

LITTELFUSE INC /DE  
Form DEF 14A  
March 11, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES**

**EXCHANGE ACT OF 1934 (AMENDMENT NO. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

**Littelfuse, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the

Registrant)

Payment of Filing Fee (check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
  - 2) Form, Schedule or Registration Statement No.:
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  - 4) Date Filed:
-

**LITTELFUSE, INC.**

**O'Hare Plaza**

**8755 West Higgins Road, Suite 500**

**Chicago, Illinois 60631**

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**APRIL 22, 2016**

The 2016 annual meeting of the stockholders of Littelfuse, Inc. (the "Company") will be held at the Chicago Marriott O'Hare, 8535 West Higgins Road, Chicago, Illinois 60631, on Friday, April 22, 2016 at 9:00 a.m., local time, for the following purposes as described in the attached Proxy Statement:

1. To elect seven directors to serve a term of one year and until their successors are elected and qualified
2. To approve and ratify the appointment by the Audit Committee of the Board of Directors of the Company of Grant Thornton LLP as the Company's independent auditors for the fiscal year of the Company ending December 31, 2016
3. To conduct an advisory (non-binding) vote on the compensation of our named executive officers ("NEOs") and
4. To transact such other business as may properly come before the annual meeting or any postponement or adjournment thereof.

Stockholders of record of the Company at the close of business on February 29, 2016 will be entitled to vote at the meeting.

Mary S. Muchoney

Secretary  
March 11, 2016

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on April 22, 2016:**

**Whether or not you plan to attend the annual meeting, your vote is important. Please read the attached Proxy Statement and promptly complete, execute and return the enclosed proxy in the accompanying postage-paid envelope. If you attend the annual meeting, you may revoke your proxy and vote in person if you so desire.**

**The Proxy Statement and the 2015 Annual Report to Stockholders of Littelfuse, Inc., including the Annual Report on Form 10-K for the fiscal year ended January 2, 2016, are available at [www.proxyvote.com](http://www.proxyvote.com).**

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**PROXY STATEMENT**

**FOR**

**ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON**

**APRIL 22, 2016**

We are furnishing this Proxy Statement to the stockholders of Littelfuse, Inc. in connection with the solicitation by the Board of Directors of Littelfuse, Inc. (the “Board”) of proxies to be voted at our annual meeting of stockholders to be held on April 22, 2016. The annual meeting will be held at the Chicago Marriott O’Hare, 8535 West Higgins Road, Chicago, Illinois 60631, at 9:00 a.m., local time, and at any postponements or adjournments of that meeting.

When used in this Proxy Statement, the terms “we,” “us,” “our,” “the Company” and “Littelfuse” refer to Littelfuse, Inc.

Any stockholder giving a proxy will have the right to revoke it at any time prior to the time it is voted. A proxy may be revoked by written notice to us sent to the attention of our Corporate Secretary at O’Hare Plaza, 8755 West Higgins Road, Suite 500, Chicago, Illinois 60631, execution of a subsequent proxy, voting on the Internet or by telephone or attendance at the annual meeting and voting in person. Mere attendance at the annual meeting will not automatically revoke the proxy. All shares represented by effective proxies will be voted at the annual meeting or at any postponements or adjournment thereof.

We will bear the cost of soliciting proxies. Copies of solicitation materials will be furnished to brokerage firms, fiduciaries and custodians holding shares in their names that are beneficially owned by others to forward to such beneficial owners. The Company may reimburse such persons for the costs they incur to forward the solicitation material to such beneficial owners. In addition to solicitation by mail, our officers and employees may solicit proxies by telephone or in person.

Under Securities and Exchange Commission rules, this Proxy Statement, our 2015 Annual Report to Stockholders, including our Annual Report on Form 10-K for the fiscal year ended January 2, 2016, and other proxy materials are available online at [www.proxyvote.com](http://www.proxyvote.com). We encourage you to access and review all of the important information in the proxy materials before voting. The Notice of Internet Availability of Proxy Materials is first being mailed to stockholders on or about March 11, 2016.

The Board of Directors recommends a vote FOR ALL the nominees for director named in Proposal No. 1, a vote FOR the approval and ratification of the appointment of Grant Thornton LLP as independent auditors as discussed in Proposal No. 2 and a vote FOR the approval of the compensation of our NEOs as discussed in Proposal No. 3.

## **FORWARD-LOOKING INFORMATION**

Statements in this Proxy Statement not based on historical facts are considered “forward looking” and, accordingly, may involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions and financial performance. These statements are intended to constitute “forward-looking” statements in connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. We are providing this cautionary statement to disclose that there are important factors that could cause actual results to differ materially from those anticipated. See our Annual Report on Form 10-K for the year ended January 2, 2016 (the “2015 Annual Report on Form 10-K”) filed with the Securities and Exchange Commission (the “SEC”) for a list of such factors in Item 1A. “Risk Factors.”

## VOTING

### *Record Date; Stock Outstanding and Entitled to Vote; Voting of Proxies*

Stockholders of record on the books of the Company at the close of business on February 29, 2016, the record date for the annual meeting, will be entitled to notice of and to vote at the meeting. On February 29, 2016, we had outstanding 22,355,313 shares of our common stock, par value \$.01 per share. Each outstanding share of common stock entitles the holder to one vote per share on each matter submitted to a vote at the meeting.

A list of the stockholders entitled to vote at the meeting will be available for examination by any stockholder for any purpose germane to our annual meeting during ordinary business hours for a period of at least ten days prior to the meeting at our headquarters located at O'Hare Plaza, 8755 West Higgins Road, Suite 500, Chicago, Illinois 60631 and at Wells Fargo Bank, N.A., our transfer agent, at 161 North Concord Exchange South, St. Paul, Minnesota 55075.

The shares represented by proxies will be voted as directed in the proxies. In the absence of specific direction, the shares represented by proxies will be voted FOR ALL of the nominees for director, FOR the approval and ratification of the appointment of Grant Thornton LLP as independent auditors and FOR the approval of the compensation of our NEOs. In the event any nominee for director is unable to serve, which is not now contemplated, the shares represented by proxies may be voted for a substitute nominated by the Board. If any matters are to be presented at the annual meeting other than the matters referred to in this Proxy Statement, the shares represented by proxies will be voted at the discretion of the named proxies.

### *Quorum and Abstentions; Broker Non-Votes*

A quorum of stockholders is required for the transaction of business at our annual meeting. Our bylaws provide that a majority of all of the shares of common stock entitled to vote, whether present in person or represented by proxy, constitutes a quorum for the transaction of business at the meeting. Votes for and against, abstentions and "broker non-votes" will each be counted as present for purposes of determining the presence of a quorum. A "broker non-vote" occurs when a broker has not received voting instructions from you on a "non-routine" matter, in which case the broker does not have authority to vote your shares with respect to such matter. Unless you provide voting instructions to a broker holding shares on your behalf, your broker may not use discretionary authority to vote your shares on any of the matters to be considered at our annual meeting other than the ratification of our independent auditors. To determine whether a specific proposal has received sufficient votes to be passed, for shares deemed present, an abstention will have the same effect as a vote "against" the proposal, while a broker non-vote will not be included in vote totals and will have no effect on the outcome of the vote.



***Required Vote***

Assuming that a quorum is present, our stockholders may take action at our annual meeting with the votes described below.

*Election of Directors.* Except in the event of a contested election, each director to be elected by shareholders shall be elected by the vote of the majority of the votes cast at a meeting for the election of directors at which a quorum is present. A “majority of the votes cast” means that the number of votes cast “for” a director’s election exceeds the number of votes “withheld” or cast “against.” Votes cast exclude abstentions and any “broker non-votes” with respect to that director’s election. In the event of a contested election, directors shall be elected by the vote of a plurality of the votes cast at a meeting for the election of directors at which a quorum is present.

In addition, our Corporate Governance Guidelines include a resignation policy, which provides, among other things, that if a nominee for our Board does not receive a majority of the votes cast:

- such nominee must tender his or her resignation within ten days;
- the Nominating and Governance Committee of the Board must recommend to our Board whether such resignation should be accepted or rejected; and
- our Board must take final action no later than 90 days after the shareholder vote.

*Ratification of the Appointment of Grant Thornton LLP as our Independent Auditors.* The affirmative vote by the holders of a majority of the shares present (whether in person or by proxy) at the meeting will be required for the ratification of Grant Thornton LLP as our independent auditors.

*Advisory (Non-Binding) Vote on the Compensation of our Named Executive Officers.* With respect to approval of the compensation of our NEOs, the affirmative vote by the holders of a majority of the shares present (whether in person or by proxy) at the meeting will be required to approve the proposal. The stockholder vote with respect to approval of the compensation of our NEOs is advisory in nature and will not be binding on the Company. However, our Board and our Compensation Committee value the opinions of our stockholders and will consider the outcomes of the advisory vote when making future decisions regarding executive compensation.

**OWNERSHIP OF LITTELFUSE, INC. COMMON STOCK**

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of February 29, 2016, by each person known by us to be the beneficial owner of more than 5% of our outstanding common stock, by each director, by each NEO and by all of our directors and executive officers as a group. Information concerning persons known to us to be beneficial owners of more than 5% of our common stock is based upon the most recently available reports furnished by such persons on Schedule 13G as filed with the SEC. Of the shares reported, none are subject to pledge or lien in a margin account or pursuant to a loan agreement.

|   | <b>Number of Shares<br/>of<br/>Common Stock<br/>Beneficially<br/>Owned(a)<br/>Shares      Percent</b> |     |   |
|---|---|-----|---|
| BlackRock, Inc. (b)<br><br>55 East 52nd Street<br><br>New York, New York 10055                | 2,107,414   | 9.4 | % |
| The Vanguard Group, Inc. (c)<br><br>100 Vanguard Boulevard<br><br>Malvern, Pennsylvania 19355 | 1,675,739   | 7.5 | % |
| Neuberger Berman Group LLC (d)<br><br>605 Third Avenue<br><br>New York, New York 10158        | 1,134,684   | 5.1 | % |
| T. J. Chung (e)   | 25,218  | *   |   |
| Cary T. Fu (f)  | 5,567   | *   |   |
| Anthony Grillo (g)  | 58,021  | *   |   |
| John E. Major (h)   | 32,282  | *   |   |
| William P. Noglows (i)  | 25,725  | *   |   |
| Ronald L. Schubel (j)   | 35,141  | *   |   |
| Michael P. Rutz (k)   | 12,386  | *   |   |
| Philip G. Franklin (l)  | 57,182  | *   |   |
| David W. Heinzmann (m)  | 69,124  | *   |   |
| Gordon Hunter (n)   | 93,382  | *   |   |

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|  |         |     |   |
|--|---------|-----|---|
| Ryan K. Stafford (o)   | 44,146  | *   |   |
| All current directors and executive officers as a group (17 persons) | 544,827 | 2.4 | % |

\*Indicates ownership of less than 1% of common stock.

Except as indicated in the footnotes to the table, the number of shares of common stock beneficially owned and percentage ownership are based on our outstanding common stock as of February 29, 2016, adjusted as required by rules promulgated by the SEC. Beneficial ownership is determined in accordance with the rules of the SEC and includes sole or shared voting or investment power with respect to such shares. All outstanding stock options and restricted stock units exercisable for or convertible into our common stock either currently or within 60 days after (a) February 29, 2016 are deemed to be outstanding and to be beneficially owned by the person holding such securities for the purpose of computing the number of shares of common stock beneficially owned and the percentage ownership of that person, but are not deemed to be outstanding and to be beneficially owned for the purpose of computing the percentage ownership of any other person. Except as indicated in the footnotes to the table, based on information provided by the persons named in the table, such persons have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

As reported in an amendment to its Schedule 13G filed with the SEC on January 26, 2016, 2,107,414 shares represent the total number of shares beneficially owned by BlackRock, Inc. (“BlackRock”) as of December 31, 2015.

- (b) BlackRock has sole voting power as to 2,053,702 shares and sole dispositive power as to all of the shares. The Schedule 13G indicates various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the shares; however, no one person’s interest in the shares is more than five percent (5%) of the total shares.

As reported in an amendment to its Schedule 13G filed with the SEC on February 10, 2016, 1,675,739 shares represent the total number of shares beneficially owned by The Vanguard Group, Inc. (“Vanguard”), a registered investment adviser, as of December 31, 2015. Vanguard has sole voting power as to 46,817 shares, shared voting

- (c) power as to 1,100 shares, shared dispositive power as to 46,517 shares, which are held by Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd., Vanguard’s wholly-owned subsidiaries, and sole dispositive power as to 1,629,222 shares.

As reported in its Schedule 13G filed with the SEC on February 9, 2016, 1,134,684 shares represents the total number of shares as to which Neuberger Berman Group LLC (“Neuberger”) and its affiliates may be deemed

- (d) beneficial owners. Neuberger and Neuberger Berman Investment Advisors LLC have shared voting and dispositive power as to all of the shares.

- (e) Includes 6,510 stock options granted under the Long-Term Plan (as defined below) which are currently exercisable or within 60 days of February 29, 2016.

- (f) Includes 3,099 stock options granted under the Long-Term Plan which are currently exercisable or within 60 days of February 29, 2016.

- (g) Includes 9,234 stock options granted under the Long-Term Plan which are currently exercisable or within 60 days of February 29, 2016.

- (h) Includes 8,234 stock options granted under the Long-Term Plan which are currently exercisable or within 60 days of February 29, 2016.

- (i) Includes 8,234 stock options granted under the Long-Term Plan which are currently exercisable or within 60 days of February 29, 2016.

