LITTELFUSE INC /DE
Form 10-K/A
July 23, 2014
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

	[X]	Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
(Mark one)		for the fiscal year ended December 28, 2013
		Or
	[ ]	Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

Commission file number 0-20388

LITTELFUSE, INC.

(Exact name of registrant as specified in its charter)

Delaware	36-3795742
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8755 West Higgins Road, Suite 500, Chicago, Illinois	60631
(Address of principal executive offices)	(ZIP Code)

773-628-1000

(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock, $0.01 par value	NASDAQ Global Select Market^{SM}

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

(Cover continued from previous page)

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act (Check one): Large accelerated filer [X] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

The aggregate market value of 22,224,090 shares of voting stock held by non-affiliates of the registrant was approximately $1,658,139,355 based on the last reported sale price of the registrant's Common Stock as reported on the NASDAQ Global Select Market[SM] on June 29, 2013.

As of February 14, 2014, the registrant had outstanding 22,460,247 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Littelfuse, Inc. Proxy Statement for the 2014 Annual Meeting of Stockholders (the "Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

EXPLANATORY NOTE

Littelfuse, Inc. (the “Company,” “we,” “us” or “our”) is filing this Amendment No. 1 on Form 10-K/A to our Annual Report on Form 10-K for the year ended December 28, 2013, originally filed with the Securities and Exchange Commission (the “SEC”) on February 25, 2014 (the “Original Form 10-K”), in response to a comment received from the SEC regarding a revision to the report of independent registered public accounting firm for omitted language.

In response to the SEC’s comment, this Form 10-K/A sets forth the Original Form 10-K in its entirety with the exception of the report of independent registered public accounting firm, which has been amended and restated in its entirety to correct for previously omitted language.

Other than the revision discussed above, this Form 10-K/A speaks as of the original filing date of the Original Form 10-K and has not been updated to reflect other events occurring subsequent to the original filing date. This includes forward-looking statements and all other sections of this Form 10-K/A that were not revised, which should be read in their historical context.

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K that are not historical facts are intended to constitute “forward-looking statements” entitled to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995 (“PSRLA”). These statements may involve risks and uncertainties, including, but not limited to, risks relating to product demand and market acceptance, economic conditions, the impact of competitive products and pricing, product quality problems or product recalls, capacity and supply difficulties or constraints, coal mining exposures, failure of an indemnification for environmental liability, exchange rate fluctuations, commodity price fluctuations, the effect of the company’s accounting policies, labor disputes, restructuring costs in excess of expectations, pension plan asset returns being less than assumed, integration of acquisitions and other risks that may be detailed in “Item 1A. Risk Factors” below and in the company’s other Securities and Exchange Commission filings.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Littelfuse, Inc.

We have audited the accompanying consolidated balance sheets of Littelfuse, Inc., as of December 28, 2013 and December 29, 2012, and the related consolidated statements of net income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 28, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Littelfuse, Inc., as of December 28, 2013 and December 29, 2012, and its results of operations and its cash flows for each of the three years in the period ended December 28, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Littelfuse, Inc.'s internal control over financial reporting as of December 28, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework), and our report dated February 25, 2014 expressed an adverse opinion thereon.

/s/ Ernst & Young LLP

Chicago, Illinois

February 25, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Littelfuse, Inc.

We have audited Littelfuse, Inc.'s internal control over financial reporting as of December 28, 2013, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Littelfuse, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Annual Report On Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Hamlin, Inc., and subsidiaries, which are included in the 2013 consolidated financial statements of Littelfuse, Inc., and constituted approximately 18.3% of total assets as of December 28, 2013, approximately 6.7% of total revenue and approximately 1.9% of consolidated operating income for the year then ended. Our audit of internal control over financial reporting of Littelfuse, Inc. also did not include an evaluation of the internal control over financial reporting of Hamlin, Inc., and subsidiaries.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment: A material weakness in internal control over financial reporting relating to the company's evaluation of the income tax considerations, including deferred tax valuation allowances, relating to the write-off of its investment in Shocking Technologies, Inc. during the first quarter of 2013.

In our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, Littelfuse, Inc., has not maintained effective internal control over financial reporting as of December 28, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying consolidated balance sheets of Littelfuse, Inc., as of December 28, 2013 and December 29, 2012, and the related consolidated statements of net income and comprehensive income, equity, and cash flows for each of the three years in the period ended December 28, 2013. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2013 consolidated financial statements, and this report does not affect our report dated February 25, 2014, which expressed an unqualified opinion on those consolidated financial statements.

/s/ Ernst & Young LLP

Chicago, Illinois

February 25, 2014

CONSOLIDATED BALANCE SHEETS

(In thousands of USD)	**December 28, 2013**	**December 29, 2012**
ASSETS		
Current assets:		
Cash and cash equivalents	$305,192	$235,404
Short-term investments	6,886	—
Accounts receivable, less allowances (2013 - $16,907; 2012 - $13,508)	127,887	100,559
Inventories	92,591	75,580
Deferred income taxes	10,463	11,890
Prepaid expenses and other current assets	17,080	16,532
Assets held for sale	5,500	5,500
Total current assets	565,599	445,465
Property, plant, and equipment:		
Land	4,382	6,243
Buildings	59,699	54,559
Equipment	354,475	304,954
Accumulated depreciation	(268,383)	(244,845)
Net property, plant and equipment	150,173	120,911
Intangible assets, net of amortization:		
Patents, licenses and software	25,166	11,144
Distribution network	42,685	9,773
Customer lists, trademarks and tradenames	30,506	27,895
Goodwill	186,464	133,592
Investment in unconsolidated affiliate	—	8,666
Other investments	12,286	10,327
Deferred income taxes	5,092	8,090
Other assets	6,402	1,865
Total assets	$1,024,373	$777,728
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$33,872	$27,226
Accrued payroll	29,437	20,540
Accrued expenses	13,087	11,062
Accrued severance	182	1,033
Accrued income taxes	5,931	11,559
Deferred income taxes	229	—
Current portion of long-term debt	126,000	84,000
Total current liabilities	208,738	155,420
Long-term debt, less current portion	93,750	—
Deferred income taxes	11,585	—
Accrued post-retirement benefits	8,528	22,338
Other long-term liabilities	14,856	12,412
Shareholders’ equity:		
	—	—

Preferred stock, par value $0.01 per share: 1,000,000 shares authorized; no shares issued and outstanding		
Common stock, par value $0.01 per share: 34,000,000 shares authorized; shares issued and outstanding, 2013 –22,467,491; 2012 – 22,029,446	225	220
Treasury stock, at cost**:** 17,881 and 1,561,967 shares, respectively	(2,353)	(60,496)
Additional paid-in capital	223,425	195,803
Accumulated other comprehensive income	20,417	16,548
Retained earnings	445,059	435,340
Littelfuse, Inc. shareholders' equity	686,773	587,415
Non-controlling interest	143	143
Total equity	686,916	587,558
Total liabilities and equity	$1,024,373	$777,728

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF NET INCOME

(In thousands of USD, except per share amounts)	Year Ended December 28, 2013	December 29, 2012	December 31, 2011
Net sales	$757,853	$667,913	$664,955
Cost of sales	461,621	409,446	408,261
Gross profit	296,232	258,467	256,694
Selling, general and administrative expenses	132,657	124,277	116,740
Research and development expenses	24,415	21,231	19,439
Amortization of intangibles	9,279	6,089	6,611
Total operating expenses	166,351	151,597	142,790
Operating income	129,881	106,870	113,904
Interest expense	2,917	1,701	1,691
Impairment and equity in net loss of unconsolidated affiliate	10,678	7,334	—
Foreign exchange (gain) loss	(3,303)	3,179	1,238
Other expense (income), net	(4,646)	(5,396)	(4,126)
Income before income taxes	124,235	100,052	115,101
Income taxes	35,451	24,720	28,077
Net income	$88,784	$75,332	$87,024
Income per share:			
Basic	$3.98	$3.45	$3.96
Diluted	$3.94	$3.40	$3.90
Weighted-average shares and equivalent shares outstanding:			
Basic	22,315	21,822	21,901
Diluted	22,537	22,098	22,255

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of USD)	Year Ended December 28,	December 29, 2012	December 31, 2011

	2013		
Net income	$ 88,784	$ 75,332	$ 87,024
Other comprehensive income (loss):			
Pension liability adjustments (net of tax of ($6,253), $4,181 and $3,587, respectively)	3,739	(7,301)	(6,703)
Unrealized gain (loss) on investments	1,526	1,225	(2,702)
Foreign currency translation adjustments	(1,396)	13,993	(3,205)
Comprehensive income	$ 92,653	$ 83,249	$ 74,414

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of USD)	Year Ended December 28, 2013	December 29, 2012	December 31, 2011
OPERATING ACTIVITIES			
Net income	$ 88,784	$ 75,332	$ 87,024
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	25,201	25,344	25,641
Amortization of intangibles	9,279	6,089	6,611
Impairment of assets	—	549	2,320
Provision for bad debts	289	242	444
Non-cash inventory charge	1,525	567	4,145
Pension settlement losses	—	5,348	—
Impairment and equity in net loss of unconsolidated affiliate	10,678	7,334	—
Loss (gain) on sale of property, plant and equipment	92	(1,443)	183
Stock-based compensation	8,609	7,348	5,805
Excess tax benefit on share-based compensation	(4,054)	(2,728)	(4,220)
Deferred income taxes	6,640	(2,661)	(1,363)
Changes in operating assets and liabilities:			
Accounts receivable	(16,683)	(1,587)	4,768
Inventories	(5,486)	5,439	2,612
Accounts payable	2,000	5,353	(5,272)
Accrued expenses (including post-retirement)	(8,906)	(9,570)	(421)
Accrued payroll and severance	8,032	(4,387)	(3,226)
Accrued taxes	(10,773)	(357)	(6,057)
Prepaid expenses and other	2,140	(42)	1,756
Net cash provided by operating activities	117,367	116,170	120,750
INVESTING ACTIVITIES			
Acquisitions of businesses, net of cash acquired	(144,382)	(34,016)	(11,077)
Purchases of short-term investments	(8,478)	(4,616)	(14,228)
Proceeds from maturities of short-term investments	2,044	17,805	—
Investments in unconsolidated affiliate	—	(10,000)	(6,000)
Loan to unconsolidated affiliate	—	(2,000)	—
Purchases of property, plant and equipment	(34,953)	(22,529)	(17,555)
Proceeds from sale of property, plant and equipment	176	3,664	217
Net cash used in investing activities	(185,593)	(51,692)	(48,643)
FINANCING ACTIVITIES			
Proceeds from debt	260,500	23,251	110,000
Payments of term debt	(1,250)	—	(49,000)

Payments of revolving credit facility	(123,500)	(25,032)	(50,000)
Proceeds from exercise of stock options	21,959	16,367	23,036
Debt issuance costs	(809)	—	(716)
Cash dividends paid	(18,722)	(16,564)	(14,508)
Excess tax benefit on share-based compensation	4,054	2,728	4,220
Purchases of common stock	—	—	(37,092)
Net cash provided by (used in) financing activities	142,232	750	(14,060)
Effect of exchange rate changes on cash and cash equivalents	(4,218)	6,160	(3,751)
Increase in cash and cash equivalents	69,788	71,388	54,296
Cash and cash equivalents at beginning of year	235,404	164,016	109,720
Cash and cash equivalents at end of year	$ 305,192	$ 235,404	$ 164,016

