

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

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## LINEAR TECHNOLOGY REPORTS INCREASED REVENUES AND PROFITS OVER THE PRIOR QUARTER.

Milpitas, California, April 18, 2006, Linear Technology Corporation (NASDAQ-LLTC), a leading, independent manufacturer of high performance linear integrated circuits, today announced that total revenues for its third quarter ended April 2, 2006, of \$278,888,000, increased 5% over second quarter total revenues of \$265,146,000. The Company also reported that third quarter net income of \$110,555,000, or \$0.35 diluted earnings per share, increased 7% over second quarter net income of \$103,264,000 or \$0.33 diluted earnings per share. Sequentially, the Company's cash and short-term investments increased by \$74.1 million, net of spending \$20.2 million to purchase 532,769 shares of common stock. A cash dividend of \$0.15 per share will be paid on May 17, 2006 to stockholders of record on April 28, 2006.

On a year-over-year basis, fiscal 2006 third quarter total revenues of \$278,888,000 decreased 4% from total revenues of \$290,734,000 for the third quarter of the previous year. Included in last year's quarterly revenues was a royalty payment of \$40,000,000, which represented past royalties under terms of a settlement and license agreement with another company. Subsequent quarterly royalty payments have been immaterial to each individual quarter's total revenues. Net income for the quarter of \$110,555,000 or \$0.35 diluted earnings per share, (\$119,742,000 or \$0.38 per share pro forma excluding stock-based compensation as noted below) decreased 9% as compared to \$121,633,000 or \$0.39 diluted earnings per share (\$126,562,000 or \$0.40 per share pro forma) reported for the third quarter of last year. Net income for the third quarter of last year was also positively affected by the \$40,000,000 royalty payment.

During this fiscal year, the Company implemented Financial Accounting Standard No. 123R (FAS123R), "Share-based Payment," 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. For Linear Technology, the total amount of stock-based compensation during this quarter was \$13,218,000. Under FAS123R calculations, there was also an increase in estimated diluted shares outstanding. Consequently, pro forma diluted earnings per share, excluding stock-based compensation accounting estimates, would have been \$0.38 for the quarter ended April 2, 2006 versus \$0.40 on a similar basis for the prior year's quarter.

According to Lothar Maier, CEO, "Sales and profits for the March quarter increased sequentially from the December quarter. Demand increased resulting in a positive book to bill ratio. Our return on sales was a strong 40%, or 43% on a pro forma basis prior to the impact of stock-based compensation accounting, and we continue to be cash flow positive.

As we had anticipated, strong sales for domestic and European distributors signaled a solid improvement in our broad based industrial business. Looking ahead, we currently expect this to continue into the June quarter and we are expecting sales and profits to again increase roughly 5%."

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, April 19, 2006 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](http://www.linear.com) or [www.streetevents.com](http://www.streetevents.com). A replay of the conference call will be available from April 19 through April 25, 2006. You may access this post view by calling (719) 457-0820 and entering reservation #2022842. 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 April 19, 2006 until the third 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, power supply modules, 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](http://www.linear.com).

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)  
GAAP (unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	April 2, 2006	April 3, 2005	April 2, 2006	April 3, 2005
Net sales	\$ 278,888	\$ 250,734	\$ 800,047	\$ 753,883
Royalty revenue	--	40,000	--	40,000
Total revenue	278,888	290,734	800,047	793,883
Cost of sales <sup>(1)</sup>	60,021	56,600	174,785	165,329
Gross profit	218,867	234,134	625,262	628,554
Expenses:				
Research & development <sup>(1)</sup>	40,982	36,002	116,801	99,049
Selling, general & administrative <sup>(1)</sup>	32,252	32,172	95,733	81,551
	73,234	68,174	212,534	180,600
Operating income	145,633	165,960	412,728	447,954
Interest income, net	13,439	7,802	37,633	20,514
Income before income taxes	159,072	173,762	450,361	468,468
Provision for income taxes	48,517	52,129	137,361	140,541
Net income	<u>\$ 110,555</u>	<u>\$ 121,633</u>	<u>\$ 313,000</u>	<u>\$ 327,927</u>
Earnings per share:				
Basic	<u>\$ 0.36</u>	<u>\$ 0.39</u>	<u>\$ 1.02</u>	<u>\$ 1.07</u>
Diluted	<u>\$ 0.35</u>	<u>\$ 0.39</u>	<u>\$ 1.00</u>	<u>\$ 1.04</u>
Shares used in the calculation of earnings per share:				
Basic	306,136	307,960	305,873	307,811
Diluted	314,046	315,617	314,326	316,452
Pro forma earnings per share excluding the effects of stock-based compensation:				
Basic	<u>\$ 0.39</u>	<u>\$ 0.41</u>	<u>\$ 1.11</u>	<u>\$ 1.10</u>
Diluted	<u>\$ 0.38</u>	<u>\$ 0.40</u>	<u>\$ 1.09</u>	<u>\$ 1.07</u>
Pro forma shares used in the calculation of pro forma earnings per share:				
Basic	306,136	307,960	305,873	307,811
Diluted	312,088	315,617	312,383	316,452

