

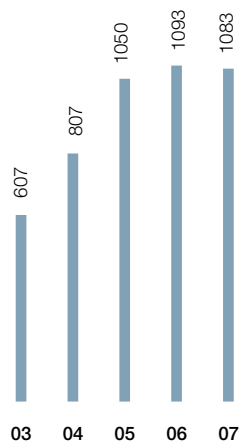
ANALOG EXCELLENCE

Linear Technology Corporation

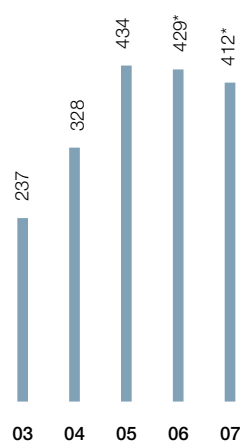
Annual Report 2007



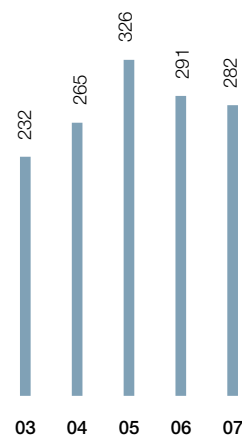
FINANCIAL HIGHLIGHTS



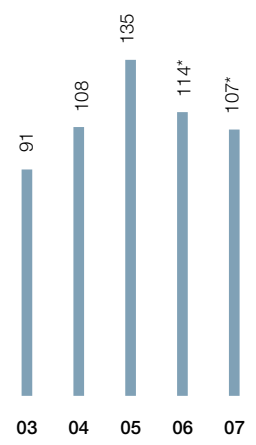
REVENUES
(\$ in millions)



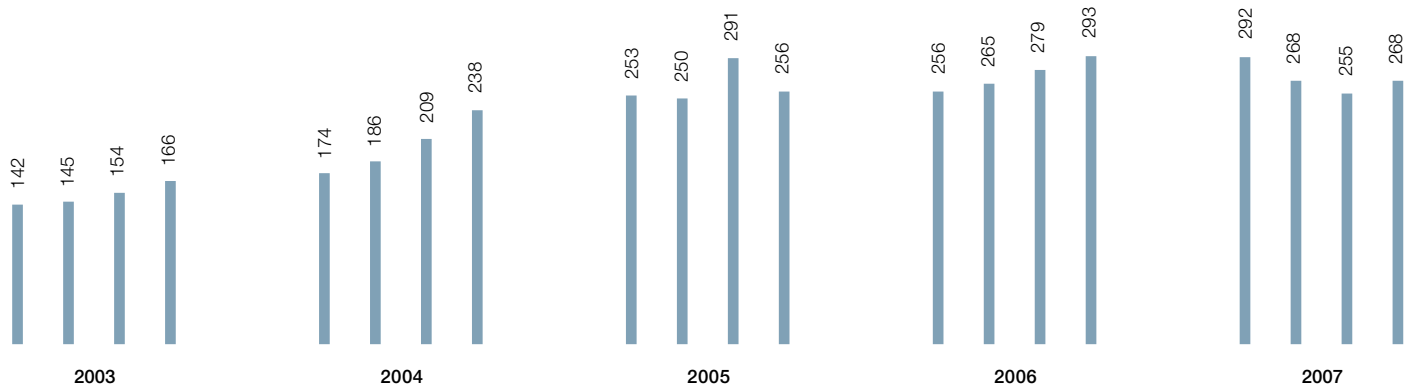
NET INCOME
(\$ in millions)



REVENUES
PER EMPLOYEE
(\$ in thousands)



NET INCOME
PER EMPLOYEE
(\$ in thousands)



QUARTERLY REVENUES
(\$ in millions)

\$ in thousands, except per share amounts	2007	2006	2005	2004	2003
Net Revenues	\$ 1,083,078	\$ 1,092,977	\$ 1,049,694	\$ 807,281	\$ 606,573
Operating Income*	524,318	563,950	589,629	436,730	294,511
Net Income*	411,675	428,680	433,974	328,171	236,591
Return on Sales*	38.0%	39.2%	41.3%	40.7%	39.0%
Diluted Earnings Per Share*	1.39	1.37	1.38	1.02	0.74
Cash and Short-Term Investments	633,307	1,819,587	1,790,912	1,656,540	1,593,567
Working Capital	681,235	1,840,310	1,799,570	1,629,481	1,613,971
Total Assets	1,218,857	2,390,895	2,286,234	2,087,703	2,056,879
Long-Term Debt	1,700,000	—	—	—	—
Stockholders' (Deficit) Equity	(707,965)**	2,104,498	2,007,034	1,810,605	1,814,929