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EQUITY

	Littelfuse, Inc. Shareholders' Equity						
(In thousands of USD)	**Common Stock**	**Addl. Paid in Capital**	**Treasury Stock**	**Accum. Other Comp. Inc. (Loss)**	**Retained Earnings**	**Non-controlling Interest**	**Total**
Balance at January 1, 2011	$218	$150,548	$(23,546)	$21,241	$304,056	$ 143	$452,660
Comprehensive income:							
Net income for the year	—	—	—	—	87,024	—	87,024
Change in net unrealized gain on derivatives*	—	—	—	—	—	—	—
Pension liability adjustments *	—	—	—	(6,703)	—	—	(6,703)
Unrealized gain on investments*	—	—	—	(2,702)	—	—	(2,702)
Foreign currency translation adjustments	—	—	—	(3,205)	—	—	(3,205)
Comprehensive income							74,414
Stock-based compensation	—	5,805	—	—	—	—	5,805
Withheld 20,537 shares on restricted share units for withholding taxes	—	—	(1,203)	—	—	—	(1,203)
Purchase of 859,029 shares of common stock	(9)	(2,998)	(34,085)	—	—	—	(37,092)
Stock options exercised, including tax impact of ($2,009)	7	21,020	—	—	—	—	21,027
Cash dividends paid ($0.63 per share)	—	—	—	—	(14,508)	—	(14,508)
Balance at December 31, 2011	$216	$174,375	$(58,834)	$8,631	$376,572	$ 143	$501,103
Comprehensive income:							
Net income for the year	—	—	—	—	75,332	—	75,332
Pension liability adjustments *	—	—	—	(7,301)	—	—	(7,301)
Unrealized (loss) on investments*	—	—	—	1,225	—	—	1,225
Foreign currency translation adjustments	—	—	—	13,993	—	—	13,993
Comprehensive income							83,249
Stock-based compensation	—	7,348	—	—	—	—	7,348
Withheld 27,417 shares on restricted share units for withholding taxes	—	—	(1,662)	—	—	—	(1,662)
Stock options exercised, including tax impact of ($2,283)	4	14,080	—	—	—	—	14,084
Cash dividends paid ($0.76 per share)	—	—	—	—	(16,564)	—	(16,564)
Balance at December 29, 2012	$220	$195,803	$(60,496)	$16,548	$435,340	$ 143	$587,558
Comprehensive income:							
Net income for the year	—	—	—	—	88,784	—	88,784
Pension liability adjustments *	—	—	—	3,739	—	—	3,739
Unrealized gain on investments*	—	—	—	1,526	—	—	1,526
	—	—	—	(1,396)	—	—	(1,396)

Foreign currency translations adjustments							
Comprehensive income							92,653
Stock-based compensation	—	8,609	—	—	—	—	8,609
Withheld 32,671 shares on restricted share units for withholding taxes	—	—	(2,200)	—	—	—	(2,200)
Retirement of 1,576,757 shares of treasury shares	—	—	60,343	—	(60,343)	—	—
Stock options exercised, including tax impact of ($2,940)	5	19,013	—	—	—	—	19,018
Cash dividends paid ($0.84 per share)	—	—	—	—	(18,722)	—	(18,722)
Balance at December 28, 2013	$225	$223,425	$(2,353)	$20,417	$445,059	$ 143	$686,916

*Including related tax impact (see Note 14).

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Other Information

Nature of Operations: Littelfuse, Inc. and subsidiaries (the "company") design, manufacture, and sell circuit protection devices for use in the automotive, electronic and electrical markets throughout the world. In addition to the broadest and deepest portfolio of circuit protection products and solutions, the company offers a comprehensive line of highly reliable electromechanical and electronic switch and control devices for commercial and specialty vehicles and sensors for automobile safety systems, as well as protection relays and power distribution centers for the safe control and distribution of electricity.

Fiscal Year: The company's fiscal years ended on December 28, 2013, December 29, 2012 and December 31, 2011 and contained 52 weeks each.

Basis of Presentation: The Consolidated Financial Statements include the accounts of Littelfuse, Inc. and its subsidiaries. All significant intercompany accounts and transactions have been eliminated. The company's Consolidated Financial Statements were prepared in accordance with generally accepted accounting principles in the United States of America and include the assets, liabilities, revenues and expenses of all wholly-owned subsidiaries and majority-owned subsidiaries over which the company exercises control.

Use of Estimates: The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the Consolidated Financial Statements, and the reported amounts of revenues and expenses and the accompanying notes. The company evaluates and updates its assumptions and estimates on an ongoing basis and may employ outside experts to assist in its evaluation, as considered necessary. Actual results could differ from those estimates.

Cash Equivalents: All highly liquid investments, with an original maturity of three months or less when purchased, are considered to be cash equivalents.

Short-Term and Long-Term Investments: The company has determined that certain of its investment securities are to be classified as available-for-sale. Available-for-sale securities are carried at fair value with the unrealized gains and losses reported as a component of "Accumulated Other Comprehensive Income (Loss)." Realized gains and losses and declines in unrealized value judged to be other-than-temporary on available-for-sale securities are included in other expense (income), net. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in interest income.

Fair Value of Financial Instruments: The company's financial instruments include cash and cash equivalents, accounts receivable, investments and long-term debt. The carrying values of such financial instruments approximate their estimated fair values.

Accounts Receivable: The company performs credit evaluations of customers' financial condition and generally does not require collateral. Credit losses are provided for in the financial statements based upon specific knowledge of a customer's inability to meet its financial obligations to the company. Historically, credit losses have consistently been within management's expectations and have not been a material amount. A receivable is considered past due if payments have not been received within agreed upon invoice terms. Write-offs are recorded at the time a customer receivable is deemed uncollectible.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Other Information, continued

The company also maintains allowances against accounts receivable for the settlement of rebates and sales discounts to customers. These allowances are based upon specific customer sales and sales discounts as well as actual historical experience.

Inventories: Inventories are stated at the lower of cost or market (first in, first out method), which approximates current replacement cost. The company maintains excess and obsolete allowances against inventory to reduce the carrying value to the expected net realizable value. These allowances are based upon a combination of factors including historical sales volume, market conditions, lower of cost or market analysis and expected realizable value of the inventory.

Investment in Unconsolidated Affiliate: Investments in unconsolidated affiliates over which the company has significant influence over the investees' operating and financing activities are accounted for under the equity method of accounting. Investments in affiliates over which the company does not have the ability to exert significant influence over the investees' operating and financing activities are accounted for under the cost method.

Property, Plant and Equipment: Land, buildings and equipment are carried at cost. Depreciation is calculated using the straight-line method with useful lives of 21 years for buildings, seven to nine years for equipment, seven years for furniture and fixtures, five years for tooling and three years for computer equipment.

Goodwill and Indefinite-Lived Intangible Assets: The company annually tests goodwill and indefinite-lived intangible assets for impairment on the first day of its fiscal fourth quarter or at other dates if there is an event or change in circumstances that indicates the asset may be impaired. The company has eight reporting units for testing purposes. Management determines the fair value of each of its reporting units by using a discounted cash flow model (which includes forecasted five-year income statement and working capital projections, a market-based weighted average cost of capital and terminal values after five years) to estimate market value. In addition, the company compares its derived enterprise value on a consolidated basis to the company's market capitalization as of its test date to ensure its derived value approximates the market value of the company when taken as a whole.

As of the most recent annual test, the company concluded the fair value of each of the reporting units exceeded its carrying value of invested capital and therefore, no potential goodwill impairment existed. Specifically, the company noted that its headroom, defined as the excess of fair value over the carrying value of invested capital, was 61%, 97%, 67%, 158%, 42%, 57%, 244% and 151% for its electronics (non-silicon), electronics (silicon), passenger car, commercial vehicle products, sensors, relay, custom products and fuse reporting units, respectively, at September 29, 2013. Certain key assumptions used in the annual test included a discount rate of 12.5% and a long-term growth rate of 3.0% was used for all eight reporting units.

In addition, the company performed a sensitivity test that showed a 100 basis point increase in its discount rate or a 100 basis point decrease in the long-term growth rate for each reporting unit would not have changed the company's conclusion that no potential goodwill impairment existed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Other Information, continued

The company will continue to perform a goodwill and indefinite-lived intangible asset impairment test as required on an annual basis and on an interim basis, if certain conditions exist. Factors the company considers important, which could result in changes to its estimates, include underperformance relative to historical or projected future operating results and declines in acquisitions and trading multiples. Due to the diverse end user base and non-discretionary product demand, the company does not believe its future operating results will vary significantly relative to its historical and projected future operating results.

Other Intangible Assets: Trademarks and tradenames are amortized using the straight-line method over estimated useful lives that have a range of five to 20 years. Patents, licenses and software are amortized using the straight-line method or an accelerated method over estimated useful lives that have a range of seven to 12 years. The distribution networks are amortized on either a straight-line or accelerated basis over estimated useful lives that have a range of three to 20 years. Other intangible assets are also tested for impairment when there is a significant event that may cause the asset to be impaired.

Environmental Liabilities: Environmental liabilities are accrued based on engineering studies estimating the cost of remediating sites. Expenses related to on-going maintenance of environmental sites are expensed as incurred. If actual or estimated probable future losses exceed the company’s recorded liability for such claims, the company would record additional charges during the period in which the actual loss or change in estimate occurred.

Pension and Other Post-retirement Benefits: Accounting for pensions requires estimating the future benefit cost and recognizing the cost over the employee’s expected period of employment with the company. Certain assumptions are required in the calculation of pension costs and obligations. These assumptions include the discount rate, salary scales and the expected long-term rate of return on plan assets. The discount rate is intended to represent the rate at which pension benefit obligations could be settled by purchase of an annuity contract. These assumptions are subject to change based on stock and bond market returns and other economic factors. Actual results that differ from the company’s assumptions are accumulated and amortized over future periods and therefore generally affect its recognized expense and accrued liability in such future periods. While the company believes that its assumptions are appropriate given current economic conditions and its actual experience, significant differences in results or significant changes in the company’s assumptions may materially affect its pension obligations and related future expense. During the fourth quarter of 2012, the company amended the Littelfuse Inc., Retirement Plan to allow participants who met certain requirements to elect to receive their vested retirement benefits in a lump sum on (or for certain participants annuity payments, on and after) December 1, 2012. This amendment resulted in a settlement charge of $5.1 million in 2012. See Note 12 for additional information.

Reclassifications: Certain items in the 2012 and 2011 financial statements have been reclassified to conform to the 2013 presentations – specifically, the 2012 and 2011 presentation of the Foreign exchange (gain) or loss of $3.2 million and $1.2 million, respectively has been separately presented. This was previously included as part of Other expense (income), net. These reclassifications had no impact on net income or shareholders' equity for any period.

Revenue Recognition: The company recognizes revenue on product sales in the period in which the sales process is complete. This generally occurs when products are shipped (FOB origin) to the customer in accordance with the terms of the sale, the risk of loss has been transferred, collectability is reasonably assured and the pricing is fixed and determinable. At the end of each period, for those shipments where title to the products and the risk of loss and rewards of ownership do not transfer until the product has been received by the customer, the company adjusts revenues and cost of sales for the delay between the time that the products are shipped and when they are received by the customer. The company's distribution channels are primarily through direct sales and independent third party distributors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Other Information, continued

Revenue and Billing: The company accepts orders from customers based on long term purchasing contracts and written sales agreements. Contract pricing and selling agreement terms are based on market factors, costs, and competition. Pricing normally is negotiated as an adjustment (premium or discount) from the company's published price lists. The customer is invoiced when the company's products are shipped to them in accordance with the terms of the sales agreement.

Returns and Credits: Some of the terms of the company's sales agreements and normal business conditions provide customers (distributors) the ability to receive price adjustments on products previously shipped and invoiced. This practice is common in the industry and is referred to as a "ship and debit" program. This program allows the distributor to debit the company for the difference between the distributors' contracted price and a lower price for specific transactions. Under certain circumstances (usually in a competitive situation or large volume opportunity), a distributor will request authorization to reduce its price to its buyer. If the company approves such a reduction, the distributor is authorized to "debit" its account for the difference between the contracted price and the lower approved price. The company establishes reserves for this program based on historic activity and actual authorizations for the debit and recognizes these debits as a reduction of revenue.

The company has a return to stock policy whereby a customer with prior authorization from Littelfuse management can return previously purchased goods for full or partial credit. The company establishes an estimated allowance for these returns based on historic activity. Sales revenue and cost of sales are reduced to anticipate estimated returns.

The company properly meets all of the criteria for recognizing revenue when the right of return exists. Specifically, the company meets those requirements because:

1. The company's selling price is fixed or determinable at the date of the sale.
2. The company has policies and procedures to accept only credit worthy customers with the ability to pay the company.
3. The company's customers are obligated to pay the company under the contract and the obligation is not contingent on the resale of the product. (All "ship and debit" and "returns to stock" require specific circumstances and authorization.)
4. The risk ownership transfers to the company's customers upon shipment and is not changed in the event of theft, physical destruction or damage of the product.
5.

The company bills at the ship date and establishes a reserve to reduce revenue from the in transit time until the product is delivered for FOB destination sales.

6. The company's customers acquiring the product for resale have economic substance apart from that provided by Littelfuse, and all distributors are independent of the company.
7. The company does not have any obligations for future performance to bring about resale of the product by its customers.
8. The company can reasonably estimate the amount of future returns.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Other Information, continued

Volume Rebates: The company offers incentives to certain customers to achieve specific quarterly or annual sales targets. If customers achieve their sales targets, they are entitled to rebates. The company estimates the future cost of these rebates and recognizes this estimated cost as a reduction to revenue as products are sold.

