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 September 27, 2009

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 small reporting company. See the definition of "large accelerated filing," "accelerated filer" and "small 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 October 23, 2009
Common Stock, $0.001 par value per share	223,115,077 shares

LINEAR TECHNOLOGY CORPORATION
FORM 10-Q
THREE MONTHS ENDED SEPTEMBER 27, 2009

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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	
	September 27, 2009	September 28, 2008*
Revenues	$ 236,135	$ 310,351
Cost of sales [(1)]	59,583	71,472
Gross profit	176,552	238,879
Expenses:		
Research and development [(1)]	45,340	50,860
Selling, general and administrative [(1)]	31,659	37,107
	76,999	87,967
Operating income	99,553	150,912
Interest expense[(2)]	(19,121)	(22,712)
Interest income	3,856	6,974
Income before income taxes	84,288	135,174
Provision for income taxes	23,601	32,867
Net income	$ 60,687	$ 102,307
Basic earnings per share	$ 0.27	$ 0.45
Shares used in the calculation of basic earnings per share	226,909	225,705
Diluted earnings per share	$ 0.27	$ 0.45
Shares used in the calculation of diluted earnings per share	227,852	227,700
Cash dividends per share	$ 0.22	$ 0.21
Includes the following non-cash charges:		
[(1)]Stock-based compensation		
Cost of sales	$ 2,295	$ 1,886
Research and development	9,719	7,986
Selling, general and administrative	5,475	4,502
[(2)]Non-cash interest expense	$ 7,229	$ 8,305

* As adjusted for the adoption of FSP APB14-1, now codified in ASC 470-20-10 to 35 (see Note 1) and EITF 03-6-1, now codified in ASC 260-10-45 to 65 (see Note 1).

See accompanying notes

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

	September 27, 2009	June 28, 2009*
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 247,349	$ 217,018
Marketable securities	662,124	651,693
Accounts receivable, net of allowance for doubtful accounts of $1,773 ($1,790 at June 28, 2009)	113,239	95,434
Inventories:		
Raw materials	3,528	3,343
Work-in-process	36,336	38,612
Finished goods	9,475	10,576
Total inventories	49,339	52,531
Deferred tax assets	36,475	37,628
Prepaid expenses and other current assets	33,961	34,947
Total current assets	1,142,487	1,089,251
Property, plant and equipment, at cost:		
Land, buildings and improvements	218,331	216,561
Manufacturing and test equipment	508,402	506,824
Office furniture and equipment	3,792	3,792
	730,525	727,177
Accumulated depreciation and amortization	(478,903)	(468,752)
Property, plant and equipment, net	251,622	258,425
Other non current assets	72,293	73,853
Total assets	$ 1,466,402	$ 1,421,529
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 9,220	$ 10,531
Accrued payroll and related benefits	40,555	44,250
Deferred income on shipments to distributors	27,298	28,497
Income taxes payable	27,658	9,718
Other accrued liabilities	44,366	32,345
Total current liabilities	149,097	125,341
Deferred tax liabilities	109,187	107,514
Convertible senior notes	1,278,278	1,280,617
Other long-term liabilities	93,618	94,394
Total liabilities	1,630,180	1,607,866
Commitments and contingencies		
Stockholders' deficit:		
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; 222,643 shares issued and outstanding at September 27, 2009 (222,276 shares at June 28, 2009)	223	222
Additional paid-in capital	1,262,628	1,246,870
Accumulated other comprehensive income, net of tax	4,590	5,095
Accumulated deficit	(1,431,219)	(1,438,524)
Total stockholders' deficit	(163,778)	(186,337)
Total liabilities and stockholders' deficit	$ 1,466,402	$ 1,421,529

* Derived from audited financial statements at June 28, 2009 as adjusted for the adoption of FSP APB14-1, now codified in ASC 470-20-10 to 35 (see Note 1).

See accompanying notes

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

	Three Months Ended	
	September 27, 2009	September 28, 2008
Cash flow from operating activities:		
Net income	$ 60,687	$ 102,307
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,677	11,893
Tax (deficit) benefit received on the exercise of stock-based awards	(1,644)	37
Stock-based compensation	17,489	14,374
Amortization of convertible senior notes discount	7,229	8,305
Change in operating assets and liabilities:		
Increase in accounts receivable	(17,805)	(1,787)
Decrease in inventories	3,192	551
Decrease in prepaid expenses, other current assets and deferred tax assets	2,162	2,398
Decrease in long-term assets	111	1,201
Increase (decrease) in accounts payable, accrued payroll and other accrued liabilities	5,223	(4,668)
Decrease in deferred income on shipments to distributors	(1,199)	(1,787)
Increase in income taxes payable	19,921	11,732
Increase in long-term liabilities	1,016	25
Cash provided by operating activities	108,059	144,581
Cash flow from investing activities:		
Purchases of marketable securities	(94,165)	(172,418)
Proceeds from sales and maturities of available-for-sale securities	82,898	162,320
Purchases of property, plant and equipment	(3,359)	(23,064)
Cash used in investing activities	(14,626)	(33,162)
Cash flow from financing activities:		
Retirement of convertible senior notes	(9,815)	-
Excess tax benefit received on exercise of stock-based awards	-	70
Issuance of common stock under employee stock plans	893	5,104
Purchases of common stock	(4,243)	(23,105)
Payments of cash dividends	(49,937)	(47,365)
Cash used in financing activities	(63,102)	(65,296)
Increase in cash and cash equivalents	30,331	46,123
Cash and cash equivalents, beginning of period	217,018	149,221
Cash and cash equivalents, end of period	$ 247,349	$ 195,344

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 have been made. All such adjustments were of a normal recurring nature. The results for the three month period ended September 27, 2009 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 28, 2009 included in the Company's Annual Report on Form 10-K. The accompanying balance sheet at June 28, 2009 has been derived from audited financial statements as of that date as adjusted for the adoption of FSP APB 14-1, now codified in ASC 470-20-10 to 35 and EITF 03-6-1, now codified in ASC 260-10-45 to 65, each discussed below. Because the Company is viewed as a single operating segment for management purposes, no segment information has been disclosed.

Recently Adopted Accounting Standards

Accounting Standards Codification

In June 2009, the Financial Accounting Standards Board ("FASB") issued FASB Statement No. 168, *The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles* ("SFAS 168"). SFAS 168 establishes the FASB Accounting Standards Codification ("ASC") as the single source of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by non-governmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The ASC supersedes all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the ASC will become non-authoritative.

Following the ASC, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve to update the ASC, provide background information about the guidance and provide the basis for conclusions on the changes to the ASC.