*Includes the impact of all forms of stock-based compensation as a result of the Company implementing Statement of Financial Accounting Standards 123(R) ("SFAS 123R")

**Deficit resulted from a \$3 billion share repurchase which reduced shares outstanding by approximately 25%.

TO OUR STOCKHOLDERS

Analog excellence. Excelling at the highest levels of design innovation, customer problem solving, factory execution, quality and reliability, product timeliness and corporate financial performance. Excellence is the standard of performance we expect at Linear Technology. We expect to be the best: to have the most advanced products, the highest level of customer satisfaction and the highest financial results.

Every analog company claims to be high-performance. Few are excellent. We strive to be that company.

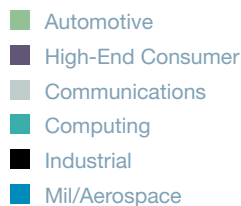
We bring this commitment to the electronics market. Most electronic products have both analog and digital circuitry, but there are far fewer analog engineers than digital engineers. Frankly there are not enough analog engineers.

We take on the difficult projects. We invent what's needed next. We help customers break through with something unique and better. In the pendulum from feature rich applications to low cost implementations, we lean toward feature rich. Our primary customers are at the cutting edge of technology in networking, cell phones and basestations, computing, automobiles, navigation systems, medical electronics and many industrial areas.

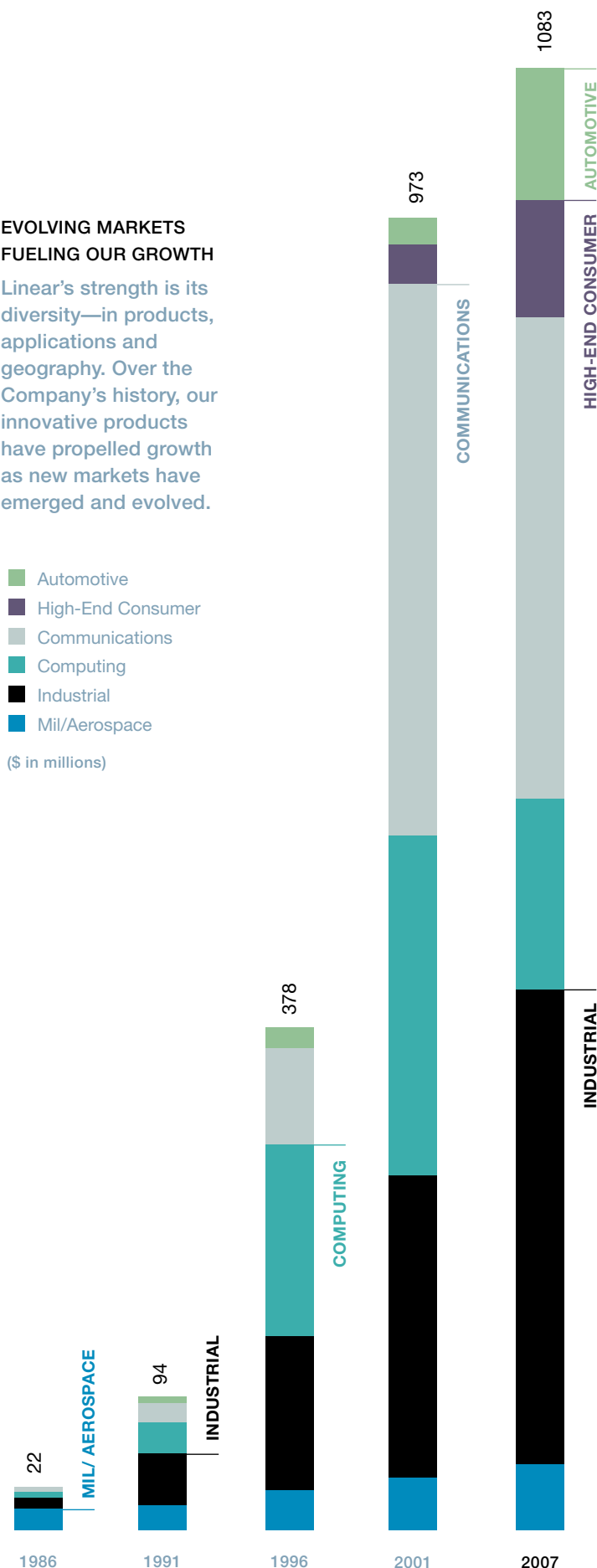
We can afford to be selective. Our annual revenue is \$1.1 billion. The analog market is \$37 billion, of which we serve roughly 25 %. Within the broad market our sales are very diversified. In fiscal 2007, our bookings were distributed as follows: 33 % in industrial; 33 % in communications (8 % handsets, 10 % basestation infrastructure, 15 % networking); 13 % in computer; 8 % in automotive; 9 % in high-end consumer and 4 % in space level and military products. Historically these percentages have evolved in response to feature demands within the various markets (see chart). Feature rich opportunities arise both when these markets are embryonic and again as they mature as technology breakthroughs occur. ►