Allowance for Doubtful Accounts: The company evaluates the collectability of its trade receivables based on a combination of factors. The company regularly analyzes its significant customer accounts and, when the company becomes aware of a specific customer's inability to meet its financial obligations, the company records a specific reserve for bad debt to reduce the related receivable to the amount the company reasonably believes is collectible. The company also records allowances for all other customers based on a variety of factors including the length of time the receivables are past due, the financial health of the customer, macroeconomic considerations and past experience. Accounts receivable balances that are deemed to be uncollectible, are written off against the reserve on a case-by-case basis. Historically, the allowance for doubtful accounts has been adequate to cover bad debts. If circumstances related to specific customers change, the estimates of the recoverability of receivables could be further adjusted. However, due to the company's diverse customer base and lack of credit concentration, the company does not believe its estimates would be materially impacted by changes in its assumptions.

Advertising Costs: The company expenses advertising costs as incurred, which amounted to $1.6 million in 2013, $1.7 million in 2012 and $1.9 million in 2011, and are included as a component of selling, general and administrative expenses.

Shipping and Handling Fees and Costs: Amounts billed to customers related to shipping and handling is classified as revenue. Costs incurred for shipping and handling of $6.5 million, $6.2 million and $5.9 million in 2013, 2012 and 2011, respectively, are classified in selling, general and administrative expenses.

Foreign Currency Translation: The company's foreign subsidiaries use the local currency or the U.S. dollar as their functional currency, as appropriate. Assets and liabilities are translated using exchange rates at the balance sheet date, and revenues and expenses are translated at weighted average rates. The amount of foreign currency conversion recognized in the income statement related to currency translation was income of $5.2 million in 2013 and losses of $8.5 million and $0.9 million in 2012 and 2011, respectively. Adjustments from the translation process are recognized in "Shareholders' equity" as a component of "Accumulated other comprehensive income."

Stock-based Compensation: The company recognizes compensation expense for the cost of awards of equity compensation using a fair value method. Benefits of tax deductions in excess of recognized compensation expense are reported as both operating and financing cash flows. See Note 13 for additional information on stock-based compensation.

Other Expense (Income), Net: Other expense (income), net consisting of interest income, royalties and non-operating income, was $4.6 million of income in 2013 compared to $5.4 million of income in 2012 and $4.1 million of income in 2011.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Other Information, continued

Income Taxes: The company accounts for income taxes using the liability method. Deferred taxes are recognized for the future effects of temporary differences between financial and income tax reporting using enacted tax rates in effect for the years in which the differences are expected to reverse. The company recognizes deferred taxes for temporary differences, operating loss carryforwards and tax credit carryforwards. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. Federal and state income taxes are provided on the portion of foreign income that is expected to be remitted to the U.S. and be taxable.

Accounting Pronouncements: In May 2011, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that provides a consistent definition of fair value and ensures that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. The new guidance changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. The company adopted the new guidance on January 1, 2012. There was no significant impact on its consolidated financial statements upon adoption.

In June 2011, the FASB issued authoritative guidance that will require companies to present the components of net income and other comprehensive income either as one continuous statement or as two consecutive statements. It eliminates the option to present components of other comprehensive income as part of the statement of changes in equity. The guidance does not change the items which must be reported in other comprehensive income, how such items are measured or when they must be reclassified to net income. This guidance is effective for interim and annual periods beginning after December 15, 2011. The company adopted the new guidance on January 1, 2012, which resulted in a different presentation in its consolidated financial statements.

In September 2011, the FASB issued authoritative guidance on testing goodwill for impairment. Under the revised guidance, entities testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting unit (i.e., step 1 of the goodwill impairment test). If entities determine, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. The guidance does not change how goodwill is calculated or assigned to reporting units, nor does it revise the requirement to test goodwill annually for impairment. In addition, the guidance does not amend the requirement to test goodwill for impairment between annual tests if events or circumstances warrant; however, it does revise the examples of events and circumstances that an entity should consider. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The company adopted the new guidance on January 1, 2012. There was no significant impact on its consolidated financial statements upon adoption. Goodwill testing was completed as of

September 29, 2013 using the previous methodology, as permitted.

In July 2012, the FASB issued authoritative guidance on testing indefinite-lived intangible assets for impairment. Under the revised guidance, entities testing indefinite-lived intangible assets for impairment will have the option first to assess qualitative factors to determine whether the existence of events and circumstances indicate that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is not impaired, then the entity is not required to take further action. The amendment is effective for annual and interim indefinite-lived asset impairment tests performed for fiscal years beginning after September 15, 2012. The company adopted the new guidance on January 1, 2012. There was no significant impact on its consolidated financial statements upon adoption.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Other Information, continued

In February 2013, the FASB issued authoritative guidance on the reporting of amounts reclassified out of accumulated other comprehensive income into net income or the balance sheet. Under the new guidance, in addition to the presentation of changes in accumulated balances, an entity shall present separately for each component of other comprehensive income, current period reclassifications out of accumulated other comprehensive income and other amounts of current-period other comprehensive income. Both before-tax and net-of-tax presentations are permitted. The guidance is effective for reporting periods beginning after December 15, 2013. The company believes the adoption of the new guidance will require additional disclosures but will have no significant effect on its consolidated financial statements.

2. Acquisition of Businesses

The company accounts for acquisitions using the purchase method in accordance with ASC 805, "Business Combinations." The results of operations of each acquisition have been included in the accompanying consolidated financial statements as of the dates of the acquisition. Acquisition costs associated with acquisitions were $1.7 million, $0.9 million and $1.0 million for fiscal years 2013, 2012 and 2011, respectively and were recorded in Selling, general and administrative expenses.

Hamlin, Inc.

On May 31, 2013, the company acquired 100% of Hamlin, Inc. ("Hamlin") from Key Safety Systems, for $144.4 million (net of cash acquired). Hamlin is a manufacturer of sensor technology providing standard products and custom solutions for leading global manufacturers in the automotive and electronic industries. The acquisition allows the company to expand its automotive and electronics product offerings in the global sensor market in both the Automotive and Electronics business segments. Hamlin is headquartered in Lake Mills, Wisconsin and has manufacturing, engineering and sales offices in the U.S., Mexico, Europe and Asia. The company funded the acquisition with available cash raised from borrowings on the company's new credit arrangement (See Note 7).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Acquisition of Businesses, continued

The following table sets forth the preliminary purchase price allocation, as of December 28, 2013, for Hamlin acquisition-date net assets, in accordance with the purchase method of accounting with adjustments to record the acquired net assets at their estimated fair values. The company expects to finalize the purchase price allocation for Hamlin in the second quarter of 2014 as certain areas remain to be finalized; however, the adjustments are not anticipated to be significant.

Hamlin preliminary purchase price allocation (in thousands):	
Cash	$15,984
Current assets, net	27,811
Property, plant and equipment	24,728
Goodwill	50,793
Distribution network	35,327
Patents and licenses	16,276
Trademarks	6,522
Non-current assets	2,452
Current liabilities	(7,309)
Non-current liabilities	(12,217)
	$160,367

All Hamlin goodwill and other assets and liabilities were recorded in the Automotive and Electronics business unit segments and reflected in the Americas, Europe and Asia-Pacific geographical areas. The distribution network, trademarks and patents and licenses are all being amortized over 10 years. The goodwill resulting from this acquisition consists largely of the company's expected future product sales and synergies from combining Hamlin's products with the company's existing product offerings. A portion of the goodwill for the acquisition is not expected to be deductible for tax purposes.

The company initially recorded a $2.1 million step-up of inventory to its fair value as of the acquisition date based on preliminary valuation. During the second and third quarters of 2013, as the remainder of this inventory was sold, cost of goods sold included $1.7 million and $0.4 million of non-cash charges for this step-up, respectively. During the fourth quarter of 2013, the inventory step-up valuation was finalized at $1.5 million which resulted in a $0.5 million non-cash credit to income in the fourth quarter of 2013.

The following unaudited pro forma results are provided below for the company's acquisition of Hamlin and assume that the acquisition of Hamlin had been completed as of the beginning of fiscal year 2012.

	For the twelve months ended	
	December 28, 2013 (Unaudited)	December 29, 2012 (Unaudited)
Revenues	$789,224	$ 739,968
Net income	$89,083	$ 80,597
Net income per share:		
Basic	$4.00	$ 3.69
Diluted	$3.96	$ 3.64
Weighted-average shares and equivalent shares outstanding:		
Basic	22,315	21,822
Diluted	22,537	22,098

For the twelve months ended December 28, 2013, Hamlin added approximately $51.0 million in revenue and $1.2 million in net income to the company's consolidated results.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Acquisition of Businesses, continued

Terra Power Systems, LLC

On September 26, 2012, the company acquired 100% of Terra Power Systems, LLC (“Terra Power”), a U.S. manufacturer of electromechanical components including power distribution modules and fuse holders for commercial vehicle products in the automotive industry for $10.6 million. The acquisition allows the company to strengthen its position in the commercial vehicle products market by adding new products and new customers within its Automotive business unit segment. Terra Power is based in Bellingham, Washington. The company funded the acquisition with available cash.

All Terra Power goodwill and other assets and liabilities were recorded in the Automotive business unit segment and reflected in the Americas geographical area. The goodwill resulting from this acquisition consists largely of the company’s expected future product sales and synergies from combining Terra Power’s products with the company’s existing commercial vehicle product offerings. Goodwill for the above acquisition is deductible for tax purposes.

The following table sets forth the preliminary purchase price allocation for Terra Power acquisition-date net assets, in accordance with the purchase method of accounting with adjustments to record the acquired net assets at their estimated fair values. The final purchase price allocation reflected below is based on internal estimates.

Terra Power final purchase price allocation (in thousands):	
Cash	$105
Current assets, net	1,625
Property, plant and equipment	457
Goodwill	4,562
Other intangibles	4,064
Current liabilities	(213)
	$10,600

Accel AB

On May 31, 2012, the company acquired 100% of ACCEL AB ("Accel"), a manufacturer of advanced electromechanical products, including sensors and switches primarily for the automotive industry, for approximately $23.9 million. The acquisition allows the company to expand its automotive product offering and establish a presence in the growing automotive sensor market within its Automotive business unit segment. Accel is based in V‰nersborg, Sweden with a manufacturing facility located in Kaunas, Lithuania. The company funded the acquisition with available cash.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Acquisition of Businesses, continued

The following table sets forth the final purchase price allocation, as of December 29, 2012, for Accel acquisition-date net assets, in accordance with the purchase method of accounting with adjustments to record the acquired net assets at their estimated fair values.

Accel AB final purchase price allocation (in thousands):	
Cash	$344
Current assets, net	8,643
Property, plant and equipment	3,731
Other assets	7
Goodwill	11,536
Distribution network	1,321
Trademarks	1,259
Patents and licenses	2,435
Current liabilities	(5,411)
	$23,865

All Accel goodwill and other assets and liabilities were recorded in the Automotive business unit segment and reflected in the Europe geographical area. The distribution network is being amortized over three to 10 years. Trademarks are being amortized over five years. Patents and licenses are being amortized over 10 years. The goodwill resulting from this acquisition consists largely of the company's expected future product sales and synergies from combining Accel's products with the company's existing product offerings. Goodwill for the above acquisition is not deductible for tax purposes.

As required by purchase accounting rules, the company recorded a $0.4 million step-up of inventory to its fair value as of the acquisition date. During the third quarter of 2012, as the inventory was sold, cost of goods sold included $0.4 million of non-cash charges for this step-up.

Selco A/S

On August 3, 2011, the company acquired 100% of Selco A/S ("Selco"), a manufacturer of relays and generator controls for the marine industry, for approximately $11.1 million. The acquisition allows the company to further expand its global relay business within its Electrical business unit segment. Selco is located in Roskilde, Denmark with a sales office located in Dubai, United Arab Emirates. The company funded the acquisition with available cash.

The following table sets forth the final purchase price allocation for Selco's net assets, as of December 29, 2012, in accordance with the purchase method of accounting with adjustments to record the acquired net assets at their estimated fair values.

Selco's final purchase price allocation (in thousands):	
Cash	$5
Current assets, net	3,815
Property, plant and equipment	183
Distribution network	3,547
Trademarks	389
Patents and licenses	1,439
Goodwill	6,303
Current liabilities	(4,549)
	$11,132

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Acquisition of Businesses, continued

All Selco goodwill and other assets and liabilities were recorded in the Electrical business unit segment and reflected in the Europe geographical area. The goodwill resulting from this acquisition consists largely of the company's expected future product sales and synergies from combining Selco's products with the company's existing product offerings. The distribution network is being amortized over three to 10 years. The trademarks are being amortized over five years. The patents and licenses are being amortized over 10 years. Goodwill for the above acquisition is not deductible for tax purposes.