- (j) Includes 9,234 stock options granted under the Long-Term Plan which are currently exercisable or within 60 days of February 29, 2016.

- (k) Includes 7,547 stock options granted under the Long-Term Plan which are currently exercisable or within 60 days of February 29, 2016.

- (l) Includes 45,294 stock options granted under the Long-Term Plan which are currently exercisable or within 60 days of February 29, 2016.
  
- (m) Includes 40,967 stock options granted under the Long-Term Plan which are currently exercisable or within 60 days of February 29, 2016.
  
- (n) Includes 54,001 stock options granted under the Long-Term Plan which are currently exercisable or within 60 days of February 29, 2016.
  
- (o) Includes 24,147 stock options granted under the Long-Term Plan which are currently exercisable or within 60 days of February 29, 2016.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires our executive officers, directors and holders of more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Based solely on our review of the copies of these reports and on information provided by the reporting persons, we believe that during the fiscal year ended January 2, 2016 our directors, executive officers and owners of more than 10% of our common stock complied with all applicable filing requirements.

## PROPOSAL NO. 1

### ELECTION OF DIRECTORS

The Board currently consists of seven members. All of our current directors are standing for re-election. We are asking our stockholders to elect seven directors at the annual meeting to serve a term of one year and until their successors have been elected and qualified. The nominees for director, all of whom are now serving as directors, are listed below together with certain biographical information as of March 11, 2016.

**The Board of Directors recommends that the stockholders vote FOR ALL of the nominees listed below as directors.**

**Tzau-Jin (T. J.) Chung**, age 53, has been a director of Littelfuse since July 2007. Mr. Chung is President and CEO of Navman Wireless and Teletrac Inc., a market leader in fleet management solutions and GPS technologies. Mr. Chung assumed his position in early 2007 upon the acquisition of Navman Wireless from the New Technologies Division of Brunswick Corporation. Previously, Mr. Chung served as President of the New Technologies Division of Brunswick Corporation from 2002 to 2007. Prior to that, he served as Vice President — Strategy of Brunswick Corporation, where he was responsible for corporate-wide strategic planning, mergers and acquisitions and information technology. Mr. Chung earned his bachelor's degree in science, electrical and computer engineering from the University of Texas — Austin. He also holds a Master of Science degree in computer science from North Carolina State University and a Master of Business Administration degree from the Fuqua School of Business at Duke University. Mr. Chung has been determined by the Board to be “independent” under the listing standards of the Nasdaq Global Select Market (“NASDAQ”). In nominating Mr. Chung for election as a director, our Board focused on his past experience in developing new products and his experience with operations in Asia as important attributes for his continuing to serve as one of our directors. Mr. Chung serves on the Technology and the Nominating and Governance Committees and is the Chairman of the Compensation Committee.

**Cary T. Fu**, age 67, has been a director of Littelfuse since July 2012. Mr. Fu is the co-founder of Benchmark Electronics, Inc. (“Benchmark Electronics”) and was a director of Benchmark Electronics from 1990 through 2012 and Chairman of the Board from May 2009 until December 2012. He served as Chief Executive Officer of Benchmark Electronics from September 2004 to December 2011, President and Chief Executive Officer of Benchmark Electronics from September 2004 to December 2006, President and Chief Operating Officer of Benchmark Electronics from May 2001 to September 2004, Executive Vice President from 1990 to May 2001 and Executive Vice President — Financial Administration from 1990 to April 1992. He also served Benchmark Electronics as Treasurer from 1986 to January 1996, Secretary from 1990 to January 1996 and from 1986 to 1988 and Assistant Secretary from 1988 to 1990. In addition, Mr. Fu also served as a director of Benchmark Electronics from 1986 to 1988. From 1983 to 1986, Mr. Fu was employed by Intermedics as Controller of Benchmark Electronics and another subsidiary of Intermedics. Mr. Fu holds an M.S. degree in accounting from the University of Houston and is a Certified Public



Accountant. Mr. Fu also serves on the board of directors of Teradata Corporation. Mr. Fu has been determined by the Board to be “independent” under NASDAQ listing standards. In nominating Mr. Fu for election as a director, our Board focused on his past experience in the industry and unparalleled management experience. Mr. Fu serves on the Technology Committee and is Chairman of the Audit Committee.

**Anthony Grillo**, age 60, has been a director of Littelfuse since December 1991. Mr. Grillo is the founder of American Securities Advisors, LLC (now known as Ascribe Opportunities Management, LLC), an advisory and investment firm established in 2005. From 2001 through 2004, Mr. Grillo was a Senior Managing Director of Evercore Partners, Inc., an investment banking boutique providing advisory services to multinational corporations on significant mergers, acquisitions, divestitures, restructurings and other strategic corporate transactions, where he founded the restructuring practice for the firm. From 1999 through 2001, Mr. Grillo was a Senior Managing Director of Joseph Littlejohn & Levy, Inc., a private equity firm. From 1991 through 1999, Mr. Grillo was a Senior Managing Director of the Blackstone Group L.P., an investment banking firm. During those years, Mr. Grillo was the co-founder of Blackstone’s Restructuring and Reorganization Group, Chief Operating Officer of the firm’s mergers and acquisitions practice and a member of its Investment Committee. Mr. Grillo currently serves on the board of directors of Lumeta Corporation. Mr. Grillo served as Chairman of the Board of Silicon Graphics, Inc. and as the Chairman of its Compensation Committee. Mr. Grillo has been determined by the Board to be “independent” under NASDAQ listing standards. In nominating Mr. Grillo for election as a director, our Board focused on his past experience in the financial markets, his experience with corporate acquisitions, his value as an audit committee financial expert and the knowledge of the Company that he has gained and shared from serving as a director since 1991 as important attributes for his continuing to serve as one of our directors. Mr. Grillo serves on the Audit Committee.

**Gordon Hunter**, age 64, has been a director of Littelfuse since June 2002 and became our Chairman of the Board, President and Chief Executive Officer in January 2005. Mr. Hunter became our Chief Operating Officer in November 2003. Prior to joining Littelfuse, Mr. Hunter was Vice President, Intel Communications Group, and General Manager, Optical Products Group. Mr. Hunter was responsible for managing Intel's access and optical communications business segments within the Intel Communications Group. Prior to joining Intel in February 2002, he served as President of Elo TouchSystems, a subsidiary of Raychem Corporation. Mr. Hunter also served in a variety of positions during a 20-year career at Raychem Corporation, including Vice President of Commercial Electronics and a variety of sales, marketing, engineering and management positions. Mr. Hunter currently serves on the Council of Advisors of Shure Incorporated, the Board of Directors of Veeco Instruments, Inc., where he serves on the Strategic Planning Committee and is the Chairman of the Compensation Committee, and the Board of Directors of CTS Corporation, where he is the Chairman of the Technology Committee. Mr. Hunter holds a BS in electrical engineering from the University of Liverpool, England, and an MBA from London Business School. In nominating Mr. Hunter for election as a director, our Board focused on his leadership, vision and execution as our Chief Executive Officer in growing and reshaping the Company and setting and communicating the proper cultural and behavioral tone as important attributes for his continuing to serve as one of our directors. Mr. Hunter is the Chairman of the Technology Committee.

**John E. Major**, age 70, has been a director of Littelfuse since December 1991. Mr. Major has been President of MTSG, a strategic consulting governance and investments company, since January 2003. From April 2004 to October 2006, Mr. Major served as Chief Executive Officer of Apacheta Corporation, a mobile wireless software company. From August 2000 through January 2003, he was Chairman and Chief Executive Officer of Novatel Wireless Inc., a wireless data access solutions company. Previously, Mr. Major was Chairman and Chief Executive Officer of Wireless Knowledge, a QUALCOMM and Microsoft joint venture that developed a unique solution to allow all Internet-enabled devices, including cell phones, to access critical corporate information. Prior to joining Wireless Knowledge, Mr. Major served as Corporate Executive Vice President of QUALCOMM, Inc. and President of its Wireless Infrastructure Division, where he managed the high growth rate and global expansion of the company's infrastructure business. Prior to that, for approximately 18 years, Mr. Major held various executive and leadership positions at Motorola, Inc., the most recent of which was Senior Vice President and Chief Technology Officer.

Mr. Major received a B.S. in Mechanical and Aerospace Engineering from the University of Rochester, an M.S. in Mechanical Engineering from the University of Illinois, an M.B.A. from Northwestern University and a J.D. from Loyola University. Mr. Major holds twelve U.S. patents.

Mr. Major is the past chairman of the Telecommunications Industry Association (TIA) and the Electronic Industries Association (EIA). He served on the University of California President's Board on Science and Innovation. He serves as Chairman of the Dean's Advisory Committee of the University of Rochester Hajim School of Engineering and Applied Science and as Chairman of the University of Illinois at Chicago Engineering School Advisory Board. Mr. Major serves as Chairman Emeritus of the Board of EvoNexus, a nonprofit telecom industry group, and as Chairman of the Board of the La Jolla Institute for Allergy and Immunology.

Mr. Major's distinguished career and successes in a range of areas, including his senior management leadership at both large and startup technology companies, as well as his drive for innovation, as evidenced by his achievements at Wireless Knowledge, Qualcomm and Motorola, make Mr. Major a valuable contributor to our Board of Directors. Mr. Major also brings considerable directorial, financial and governance experience to the Board, currently serving on the boards of directors and several board committees of Lennox International, Inc., Broadcom Corporation, Pulse Electronics, Resonance and ORBCOMM Inc.

Mr. Major has been determined by the Board to be "independent" under NASDAQ listing standards. In nominating Mr. Major for election as a director, our Board focused on his seasoned experience from having served as an executive officer and on the boards and board committees of varied technology companies, his vision and expertise in matters of corporate governance, his expertise in technical development and the knowledge of the Company that he has gained and shared as a director since 1991 as important attributes for his continuing to serve as one of our directors. Mr. Major serves on the Audit and Technology Committees and is the Chairman of the Nominating and Governance Committee.

**William P. Noglows**, age 58, has been a director of Littelfuse since February 2007. Mr. Noglows is the current Chairman and former President and Chief Executive Officer of Cabot Microelectronics Corporation (NASDAQ:CCMP), a leading worldwide supplier of consumable products used in the semiconductor manufacturing process. Mr. Noglows became Executive Chairman at Cabot Microelectronics Corporation in 2015, and Chairman, President and Chief Executive Officer in 2003. Prior to that, he was an Executive Vice President and General Manager at Cabot Corporation. He received a bachelor's degree in chemical engineering from the Georgia Institute of Technology. Mr. Noglows has been determined by the Board to be "independent" under NASDAQ listing standards. Mr. Noglows also serves on the Board of Directors of Aspen Aerogels, Inc. (ASPN) and is the Chairman of its Compensation Committee. In nominating Mr. Noglows for election as a director, our Board focused on his experience as chief executive officer of a leading public company and his expertise in developing technology as important attributes for his continuing to serve as one of our directors. Mr. Noglows serves on the Compensation and Nominating and Governance Committees and is the independent Lead Director.

**Ronald L. Schubel**, age 72, has been a director of Littelfuse since June 2002. In October 2007, Mr. Schubel retired as Corporate Executive Vice President and President of the Americas Region for Molex Incorporated, a global manufacturer of interconnect systems. He began his career with Molex in 1981, spending five years in Singapore as President of the Far East South Region. Prior to joining Molex, Mr. Schubel worked for General Motors for 15 years. His last position with General Motors was Director of Operations for the Packard Electric Division. In addition, Mr. Schubel serves as the Chairman of the Board of Trustees for the Edward-Elmhurst Health Service Corporation, a nonprofit corporation. In addition he serves on the board of the Edward Cayman Corporation for investment and insurance support of Edward-Elmhurst and its affiliate of the EHSC Cayman Segregated Portfolio Company, which is the insurance company of EHSC. Further, Mr. Schubel is an advisor for Oaktree Capital working with the board of directors of Isola Group Ltd. Mr. Schubel has been determined by the Board to be "independent" under NASDAQ listing standards. In nominating Mr. Schubel for election as a director, our Board focused on his knowledge of managing manufacturing operations and his experience with operations in Asia as important attributes for his continuing to serve as one of our directors. Mr. Schubel serves on the Compensation and Technology Committees.

## **INFORMATION CONCERNING THE BOARD OF DIRECTORS AND ITS COMMITTEES**

### ***Compensation of Directors***

For the 2015 fiscal year, directors who are not our employees are paid an annual retainer of \$65,000, plus reimbursement of reasonable expenses relating to attendance at meetings. Directors are not paid any additional fees for attendance at meetings. In addition, our Lead Director is paid an additional annual retainer of \$15,000, the Chairperson of the Audit Committee is paid an additional annual retainer of \$18,000, the Chairperson of the Compensation Committee is paid an additional annual retainer of \$15,000, the Chairperson of the Nominating and Governance Committee is paid an additional annual retainer of \$7,500, and the Chairperson of the Technology Committee is paid an additional annual retainer of \$5,000. For the 2016 fiscal year, the annual retainer paid to the

Chairpersons of the Nominating and Governance Committee and the Technology Committee has been increased to \$10,000. No additional fees are paid to directors who are also our full-time employees.

