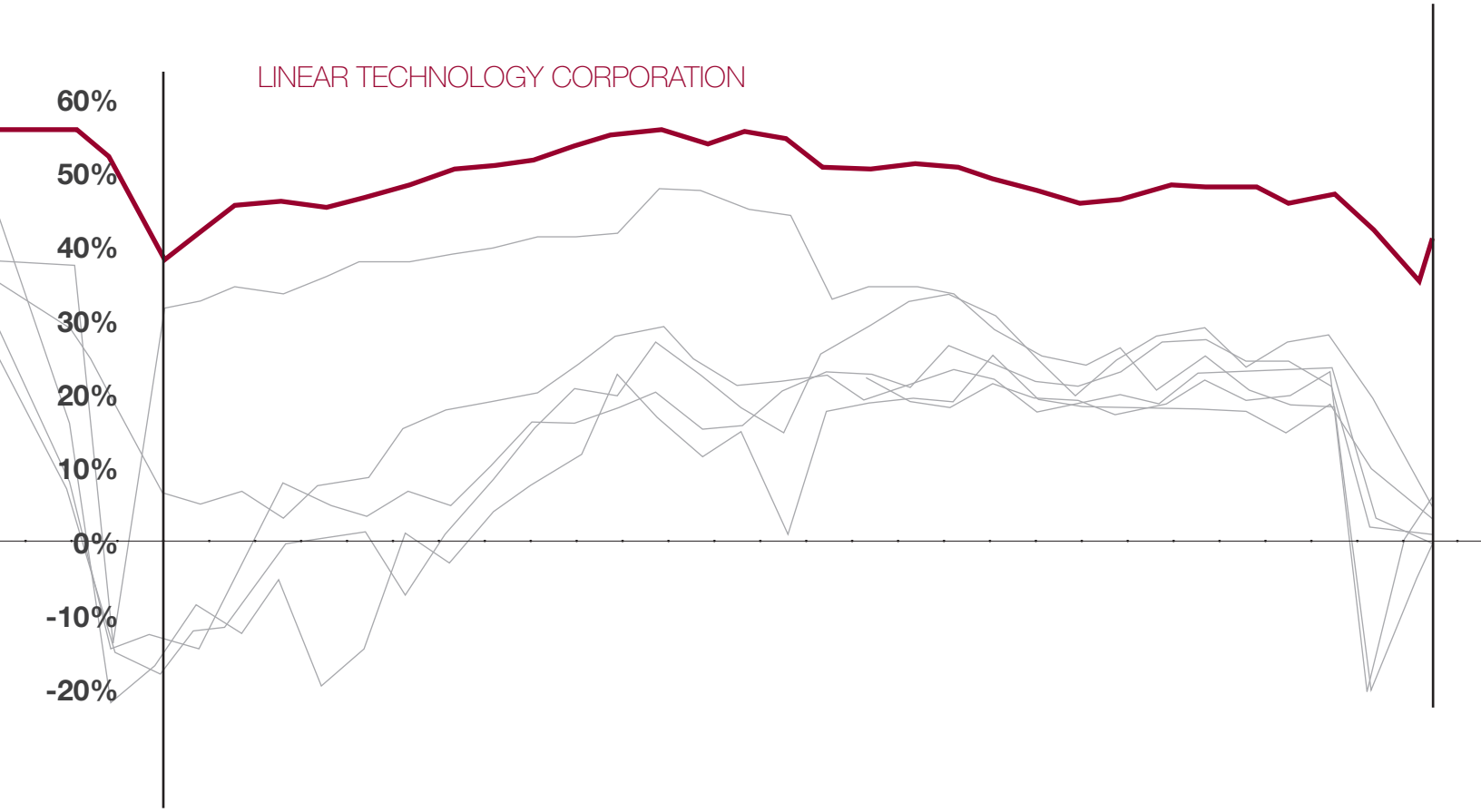
ANNUAL REPORT 09



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ANALOG EXCELLENCE

MANAGING THROUGH TOUGH TIMES

LINEAR TECHNOLOGY

2009 FINANCIAL HIGHLIGHTS

Year ended June 28, 2009

Profitability	DILUTED EARNINGS PER SHARE	$ 1.41	Liquidity:	QUICK RATIO	7.7
	OPERATING MARGIN	42.5%		CURRENT RATIO	8.7
	RETURN ON ASSETS	20.9%	Asset Turns:	INVENTORY TURNS	4.4
	RETURN ON SALES	32.4%		FIXED ASSETS (ROI)	3.7
			Cash Flow:*	AS A % OF REVENUES	20.8%

*Excludes debt and common stock repurchases.