As required by purchase accounting rules, the company recorded a $0.7 million step-up of inventory to its fair value as of the acquisition date. During the fourth quarter of 2011, as this inventory was sold, cost of goods sold included $0.5 million of non-cash charges for this step-up. The remaining $0.2 million was included in cost of goods sold for the three months ended March 31, 2012.

Pro forma financial information is not presented for the company's business acquisitions described above due to amounts not being materially different than actual results.

3. Inventories

The components of inventories at December 28, 2013 and December 29, 2012 are as follows (in thousands):

	2013	**2012**
Raw materials	$28,228	$21,689
Work in process	17,576	11,868
Finished goods	46,787	42,023
Total	$92,591	$75,580

4. Goodwill and Other Intangible Assets

The amounts for goodwill and changes in the carrying value by business unit segment are as follows at December 28, 2013 and December 29, 2012 (in thousands):

	2013	Additions (Reductions)[(a)]	Adjustments[(c)]	2012	Additions (Reductions)[(b)]	Adjustments[(c)]	2011
Electronics	$60,446	$ 24,031	$ 992	$35,423	$ —	$ 447	$34,976
Automotive	84,981	26,762	1,964	56,255	16,098	970	39,187
Electrical	41,037	—	(877)	41,914	(143)	523	41,534
Total	$186,464	$ 50,793	$ 2,079	$133,592	$ 15,955	$ 1,940	$115,697

(a) Electronic additions of $24.0 million and automotive additions of $26.8 million in 2013 resulted from the acquisition of Hamlin.

(b) Automotive additions in 2012 of $16.1 million resulted from the acquisition of Accel and Terra Power. Electrical reductions in 2012 resulted from adjustments to the final purchase price allocation for the Selco acquisition.

(c) Adjustments reflect the impact of changes in foreign exchange rates.

There were no accumulated goodwill impairment losses at December 28, 2013, December 29, 2012 or December 31, 2011.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Goodwill and Other Intangible Assets, continued

The company recorded amortization expense of $9.3 million in 2013, $6.1 million in 2012 and $6.6 million in 2011. The details of other intangible assets and related future amortization expense of existing intangible assets at December 28, 2013 and December 29, 2012 are as follows:

(in thousands)	2013 Weighted Average Useful Life	Gross Carrying Value	Accumulated Amortization	2012 Weighted Average Useful Life	Gross Carrying Value	Accumulated Amortization
Patents, licenses and software[a]	11.0	$ 63,026	$ 37,860	11.8	$ 43,939	$ 32,795
Distribution network[a]	11.9	71,786	29,101	13.7	36,506	26,733
Customer lists, trademarks and tradenames[a]	12.7	39,310	14,293	13.3	33,122	11,099
Tradenames[b]	—	5,489	—	—	5,872	—
Total	11.4	$ 179,611	$ 81,254	12.2	$ 119,439	$ 70,627

[a] Increase to gross carrying value for in 2013 is related to the preliminary Hamlin acquisition purchase price allocation discussed in Note 2. Other changes are primarily due to the impact of foreign currency translation adjustments.

[b] Tradenames with indefinite lives.

Estimated amortization expense related to intangible assets with definite lives at December 28, 2013 is as follows (in thousands):

2014	$ 11,823
2015	10,874
2016	10,258
2017	8,752
2018	9,182
2019 and thereafter	41,980
	$ 92,869

5. Other Investments

The company's other investments represent shares of Polytronics Technology Corporation Ltd. ("Polytronics"), a Taiwanese company. The Polytronics investment was acquired as part of the Littelfuse GmbH acquisition. The company's Polytronics shares held at the end of fiscal 2013 and 2012 represent approximately 7.2% of total Polytronics shares outstanding. The fair value of the Polytronics investment was Ä9.0 million (approximately $12.3 million) at December 28, 2013 and Ä7.8 million (approximately $10.3 million) at December 29, 2012. Included in 2013 other comprehensive income is an unrealized gain of $1.5 million, due to the increase in fair market value of the Polytronics investment. The remaining movement year over year was due to the impact of changes in exchange rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Investment in Unconsolidated Affiliate

Investments in unconsolidated entities over which the company has significant influence over the investees' operating and financing activities are accounted for under the equity method of accounting. Investments in affiliates in which the company does not have such ability are accounted for under the cost method of accounting.

In 2011, the company invested $6.0 million in certain preferred stock of Shocking Technologies, Inc. ("Shocking"). Shocking is an early-stage company which is developing circuit protection products for the computer and telecommunications markets. At December 31, 2011, the company accounted for its investment at cost as it did not have significant influence over financing or operating activities. Total investment ownership in Shocking was $6.0 million or approximately 6.1% at December 31, 2011.

In April 2012, the company invested an additional $10.0 million in certain common and preferred stock of Shocking, increasing its investment interest to $16.0 million or approximately 18.4%. In addition, in late-November 2012, the company provided an additional $2.0 million short-term secured loan to Shocking and determined that the company then had the ability to exert significant influence. As a result, the company began accounting for the investment in Shocking using the equity method. In accordance with ASC 323, the company retroactively recorded its proportional share of Shocking's operating losses, which amounted to approximately $4.0 million in 2012. The proportional amount of operating losses in 2011 was not material.

Impairment

During the fourth quarter of 2012, the company concluded that there was an other-than-temporary impairment which existed for its investment in Shocking. The company engaged a third-party valuation firm to assist in developing the fair value of the investment in Shocking. Based on the then fair value, the company determined that there was an impairment of approximately $3.3 million which was recorded as a non-operating impairment and equity loss of unconsolidated affiliate in the Consolidated Statements of Net Income.

During the first quarter of 2013, the company fully impaired its investment in a loan receivable from Shocking owing to their filing for Chapter 7 bankruptcy on March 12, 2013. The impairment charge of approximately $10.7 million consisted of the remaining equity method investment of $8.7 million and a $2.0 million loan receivable, and reduced the carrying value of both the investment and loan receivable to zero at March 30, 2013.

During the fourth quarter of 2013, the company incurred a $6.1 million charge to income tax expense related to the company's investment in Shocking which had been fully impaired and written off as described above. $3.3 million of this charge was pushed back to the first quarter of 2013 with the remaining $2.8 million (which related to the fourth quarter of 2012) recorded in the fourth quarter of 2013 as the correction of an immaterial error under ASC 250. This charge was determined to be a capital loss for tax purposes, instead of an ordinary loss as the company had previously determined in consultation with a third party expert.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Investment in Unconsolidated Affiliate, continued

The effect of retroactively recording the company's proportional share of Shocking's operating losses (including the impact of differences in the company's equity in Shocking's net assets, which is attributable to amortizable intangible assets) for the quarterly periods in 2012 was as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total 2012
Equity-method losses	$ 525	$ 1,033	$ 1,965	$ 488	$ 4,011
Impairment charge	—	—	—	3,323	3,323
Total	$ 525	$ 1,033	$ 1,965	$ 3,811	$ 7,334

The selected quarterly financial data shown in Note 18 has been restated for the first quarter of 2013 and the first three quarters of 2012 to show the impact of the income tax charge discussed above and the above retroactive application of the equity method of accounting for Shocking.

7. Debt

The carrying amounts of debt at December 28, 2013 and December 29, 2012 are as follows (in thousands):

	2013	**2012**
Term loan	$ 98,750	$ —
Revolving credit facility	121,000	84,000
Total debt	219,750	84,000
Less: Current maturities	126,000	84,000
Total long-term debt	$ 93,750	$ —

Term Loan and Revolving Credit Facilities

On May 31, 2013, the company entered into a new credit agreement with J.P. Morgan Securities LLC for up to $325.0 million which consists of an unsecured revolving credit facility of $225.0 million and an unsecured term loan of $100.0 million. The new credit agreement is for a five year period. At December 28, 2013, the company had available $103.4 million of borrowing capacity under the revolving credit agreement at an interest rate of LIBOR plus 1.25% (1.42% as of December 28, 2013).

The credit agreement replaces the company's previous credit agreement dated June 13, 2011 which was terminated on May 31, 2013.

The company incurred debt issuance costs of $0.8 million which will be amortized over the life of the new credit agreement.

On January 30, 2014, the company increased the unsecured revolving credit facility entered into on May 31, 2013, by $50.0 million thereby increasing the total revolver borrowing capacity from $225.0 million to $275.0 million. The company incurred debt issuance costs of $0.1 million which will be amortized over the life of the existing credit agreement

This arrangement contains covenants that, among other matters, impose limitations on the incurrence of additional indebtedness, future mergers, sales of assets, payment of dividends and changes in control, as defined in the agreement. In addition, the company is required to satisfy certain financial covenants and tests relating to, among other matters, interest coverage and leverage. At December 28, 2013, the company was in compliance with all covenants under the revolving credit facility.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Debt, continued

The company assumed three credit lines with the acquisition of Hamlin totaling RMB 41.0 million (approximately $6.6 million) as of June 29, 2013 with expiration dates from August 23, 2013 through April 22, 2014. Two of these credit lines expired during the third quarter with the remaining credit line totaling RMB 20 million (approximately $3.3 million) as of December 28, 2013. No amounts were drawn under this line of credit at December 28, 2013.

The company assumed an agreement for the sale of debts to HSBC Invoice Finance (UK) Ltd. with the acquisition of Hamlin totaling $1.8 million GBP (approximately $2.7 million) as of June 29, 2013. The company terminated this agreement during the third quarter of 2013.

For the fiscal years ended December 28, 2013 and December 29, 2012, the company had $0.8 million outstanding in letters of credit. For the fiscal year ended December 31, 2011, the company had $2.3 million available in letters of credit. No amounts were drawn under these lines of credit at December 28, 2013.

Interest paid on debt was approximately $2.9 million in 2013, $1.7 million in 2012, and $1.7 million in 2011.

8. Financial Instruments and Risk Management

Occasionally, the company uses financial instruments to manage its exposures to movements in commodity prices, foreign exchange and interest rates. The use of these financial instruments modifies the company’s exposure to these risks with the goal of reducing the risk or cost to the company. The company does not use derivatives for trading purposes and is not a party to leveraged derivative contracts.

The company recognizes all derivative instruments as either assets or liabilities at fair value in the Consolidated Balance Sheets. The fair value is based upon either market quotes for actively traded instruments or independent bids for non-exchange traded instruments. The company formally documents its hedge relationships, including identifying the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. This process includes linking derivatives that are designated as hedges of specific assets, liabilities, firm commitments or forecasted transactions to the hedged risk. On the date the derivative is entered into, the company designates the derivative as a fair value hedge, cash flow hedge or a net investment hedge, and accounts for the derivative in accordance with its designation. The company also formally assesses, both at inception and at least quarterly thereafter, whether the derivatives are highly effective in offsetting changes in either the fair value or cash flows of the hedged item. If it is determined that a derivative ceases to be a highly effective hedge, or if the anticipated transaction is no longer likely to occur, the company discontinues hedge accounting, and any deferred gains or losses are recorded in the respective measurement period. The company currently does not have any outstanding derivative instruments. In determining fair value, the company uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Fair Value of Assets and Liabilities

Applicable accounting literature establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Applicable accounting literature defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1—Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2—Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

Investment in Polytronics

Equity securities listed on a national market or exchange are valued at the last sales price. Such securities are further detailed in Note 5 and classified within Level 1 of the valuation hierarchy.

Investment in Shocking Technologies, Inc.

The company had an investment in an unconsolidated affiliate, Shocking Technologies, Inc. (“Shocking”), as described in Note 6, for which the valuation model that was used to determine the fair value of Shocking was a discounted cash flow model to value Shocking’s equity and then an option pricing method to allocate the equity value to the various classes of stock in Shocking’s capital structure, including Series C and common shares held by the company.

Significant unobservable inputs used included an expected two years until liquidity event, a volatility of 35% and a risk free rate of 0.44%. The investment is categorized as Level 3.

There were no changes during the year ended December 28, 2013 to the company's valuation techniques used to measure asset and liability fair values on a recurring basis. As of December 28, 2013 and December 29, 2012, the company held no non-financial assets or liabilities that are required to be measured at fair value on a recurring basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Fair Value of Assets and Liabilities, continued

The following table presents assets measured at fair value by classification within the fair value hierarchy as of December 28, 2013 (in thousands):

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Investment in Polytronics	$12,286	$ —	$ —	$12,286
Total	$12,286	$ —	$ —	$12,286

The following table presents assets measured at fair value by classification within the fair value hierarchy as of December 29, 2012 (in thousands):

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Investment in Polytronics	$10,327	$ —	$ —	$10,327
Investment in unconsolidated affiliate	—	—	8,666	8,666

Total	$10,327	$ —	$ 8,666	$18,993

The company's other financial instruments include cash and cash equivalents, short-term investments, accounts receivable and long-term debt. Due to their short-term maturity, the carrying amounts of cash and cash equivalents, short-term investments and accounts receivable approximate their fair values. The company's long-term debt fair value approximates book value at December 28, 2013 and December 29, 2012.