In addition to cash compensation, each non-employee director receives a grant of equity under the Littelfuse, Inc. Long-Term Incentive Plan (the "Long-Term Plan") comprised of one-third options to purchase shares of common stock and two-thirds restricted stock units ("RSUs") upon his or her election or reelection to the Board at the Company's annual meeting of stockholders. The value of the annual grant of equity for 2015 was equal to \$95,000, based on a valuation performed by the Compensation Committee's independent consultant. For 2016, the annual grant of equity has been increased to \$105,000. The stock options vest ratably over three years, have an exercise price equal to the fair market value of our common stock on the date of grant, and have a seven-year term. The RSUs vest ratably over three years and entitle the director to receive one share of common stock per unit upon vesting. On April 24, 2015, Messrs. Chung, Grillo, Fu, Major, Noglows and Schubel were each granted 1,447 options to purchase shares of common stock and 760 RSUs.

Non-employee directors may elect to defer receipt of their cash fees under the Littelfuse Deferred Compensation Plan for Non-employee Directors (the “Directors Plan”) and defer payout of their equity grants and any dividend distributions under the Long-Term Plan. All deferrals are deposited with a third-party trustee, where they (and any distributions thereon) are invested in Littelfuse common stock. Deferred cash fees are generally paid in a lump sum or installments when the director ceases to be a director of Littelfuse. Deferred equity grants are generally paid out when the director ceases to be a director or the date specified by the director at the time of his or her deferral election. Deferred payments owing to Gordon Hunter as a result of his prior service as a non-employee director are expected to be delayed an additional six months following his separation from service as both a director and employee of Littelfuse as required by law due to his status as a "specified employee" under Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”).

The following table sets forth compensation paid to all persons who were non-employee directors at any time during 2015:

### 2015 Director Compensation Table

| Name                   | Fees                                    |                                |                                 | Non-Equity<br>Incentive Plan<br>Compensation | Change in   | All Other<br>Compensation | Total     |
|------------------------|---|--------------------------------|---------------------------------|--|---|---------------------------|-----------|
|                        | Earned<br>or<br>Paid in<br>Cash<br>(\$) | Stock<br>Awards<br>(\$)<br>(b) | Option<br>Awards<br>(\$)<br>(c) |  | Value and<br>Nonqualified<br>Deferred<br>Compensation<br>Earnings |                           |           |
| T. J. Chung            | \$80,000                                | \$71,577                       | \$31,776                        | -  | -   | -                         | \$183,353 |
| Cary T. Fu             | \$83,000                                | \$71,577                       | \$31,776                        | -  | -   | -                         | \$186,353 |
| Anthony Grillo (a)     | \$65,000                                | \$71,577                       | \$31,776                        | -  | -   | -                         | \$168,353 |
| John E. Major          | \$72,500                                | \$71,577                       | \$31,776                        | -  | -   | -                         | \$175,853 |
| William P. Noglows (a) | \$80,000                                | \$71,577                       | \$31,776                        | -  | -   | -                         | \$183,353 |
| Ronald L. Schubel      | \$65,000                                | \$71,577                       | \$31,776                        | -  | -   | -                         | \$168,353 |

(a) Fees earned by these directors include amounts deferred under the Directors Plan.

(b) The amounts in this column reflect the full grant date fair value for the fiscal year ended January 2, 2016, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic

718, of restricted stock unit awards under the Long-Term Plan. Assumptions used in the calculation of these amounts are described in Note 13 to our audited financial statements included in our 2015 Annual Report on Form 10-K. The full grant date fair value of each restricted stock unit awarded in 2015, determined in accordance with FASB ASC Topic 718, without regard to when the award was recognized for financial reporting purposes, is equal to \$94.18. As of January 2, 2016, the aggregate numbers of RSUs outstanding (including RSUs that have been deferred under the Long-Term Plan) were: Mr. Chung, 8,895 shares; Mr. Fu, 1,587 shares; Mr. Grillo, 1,845 shares; Mr. Major, 1,587 shares; Mr. Noglows, 2,468 shares; and Mr. Schubel, 1,587 shares.

(c) The amounts in this column reflect the full grant date fair value for the fiscal year ended January 2, 2016, in accordance with FASB ASC Topic 718, of option awards under the Long-Term Plan. Assumptions used in the calculation of these amounts are described in Note 13 to our audited financial statements included in our 2015 Annual Report on Form 10-K. The full grant date fair value of each option awarded in 2015, determined in accordance with FASB ASC Topic 718, without regard to when the award was recognized for financial reporting purposes, is equal to \$21.96. As of January 2, 2016, the aggregate numbers of shares underlying option awards outstanding were: Mr. Chung, 9,648 shares; Mr. Fu, 4,513 shares; Mr. Grillo, 16,861 shares; Mr. Major, 9,648 shares; Mr. Noglows, 9,648 shares; and Mr. Schubel, 15,861 shares.

### ***Stock Ownership Policy***

In February 2011, the Board adopted a stock ownership policy that requires our executive officers and directors to hold and maintain a certain number of shares of common stock of the Company. Each non-employee director is required to hold a number of shares equal to five times (5x) the amount of his annual cash retainer. All new directors have five years from the date of election or appointment to satisfy their required stock ownership level. Until such time as a director achieves the required stock ownership level, the director is required to retain 50% of the shares of common stock realized from any equity awards granted by the Company. In the case of stock options, such shares are limited to “net shares” that remain after shares are sold or withheld to pay the exercise price of stock options, if applicable. Failure of a director to satisfy the applicable stock ownership level within the required compliance period may result in the director being ineligible to receive his annual equity award or being subject to a 100% retention requirement. All of our directors are in compliance with the guidelines and requirements set forth in our stock ownership policy except for Mr. Fu, who has been a director of the Company since July 2012 and who has until July 2017 to meet his holding requirement.

### ***Attendance at Meetings***

The Board held seven meetings during fiscal year 2015. All of the directors attended 100% of the meetings of the Board and at least 75% of the meetings of the committees on which they served. Consistent with our policy, all of our directors attended our 2015 annual meeting of stockholders.

Independent members of our Board regularly meet in executive session without management present. Stockholders wishing to communicate directly with the Board or individual directors should communicate in writing to our Corporate Secretary at our principal executive offices. Our Corporate Secretary will in turn promptly forward such communication to the directors.

### ***Board Leadership Structure and Role in Risk Oversight***

Our Chief Executive Officer, Gordon Hunter, also serves as the Chairman of the Board. Additionally, William Noglows serves as the independent Lead Director. Among other things, the Lead Director convenes and chairs regular and special executive sessions of the independent directors and serves as liaison between the independent directors and our CEO and Chairman of the Board. We believe that our leadership structure allows the Board to have better control of the direction of management, while still retaining independent oversight. In understanding our structure, it is important to remember that Mr. Hunter served as a director of Littelfuse before serving as an executive officer.



The Board's role in our risk oversight process includes receiving regular reports from members of management on areas of material risk to the Company, including operational, financial, legal, regulatory, compensation and strategic risks. The full Board or the appropriate committee receives these reports from management to enable it to understand our risk identification, risk management and risk mitigation strategies. When a committee receives the report, the chairperson of the relevant committee reports on the discussion to the full Board during the committee reports portion of the next Board meeting. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. In addition, the full Board and each committee of the Board conducts an annual self-assessment based on feedback received from the individual members of the Board and each committee.

We reviewed our compensation policies and practices to assess whether such policies and practices as they relate to the Company's employees were reasonably likely to have a material adverse effect on the Company. This assessment was made by the Executive Vice President, Chief Legal and Human Resources Officer and senior members of the Company's human resources department in consultation with outside counsel. Where appropriate, the Executive Vice President, Chief Legal and Human Resources Officer and the senior members of the Company's human resources department sought input from the Compensation Committee's compensation consultant, the Company's accounting and financial staff, and other senior management. We concluded that any risks arising from our policies and programs are not reasonably likely to have a material adverse effect on the Company. Our programs reflect sound risk management practices, including:

Use of a variety of compensation vehicles that provide a balance of long- and short-term incentives with fixed and variable components;

Our annual incentive program awards are capped to limit windfalls;

The Compensation Committee has the ability to apply negative discretion over annual incentive program payouts;

Our equity incentive awards vest over several years, so while the potential compensation payable for equity incentive awards is tied directly to appreciation of our stock price, taking excessive risk for a short-term gain is discouraged because it would not maximize the value of equity incentive awards over the long term; and

Our executive officers and directors are subject to a stock ownership policy that requires our executive officers and directors to hold and maintain a certain number of shares of common stock of the Company.

***Board Committees***

We have four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Governance Committee and the Technology Committee. Each of these committees has a written charter approved by our Board.

| <b>Director</b> | <b>Nominating</b>          |                                   |   |                                 |
|-----------------|----------------------------|-----------------------------------|---|---------------------------------|
|                 | <b>Audit<br/>Committee</b> | <b>Compensation<br/>Committee</b> | <b>and<br/>Governance<br/>Committee</b> | <b>Technology<br/>Committee</b> |
| T. J. Chung     |                            | Chairman                          | X                                       | X                               |

|                    |          |   |          |          |
|--------------------|----------|---|----------|----------|
| Cary T. Fu         | Chairman |   |          | X        |
| Anthony Grillo     | X        |   |          |          |
| Gordon Hunter      |          |   |          | Chairman |
| John E. Major      | X        |   | Chairman | X        |
| William P. Noglows |          | X | X        |          |
| Ronald L. Schubel  |          | X |          | X        |

### ***Audit Committee***

The Audit Committee of the Board (the “Audit Committee”) is responsible for, among other things, the appointment, compensation, retention and oversight of the work of the independent registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. It is also the responsibility of the Audit Committee to (1) review the adequacy and effectiveness of the accounting and financial controls and procedures of the Company and (2) review transactions posing a potential conflict of interest between us and our directors, officers and affiliates. A copy of the Audit Committee charter is available on our website at [www.littelfuse.com](http://www.littelfuse.com). The Audit Committee met six times in 2015. Members of the Audit Committee are Cary T. Fu (Chairman), John E. Major and Anthony Grillo each of whom has been deemed by the Board to be “independent” and to meet the enhanced requirements for audit committee members under the NASDAQ rules and listing standards and the rules and regulations of the SEC. The Board has determined that Messrs. Fu and Grillo are “audit committee financial experts” as defined by the SEC based on Mr. Fu’s prior experience as a certified public accountant, and Mr. Grillo’s experience as a certified public accountant, an investment banker and a private equity investor.

### *Compensation Committee*

The charter for the Compensation Committee of the Board (the “Compensation Committee”) is posted on our website at [www.littelfuse.com](http://www.littelfuse.com). The Compensation Committee is charged in the charter with the authority to, among other things, review our compensation practices and policies, review and recommend to the Board for its consideration and determination the compensation for the directors, Chief Executive Officer and the other executive officers, evaluate Chief Executive Officer performance, and annually review and report on our compensation discussion and analysis and recommend its inclusion in our 2015 Annual Report on Form 10-K and Proxy Statement. The Compensation Committee held five meetings in 2015. The members of the Compensation Committee are T.J. Chung (Chairman), William P. Noglows and Ronald L. Schubel, each of whom has been deemed by the Board to be independent under NASDAQ listing standards. See the “Compensation Committee Report” below.

### *Processes and Procedures*

The Compensation Committee focuses on good governance practices and procedures in its operation. In 2015, this included:

Considering compensation for the NEOs in the context of all of the components of total compensation;

Reviewing prior compensation for the NEOs, including all components of total compensation;

Conducting executive sessions with Compensation Committee members only; and

Obtaining professional advice from Compensation Strategies, Inc., an outside compensation consultant engaged directly by the Compensation Committee, that enabled the Compensation Committee to make decisions in the Company’s best interests, and having direct access to the outside compensation consultant.

### *Delegation of Authority*

The Compensation Committee charter does not provide authority to the Compensation Committee to delegate to anyone its role and responsibilities with respect to executive officer compensation. However, pursuant to its charter, the Compensation Committee has the power, in its discretion, to retain at the Company’s expense such independent counsel and other advisors and experts as it deems necessary or appropriate to carry out the Compensation Committee’s duties.

*Independent Compensation Consultant*

The Compensation Committee has the authority under its charter to engage services of outside advisors to assist in carrying out its duties. Under this authority, the Compensation Committee retained Compensation Strategies, Inc. in August 2007 to assist in the structuring of executive compensation for 2008. The Compensation Committee has continued to work with Compensation Strategies, Inc. on executive compensation and non-employee director compensation matters as requested by the Compensation Committee. During the 2015 fiscal year, Compensation Strategies, Inc. assisted with compiling a comprehensive analysis of market data and analyzing its implications for executive compensation at the Company, as well as various other executive compensation matters such as: (1) reviewing our annual incentive and long-term incentive programs; (2) reviewing the executive compensation philosophy; (3) providing an update on executive compensation trends and pending and enacted legislation relevant to the compensation of our executive officers; and (4) reviewing the executive and director share ownership guidelines. The Compensation Committee has assessed the independence of Compensation Strategies, Inc. and determined that Compensation Strategies, Inc. did not have any economic interests or other relationships that would conflict with its obligation to provide impartial and objective advice.

A discussion of the role of the Board, management and consultants in determining compensation levels can be found in this Proxy Statement under “Executive Compensation – Compensation Discussion and Analysis.”