GAAP is not intended to be changed as a result of the ASC project, but it will change the way the guidance is organized and presented. As a result, these changes will have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009. The Company has adopted this guidance in this quarterly report by providing references to the ASC topics alongside references to the previous standards.

Standard for Convertible Senior Notes

The provisions of FASB Staff Position (FSP) No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (including Partial Cash Settlement)* ("FSP APB14-1"), now codified in ASC Topic 470-20-10 to 35, *Debt* (ASC 470-20-10 to 35) were applicable to the Company in the first quarter of fiscal year 2010. The Company was required to retrospectively adopt the provisions of ASC 470-20-10 to 35. The adoption of ASC 470-20-10 to 35 affected the accounting treatment of the Company's 3.00% Convertible Senior Notes due May 1, 2027 (the "2027A notes") and its 3.125% Convertible Senior Notes due May 1, 2027 (the "2027B notes" and, together with the 2027A notes, the "Notes"). ASC 470-20-10 to 35 specifies that issuers of convertible debt instruments such as the Notes, should separately account for the liability (debt) and equity (conversion option) components of such instruments in a manner that reflects the borrowing rate for a similar non-convertible debt instrument. The liability component is recognized as the fair value of a similar instrument that does not have a conversion feature at the time of issuance. The equity component is based on the excess of the principal amount of the Notes over the fair value of the liability component, after adjusting for the deferred tax impact. Such excess represents the estimated fair value of the conversion feature and is recorded as additional paid-in capital. The Company's 2027A notes and 2027B notes were issued at coupon rates of 3.00% and 3.125%, respectively, which were below that of similar instruments that do not have conversion features (5.69% and 5.35%, respectively.) Therefore, the valuation of the debt component resulted in a discounted carrying value of the Notes compared to the principal amounts. This debt discount is amortized as additional non-cash interest expense over the expected life of the debt, which is 7 years for the 2027A notes and 3.5 years for the 2027B notes. The consolidated balance sheet at June 28, 2009 and the consolidated statements of income and cashflows for the three months ended

September 27, 2009 have been retrospectively adjusted for all periods presented in accordance with ASC 470-20-10 to 35. See "Note 8. Convertible Senior Notes" for further information relating to the adoption of ASC 470-20-10 to 35.

The effect of the retrospective adoption of ASC 470-20-10 to 35 on individual line items on the Company's consolidated balance sheet at June 28, 2009 was as follows:

In thousands	June 28, 2009		
	As Previously Reported	Adjustments	As Adjusted
Deferred tax liabilities	$ 62,752	$ 44,762	$ 107,514
Convertible Senior Notes	1,405,644	(125,027)	1,280,617
Additional paid-in capital	1,119,147	127,723	1,246,870
Accumulated deficit	(1,391,066)	(47,458)	(1,438,524)

The effect of the retrospective adoption of ASC 470-20-10 to 35 on individual line items on the Company's consolidated statement of income for the first quarter of fiscal year 2009 was as follows:

In thousands, excepts per share amounts	Three months ended September 28, 2008		
	As Previously Reported	Adjustments	As Adjusted
Interest expense	$ 14,407	$ 8,305	$ 22,712
Provision for income taxes	35,870	(3,003)	32,867
Net income	107,609	(5,302)	102,307
Basic earnings per share	0.49	(0.04)	0.45
Diluted earnings per share	0.48	(0.03) *	0.45

*As adjusted for the adoption of EITF 03-6-1, now codified in ASC 260-10-45 to 65.

Standard for Earnings per Share ("EPS") Calculation

The provisions of FSP No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* ("EITF 03-6-1"), now codified in ASC Topic 260-10-45 to 65, *Earnings Per Share* (ASC 260-10-45 to 65) were applicable to the Company in the first quarter of fiscal year 2010. The Company was required to retrospectively adopt the provisions of ASC 260-10-45 to 65. Under ASC 260-10-45 to 65, unvested share-based payment awards that contain non-forfeitable rights to dividends, such as the Company's restricted stock awards, are considered to be a separate class of common stock and should be included in the EPS calculation using the "two-class method." In accordance with the ASC 260-10-45 to 65, restricted awards are now included in the basic and diluted EPS calculations.

The effect of the retrospective adoption of ASC 260-10-45 to 65 on individual line items on the Company's consolidated statement of income for the first quarter of fiscal year 2009 was as follows:

In thousands	Three months ended September 28, 2008		
	As Previously Reported	Adjustments	As Adjusted
Shares used in the calculation of basic earnings per share	221,433	4,272	225,705
Shares used in the calculation of diluted earnings per share	224,091	3,609	227,700

Fair Value of Financial Instruments.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* ("FSP FAS 107-1 and APB 28-1"), now codified in ASC Topic 825, *Financial Instruments* (ASC 825), which requires disclosure in the body or in the accompanying notes of the Company's summarized financial information for interim reporting periods and in its financial statements for annual reporting periods, of the fair value of all financial instruments for which it is practicable to estimate that value, whether recognized or not in the statement of financial position. The Company adopted this guidance in the first quarter of fiscal year 2010. The adoption had no financial impact on the Company's consolidated statement of income or financial condition. (See Note 5, "Marketable Securities").

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 first quarter of fiscal year 2010, the Company recognized approximately 15% 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-user. 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 September 27, 2009, the Company had approximately $33.2 million of deferred revenue and $5.9 million of deferred cost of sales recognized as $27.3 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 $1.5 million to $3.1 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.

Subsequent Events

The Company has evaluated subsequent events through November 5, 2009, the date of issuance of consolidated financial statements. During the period from September 27, 2009 to November 5, 2009, the Company did not have any material recognizable subsequent events.

2. Fiscal Period

The Company operates on a 52/53-week fiscal year ending on the Sunday nearest June 30. Fiscal years 2010 and 2009 are 52-week years.

3. Earning 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 and restricted stock 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	
In thousands, except per share amounts	September 27, 2009	September 28, 2008*
Numerator - net income	$ 60,687	$102,307
Denominator for basic earnings per share- weighted average shares	226,909	225,705
Effect of dilutive securities – employee stock options	943	1,995
Denominator for diluted earnings per share	227,852	227,700
Basic earnings per share	$ 0.27	$ 0.45
Diluted earnings per share	$ 0.27	$ 0.45

* As adjusted for the adoption of ASC 470-20-10 to 35 (see Note 1) and ASC 260-10-45 to 65 (see Note 1).

4. Fair Value

The Company reviewed all assets and liabilities recorded on its balance sheet as of September 27, 2009. Based on the results of its review, the Company 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. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability. The three levels of the fair value hierarchy are described below:

Level 1. Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.

The Company's Level 1 assets consist of investments in money-market funds and United States Treasury securities that are actively traded.

