85,585)	(135,168)
Increase (decrease) in cash and cash equivalents	84,975	(14,130)
Cash and cash equivalents, beginning of period	136,276	211,706
Cash and cash equivalents, end of period	$ 221,251	$ 197,576
Supplemental disclosures of cash flow information:		
Cash paid during the period for income taxes	$ 26,206	$ 44,709

See accompanying notes

LINEAR TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. 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 have been made. All such adjustments were of a normal recurring nature. The results for the three and six months ended December 28, 2003 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 June 29, 2003 included in the Company's Annual Report to Stockholders. The accompanying balance sheet at June 29, 2003 has been derived from audited financial statements as of that date. Because the Company is viewed as a single operating segment for management purposes, no segment information has been disclosed.

2. The Company operates on a 52/53 week year ending on the Sunday nearest June 30. Fiscal years 2004 and 2003 are 52-week years.

3. 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 calculated 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:

	Three Months Ended		Six Months Ended	
	December 28, 2003	December 29, 2002	December 28, 2003	December 29, 2002
Numerator - Net income	$ 74,335	$ 56,163	$ 143,806	$ 109,965
Denominator for basic earnings per share – weighted average shares	313,369	312,581	313,389	313,386
Effect of dilutive securities – employee stock options	10,071	7,975	9,778	8,019
Denominator for diluted earnings per share	323,440	320,556	323,167	321,405
Basic earnings per share	$ 0.24	$ 0.18	$ 0.46	$ 0.35
Diluted earnings per share	$ 0.23	$ 0.18	$ 0.44	$ 0.34

4. Stock-Based Compensation

As permitted by SFAS 148 and SFAS 123, the Company continues to apply the accounting provisions of APB 25, and related interpretations, with regard to the measurement of compensation cost for options granted under the Company's equity compensation plans. No employee compensation expense has been recorded as all options granted had an exercise price equal to the market value of the underlying common stock on the date of grant. Had expense been recognized using the fair value method described in SFAS 123, using the Black-Scholes option-pricing model, the Company would have reported the following results of operations:

	Three Months Ended		Six Months Ended	
	December 28, 2003	December 29, 2002	December 28, 2003	December 29, 2002
Net income as reported	$ 74,335	$ 56,163	$ 143,806	$ 109,965
Deduct: total stock-based compensation expense determined under the fair value method, net of tax	(19,036)	(19,445)	(37,563)	(38,410)
Pro forma net income	$ 55,299	$ 36,718	$ 106,243	$ 71,555
Earning per share:				
Basic-as reported	$ 0.24	$ 0.18	$ 0.46	$ 0.35
Basic-pro forma	$ 0.18	$ 0.12	$ 0.34	$ 0.23
Diluted-as reported	$ 0.23	$ 0.18	$ 0.44	$ 0.34
Diluted-pro forma	$ 0.17	$ 0.11	$ 0.33	$ 0.22

5. Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of unrealized gains on available-for-sale securities. The Company, in practice, primarily holds its cash and short-term investments until maturity. The components of comprehensive income were as follows:

	Three Months Ended		Six Months Ended	
	December 28, 2003	December 29, 2002	December 28, 2003	December 29, 2002
Net income	$ 74,335	$ 56,163	$ 143,806	$ 109,965
Increase (decrease) in unrealized gains on available-for-sale securities	(2,029)	15,600	(3,998)	15,600
Total comprehensive income	$ 72,306	$ 71,763	$ 139,808	$ 125,565

6. Product Warranty and Indemnification

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

7. Recent Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." FIN 46 requires an investor with a majority of the variable interests (primary beneficiary) in a variable interest entity (VIE) to consolidate the entity and also requires majority and significant variable interest investors to provide certain disclosures. A VIE is an entity in which the voting equity investors do not have a controlling interest, or the equity investment at risk is insufficient to finance the entity's activities without receiving additional subordinated financial support from other parties. FIN 46 clarifies the application of Accounting Research Bulletin No. 51 and applies immediately to any variable interest entities created after January 31, 2003 and to variable interest entities in which an interest is obtained after

that date. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period ending after March 15, 2004. The Company believes the adoption of FIN 46 will not have an impact on its results of operations or financial position.

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

Critical Accounting Policies

Management believes there have been no significant changes to the Company's critical accounting policies during the quarter ended December 28, 2003 as compared to the previous disclosures in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Annual Report on Form 10-K for the year ended June 29, 2003.

