

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

6:00 EDT  
Tuesday, October 16, 2001  
US1

## LINEAR TECHNOLOGY CONTINUES STRONGLY PROFITABLE DESPITE REDUCED REVENUES

Milpitas, California, October 16, 2001, 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 September 30, 2001, were \$120,104,000, a decrease of 48% from net sales of \$232,141,000 for the first quarter of the previous year. The Company also reported net income for the quarter of \$45,150,000 or \$0.14 diluted earnings per share, a decrease of 56% from \$102,178,000 or \$0.31 diluted earnings per share reported for the first quarter of last year. A cash dividend of \$0.04 per share will be paid on November 14, 2001 to stockholders of record on October 26, 2001. During the quarter the Company purchased 3,405,000 shares of its common stock for approximately \$115 million. Before the impact of these common stock purchases, the Company generated approximately \$21 million in additional cash and short-term investments.

According to Robert H. Swanson, Chairman of the Board and CEO, "These have been difficult times for technology companies. As we had forecasted, sales declined from the previous quarter by 40%. Although our bookings improved, they were still less than our billings and, consequently, we further reduced backlog. However, we continue to be strongly profitable, even with reduced sales, as demonstrated by our 38% return on sales. We incurred charges for severance costs associated with a modest reduction in workforce of approximately \$900,000 and we donated \$500,000 to assist those people in New York impacted by the September 11<sup>th</sup> attack. Although we had a reduction in workforce, we are still staffed and building product in anticipation of improved demand. However, much of the incremental inventory our current workforce has produced has been expensed.

Looking forward, we have recently seen some modest improvement in our booking activity across all of our major end markets. However, our backlog is low and global economic conditions are tenuous given the on-going political events. Therefore, confidently and accurately forecasting future results is more difficult. Consequently, while we anticipate improved bookings, we expect sales and profits in the December quarter to be similar to those just achieved.”

Company officials will be discussing these results in greater detail in a conference call tomorrow, Wednesday, October 17, 2001 at 8:30 a.m. Pacific Coast Time. Those investors wishing to listen in may call (913) 981-5522 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 October 17 through October 24, 2001. You may access this post view by calling (719) 457-0820 and entering reservation #627686. 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 October 17, 2001 until the next earnings release on January 15, 2002.

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>September 30,</u> <u>2001</u>	<u>October 1,</u> <u>2000</u>
Net sales	\$ 120,104	\$ 232,141
Cost of sales	<u>37,247</u>	<u>55,490</u>
Gross profit	<u>82,857</u>	<u>176,651</u>
Expenses:		
Research & development	18,822	24,747
Selling, general and administrative	<u>16,158</u>	<u>20,419</u>
	<u>34,980</u>	<u>45,166</u>
Operating income	47,877	131,485
Interest income	<u>15,714</u>	<u>14,484</u>
Income before income taxes	63,591	145,969
Provision for income taxes	<u>18,441</u>	<u>43,791</u>
Net income	<u>\$ 45,150</u>	<u>\$102,178</u>
Earnings per share:		
Basic	<u>\$ 0.14</u>	<u>\$ 0.32</u>
Diluted	<u>\$ 0.14</u>	<u>\$ 0.31</u>
Shares used in the calculation of earnings per share:		
Basic	<u>318,191</u>	<u>315,782</u>
Diluted	<u>330,234</u>	<u>333,321</u>

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

	September 30, 2001 <u>(unaudited)</u>	July 1, 2001 <u>(audited)</u>		September 30, 2001 <u>(unaudited)</u>	July 1, 2001 <u>(audited)</u>
<b>ASSETS</b>			<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current assets:			Current liabilities:		
Cash, cash equivalents and short-term investments	\$1,454,904	\$1,549,002	Accounts payable	\$ 9,004	\$ 10,615
Accounts receivable, net of allowance for doubtful accounts of \$803 (\$803 at July 1, 2001)	82,891	89,836	Accrued income taxes, payroll & other accrued liabilities	118,252	147,128
Inventories	27,897	25,592	Deferred income on shipments to distributors	<u>41,106</u>	<u>44,481</u>
Deferred tax assets and other current assets	<u>64,806</u>	<u>63,418</u>	Total current liabilities	<u>168,362</u>	<u>202,224</u>
Total current assets	<u>1,630,498</u>	<u>1,727,848</u>	Deferred tax liabilities	32,893	32,893
Property, plant & equipment, net	<u>285,675</u>	<u>289,226</u>	Stockholders' equity:		
	<u>\$1,916,173</u>	<u>\$2,017,074</u>	Common stock	617,081	608,202
			Retained earnings	<u>1,097,837</u>	<u>1,173,755</u>
			Total stockholders' equity	<u>1,714,918</u>	<u>1,781,957</u>
				<u>\$1,916,173</u>	<u>\$2,017,074</u>