Level 2. Valuations based on quoted prices for similar assets or liabilities, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

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.

Level 3. Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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 September 27, 2009:

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	$ 166,604	$ -	$ 166,604
Investments in municipal bonds, obligations of U.S. government-sponsored enterprises, corporate debt and commercial paper	-	640,450	640,450
Total assets measured at fair value	$ 166,604	$ 640,450	$ 807,054

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 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. Through the first quarter of fiscal year 2010, the Company has repurchased $304.2 million in principal amount of its 2027B Notes. As a result of the repurchases in fiscal year 2009 and the first quarter of fiscal year 2010, the remaining principal amount of the Notes as of September 27, 2009 was $1,396 million. The fair value of the Notes as of September 27, 2009 was approximately $1,348 million, based on the last trading prices of the Notes which was September 25, 2009.

5. Marketable Securities

The following is a summary of cash equivalents and marketable securities at September 27, 2009 and June 28, 2009:

	September 27, 2009			
In thousands	Amortized Cost	Unrealized Gain	Unrealized (Loss) (1)	Fair Value
U.S. Treasury securities	$ 80,027	$ 473	$ -	$ 80,500
Obligations of U.S. government-sponsored enterprises	99,168	890	(12)	100,046
Municipal bonds	462,564	5,844	(9)	468,399
Corporate debt securities and other	71,878	130	(3)	72,005
Money market funds	86,104	-	-	86,104
Total	$ 799,741	$ 7,337	$ (24)	$ 807,054
Amounts included in:				
Cash equivalents	$ 144,930	$ -	$ -	$ 144,930
Marketable Securities	654,811	7,337	(24)	662,124
Total	$ 799,741	$ 7,337	$ (24)	$ 807,054

	June 28, 2009			
In thousands	Amortized Cost	Unrealized Gain	Unrealized (Loss) (1)	Fair Value
U.S. Treasury securities	$ 65,297	$ 696	$ -	$ 65,993
Obligations of U.S. government-sponsored enterprises	96,153	1,075	(2)	97,226
Municipal bonds	459,006	6,208	(15)	465,199
Corporate debt securities and other	26,283	187	-	26,470
Money market funds	139,843	-	-	139,843
Total	$ 786,582	$ 8,166	$ (17)	$ 794,731
Amounts included in:				
Cash equivalents	$ 143,038	$ -	$ -	$ 143,038
Marketable Securities	643,544	8,166	(17)	651,693
Total	$ 786,582	$ 8,166	$ (17)	$ 794,731

[1] The Company evaluated the nature of the investments with a loss position at September 27, 2009 and June 28, 2009, 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 September 27, 2009 and June 28, 2009.

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

In thousands	September 27, 2009	June 28, 2009
Due in one year or less	$ 308,367	$ 268,139
Due after one year through three years	353,757	383,554
Total	$ 662,124	$ 651,693

6. Stock-Based Compensation

Equity Incentive Plans

The Company has two equity incentive plans under which the Company may grant incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock, restricted stock units, performances shares and performance units. Under the plans (the 2005 Equity Incentive Plan and the 2001 Nonstatutory Stock Option Plan), the Company may grant awards to employees, executive officers, directors and consultants who provide services to the Company. To date, the Company has only granted nonstatutory stock options, restricted stock and restricted stock units from these plans. At September 27, 2009, 8.1 million shares were available for grant under the plans. The Employee Stock Purchase Plan (“ESPP”) 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 offering period. The offering periods generally commence on approximately May 1 and November 1 of each year, although the current offering period is scheduled to end on November 6, 2009, and the next period will begin on November 9, 2009. At September 27, 2009, 0.1 million shares were available for issuance under the ESPP. The Company’s stockholders are being asked to approve a 2.0 million share increase to the ESPP at the 2009 Annual Meeting of Stockholders on November 4, 2009.

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 September 27, 2009, there was approximately $165.6 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 five 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 three months ended September 27, 2009, options for approximately 38,000 shares were exercised for a gain (aggregate intrinsic value) of $0.1 million determined as of the date of option exercise.

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, June 28, 2009	28,945,556	$34.15
Granted	-	-
Forfeited and expired	(1,372,186)	33.87
Exercised	(38,312)	23.32
Outstanding options, September 27, 2009	27,535,058	$34.18
Options vested and exercisable at: September 27, 2009	21,656,163	$37.24

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 June 28, 2009	5,296,490	$30.72
Granted	272,115	27.21
Vested	(487,452)	32.86
Forfeited	(42,932)	28.95
Nonvested at September 27, 2009	5,038,221	$30.33

7. Comprehensive Income

Accumulated other comprehensive income consists of unrealized gains or losses on available-for-sale securities. The components of comprehensive income were as follows:

In thousands	Three Months Ended September 27, 2009	Three Months Ended September 28, 2008*
Net income	$ 60,687	$ 102,307
Changes in unrealized gains on available-for-sale securities	(505)	(742)
Total comprehensive income	$ 60,182	$ 101,565

* As adjusted for the adoption of ASC 470-20-10 to 35 (see Note 1).

8. 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 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. Through the first quarter of fiscal year 2010 the Company has repurchased $304.2 million (principal amount) of its 2027B notes resulting in approximately $1.4 billion (principal amount) of debt outstanding as of September 27, 2009. Interest is payable semiannually in arrears on May 1 and November 1, beginning on November 1, 2007.

Upon conversion of the Notes, the Company will pay the holder cash equal to the lesser of the aggregate principal amount or the conversion value of the Notes being converted. If the conversion value exceeds $1,000, the Company must also deliver cash or common stock or a combination of cash and common stock, at the Company's option, for the conversion value in excess of $1,000 ("conversion spread"). The conversion value of the Notes is determined based on a daily conversion value calculated on a proportionate basis for each trading day in a 20 trading day conversion reference period. For purposes of calculating earnings per share, there would be no adjustment to the shares in the earnings per share calculation for the cash settled portion of the Notes, as that portion of the debt instrument will always be settled in cash. The conversion spread will be included in the shares for the calculation of diluted earnings per share to the extent the conversion price is dilutive under the treasury stock method. At September 27, 2009, no shares related to the Notes were included in the computation of diluted earnings per share.

As of the date hereof, the conversion rate of the 2027A notes is 21.3268 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). As of the date hereof, the conversion rate of the 2027B notes is 21.1283 shares of common stock per $1,000 principal amount of the 2027B notes, subject to adjustment upon the occurrence of certain events as described in the Indenture for the 2027B notes (including the payment of dividends). The payment of the dividend approved by the Company's Board of Directors in October 2009 will cause a further minor adjustment in the conversion rate of the Notes. The Company may redeem 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 or upon a fundamental change. The Company may redeem the 2027B notes for cash at any time on or after November 1, 2010, and holders may require the Company to repurchase the 2027B notes for cash on specified dates or upon a fundamental change.