REVENUES ($ in millions)

DILUTED EARNINGS PER SHARE (cents)

OPERATING INCOME ($ in millions)

$ in thousands, except per share amounts	2009*	2008*	2007*	2006	2005
NET REVENUES	**$ 968,498**	$ 1,175,153	$ 1,083,078	$ 1,092,977	$ 1,049,694
OPERATING INCOME	**412,076**	568,664	524,318	563,950	589,629
NET INCOME	**313,510**	387,613	411,675	428,680	433,974
RETURN ON SALES	**32.4%**	33.0%	38.0%	39.2%	41.3%
DILUTED EARNINGS PER SHARE	**1.41**	1.71	1.39	1.37	1.38
CASH AND SHORT-TERM INVESTMENTS	**868,711**	966,701	633,307	1,819,587	1,790,912
WORKING CAPITAL	**963,910**	1,070,382	681,235	1,840,310	1,799,570
TOTAL ASSETS	**1,421,529**	1,583,889	1,218,857	2,390,895	2,286,234
LONG-TERM DEBT	**1,405,644**	1,700,000	1,700,000	–	–
STOCKHOLDERS' (DEFICIT) EQUITY	**(266,602)**	(433,918)	(707,965)	2,104,498	2,007,034

Financial results for 2006 and thereafter include the effects of share based compensation.

*Results include impact of the Accelerated Stock Repurchase transaction that the Company entered into during the fourth quarter of fiscal year 2007.

About the Cover: The cover graphically displays Linear's quarterly operating margin as a percent of sales for the last 10 years, compared to its six largest competitors.

TO OUR STOCKHOLDERS

Fiscal 2009 was a very challenging year as we managed through difficult economic times while positioning ourselves for growth when the global recession ends. This is the kind of challenge that enables us to distinguish ourselves. Sales declined 18%, nevertheless, operating income as a percentage of sales was 42.5%, more than double the performance of our nearest competitor. This profitability, in an adverse sales environment, is testament both to our strategy of bringing highly technical value to our customers and also to our culture of cost control and efficiency. Consequently, the seemingly contradictory task of managing costs while positioning for growth has been our challenge this year, as one required less spending and the other more investment—more intellectual and creative investment, rather than more financial expenditures.

Managing through tough times begins with mitigating the impact of reduced sales on both profitability and cash flow from operations. Revenues for fiscal 2009 were $968.5 million, a reduction of $206.7 million or 18% from the $1,175.2 million reported for fiscal 2008. Net income of $313.5 million was a reduction of $74.1 million or 19%, in line with the percent reduction in revenues, from the $387.6 million reported for fiscal 2008. Diluted EPS was $1.41, compared to $1.71 in fiscal 2008. Once again the Company generated positive cash flow from operations of $416.6 million versus $530.3 million in fiscal 2008. Cash flow from operations was positive for the 93rd consecutive quarter. The downturn in the financial markets enabled the Company to reduce a portion of its long-term debt at a gain. The Company purchased $294.4 million of its 3.125% Convertible Senior Notes for a gain of $24.3 million, net of deferred issuance costs, thereby reducing its long-term debt balance from $1.7 billion to $1.4 billion. During the year the Company increased its quarterly dividend from 21¢ per share to

Automotive – Battery Stack Monitor Growth in electronics in automobiles is fueling interest in our products, including our innovative battery stack monitor, which improves efficiency in the next generation of hybrid/electric cars.

LED Lighting – LED Drivers Our broad line of LED drivers serves this fast-growing market with applications in automotive and avionics lighting, LCD panel backlighting, signage and commercial and residential lighting.

Cellular Basestations – High Speed Data Converters New 3G and 4G cellular networks are driving growth in basestations, with opportunities for our new µModule® receiver subsystems, data converters and RF devices.

Networking – Power over Ethernet Controllers Growth in data traffic and the proliferation of Power over Ethernet (PoE) is spurring development of new networking systems based on our power management, PoE and Hot Swap™ products.

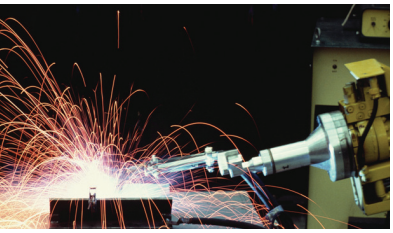
22¢ per share. This marks the 17th consecutive year, encompassing various economic cycles, that the Company has increased the dividend since initially declaring a dividend in 1992.

Managing through tough times required careful attention to our variable costs, particularly in the labor area. We reduced our workforce by approximately 10%. In addition, we implemented temporary weekly shutdowns, reduced profit sharing, temporary reductions in base pay, and other cost reductions in many non-labor expense categories. These savings were instrumental in achieving the operating margins that we reported while maintaining our core of talented employees.

While managing costs, the Company continued to bring value to its customers. Innovation is an essential element of value. Being an excellent supplier is another element of value. We continue to distinguish our Company in the area of quality, reliability, on-time delivery and inventory management. We received several outstanding supplier awards and in the very demanding Japanese and European automotive industries have reached levels of supplier preference unmatched by any of our competitors.