### *Nominating and Governance Committee*

It is the responsibility of the Nominating and Governance Committee of the Board (the “Nominating and Governance Committee”) to identify individuals qualified to serve on our Board and to recommend those individuals the Board should nominate for election at our annual meeting of stockholders. The Board has adopted a charter for the Nominating and Governance Committee. A copy of that charter is available on our website at [www.littelfuse.com](http://www.littelfuse.com). The Nominating and Governance Committee met three times during 2015. The Nominating and Governance Committee reviewed the performance of all of the current members of the Board and determined and recommended to the Board that all of the current directors should be nominated for re-election. In making this recommendation, consideration was given to matters such as attendance at meetings, preparation for meetings, input at meetings, interaction with other Board members, and other tangible and intangible benefits their service as directors brought to us. No other candidates were recommended or evaluated. Members of the Nominating and Governance Committee are John E. Major (Chairman), T.J. Chung and William P. Noglows, each of whom has been deemed by the Board to be independent under NASDAQ listing standards.

*Director Qualification Standards.* The Nominating and Governance Committee, in considering a person for a nominee as a director, takes into consideration such factors as it deems appropriate, including:

Experience as an executive or director of a publicly traded company;

Familiarity with our business and our industry;

Availability to actively participate in meetings of the Board and attend the annual meeting of stockholders;

Knowledge and experience in the preparation or evaluation of financial statements;

Diversity of background, knowledge, skills and experience to create a well-rounded Board;

Satisfaction of the criteria for independence established by the SEC and NASDAQ listing standards, as they may be amended from time to time; and

Ability to interact in a productive manner with the other members of the Board.

The Nominating and Governance Committee will consider nominees for the Board recommended by stockholders, using the same evaluation process as for any other candidate. Recommendations should be submitted to the Corporate

Secretary at our principal executive offices or directly to any member of the Nominating and Governance Committee. Any recommendation must include:

The name and address of the candidate;

A brief biographical description, including his or her occupation for at least the last five years, and a statement of the qualifications of the candidate, taking into account the qualification factors set forth above; and

The candidate's signed consent to be named in the Proxy Statement if nominated and to serve as a director if elected.

To be considered by the Nominating and Corporate Governance Committee for nomination and inclusion in our proxy statement for the 2017 annual meeting of stockholders, stockholder recommendations for director must have been received by us no later than November 11, 2016. Each stockholder recommendation must include the name and address of the nominating stockholder and the number of shares owned beneficially and of record by such stockholder.

### ***Technology Committee***

It is the responsibility of the Technology Committee of the Board (the “Technology Committee”) to review our research and development activities and ensure we maximize the use of appropriate technology throughout the organization. The Board has adopted a charter for the Technology Committee, which is available on our website at [www.littelfuse.com](http://www.littelfuse.com). The Technology Committee met four times in 2015. Members of the Technology Committee are Gordon Hunter(Chairman), T. J. Chung, Cary T. Fu, John E. Major, and Ronald L. Schubel.

### **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

T.J. Chung, William P. Noglows and Ronald L. Schubel served on the Compensation Committee during fiscal year 2015. None of our executive officers served as a member of the Compensation Committee, or on a board of directors performing equivalent functions, of any entity that had one or more of its executive officers serving as a director or member of our Compensation Committee.

### **EXECUTIVE COMPENSATION**

### **COMPENSATION DISCUSSION AND ANALYSIS**

The following Compensation Discussion and Analysis, or CD&A, describes our 2015 executive compensation program. This CD&A is intended to be read in conjunction with the tables beginning on page 29, which provide detailed historical compensation information for our following NEOs.

| <u>Name</u>        | <u>Title</u>  |
|--------------------|---|
| Gordon Hunter      | Chairman of the Board, President and Chief Executive Officer      |
| Philip G. Franklin | Executive Vice President and Chief Financial Officer              |
| David W. Heinzmann | Chief Operating Officer   |
| Ryan K. Stafford   | Executive Vice President, Chief Legal and Human Resources Officer |
| Michael P. Rutz    | Senior Vice President, Global Operations                          |

### **Executive Summary**



Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, our stockholders are entitled to cast an advisory vote to approve the compensation of our NEOs as disclosed in this Proxy Statement. The stockholder vote with respect to approval of the compensation of our NEOs is advisory in nature and will not be binding on the Company. However, our Board and our Compensation Committee value the opinions of our stockholders and will consider the outcome of the advisory vote when making future compensation decisions regarding the Company's NEOs.

As described below, our executive compensation programs are designed to align the interests of our executives with those of our stockholders, by rewarding performance that meets or exceeds established corporate and individual performance goals. Company performance is based on the achievement of specified financial objectives applicable to each NEO, which include sales, earnings per share and cash from operations, as well as performance measurements of the areas within the scope of authority of the NEO; whereas individual performance is based on each NEO's achievement of specified individual performance objectives.

The compensation of our NEOs during fiscal year 2015 should be viewed in light of our strong shareholder returns. Our compounded annual shareholder return for the five year period ending January 2, 2016 (assuming reinvestment of dividends) was 19.3%, as compared to the compounded annual shareholder return over the same period of 9.1% for the Dow Jones Electrical Components and Equipment Industry Group Index and 9.2% for the Russell 2000 Index.

Our executive compensation program is designed to pay for performance. In fiscal year 2015, our annual incentive award targets for our NEOs were weighted at 80% for targets that were directly performance-based and 20% for targets that were tied to individual goals that promote value to the Company. In addition, a significant portion of our executive compensation program consists of long-term compensation subject to long-term vesting requirements.

The Compensation Committee continually reviews the compensation programs for our NEOs to ensure they achieve the desired goals of aligning our executive compensation structure with our stockholders' interests and current market practices. We believe we have programs that align the compensation of our executives with the interests of our stockholders and manage compensation risk, including stock ownership guidelines, an independent Compensation Committee and the use of an independent compensation consultant.

Pursuant to the SEC's say-on pay rules, our shareholders approved, by the affirmative vote of 96% of the shares present in person or represented by proxy at the meeting and entitled to vote at our 2015 annual meeting of stockholders, the compensation for our NEOs in our 2015 proxy statement. The Compensation Committee takes this approval into account when developing the compensation for our NEOs.

We are asking our stockholders to indicate their support for our NEO compensation as described in this proxy statement under Proposal No. 3, which allows our stockholders the opportunity to express their views on our NEOs' compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in the Compensation Discussion and Analysis, the executive compensation tables, and the accompanying narrative as presented in this Proxy Statement.

### **Total Rewards Philosophy**

The Compensation Committee is responsible for guiding and overseeing the formulation and application of the compensation and benefit programs for executive officers. Our Total Rewards Philosophy for executive compensation is designed to drive performance in the form of global business growth and success by fully leveraging our investment in our human capital to create stockholder value. To achieve our goals, we must attract and retain individuals with the appropriate expertise and leadership ability, and we must motivate and reward them to build long-term stockholder value.

The Compensation Committee has worked with our management and the Compensation Committee's compensation consultant to design compensation programs with the following primary objectives:

Attract, retain and motivate highly qualified executives;

Reward executives based upon our financial performance at levels competitive with peer companies;  
and

Align a significant portion of the executive compensation with driving our performance and stockholder value in the form of performance-based executive incentive awards and long-term awards.

The design of our specific programs is based on the following guiding principles:

Performance

We believe that the best way to accomplish alignment of compensation with the interests of our stockholders is to link a significant portion of total compensation directly to meeting and exceeding individual, business unit and overall Company performance goals. When performance exceeds expectations, total pay levels are expected to be above the competitive median. When performance falls below expectations, total pay levels are expected to be below competitive levels.

### Competitiveness

Compensation and benefit programs are designed to be competitive with those provided by companies with whom we compete for talent. While we generally target the 50<sup>th</sup> percentile of the total compensation programs of competitor companies, in some instances, we provide compensation above or below the 50<sup>th</sup> percentile to account for other factors such as an executive's operating responsibilities, management level, and tenure and performance in the position, etc. In order to help us analyze the competitiveness of our compensation programs, we developed a reference group which was used to set compensation for the 2015 fiscal year, as discussed in more detail below in "Total Rewards Philosophy – Competitive Analysis." This peer group is updated from time to time and was last updated in October 2013. Our health and welfare benefit programs, perquisites and other benefits are designed to provide competitive levels of protection and financial security but are not based on performance.

### Cost

Compensation and benefit programs are designed to be cost effective, ensuring that the interests of our stockholders are considered.

### *The Annual Compensation Process*

The Compensation Committee reviews industry data and performance results presented by its compensation consultant in determining the appropriate aggregate and individual compensation levels for the year. In conducting its review, the Compensation Committee considers quantitative performance results, the overall need of the organization to attract, retain and motivate the executive team, and the total cost of compensation programs. The Compensation Committee also reviews information showing the executive's total target and actual compensation during the year. The amount of compensation already realized or potentially realizable, however, does not determine the level at which future pay opportunities may be set.

The Compensation Committee reviews base salaries starting in the fall, with any changes to be effective February 1 of the following year. This process aligns the timing of annual executive salary adjustments with the timing of adjustments for all other employees. To date, approval of incentive awards for NEOs under the Littelfuse, Inc. Annual Incentive Plan (the "Annual Incentive Plan") for the preceding year and the terms of the incentive awards for NEOs for the current year have been approved by the Compensation Committee at its January or February meeting (and such practice is expected to continue in the future). Stock options and RSUs are granted at the meetings of the Compensation Committee and the full Board held in connection with our annual meeting of stockholders (please see

discussion below in the section entitled “Equity Compensation”). Since we establish the annual meeting schedule for our grants well in advance, there is no opportunity for manipulation of exercise prices on option grants if we are in possession of non-public information at the time of the meetings. The Compensation Committee oversees the administration of the Company’s equity-based programs and makes recommendations to the Board for its consideration and approval of equity awards to be made to the CEO and other executive officers. The Compensation Committee has delegated authority to the CEO to grant equity awards to other non-executive officer employees. Ratification of grants for any non-executive officers who are newly-hired or promoted during the course of the year generally occurs at the Compensation Committee meeting immediately following the hiring or promotion, as applicable.

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*Competitive Analysis*

Competitive compensation levels for our Chief Executive Officer and other NEOs are established through, among other methods, the use of data obtained from the Compensation Committee's compensation consultant. These analyses include base salary, annual incentive opportunities and long-term incentive opportunities for comparable companies. With the advice of our compensation consultant, we adopted an industry reference group as a source to evaluate compensation levels, which industry group was used to set compensation for the 2015 fiscal year. The reference group consists of 17 publicly-traded companies of reasonably similar size to us in the electronic equipment/electronic manufacturing services industry, the electronic components and equipment industry and the semiconductor/semiconductor equipment and manufacturing industry, representing different segments of our business. The companies included in the reference group are set forth below:

| <b><u>COMPANY</u></b>                       | <b><u>TICKER SYMBOL</u></b> |
|---|-----------------------------|
| Cabot Microelectronics Corporation          | CCMP                        |
| CTS Corporation                             | CTS                         |
| Diodes Incorporated                         | DIOD                        |
| Electro Scientific Industries, Inc.         | ESIO                        |
| Fairchild Semiconductor International, Inc. | FCS                         |
| Gentex Corporation                          | GNTX                        |
| Hubbell Incorporated                        | HUBA, HUBB                  |
| KEMET Corporation                           | KEM                         |
| Methode Electronics, Inc.                   | MEI                         |
| MTS Systems Corporation                     | MTSC                        |
| ON Semiconductor Corporation                | ON                          |
| Rogers Corporation                          | ROG                         |
| Semtech Corporation                         | SMTC                        |
| Stoneridge, Inc.                            | SRI                         |
| TTM Technologies, Inc.                      | TTMI                        |
| Veeco Instruments Inc.                      | VECO                        |
| Vishay Intertechnology, Inc.                | VSH                         |

The raw data derived from each company in the reference group is size-adjusted to approximate our revenues for the corresponding fiscal year. The total compensation for our NEOs is generally targeted at the 50th percentile of the adjusted data specific to each position. In some instances, however, we provide compensation above or below the 50th percentile for a particular element and/or for a particular position, based on internal factors, including the executive's operating responsibilities, management level, possible differences in compensation standards in the representative industries, and tenure and performance of the executive officer in the position.

In 2015, the Compensation Committee awarded total target compensation to Messrs. Hunter, Franklin, Heinzmann, Stafford and Rutz that was +10%,+9%,-4%,+12% and+8%, respectively, in relation to the median of our peer group for our 2015 fiscal year. In making the awards to our NEOs in 2015 above the median of our peer group for our 2015

fiscal year, in addition to analysis of our peer group, the Compensation Committee considered the individual scope of responsibility of each NEO, each NEO's historical compensation levels, the NEO's years of experience, the NEO's past, and expected future, contributions to our success, market practice, internal equity considerations and individual performance.

*Allocation between Cash and Non-Cash Compensation and Short-Term and Long-Term Compensation*

We believe that both cash components and non-cash components are appropriate mechanisms for delivering compensation. Cash compensation is used as short-term compensation (i.e., base salary and annual incentive awards), while non-cash compensation (i.e., stock options and RSUs) is generally used for long-term compensation. The allocation between cash and non-cash compensation is an outcome of our targeted competitiveness for individual program elements, including salary, annual incentive compensation and long-term incentive grants, and our practice with respect to allocating between the different types of incentive grants. The mix of compensation ultimately realized by the NEOs is determined by a combination of individual, team and Company-wide performance over time.

The allocation between short-term and long-term compensation is based primarily on competitive market practices relative to base salaries, annual incentive awards and long-term incentive values, as opposed to a targeted allocation between short-term and long-term pay. We also consider certain internal factors that may cause us to target a particular element of a NEO's compensation differently. These internal factors may include the NEO's operating responsibilities, management level and tenure and performance in the position. We consider the total compensation to be delivered to individual NEOs, and as such, exercise discretion in determining the portion allocated to annual and long-term incentive opportunity. We believe that this "total compensation" approach provides the ability to align pay decisions with the short-term and long-term needs of the business and the interests of our stockholders. It also allows for the flexibility needed to recognize differences in performance of each NEO by providing differentiated pay.