In the first quarter of fiscal year 2010, the Company retrospectively adopted the provisions of ASC 470-20-10 to 35. ASC 470-20-10 to 35 specifies that issuers of convertible debt instruments should separately account for the liability (debt) and equity (conversion option) components of such instruments in a manner that reflects the borrowing rate for a similar non-convertible debt instrument. The 2027A and 2027B notes pay cash interest of 3.0% and 3.125%, respectively. As a result of adopting the provisions of ASC 470-20-10 to 35 during the first quarter of fiscal year 2010 the Company recognizes an effective interest rate of 5.69% on the carrying value of the 2027A notes and 5.35% on the carrying value of the 2027B notes. The effective rates are 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 5.35% and the coupon rates of 3.0% and 3.125%, results in non-cash interest expense that will never be paid by the Company.

See "Standard for Convertible Debentures" included in "Note 1. Basis of Presentation" for further information relating to the adoption of ASC 470-20-10 to 35 and adjustments made to the Company's consolidated statement of income for the first quarter of fiscal year 2009 and consolidated balance sheet at June 28, 2009.

The carrying values of the liability and equity components of the Notes, after the retrospective adoption of ASC 470-20-10 to 35 are reflected in the Company's condensed consolidated balance sheets as follows:

In thousands	September 27, 2009	June 28, 2009
Liability components		
Principal amount of the Note	$ 1,395,829	$ 1,405,644
Unamortized discount of liability component*	(117,551)	(125,027)
Carrying value of liability component	$ 1,278,278	$ 1,280,617
Equity component-net carrying value	$ 127,542	$ 127,723

*The remaining unamortized debt discount will be amortized as additional non-cash interest expense over the remaining terms of the 2027A notes and 2027B notes, which are approximately 4.6 years and 1 year, respectively, the dates at which the Notes become redeemable.

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

In thousands	September 27, 2009	September 28, 2008
Contractual coupon interest	$ 10,644	$ 12,969
Amortization of debt discount	7,229	8,305
Amortization of debt issuance costs	971	1,098
Total interest expense related to the Notes	$ 18,844	$ 22,372

9. 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 were to take place. To date there have been no such 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 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.

10. 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 September 27, 2009, the Company's other long-term liabilities account includes $67.2 million of unrecognized tax benefits which, if recognized, would favorably impact its effective income tax rate in future periods. 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 $12.4 million accrued for interest at September 27, 2009.

The Company's annual effective income tax rate for the first quarter of fiscal year 2010 includes the research & development tax credit ("R&D credit") for only half the fiscal year as the R&D credit is scheduled to expire on December 31, 2009. If the R&D credit is reinstated, as has occurred on several occasions in the past, effective January 1, 2010 then the Company's effective tax rate will receive a tax benefit in future periods including a discrete tax benefit in the quarter of reinstatement.

During the first quarter of fiscal year 2009, the Company and the Appeals Division of the Internal Revenue Service ("IRS Appeals") agreed to settle certain disputed export tax benefits the Company claimed as its extraterritorial income ("ETI") exclusion under the Internal Revenue Code for fiscal years 2002 through 2006. As a result of the settlement, the Company recognized a discrete tax benefit during the first quarter of fiscal 2009 totaling $6.7 million, primarily due to the reversal of liabilities for uncertain tax positions pertaining to ETI. IRS Appeals continues to consider additional claims related to these tax years which have not yet been settled. It is expected that these claims will be resolved within the current fiscal year, at which time the Company, if it prevails, will record additional unrecognized tax benefits to the extent the claims are accepted by IRS Appeals.

11. 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.

Certain current and former directors and officers of the Company have been named as defendants in two shareholder derivative actions filed in the United States District Court for the Northern District of California, which have been consolidated under the caption *In re Linear Technology Corporation Shareholder Derivative Litigation* (the "Federal Action"), in three consolidated shareholder derivative actions filed in the Superior Court for Santa Clara County, California, also captioned *In re Linear Technology Corporation Shareholder Derivative Litigation* (the "California State Action"), and in a shareholder derivative action filed in Delaware Chancery Court, captioned *Weiss v. Swanson* (the "Delaware Action"). The Company has been named in each of these Actions as a nominal defendant against which no recovery is sought.

In the Federal Action, the plaintiffs alleged that the individual defendants breached their fiduciary duties to the Company in connection with the alleged backdating of stock option grants during the period from 1995 through 2002, and asserted derivative claims against the individual defendants based on alleged violations of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 promulgated thereunder. On December 7, 2006, the Court granted Linear's motion to dismiss the complaint for failure to make a pre-suit demand or to demonstrate that such a demand would have been futile. The plaintiffs filed an amended complaint on January 5, 2007 asserting derivative claims against the individual defendants for alleged violations of Sections 10(b), 14(a), and 20(a) of the Exchange Act, and Rules 10b-5 and 14a-9 promulgated thereunder. Pursuant to the parties' stipulation, on February 14, 2007, the District Court entered an order staying the Federal Action in favor of permitting the California State Action to proceed.

In the California State Action, the plaintiffs initially asserted claims against the individual defendants for breaching, and aiding and abetting breaches of, fiduciary duty in connection with the alleged backdating of stock option grants during the period from 1995 through 2002. The plaintiffs also alleged that certain defendants were unjustly enriched, that defendants wasted corporate assets, and that the officer defendants engaged in insider trading in violation of California law. The plaintiffs sought to recover unspecified money damages, disgorgement of profits and benefits, restitution, rescission of option contracts, imposition of a constructive trust over option contracts, and attorneys' fees and costs. Following a hearing on July 13, 2007, the Court sustained the Company's demurrer, and granted the plaintiffs leave to amend the complaint. The Court did not address the individual defendants' demurrer.

On August 13, 2007, the California plaintiffs filed an amended complaint, asserting claims against the individual defendants for breaching, and aiding and abetting breaches of fiduciary duty in connection with the grant of allegedly "spring-loaded" and "bullet-dodged" stock options during the period from 1995 through 2005. The amended complaint also alleged that the individual defendants were unjustly enriched, and engaged in insider trading in violation of the California Corporations Code, and that the director defendants wasted corporate assets. The amended complaint sought recovery from the individual defendants of unspecified damages, disgorgement of profits and benefits, restitution, rescission of option contracts and imposition of a constructive trust over executory option contracts, in addition to attorneys' fees and costs. On September 12, 2007, the Company filed a demurrer to the amended complaint on the ground that the plaintiffs had failed to make a pre-suit demand or to demonstrate that such a demand would have been futile. The individual defendants filed demurrers on the ground that the amended complaint failed to state a cause of action as to each of them. Before the demurrers were fully briefed, the parties stipulated to stay the California State Action pending the resolution of the motion to dismiss the complaint in the Delaware Action. On March 7, 2008, the Delaware Chancery Court denied defendants' motion.