EVOLVING MARKETS FUELING OUR GROWTH

Linear's strength is its diversity—in products, applications and geography. Over the Company's history, our innovative products have propelled growth as new markets have emerged and evolved.



(\$ in millions)





For example, cell phones initially were technology rich in such areas as battery efficiency and LED backlighting, then became more commodity focused as cell phone demand proliferated in emerging world markets. Presently, with wireless communications, computing, and entertainment converging on cell phones, new entrants in the market are fostering a demand for more feature rich analog solutions. Automotive is another example of a major end market becoming feature rich intensive.

Overall revenue of \$ 1,083,000 for fiscal 2007 was down slightly from fiscal 2006's \$ 1,093,000. Although this was a disappointment to us, our direct analog competitors had similar experiences. Some technology rich emerging applications such as Power over Ethernet solutions in the networking area, high speed mixed signal analog to digital converters used in multi-protocol basestations, and low power application specific circuits for use in GPS and other consumer applications, did well for us. Other areas, such as cell phone and computing, saw more of the drive toward lowering cost rather than broadening features, which led to some of the contraction in our growth.

However, fiscal 2007 was a promising year for seeding our growth for the near future. In the telecom and data-com areas, the current emphasis on green technology for improved power efficiency and lower utility bills, as well as the emergence of digital power system management to monitor, control and optimize power at the system and facility level, were fertile areas for our new mixed signal power management circuits. Modernization

in lighting provided opportunities for our new families of 20 microamp to 3 amp LED drivers, with applications in LCD backlighting, signage and automobiles, all demanding wide dimming ranges and low power consumption. Broadband access, with the emerging 3G, 3G LTE, WiFi and WiMax networks, has created opportunities in the basestation and infrastructure area for our high-speed analog to digital converters, our high linearity mixers and amplifiers and our modulators/demodulators and filters.

As cars incorporate more electronics, there are many power management opportunities for a supplier such as Linear Technology, with its high technology, quality and reliability. Advanced automotive electronics demands unique power integrated circuits for radar, adaptive cruise control, parking assistance, side and rear cameras, electronic steering and braking, engine control electronics and hybrid vehicle battery management, particularly in the transition from nickel metal hydride to lithium ion batteries.

In fiscal 2007 Linear had initial sales in its new family of μ Module™ power supplies. Linear has a heritage and a reputation for analog technology innovations for products such as multi-phase switchers, Hot Swap™ controllers, Burst Mode® converters, Power over Ethernet (POE) circuits, cell phone photoflash chargers, etc. This new family of μ Module regulators represents a similar technology breakthrough as this product is a stand-alone power supply in the form of an integrated circuit. This family, which should add significantly to our sales



in the next few years, has a broad range of applications in many diverse end markets including industrial, datacom, telecom, medical, testing, computing and automotive.

As we enter fiscal 2008 we believe we are positioned for growth. In addition to the product and market opportunities referred to above, we have completed factory infrastructure projects which give us the essential factory capacity in wafer fabrication, assembly and test to support \$2 billion plus in annual revenues. In this age, when many companies are outsourcing their manufacturing requirements, we are a contrarian and firmly believe that in analog it is important to be internally vertically integrated. We often supply our customers unique, technology rich products, without an alternate pin-compatible source. Consequently excellence in manufacturing, as defined by outstanding quality, reliability, short lead times and on-time delivery standards, is essential for our success. In the last two years we received supplier excellence recognition from a variety of companies including Northrop Grumman and Rockwell Collins in the US, Harman/Becker and Siemens in Europe and Advantest in Japan. ►