Results of Operations

The table below states the income statement items for the three and six months ended December 28, 2003 and December 29, 2002 as a percentage of net sales and provides the percentage change in absolute dollars of such items comparing the interim period ended December 28, 2003 to the corresponding period from the prior fiscal year:

	Three Months Ended			Six Months Ended		
	December 28, 2003	December 29, 2002	Increase/ (Decrease)	December 28, 2003	December 29, 2002	Increase/ (Decrease)
Net sales	100.0%	100.0%	28%	100.0%	100.0%	25%
Cost of sales	23.5	26.6	13	23.7	26.2	13
Gross profit	76.5	73.4	34	76.3	73.8	30
Expenses:						
Research and development	13.4	14.7	17	13.7	15.5	11
Selling, general and administrative	10.4	11.4	17	10.2	11.6	10
	23.8	26.1	17	23.9	27.1	11
Operating income	52.7	47.3	43	52.4	46.7	41
Interest income, net	3.6	7.3	(36)	3.8	7.3	(34)
Income before income taxes	56.3%	54.6%	32	56.2%	54.0%	31
Effective tax rates	29.0%	29.0%		29.0%	29.0%	

Net sales for the quarter ended December 28, 2003 were $186.0 million, an increase of $41.0 million or 28% over net sales of $145.0 million for the same quarter of the previous fiscal year. The increase in net sales was primarily due to the Company selling more units into a wide variety of end-markets in response to improving overall demand particularly in the communication and industrial markets. This increase in unit volume was enhanced by increases in sales of smaller packaged products that go into a wide variety of hand held products such as cellular phones. The change in sales mix to smaller packaged products has been the primary factor causing the average selling price to fall from $1.54 per unit in the second quarter of fiscal 2003 to $1.39 per unit in the second quarter of fiscal 2004. Geographically, international sales were $130.2 million or 70% of net sales, an increase of $31.3 million as compared to international sales of $98.9 million or 68% of net sales for the same period in fiscal 2003. Internationally, sales to Rest of the World (ROW), which is primarily Asia excluding Japan, represented $71.6 million or 39% of net sales, while sales to Europe and Japan were $30.3 million or 16% of net sales and $28.3 million or 15% of net sales, respectively. Domestic sales were $55.8 million or 30% of net sales in the second quarter of fiscal 2004 compared to $46.1 million or 32% of net sales in the same period in fiscal 2003. Sales increased in absolute dollars both internationally and domestically, however the decline in domestic sales as a percentage of net sales and the increase in international sales as a percentage of net sales primarily resulted from the Company's domestic customers shifting more of their manufacturing operations overseas. This shift results in an increase in shipments to international locations.

Net sales for the six months ended December 28, 2003 were $360.1 million, an increase of $73.0 million or 25% over net sales of $287.1 million for the same period of the previous fiscal year. The increase in net sales for the six-month

period was due to similar factors as the three-month period discussed above. The change in sales mix to smaller packaged products has been the primary factor causing the average selling price to fall from $1.62 per unit in the first six-month period of fiscal 2003 to $1.39 per unit in the same period of fiscal 2004. Geographically, international sales were $256.7 million or 71% of net sales for the first six-month period of fiscal 2004, an increase of $64.5 million as compared to international sales of $192.2 million or 67% of net sales for the same period in fiscal 2003. Internationally, sales to ROW, represented $138.2 million or 38% of net sales, while sales to Europe and Japan were $62.6 million or 17% of net sales and $55.9 million or 16% of net sales, respectively. Domestic sales were $103.4 million or 29% of net sales in the first six-month period of fiscal 2004 compared to $94.9 million or 33% of net sales in the same period in fiscal 2003. Sales increased in absolute dollars both internationally and domestically, however the decline in domestic sales as a percentage of net sales and the increase in international sales as a percentage of net sales primarily resulted from the Company's domestic customers shifting more of their manufacturing operations overseas.

Gross profit was $142.2 million and $274.9 million for the second quarter and first six-month period of fiscal 2004, an increase of $35.9 million and $63.1 million, respectively, from the corresponding periods of fiscal 2003. Gross profit as a percentage of net sales increased to 76.5% of net sales in the second quarter of fiscal 2004 as compared to 73.4% of net sales for the same period in the previous fiscal year. Gross profit as a percentage of net sales increased to 76.3% of net sales for the first six-month period of fiscal 2004 as compared to 73.8% of net sales for the same period of the previous fiscal year. The increase in gross profit as a percentage of net sales for the three and six-month period was primarily due to the favorable effect of fixed costs allocated across higher net sales. Net sales increased 28% and 25% for the three and six-month period in fiscal 2004. The decrease in average selling price referred to above did not have a commensurate effect on gross margin since most of the reduction was due to a change in product mix as the Company has had increased sales of products with smaller die and package types, which have a smaller average selling price, but also lower costs.