On May 5, 2008, the individual defendants moved to stay the California State Action; Linear joined in that motion. That same day, plaintiffs moved to coordinate discovery in the California State Action and the Delaware Action. The individual defendants opposed that motion and Linear joined in their opposition. In a June 18, 2008 order, the Court granted the motion to stay the California State Action, and rejected, in part, the plaintiffs' request to coordinate discovery. The Court ordered the defendants to supply the California plaintiffs with copies of documents produced and transcripts of depositions conducted in the Delaware Action. The Court is continuing to monitor the progress of the Delaware Action. A case management conference is scheduled for December 18, 2009.

In the Delaware Action, filed on March 23, 2007, the plaintiff alleges that the defendant directors breached their duty by granting "spring-loaded" and "bullet-dodged" stock options to certain of the Company's officers and directors during the period from 1996 through 2005. The plaintiff also asserts claims for unjust enrichment against those defendants who received the challenged option grants. The plaintiff seeks to recover unspecified money damages, disgorgement of profits and benefits, restitution, rescission of certain defendants' option contracts, imposition of a constructive trust over the option contracts, and attorneys' fees and costs. The defendants moved to dismiss the Delaware Action on May 25, 2007. Rather than respond to the

motions, the plaintiff filed an amended complaint on August 10, 2007, making substantially the same allegations as those in the original complaint. On September 19, 2007, the Company and the individual defendants filed a Motion to Dismiss the amended complaint on the grounds that the plaintiff had failed to make a pre-suit demand on the Board or to plead facts demonstrating that such a demand would have been futile, and that the amended complaint failed to state a claim against each of the individual defendants. On March 7, 2008, the Court denied the motion. Linear answered the amended complaint on April 7, 2008. Fact discovery concluded on July 1, 2009. Expert discovery is currently scheduled to conclude on February 22, 2010. No trial date has been set.

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

Overview

Linear Technology Corporation is a manufacturer of high performance linear integrated circuits. The Company generates revenue exclusively from the sale of analog integrated circuits. The Company targets the high performance segment of the analog integrated circuit market. The Company was founded in 1981 and became a public company in 1986. Linear Technology products include high performance amplifiers, comparators, voltage references, monolithic filters, linear regulators, DC-DC converters, battery chargers, data converters, communications interface circuits, RF signal conditioning circuits, uModuleTM products, and many other analog functions. Applications for Linear Technology's high performance circuits include telecommunications, cellular telephones, networking products such as optical switches, notebook and desktop computers, computer peripherals, video/multimedia, industrial instrumentation, security monitoring devices, high-end consumer products such as digital cameras and MP3 players, complex medical devices, automotive electronics, factory automation, process control, and military and space systems.

First quarter revenue of $236.1 million increased $28.1 million or 14% over the fourth quarter of fiscal year 2009 and decreased 24% or $74.2 million from $310.4 million reported in the first quarter of fiscal year 2009. Net income of $60.7 million increased $9.3 million or 18% over the fourth quarter of fiscal year 2009 and decreased $41.6 million or 41% from the first quarter of fiscal year 2009 which in addition to higher revenue had a lower tax rate of 24% compared to 28% this quarter. Diluted earnings per share ("EPS") increased $0.04 cents per share over the adjusted fourth quarter fiscal year 2009 results. Diluted EPS of $0.27 in the first quarter of fiscal year 2010 was impacted negatively by approximately $0.025 cents per share due to the adoption of two new accounting standards. For a further discussion of the newly adopted accounting standards see Note 1 to the consolidated financial statements, included in Part 1, "Financial Information." The Company retrospectively adopted the new accounting standards, which adjusted the first quarter of fiscal year 2009 results. The Company achieved both strong sequential quarterly revenue and profit growth; however, on a year-over-year basis the Company's results were down as the Company continues to feel the effects of the global recession.

Critical Accounting Estimates

There have been no significant changes to the Company's critical accounting policies during the quarter ended September 27, 2009, 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 June 28, 2009.

Results of Operations

The table below summarizes the income statement items for the three months ended September 27, 2009 and September 28, 2008 as a percentage of total revenue and provides the percentage change in absolute dollars of such items comparing the interim period ended September 27, 2009 to the corresponding period from the prior fiscal year:

	Three Months Ended		
	September 27, 2009	September 28, 2008*	Increase/ (Decrease)
Revenues	100.0%	100.0%	(24%)
Cost of sales	25.2	23.0	(17)
Gross profit	74.8	77.0	(26)
Expenses:			
Research and development	19.2	16.4	(11)
Selling, general and administrative	13.4	12.0	(15)
	32.6	28.4	(13)
Operating income	42.2	48.6	(34)
Interest expense	(8.1)	(7.3)	(16)
Interest income	1.6	2.2	(45)
Income before income taxes	35.7%	43.6%	(38)
Effective tax rates	28.0%	24.3%	

* As adjusted for the adoption of ASC 470-20-10 to 35 (see Note 1 to the consolidated financial statements, included in Part 1,

“Financial Information”).

Revenue for the quarter ended September 27, 2009 was $236.1 million, a decrease of $74.2 million or 24% from revenue of $310.4 million for the same quarter of the previous fiscal year. The decrease in revenue was due to lower domestic and international sales as a result of the global recession. The average selling price (“ASP”) of $1.49 per unit in the first quarter of fiscal year 2010 was relatively flat as compared to the first quarter of fiscal year 2009 ASP of $1.47 per unit. Geographically, international revenues were $166.9 million or 71% of revenues, a decrease of $59.3 million as compared to international revenues of $226.2 million or 73% of revenues for the same quarter of the previous fiscal year. Internationally, revenues to Rest of the World, which is primarily Asia excluding Japan, represented $94.7 million or 40% of revenues, while sales to Europe and Japan were $36.5 million or 16% of revenues and $35.7 million or 15% of revenues, respectively. Domestic revenues were $69.2 million or 29% of revenues in the first quarter of fiscal year 2010, a decrease of $15.0 million from $84.2 million or 27% of revenues in the same period in fiscal year 2009.