10. Coal Mining Liability

Included in other long-term liabilities is an accrual related to former coal mining operations at Littelfuse GmbH (formerly known as Heinrich Industries, AG) for the amounts of €2.2 million ($3.1 million) and €2.4 million ($3.1 million) at December 28, 2013 and December 29, 2012, respectively. Management accrues for losses associated with litigation and environmental claims based on management's best estimate of future costs when such losses are probable and reasonably able to be estimated. Management, in conjunction with an independent third-party used to prepare an annual engineering study, performs an annual evaluation of the former coal mining operations in order to develop its estimate of their probable future obligations in regard to remediating the dangers (such as a shaft collapse) of abandoned coal mine shafts in the former coal mining operations. The ultimate determination can only be done after respective investigations because the concrete conditions are mostly unknown at this time. The accrual is not discounted as management cannot reasonably estimate when such remediation efforts will take place.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Asset Impairments

The company recorded no impairments of assets during 2013. The carrying values of the company's Assets held for sale are $5.5 million for the previously closed manufacturing facility in Des Plaines, Illinois as of December 28, 2013.

During 2012, the company recorded an asset impairment charge of approximately $0.5 million within selling, general and administrative expenses. This charge reflects the write-down of the company's previously closed manufacturing facility in D¸nsen, Germany to its net selling price. The charge was recognized as an "other" charge for segment reporting purposes. The D¸nsen facility was sold during the fourth quarter of 2012. Also, during the third quarter of 2012, the company reclassified its Yangmei, Taiwan facility to Assets held for sale. The Yangmei facility was sold during the fourth quarter of 2012 and a gain of approximately $1.5 million was realized. In the fourth quarter of 2012, the company entered into a binding agreement for the future sale of its Des Plaines, Illinois property for $6.0 million on an installment basis over a three year period.

During 2011, the company recorded asset impairment charges of approximately $2.3 million within selling, general and administrative expenses. These charges resulted from the shut-down of the company's manufacturing facility in D¸nsen, Germany during the third quarter of 2011 and continuing declines in commercial real estate prices affecting the value of the company's previously closed manufacturing sites in Des Plaines, Illinois and Dundalk, Ireland. The charges were recognized as an "other" charge for segment reporting purposes. Impairment charges and fair value measurements related to these facilities were based on independent broker valuations (market approach) and are considered Level 3 measurements within the fair value hierarchy for financial reporting purposes. The carrying values of the company's assets held for sale were $5.4 million for Des Plaines, $0.4 million for Dundalk and $0.8 million for D¸nsen as of December 31, 2011.

12. Benefit Plans

The company has a company-sponsored defined benefit pension plan, the Littelfuse Inc. Retirement Plan, covering certain of its North American employees. The amount of the retirement benefit is based on years of service and final average pay. The plan also provides a temporary supplemental retirement income benefit to help retirees pay the cost of post-retirement medical coverage if the retiree has reached age 62 and has provided at least ten years of service prior to retirement. Such benefits generally cease once the retiree attains age 65. The plan was frozen in 2009. The company also has company-sponsored defined benefit pension plans covering employees in the U.K., Germany, Japan, Taiwan and the Philippines. The amount of the retirement benefits provided under the plans is based on years of service and final average pay.

During the fourth quarter of 2012, the company recorded $5.3 million in pension settlement and valuation charges. Approximately $5.1 million of these charges were classified in selling, general and administrative expenses and approximately $0.2 million were classified in cost of sales. During the fourth quarter of 2012, the company amended the Littelfuse Inc. Retirement Plan to allow participants who meet certain requirements to elect, during a limited window period, to receive their vested retirement benefits in a lump sum (or for certain participants annuity payments, on and after) December 1, 2012. The $5.1 million settlement charge recorded in selling, general and administrative expenses related to the amended Littelfuse, Inc. Retirement Plan represents the total amount for eligible participants who elected to receive their benefits under the amendment. The $0.2 million charge recorded in cost of sales is related to the company’s Taiwan manufacturing facility that was closed in 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Benefit Plans, continued

The company’s contributions are made in amounts sufficient to satisfy legal requirements. The company is not expected to be required to make a minimum funding contribution in accordance with the Employee Retirement Income Securities Act of 1974 (“ERISA”) for fiscal year 2014 but made a $5.0 million voluntary contribution to the Littelfuse, Inc. Retirement Plan in February 2014.

Total pension expense was $0.8 million, $5.4 million and $0.5 million in 2013, 2012 and 2011, respectively. The decrease in pension expense in 2013 was related to the pension settlement charge that was recorded in 2012 as described above. The increase in pension expense in 2012 was the result of the pension settlement charge as described above. The increase in pension expense in 2011 resulted from required service and interest costs exceeding net earnings from plan assets for the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Benefit Plans, continued

Benefit plan related information is as follows:

(In thousands)	**2013 U.S.**	**Foreign**	**Total**	**2012 U.S.**	**Foreign**	**Total**
Change in benefit obligation:						
Benefit obligation at beginning of year	$95,187	$15,406	$110,593	$94,383	$13,193	$107,576
Service cost	600	744	1,344	600	601	1,201
Interest cost	3,565	1,376	4,941	4,962	644	5,606
Curtailment (gain)	—	—	—	—	(87)	(87)
Net actuarial (gain) loss	(9,854)	1,111	(8,743)	20,333	2,562	22,895
Benefits paid from the trust	(5,076)	(1,755)	(6,831)	(21,566)	(1,201)	(22,767)
Benefits paid directly by company	—	(112)	(112)	—	(725)	(725)
Acquisition	—	31,041	31,041	—	—	—
Settlement (gain)	—	—	—	(3,525)	—	(3,525)
Effect of exchange rate movements	—	2,520	2,520	—	419	419
Benefit obligation at end of year	**$84,422**	**$50,331**	**$134,753**	**$95,187**	**$15,406**	**$110,593**
Change in plan assets at fair value:						
Fair value of plan assets at beginning of year	$77,949	$10,952	$88,901	$81,201	$11,278	$92,479
Actual return on plan assets	5,875	(196)	5,679	8,314	604	8,918
Employer contributions	5,000	4,109	9,109	10,000	—	10,000
Benefits paid	(5,076)	(1,756)	(6,832)	(21,566)	(1,201)	(22,767)
Acquisition	—	26,904	26,904	—	—	—
Effect of exchange rate movements	—	2,464	2,464	—	271	271
Fair value of plan assets at end of year	83,748	42,477	126,225	77,949	10,952	88,901
Net amount recognized/(unfunded status)	$(674)	$(7,854)	$(8,528)	$(17,238)	$(4,454)	$(21,692)
Amounts recognized in the Consolidated Balance Sheet consist of:						
Prepaid benefit cost	$—	$—	$—	$—	$646	$646
Accrued benefit liability	(674)	(7,854)	(8,528)	(17,238)	(5,100)	(22,338)
Net liability recognized	$(674)	$(7,854)	$(8,528)	$(17,238)	$(4,454)	$(21,692)
Accumulated other comprehensive loss	**$18,095**	**$5,594**	**$23,689**	**$29,406**	**$3,292**	**$32,698**

Amounts recognized in accumulated other comprehensive income (loss), pre-tax consist of:

	2013			**2012**		
(In thousands)	**U.S.**	**Foreign**	**Total**	**U.S.**	**Foreign**	**Total**
Net actuarial loss	$18,095	$5,594	$23,689	$29,406	$3,292	$32,698
Prior service (cost)	—	—	—	—	—	—
Net amount recognized / occurring, pre-tax	$18,095	$5,594	$23,689	$29,406	$3,292	$32,698

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Benefit Plans, continued

The estimated net actuarial loss (gain) which will be amortized from accumulated other comprehensive income (loss) into benefit cost in 2013 is less than $0.6 million.

	U.S.			**Foreign**		
(In thousands)	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
Components of net periodic benefit cost:						
Service cost	$600	$600	$560	$744	$601	$429
Interest cost	3,565	4,962	5,110	1,376	644	632
Expected return on plan assets	(5,360)	(6,620)	(6,518)	(1,207)	(480)	(507)
Amortization of prior service (credit)	—	—	—	—	(1)	(1)
Amortization of losses (gains)	942	338	748	130	63	25
Total cost of the plan for the year	(253)	(720)	(100)	1,043	827	578
Expected plan participants’ contributions	—	—	—	—	—	—
Net periodic benefit (credit) cost	(253)	(720)	(100)	1,043	827	578
Settlement loss	—	5,098	—	—	188	11
Total (income) expense for the year	$(253)	$4,378	$(100)	$1,043	$1,015	$589

Weighted average assumptions used to determine net periodic benefit cost for the years 2013, 2012 and 2011 are as follows:

	U.S.			**Foreign**		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**
Discount rate	3.9%	5.4%	5.9%/5.4% (1)	4.5%	5.5%	5.3%
Expected return on plan assets	6.8%	7.8%	8.5%/7.5% (2)	4.8%	4.5%	4.5%
Compensation increase rate	—	—	—	3.6%	5.6%	5.3%
Measurement dates	12/31/13	12/31/12	12/31/11	12/31/13	12/31/12	12/31/11

(1) 5.9% used for the Littelfuse, Inc. Retirement Plan, and 5.4% used for the Cole Hersee

plan.
(2) 8.5% used for the Littelfuse, Inc. Retirement Plan, and 7.5% used for the Cole Hersee plan.

The accumulated benefit obligation for the U.S. defined benefit plan was $84.4 million and $95.2 million at December 28, 2013 and December 29, 2012, respectively. The accumulated benefit obligation for the foreign plans was $46.2 million and $12.5 million at December 28, 2013 and December 29, 2012, respectively.

Weighted average assumptions used to determine benefit obligations at year-end 2013, 2012 and 2011 are as follows:

	U.S.					**Foreign**				
	2013	**2012**		**2011**		**2013**	**2012**		**2011**	
Discount rate	4.8%	3.9	%	5.4	%	4.5%	4.2	%	5.5	%
Compensation increase rate	—	—		—		3.8%	6.3	%	5.6	%
Measurement dates	12/31/13	12/31/12		12/31/11		12/31/13	12/31/12		12/31/11	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Benefit Plans, continued

Expected benefit payments to be paid to participants for the fiscal year ending are as follows (in thousands):

Year	U.S.	Foreign
2014	$5,303	$ 2,245
2015	5,310	2,106
2016	5,352	2,175
2017	5,405	2,238
2018	5,354	2,278

Defined Benefit Plan Assets

Based upon analysis of the target asset allocation and historical returns by type of investment, the company has assumed that the expected long-term rate of return will be 6.8% on the Littelfuse, Inc. domestic plan assets and 4.8% on foreign plan assets. Assets are invested to maximize long-term return taking into consideration timing of settlement of the retirement liabilities and liquidity needs for benefits payments. Pension plan assets were invested as follows, and were not materially different from the target asset allocation:

	U.S. Asset Allocation		Foreign Asset Allocation	
	2013	**2012**	**2013**	**2012**
Equity securities	53 %	53 %	33 %	3 %
Debt securities	46 %	46 %	61 %	95 %
Cash	1 %	1 %	6 %	2 %
	100%	100 %	100%	100 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Benefit Plans, continued

The following table presents the company's pension plan assets measured at fair value by classification within the fair value hierarchy as of December 28, 2013 (in thousands):

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equities:				
MSCI Emg Mkts Index Fund	$—	$ 4,679	$ —	$4,679
MSCI World Index Fund	—	39,332	—	39,332
Global Equity Index Fund	—	12,859	—	12,859
Philippine Stock	918	—	—	918
Fixed income:				
Long U.S. Credit Corp Index Fund	—	24,830	—	24,830
Long U.S. Govt Bond Index Fund	—	8,269	—	8,269
High yield corporate bond funds	—	5,792	—	5,792
Investment grade corporate bond funds	9,637	—	—	9,637
Over 15y Gilts Index Fund	—	5,626	—	5,626
Act Agg Long Dat 50:50 Fixed Int Fund	—	5,174	—	5,174
AAA Fixed Int Over 15 Year Fund	—	5,394	—	5,394
Other	237	—	—	237
Cash and equivalents	3,478	—	—	3,478
Total pension plan assets	$14,270	$ 111,955	$ —	$126,225

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Benefit Plans, continued

The following table presents the company's pension plan assets measured at fair value by classification within the fair value hierarchy as of December 29, 2012 (in thousands):

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Equities:				
MSCI Emg Mkts Index Fund	$—	$ 6,243	$ —	$6,243
MSCI World Index Fund	—	34,666	—	34,666
Fixed income:				
Long U.S. Credit Corp Index Fund	—	22,889	—	22,889
Long U.S. Govt Bond Index Fund	—	7,630	—	7,630
High yield corporate bond funds	—	5,378	—	5,378
Investment grade corporate bond funds	—	10,297	—	10,297
Other	—	655	—	655
Cash and equivalents	1,143	—	—	1,143
Total pension plan assets	$1,143	$ 87,758	$ —	$88,901

Defined Contribution Plans

The company also maintains a 401(k) savings plan covering substantially all U.S. employees. The company matches 100% of the employee's annual contributions for the first 4% of the employee's eligible compensation. Employees are immediately vested in their contributions plus actual earnings thereon, as well as the company contributions. Company matching contributions amounted to $1.7 million, $1.5 million and $1.3 million in each of the years 2013, 2012 and 2011, respectively.