Research and development ("R&D") expenses for the quarter ended December 28, 2003 were $25.0 million, an increase of $3.7 million or 17% over R&D expenses of $21.3 million for the same period in the previous fiscal year. The increase in R&D was primarily due to a $2.8 million increase in compensation costs. Compensation costs increased as the result of increases to the profit sharing accrual, employee headcount and annual merit increases. R&D profit sharing grew $1.0 million while compensation related to headcount and annual merit increases together totaled $1.8 million. In addition to compensation costs, the Company had a $0.9 million increase in R&D related expenses such as mask costs, software maintenance and depreciation.

Research and development expenses for the six month period ended December 28, 2003 were $49.3 million, an increase of $4.9 million or 11% over R&D expenses of $44.4 million for the same period in the previous fiscal year. The increase in R&D was primarily due to a $3.9 million increase in compensation costs. Compensation costs increased as the result of increases to the profit sharing accrual, employee headcount and annual merit increases. R&D profit sharing grew $1.6 million while compensation related to headcount and annual merit increases totaled $2.3 million. In addition to compensation costs, the Company had a $1.0 million increase in R&D related expenses such as supplies, software maintenance and depreciation.

Selling, general and administrative expenses ("SG&A") for the quarter ended December 28, 2003 were $19.2 million, an increase of $2.8 million or 17% over SG&A expenses of $16.5 million for the same period in the previous fiscal year. The increase in SG&A was primarily due to a $2.1 million increase in compensation costs. Compensation costs grew as the result of increases to the profit sharing accrual, employee headcount, annual merit increases and commissions. Increases in SG&A compensation related to headcount, annual merit increases and commissions together totaled $1.4 million. SG&A profit sharing grew $0.7 million. In addition to compensation costs, the Company had a $0.7 million increase in expenses related to advertising and outside service costs.

Selling, general and administrative expenses for the six-month period ended December 28, 2003 were $36.8 million, an increase of $3.4 million or 10% over SG&A expenses of $33.4 million for the same period in the previous fiscal year. The increase in SG&A was due to a $3.4 million increase in compensation costs. Compensation costs grew as the result of increases to the profit sharing accrual, employee headcount, annual merit compensation and commissions. Increases in SG&A compensation related to headcount, annual merit increases and commissions together totaled $2.2 million. SG&A profit sharing grew $1.2 million.

Interest income, net was $6.7 million and $13.8 million for the second quarter and first six-month period of fiscal 2004, a decrease of $3.8 million and $7.1 million respectively, from the corresponding periods of fiscal 2003. Interest income declined primarily due to the decrease in the average interest rate earned on the Company's cash investment balance and due to imputed interest expense related to a long-term royalty agreement entered into in the third quarter of fiscal 2003: the total affect of these two factors was $4.8 million and $8.8 million for the three and six month periods respectively.

Offsetting the decreases in interest income was interest earned on the higher average cash balance, which totaled $1.0 million and $1.7 million for the three and six-month period respectively.

The Company's effective tax rate for the second quarter and first six months of fiscal 2004 and 2003 was 29%. The tax rate is lower than the federal statutory rate primarily due to business activity in foreign jurisdictions with lower tax rates and tax-exempt interest income.

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, general conditions in the world economy and financial markets and other factors described below and in our 10-K for the fiscal year ended June 29, 2003.

During the quarter ended December 28, 2003 the Company exceeded its expectations by growing sales and profits by 7% sequentially over the September fiscal 2004 quarter. The Company's orders exceeded shipments causing backlog to increase over the first quarter of fiscal 2004. The Company's backlog is approaching normal historic levels. The conditions external to the Company appear to be improving; general economic news has improved as several companies in the semiconductor industry and within markets that the Company serves have reported upward trends. Looking forward, the Company is reducing its quarterly plant shutdowns at its Camas, Washington fabrication plant from three weeks per quarter to two weeks per quarter. The Company anticipates that the effect of fewer shutdowns on its cost structure will be negligible as the Company will have increased inventoriable costs, but expects to increase sales at the same time. The Company is experiencing good bookings momentum in all major geographies; most end-markets; and all product categories. The Company's inventory is well positioned and the Company continues to have responsive lead times. Consequently, should these positive trends continue, the Company estimates sales and profits to grow in the high single digit range sequentially in the March quarter from those just achieved in the December quarter.