Gross profit of $176.6 million for the quarter ended September 27, 2009 decreased $62.3 million or 26% from the gross profit of $238.9 million in the first quarter of fiscal year 2009. Gross profit as a percentage of revenues decreased to 74.8% in the first quarter of fiscal year 2010 as compared to 77.0% for the same period in the previous fiscal year. The decrease in gross profit as a percentage of revenues for the quarter ended September 27, 2009 was primarily due to spreading fixed costs over a lower sales base.

Research and development (“R&D”) expenses for the quarter ended September 27, 2009 were $45.3 million, a decrease of $5.5 million or 11% from R&D expenses of $50.9 million for the same period in the previous fiscal year. The decrease in R&D expenses was primarily due to a $4.0 million decrease in compensation costs related to the reduction in workforce that occurred in the second and fourth quarters of fiscal year 2009 and the 10% temporary reduction in base pay that occurred during the fourth quarter of fiscal year 2009. The decrease in R&D was also due to a $2.5 million decrease in the employee profit sharing accrual and a $0.7 million decrease in other R&D expenses such as mask costs. Partially offsetting these decreases to R&D expense was a $1.7 million increase in stock-based compensation.

Selling, general and administrative expenses (“SG&A”) for the quarter ended September 27, 2009 were $31.7 million, a decrease of $5.4 million or 15% from SG&A expenses of $37.1 million for the same period in the previous fiscal year. The decrease in SG&A expenses was primarily due to a $1.8 million decrease in the employee profit sharing accrual and a $1.8 million decrease in compensation costs related to the reduction in workforce that occurred in the second and fourth quarters of fiscal year 2009 and the 10% temporary reduction in base pay that occurred during the fourth quarter of fiscal year 2009. The decrease in SG&A expenses was also due to a $2.8 million decrease in other SG&A expenses such as advertising and legal costs. Partially offsetting these decreases to SG&A expense was a $1.0 million increase in stock-based compensation.

Interest expense of $19.1 million for the quarter ended September 27, 2009 decreased $3.6 million from the adjusted amount in the corresponding period of fiscal year 2009. The decrease in interest expense was primarily due to the retirement of $304.2 million principal amount of the Company’s 3.125% Convertible Senior Notes during fiscal year 2009 and the first quarter of fiscal year 2010.

Interest income of $3.9 million for the quarter ended September 27, 2009 decreased $3.1 million from the corresponding period of fiscal year 2009. Interest income decreased due to a decrease in the average interest rate earned on the Company’s cash, cash equivalents and marketable securities balances. In addition, the Company’s cash, cash equivalents and marketable securities balances decreased as the Company used its excess cash reserves to purchase $304.2 million principal amount of the Company’s 3.125% Convertible Senior Notes during fiscal year 2009 and the first quarter of fiscal year 2010.

The Company’s tax rate for the first quarter of fiscal year 2010 was 28% as compared to the adjusted rate of 24.3% in the same quarter of fiscal year 2009. The increase in the tax rate was primarily due to a quarterly discrete tax benefit totaling $6.7 million recognized during the first quarter of fiscal year 2009, primarily related to an IRS settlement and the related reversal of liabilities for uncertain tax positions. The impact of this quarterly discrete tax benefit was partially offset by a higher R&D credit in the first quarter of fiscal year 2010 as the first quarter of fiscal year 2009 included no tax benefit for the R&D credit as this credit had expired and was not reinstated until the second quarter of fiscal year 2009.

The Company’s effective tax rate is lower than the federal statutory rate of 35% as a result of lower tax rates on the earnings of its wholly-owned foreign subsidiaries, principally in Singapore and Malaysia. The Company has a partial tax holiday through July 2015 in Malaysia and a partial tax holiday in Singapore through August 2011. In addition, the Company receives tax benefits from non-taxable interest income, domestic manufacturing and R&D tax credits

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; increases in costs associated with utilities, transportation and raw materials; currency fluctuations; the effects of adverse economic conditions in the United States and international markets and other factors described below and in "Item 1A – Risk Factors" section of this Quarterly Report on Form 10-Q.

The quarter ended September 27, 2009 had strong revenue and profit growth over the fourth quarter of fiscal year 2009. The Company saw improvements in customer orders during the latter half of the quarter in each of its end-markets except the cell phone end-market. In particular, the Company saw improvements in the automotive and industrial end-markets. As a result, revenues significantly improved over the previous quarter as sales grew 14% and operating income grew by 26% representing 42% of sales as of the quarter ended September 27, 2009.

Notwithstanding the high rate of growth the Company achieved over the fourth quarter of fiscal year 2009, there is still some uncertainty looking ahead to the second quarter of fiscal year 2010. The financial effects of the global recession are certainly not over and continue to impact many of the Company's customers. Customer orders continue to call for short lead times and turns business, or bookings that are recorded and shipped during the quarter, remains at a high level. While there are some concerns that recent improvements in the overall marketplace are at least partially attributable to a replenishment of inventory stock, the Company continues to experience bookings improvement. Therefore, based upon the positive book to bill ratio and the strength of the recovery the Company appears to be witnessing in its automotive and industrial end-markets, the Company expects revenue to grow 2% to 5% over the first quarter of fiscal year 2010.

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 September 27, 2009, the Company's cash, cash equivalents and marketable securities balances were $909.5 million in aggregate, representing an increase of $40.7 million over the June 28, 2009 balances of $868.7 million. This increase was primarily due to positive cashflow from operations of $108.1 million. Working capital as of September 27, 2009 was $993.4 million. During the first quarter of fiscal year 2010, significant cash expenditures included $11.3 million for the net purchase of available-for-sale securities; $3.4 million for capital additions; $9.8 million face value to purchase and retire a portion of the 3.125% Convertible Senior Notes; $4.2 million to purchase its common stock and $49.9 million for the payment of a cash dividend, representing $0.22 per share in the first quarter of fiscal year 2010.

Accounts receivable totaled $113.2 million at the end of the first quarter of fiscal year 2010, an increase of $17.8 million from the end of the fourth quarter of fiscal year 2009. The increase is primarily due to higher shipments in the first quarter of fiscal year 2010 as compared to the fourth quarter of fiscal year 2009. Inventory totaled $49.3 million at the end of the first quarter of fiscal year 2010, a decrease of $3.1 million from the end of the fourth quarter of fiscal year 2009. The decrease was due to higher sales in the first quarter of fiscal year 2010 as compared to the fourth quarter of fiscal year 2009.

