

2001 20 YBARS OF GROWTH LT WITH

June 25, 2004

Director of Major Projects
File Ref. No: 1102-100
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Letter of Comment No: 4822 File Reference: 1102-100

To Whom It May Concern:

I am the Chief Financial Officer for Linear Technology Corporation; a public company traded on NASDAQ and listed on the S & P 500. I have been with Linear since 1986, when the Company went public. Since its inception, the Company has utilized stock options as a means of raising capital.

I do not agree with the FASB's position of expensing stock options for the following reasons:

First, a stock option is essentially a vehicle to achieve a low cost of capital, in this case, intellectual capital. Linear lowered its capital costs in two ways. It raised capital through venture capital funding (Mayfield Funds, Kleiner Perkins, etc.). Secondly, it issued stock options to talented individuals to attract them to join the Company. Both the venture funds and the employees hoped and expected that their common stock would appreciate and result in a gain, which it did. FASB is not requiring Linear to impute interest on the capital raised from venture funds and make the imputed interest a period cost. Likewise, FASB should not require Linear to impute a salary cost on a stock option. A venture fund could have lost its cash had Linear not succeeded; an employee could have lost his/her time. Both have an unestimateable opportunity risk/reward tied up in their investment.

Secondly, burdening the income statement with a largely inaccurate estimate of the present value of an undeterminable potential future gain weakens this core financial statement. In fact, many companies will be forced to record compensation expense related to estimated gains that will never materialize.

Finally, if FASB continues to advocate largely imprecise estimates for the income statement, it should consider diminishing the importance of this financial statement. The cash flow statement should then become the primary and initially presented financial statement with cash flow per diluted shares becoming a summary line.

In short, I believe the present footnote disclosure around stock options informs the investor about the nature of this primarily capital item.

Thank you for reviewing my position.

Yours very truly,

LINEAR TECHNOLOGY CORPORATION

Paul Coghlan

Vice President, Finance & CFO

PC/mj