*Role of the Board, Compensation Committee, Management and Consultants.*

The Compensation Committee establishes, reviews and recommends all elements of the executive compensation program to the independent members of the Board for approval. The Compensation Committee works with an independent compensation consultant, Compensation Strategies, Inc., for advice and perspective regarding market trends that may affect decisions about our executive compensation program and practices. Compensation Strategies, Inc. also advises the Compensation Committee in connection with non-employee director compensation matters. Additional responsibilities of the Board, the Compensation Committee, management and the compensation consultant include:

Board of Directors and Compensation Committee

The Compensation Committee reviews and recommends the Chief Executive Officer's business goals and objectives relevant to executive compensation to the independent members of the Board for approval; evaluates the performance of the Chief Executive Officer in light of those goals and objectives and recommends the Chief Executive Officer's compensation level to the independent members of the Board based on this evaluation. The Compensation Committee reviews and recommends the Chief Executive Officer's annual and long-term incentive target opportunities and payouts for approval to the independent members of the Board.

Based on a review of compensation survey data and publicly-disclosed compensation information for our peer group, individual performance, internal pay equity and other relevant factors, the Compensation Committee reviews and makes recommendations for approval to the independent members of the Board for all NEO compensation arrangements including base salary determination and annual and long-term incentive target opportunities and payouts.

Management and Consultants

The key elements of management's role in determining compensation levels for the NEOs (except the Chairman and Chief Executive Officer) are as follows:

**Compensation program design:** Management makes recommendations in consultation with the compensation consultant on compensation program design and pay levels, where appropriate, and implements the compensation programs approved by the Board.



**Develop performance measures:** Management identifies appropriate performance measures, recommends performance targets that are used to determine annual awards, and develops individual performance objectives for each NEO.

**Compile competitive market data:** Management works with the compensation consultant in compiling compensation information and preparing the data for presentation to the Compensation Committee.

**Develop compensation recommendations:** Based on the compensation survey data and publicly-disclosed compensation information, our Chief Executive Officer and our Executive Vice President, Chief Legal and Human Resources Officer prepare recommendations for the NEOs (other than for the Chief Executive Officer) and present these recommendations to the Compensation Committee. The Compensation Committee reviews these recommendations along with the competitive market data and other information and advice of the independent compensation consultant, if any, and makes a recommendation to the full Board for approval. Our Chief Executive Officer also assists the Compensation Committee by providing input with regards to the fulfillment of the individual performance objectives of the other NEOs. Compensation recommendations for the Chief Executive Officer are made by the Compensation Committee based on the compensation survey data and are presented to the full Board for approval by the independent directors. Our Executive Vice President and Chief Financial Officer also assists in the preparation of performance targets and objectives based on our short-term and long-term growth plans and provides financial information used by the Compensation Committee to make decisions with respect to incentive goals based on achievement of financial targets and related payouts, if any.

*Impact of Accounting and Tax Issues on Executive Compensation*

In setting each NEO's compensation levels, we do not have a stated policy that all compensation must be deductible. The Compensation Committee will consider various alternatives to preserving the deductibility of compensation payments and benefits to the extent reasonably practicable and to the extent consistent with our other compensation goals. The Compensation Committee and the Board analyze the overall expense arising from aggregate executive compensation levels and awards and the components of our pay programs. Section 162(m) of the Code ("Section 162(m)") places a limit of \$1,000,000 on the amount of compensation that we may deduct in any one year with respect to our Chief Executive Officer and our three other most highly compensated officers, other than the principal financial officer. Compensation, including compensation pursuant to plans or arrangements approved by our stockholders, that qualifies as "performance-based compensation" under Section 162(m) is not subject to the deduction limit. The Annual Incentive Plan and the Long-Term Plan have been approved by our stockholders; as a result, stock options, stock appreciation rights, RSUs, performance shares, performance units and annual cash incentive awards under all of these plans that qualify as "performance-based compensation" will not be subject to the deductibility limit imposed by Section 162(m).

*Employment Contracts*

Since May 1, 2006, we have had in place an employment agreement with Mr. Gordon Hunter, our Chairman of the Board, President and Chief Executive Officer. This employment agreement was most recently amended and restated, effective December 31, 2007, in order to comply with the requirements of Section 409A of the Code and the regulations and formal guidance issued thereunder ("Section 409A"). The term of the employment agreement runs until death, disability, or such time as terminated by us or Mr. Hunter. We may terminate Mr. Hunter's employment for cause or for any reason upon 60 days' notice subject to certain payments as further discussed below in the section entitled, "Gordon Hunter's Employment Agreement Post-Employment Provisions." The employment agreement requires us to provide Mr. Hunter with a base salary of at least \$525,000 per year, provisions for a home office, an automobile, and up to \$15,000 in annual financial planning and tax counseling services. The employment agreement also contains non-disclosure, non-competition, non-solicitation and non-hire restrictions applicable to Mr. Hunter following cessation of his employment with us. The foregoing description of the terms of the employment agreement is qualified in its entirety by reference to the employment agreement as set forth on Exhibit 10.2 to our Annual Report on Form 10-K for the fiscal year ended December 27, 2008.

Please see additional discussion regarding the terms of Mr. Hunter's employment agreement below in the section entitled "Post-Employment Compensation." Other than the change of control agreements also discussed below under "Post-Employment Compensation," none of the other NEOs have employment agreements.

**Components of Total Compensation**

The compensation of our NEOs usually consists of five components:

base salaries;

annual incentive plan cash awards;

long-term incentive compensation, consisting of stock options and RSUs;

perquisites and health and welfare programs; and

post-employment compensation.

Each component is designed to help achieve our compensation objectives and to contribute to a total compensation arrangement that is competitive, appropriately performance-based and valued by our NEOs.

## A. Base Salaries

*Purpose:* The determination of each NEO's base salary is designed to attract, retain and motivate highly-qualified executives by paying a competitive salary.

*Administration:* Our Chief Executive Officer and our Executive Vice President, Chief Legal and Human Resources Officer recommend NEO salary levels (other than for the Chief Executive Officer) to the Compensation Committee for approval. The Compensation Committee reviews these recommendations along with the reference group information and other information and advice of the compensation consultant, if any, and makes its recommendations to the full Board for approval. The Compensation Committee determines and makes Chief Executive Officer salary recommendations to the full Board for approval by the independent directors.

*Determination of amounts:* While base salary is generally targeted at the 50th percentile of the reference group, we also take into account factors such as individual scope of responsibility, years of experience, past and future contributions to our success and possible differences in compensation standards in our industry. We strive to be market competitive in an effort to attract, retain and motivate highly-talented executive officers. The NEOs' salaries are determined by market salary data and each individual's position, responsibility and longevity within our Company and performance in that position.

The base salaries for the NEOs in 2015 were determined based on historical compensation for our NEOs and on compensation information provided by the compensation consultant. In both 2015 and 2016, the Compensation Committee recommended to the Board and the Board approved increases in base salary for all NEOs, effective as of February 1 of the next year.

The base salary amounts for the NEOs, effective as of February 1, 2015 (or October 31 for Mr. Heinzmann who received an off-cycle increase) and February 1, 2016, respectively, are as follows:

|                    | 2015        | 2016        |
|--------------------|-------------|-------------|
| Name               | Annualized  | Annualized  |
|                    | Base Salary | Base Salary |
| Gordon Hunter      | \$ 752,635  | \$ 782,740  |
| Philip G. Franklin | \$ 420,767  | \$ 420,767  |
| David W. Heinzmann | \$ 500,000  | \$ 525,000  |
| Ryan K. Stafford   | \$ 383,951  | \$ 400,000  |

Michael P. Rutz      \$ 350,200    \$ 360,706

## **B. Annual Incentive Plan**

*In General:* In January 2014, our Compensation Committee and our Board approved the Annual Incentive Plan and on April 25, 2014 our stockholders approved the Annual Incentive Plan. The Annual Incentive Plan contains terms substantially similar to its predecessor.

*Purpose:* The Annual Incentive Plan is designed to provide a performance-based cash reward to the NEOs (and other executives and key employees of the Company) for contributing to the achievement of our corporate goals and driving stockholder value, thereby addressing the objectives of our executive compensation policies.

*Administration:* The Compensation Committee, after (1) consulting with our Chief Executive Officer and our Executive Vice President, Chief Legal and Human Resources Officer, (2) reviewing the reference group information and other information and advice, if any, of the compensation consultant and (3) discussing the financial goals and targets of the Company for the next fiscal year with our Chief Executive Officer, our Chief Operating Officer, and our Executive Vice President and Chief Financial Officer, establishes a threshold, target and maximum amount that may be awarded as an annual award under the Annual Incentive Plan to each NEO for the calendar year. The threshold, target and maximum amounts are set as percentages of each NEO's base salary in effect as of October 31st of the performance period.

Awards to NEOs are granted based on an explicit formula approved by the Compensation Committee and recommended to the full Board for approval, typically at the first meeting of each year. At the end of each year, the amount of the total award payable to each of the NEOs is calculated by the Compensation Committee based on Company and individual performance measures using a mathematical formula weighing each of the factors. The Compensation Committee then recommends the awards to the full Board for approval.

The Compensation Committee retains the discretion to decrease the total award payable to any NEO and to adjust (upward or downward) any performance measure for extraordinary events or circumstances, except that no adjustment to performance measures will be made if it would cause an award intended to satisfy the requirements of performance-based compensation under Section 162(m) to fail to qualify. In the past, these adjustments have included severance charges and extreme commodity price changes.

*Determination of amounts:* Incentive amounts are earned by each NEO based on the achievement of established objectives on a sliding scale from 0% to 200% of the target amount, which is set as a percentage of the NEO's base salary. The maximum incentive amount that can be paid for a performance period has been limited under the Annual Incentive Plan to \$2,500,000. While one factor we consider in compensation of our NEOs is where that compensation falls in relation to the 50th percentile of the total compensation of our reference group, we do not necessarily match our annual incentive awards against a certain percentile of the reference group and we consider other factors, such as internal equity considerations and the years of service of the NEO, in setting the compensation amounts. We set the threshold, target and maximum amounts so that, if earned, we pay sufficient total annual compensation to remain competitive.

Incentive awards paid to individual NEOs have been based on both the actual financial results in relation to the target goals under the Annual Incentive Plan and an evaluation of the NEO's performance in relation to his or her individual performance objectives. Approximately 80% of the award has been tied to the actual financial results, such as sales, earnings per share and cash from operations, as well as performance measurements of the areas within the scope of authority of the NEO, in relation to the target goals under the Annual Incentive Plan and, except for an earnings per share threshold with respect to Messrs. Hunter, Franklin, Heinzmann and Stafford, approximately 20% has been based on individual performance objectives, some of which are qualitative in nature and require subjective determinations by the Compensation Committee in its discretion. Since Section 162(m) allows payout amounts to be reduced (but not increased) at the discretion of the Compensation Committee, 20% of awards for Messrs. Hunter, Franklin, Heinzmann and Stafford have been fully earned at a maximum level based on meeting a minimum amount of earnings per share, but then has been subject to reduction to appropriate levels based on performance against his stated goals, as determined by the Compensation Committee or Board in their negative discretion.

The following table summarizes the Annual Incentive Plan opportunity percentages for the NEOs for 2015:

2015 Annual Incentive  
Plan Opportunity

(as a Percentage of 2015  
Base Salary)

| Name               | Threshold | Target | Maximum |
|--------------------|-----------|--------|---------|
| Gordon Hunter      | 50%       | 100%   | 200%    |
| Philip G. Franklin | 35%       | 70%    | 140%    |
| David W. Heinzmann | 40%       | 80%    | 160%    |
| Ryan K. Stafford   | 35%       | 70%    | 140%    |
| Michael P. Rutz    | 30%       | 60%    | 120%    |

The threshold, target and maximum amounts as percentages of each NEO's base salary are set forth in the "Grants of Plan Based Awards in 2015 Table" included in this Proxy Statement. Based on our previous financial performance and the projections for 2015 performance, the Compensation Committee set what it considered aggressive Company performance objectives for the prior Annual Incentive Plan in 2015.

