

LLTC F1Q Mixed, Acquisition Pending

LLTC		Linear Technology	
Qtr:	F1Q	Grade:	D
Rev:	373.9	Rev:	-
GM:	76.0%	EPS:	-
EPS:	\$0.53	Fcst:	++
		Growth(qtr-qtr)	
		Rev:	0.0%
		Fcst:	flat
		Div:	\$0.32

Linear Technology (LLTC, \$58.94 -0.04)

Mixed F1Q: Late yesterday LLTC announced mixed September-ended F1Q results. Revenue and earnings slightly missed expectations, although flat sequential guidance exceeded expectations for the seasonally weak F2Q quarter. No conference call due to the pending acquisition by Analog Devices (ADI) for \$46 per share of LLTC plus 0.2321 of ADI (\$60.42, or a 2.5% discount at current price levels).

Flat revenue was lead by strength from Transportation, Computer and Consumer offsetting declines from Industrial, Communication, and Military/Space. Battery management system sales were up slightly due to strength in China, while micro-module sales declined slightly following record sales the prior quarter. ASPs were flat at \$2.00. Geographically, sales in North America decreased by -1% for 28% of sales, Europe down by -4% to 19%, Japan down -1% to 14%, and ROW up by +3% to 39%.

The book-to-bill ratio was slightly greater than 1.0, with strength from North America and Japan offsetting weakness from Europe and Asia (ROW). Industrial bookings were down slightly on weakness in Europe and accounted for 43% of total bookings; Transportation was up slightly to 24% on strength from Japan and battery management systems in China; Communications was up slightly to 18% on base station strength; Computer was down slightly to 7% due to notebook weakness; Military/Space was up slightly to 6% on strength from satellite communications; and Consumer was down slightly to 2%.

Great company with outstanding margins, tons of cash and no debt. I agree with the strategic alignment acquisition by ADI, although the valuation isn't cheap and the arbitrage opportunity is fairly narrow.

—Dan K. Scovel
Semiconductor Analyst

LEGEND

	Grade
+++ exceeded the high-end of the range	
++ above consensus, within the high-end of the range	A all +++
+ slightly above consensus	B all +
o met consensus	C all o/+
- slightly below consensus	D mixed -/o/+
-- missed consensus, within the low-end of the range	E all o/-
--- missed the low-end of the range	F all -

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