Estimates of future performance are uncertain, and past performance of the Company may not be a good indicator of future performance due to factors affecting the Company, its competitors, the semiconductor industry and the overall economy. The semiconductor industry is characterized by rapid technological change, price erosion, cyclical market patterns, periodic oversupply conditions, occasional shortages of materials, capacity constraints, variations in manufacturing efficiencies and significant expenditures for capital equipment and product development. Furthermore, new product introductions and patent protection of existing products, as well as exposure related to patent infringement suits if brought against the Company, are factors that can influence future sales growth and sustained profitability. The Company's headquarters and a portion of its manufacturing facilities and research and development activities and certain other critical business operations are located near major earthquake fault lines in California, consequently, the Company could be adversely affected in the event of a major earthquake.

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. Furthermore, stocks of high technology companies are subject to extreme price and volume fluctuations that are often unrelated or disproportionate to the operating performance of these companies.

Liquidity and Capital Resources

At December 28, 2003, cash, cash equivalents and short-term investments totaled $1,686.8 million, and working capital was $1,704.4 million.

Accounts receivable totaled $89.5 million at the end of the second quarter of fiscal 2004, an increase of $9.4 million from the fourth quarter of fiscal 2003. The increase is due to higher sales while days sales outstanding (DSO) remained flat at 44 days from the fourth quarter of fiscal 2003. Compared with the similar quarter in the prior fiscal year, DSO in accounts receivable improved from 58 days to 44 days.

Income taxes payable totaled $64.4 million at the end of the second quarter of fiscal 2004, an increase of $11.1 million from the fourth quarter of fiscal 2003. The $11.1 increase to income taxes payable was the result of a $58.7 million

provision for income taxes, offset by tax payments and the tax benefit from stock option transactions, which together totaled $47.6 million.

During the first six months of fiscal 2004, the Company generated $189.5 million of cash from operating activities and $35.8 million in proceeds from common stock issued under employee stock plans.

During the first six months of fiscal 2004, significant cash expenditures included repurchasing $83.7 million of common stock, $37.6 million in cash dividends to stockholders representing $0.06 per share per quarter, net purchases of short-term investments of $14.7 million and $4.2 million for the purchase of capital assets. In January 2004, the Company's Board of Directors declared an increase in the quarterly cash dividend to $0.08 per share to be paid during the March quarter of fiscal 2004. The payment of future dividends will be based on quarterly financial performance.

As of December 28, 2003, the Company had no off-balance sheet financing arrangements.

Historically, the Company has satisfied its liquidity needs through cash generated from operations and the placement of equity securities. Given its strong financial condition and performance, the Company believes that current capital resources and cash generated from operating activities will be sufficient to meet its liquidity and capital expenditures requirements for the foreseeable future.

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 June 29, 2003. 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 2003. At December 28, 2003, the Company's cash and cash equivalents consisted primarily of bank deposits, commercial paper and money market funds. The Company's short-term investments consisted of municipal bonds, federal agency bonds, commercial paper, and related 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.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures

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

(b) Changes in internal controls over financial reporting

There was no change in the Company's internal control over financial reporting that occurred during the second quarter of fiscal 2004 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II. OTHER INFORMATION

Item 5. Submission of Matters to a Vote of Security Holders

At the Annual Meeting of Stockholders of the Company, held on November 5, 2003, in Milpitas, California, the stockholders elected members of the Company's Board of Directors, and ratified the Company's proposal to appoint Ernst & Young LLP as independent auditors.

The vote for nominated directors was as follows:

NOMINEE	FOR	WITHHELD
Robert H. Swanson, Jr.	215,820,548	62,163,778
David S. Lee	269,934,125	8,050,201
Leo T. McCarthy	269,897,703	8,086,623
Richard M. Moley	269,944,784	8,039,542
Thomas S. Volpe	269,940,527	8,043,799

The vote to ratify the appointment of Ernst & Young LLP as independent auditors for fiscal 2004 was as follows:

FOR	AGAINST	ABSTAIN
233,797,363	42,829,652	1,357,311

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits:

Exhibit 31.1 Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 Certifications 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.

b) Reports on Form 8-K:

During the quarter ended December 28, 2003, the Company filed one report on Form 8-K as follows:

A report on Form 8-K was filed October 15, 2004, furnishing to the Securities and Exchange Commission a press release announcing the Company's quarterly financial results for the fiscal quarter ending September 28, 2003.

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 6, 2004

BY /s/Paul Coghlan

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