In January 2016, the Compensation Committee made determinations as to the satisfaction of the individual performance factors for 2015 for each NEO and determined payouts under the Annual Incentive Plan for 2015. The table below shows the amounts earned under the awards granted under the prior Annual Incentive Plan in 2015 for each NEO and the amount as a percentage of base salary:

| Name               | Amounts<br>Awarded                               | Awarded<br>Amount                       |   |  |
|--------------------|--|---|---|--|
|                    | Under the<br>2015<br>Annual<br>Incentive<br>Plan | as a<br>Percent<br>of<br>Base<br>Salary |   |  |
| Gordon Hunter      | \$1,128,556                                      | 149.9                                   | % |  |
| Philip G. Franklin | \$431,955  | 102.7                                   | % |  |
| David W. Heinzmann | \$594,623  | 118.9                                   | % |  |
| Ryan K. Stafford   | \$399,536  | 104.1                                   | % |  |
| Michael P. Rutz    | \$295,546  | 84.4                                    | % |  |

In connection with making the above awards, the Committee certified that the following performance had been achieved for 2015:

| Goals                            | Weight | Target      |             | Actual      |             | Incentive<br>Earned<br>(%<br>of Total<br>Target) |         |
|----------------------------------|--------|-------------|-------------|-------------|-------------|--|---------|
|                                  |        | Performance | Performance | Performance | Performance |  |         |
| <b><u>Gordon Hunter</u></b>      |        |             |             |             |             |  |         |
| Corporate Sales                  | 20     | %           | \$ 867.0    | M           | \$ 867.9    | M  | 20.8 %  |
| Earnings per Share               | 30     | %           | \$ 5.02     |             | \$ 5.07     |  | 36.3 %  |
| Cash from Operations             | 30     | %           | \$ 158.0    | M           | \$ 175.7    | M  | 57.9 %  |
| Individual:                      | 20     | %           | 100         | %           | 175         | %  | 35.0 %  |
| Total:                           | 100    | %           |             |             |             |  | 149.9 % |
| <b><u>Philip G. Franklin</u></b> |        |             |             |             |             |  |         |
| Corporate Sales                  | 10     | %           | \$ 867.0    | M           | \$ 867.9    | M  | 10.4 %  |
| Earnings per Share               | 40     | %           | \$ 5.02     |             | \$ 5.07     |  | 48.4 %  |
| Cash from Operations             | 30     | %           | \$ 158.0    | M           | \$ 175.7    | M  | 57.9 %  |



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|             |     |   |     |   |     |   |       |   |
|-------------|-----|---|-----|---|-----|---|-------|---|
| Individual: | 20  | % | 100 | % | 150 | % | 30.0  | % |
| Total:      | 100 | % |     |   |     |   | 146.7 | % |

**David W. Heinzmann**

|                      |     |   |          |   |          |   |       |   |
|----------------------|-----|---|----------|---|----------|---|-------|---|
| Corporate Sales      | 10  | % | \$ 867.0 | M | \$ 867.9 | M | 10.4  | % |
| Earnings per Share   | 40  | % | \$ 5.02  |   | \$ 5.07  |   | 48.4  | % |
| Cash from Operations | 30  | % | \$ 158.0 | M | \$ 175.7 | M | 57.9  | % |
| Individual:          | 20  | % | 100      | % | 160      | % | 32.0  | % |
| Total:               | 100 | % |          |   |          |   | 148.7 | % |

**Ryan K. Stafford**

|                      |     |   |          |   |          |   |       |   |
|----------------------|-----|---|----------|---|----------|---|-------|---|
| Corporate Sales      | 10  | % | \$ 867.0 | M | \$ 867.9 | M | 10.4  | % |
| Earnings per Share   | 40  | % | \$ 5.02  |   | \$ 5.07  |   | 48.4  | % |
| Cash from Operations | 30  | % | \$ 158.0 | M | \$ 175.7 | M | 57.9  | % |
| Individual:          | 20  | % | 100      | % | 160      | % | 32.0  | % |
| Total:               | 100 | % |          |   |          |   | 148.7 | % |

**Michael P. Rutz**

|                      |     |   |          |   |          |   |       |   |
|----------------------|-----|---|----------|---|----------|---|-------|---|
| Corporate Sales      | 10  | % | \$ 867.0 | M | \$ 867.9 | M | 10.4  | % |
| Earnings per Share   | 40  | % | \$ 5.02  |   | \$ 5.07  |   | 48.4  | % |
| Cash from Operations | 30  | % | \$ 158.0 | M | \$ 175.7 | M | 57.9  | % |
| Individual:          | 20  | % | 100      | % | 120      | % | 24.0  | % |
| Total:               | 100 | % |          |   |          |   | 140.7 | % |

The personal performance objectives vary for each NEO, as described below, and are tailored to the job responsibilities of each individual NEO. Personal performance objectives considered in determining incentive awards are subject to change from year-to-year, depending on the needs of the Company and the role of the NEO; however, personal performance objectives in 2015 generally fell under three broad categories: (1) overall Company business performance; (2) development of managerial leaders and talent within the Company; and (3) legal compliance and corporate governance best practices.

Mr. Hunter's personal performance objectives included: succession and talent development; business stability; acquisition momentum and integration; business and operational excellence; and legal compliance and corporate governance. Mr. Franklin's personal performance objectives included: team development and succession planning; mergers and acquisitions; investor relations; and balance sheet optimization. Mr. Heinzmann's personal performance objectives included: operational excellence; business unit performance strategy execution; acquisition growth; talent development and succession planning; and lean enterprise. Mr. Stafford's personal performance objectives included: corporate communication and branding execution; risk management strategies; human capital strategy and talent development; and compliance and corporate governance. Mr. Rutz's personal performance objectives included: operational/business excellence; lean enterprise; mergers and acquisitions; and leadership and talent development.

While some of the 2015 individual performance objectives for each NEO may be measured by objective standards, others may be more qualitative in nature and are ultimately subject to the determination of the Compensation Committee based on input from our Chief Executive Officer. In the case of Messrs. Hunter, Franklin, Heinzmann and Stafford, their 20% portion is fully earned on meeting an earnings per share threshold of \$2.00 and then is subject to reduction by the Compensation Committee or the Board in their negative discretion based on individual performance against stated goals.

At its January 2016 meeting, the Compensation Committee established the threshold, target and maximum amounts (as a percentage of base salary) to be awarded under the Annual Incentive Plan for 2016 for the NEOs, subject to the achievement of financial objectives of the Company and individual performance objectives set by the Compensation Committee for 2016. The Board also approved these amounts.

The following table summarizes Annual Incentive Plan target percentages, as a percentage of base salary, for the NEOs for 2016:

|      |   |        |         |
|------|---|--------|---------|
|      | 2016 Annual Incentive Plan<br>Opportunity |        |         |
|      | (as a Percentage of 2016<br>Base Salary)  |        |         |
| Name | Threshold                                 | Target | Maximum |

|                        |     |      |      |
|------------------------|-----|------|------|
| Gordon Hunter          | 50% | 100% | 200% |
| Philip G. Franklin (a) | -   | -    | -    |
| David W. Heinzmann     | 40% | 80%  | 160% |
| Ryan K. Stafford       | 35% | 70%  | 140% |
| Michael P. Rutz        | 30% | 60%  | 120% |

(a) As announced on February 1, 2016, Mr. Franklin will be retiring as Executive Vice President and Chief Financial Officer on March 31, 2016 and as such will not participate in the 2016 Annual Incentive Plan.

### **C. Long-Term Incentive Compensation**

*Purpose:* In 2015, the Compensation Committee awarded a combination of two types of equity awards under the Long-Term Plan to our NEOs: stock option awards and RSUs. The Compensation Committee determined that the two award types emphasize the goals of our equity compensation: (1) to align each NEO's financial interests with driving stockholder value; (2) to focus the NEOs' efforts on long-term financial performance of the Company; and (3) to assist in the retention of our NEOs.

*Administration:* The Compensation Committee approves the awards of stock options and RSUs based upon (1) the recommendations of our Chief Executive Officer and our Executive Vice President, Chief Legal and Human Resources Officer with respect to the NEOs other than the Chief Executive Officer, and on its own with respect to the Chief Executive Officer; and (2) reviewing the reference group information and other information and advice of the compensation consultant, if any. The overall funding levels for our equity awards, however, are ultimately subject to the judgment and approval of the Compensation Committee to ensure appropriate alignment with the interest of our stockholders.

Since 2010, the Compensation Committee has granted stock options with a three-year vesting period and an exercise price equal to the fair market value of our common stock on the date of grant and RSUs with a three-year vesting period. Upon vesting, one share of our common stock will be delivered for each restricted stock unit award, net of any shares necessary to satisfy applicable tax withholding. The Long-Term Plan does not permit grants of stock options with exercise prices below the fair market value of the stock at the time of the grant.

*Determination of Amounts:* While we generally target total equity compensation awards at the 50th percentile of our reference group, we also take into account other factors, such as years of service with the Company and internal pay equity considerations, when determining total equity compensation. The allocation by the Committee between the types of equity compensation is based primarily on a combination of market practice, internal equity considerations, individual performance and relative importance of the objectives behind each of the types (i.e. long-term financial performance and retention). In 2015, based on a valuation performed by the Compensation Committee's independent consultant, the Compensation Committee determined that approximately 50% of the value of the equity awards should be made in stock options, with the remaining 50% of the value of the equity awards to be made in RSUs. The restricted stock unit awards and stock options granted in 2015 to the NEOs are set forth in the "Grants of Plan-Based Awards in 2015 Table" below.

#### *Stock Ownership Policy*

As mentioned above under the section entitled Information Concerning the Board of Directors and Its Committees – Stock Ownership Policy, we adopted a stock ownership policy in fiscal year 2011 that requires our executive officers and directors to hold and maintain a certain number of shares of common stock of the Company. Our Chief Executive Officer is required to hold a number of shares equal to five times (5x) his base salary, our Chief Operating Officer, Executive Vice President and Chief Financial Officer, and our Executive Vice President, Chief Legal and Human Resources Officer, are each required to hold a number of shares equal to three times (3x) his respective base salary, and each of our senior vice presidents is required to hold a number of shares equal to two times (2x) his or her respective base salary, each as may be adjusted by the Compensation Committee from time to time to account for a significant increase in the price of the Company's common stock. As noted above, the stock ownership policy permits the Compensation Committee to adjust the ownership requirements in the event of a significant increase in the price of the Company's common stock. In light of the approximately 51% increase in the price of the Company's common stock during the 2013 fiscal year, in January 2014 the Compensation Committee approved an adjustment to the ownership requirements using the average January 2014 closing price of the Company's common stock of \$93 per share. As a result, effective January 2014, the ownership requirements for each person covered by the stock ownership policy (including the members of the Board) were adjusted by dividing the number of shares required to be held before the adjustment (for example, 5x base salary for our Chief Executive Officer) by \$93 per share. All new executive officers have five years from the date of election or appointment to satisfy their required stock ownership level. Like the directors, until such time as an officer achieves the required stock ownership level, that officer is required to retain 50% of the "net shares" of common stock realized from any equity awards granted by the Company. Failure to satisfy the applicable stock ownership level within the required compliance period may result in an officer being ineligible to receive his or her annual equity award, receive any cash bonus in the form of shares of common stock, and/or being subject to a 100% retention requirement. The NEOs are currently in compliance with the stock ownership policy, with the exception of Mr. Rutz, who was hired on February 10, 2014 and who has five years from such hiring date to

satisfy his holding requirement and Mr. Franklin who is set to retire as of March 31, 2016 and will no longer be subject to the policy.

**D. Perquisites  
and  
Health  
and  
Welfare  
Programs**

*Perquisites*

Our Chief Executive Officer and other NEOs are provided with the opportunity to receive executive physicals and financial planning services on an annual basis. We participate in an executive physical program that provides approximately \$5,000 in services per NEO. In addition, Mr. Hunter is entitled to \$15,000 per year of financial planning and tax consulting services, and each of our other NEOs is entitled to \$12,000 per year of financial planning services. We provide these benefits to help our NEOs efficiently manage their time and financial affairs and to allow them to stay focused on business issues and minimize distractions of this type. Additionally, Mr. Hunter is provided with a Company automobile as required by his employment agreement, the terms of which were established to remain competitive with our reference group. For more information on these perquisites, see the “Summary Compensation Table” below.

### *Health and Welfare Programs*

Our U.S. NEOs participate in the same health and welfare programs designed for all of our full-time U.S. employees including participation in certain Company wellness initiatives which provide the opportunity to earn a bonus for the successful completion of those initiatives. We believe these programs are important components of a total compensation system, and we provide them to remain competitive. The core package includes group health, dental, disability, business travel accident, life and accidental death and dismemberment (AD&D) coverage. The U.S. NEOs are also provided with an increased amount of life and AD&D insurance in order to provide a targeted level of coverage equal to three times base salary. We provide these benefits to remain competitive with those U.S. companies with whom we compete for executive talent.

### **E. Post-employment Compensation**

#### *Retirement Plans*

We provide retirement benefits to our U.S. employees and NEOs through the following plans:

#### Littelfuse, Inc. 401(k) Retirement and Savings Plan

NEOs may elect to participate in the Littelfuse, Inc. 401(k) Retirement and Savings Plan (“401(k) Plan”) on the same basis as all other U.S. employees. The 401(k) Plan provides employees the opportunity to save for retirement on a tax-favored basis. The Company amended the 401(k) Plan, effective as of January 1, 2012, to provide mandatory Company contributions equal to 2% of a participant’s annual eligible pay. This is in addition to the existing Company matching contributions, which provide a dollar-for-dollar match on participant salary deferrals up to 4% of a participant’s annual eligible pay (subject to IRS compensation limits). The Plan also provides for discretionary contributions for those eligible, active participants who as of January 1, 2010, participated in the Littelfuse, Inc. Retirement Plan (“Pension Plan”) and had earned a minimum of 10 years of service and a combined age and years of service of at least 60 (the “60 Point Group”). The Company has currently set these contributions at 5% of base pay (subject to IRS compensation limits). All contributions to the 401(k) Plan are fully vested and nonforfeitable.

#### Littelfuse, Inc. Supplemental Retirement and Savings Plan

NEOs may elect to participate in the Littelfuse, Inc. Supplemental Retirement and Savings Plan, effective January 1, 2010 (the "Supplemental Plan"). The Supplemental Plan is offered to a select group of U.S. management employees who earn above a designated threshold. The Supplemental Plan is a top-hat non-qualified defined contribution retirement plan that allows participants to plan for retirement by deferring up to 90% of their annual eligible pay. The Company makes fully vested matching contributions which provide a dollar-for-dollar match on total participant salary deferrals to both the Supplemental Plan and the 401(k) Plan, less any match already made under the 401(k) Plan. This match is intended to ensure that the IRS deferral and compensation limits that apply to the 401(k) Plan do not prevent participants from deferring the desired percentage of their earnings and receiving their full matching contribution on such amount. The Company may also provide fully vested contributions to certain U.S. members of the 60 Point Group (as defined above) to ensure they receive their full contribution, without regard to the IRS compensation limit that applies to the 401(k) Plan (\$265,000 for 2015). The Supplemental Plan tracks the compensation definitions and 60 Point Group contribution percentages that apply to the 401(k) Plan.