On January 1, 2010, the company adopted a non-qualified Supplemental Retirement and Savings Plan. The company will provide additional retirement benefits for certain management employees and named executive officers by allowing participants to contribute up to 90% of their annual compensation with matching contributions of 4% and 5% of the participant's annual compensation in excess of the IRS compensation limits.

The company previously provided additional retirement benefits for certain key executives through its unfunded defined contribution Supplemental Executive Retirement Plan ("SERP"). The company amended the SERP during 2009 to freeze contributions and set the annual interest rate credited to the accounts until distributed at the five-year Treasury constant maturity rate. The charge to expense for the SERP plan amounted to $0.0 million, $0.1 million and $0.1 million in each of the years 2013, 2012 and 2011, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Shareholders' Equity

Equity Plans: The company has equity-based compensation plans authorizing the granting of stock options, restricted shares, restricted share units, performance shares and other stock rights of employees and directors. As of December 28, 2013, there were approximately 1.2 million shares available for issuance of future awards under the company's equity-based compensation plans.

Stock options granted prior to 2002 vested over a five-year period and are exercisable over a ten-year period commencing from the date of vesting. The stock options granted in 2002 through February 2005 vested over a five-year period and are exercisable over a ten-year period commencing from the date of the grant. Stock options granted after February 2005 vest over a three, four or five-year period and are exercisable over either a seven or ten-year period commencing from the date of the grant. Restricted shares and share units granted by the company vest over three to four years.

The following table provides a reconciliation of outstanding stock options for the fiscal year ended December 28, 2013.

	Shares Under Option	Weighted Average Price	Weighted Average Remaining Contract Life (Years)	Aggregate Intrinsic Value (000's)
Outstanding December 29, 2012	788,450	$ 40.53		
Granted	130,666	66.68		
Exercised	(415,718)	35.31		
Forfeited	(7,195)	31.09		
Outstanding December 28, 2013	496,203	51.93	4.0	$ 20,216
Exercisable December 28, 2013	254,978	39.71	2.4	13,504

The following table provides a reconciliation of non-vested restricted share and share unit awards for the fiscal year ended December 28, 2013.

	Shares	Weighted Average Grant-Date Fair Value
Nonvested December 29, 2012	183,287	$ 53.18
Granted	103,042	65.47
Vested	(97,518)	46.24
Forfeited	(4,238)	60.06
Nonvested December 28, 2013	184,573	63.56

The total intrinsic value of options exercised during 2013, 2012 and 2011 was $15.3 million, $9.8 million, and $15.6 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Shareholders' Equity, continued

The company recognizes compensation cost of all share-based awards as an expense on a straight-line basis over the vesting period of the awards. At December 28, 2013, the unrecognized compensation cost for options, restricted shares and performance shares was $9.3 million before tax, and will be recognized over a weighted-average period of 1.9 years. Compensation cost included as a component of selling, general and administrative expense for all equity compensation plans discussed above was $8.9 million, $7.3 million and $5.8 million for 2013, 2012 and 2011, respectively. The total income tax benefit recognized in the Consolidated Statements of Net Income was $3.2 million, $2.6 million and $2.1 million for 2013, 2012 and 2011, respectively.

The company uses the Black-Scholes option valuation model to determine the fair value of awards granted. The weighted average fair value of and related assumptions for options granted are as follows:

	2013	**2012**	**2011**
Weighted average fair value of options granted	$23.90	$23.38	$24.25
Assumptions:			
Risk-free interest rate	0.70 %	0.89 %	2.07 %
Expected dividend yield	1.20 %	1.14 %	0.97 %
Expected stock price volatility	45.0 %	46.0 %	46.0 %
Expected life of options (years)	5.1	5.1	5.1

Expected volatilities are based on the historical volatility of the company's stock price. The expected life of options is based on historical data for options granted by the company and the SEC simplified method. The risk-free rates are based on yields available at the time of grant on U.S. Treasury bonds with maturities consistent with the expected life assumption.

Accumulated Other Comprehensive Income (Loss) (AOCI): The following table sets forth the changes in the components of AOCI by component for fiscal years 2013, 2012 and 2011 (in thousands):

	Pension liability adjustments	Gain on investments [(b)]	Foreign currency translation adjustment	Accumulated other comprehensive income (loss)

	(a)			
Balance at December 30, 2011	$ (13,578)	$ 6,642	$ 15,567	$ 8,631
2012 activity	(7,301)	1,225	13,993	7,917
Balance at December 29, 2012	(20,879)	7,867	29,560	16,548
2013 activity	3,739	1,526	(1,396)	3,869
Balance at December 28, 2013	$ (17,140)	$ 9,393	$ 28,164	$ 20,417

(a) Net of tax of $6,253, $11,819, and $7,186 for 2013, 2012 and 2011, respectively.

(b) Net of tax of $0, $0 and $0 for 2013, 2012 and 2011, respectively.

Preferred Stock: The Board of Directors may authorize the issuance of preferred stock from time to time in one or more series with such designations, preferences, qualifications, limitations, restrictions and optional or other special rights as the Board may fix by resolution.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Shareholders' Equity, continued

The Board of Directors authorized the repurchase of up to 1,000,000 shares of the company's common stock under a program for the period May 1, 2013 to April 30, 2014. The company did not repurchase any shares in fiscal 2013 and 1,000,000 shares remain available for purchase under the initial program as of December 28, 2013.

14. Income Taxes

Domestic and foreign income (loss) before income taxes is as follows (in thousands):

	2013	2012	2011
Domestic	$20,254	$17,490	$25,206
Foreign	103,982	82,562	89,895
Income before income taxes	$124,236	$100,052	$115,101

Federal, state and foreign income tax (benefit) expense consists of the following (in thousands):			
Current:			
Federal	$8,265	$5,934	$6,663
State	2,084	1,217	1,647
Foreign	18,462	20,230	21,130
Subtotal	28,811	27,381	29,440
Deferred:			
Federal and State	3,251	(6,115)	(700)
Foreign	3,389	3,454	(663)
Subtotal	6,640	(2,661)	(1,363)
Provision for income taxes	$35,451	$24,720	$28,077

A reconciliation between income taxes computed on income before income taxes at the federal statutory rate and the provision for income taxes is provided below (in thousands):

	2013	2012	2011
Tax expense at statutory rate of 35%	$43,481	$35,018	$40,284

State and local taxes, net of federal tax benefit	1,076	536	1,484
Foreign income tax rate differential	(15,497)	(11,146)	(13,052)
Capital loss valuation allowance	6,085	—	—
Tax on unremitted earnings	(349)	—	(254)
Other, net	655	312	(385)
Provision for income taxes	$35,451	$24,720	$28,077

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Income Taxes, continued

Deferred income taxes are provided for the tax effects of temporary differences between the financial reporting bases and the tax bases of the company's assets and liabilities. Significant components of the company's deferred tax assets and liabilities at December 28, 2013 and December 29, 2012, are as follows (in thousands):

	2013	**2012**
Deferred tax assets:		
Accrued expenses	$16,958	$21,308
Foreign tax credit carryforwards	6,263	9,638
R&D credit carryforwards	147	147
AMT credit carryforwards	1,128	1,306
Accrued restructuring	45	310
Equity investments	—	2,787
Capital losses	6,085	—
Domestic and foreign net operating loss carryforwards	890	2,330
Gross deferred tax assets	31,516	37,826
Less: Valuation allowance	(6,250)	(784)
Total deferred tax assets	25,266	37,042
Deferred tax liabilities:		
Tax depreciation and amortization in excess of book	21,525	16,713
Other	—	349
Total deferred tax liabilities	21,525	17,062
Net deferred tax assets	$3,741	$19,980

The deferred tax asset valuation allowance is related to a U.S. capital loss carryover which is not expected to be realized and certain foreign net operating losses. The remaining domestic and foreign net operating losses either have no expiration date or are expected to be utilized prior to expiration. The foreign tax credit carryforwards begin to expire in 2018. The company paid income taxes of approximately $30.4 million, $23.8 million and $27.1 million in 2013, 2012 and 2011, respectively.

U.S. income taxes were not provided on a cumulative total of approximately $288.1 million of undistributed earnings for certain non-U.S. subsidiaries as of December 28, 2013, and accordingly, no deferred tax liability has been established relative to these earnings. The determination of the deferred tax liability associated with the distribution of these earnings is not practicable. The company has three subsidiaries in China on "tax holidays." The "tax holidays" begin to expire over the next two years if the company is not granted extensions which are in process. Such “tax holidays” contributed approximately $3.2 million in tax benefits ($0.14 per diluted share) during 2013 with similar amounts expected in future years while “tax holidays” are in effect.

A reconciliation of the beginning and ending amount of unrecognized tax benefits as of December 28, 2013, December 29, 2012 and December 31, 2011 is as follows (in thousands):

Balance at January 2, 2011	$112
Increases/decreases for tax positions taken in the current year	—
Additions for tax positions taken in prior years	—
Settlements	—
Lapses of statute of limitations	—
Balance at December 31, 2011, December 29, 2012 and December 28, 2013	$112

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Income Taxes, continued

The amount of unrecognized tax benefits at December 28, 2013 was approximately $0.1 million. Of this total, approximately $0.1 million represents the amount of tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. The company does not reasonably expect a decrease in unrecognized tax benefits in the next 12 months. None of the positions included in unrecognized tax benefits are related to tax positions for which the ultimate deductibility is highly certain, but for which there is uncertainty about the timing of such deductibility. The U.S. federal statute of limitations remains open for 2010 onward. Foreign and U.S. state statute of limitations generally range from three to seven years. The company is currently under examination in Illinois for tax years 2010 through 2011. The company does not expect to recognize a significant amount of additional tax expense as a result of concluding the Illinois tax audit. The company acquired a subsidiary during 2013 that is currently under audit in Germany for the tax years 2008 through 2010. The company is indemnified for any tax liabilities incurred upon conclusion of this audit.

The company recognizes accrued interest and penalties associated with uncertain tax positions as part of income tax expense.

15. Business Unit Segment Information

An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses, and about which separate financial information is regularly evaluated by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources. The CODM is the company’s President and Chief Executive Officer (“CEO”).

The company reports its operations by the following business unit segments: Electronics, Automotive and Electrical.

• *Electronics.* Provides circuit protection components and expertise to leading global manufacturers of a wide range of electronic products including mobile phones, computers, LCD TVs, telecommunications equipment, medical devices, lighting products and white goods. The Electronics business segment has the broadest product offering in the industry including fuses and protectors, positive temperature coefficient (“PTC”) resettable fuses, varistors, polymer electrostatic discharge (“ESD”) suppressors, discrete transient voltage suppression (“TVS”) diodes, TVS diode arrays and protection thyristors, gas discharge tubes, power switching components and fuseholders, blocks and related accessories.

- *Automotive.* Provides circuit protection products to the worldwide automotive original equipment manufacturers ("OEM") and parts distributors of passenger automobiles, trucks, buses and off-road equipment. The company also sells its fuses in the automotive replacement parts market. Products include blade fuses, high current fuses, battery cable protectors and varistors.
- *Electrical.* Provides circuit protection products for industrial and commercial customers. Products include power fuses and other circuit protection devices that are used in commercial and industrial buildings and large equipment such as HVAC systems, elevators and machine tools.

