

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

6:00 EDT  
Tuesday, July 24, 2001  
US1

LINEAR TECHNOLOGY REPORTS RECORD ANNUAL SALES AND PROFITS, HOWEVER ,  
QUARTERLY SALES AND PROFITS WERE DOWN AND THE SUBSEQUENT QUARTER WILL  
BE DOWN AGAIN.

Milpitas, California, July 24, 2001, Linear Technology Corporation (NASDAQ-LLTC), a leading, independent manufacturer of high performance linear integrated circuits, today announced that net sales for its fiscal year ended July 1, 2001, were a record \$972,625,000, an increase of 38% over net sales of \$705,917,000 for the previous year. The Company also reported record net income for the year of \$427,456,000 or \$1.29 diluted earnings per share, an increase of 48% over \$287,906,000 or \$0.88 diluted earnings per share reported for fiscal 2000. Net sales for the fourth quarter ended July 1, 2001 were \$200,013,000, a 5% decrease from net sales of \$211,017,000 for the fourth quarter of the previous year. Net income for the quarter was still a strong \$84,817,000 or \$0.26 diluted earnings per share, compared with \$88,631,000 or \$0.27 diluted earnings per share, a decrease of 4% over the fourth quarter of the previous year. Return on Sales for the quarter was 42%, and for the year 44%. A cash dividend of \$0.04 per share will be paid on August 22, 2001 to stockholders of record on August 3, 2001. The Company generated additional cash and short-term investments of \$373 million for the year and \$120 million for the quarter.

According to Robert H. Swanson, Chairman of the Board and CEO, "Fiscal 2001, our 20<sup>th</sup> year as a company, started strong and ended weak, in concert with the severe decline of the semiconductor industry. We reported record sales and profits for the year, but the fourth quarter had reduced levels of sales, profits and bookings. Quarterly sales were reduced sequentially by roughly \$82 million, 29%.

We grew almost 40% in each of the last two fiscal years and it now appears that some portion of this growth stayed in customers' inventory rather than becoming part of a final product sale. However, heavy cancellations, which continued in the June quarter, appear to be behind us and recent quote activity may be the first indication that inventory and demand are coming into balance at some customers. While we believe our current bookings levels are far below actual customer consumption levels, nevertheless, based on continuing weak internal bookings forecasts for the next quarter, our sales could fall again by a similar amount to that which we experienced during the June quarter. The company still expects to continue to be very profitable even at such reduced sales levels. Accordingly, we have made some modest reductions in staff and expense levels to bring productivity more in line with anticipated demand. In conclusion, we are a very diversified supplier of high performance analog IC's into the electronics market. The market is currently undergoing some severe adjustments, however, we believe the long term prospects for it and Linear Technology are still excellent."

Except for historical information contained herein, the matters set forth in this news release are forward-looking statements that are dependent on certain risks and uncertainties including such factors, among others, as new orders received and shipped during the quarter, timely ramp-up of new facilities, and the timely introduction of new processes and products.

Linear Technology Corporation was founded in 1981 as a manufacturer of high performance linear integrated circuits. Linear Technology products include operational, instrumentation and audio amplifiers; voltage regulators, power management devices, DC-DC converters and voltage references; comparators; monolithic filters; communications interface circuits; one-chip data acquisition sub-systems; pulse-width modulators and sample-and-hold devices. Applications for Linear Technology's high performance circuits include telecommunications, cellular telephones, networking products and satellite systems, notebook and desk top computers, computer peripherals, video/multimedia, industrial instrumentation, 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>Year Ended</u> (audited)	
	<u>July 1,</u> <u>2001</u>	<u>July 2,</u> <u>2000</u>	<u>July 1,</u> <u>2001</u>	<u>July 2,</u> <u>2000</u>
Net sales	\$200,013	\$211,017	\$972,625	\$705,917
Cost of sales	<u>49,308</u>	<u>52,007</u>	<u>231,122</u>	<u>178,949</u>
Gross profit	<u>150,705</u>	<u>159,010</u>	<u>741,503</u>	<u>526,968</u>
Expenses:				
Research & development	23,721	22,222	102,487	78,299
Selling, general and administrative	<u>22,349</u>	<u>21,195</u>	<u>92,731</u>	<u>74,273</u>
	<u>46,070</u>	<u>43,417</u>	<u>195,218</u>	<u>152,572</u>
Operating income	104,635	115,593	546,285	374,396
Interest income	<u>16,532</u>	<u>12,855</u>	<u>64,366</u>	<u>42,858</u>
Income before income taxes	121,167	128,448	610,651	417,254
Provision for income taxes	<u>36,350</u>	<u>39,817</u>	<u>183,195</u>	<u>129,348</u>
Net income	<u>\$ 84,817</u>	<u>\$ 88,631</u>	<u>\$427,456</u>	<u>\$287,906</u>
Basic earnings per share	<u>\$ 0.27</u>	<u>\$ 0.28</u>	<u>\$ 1.35</u>	<u>\$ 0.93</u>
Shares used in the calculation of basic earnings per share	<u>318,338</u>	<u>314,032</u>	<u>316,924</u>	<u>310,953</u>
Diluted earnings per share	<u>\$ 0.26</u>	<u>\$ 0.27</u>	<u>\$ 1.29</u>	<u>\$ 0.88</u>
Shares used in the calculation of diluted earnings per share	<u>332,040</u>	<u>331,685</u>	<u>332,527</u>	<u>328,002</u>

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

	<u>July 1, 2001 (audited)</u>	<u>July 2, 2000 (audited)</u>		<u>July 1, 2001 (audited)</u>	<u>July 2, 2000 (audited)</u>
<b>ASSETS</b>			<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current assets:			Current liabilities:		
Cash, cash equivalents and short-term investments	\$1,549,002	\$1,175,558	Accounts payable	\$ 10,615	\$ 16,829
Accounts receivable, net of allowance for doubtful accounts of \$803 (\$803 at July 2, 2000)	89,836	69,326	Accrued income taxes, payroll & other accrued liabilities	147,128	117,360
Inventories	25,592	21,912	Deferred income on shipments to distributors	<u>44,481</u>	<u>34,488</u>
Deferred tax assets and other current assets	<u>63,418</u>	<u>43,307</u>	Total current liabilities	<u>202,224</u>	<u>168,677</u>
Total current assets	<u>1,727,848</u>	<u>1,310,103</u>	Deferred tax liabilities	32,893	16,382
Property, plant & equipment, net	<u>289,226</u>	<u>197,153</u>	Stockholders' equity:		
	<u>\$2,017,074</u>	<u>\$1,507,256</u>	Common stock	608,202	467,474
			Retained earnings	<u>1,173,755</u>	<u>854,723</u>
			Total stockholders' equity	<u>1,781,957</u>	<u>1,322,197</u>
				<u>\$2,017,074</u>	<u>\$1,507,256</u>

