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 March 28, 2004

☐ **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 309,417,329 shares of the Registrant's Common Stock issued and outstanding as of April 23, 2004.

LINEAR TECHNOLOGY CORPORATION
FORM 10-Q
THREE AND NINE MONTHS ENDED MARCH 28, 2004

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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		Nine Months Ended	
	March 28, 2004	March 30, 2003	March 28, 2004	March 30, 2003
Net sales	$ 209,133	$ 153,750	$ 569,231	$ 440,806
Cost of sales	47,596	39,390	132,782	114,611
Gross profit	161,537	114,360	436,449	326,195
Expenses:				
Research and development	26,633	22,609	75,960	67,014
Selling, general and administrative	20,553	15,916	57,364	49,345
	47,186	38,525	133,324	116,359
Operating income	114,351	75,835	303,125	209,836
Interest income, net	6,140	9,548	19,909	30,427
Income before income taxes	120,491	85,383	323,034	240,263
Provision for income taxes	34,942	24,761	93,679	69,676
Net income	$ 85,549	$ 60,622	$ 229,355	$ 170,587
Basic earnings per share	$ 0.27	$ 0.19	$ 0.73	$ 0.54
Shares used in the calculation of basic earnings per share	311,993	312,782	312,924	313,184
Diluted earnings per share	$ 0.27	$ 0.19	$ 0.71	$ 0.53
Shares used in the calculation of diluted earnings per share	321,507	320,842	322,614	321,217
Cash dividends per share	$ 0.08	$ 0.05	$ 0.20	$ 0.15

See accompanying notes

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

	March 28, 2004 (unaudited)	June 29, 2003 (audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 214,184	$ 136,276
Short-term investments	1,434,203	1,457,291
Accounts receivable, net of allowance for doubtful accounts of $1,762 ($1,762 at June 29, 2003)	98,419	80,094
Inventories:		
Raw materials	2,947	3,196
Work-in-process	23,487	25,471
Finished goods	6,622	3,427
Total inventories	33,056	32,094
Deferred tax assets	48,925	51,181
Prepaid expenses and other current assets	18,455	19,064
Total current assets	1,847,242	1,776,000
Property, plant and equipment, at cost:		
Land, buildings and improvements	142,826	142,361
Manufacturing and test equipment	326,358	324,314
Office furniture and equipment	3,399	3,399
	472,583	470,074
Accumulated depreciation and amortization	(273,564)	(246,630)
Net property, plant and equipment	199,019	223,444
Other non current assets	55,067	57,435
Total assets	$ 2,101,328	$ 2,056,879

	March 28, 2004	June 29, 2003
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 8,933	$ 7,480
Accrued payroll and related benefits	32,375	39,471
Deferred income on shipments to distributors	46,178	44,678
Income taxes payable	71,790	53,279
Other accrued liabilities	18,376	17,121
Total current liabilities	177,652	162,029
Deferred tax and other long-term liabilities	77,202	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; 311,079 shares issued and outstanding at March 28, 2004 (312,706 shares at June 29, 2003)	311	313
Additional paid-in capital	801,241	740,084
Accumulated other comprehensive income, net	3,075	6,950
Retained earnings	1,041,847	1,067,582
Total stockholders' equity	1,846,474	1,814,929
Total liabilities and stockholders' equity	$ 2,101,328	$ 2,056,879

See accompanying notes

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

	Nine Months Ended	
	March 28, 2004	March 30, 2003
Cash flow from operating activities:		
Net income	$ 229,355	$ 170,587
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,725	33,494
Tax benefit from stock option transactions	29,466	18,103
Change in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(18,325)	(2,153)
Decrease (increase) in inventories	(962)	(2,424)
Decrease (increase) in prepaid expenses and other current assets and deferred tax assets	2,865	2,706
Decrease (increase) in other non current assets	(1,875)	--
Increase (decrease) in accounts payable, accrued payroll and other accrued liabilities	(6,852)	(10,327)
Increase (decrease) in deferred income on shipments to distributors	1,500	(1,242)
Increase (decrease) in income taxes payable and deferred tax liabilities	20,682	(18,901)
Cash provided by operating activities	292,579	189,843
Cash flow from investing activities:		
Purchase of short-term investments	(687,291)	(614,921)
Proceeds from sales and maturities of short-term investments	704,078	553,458
Purchase of property, plant and equipment	(8,057)	(5,162)
Cash provided by (used in) investing activities	8,730	(66,625)
Cash flow from financing activities:		
Issuance of common shares under employee stock plans	44,212	27,353
Purchase of common stock	(204,906)	(165,659)
Payment of cash dividends	(62,707)	(47,024)
Cash provided by (used in) financing activities	(223,401)	(185,330)
Increase (decrease) in cash and cash equivalents	77,908	(62,112)
Cash and cash equivalents, beginning of period	136,276	211,706
Cash and cash equivalents, end of period	$ 214,184	$ 149,594
Supplemental disclosures of cash flow information:		
Cash paid during the period for income taxes	$ 40,501	$ 68,999