Accrued payroll and related benefits decreased $3.7 million from the fourth quarter of fiscal year 2009 primarily due to the payment of profit sharing partially offset by an increase to the profit sharing accrual and increases in other payroll liabilities. The Company accrues for profit sharing on a quarterly basis while distributing payouts to employees on a semi-annual basis during the first and third quarters of each fiscal year. Income taxes payable for the first quarter of fiscal year 2010 increased $17.9 million over the fourth quarter of fiscal year 2009 primarily due to the income tax provision of $23.6 million. Other accrued liabilities of $44.4 million increased $12.0 million over the fourth quarter of fiscal year 2009 primarily due to accrued interest on the Company's Convertible Senior Notes. The Company makes semi-annual interest payments during the second and fourth quarters of each fiscal year.

In October 2009, the Company's Board of Directors declared a cash dividend of $0.22 per share. The $0.22 per share dividend will be paid on November 25, 2009 to shareholders of record on November 13, 2009. 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.

Off Balance-Sheet Arrangements

As of September 27, 2009, the Company had no off-balance sheet financing arrangements.

Contractual Obligations

In April 2007, the Company issued $1.0 billion principal amount of 3.0% debentures due May 1, 2027 and $0.7 billion principal amount of 3.125% debentures due May 1, 2027. Through the first quarter of fiscal year 2010, the Company purchased and retired $304.2 million face value of its 3.125% Convertible Senior Notes. The Company pays cash interest at an annual rate of 3.0% and 3.125%, respectively, payable semiannually on November 1 and May 1 of each year, beginning November 1, 2007. See Note 8 to the consolidated financial statements, included in Part 1, "Financial Information," for additional information about the debentures.

Fair Value

As of September 27, 2009, the Company's cash and cash equivalents, and marketable securities investment portfolio had a fair value of $807.1 million. The Company's cash and 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. The Company currently does not hold any investments in auction rate securities or asset backed securities. Most of the Company's investments in debt instruments have an investment rating of AAA. As of September 27, 2009, the Company's cash and cash equivalents, and marketable securities investment portfolio had a remaining maturity of approximately one year. As of September 27, 2009, the Company's financial instruments measured at fair value totaled $807.1 million and were classified as Level 1 or Level 2 instruments.

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 28, 2009. 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 2009. At September 27, 2009, 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 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, 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* 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 Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) 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 Securities Exchange Act of 1934 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 for the quarter ended September 27, 2009. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that 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

Securities Exchange Act of 1934 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 Securities Exchange Act of 1934) occurred during the quarter ended September 27, 2009 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.

Certain current and former directors and officers of the Company have been named as defendants in two shareholder derivative actions filed in the United States District Court for the Northern District of California, which have been consolidated under the caption *In re Linear Technology Corporation Shareholder Derivative Litigation* (the “Federal Action”), in three consolidated shareholder derivative actions filed in the Superior Court for Santa Clara County, California, also captioned *In re Linear Technology Corporation Shareholder Derivative Litigation* (the “California State Action”), and in a shareholder derivative action filed in Delaware Chancery Court, captioned *Weiss v. Swanson* (the “Delaware Action”). The Company has been named in each of these Actions as a nominal defendant against which no recovery is sought.

In the Federal Action, the plaintiffs alleged that the individual defendants breached their fiduciary duties to the Company in connection with the alleged backdating of stock option grants during the period from 1995 through 2002, and asserted derivative claims against the individual defendants based on alleged violations of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 promulgated thereunder. On December 7, 2006, the Court granted Linear’s motion to dismiss the complaint for failure to make a pre-suit demand or to demonstrate that such a demand would have been futile. The plaintiffs filed an amended complaint on January 5, 2007 asserting derivative claims against the individual defendants for alleged violations of Sections 10(b), 14(a), and 20(a) of the Exchange Act, and Rules 10b-5 and 14a-9 promulgated thereunder. Pursuant to the parties’ stipulation, on February 14, 2007, the District Court entered an order staying the Federal Action in favor of permitting the California State Action to proceed.

In the California State Action, the plaintiffs initially asserted claims against the individual defendants for breaching, and aiding and abetting breaches of, fiduciary duty in connection with the alleged backdating of stock option grants during the period from 1995 through 2002. The plaintiffs also alleged that certain defendants were unjustly enriched, that defendants wasted corporate assets, and that the officer defendants engaged in insider trading in violation of California law. The plaintiffs sought to recover unspecified money damages, disgorgement of profits and benefits, restitution, rescission of option contracts, imposition of a constructive trust over option contracts, and attorneys’ fees and costs. Following a hearing on July 13, 2007, the Court sustained the Company’s demurrer, and granted the plaintiffs leave to amend the complaint. The Court did not address the individual defendants’ demurrer.

On August 13, 2007, the California plaintiffs filed an amended complaint, asserting claims against the individual defendants for breaching, and aiding and abetting breaches of fiduciary duty in connection with the grant of allegedly “spring-loaded” and “bullet-dodged” stock options during the period from 1995 through 2005. The amended complaint also alleged that the individual defendants were unjustly enriched, and engaged in insider trading in violation of the California Corporations Code, and that the director defendants wasted corporate assets. The amended complaint sought recovery from the individual defendants of unspecified damages, disgorgement of profits and benefits, restitution, rescission of option contracts and imposition of a constructive trust over executory option contracts, in addition to attorneys’ fees and costs. On September 12, 2007, the Company filed a demurrer to the amended complaint on the ground that the plaintiffs had failed to make a pre-suit demand or to demonstrate that such a demand would have been futile. The individual defendants filed demurrers on the ground that the amended complaint failed to state a cause of action as to each of them. Before the demurrers were fully briefed, the parties stipulated to stay the California State Action pending the resolution of the motion to dismiss the complaint in the Delaware Action. On March 7, 2008, the Delaware Chancery Court denied defendants’ motion.

On May 5, 2008, the individual defendants moved to stay the California State Action; Linear joined in that motion. That same day, plaintiffs moved to coordinate discovery in the California State Action and the Delaware Action. The individual defendants opposed that motion and Linear joined in their opposition. In a June 18, 2008 order, the Court granted the motion to stay the California State Action, and rejected, in part, the plaintiffs' request to coordinate discovery. The Court ordered the defendants to supply the California plaintiffs with copies of documents produced and transcripts of depositions conducted in the Delaware Action. The Court is continuing to monitor the progress of the Delaware Action. A case management conference is scheduled for December 18, 2009.