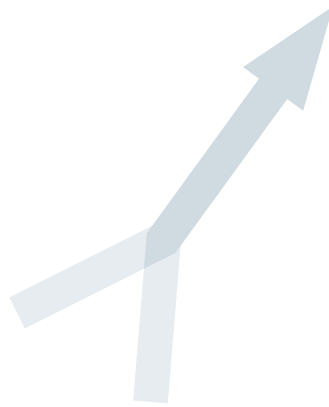
AUTOMOTIVE

Today's automobiles incorporate increasingly complex and demanding electronics. Industry analysts estimate that by 2010 electronic content will account for 40% of the cost of a typical mid-sized car. Electronics have permeated automotive entertainment and navigation systems, safety systems, engine control, satellite radio and TV, dashboard and external lighting, collision avoidance systems, electronic steering and braking. The increasing proliferation of hybrid cars has further accelerated the use of electronic components. Automotive systems incorporate a broad range of analog ICs from Linear Technology for power conversion and management, signal conditioning and data conversion.

HIGH-END CONSUMER & CELL PHONE

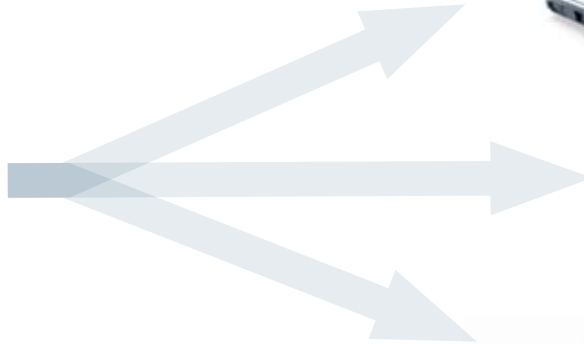
Linear's expertise in power management has been a key asset for applications in high-end consumer products and cell phones. We have seen the proliferation of portable consumer products ranging from multi-featured cell phones to handheld GPS devices, MP3 players, media players, digital cameras and PDAs in various combinations. These increasingly compact and sophisticated, battery-powered products demand highly efficient power conversion and seamless charging from multiple power sources.

Linear's innovative power management ICs provide ideal solutions which have been adopted in a broad range of high-end consumer products.



COMPUTER

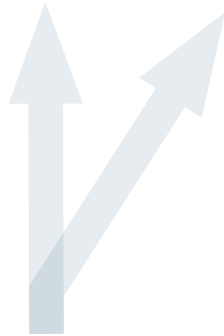
Computer technology has evolved significantly, packing more and more computing power into ever smaller footprints. Linear has been a pioneer in the computing area—from technology to backlight the screens of the earliest notebook computers to providing components for today's most demanding computer applications. Applications ranging from notebooks and servers to storage and embedded systems demand analog components that provide high performance and high reliability. These diverse computer applications require Linear's battery chargers, power μ Module systems, switching regulators and a range of mixed signal devices.



INDUSTRIAL

Today we are witnessing the rapid evolution of industrial equipment toward higher precision and increasing portability. These trends have impacted applications ranging from industrial handheld meters to sophisticated medical equipment and navigation systems. Precise measurement of temperature, pressure, position, weight and flow is key to industrial applications. Converting sensor data into useful information requires precision signal conditioning, data conversion and power conversion, areas where Linear Technology excels.

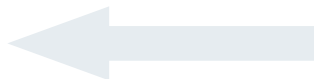




NETWORKING & COMMUNICATIONS INFRASTRUCTURE

The telecommunications and wireless explosion of the past decade has created an array of opportunities for our high-performance analog ICs. These range from powerful network routers and switches, optical networking systems and Power over Ethernet systems to cellular basestations and cable network systems. These systems incorporate a broad range of Linear products, including power management and conversion devices, Hot Swap controllers, data acquisition products, amplifiers, Power over Ethernet controllers and RF devices.

In fiscal 2007 the Company maintained its tradition of impressive profitability and cash flow generated from operations. Net income was \$411.7 million, down from \$428.7 million in fiscal 2006. Diluted earnings per share were \$1.39 versus \$1.37 in fiscal 2006 as there were fewer shares outstanding. Exclusive of the impact of SFAS 123R "Share-Based Payment" net income would have been \$463.4 million versus \$466.9 million in fiscal year 2006 and diluted earnings per share would have been \$1.57 versus \$1.50 last year. Our margin percentages continue to be excellent, significantly better than our nearest analog competitors. Gross margin as a percent of revenues of 77.7 % versus 78.2 % in the prior year was largely unchanged. Operating margin was 48.4 %, down from 51.6 % largely due to increased headcount and compensation related costs in the technical areas, which were absorbed over lower revenue amounts. Once again the Company generated positive cash flow from operations of \$478.0 million versus \$510.0 million in fiscal 2006. Cash flow from operations was positive for the 85th consecutive quarter. During the year the Company increased the quarterly dividend payment by 20 % from 15¢ per share to 18¢ per share. We initially began paying a dividend in 1992 and have increased it every year since.