(1) Includes stock-based compensation charges as follows:

Cost of sales	2,323	720	5,836	2,016
Research and development	5,878	1,849	17,331	5,218
Sales, general and administrative	5,017	4,473	17,120	7,905
Total stock-based compensation	<u>13,218</u>	<u>7,042</u>	<u>40,287</u>	<u>15,139</u>

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

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>April 2, 2006</u>	<u>April 3, 2005</u>	<u>April 2, 2006</u>	<u>April 3, 2005</u>
Net income	\$ 110,555	\$ 121,633	\$ 313,000	\$ 327,927
Adjustments to reconcile net income to pro forma net income:				
Stock-based compensation	13,218	7,042	40,287	15,139
Tax effect	(4,031)	(2,113)	(12,287)	(4,542)
Pro forma net income	<u>119,742</u>	<u>126,562</u>	<u>341,000</u>	<u>338,524</u>
Pro forma earnings per share excluding the effects of stock-based compensation:				
Basic	<u>\$ 0.39</u>	<u>\$ 0.41</u>	<u>\$ 1.11</u>	<u>\$ 1.10</u>
Diluted	<u>\$ 0.38</u>	<u>\$ 0.40</u>	<u>\$ 1.09</u>	<u>\$ 1.07</u>
Shares used in the calculation of pro forma earnings per share:				
Basic	<u>306,136</u>	<u>307,960</u>	<u>305,873</u>	<u>307,811</u>
Diluted	<u>312,088</u> (1)	<u>315,617</u>	<u>312,383</u> (1)	<u>316,452</u>

(1) Excludes 1,958 and 1,943 shares for the three and nine months ended April 2, 2006, respectively, to conform diluted outstanding shares calculated under FAS123R to diluted shares calculated under prior accounting standards

FAS123R – *Share-Based Payment* 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 many companies are initially adopting the provisions of FAS123R.

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

	April 2, 2006 <u>(unaudited)</u>	July 3, 2005 <u>(audited)</u>		April 2, 2006 <u>(unaudited)</u>	July 3, 2005 <u>(audited)</u>
ASSETS			LIABILITIES & STOCKHOLDERS' EQUITY		
Current assets:			Current liabilities:		
Cash, cash equivalents and short-term investments	\$1,915,721	\$1,790,912	Accounts payable	\$ 13,762	\$ 11,800
			Accrued income taxes, payroll & other accrued liabilities	151,771	152,231
Accounts receivable, net of allowance for doubtful accounts of \$1,808 (\$1,713 at July 3, 2005)	148,597	125,864	Deferred income on shipments to distributors	<u>47,764</u>	<u>43,708</u>
Inventories	37,986	34,328	Total current liabilities	<u>213,297</u>	<u>207,739</u>
Deferred tax assets and other current assets	<u>73,040</u>	<u>56,205</u>	Deferred tax and other long-term liabilities	68,066	71,461
Total current assets	<u>2,175,344</u>	<u>2,007,309</u>	Stockholders' equity:		
Property, plant & equipment, net	242,722	221,028	Common stock	1,030,970	926,763
Other noncurrent assets	<u>48,663</u>	<u>57,897</u>	Retained earnings	1,159,514	1,083,110
Total assets	<u>\$2,466,729</u>	<u>\$2,286,234</u>	Accumulated other comprehensive income	<u>(5,118)</u>	<u>(2,839)</u>
			Total stockholders' equity	<u>2,185,366</u>	<u>2,007,034</u>
				<u>\$2,466,729</u>	<u>\$2,286,234</u>