Each of the operating segments is directly responsible for sales, marketing and research and development. Manufacturing, purchasing, logistics, customer service, finance, information technology and human resources are shared functions that are allocated back to the three operating segments. The CEO allocates resources to and assesses the performance of each operating segment using information about its revenue and operating income (loss), but does not evaluate the operating segments using discrete balance sheet information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Business Unit Segment Information, continued

Sales, marketing and research and development expenses are charged directly into each operating segment. All other functions are shared by the operating segments and expenses for these shared functions are allocated to the operating segments and included in the operating results reported below. The company does not report inter-segment revenue because the operating segments do not record it. The company does not allocate interest and other income, interest expense, equity in loss of unconsolidated affiliate, or taxes to operating segments. Although the CEO uses operating income to evaluate the segments, operating costs included in one segment may benefit other segments. Except as discussed above, the accounting policies for segment reporting are the same as for the company as a whole.

The company has provided this business unit segment information for all comparable prior periods. Segment information is summarized as follows (in thousands):

	2013	**2012**	**2011**
Net sales			
Electronics	$367,052	$329,466	$354,487
Automotive	267,207	206,222	197,586
Electrical	123,594	132,225	112,882
Total net sales	$757,853	$667,913	$664,955
Depreciation and amortization			
Electronics	$20,735	$20,741	$22,324
Automotive	9,928	6,822	5,992
Electrical	3,817	3,870	3,936
Total depreciation and amortization	$34,480	$31,433	$32,252
Operating income (loss)			
Electronics	$69,559	$51,422	$62,982
Automotive	39,170	29,817	30,002
Electrical	24,363	32,794	28,902
Other [1]	(3,211)	(7,163)	(7,982)
Total operating income	129,881	106,870	113,904
Interest expense	2,917	1,701	1,691
Impairment and equity in net loss of unconsolidated affiliate [2]	10,678	7,334	—
Foreign exchange (gain) loss	(3,303)	3,179	1,238
Other expense (income), net	(4,646)	(5,396)	(4,126)
Income before income taxes	$124,235	$100,052	$115,101

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Business Unit Segment Information, continued

(Table continued from prior page.)

(1) Included in "Other" Operating income (loss) for 2013 are acquisition related fees ($1.7 million included in Selling, general and administrative expenses ("SG&A")) and non-cash charges for the sale of inventory that had been stepped-up to fair value at the acquisition date of Hamlin ($1.5 million included in Cost of sales ("COS")) (See Note 2).

Included in "Other" Operating income (loss) for 2012 are acquisition related fees ($1.0 million included in SG&A), non-cash charges for the sale of inventory that had been stepped-up to fair value at the acquisition date of Accel and Terra Power ($0.6 million included in COS), charges related to a pension liability settlement ($5.1 million included in SG&A) (see Note 12), and asset impairment charges related to the sale of the Dünsen, Germany facility ($0.5 million included in SG&A) (See Note 11).

Included in "Other" Operating income (loss) for 2011 are acquisition related fees ($1.0 million included in SG&A), a non-cash charge for the sale of inventory that had been stepped-up to fair value at the acquisition date of Cole Hersee ($3.7 million included in COS), asset impairment charges related to closure of the company's Des Plaines, Illinois ($0.8 million), Dundalk, Ireland ($0.6 million) and Dünsen, Germany ($0.9 million) manufacturing facilities (all included in SG&A) (see Note 11) and purchase accounting adjustments related to the Selco acquisition ($0.7 million included in COS).

(2) During the first quarter of 2013, the company recorded approximately $10.7 million related to the impairment of Shocking Technologies. During the fourth quarter of 2012, the company recorded approximately $7.3 million related to the impairment and equity in net loss of its investment in Shocking Technologies (See Note 6).

The company's significant net sales and long-lived assets by country for the fiscal years ended 2013, 2012 and 2011 are as follows (in thousands):

	2013	**2012**	**2011**
Net sales			
United States	$274,666	$222,530	$223,701
China	158,494	142,553	148,717
Other countries	324,693	302,830	292,537
Total net sales	$757,853	$667,913	$664,955
Long-lived assets			

United States	$27,294	$14,433	$15,814
China	45,843	41,504	43,386
Canada	14,429	13,839	11,795
Other countries	62,607	51,135	47,889
Total long-lived assets	$150,173	$120,911	$118,884

For the year ended December 28, 2013, approximately 64% of the company's net sales were to customers outside the United States (exports and foreign operations) including 20% to China. No single customer accounted for more than 10% of net sales during the last three years.

16. Lease Commitments

The company leases certain office and warehouse space as well as certain machinery and equipment under non-cancellable operating leases. Rent expense under these leases was approximately $8.9 million in 2013, $9.1 million in 2012 and $7.1 million in 2011.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Lease Commitments, continued

Rent expense is recognized on a straight-line basis over the term of the leases. The difference between straight-line basis rent and the amount paid has been recorded as accrued lease obligations. The company also has leases that have lease renewal provisions. As of December 28, 2013, all operating leases outstanding were with third parties. The company did not have any capital leases as of December 28, 2013.

Future minimum payments for all non-cancelable operating leases with initial terms of one year or more at December 28, 2013 are as follows (in thousands):

2014	$8,460
2015	5,316
2016	4,409
2017	3,435
2018	3,178
2019 and thereafter	15,746
	$40,544

17. Earnings Per Share

The company computes earnings per share using the two-class method. The two-class method includes an earnings allocation formula that determines earnings per share for each class of common stock according to dividends declared and undistributed earnings for the period. The company's reported net earnings is reduced by the amount allocated to participating securities to arrive at the earnings allocated to common stock shareholders for purposes of calculating earnings per share.

The dilutive effect of participating securities is calculated using the more dilutive of the treasury stock or the two-class method. The company has determined the two-class method to be the more dilutive. As such, the earnings allocated to common stock shareholders in the basic earnings per share calculation is adjusted for the reallocation of undistributed earnings to participating securities to arrive at the earnings allocated to common stock shareholders for calculating the diluted earnings per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Earnings Per Share, continued

The following table sets forth the computation of basic and diluted earnings per share under the two-class method:

(In thousands, except per share amounts)	**2013**	**2012**	**2011**
Net income as reported	$88,784	$75,332	$87,024
Less: Distributed earnings available to participating securities	(35)	(30)	(16)
Less: Undistributed earnings available to participating securities	(16)	(98)	(288)
Numerator for basic earnings per share —			
Undistributed and distributed earnings available to common shareholders	$88,733	$75,204	$86,720
Add: Undistributed earnings allocated to participating securities	16	98	288
Less: Undistributed earnings reallocated to participating securities	(16)	(97)	(283)
Numerator for diluted earnings per share —			
Undistributed and distributed earnings available to common shareholders	$88,733	$75,205	$86,725
Denominator for basic earnings per share —			
Weighted-average shares	22,315	21,822	21,901
Effect of dilutive securities:			
Common stock equivalents	222	276	354
Denominator for diluted earnings per share —			
Adjusted for weighted-average shares & assumed conversions	22,537	22,098	22,255
Basic earnings per share	$3.98	$3.45	$3.96
Diluted earnings per share	$3.94	$3.40	$3.90

The following potential shares of common stock attributable to stock options were excluded from the earnings per share calculation because their effect would be anti-dilutive: 96,401 in 2013; 159,983 in 2012; and 85,563 in 2011.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Selected Quarterly Financial Data (Unaudited)

The quarterly periods listed in the table below for 2013 are for the 13-weeks ending December 28, 2013, September 28, 2013, June 29, 2013 and March 30, 2013 respectively. The quarterly periods for 2012 are for the 13-weeks ending December 29, 2012, September 29, 2012, June 30, 2012 and March 31, 2012, respectively.

(In thousands, except per share data)

	2013				**2012**			
	4Q[a]	**3Q[b]**	**2Q[c]**	**1Q[d]**	**4Q[e]**	**3Q[f]**	**2Q**	**1Q[g]**
Net sales	$198,129	$201,040	$187,766	$170,918	$158,794	$172,688	$175,853	$160,578
Gross profit	77,109	80,960	73,557	64,606	59,407	68,636	69,562	60,862
Operating income	32,823	37,559	31,382	28,117	18,019	30,931	32,096	25,824
Net income (as previously reported)	23,658	26,990	26,648	14,794	9,841	23,998	23,604	17,889
Equity method loss adjustments[(g)]	—	—	—	—	2,188	(1,220)	(641)	(326)
Tax adjustment[(d)]	—	—	—	(3,306)	—	—	—	—
Net income (Q1 2013 as restated)	23,658	26,990	26,648	11,488	12,029	22,778	22,963	17,563
Net income per share (as reported):								
Basic	$1.05	$1.20	$1.19	$0.67	$0.45	$1.09	$1.08	$0.83
Diluted	$1.04	$1.19	$1.18	$0.66	$0.44	$1.08	$1.07	$0.81
Impact of equity method loss adjustments:								
Basic	$—	$—	$—	$—	$0.10	$(0.05)	$(0.03)	$(0.02)
Diluted	$—	$—	$—	$—	$0.09	$(0.05)	$(0.03)	$(0.01)
Impact of tax adjustment:								
Basic	$—	$—	$—	$(0.15)	$—	$—	$—	$—
Diluted	$—	$—	$—	$(0.15)	$—	$—	$—	$—
Net income per share (Q1 2013 as restated):								
Basic	$1.05	$1.20	$1.19	$0.52	$0.55	$1.04	$1.05	$0.81
Diluted	$1.04	$1.19	$1.18	$0.51	$0.53	$1.03	$1.04	$0.80

a – In the fourth quarter of 2013, the company recorded a $2.8 million charge to income tax expense related to the company's impairment of its investment in Shocking Technologies in the fourth quarter of 2012. (See Note 6). The company also recorded a $0.5 million non-cash credit related to the step-up of inventory from the Hamlin acquisition (See Note 2) and $0.2 million in acquisition expenses for the Hamlin acquisition.

b – In the third quarter of 2013, the company recorded a $0.3 million non-cash charge related to the step-up of inventory from the Hamlin acquisition (See Note 2). The company also recorded $0.3 million in acquisition charges related to the Hamlin acquisition.

c_ In the second quarter of 2013, the company recorded a $1.7 million non-cash charge related to step-up of inventory from the Hamlin acquisition (See Note 2). The company also recorded $1.2 million in acquisition charges related to the Hamlin acquisition.

d_ In the first quarter of 2013, the company recorded a $10.7 million charge related to the impairment of Shocking Technologies. Additionally, the company restated net income for a $3.3 million charge to income tax expense related to the company's investment in Shocking Technologies (See Note 6).

e_ In the fourth quarter of 2012, the company recorded a $7.3 million charge related to the impairment and equity method losses of Shocking Technologies. (See Note 6). The company also recorded a $5.1 million charge related to a pension settlement (See Note 12).

f_ In the third quarter of 2012, the company recorded $0.5 million charge related to the impairment of the Dünsen, Germany property (See Note 11). The company also recorded $0.6 million in acquisition charges related to the Accel and Terra Power acquisitions and $0.4 million of non-cash charges related to the step-up of inventory from the Accel acquisition (See Note 2).

g_ In the first quarter of 2012, the company recorded a $0.2 million non-cash charge related to the step-up of inventory from the Selco acquisition (See Note 2).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. Subsequent Event

On January 6, 2014, the company announced that it had acquired 100% of SymCom, Inc. (“SymCom”) for $52.0 million net of cash acquired. Headquartered in Rapid City, South Dakota, SymCom provides overload relays and pump controllers primarily to the industrial market. The company is in the process of determining the fair value of assets and liabilities acquired for the SymCom acquisition. The fair value of net assets was not available at the time this report was filed.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) Financial Statements and Schedules

(1) The following Financial Statements are filed as a part of this report:
(i) Reports of Independent Registered Public Accounting Firm (pages 6-8).
(ii) Consolidated Balance Sheets as of December 28, 2013, and December 29, 2012 (page 9).
(iii) Consolidated Statements of Net Income for the years ended December 28, 2013, December 29, 2012, and December 31, 2011 (page 10).
(iv) Consolidated Statements of Comprehensive Income for the years ended December 28, 2013, December 29, 2012, and December 31, 2011 (page 10).
(v) Consolidated Statements of Cash Flows for the years ended December 28, 2013, December 29, 2012, and December 31, 2011, (page 11).
(vi) Consolidated Statements of Equity for the years ended December 28, 2013, December 29, 2012, and December 31, 2011, (page 12).
(vii) Notes to Consolidated Financial Statements (pages 13-47).

(2) The following Financial Statement Schedule is submitted herewith for the periods indicated therein.
(i) Schedule II - Valuation and Qualifying Accounts and Reserves (page 49).

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(3) Exhibits. See Exhibit Index on pages 51-54.