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 nine months ended March 28, 2004 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		Nine Months Ended	
	March 28, 2004	March 30, 2003	March 28, 2004	March 30, 2003
Numerator - Net income	$ 85,549	$ 60,622	$ 229,355	$ 170,587
Denominator for basic earnings per share – weighted average shares	311,993	312,782	312,924	313,184
Effect of dilutive securities – employee stock options	9,514	8,060	9,690	8,033
Denominator for diluted earnings per share	321,507	320,842	322,614	321,217
Basic earnings per share	$ 0.27	$ 0.19	$ 0.73	$ 0.54
Diluted earnings per share	$ 0.27	$ 0.19	$ 0.71	$ 0.53

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		Nine Months Ended	
	March 28, 2004	March 30, 2003	March 28, 2004	March 30, 2003
Net income as reported	$ 85,549	$ 60,622	$ 229,355	$ 170,587
Deduct: total stock-based compensation expense determined under the fair value method, net of tax	(19,238)	(19,065)	(56,800)	(57,476)
Pro forma net income	$ 66,311	$ 41,557	$ 172,555	$ 113,111
Earning per share:				
Basic-as reported	$ 0.27	$ 0.19	$ 0.73	$ 0.54
Basic-pro forma	$ 0.21	$ 0.13	$ 0.55	$ 0.36
Diluted-as reported	$ 0.27	$ 0.19	$ 0.71	$ 0.53
Diluted-pro forma	$ 0.21	$ 0.13	$ 0.53	$ 0.35

5. Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of unrealized gains and losses 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		Nine Months Ended	
	March 28, 2004	March 30, 2003	March 28, 2004	March 30, 2003
Net income	$ 85,549	$ 60,622	$ 229,355	$ 170,587
Increase (decrease) in unrealized gains and losses on available-for-sale securities	123	(1,800)	(3,875)	13,800
Total comprehensive income	$ 85,672	$ 58,822	$ 225,480	$ 184,387

6. 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 warranty expense in the event that an epidemic failure of its parts were to take place. To date there have been no such occurrences. 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 adoption of FIN 46 did not have an impact on the Company's 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 March 28, 2004 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 nine months ended March 28, 2004 and March 30, 2003 as a percentage of net sales and provides the percentage change in absolute dollars of such items comparing the interim period ended March 28, 2004 to the corresponding period from the prior fiscal year:

	Three Months Ended			Nine Months Ended		
	March 28, 2004	March 30, 2003	Increase/ (Decrease)	March 28, 2004	March 30, 2003	Increase/ (Decrease)
Net sales	100.0%	100.0%	36%	100.0%	100.0%	29%
Cost of sales	22.8	25.6	21	23.3	26.0	16
Gross profit	77.2	74.4	41	76.7	74.0	34
Expenses:						
Research and development	12.7	14.7	18	13.3	15.2	13
Selling, general and administrative	9.8	10.4	29	10.1	11.2	16
	22.5	25.1	22	23.4	26.4	15
Operating income	54.7	49.3	51	53.3	47.6	44
Interest income, net	2.9	6.2	(36)	3.5	6.9	(35)
Income before income taxes	57.6%	55.5%	41	56.8%	54.5%	34
Effective tax rate	29.0%	29.0%		29.0%	29.0%	

Net sales for the quarter ended March 28, 2004 were $209.1 million, an increase of $55.3 million or 36% over net sales of $153.8 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 industrial and communication 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 third quarter of fiscal 2003 to $1.41 per unit in the third quarter of fiscal 2004. Geographically, international sales were $143.1 million or 69% of net sales, an increase of $37.8 million as compared to international sales of $105.3 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 $79.0 million or 38% of net sales, while sales to Europe and Japan were $35.6 million or 17% of net sales and $28.5 million or 14% of net sales, respectively. Domestic sales were $66.0 million or 31% of net sales in the third quarter of fiscal 2004 compared to $48.5 million or 32% of net sales in the same period in fiscal 2003.