The Company has excellent opportunities to grow its revenues and to maintain its stellar margins and cash flow generation capabilities. The management and employees are energized and committed to capitalize on these opportunities. Consequently, during the flat sales growth period in fiscal 2007, to benefit our loyal stockholder base and to emphasize our positive growth and margin outlook, the Company took a bold step to improve its capital structure by utilizing \$ 1.3 billion of its cash and \$ 1.7 billion in convertible debt to buy back roughly 25 % of its outstanding common stock.

This transaction should be accretive to earnings per share and consequently positively impact the Company's stock price going forward. Already this has enabled Linear to increase returns on equity and invested capital.

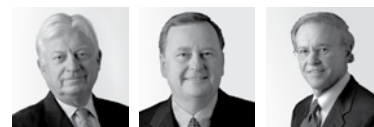
In summary, analog excellence is both an accomplishment and more importantly a high standard. It is rewarding to be recognized, it is also an obligation to live up to expectations. By delivering better products, better quality, better profits and better earnings per share, we continue to strive for excellence. To our customers and our stockholders, our goal is to be an excellent supplier and an excellent investment. Measure us accordingly.

Sincerely,

ROBERT H. SWANSON, JR.
Executive Chairman

LOTHAR MAIER
Chief Executive Officer

PAUL COGHLAN
Vice President, Finance
and Chief Financial Officer

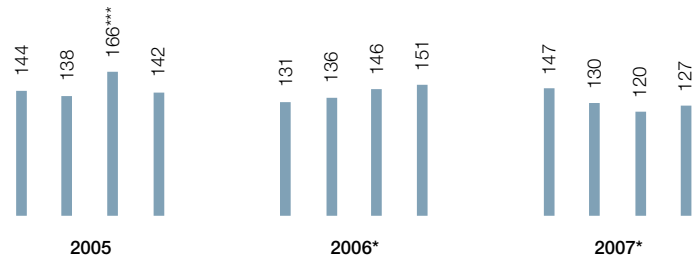


AEROSPACE & MILITARY

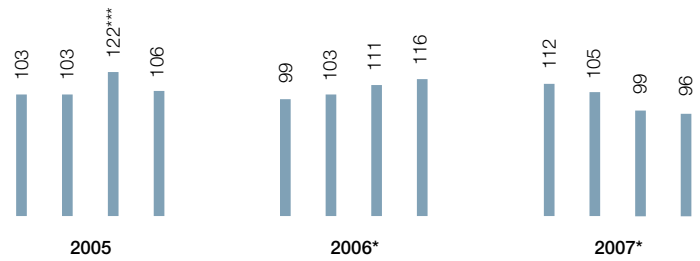
Today's military, aerospace and other high reliability systems demand semiconductor devices with higher performance, lower power and increased integration. To meet the demands of radiation, high temperature and high voltage environments, Linear offers a broad line of amplifiers, comparators, references, voltage regulators and data converters designed to operate in harsh conditions. Based on their performance, quality and reliability, numerous Linear Technology devices are deployed in satellite and space exploration systems, including the NASA Mars Rover.

2007 FINANCIAL REPORT

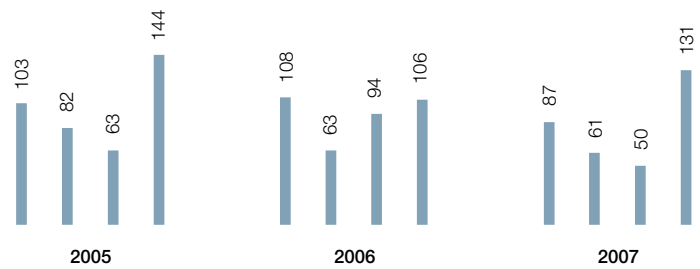
OPERATING INCOME (Quarterly)
(\$ in millions)



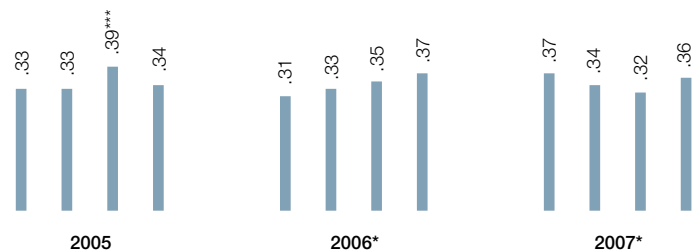
NET INCOME (Quarterly)
(\$ in millions)



