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LINEAR TECHNOLOGY REPORTS INCREASED SALES AND PRO FORMA PROFITS OVER THE SIMILAR QUARTER IN THE PRIOR YEAR

Milpitas, California, October 18, 2005, 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 October 2, 2005, were \$256,013,000, an increase of 1% over net sales of \$253,028,000 for the first quarter of the previous year. The Company also reported net income for the quarter of \$99,181,000 or \$0.31 diluted earnings per share, (\$108,451,000 or \$0.35 pro forma excluding stock based compensation as noted below) as compared to \$103,476,000 or \$0.33 diluted earnings per share reported for the first quarter of last year. During the quarter, the Company implemented Financial Accounting Standard 123R (FAS123R), "Share-based Payments," which requires companies to estimate the cost of all forms of stock based compensation, including stock options, restricted stock and employee stock purchase plans, and record a commensurate expense in their income statement. Since the Company began its fiscal year this quarter, it is one of the first companies required to implement FAS123R. For Linear Technology, the total amount of stock based compensation during this quarter was \$13,338,000. Under FAS123R calculations, there was also an increase in estimated diluted shares outstanding. Consequently, pro forma earnings per share, excluding stock based compensation accounting estimates, would have been \$0.35 for the quarter ended October 2, 2005 versus \$0.33 on a similar basis for the prior year's quarter. The Company's cash and short-term investments increased by \$43.6 million, net of spending \$64.5 million to purchase 1,656,165 shares of common stock. A cash dividend of \$0.10 per share will be paid on November 16, 2005 to stockholders of record on October 28, 2005.

According to Lothar Maier, CEO, "Sequentially sales were similar to the June quarter, however, demand increased resulting in a positive book to bill ratio. We continue to be strongly cash flow positive and our return on sales was 39%, or 42% on a pro forma basis prior to the impact of stock based compensation accounting.

Looking ahead to the December quarter, our bookings have improved, particularly in consumer related products, and consequently we expect sales to increase, roughly in the 3% to 4% range."

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 July 3, 2005.

Company officials will be discussing these results in greater detail in a conference call tomorrow, Wednesday, October 19, 2005 at 8:30 a.m. Pacific Coast Time. Those investors wishing to listen in may call (719) 234-0008 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 October 19 through October 25, 2005. You may access this post view by calling (719) 457-0820 and entering reservation #4138095. An archive of the webcast will also be available at www.linear.com and www.streetevents.com as of October 19, 2005 until the first quarter earnings release next year.

Linear Technology Corporation, a manufacturer of high performance linear integrated circuits, was founded in 1981, became a public company in 1986 and joined the S&P 500 index of major public companies in 2000. 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 more information, visit www.linear.com.

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

	October 2, 2005	September 26, 2004
Net Sales	\$ 256,013	\$ 253,028
Cost of sales ⁽¹⁾	55,999	54,839
Gross profit	<u>200,014</u>	<u>198,189</u>
Expenses:		
Research & development ⁽¹⁾	37,779	30,634
Selling, general & administrative ⁽¹⁾	31,150	23,058
	<u>68,929</u>	<u>53,692</u>
Operating income	131,085	144,497
Interest income, net	<u>11,622</u>	<u>5,468</u>
Income before income taxes	142,707	149,965
Provision for income taxes	<u>43,526</u>	<u>46,489</u>
Net income	<u>\$ 99,181</u>	<u>\$ 103,476</u>
Earnings per share:		
Basic	<u>\$ 0.32</u>	<u>\$ 0.34</u>
Diluted	<u>\$ 0.31</u>	<u>\$ 0.33</u>
Shares used in the calculation of earnings per share:		
Basic	<u>306,336</u>	<u>308,201</u>
Diluted	<u>315,940</u>	<u>316,918</u>
Pro forma earnings per share excluding the effects of stock based compensation:		
Basic	<u>\$ 0.35</u>	<u>\$ 0.34</u>
Diluted	<u>\$ 0.35</u>	<u>\$ 0.33</u>
Pro forma shares used in the calculation of pro forma earnings per share:		
Basic	<u>306,336</u>	<u>308,201</u>
Diluted	<u>313,429</u>	<u>316,918</u>
(1) Includes stock-based compensation charges as follows:		
Cost of sales (net of \$1,200 in inventory)	1,207	520
Research and development	5,923	1,430
Sales, general and administrative	6,208	1,299
Total stock-based compensation	<u>13,338</u>	<u>3,249</u>