### Littelfuse, Inc. Retirement Plan

The NEOs (other than Mr. Rutz) accrued a retirement benefit under the Littelfuse, Inc. Retirement Plan (the “Pension Plan”) prior to it being frozen effective April 1, 2009. See the section entitled “Pension Benefits” below for more information. As reported on our Current Report on Form 8-K filed on July 31, 2014, the Board of Directors terminated the Pension Plan effective July 30, 2014, and the Company distributed all Pension Plan liabilities in the third quarter of 2015 either through lump sum payout to participants or the purchase of a group annuity contract.

### Other Plans

Mr. Franklin accrued a retirement benefit under the Littelfuse, Inc. Supplemental Executive Retirement Plan (the “SERP”) prior to its termination effective December 31, 2009. See the section entitled “Nonqualified Deferred Compensation” below for more information.

### *Post-Employment Compensation*

Each of the NEOs has entered into a change of control agreement with the Company that provides certain payments and benefits on termination of employment in connection with a change of control of the Company. For more information on our change of control agreements, please see the section entitled “Post-Employment Compensation – Change of Control Agreements Post- Employment Provisions.”



## COMPENSATION COMMITTEE REPORT

To the Board of Directors of Littelfuse, Inc.:

We have reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement.

Based on the review and discussion referred to above, we recommend to the Board of Directors that the Compensation Discussion and Analysis referred to above be included in this Proxy Statement and in our Annual Report on Form 10-K for the year ended January 2, 2016.

**Compensation Committee:**

**Tzau-Jin (T. J.) Chung (Chairman)**

**William P. Noglows**

**Ronald L. Schubel**

*The foregoing report is not deemed to be “soliciting material” or to be “filed” with the Securities and Exchange Commission or subject to the Securities and Exchange Commission’s proxy rules or the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, and the report shall not be deemed to be incorporated by reference into any prior or subsequent filing by us under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.*

## COMPENSATION TABLES AND NARRATIVE DISCLOSURES

The following table sets forth compensation information for our NEOs for services rendered in all capacities to us and our subsidiaries in fiscal years 2015, 2014 and 2013.

## 2015 Summary Compensation Table

| Name and Principal Position  | Year | Salary<br>(a) (\$) | Bonus<br>(b)<br>(\$) | Stock Awards<br>(c) (\$) | Option Awards<br>(d) (\$) | Non-Equity Incentive Plan Compensation<br>(e) (\$) | Change in Pension  | All Other Compensation<br>(g) (\$) | Total Compensation<br>(h) (\$) |
|--|------|--------------------|----------------------|--------------------------|---------------------------|--|--|------------------------------------|--------------------------------|
|  |      |                    |                      |                          |                           |  | Value and Nonqualified Deferred Compensation<br>(f) (\$) |                                    |                                |
| Gordon Hunter<br>Chairman of the Board,<br>President and Chief Executive Officer | 2015 | \$759,239          | \$600                | \$1,074,594              | \$954,382                 | \$1,128,556  | \$945  | \$134,247                          | \$4,052,563                    |
|  | 2014 | \$725,966          | \$300                | \$1,031,548              | \$1,013,775               | \$887,087  | \$10,789   | \$132,897                          | \$3,802,362                    |
|  | 2013 | \$709,431          | -                    | \$731,693                | \$987,070                 | \$994,735  | -  | \$119,140                          | \$3,542,069                    |
| Philip G. Franklin<br>Executive Vice President and Chief Financial Officer       | 2015 | \$424,459          | \$150                | \$363,535                | \$322,373                 | \$431,955  | \$58,361   | \$81,965                           | \$1,682,798                    |
|  | 2014 | \$404,738          | \$150                | \$348,194                | \$342,563                 | \$341,720  | \$21,371   | \$61,042                           | \$1,519,777                    |
|  | 2013 | \$384,307          | -                    | \$287,135                | \$387,180                 | \$399,031  | -  | \$70,201                           | \$1,527,854                    |
|  | 2015 | \$477,532          | -                    | \$436,995                | \$387,814                 | \$594,623  | -  | \$83,954                           | \$1,980,918                    |

|  |         |           |       |           |           |           |           |          |             |
|--|---------|-----------|-------|-----------|-----------|-----------|-----------|----------|-------------|
| David W. Heinzmann<br>Chief Operating Officer  | 2014    | \$395,308 | \$150 | \$579,908 | \$377,213 | \$334,600 | \$116,587 | \$69,677 | \$1,873,442 |
|  | 2013    | \$307,178 | -     | \$197,283 | \$265,290 | \$299,186 | -         | \$62,321 | \$1,131,258 |
| Ryan K. Stafford<br>Executive Vice President,<br>Chief Legal and Human Resources Officer | 2015    | \$387,320 | \$150 | \$297,609 | \$264,398 | \$399,536 | -         | \$50,436 | \$1,399,449 |
|  | 2014    | \$367,474 | \$150 | \$468,729 | \$280,875 | \$317,040 | \$11,351  | \$50,868 | \$1,496,487 |
|  | 2013    | \$330,362 | -     | \$231,141 | \$310,700 | \$321,766 | -         | \$44,895 | \$1,238,864 |
| Michael P. Rutz<br>Senior Vice President Global Operations                               | (h)2015 | \$353,273 | -     | \$201,545 | \$178,754 | \$295,546 | -         | \$34,343 | \$1,063,461 |
|  | 2014    | \$300,115 | -     | \$266,727 | \$190,313 | \$173,570 | -         | \$17,124 | \$947,849   |

- (a) Base salary includes compensation deferred under the 401(k) Plan and the Supplemental Plan.
- (b) Represents discretionary bonuses earned in connection with our wellness initiatives in fiscal year 2015.
- (c) Represents the full grant date fair value of RSUs for fiscal years 2013, 2014 and 2015, in accordance with FASB ASC Topic 718. For a discussion of assumptions used in the calculation of these amounts, please see Note 13 to our audited financial statements included in our 2015 Annual Report on Form 10-K.
- (d) Represents the full grant date fair value of stock option awards for fiscal years 2013, 2014 and 2015, in accordance with FASB ASC Topic 718. For a discussion of assumptions used in the calculation of these amounts, please see Note 13 to our audited financial statements included in our 2015 Annual Report on Form 10-K.
- (e) Represents payouts for performance under Annual Incentive Plan. See “Compensation Discussion and Analysis” and “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2015 Table” for discussions of how awards were determined.
- (f) Amounts shown in this column for 2015 represent the change in the actuarial present value of each NEO's accumulated benefit under the Pension Plan from December 27, 2014 to January 2, 2016, plus the amount of any payments made to or on behalf of the NEO during the last fiscal year. Although the Pension Plan was frozen effective April 1, 2009, the actuarial present value of each NEO's benefit under the plan is subject to change, largely due to the passage of time and changes in the discount rate used to value the Pension Plan's liabilities. Note further that the plan was terminated effective July 30, 2014 and all of the plan's liabilities were settled, either via lump sum payout or purchase of a group annuity contract in the third quarter of 2015. As a result, the actuarial present value of each NEO's benefit under the plan is now \$0. The figure shown above represents the difference between the amount paid in 2015 to settle the NEO's benefit and the actuarial present value of that NEO's benefit as of December 27, 2014, with the resulting difference not to be less than \$0. For assumptions used in calculation of these amounts, please

see the “Pension Benefits Table.” There are no above-market or preferential earnings in the Supplemental Plan or the SERP. Please see the “2015 Nonqualified Deferred Compensation Table” for more information.

The amounts in this column for 2015 reflect company and matching contributions allocated by us to each NEO pursuant to the 401(k) Plan and the Supplemental Plan, and the cost of insurance premiums paid by us with respect to term life and AD&D insurance. The amount of company matching contributions made to the 401(k) plan in 2015 for Messrs. Franklin and Heinzmann were \$29,150 and \$29,150, respectively. The amount of company contributions made to the Supplemental Plan in 2015 for Messrs. Hunter, Franklin and Heinzmann were \$64,632, \$30,691 and \$36,255, respectively.

(g)

Each NEO is also eligible to receive tax and financial planning services provided by a third-party service provider and a physical examination, although Mr. Rutz did not use the tax and financial planning benefit in 2015. In addition, the amount for Mr. Hunter includes the value of the personal use of a Company automobile, including maintenance, fuel and upkeep costs, club membership dues and spouse travel for industry events; Mr. Franklin's amount includes club membership dues.

(h) Mr. Rutz was employed with the Company starting on February 10, 2014.

The following table provides additional information with respect to options and stock-based awards granted in 2015, the value of which was provided in the Stock Awards and Options Awards columns of the Summary Compensation Table, and the potential range of payouts associated with the Annual Incentive Plan.

**Grants of Plan-Based Awards in 2015 Table**

| Name | Estimated Future Payouts Under Non-Equity Incentive Plan Awards |        | Estimated Future Payouts Under Equity Incentive Plan Awards |           | All Other Stock Awards: Number of Shares of | All Other Option Awards: Number of Securities Underlying | Exercise or Base Price |
|------|---|--------|---|-----------|---|--|------------------------|
|      | Threshold   | Target | Maximum   | Threshold | Target                                      | Maximum  |                        |

|            | Type of Award | Grant Date | (#)       | (\$)      | (\$)        | (#) | (#) | (#)       | Stock or Units | Options (#) (a) | of Options Awarded |
|------------|---------------|------------|-----------|-----------|-------------|-----|-----|-----------|----------------|-----------------|--------------------|
| Gordon     | RSUs          | 4/24/15    | -         | -         | -           | -   | -   | -         | 11,410 (e)     | -               | -                  |
| Hunter     | Options       | 4/24/15    | -         | -         | -           | -   | -   | -         | -              | 43,460          | \$96.15            |
|            | Annual        |            |           |           |             |     |     |           |                |                 |                    |
|            | Cash          | -          | \$376,318 | \$752,635 | \$1,505,270 | (d) |     |           |                |                 |                    |
| Philip G.  | RSUs          | 4/24/15    | -         | -         | -           | -   | -   | 3,860 (e) | -              | -               |                    |
| Franklin   | Options       | 4/24/15    | -         | -         | -           | -   | -   | -         | -              | 14,680          | \$96.15            |
|            | Annual        |            |           |           |             |     |     |           |                |                 |                    |
|            | Cash          | -          | \$147,268 | \$294,537 | \$589,074   | (d) |     |           |                |                 |                    |
| David W.   | RSUs          | 4/24/15    | -         | -         | -           | -   | -   | 4,640 (e) | -              | -               |                    |
| Heinzmann  | Options       | 4/24/15    | -         | -         | -           | -   | -   | -         | -              | 17,660          | \$96.15            |
|            | Annual        |            |           |           |             |     |     |           |                |                 |                    |
|            | Cash          | -          | \$166,250 | \$380,000 | \$665,000   | (d) |     |           |                |                 |                    |
| Ryan K.    | RSUs          | 4/24/15    | -         | -         | -           | -   | -   | 3,160 (e) | -              | -               |                    |
| Stafford   | Options       | 4/24/15    | -         | -         | -           | -   | -   | -         | -              | 12,040          | \$96.15            |
|            | Annual        |            |           |           |             |     |     |           |                |                 |                    |
|            | Cash          | -          | \$134,383 | \$268,766 | \$537,531   | (d) |     |           |                |                 |                    |
| Michael P. | RSUs          | 4/24/15    | -         | -         | -           | -   | -   | 2,140 (e) | -              | -               |                    |
| Rutz       | Options       | 4/24/15    | -         | -         | -           | -   | -   | -         | -              | 8,140           | \$96.15            |
|            | Annual        |            |           |           |             |     |     |           |                |                 |                    |
|            | Cash          | -          | \$105,060 | \$210,120 | \$420,240   | (d) |     |           |                |                 |                    |

(a) Stock option awards typically vest in installments of 33% on each anniversary of the date of grant, such that options are fully exercisable on or after three years from the date of grant.

(b) The exercise price shown for individual options is the fair market value of the Company's common stock on the date of grant (determined as the closing price on that date reported on the NASDAQ Composite Tape).

(c) Represents the full grant date fair value of 2015 awards calculated in accordance with FASB ASC Topic 718. For a discussion of assumptions, see Note 13 to our audited financial statements included in our 2015 Annual Report on Form 10-K. There can be no assurance that amounts shown under the Grant Date Fair Value of Stock Awards column will ever be realized by the NEOs.

These amounts represent annual incentive cash awards granted under the Annual Incentive Plan. The actual 2015 annual incentive cash award achievements were determined by the Compensation Committee and approved by the full Board in January 2016 and are reflected in the “Summary Compensation Table” under the Non-Equity Incentive Plan Compensation column. Please refer to the “Annual Incentive Plan” section of the “Compensation Discussion and Analysis” for more information concerning these awards. For 2015, amounts reported for Mr. Heinzmann represent the award made to him, as approved by the Board at the January 2015 meeting. The annual cash award amount disclosed under the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table was determined based on Mr. Heinzmann’s October 31, 2015 salary as per the terms of the Annual Incentive Plan.

