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LINEAR TECHNOLOGY REPORTS INCREASED QUARTERLY SALES AND PROFITS OVER THE PRIOR YEAR'S QUARTER AND INCREASES ITS QUARTERLY CASH DIVIDEND FROM \$0.08 TO \$0.10 PER SHARE.

Milpitas, California, January 18, 2005, Linear Technology Corporation (NASDAQ-LLTC), a leading, independent manufacturer of high performance linear integrated circuits, today announced that net sales for its second quarter ended January 2, 2005, were \$250,121,000, an increase of 34% over net sales of \$186,021,000 for the second quarter of the previous year. The Company also reported net income for the quarter of \$102,818,000 or \$0.33 diluted earnings per share, an increase of 38% from \$74,335,000 or \$0.23 diluted earnings per share reported for the second quarter of last year. During the quarter, the Company's cash and short-term investments increased by \$27.3 million, net of spending \$54.7 million to purchase 1,500,000 shares of common stock.

The Company increased its quarterly dividend from \$0.08 to \$0.10 per share. The payment will be made on February 16, 2005 to stockholders of record on January 28, 2005.

According to Lothar Maier, CEO, "As expected, sales and net income were slightly down from the September quarter. However the Company continued to be cash flow positive and strongly profitable as evidenced by the 41% return on sales. Bookings improved slightly during the quarter, particularly late in the quarter. 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 continue to be challenging times to forecast. Softness in bookings for semiconductor companies has resulted from both inventory corrections throughout the various sales channels and also some moderations in the rate of growth of end demand. Looking

forward to the March quarter we do not expect further inventory reductions in the sales chain, rather bookings in the March quarter will be more reflective of true end-user consumption patterns. We expect end demand to be relatively stable, with bookings increasing moderately over the prior quarter. Consequently, we expect sequential revenues to be similar to the quarter just ended.”

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, January 19, 2005 at 8:30 a.m. Pacific Coast Time. Those investors wishing to listen in may call (719) 457-2633 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 January 19 through January 25, 2005. You may access this post view by calling (719) 457-0820 and entering reservation # 347471. 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 January 19, 2005 until the second 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)  
(unaudited)

|  | <u>Three Months Ended</u>  |                              | <u>Six Months Ended</u>    |                              |
|--|----------------------------|------------------------------|----------------------------|------------------------------|
|  | <u>January 2,<br/>2005</u> | <u>December 28,<br/>2003</u> | <u>January 2,<br/>2005</u> | <u>December 28,<br/>2003</u> |
| Net sales  | \$ 250,121                 | \$ 186,021                   | \$ 503,149                 | \$ 360,098                   |
| Cost of sales  | <u>53,890</u>              | <u>43,777</u>                | <u>108,729</u>             | <u>85,186</u>                |
| Gross profit   | <u>196,231</u>             | <u>142,244</u>               | <u>394,420</u>             | <u>274,912</u>               |
| Expenses:  |                            |                              |                            |                              |
| Research & development   | 32,413                     | 24,992                       | 63,047                     | 49,327                       |
| Selling, general and<br>administrative                             | <u>26,321</u>              | <u>19,240</u>                | <u>49,379</u>              | <u>36,811</u>                |
|  | <u>58,734</u>              | <u>44,232</u>                | <u>112,426</u>             | <u>86,138</u>                |
| Operating income   | 137,497                    | 98,012                       | 281,994                    | 188,774                      |
| Interest income, net   | <u>7,244</u>               | <u>6,684</u>                 | <u>12,712</u>              | <u>13,769</u>                |
| Income before income<br>taxes                                      | 144,741                    | 104,696                      | 294,706                    | 202,543                      |
| Provision for income<br>taxes                                      | <u>41,923</u>              | <u>30,361</u>                | <u>88,412</u>              | <u>58,737</u>                |
| Net income   | <u>\$ 102,818</u>          | <u>\$ 74,335</u>             | <u>\$ 206,294</u>          | <u>\$ 143,806</u>            |
| Basic earnings per share   | <u>\$ 0.33</u>             | <u>\$ 0.24</u>               | <u>\$ 0.67</u>             | <u>\$ 0.46</u>               |
| Shares used in the<br>calculation of basic<br>earnings per share   | <u>307,856</u>             | <u>313,369</u>               | <u>307,879</u>             | <u>313,389</u>               |
| Diluted earnings per share   | <u>\$ 0.33</u>             | <u>\$ 0.23</u>               | <u>\$ 0.65</u>             | <u>\$ 0.44</u>               |
| Shares used in the<br>calculation of diluted<br>earnings per share | <u>315,797</u>             | <u>323,440</u>               | <u>315,967</u>             | <u>323,167</u>               |



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

|  | January 2,<br>2005<br><u>(unaudited)</u> | June 27,<br>2004<br><u>(audited)</u> |  | January 2,<br>2005<br><u>(unaudited)</u> | June 27,<br>2004<br><u>(audited)</u> |
|--|--|--------------------------------------|--|--|--------------------------------------|
| ASSETS   |  |                                      | LIABILITIES & STOCKHOLDERS' EQUITY                           |  |                                      |
| Current assets:  |  |                                      | Current liabilities:   |  |                                      |
| Cash, cash equivalents and<br>short-term investments   | \$1,731,911                              | \$1,656,540                          | Accounts payable   | \$ 10,576                                | \$ 14,410                            |
|  |  |                                      | Accrued income taxes, payroll &<br>other accrued liabilities | 138,133                                  | 146,342                              |
| Accounts receivable, net of<br>allowance for doubtful<br>accounts of \$1,727 (\$1,762<br>at June 27, 2004) | 97,518                                   | 79,142                               | Deferred income on shipments<br>to distributors              | <u>45,257</u>                            | <u>41,862</u>                        |
| Inventories  | 31,912                                   | 32,704                               | Total current liabilities                                    | <u>193,966</u>                           | <u>202,614</u>                       |
| Deferred tax assets and other<br>current assets  | <u>63,321</u>                            | <u>63,709</u>                        | Deferred tax and other long-term<br>liabilities              | 73,620                                   | 74,484                               |
| Total current assets   | <u>1,924,662</u>                         | <u>1,832,095</u>                     | Stockholders' equity:  |  |                                      |
| Property, plant & equipment, net   | 214,617                                  | 201,080                              | Common stock   | 875,770                                  | 815,472                              |
| Other non current assets   | <u>56,359</u>                            | <u>54,528</u>                        | Retained earnings  | 1,052,860                                | 997,593                              |
| Total assets   | <u>\$2,195,638</u>                       | <u>\$2,087,703</u>                   | Accumulated other comprehensive<br>income                    | <u>(578)</u>                             | <u>(2,460)</u>                       |
|  |  |                                      | Total stockholders' equity                                   | <u>1,928,052</u>                         | <u>1,810,605</u>                     |
|  |  |                                      |  | <u>\$2,195,638</u>                       | <u>\$2,087,703</u>                   |

