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US1

LINEAR TECHNOLOGY REPORTS REVENUE AND NET INCOME SIMILAR TO THE SECOND QUARTER OF THE PREVIOUS FISCAL YEAR, BUT DOWN SEQUENTIALLY FROM THE SEPTEMBER QUARTER. THE COMPANY IS INCREASING ITS QUARTERLY CASH DIVIDEND FROM \$0.15 TO \$0.18 PER SHARE.

Milpitas, California, January 16, 2007, Linear Technology Corporation (NASDAQ-LLTC), a leading, independent manufacturer of high performance linear integrated circuits, today announced that revenue for its quarterly period ended December 31, 2006, was \$267.9 million, an increase of 1% over revenue of \$265.1 million for the second quarter of the previous fiscal year. Net income computed in accordance with U.S. generally accepted accounting principles (GAAP) for the second quarter of fiscal year 2007 was \$105.0 million, or \$0.34 diluted earnings per share, and was similar to GAAP net income of \$103.3 million or \$0.33 diluted earnings per share reported in the second quarter of the previous fiscal year. On a pro forma basis excluding the effects of all forms of stock-based compensation, net income was \$117.8 million, or \$0.39 diluted earnings per share, an increase of \$5.0 million over pro forma net income of \$112.8 million, or \$0.36 per share reported in the second quarter of the previous fiscal year. Sequentially, compared with the September quarter, sales were down 8%. GAAP income before tax was down 10%. The effective tax rate improved from 31% to 28%, primarily due to the reinstatement of the R&D tax credit, and consequently net income decreased by 7%. During the most recent quarter the Company's cash and short-term investments balance decreased \$30.3 million net of spending \$91.7 million to purchase 3.0 million shares of its common stock.

The Company also declared a 20% increase in its dividend from \$0.15 per share to \$0.18 per share for the quarter. This cash dividend will be paid on February 14, 2007 to stockholders of record on January 26, 2007.

According to Lothar Maier, CEO, "We are seeing an overall reduction in our inventories at our end customers, which coupled with some general market weakness, has resulted in a decrease in bookings, sales and profits for the December quarter. The upcoming March quarter is a challenge to accurately forecast. Visibility continues to be low and customers remain guarded in their forecasting and inventory management. The March quarter has historically been strong for Linear due to seasonal strength in industrial markets. However, with inventory reductions expected to continue and low market visibility, this year we expect will be an exception. It is likely that improvements in Europe and the USA may be offset by slowness in Asia, particularly in consumer related markets. Consequently, we currently expect revenue to be down 4% to 7% with profits slightly more impacted primarily due to an increase in the tax rate. However, any increase in confidence in the overall business environment would positively impact this outlook."

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 trends in 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 2, 2006.

Company officials will be discussing these results in greater detail in a conference call tomorrow, Wednesday, January 17, 2007 at 8:30 a.m. Pacific Coast Time. Those investors wishing to listen in may call (719) 955-1566 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 17 through January 23, 2007. You may access this post view by calling (719) 457-0820 and entering reservation #6574365. 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 17, 2007 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)  
GAAP (unaudited)