Net sales for the nine months ended March 28, 2004 were $569.2 million, an increase of $128.4 million or 29% over net sales of $440.8 million for the same period of the previous fiscal year. The increase in net sales for the nine-month period was due to similar factors as the three-month period increase discussed above. The change in sales mix to smaller packaged products has been the primary factor causing the average selling price to fall from $1.59 per unit in the first nine-month period of fiscal 2003 to $1.40 per unit in the same period of fiscal 2004. Geographically, international sales were $399.8 million or 70% of net sales for the first nine-month period of fiscal 2004, an increase of $102.4 million as compared to international sales of $297.4 million or 67% of net sales for the same period in fiscal 2003. Internationally, sales to ROW,

represented $217.3 million or 38% of net sales, while sales to Europe and Japan were $98.1 million or 17% of net sales and $84.4 million or 15% of net sales, respectively. Domestic sales were $169.4 million or 30% of net sales in the first nine-month period of fiscal 2004 compared to $143.4 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. In summary for the nine months ended March 28, 2004, 45% of the demand for the Company's sales was created in the USA of which roughly 15% was shipped overseas.

Gross profit was $161.5 million and $436.4 million for the third quarter and first nine-month period of fiscal 2004, an increase of $47.2 million and $110.3 million, respectively, from the corresponding periods of fiscal 2003. Gross profit as a percentage of net sales increased to 77.2% of net sales in the third quarter of fiscal 2004 as compared to 74.4% of net sales for the same period in the previous fiscal year. Gross profit as a percentage of net sales increased to 76.7% of net sales for the first nine-month period of fiscal 2004 as compared to 74% 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 nine-month periods was primarily due to the favorable effect of fixed costs allocated across higher net sales. Net sales increased 36% and 29% for the three and nine-month period in fiscal 2004. The decrease in average selling price referred to above did not have a commensurate effect on gross margin. Most of the reduction in average selling price 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 March 28, 2004 were $26.6 million, an increase of $4.0 million or 18% over R&D expenses of $22.6 million for the same period in the previous fiscal year. The increase in R&D was primarily due to a $3.0 million increase in compensation costs. Compensation costs increased as the result of increases to the profit sharing accrual, employee headcount and annual merit increases. Since the Company had better operating results, R&D profit sharing grew $1.5 million while compensation related to headcount and annual merit increases together totaled $1.5 million. In addition to compensation costs, the Company had a $1.0 million increase in R&D related expenses such as software maintenance amortization and depreciation.

Research and development expenses for the nine month period ended March 28, 2004 were $76.0 million, an increase of $8.9 million or 13% over R&D expenses of $67.0 million for the same period in the previous fiscal year. The increase in R&D was primarily due to a $6.9 million increase in compensation costs. Compensation costs increased as the result of increases to the profit sharing accrual, employee headcount and annual merit increases. Since the Company had better operating results, R&D profit sharing grew $3.1 million while compensation related to headcount and annual merit increases totaled $3.8 million. In addition to compensation costs, the Company had a $2.0 million increase in R&D related expenses such as supplies, software maintenance amortization, mask costs and depreciation.

Selling, general and administrative expenses ("SG&A") for the quarter ended March 28, 2004 were $20.5 million, an increase of $4.6 million or 29% over SG&A expenses of $15.9 million for the same period in the previous fiscal year. The increase in SG&A was primarily due to a $3.2 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. Since the Company had better operating results, SG&A profit sharing grew $1.1 million while compensation related to headcount, annual merit increases and commissions together totaled $2.1 million. In addition to compensation costs, the Company had a $1.4 million increase in expenses related to advertising, legal and travel costs.

Selling, general and administrative expenses for the nine-month period ended March 28, 2004 were $57.3 million, an increase of $8.0 million or 16% over SG&A expenses of $49.3 million for the same period in the previous fiscal year. The increase in SG&A was due to a $6.6 million increase in compensation costs. Compensation costs grew as the result of increases to the profit sharing accrual, employee headcount, annual merit increase and commissions. Since the Company had better operating results, SG&A profit sharing grew $2.3 million while compensation related to headcount, annual merit increases and commissions together totaled $4.3 million. In addition to compensation costs, the Company had a $1.4 million increase in expenses related to advertising, outside services, legal and travel costs.

