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## LINEAR TECHNOLOGY REPORTS INCREASED SALES AND PROFITS OVER BOTH THE PRIOR YEAR AND THE PRIOR QUARTER

Milpitas, California, October 12, 2004, Linear Technology Corporation (NASDAQ-LLTC), a leading, independent manufacturer of high performance linear integrated circuits, today announced that net sales for its first quarter ended September 26, 2004, were \$253,028,000, an increase of 45% over net sales of \$174,077,000 for the first quarter of the previous year. The Company also reported net income for the quarter of \$103,476,000 or \$0.33 diluted earnings per share, an increase of 49% from \$69,471,000 or \$0.22 diluted earnings per share reported for the first quarter of last year. During the quarter, the Company's cash and short-term investments increased by \$48.1 million, net of spending \$54.6 million to purchase 1,500,000 shares of common stock. A cash dividend of \$0.08 per share will be paid on November 10, 2004 to stockholders of record on October 22, 2004.

According to Robert H. Swanson, Chairman of the Board and CEO, "Sales grew 6% sequentially from the June quarter and we continued to be cash flow positive and strongly profitable as evidenced by our 41% return on sales. However, during the quarter bookings softened moderately. End-demand appeared to ease as shipments from both our international and domestic distributors to their end customers decreased slightly. These changes were moderate. Therefore it is difficult to conclude whether these trends reflect mostly tightening of inventory in these various channels combined with minor seasonal end-demand reductions, or whether end-demand will soften more substantially in the coming quarter. Specific to Linear Technology, we presently view this tightening as temporary. Our ending on-hand inventory at

distributors is lean; cancellations are still minimal; and, lead times have remained unchanged at 4 to 6 weeks.

These are challenging times to forecast. Looking ahead to the December quarter, we expect continued cautiousness in the marketplace relative to inventory levels. However we expect end-demand to be relatively stable, with bookings increasing slightly over the quarter. Consequently we expect sales to be largely unchanged from the prior quarter with sequential revenues ranging from slightly down to flat.”

Except for historical information contained herein, the matters set forth in this press release are forward-looking statements. In particular, the statements regarding the demand for our products, our customers’ ordering patterns and the anticipated growth of our sales and profits are forward-looking statements. The forward-looking statements are dependent on certain risks and uncertainties, including such factors, among others, as the timing, volume and pricing of new orders received and shipped, the timely introduction of new processes and products, general conditions in the world economy and financial markets and other factors described in our 10-K for the fiscal year ended June 27, 2004.

Company officials will be discussing these results in greater detail in a conference call tomorrow, Wednesday, October 13, 2004 at 8:30 a.m. Pacific Coast Time. Those investors wishing to listen in may call (913) 981-4902 before 8:15 a.m. to be included in the audience. There will be a live webcast of this conference call that can be accessed through [www.linear.com](http://www.linear.com) or [www.streetevents.com](http://www.streetevents.com). A replay of the conference call will be available from October 13 through October 19, 2004. You may access this post view by calling (719) 457-0820 and entering reservation # 835490. An archive of the webcast will also be available at [www.linear.com](http://www.linear.com) and [www.streetevents.com](http://www.streetevents.com) as of October 13, 2004 until the first quarter earnings release next year.

Linear Technology Corporation was founded in 1981 as a manufacturer of high performance linear integrated circuits. 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, 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.

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LINEAR TECHNOLOGY CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except per share amounts)

	<u>Three Months Ended</u> (unaudited)	
	<u>September 26, 2004</u>	<u>September 28, 2003</u>
Net sales	\$ 253,028	\$ 174,077
Cost of sales	<u>54,839</u>	<u>41,409</u>
Gross profit	<u>198,189</u>	<u>132,668</u>
Expenses:		
Research & development	30,634	24,335
Selling, general and administrative	<u>23,058</u>	<u>17,571</u>
	<u>53,692</u>	<u>41,906</u>
Operating income	144,497	90,762
Interest income, net	<u>5,468</u>	<u>7,085</u>
Income before income taxes	149,965	97,847
Provision for income taxes	<u>46,489</u>	<u>28,376</u>
Net income	<u>\$ 103,476</u>	<u>\$ 69,471</u>
Earnings per share:		
Basic	<u>\$ 0.34</u>	<u>\$ 0.22</u>
Diluted	<u>\$ 0.33</u>	<u>\$ 0.22</u>
Shares used in the calculation of earnings per share:		
Basic	<u>308,201</u>	<u>313,409</u>
Diluted	<u>316,918</u>	<u>322,894</u>

LINEAR TECHNOLOGY CORPORATION  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(Dollars in thousands)

	September 26, 2004 <u>(unaudited)</u>	June 27, 2004 <u>(audited)</u>		September 26, 2004 <u>(unaudited)</u>	June 27, 2004 <u>(audited)</u>
ASSETS			LIABILITIES & STOCKHOLDERS' EQUITY		
Current assets:			Current liabilities:		
Cash, cash equivalents and short-term investments	\$1,704,657	\$1,656,540	Accounts payable	\$ 15,161	\$ 14,410
			Accrued income taxes, payroll & other accrued liabilities	160,916	146,342
Accounts receivable, net of allowance for doubtful accounts of \$1,762 (\$1,762 at June 27, 2004)	91,629	79,142	Deferred income on shipments to distributors	<u>43,835</u>	<u>41,862</u>
Inventories	31,418	32,704	Total current liabilities	<u>219,912</u>	<u>202,614</u>
Deferred tax assets and other current assets	<u>63,934</u>	<u>63,709</u>	Deferred tax and other long-term liabilities	74,430	74,484
Total current assets	<u>1,891,638</u>	<u>1,832,095</u>	Stockholders' equity:		
Property, plant & equipment, net	206,395	201,080	Common stock	832,290	815,472
Other non current assets	<u>53,113</u>	<u>54,528</u>	Retained earnings	1,025,436	997,593
Total assets	<u>\$2,151,146</u>	<u>\$2,087,703</u>	Accumulated other comprehensive income	<u>(922)</u>	<u>(2,460)</u>
			Total stockholders' equity	<u>1,856,804</u>	<u>1,810,605</u>
				<u>\$2,151,146</u>	<u>\$2,087,703</u>