	Three Months Ended		Six Months Ended	
	December 31, 2006	January 1, 2006	December 31, 2006	January 1, 2006
Net sales	\$ 267,854	\$ 265,146	\$ 559,970	\$ 521,159
Cost of sales <sup>(1)</sup>	59,313	58,765	123,640	114,764
Gross profit	<u>208,541</u>	<u>206,381</u>	<u>436,330</u>	<u>406,395</u>
Expenses:				
Research & development <sup>(1)</sup>	44,961	38,040	91,480	75,819
Selling, general & administrative <sup>(1)</sup>	33,597	32,331	68,022	63,481
	<u>78,558</u>	<u>70,371</u>	<u>159,502</u>	<u>139,300</u>
Operating income	129,983	136,010	276,828	267,095
Interest income, net	<u>15,867</u>	<u>12,572</u>	<u>31,904</u>	<u>24,194</u>
Income before income taxes	145,850	148,582	308,732	291,289
Provision for income taxes	<u>40,838</u>	<u>45,318</u>	<u>91,331</u>	<u>88,844</u>
Net income	<u>\$ 105,012</u>	<u>\$ 103,264</u>	<u>\$ 217,401</u>	<u>\$ 202,445</u>
Earnings per share:				
Basic	<u>\$ 0.35</u>	<u>\$ 0.34</u>	<u>\$ 0.72</u>	<u>\$ 0.66</u>
Diluted	<u>\$ 0.34</u>	<u>\$ 0.33</u>	<u>\$ 0.71</u>	<u>\$ 0.64</u>
Shares used in the calculation of earnings per share:				
Basic	<u>299,724</u>	<u>305,534</u>	<u>300,385</u>	<u>305,690</u>
Diluted	<u>304,959</u>	<u>313,792</u>	<u>305,774</u>	<u>314,490</u>
Pro forma earnings per share excluding the effects of stock-based compensation:				
Basic	<u>\$ 0.39</u>	<u>\$ 0.37</u>	<u>\$ 0.81</u>	<u>\$ 0.72</u>
Diluted	<u>\$ 0.39</u>	<u>\$ 0.36</u>	<u>\$ 0.80</u>	<u>\$ 0.71</u>
Pro forma shares used in the calculation of pro forma earnings per share:				
Basic	<u>299,724</u>	<u>305,534</u>	<u>300,385</u>	<u>305,690</u>
Diluted	<u>303,005</u>	<u>311,782</u>	<u>303,845</u>	<u>312,561</u>
<sup>(1)</sup> Includes stock-based compensation charges as follows:				
Cost of sales	\$ 2,840	\$ 2,306	\$ 5,602	\$ 3,513
Research and development	9,281	5,530	18,183	11,453
Sales, general and administrative	5,640	5,895	11,062	12,103
Total stock-based compensation	<u>\$ 17,761</u>	<u>\$ 13,731</u>	<u>\$ 34,847</u>	<u>\$ 27,069</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>Six Months Ended</u>	
	<u>December 31, 2006</u>	<u>January 1, 2006</u>	<u>December 31, 2006</u>	<u>January 1, 2006</u>
Net income	\$ 105,012	\$ 103,264	\$ 217,401	\$ 202,445
Adjustments to reconcile net Income to pro forma net income				
Stock-based compensation	17,761	13,731	34,847	27,069
Tax effect	(4,973)	(4,188)	(10,308)	(8,256)
Pro forma net income	<u>\$ 117,800</u>	<u>\$ 112,807</u>	<u>\$ 241,940</u>	<u>\$ 221,258</u>
Pro forma earnings per share excluding the effects of stock based compensation:				
Basic	<u>\$ 0.39</u>	<u>\$ 0.37</u>	<u>\$ 0.81</u>	<u>\$ 0.72</u>
Diluted	<u>\$ 0.39</u>	<u>\$ 0.36</u>	<u>\$ 0.80</u>	<u>\$ 0.71</u>
Shares used in the calculation of pro forma earnings per share:				
Basic	<u>299,724</u>	<u>305,534</u>	<u>300,385</u>	<u>305,690</u>
Diluted	<u>303,005</u> <sup>(1)</sup>	<u>311,782</u> <sup>(1)</sup>	<u>303,845</u> <sup>(2)</sup>	<u>312,561</u> <sup>(2)</sup>

<sup>(1)</sup> Excludes 1,954 and 2,010 shares for the three months ended December 31, 2006 and January 1, 2006, respectively, to conform diluted outstanding shares calculated under FAS123R to diluted shares calculated under prior accounting standards.

<sup>(2)</sup> Excludes 1,929 and 1,929 shares for the six months ended December 31, 2006 and January 1, 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.

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

	December 31, 2006 (unaudited)	July 2, 2006 (audited)
ASSETS		
Current assets:		
Cash, cash equivalents and short-term investments	\$1,783,558	\$1,819,587
Accounts receivable, net of allowance for doubtful accounts of \$1,797 (\$1,808 at July 2, 2006)	151,093	154,297
Inventories	45,365	39,031
Deferred tax assets and Other current assets	68,659	64,221
Total current assets	<u>2,048,675</u>	<u>2,077,136</u>
Property, plant & equipment, net	260,800	247,969
Other noncurrent assets	65,891	65,790
Total assets	<u>\$2,375,366</u>	<u>\$2,390,895</u>
LIABILITIES & STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 15,216	\$ 14,574
Accrued income taxes, payroll & other accrued liabilities	157,159	174,239
Deferred income on shipments to distributors	41,864	48,013
Total current liabilities	<u>214,239</u>	<u>236,826</u>
Deferred tax and other long-term liabilities	46,913	49,571
Stockholders' equity:		
Common stock	1,107,567	1,063,446
Retained earnings	1,008,200	1,046,137
Accumulated other comprehensive income	(1,553)	(5,085)
Total stockholders' equity	<u>2,114,214</u>	<u>2,104,498</u>
	<u>\$2,375,366</u>	<u>\$2,390,895</u>