

Contact: Paul Coghlan
Vice President, Finance
(408) 432-1900

5:00 EDT
Tuesday, July 26, 2005
US1

LINEAR TECHNOLOGY REPORTS A STRONG YEAR WITH ANNUAL AND QUARTERLY
YEAR OVER YEAR INCREASES IN REVENUES AND PROFITS.

Milpitas, California, July 26, 2005, Linear Technology Corporation (NASDAQ-LLTC), a leading, independent manufacturer of high performance linear integrated circuits, today announced that net revenue for its fiscal year ended July 3, 2005, was \$1,049,694,000, an increase of 30% over net revenue of \$807,281,000 for the previous year. This revenue included \$40,000,000 in royalty revenue received and previously reported in the third quarter. The Company also reported net income for the year of \$433,974,000 or \$1.38 diluted earnings per share, an increase of 32% from \$328,171,000 or \$1.02 diluted earnings per share reported for fiscal 2004. Net sales for the fourth quarter ended July 3, 2005 were \$255,811,000, a 7% increase from net sales of \$238,050,000 for the fourth quarter of the previous year. Net income for the quarter was \$106,047,000 or \$0.34 diluted earnings per share, compared with \$98,816,000 or \$0.31 diluted earnings per share, also an increase of 7% from the fourth quarter of the previous year. Return on Sales was 41% for both the quarter and the year. A cash dividend of \$0.10 per share will be paid on August 24, 2005 to stockholders of record on August 5, 2005. The Company generated additional cash and short-term investments of \$134.4 million for the year, net of spending \$257.2 million to purchase 7,032,770 shares of its common stock. During the quarter, the Company's cash and short-term investments increased by \$53.8 million, net of spending \$90.2 million to purchase 2,500,000 shares of its common stock.

The Board of Directors authorized the Company to purchase an additional 10 million shares of its outstanding common stock in the open market over the next two years.

According to Lothar Maier, CEO, "Fiscal 2005 was a good year for us in what was generally described as a slow growth environment, and our rate of sales growth was greater than all of our major competitors, allowing us to achieve over \$1 billion in revenues for the first time in the Company's history. For the June quarter our product sales grew 2% sequentially from the prior quarter, however, the March quarter also had \$40,000,000 of royalty revenue, whereas there was no royalty revenue in the June quarter.

The September quarter that we are entering is difficult to confidently forecast. It is typically a slow quarter for industrial and communication business, yet typically shows growing strength in consumer oriented businesses, as the build period for year end holiday sales approaches. Further, while we expect our bookings to increase over the prior quarter, we enter the quarter requiring a modestly higher percentage of "turns" business, which is orders that must be both booked and shipped in the period. Consequently, we currently expect sales to be similar to the quarter just completed."

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, July 27, 2005 at 8:30 a.m. Pacific Coast Time. Those investors wishing to listen in may call (913) 981-5592 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 or www.streetevents.com. A replay of the conference call will be available from July 27 through August 2, 2005. You may access this post view by calling (719) 457-0820 and entering

reservation #3240650. An archive of the webcast will also be available at www.linear.com and www.streetevents.com as of July 27, 2005 until the fourth 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.

For further information contact Paul Coghlan at Linear Technology Corporation, 1630 McCarthy Blvd., Milpitas, California 95035-7417, (408) 432-1900.

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

	<u>Three Months Ended</u> (unaudited)		<u>Twelve Months Ended</u> (audited)	
	July 3, 2005	June 27, 2004	July 3, 2005	June 27, 2004
Net sales	\$ 255,811	\$ 238,050	\$ 1,049,694	\$ 807,281
Cost of sales	<u>53,859</u>	<u>53,178</u>	<u>219,188</u>	<u>185,960</u>
Gross profit	<u>201,952</u>	<u>184,872</u>	<u>830,506</u>	<u>621,321</u>
Expenses:				
Research & development	32,380	28,660	131,429	104,620
Selling, general and administrative	<u>27,897</u>	<u>22,607</u>	<u>109,448</u>	<u>79,971</u>
	<u>60,277</u>	<u>51,267</u>	<u>240,877</u>	<u>184,591</u>
Operating income	141,675	133,605	589,629	436,730
Interest income, net	<u>9,821</u>	<u>5,574</u>	<u>30,335</u>	<u>25,483</u>
Income before income taxes	151,496	139,179	619,964	462,213
Provision for income taxes	<u>45,449</u>	<u>40,363</u>	<u>185,990</u>	<u>134,042</u>
Net income	<u>\$ 106,047</u>	<u>\$ 98,816</u>	<u>\$ 433,974</u>	<u>\$ 328,171</u>
Basic earnings per share	<u>\$ 0.35</u>	<u>\$ 0.32</u>	<u>\$ 1.41</u>	<u>\$ 1.05</u>
Shares used in the calculation of basic earnings per share	<u>306,964</u>	<u>309,479</u>	<u>307,426</u>	<u>312,063</u>
Diluted earnings per share	<u>\$ 0.34</u>	<u>\$ 0.31</u>	<u>\$ 1.38</u>	<u>\$ 1.02</u>
Shares used in the calculation of diluted earnings per share	<u>314,080</u>	<u>317,984</u>	<u>315,067</u>	<u>321,456</u>

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

	July 3, 2005 <u>(audited)</u>	June 27, 2004 <u>(audited)</u>		July 3, 2005 <u>(audited)</u>	June 27, 2004 <u>(audited)</u>
ASSETS			LIABILITIES & STOCKHOLDERS' EQUITY		
Current assets:			Current liabilities:		
Cash, cash equivalents and short-term investments	\$1,790,912	\$1,656,540	Accounts payable	\$ 11,800	\$ 14,410
			Accrued income taxes, payroll & other accrued liabilities	152,231	146,342
Accounts receivable, net of allowance for doubtful accounts of \$1,713 (\$1,762 at June 27, 2004)	125,864	79,142	Deferred income on shipments to distributors	<u>43,708</u>	<u>41,862</u>
Inventories	34,328	32,704	Total current liabilities	<u>207,739</u>	<u>202,614</u>
Deferred tax assets and other current assets	<u>56,205</u>	<u>63,709</u>	Deferred tax and other long-term liabilities	71,461	74,484
Total current assets	<u>2,007,309</u>	<u>1,832,095</u>	Stockholders' equity:		
Property, plant & equipment, net	221,028	201,080	Common stock	926,763	815,472
Other non current assets	<u>57,897</u>	<u>54,528</u>	Retained earnings	1,083,110	997,593
Total assets	<u>\$2,286,234</u>	<u>\$2,087,703</u>	Accumulated other comprehensive income	<u>(2,839)</u>	<u>(2,460)</u>
			Total stockholders' equity	<u>2,007,034</u>	<u>1,810,605</u>
				<u>\$2,286,234</u>	<u>\$2,087,703</u>