In the Delaware Action, filed on March 23, 2007, the plaintiff alleges that the defendant directors breached their duty by granting "spring-loaded" and "bullet-dodged" stock options to certain of the Company's officers and directors during the period from 1996 through 2005. The plaintiff also asserts claims for unjust enrichment against those defendants who received the challenged option grants. The plaintiff seeks to recover unspecified money damages, disgorgement of profits and benefits, restitution, rescission of certain defendants' option contracts, imposition of a constructive trust over the option contracts, and attorneys' fees and costs. The defendants moved to dismiss the Delaware Action on May 25, 2007. Rather than respond to the motions, the plaintiff filed an amended complaint on August 10, 2007, making substantially the same allegations as those in the original complaint. On September 19, 2007, the Company and the individual defendants filed a Motion to Dismiss the amended complaint on the grounds that the plaintiff had failed to make a pre-suit demand on the Board or to plead facts demonstrating that such a demand would have been futile, and that the amended complaint failed to state a claim against each of the individual defendants. On March 7, 2008, the Court denied the motion. Linear answered the amended complaint on April 7, 2008. Fact discovery concluded on July 1, 2009. Expert discovery is currently scheduled to conclude on February 22, 2010. No trial date has been set.

Item 1A. Risk Factors

A description of the risk factors associated with the Company's business is set forth below. In addition to the risk factors discussed below, see "Factors Affecting Future Operating Results" included in "Management's Discussion and Analysis" for further discussion of other risks and uncertainties that may affect the Company.

Reduced consumer and/or corporate spending due to uncertainties in the macroeconomic environment could further 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 in consumer and/or corporate spending as a result of uncertain conditions in the macroeconomic environment, such as global credit conditions, mortgage failures, fluctuations in interest rates, higher energy prices, or otherwise, have adversely affected, and may continue to adversely affect, our revenues and profitability. These uncertain conditions may persist or worsen in fiscal year 2010.

Downturns 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, increased unemployment, increased price 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. The Company's third and fourth quarters of fiscal year 2009 had significant year-over-year revenues declines of over 30% due to the present economic downturn.

Typically, our ability to meet our revenue 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 has 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 unsaleable 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 Linear's products less competitive over time, thus necessitating continual development of new products by Linear. 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.

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 increased 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 located in Malaysia and Thailand. These subcontractors separate wafers into individual circuits and assemble them into various finished

package types. 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 suppliers for materials, supplies, and subcontract services that may not have adequate capacity to meet 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 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. 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 are exposed to business, economic, political and other risks through our significant worldwide operations.

During the first quarter of fiscal year 2010, 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, or the response to any of the foregoing by the United States and other major countries.

We are a party to private litigation related to our historical stock option granting practices, in which an unfavorable outcome could have a material adverse effect on our financial results for a particular period or the trading price for our securities.

Several lawsuits have been filed against current and former directors and officers relating to our historical stock option granting practices. The Company is named as a nominal defendant in those lawsuits. These actions are in the preliminary stages, and their ultimate outcome could have a material adverse effect on our results of operations or cash flows for a particular period or the trading price for our securities. Litigation is time-consuming, expensive and disruptive to our normal business operations, and outcomes are difficult to predict. The defense of these lawsuits has resulted and will continue to result in significant legal expenditures and diversion of our management's time and attention from business operations. In addition, we have entered into indemnification agreements with our current and former directors and officers, under which we are required to indemnify those persons against expenses, including attorneys' fees, judgments, fines and settlements, payable by them in connection with this litigation, subject to applicable law. If we were required to pay any amounts to satisfy a judgment or in settlement of any of these claims, these amounts may not be covered by insurance.

For a further discussion on legal matters see "*Legal Proceedings*" in Part II, Item 1 of this Form 10-Q.

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. 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., National Semiconductor Corporation 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.

As of September 27, 2009, we have debt outstanding of $1.0 billion aggregate principal amount of our 3.00% Convertible Senior Notes due May 1, 2027 and $395.8 million aggregate principal amount of our 3.125% Convertible Senior Notes due May 1, 2027 (collectively, 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 the Notes have the right to require us to repurchase, and we intend to repurchase, the Notes for cash on specified dates or upon the occurrence of a fundamental change. The first of these dates is November 1, 2010, at which time we will be required to repurchase all of the outstanding $395.8 million (less any amounts repurchased by us in the open market prior to such time) of our 3.125% Notes. However, we may not have sufficient funds to repurchase the Notes in cash or to make the required repayment at such time or have the ability to arrange necessary financing on acceptable terms. In addition, upon conversion of the Notes we will be 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.

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 either 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 Notes may not be rated or may receive a lower rating than anticipated, which may impact the market price of the Notes and our common stock. In addition, 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 with respect to our common stock, but if they subsequently convert their Notes and receive common stock upon such conversion, they will be subject to all changes affecting 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 (June 29, 2009 – July 26, 2009)				-
Month #2 (July 27, 2009 – August 23, 2009)	158,379	$26.79	158,379	18,828,198
Month #3 (August 24, 2009 – September 27, 2009)	-	-	-	-
Total	158,379	$26.79	158,379	18,828,198

1) On July 29, 2008, the Company's Board of Directors authorized the Company to purchase up to 20.0 million shares of its
outstanding common stock in the open market over a two year time period as the previous program had expired.

Item 3. Defaults Upon Senior Securities

N/A

Item 4. Submission of Matter to a Vote or Security Holder

At the 2009 Annual Meeting of Stockholders of the Company, held on November 4, 2009, in Milpitas, California, the stockholders elected members of the Company's Board of Directors; approved an amendment to the Company's 2005 Employee Stock Purchase Plan; approved the Company's 2009 Executive Bonus Plan; and ratified the Company's proposal to appoint Ernst & Young LLP as the independent registered public accounting firm.

The vote for nominated directors was as follows:

NOMINEE	FOR	WITHHELD
Robert H. Swanson, Jr.	187,065,288	11,110,136
Lothar Maier	189,932,561	8,242,863
David S. Lee	149,870,239	48,305,185
Richard M. Moley	149,578,547	48,596,876
Thomas S. Volpe	148,604,935	49,570,489

The vote to approve an amendment to the Company's 2005 Employee Stock Purchase Plan to increase the number of shares reserved for issuance by 2,000,000 shares was as follows:

FOR	AGAINST	ABSTAIN
175,754,171	3,699,024	88,049

The vote to adopt the Company's 2009 Executive Bonus Plan was as follows:

FOR	AGAINST	ABSTAIN
176,938,498	2,322,333	280,414

The vote to ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm of the Company for fiscal year 2010 was as follows:

FOR	AGAINST	ABSTAIN
196,899,524	1,119,603	156,297

Item 5. Other Information

N/A

Item 6. Exhibits

Exhibit Number	Description
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

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: November 5, 2009

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

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 ACTOF 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: November 5, 2009

/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 ACTOF 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: November 5, 2009

/s/ Paul Coghlan
Paul Coghlan
Vice President of Finance 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 September 27, 2009 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: November 5, 2009

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 September 27, 2009 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: November 5, 2009

By: /s/ Paul Coghlan
Name: Paul Coghlan
Title: Chief Financial Officer