Interest income, net was $6.1 million and $19.9 million for the third quarter and first nine-month period of fiscal 2004, a decrease of $3.4 million and $10.5 million, respectively, from the corresponding periods of fiscal 2003. Interest income, net 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 effect of these two factors was $4.1 million and $12.8 million for the three and nine month periods, respectively. Offsetting the decreases in interest income, net was interest earned on the higher average cash balance, which totaled $0.7 million and $2.3 million for the three and nine-month periods of fiscal 2004, respectively.

The Company's effective tax rate for the third quarter and first nine 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, tax-exempt interest income and the tax credits received by the Company for qualified R&D expenditures. During the third quarter of fiscal 2004 the Singapore government agreed to extend the Company's tax holiday for seven years, provided that the Company fulfills certain investment requirements in qualifying activities. With still additional investment in qualifying activities, the tax holiday may be extended to ten years.

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 the Company's 10-K for the fiscal year ended June 29, 2003.

During the quarter ended March 28, 2004, the Company exceeded its expectations by growing sales 12% sequentially over the December fiscal 2004 quarter. 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 will discontinue having quarterly production shutdowns at its Camas, Washington wafer fabrication plant and expects to add to the direct labor pool in Camas during the June quarter. In addition to Camas, the Company has added approximately 20% to headcount at its assembly and test operations in Malaysia and Singapore. The Company anticipates that the effect of no shutdowns and additional headcount on its cost structure will be negligible as the Company expects that the increase in costs will be offset by an increase in sales volume. The Company is experiencing good bookings momentum in all major geographies and all end-markets. 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 low double digit range sequentially in the June quarter, roughly similar percentages to that just achieved in sales growth in the March 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 March 28, 2004, cash, cash equivalents and short-term investments totaled $1,648.4 million, and working capital was $1,669.6 million.

Accounts receivable totaled $98.4 million at the end of the third quarter of fiscal 2004, an increase of $18.3 million from the fourth quarter of fiscal 2003. The increase is due to higher sales while days sales outstanding (DSO) improved slightly from 44 days to 43 days at the end on the third quarter of fiscal 2004.

During the first nine months of fiscal 2004, the Company generated $292.6 million of cash from operating activities, $44.2 million in proceeds from common stock issued under employee stock plans and $16.8 million from net sales and maturities of short-term investments.

During the first nine months of fiscal 2004, significant cash expenditures included repurchasing $204.9 million of common stock, payments of $62.7 million in cash dividends to stockholders, representing $0.06 per share per quarter for the first and second quarters and $0.08 per share per quarter for the third quarter, and $8.1 million for the purchase of capital assets. In April, the Company's Board of Directors declared a quarterly cash dividend of $0.08 per share to be paid during the June quarter of fiscal 2004. The payment of future dividends will be based on quarterly financial performance.

During the third quarter of fiscal 2004, the Company announced that it intends to commence with the development of certain leasehold property located in Singapore adjacent to its existing facility. The construction of a new building on this site is expected to cost approximately $9.0 to $11.0 million and is expected to be completed by the end of fiscal 2005. The new building will be used primarily for test operations and warehousing operations, supportive of final shipments to customers worldwide.

As of March 28, 2004, 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 March 28, 2004, 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.

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

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 third 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 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

e) 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
Month #1 (December 29, 2003 - January 25, 2004)	1,000,000	$ 42.98	1,000,000	7,015,152
Month #2 (January 26, 2004 - February 22, 2004)	1,500,000	$ 40.10	1,500,000	5,515,152
Month #3 (February 22, 2004 - March 28, 2004)	450,000	$ 40.14	450,000	5,065,152
Total	2,950,000	$ 41.08	2,950,000	5,065,152

On October 15, 2002, the Company's Board of Directors authorized the Company to purchase up to 10,000,000 shares of it's outstanding common stock in the open market over a two year time period.

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 March 28, 2004, the Company filed two reports on Form 8-K as follows:

A report on Form 8-K was filed January 13, 2004, furnishing to the Securities and Exchange Commission a press release announcing the Company's quarterly financial results for the fiscal quarter ending December 28, 2003.

A report on Form 8-K was filed February 9, 2004, furnishing to the Securities and Exchange Commission a press release announcing an increase in the Company's March quarter revenue and profit guidance.

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: May 7, 2004

BY /s/Paul Coghlan

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