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

(In thousands of USD)

Description	**Balance at Beginning of Year**	**Charged to Costs and Expenses (1)**	**Deductions (2)**	**Other (3)**	**Balance at End of Year**
Year ended December 28, 2013					
Allowance for losses on accounts receivable	$ 705	$ 2,289	$ 2,316	$ 112	$ 790
Reserves for sales discounts and allowances	$ 12,803	$ 77,659	$ 74,432	$ 87	$ 16,117
Deferred tax valuation allowance	$ 784	$ 6,085	$ 619	$ —	$ 6,250
Year ended December 29, 2012					
Allowance for losses on accounts receivable	$ 394	$ 242	$ 51	$ 120	$ 705
Reserves for sales discounts and allowances	$ 11,912	$ 68,004	$ 67,055	$ (58)	$ 12,803
Deferred tax valuation allowance	$ 708	$ 76	$ —	$ —	$ 784
Year ended December 31, 2011					
Allowance for losses on accounts receivable	$ 1,127	$ 444	$ 953	$ (224)	$ 394
Reserves for sales discounts and allowances	$ 12,342	$ 61,031	$ 61,681	$ 220	$ 11,912
Deferred tax valuation allowance	$ 708	$ —	$ —	$ —	$ 708

(1) Includes provision for doubtful accounts, sales returns and sales discounts granted to customers.

(2) Represents uncollectible accounts written off, net of recoveries and credits issued to customers and the write-off of certain deferred tax assets that previously had full valuation allowances.

(3) Represents business acquisitions and foreign currency translation adjustments.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Littelfuse, Inc.

By /s/ Gordon Hunter
Gordon Hunter,
Chairman of the Board of Directors,
President and Chief Executive Officer

Date: July 23, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant on July 23, 2014 and in the capacities indicated.

/s/ Gordon Hunter Gordon Hunter	Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)
/s/ Tzau-Jin Chung Tzau-Jin Chung	Director
/s/ Cary T. Fu Cary T. Fu	Director
/s/ Anthony Grillo Anthony Grillo	Director
/s/ John E. Major John E. Major	Director
/s/ William P. Noglows William P. Noglows	Director
/s/ Ronald L. Schubel Ronald L. Schubel	Director
/s/ Philip G. Franklin	Senior Vice President and Chief Financial Officer (Principal Financial and Principal

Philip G. Franklin	Accounting Officer)

EXHIBIT INDEX

The following documents listed below that have been previously filed with the SEC (1934 Act File No. 0-20388) are incorporated herein by reference:

Exhibit No.	**Description**
2.1+	Stock Purchase Agreement, dated as of April 15, 2013, by and among Littelfuse, Inc. and Key Safety Systems, Inc. (filed as Exhibit 2.1 to the company's Current Report on form 8-K dated April 15, 2013).
3.1	Certificate of Incorporation, as amended to date (filed as Exhibit 3(I) to the company's Form 10-K for the fiscal year ended January 3, 1998).
3.2	Certificate of Designations of Series A Preferred Stock (filed as Exhibit 4.2 to the company's Current Report on Form 8-K dated December 1, 1995).
3.3	Bylaws, as amended to date (filed as Exhibit 3.1 to the company's Current Report on Form 8-K dated October 26, 2007).
10.1	Amendment to Non-Qualified Stock Option Agreement and Agreement for Deferred Compensation between Littelfuse, Inc., and Gordon Hunter (filed as Exhibit 10.27 to the company's Form 10-K for the fiscal year ended December 31, 2005).++
10.2	Amended and Restated Employment Agreement dated as of December 31, 2007, between Littelfuse, Inc., and Gordon Hunter (filed as Exhibit 10.1 to the company's Form 10-K for the fiscal year ended December 29, 2007).++
10.3	Change of Control Agreement effective as of January 1, 2012, between Littelfuse, Inc., and Gordon Hunter (filed as Exhibit 10.3 to the company's Form 10-K for the fiscal year ended December 31, 2011).++
10.4	Change of Control Agreement effective as of January 1, 2012, between Littelfuse, Inc., and Philip G. Franklin (filed as Exhibit 10.4 to the company's Form 10-K for the fiscal year ended December 31, 2011).++
10.5	Change of Control Agreement effective as of January 1, 2012, between Littelfuse, Inc., and David W. Heinzmann (filed as Exhibit 10.5 to the company's Form 10-K for the fiscal year ended December 31, 2011).++
10.6	Change of Control Agreement effective as of January 1, 2012, between Littelfuse, Inc., and Hugh Dalsen Ferbert (filed as Exhibit 10.6 to the company's Form 10-K for the fiscal year ended December 31, 2011).++
10.7	Change of Control Agreement effective as of January 1, 2012, between Littelfuse, Inc., and Ryan K. Stafford (filed as Exhibit 10.7 to the company's Form 10-K for the fiscal year ended December 31, 2011).++

10.8	Change of Control Agreement effective as of May 17, 2012, between Littelfuse, Inc., and Dan Stanek (filed as Exhibit 10.8 to the company's Form 10-K for the fiscal year ended December 29, 2012).++
10.9	Change of Control Agreement effective as of May 17, 2012, between Littelfuse, Inc., and Ian Highley (filed as Exhibit 10.9 to the company's Form 10-K for the fiscal year ended December 29, 2012).++
10.10	Summary of Director Compensation (filed as Exhibit 10.18 to the company's Form 10-K for the fiscal year ended December 29, 2007).++
10.11	Amended and restated Littelfuse, Inc. 401(k) Retirement and Savings Plan (filed as Exhibit 10.1 to the company's Form 8-K dated October 9, 2009).++

Exhibit No.	Description
10.12	1993 Stock Plan for Employees and Directors of Littelfuse, Inc., as amended (filed as Exhibit 10.1 to the company's Form 10-Q for the quarterly period ended July 2, 2005).++
10.13	Form of Non-Qualified Stock Option Agreement under the 1993 Stock Plan for Employees and Directors of Littelfuse, Inc. for employees of the company (filed as Exhibit 99.1 to the company's Current Report on Form 8-K dated November 8, 2004).++
10.14	Form of Performance Shares Agreement under the 1993 Stock Plan for Employees and Directors of Littelfuse, Inc. (filed as Exhibit 10.23 to the company's Form 10-K for the fiscal year ended January 1, 2005).++
10.15	Form of Non-Qualified Stock Option Agreement under the 1993 Stock Plan for Employees and Directors of Littelfuse, Inc., for non-employee directors of the company (filed as Exhibit 10.24 to the company's Form 10-K for the fiscal year ended January 1, 2005).++
10.16	Stock Plan for New Directors of Littelfuse, Inc., as amended (filed as Exhibit 10.2 to the company's Form 10-Q for the quarterly period ended July 2, 2005).++
10.17	Stock Plan for Employees and Directors of Littelfuse, Inc., as amended (filed as Exhibit 10.3 to the company's Form 10-Q for the quarterly period ended July 2, 2005).++
10.18	Littelfuse, Inc., Equity Incentive Compensation Plan (filed as Exhibit A to the company's Proxy Statement for Annual Meeting of Stockholders held on May 5, 2006).++
10.19	First Amendment to the Littelfuse, Inc., Equity Incentive Compensation Plan dated as of July 28, 2008 (filed as Exhibit 10.2 to the company's Form 10-Q for the quarterly period ended March 28, 2009).++
10.20	Form of Non-Qualified Stock Option Agreement under the Littelfuse, Inc., Equity Incentive Compensation Plan (filed as Exhibit 99.4 to the company's Current Report on Form 8-K dated May 5, 2006).++
10.21	Form of Performance Shares Agreement under the Littelfuse, Inc., Equity Incentive Compensation Plan (filed as Exhibit 99.1 to the company's Current Report on Form 8-K dated March 12, 2008).++
10.22	Littelfuse, Inc., Outside Directors' Stock Option Plan (filed as Exhibit B to the company's Proxy Statement for Annual Meeting of Stockholders held on May 5, 2006).++
10.23	Form of Non-Qualified Stock Option Agreement under the Littelfuse, Inc., Outside Directors Stock Option Plan (filed as Exhibit 99.6 to the company's Current Report on Form 8-K dated May 5, 2006).++
10.24	Littelfuse, Inc., Outside Directors' Equity Plan (filed as Exhibit A to the company's Proxy Statement for Annual Meeting of Stockholders held on April 27, 2007).++
10.25	First Amendment to the Littelfuse, Inc., Outside Directors' Equity Plan, dated as of July 28, 2008 (filed as Exhibit 10.1 to the company's Form 10-Q for the quarterly period ended March 28, 2009).++

10.26	Form of Stock Option Award Agreement under the Littelfuse, Inc., Outside Directors' Equity Plan (filed as Exhibit 99.3 to the company's Current Report on Form 8-K dated April 25, 2008).++
10.27	Form of Restricted Stock Unit Award Agreement under the Littelfuse, Inc., Outside Directors' Equity Plan (filed as Exhibit 99.4 to the company's Current Report on Form 8-K dated April 25, 2008).++
10.28	Amended and Restated, Littelfuse, Inc., Deferred Compensation Plan for Non-employee Directors (filed as Exhibit 10.4 to the company's Form 10-K for the fiscal year ended December 29, 2007).++

Exhibit No.	Description
10.29	Amended and Restated Littelfuse, Inc., Retirement Plan (filed as Exhibit 10.13 to the company's Form 10-K for the fiscal year ended December 29, 2007).++
10.30	Amendment to Amended and Restated Littelfuse, Inc., Retirement Plan (filed as Exhibit 10.30 to the company's Form 10-K for the fiscal year ended January 2, 2010).++
10.31	Amended and Restated, Littelfuse, Inc., Annual Incentive Plan (filed as Exhibit 10.1 to the company's form 10-Q for the quarterly period ended April 2, 2010).++
10.32	Form of Restricted Stock Award Agreement under the Littelfuse, Inc., Equity Incentive Compensation Plan (filed as Exhibit 10.1 to the company's Current Report on form 8-K dated April 28, 2009).++
10.33	Form of Stock Option Award Agreement under the Littelfuse, Inc., Equity Incentive Compensation Plan (filed as Exhibit 10.2 to the company's Current Report on form 8-K dated April 28, 2009).++
10.34	Littelfuse, Inc., Supplemental Retirement and Savings Plan (filed as Exhibit 10.3 to the company's Current Report on form 8-K dated October 9, 2009).++
10.35	Littelfuse, Inc. Long-Term Incentive Plan (filed as Exhibit 10.1 to the company's Form 8-K dated May 5, 2010).++
10.36	First Amendment to the Littelfuse, Inc. Long-Term Incentive Plan.++
10.37	Form of Restricted Stock Unit Award Agreement (Outside Director) under the Littelfuse, Inc. Long-Term Incentive Plan (filed as Exhibit 4.4 to the company's Form S-8 dated May 19, 2010).++
10.38	Form of Restricted Stock Unit Award Agreement (Executive) under the Littelfuse, Inc. Long-Term Incentive Plan (filed as Exhibit 4.5 to the company's Form S-8 dated May 19, 2010).++
10.39	Form of Stock Option Award Agreement under the Littelfuse, Inc. Long-Term Incentive Plan (filed as Exhibit 4.6 to the company's Form S-8 dated May 19, 2010).++
10.40	Credit Agreement, dated as of May 31, 2013, among Littelfuse, Inc., as borrower, JPMorgan Chase Bank, N.A. as Agent, Bank of America, N.A., as Syndication Agent, Wells Fargo Bank, National Association and PNC Bank, National Association, as Co-Documentation Agents, J.P. Morgan Securities LLC, as Sole Bookrunner and Joint Lead Arranger, and Merrill, Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arranger (filed as Exhibit 10.1 to the company's Current Report on form 8-K dated June 5, 2013).
14.1	Code of Conduct (filed as Exhibit 14.1 to the company's Current Report on Form 8-K dated October 24, 2008).
21.1	Subsidiaries.
23.1*	Consent of Independent Registered Public Accounting Firm.

31.1*	Rule 13a-14(a)/15d-14(a) certification of Gordon Hunter.
31.2*	Rule 13a-14(a)/15d-14(a) certification of Philip G. Franklin.
32.1+++	Section 1350 certification.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document

101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF* XBRL Taxonomy Extension Definition Linkbase Document

Exhibits 10.1 through 10.39 are management contracts or compensatory plans or arrangements.

* Filed with this Report.

+ Exhibits and schedules omitted pursuant to Item 601(b)(2) of Regulation S-K. Littelfuse agrees to furnish a supplemental copy of an omitted exhibit or schedule to the SEC upon request.

++ Management contract or compensatory plan or arrangement

+++ Furnished with this Report.