Innovation and technical support remain our most important contributions to customer value. Innovation is brought to bear in specific products and on broad industry trends. One such industry trend includes energy harvesting and energy efficiency, not only to achieve environmental objectives, but also to reduce energy costs. Lowering power consumption is an effective response to this trend. The Company has introduced several power products that among other features: deliver higher power while dissipating less heat and provide high efficiency over a broad range of output currents. New parts designed to charge supercapacitors (energy storage devices) transfer energy from alternative energy sources such as solar, wind or vibration to activate circuitry in long-life remote and unattended applications. The Company also introduced a new family of low power high speed analog-to-digital converters for use primarily in new generation cellular basestations.

Industrial and Medical – Programmable Current Source Demand for products with precision, reliability and flexibility drives growth across our entire product portfolio for these markets, including our innovative new linear regulators and two-terminal programmable current source.



Computers – µModule Regulators Efforts to reduce system power consumption and increase performance in computers—from servers to netbooks—fuels growth of our µModule regulators, battery chargers, Hot Swap and power management products.

The Company continues to put effort into the automotive end-market. Our reputation for both innovation and quality and reliability makes automotive a good fit for our skills. The electronic content in automobiles is increasing, particularly in hybrid and all-electric vehicles. During fiscal 2009 we introduced a battery monitoring circuit which has received early acclaim and broad interest. This circuit has been employed in the first major lithium-ion battery-powered all-electric vehicle in Japan.

µModule products are another area of growth emphasis for us. These products are sold into many end-markets from industrial to automotive to communications and enterprise computers. We expanded our line of µModule products for power supplies and introduced µModule devices for driving LEDs and also in analog signal chain areas for employment in communications infrastructure. These are complex analog-intensive subsystem products housed in an integrated circuit package. These bring value to customers by shortening design lead times while also taking up less printed circuit board space. We have been pioneering this effort and to date have had limited direct competition.

Uniqueness of our product offerings is critical to our profitability. The cover of this annual report shows that we have had significantly better operating margins than our competitors over several years from the dot-com era through the current global recession. The uniqueness of our products and our cost controls and operating efficiencies have contributed to this. Also our product strategies have enabled us to focus on end-markets that highly value innovation. This year 74% of our business was in the traditional analog end-markets of industrial, communications

Alternative Energy Generation – Solar Battery Charger The search for new energy sources is spurring designs for solar, wind, geothermal and energy harvesting power, creating many new opportunities including solar power battery charging.

Portable Handheld Products – Power Management ICs (PMICs) Handheld devices featuring combinations of smart phone, MP3, video camera and GPS functions require the sophisticated power and battery management solutions of our new family of PMICs.

infrastructure/networking, automotive, and military and aerospace. Almost all of our competitors, on the other hand, had less than 50% of their business in these end-markets and the bulk of their business focused on the more commodity oriented cell phone, consumer and computer end-markets.

In summary, we have managed through a difficult year and remained highly profitable and cash flow positive from operations. We have done this before during the dot-com bust and are doing it again during this global recession. We have had a consistent strategy of delivering unique, innovative, high performance analog solutions to our customers in traditional analog end-markets. This year we are particularly grateful to our employees. They have had to deal with shutdowns, reductions in base pay and lower profit sharing. Their hard work and dedication delivered the results shown on the cover and have positioned us for growth in the future. Once again, to our customers and our stockholders, our goal is to be an excellent supplier and an excellent investment. We are well positioned going forward.

Sincerely,

ROBERT H. SWANSON, JR.
Executive Chairman

LOTHAR MAIER
Chief Executive Officer

PAUL COGHLAN
Vice President, Finance and Chief Financial Officer

CORPORATE INFORMATION

BOARD OF DIRECTORS

Robert H. Swanson, Jr.
Director since 1981
Executive Chairman
Co-founder and Chief Executive Officer from 1981 to January 2005
Linear Technology Corporation

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

David S. Lee [1, 2]
Director since 1988
Chairman and Chief Executive Officer
eOn Communication Corp.

Richard M. Moley [1, 2]
Chairman of Compensation Committee
Director since 1994
Former President and Chief Executive Officer
StrataCom, Inc.

Thomas S. Volpe [1, 2]
Chairman of Audit Committee
Director since 1984
Chief Executive Officer
Dubai Group LLC

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Wilson, Sonsini, Goodrich & Rosati
Professional Corporation

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Chief Executive Officer

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Quality and Reliability

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Vice President, Finance,
Chief Financial Officer, and
Secretary

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Co-founder, Vice President,
Engineering, and
Chief Technical Officer

Alexander R. McCann
Vice President and
Chief Operating Officer

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North American Sales

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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, networking products, computers, medical electronics, industrial 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, µModule products, 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 Munich, Germany.

[1] Member of the Compensation Committee

[2] Member of the Audit Committee

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