LINEAR TECHNOLOGY CORPORATION
RECONCILIATION OF NET INCOME TO PRO FORMA NET INCOME
(In thousands, except per share amounts)
NON-GAAP (unaudited)

	October 2, 2005	September 26, 2004
Net income	\$ 99,181	\$ 103,476
Adjustments to reconcile net income to pro forma net income:		
Stock-based compensation	13,338	3,249
Tax effect	<u>(4,068)</u>	<u>(1,007)</u>
Pro forma net income	<u>\$ 108,451</u>	<u>\$ 105,718</u>
Pro forma earnings per share:		
Basic	<u>\$ 0.35</u>	<u>\$ 0.34</u>
Diluted	<u>\$ 0.35</u>	<u>\$ 0.33</u>
Shares used in the calculation of pro-forma earnings per share:		
Basic	<u>306,336</u>	<u>308,201</u>
Diluted	<u>313,429</u> ⁽¹⁾	<u>316,918</u>

(1) Excludes 2,511 shares to conform diluted outstanding shares calculated under FAS123R to diluted shares calculated under prior accounting standards.

FAS123R - Stock Based Compensation became effective and was adopted by the Company during the quarter ended October 2, 2005. FAS123R requires the Company to estimate the cost of all forms of stock based compensation, including employee stock options, and to record a commensurate expense in the income statement. To supplement our consolidated financial statements presented in accordance with GAAP, we have shown above a non-GAAP (pro forma) presentation of the Company's earnings per share, which is adjusted to reflect the GAAP results to exclude all stock based compensation. This non-GAAP presentation of earnings per share is provided to enhance the user's overall understanding of the Company's historical financial performance and comparability between periods. We believe the non-GAAP results provide useful information to investors by excluding stock based compensation particularly during this transitional period when most companies have not yet adopted the provisions of FAS123R.

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

	October 2, 2005 <u>(unaudited)</u>	July 3, 2005 <u>(audited)</u>		October 2, 2005 <u>(unaudited)</u>	July 3, 2005 <u>(audited)</u>
ASSETS			LIABILITIES & STOCKHOLDERS' EQUITY		
Current assets:			Current liabilities:		
Cash, cash equivalents and short-term investments	\$1,834,519	\$1,790,912	Accounts payable	\$ 16,606	\$ 11,800
			Accrued income taxes, payroll & other accrued liabilities	164,533	152,231
Accounts receivable, net of allowance for doubtful accounts of \$1,713 (\$1,713 at July 3, 2005)	120,829	125,864	Deferred income on shipments to distributors	<u>42,896</u>	<u>43,708</u>
Inventories	37,181	34,328	Total current liabilities	<u>224,035</u>	<u>207,739</u>
Deferred tax assets and other current assets	<u>62,186</u>	<u>56,205</u>	Deferred tax and other long-term liabilities	70,405	71,461
Total current assets	<u>2,054,715</u>	<u>2,007,309</u>	Stockholders' equity:		
Property, plant & equipment, net	226,532	221,028	Common stock	950,994	926,763
Other non current assets	<u>52,075</u>	<u>57,897</u>	Retained earnings	1,092,010	1,083,110
Total assets	<u>\$2,333,322</u>	<u>\$2,286,234</u>	Accumulated other comprehensive income	<u>(4,122)</u>	<u>(2,839)</u>
			Total stockholders' equity	<u>\$2,333,322</u>	<u>\$2,286,234</u>