CASH FLOW** (Quarterly)
(\$ in millions)



DILUTED EARNINGS PER SHARE (Quarterly)
(cents)



FINANCIAL ANALYSIS

(Year ended July 1, 2007)

PROFITABILITY:

Operating Margin*	48.4%
Return on Average Equity*	59.0%
Return on Assets*	22.8%
Return on Sales*	38.0%

LIQUIDITY:

Quick Ratio	4.3
Current Ratio	4.8

ASSET TURNS:

Inventory Turns	5.4
Sales/Fixed Assets (ROI)	4.2

CASH FLOW:**

As a % of Revenues	30.4%
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*Includes the impact of all forms of stock-based compensation

**Excludes common stock repurchases and issuance of convertible senior notes

***Includes royalty income

CORPORATE INFORMATION

BOARD OF DIRECTORS

Robert H. Swanson, Jr.
Director since 1981
Executive Chairman
Cofounder and Chief Executive Officer
Linear Technology Corporation
From 1981 to January 2005

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

David S. Lee [1][2]
Director since 1988
Chairman of the Board
Cortelco Systems Holding Corp.
Manufacturer, Telecommunication
Systems and Products

Richard M. Moley [1][2]
Director since 1994
Former President and Chief Executive Officer
StrataCom, Inc.
Manufacturer, Telecommunication
Systems and Products

Thomas S. Volpe [1][2]
Chairman of Audit Committee
Director since 1984
Founder & CEO
Volpe Investments LLC
Currently CEO, Dubai Group

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company N.A.
PO Box 43078
Providence, Rhode Island 02940-3078

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP
San Jose, California

LEGAL COUNSEL

Wilson, Sonsini, Goodrich & Rosati
Professional Corporation

CORPORATE AND INVESTOR INFORMATION

Please direct inquiries to:
Paul Coghlan
Vice President, Finance and CFO
Linear Technology Corporation
1630 McCarthy Blvd.
Milpitas, California 95035-7417

OFFICERS

Robert H. Swanson, Jr.
Executive Chairman

Lothar Maier
Chief Executive Officer

Paul V. Chantalat
Vice President,
Quality and Reliability

Paul Coghlan
Vice President,
Finance and Chief Financial Officer
Secretary

Robert C. Dobkin
Vice President,
Engineering and Chief Technical Officer

Alexander R. McCann
Vice President and Chief Operating Officer

Richard E. Nickson
Vice President,
North American Sales

Donald E. Paulus
Vice President,
Power Management Products

Steve Pietkiewicz
Vice President,
Power Management Products

David A. Quarles
Vice President,
International Sales

Robert L. Reay
Vice President,
Mixed Signal Products

Erik M. Soule
Vice President,
Signal Conditioning Products


Linear Technology Corporation (Nasdaq: LLTC), a member of the S&P 500, designs, manufactures and markets a broad line of high performance analog integrated circuits for major communications, computer and industrial companies worldwide. Linear (or analog) circuits provide an essential bridge between our analog world and the digital microelectronics used in consumer products, wireless communications, computers, medical instrumentation, factory automation, and automotive electronics. Linear Technology provides customers with high performance amplifiers, comparators, voltage references, monolithic filters, linear regulators, DC/DC converters, battery chargers, data converters, communications interface circuits, RF signal conditioning circuits and many other analog functions.

The Company markets over 7,500 products to more than 15,000 original equipment manufacturers. These products compete in the marketplace based on their performance, functional value, quality and reliability. Linear Technology products are produced using state-of-the-art silicon gate CMOS, BiCMOS, Complementary Bipolar, High Voltage and RF wafer fabrication process technologies.

Linear Technology, headquartered in Milpitas, California, employs 3,800 people worldwide and has technical sales and support locations throughout North America, Europe and Asia. In addition to manufacturing, assembly and test facilities in California, Washington, Singapore and Malaysia, the Company has twelve design centers in Arizona, California (3), Colorado, Vermont, Massachusetts, New Hampshire, North Carolina, Texas, Singapore, and in Munich, Germany.

[1] Member of the Compensation Committee

[2] Member of the Audit Committee

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Thanks to our many loyal customers for their contributions.



Linear Technology Corporation

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