Represents the annual 2015 grant of RSUs awarded under the Long-Term Plan. See “Compensation Discussion and Analysis” and “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2015 Table” for information regarding the vesting of RSUs.

### **Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2015 Table**

#### *Annual Incentive Plan*

The amounts listed in the Threshold, Target and Maximum columns under the Estimated Possible Payouts Under Non-Equity Incentive Plan Awards heading of the Grants of Plan-Based Awards in 2015 Table represent the potential range of cash awards for the prior Annual Incentive Plan for 2015. For 2015, threshold, target and maximum awards were established for each NEO as a percent of base salary as shown below.

| Name               | 2015 Annual Incentive Plan Opportunity |        |         |
|--------------------|--|--------|---------|
|                    | (as a Percentage of 2015 Base Salary)  |        |         |
|                    | Threshold                              | Target | Maximum |
| Gordon Hunter      | 50%                                    | 100%   | 200%    |
| Philip G. Franklin | 35%                                    | 70%    | 140%    |
| David W. Heinzmann | 40%                                    | 80%    | 160%    |
| Ryan K. Stafford   | 35%                                    | 70%    | 140%    |
| Michael P. Rutz    | 30%                                    | 60%    | 120%    |

#### *Option Awards and Restricted Stock Unit Awards*

The stock option awards granted to NEOs in 2015 under the Long-Term Plan vest ratably over three years and have a seven-year term. The RSUs granted to NEOs in 2015 under the Long-Term Plan also vest ratably over three years. Upon vesting, one share of our common stock will be delivered for each restricted stock unit award (or, where non-U.S. law prohibits settlement in stock, payment may be made in cash).

See “Compensation Discussion and Analysis” for a discussion of the proportion of salary and bonus in relation to total compensation, which is discussed under “Allocation between Cash and Non-Cash Compensation and Short-term and Long-term Compensation,” and other material terms of our NEOs’ compensation and the related amounts included in the foregoing tables.



The following table provides information regarding the outstanding equity awards held by each of the NEOs as of January 2, 2016.

**Outstanding Equity Awards at 2015 Fiscal Year-End Table**

| Name      | Date of Grant | Option Awards   |   |                       | Stock Awards  |   |  | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested |   |
|-----------|---------------|---|---|-----------------------|---|---|--|---|---|
|           |               | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price | Number of Shares or Units of Stock That Have Not Vested | Market Value of Shares or Units of Stock That Have Not Vested | Number of Shares, Units or Other Rights That Have Not Vested | Value of Unearned Shares, Units or Other Rights That Have Not Vested  |   |
| Gordon    | 04/26/2013    | 0   | 13,767  | (c) 66.68             | 04/26/2013  | 1,743   | \$ 400,538   | -   | - |
| Hunter    | 04/25/2014    | 12,874  | 25,746  | (d) 94.84             | 04/25/2014  | 1,386   | \$ 790,376   | -   | - |
| Philip G. | 04/24/2015    | 0   | 43,460  | (e) 96.15             | 04/24/2015  | 21,410  | \$ 1,220,984   | -   | - |
| Franklin  | 04/27/2012    | 15,500  | 0   | 63.09                 | 04/27/2012  | 1,047   | \$ 0   | -   | - |
| Franklin  | 04/26/2013    | 10,800  | 5,400   | (c) 66.68             | 04/26/2013  | 1,470   | \$ 157,305   | -   | - |

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|            |            |        |        |     |       |            |       |            |   |   |
|------------|------------|--------|--------|-----|-------|------------|-------|------------|---|---|
|            | 04/25/2014 | 4,350  | 8,700  | (d) | 94.84 | 04/25/2021 | 1,493 | \$ 266,776 | - | - |
|            | 04/24/2015 | 0      | 14,680 | (e) | 96.15 | 04/24/2022 | 2,860 | \$ 413,059 | - | - |
| David W.   | 04/29/2011 | 3,700  | 0      |     | 62.21 | 04/29/2018 |       | \$ 0       | - | - |
| Heinzmann  | 04/27/2012 | 10,700 | 0      |     | 63.09 | 04/27/2019 |       | \$ 0       | - | - |
|            | 04/26/2013 | 7,400  | 3,700  | (c) | 66.68 | 04/26/2020 | 1,010 | \$ 108,080 | - | - |
|            | 01/10/2014 | -      | -      |     | -     | -          | 2,142 | \$ 229,215 | - | - |
|            | 04/25/2014 | 4,790  | 9,580  | (d) | 94.84 | 04/25/2021 | 1,746 | \$ 293,849 | - | - |
|            | 04/24/2015 | 0      | 17,660 | (e) | 96.15 | 04/24/2022 | 2,640 | \$ 496,526 | - | - |
| Ryan K.    | 04/27/2012 | 12,500 | 0      |     | 63.09 | 04/27/2019 |       | \$ 0       | - | - |
| Stafford   | 04/26/2013 | 8,667  | 4,333  | (c) | 66.68 | 04/26/2020 | 1,183 | \$ 126,593 | - | - |
|            | 04/25/2014 | 3,567  | 7,133  | (d) | 94.84 | 04/25/2021 | 1,029 | \$ 431,143 | - | - |
|            | 04/24/2015 | 0      | 12,040 | (e) | 96.15 | 04/24/2022 | 2,160 | \$ 338,152 | - | - |
| Michael P. | 02/10/2014 | -      | -      |     | -     | -          | 835   | \$ 89,353  | - | - |
| Rutz       | 04/25/2014 | 2,417  | 4,833  | (d) | 94.84 | 04/25/2021 | 1,386 | \$ 148,316 | - | - |
|            | 04/24/2015 | 0      | 8,140  | (e) | 96.15 | 04/24/2022 | 2,140 | \$ 229,001 | - | - |

(a) The exercise price shown for individual optionees is the fair market value of the Company's common stock on the date of grant (determined based on the closing price on that date reported on the NASDAQ Composite Tape).

(b) Values are based on the closing stock price of \$107.01 per share of our common stock on the NASDAQ on December 31, 2015, the last business day of fiscal year 2015. There is no assurance that, if or when the RSUs vest, they will have this value.

(c) Options vest annually in installments of 33% beginning April 26, 2014, such that the options are fully exercisable on or after three years from the date of grant.

(d) Options vest annually in installments of 33% beginning April 25, 2015, such that the options are fully exercisable on or after three years from the date of grant.

(e) Options vest annually in installments of 33% beginning April 24, 2016, such that the options are fully exercisable on or after three years from the date of grant.

The following table provides the amounts received upon exercise of options or similar instruments or the vesting of stock or similar instruments during the most recent fiscal year.

### Options Exercises and Stock Vested in 2015 Table

| Name               | Option Awards        |                | Stock Awards        |                |
|--------------------|----------------------|----------------|---------------------|----------------|
|                    | Number of Shares     | Value Realized | Number of Shares    | Value Realized |
|                    | Acquired on Exercise | on Exercise    | Acquired on Vesting | on Vesting     |
|                    | (#)                  | (\$) (a)       | (#)                 | (\$) (b)       |
| Gordon Hunter      | 26,966               | \$968,354      | 11,424 (c)          | \$ 1,102,086   |
| Philip G. Franklin | 14,200               | \$606,700      | 4,280 (d)           | \$ 412,960     |
| David W Heinzmann  | 9,000                | \$505,305      | 3,461 (e)           | \$ 333,766     |
| Ryan K. Stafford   | -                    | -              | 3,467 (f)           | \$ 334,511     |
| Michael P. Rutz    | -                    | -              | 694 (g)             | \$ 66,728      |

(a) Value Realized on Exercise represents the difference between exercise price and market price at the time of exercise, excluding any tax obligation in connection with such exercises.

(b) Determined based on the closing price of the Company common stock on the vesting dates, excluding tax obligations incurred in connection with such vesting

(c) Represents 33% installment vesting of RSU award granted on April 27, 2012, April 26, 2013 and April 25, 2014. Number of shares includes 5,050 shares withheld by the Company to pay for minimum withholding tax due upon the vesting of the RSU awards on April 27, 2015, April 26, 2015, and April 25, 2015.

(d) Represents 33% installment vesting of RSU award granted on April 27, 2012, April 26, 2013 and April 25, 2014. Number of shares includes 1,878 shares withheld by the Company to pay for minimum withholding tax due upon the vesting of the RSU awards on April 27, 2015, April 26, 2015, and April 25, 2015.

(e) Represents 33% installment vesting of RSU award granted on April 27, 2012, April 26, 2013 and April 25, 2014. Number of shares includes 1,076 shares withheld by the Company to pay for minimum withholding tax due upon the vesting of the RSU awards on April 27, 2015, April 26, 2015, and April 25, 2015.

(f) Represents 33% installment vesting of RSU award granted on April 27, 2012, April 26, 2013 and April 25, 2014. Number of shares includes 1,078 shares withheld by the Company to pay for minimum withholding tax due upon the vesting of the RSU awards on April 27, 2015, April 26, 2015, and April 25, 2015.

(g) Represents 33% installment vesting of RSU award granted on April 25, 2014. Number of shares includes 216 shares withheld by the Company to pay for minimum withholding tax due upon the vesting of the RSU award on April 25, 2015.

## **PENSION BENEFITS**

In 2014, the Company decided to terminate the Pension Plan. All plan liabilities were distributed in the third quarter of 2015 either through lump sum payout to the participants or the purchase of a group annuity. The table below provides the actuarial present value of the NEOs' accumulated benefits and the number of years of service credited to each NEO under the terminated Pension Plan.

**2015 Pension Benefits Table**

| <b>Name</b>         | <b>Plan Name</b>                          | <b>Number<br/>of<br/>Years<br/>Credited<br/>Service<br/>(#)</b> | <b>Present Value<br/>of<br/>Accumulated<br/>Benefit<br/>(\$ (a))</b> | <b>Payments<br/>During<br/>Last<br/>Fiscal<br/>Year<br/>(\$)</b> |
|---------------------|---|---|--|--|
| Gordon Hunter       | Littelfuse,<br>Inc.<br>Retirement<br>Plan | 5   | \$ 0   | \$200,232 (b)  |
| Philip G. Franklin  | Littelfuse,<br>Inc.<br>Retirement<br>Plan | 10  | \$ 0   | \$451,349 (c)  |
| David W. Heinzmann  | Littelfuse,<br>Inc.<br>Retirement<br>Plan | 24  | \$ 0   | \$421,204 (c)  |
| Ryan K. Stafford    | Littelfuse,<br>Inc.<br>Retirement<br>Plan | 2   | \$ 0   | \$33,789 (c)   |
| Michael P. Rutz (d) | -   | -   | -  | -  |

(a) The figures shown in the Pension Benefits Table represent the present value, as of the 2015 fiscal year-end, of the benefits earned under the Pension Plan as of April 1, 2009. All figures are shown as \$0 as the plan was terminated effective July 30, 2014, and all liabilities under the plan were settled with through a lump sum payout or through a purchase of a group annuity contract in the third quarter of 2015.

(b) The figure shown equals the lump sum paid in August 2015 to settle the executive's benefit under the plan. Lump sums were offered to all active and terminated vested participants as part of the broader settlement of liabilities due to the termination of the plan. Lump sum values were determined based on interest rates of 1.39% for years 1 through 5, 3.98% for years 6 through 20, and 5.00% thereafter, and mortality based on the 2015 PPA Optional Combined Unisex Mortality Table. Those who opted for an annuity payout were included in a group annuity contract that was purchased in September 2015 to settle the remainder of the plan's liability.

(c) This figure represents an estimate of the value of the annuity premium paid to settle the executive's benefit under the plan as part of the group annuity contract purchased in September 2015 to settle the remainder of

the plan's liability. The estimate was determined using an interest rate of 3.58% per annum and mortality based on the RP-2014 Mortality Table with a generational projection using the MP-2014 projection scale, and without a collar adjustment.

(d) Mr. Rutz was not a participant in the Pension Plan.

Before April 1, 2009, all U.S. employees, including the participating NEOs, were eligible to participate in the Pension Plan, a tax-qualified defined benefit pension plan, upon completion of one year of service. The Company froze benefit accruals under the Pension Plan effective April 1, 2009 and terminated the Pension Plan effective July 30, 2014. Hence, no participant, including any of the NEOs, accrued any additional benefit for 2015.

The Pension Plan provided a benefit equal to 1% of final average monthly compensation plus 1/2% of final average monthly compensation in excess of covered compensation, for each year of credited service over one. "Final average monthly compensation" is the monthly average of the five consecutive calendar years' compensation out of the last ten completed calendar years that give the highest average. The Pension Plan did not take into account compensation or credited service on or after the freeze date of April 1, 2009 (except as may be required by law). Compensation considered was base pay actually paid, excluding overtime and bonuses, subject to the IRS compensation limit. Participants became 100% vested after completion of five years of service, which vesting service a participant could continue to earn after the freeze date.

## **NONQUALIFIED DEFERRED COMPENSATION**

The following table discloses contributions, earnings and balances under the SERP and the Supplemental Plan for each NEO.

**2015 Nonqualified Deferred Compensation Table**

| Name               | Executive<br>Contributions<br>in Last Fiscal<br>Year<br>(\$ (a)) | Company<br>Contributions<br>in Last<br>Fiscal Year<br>(\$ (b)) | Aggregate   |  | Aggregate<br>Balance at<br>Last Fiscal<br>Year-End<br>(\$) |
|--------------------|--|--|---|--|--|
|                    |  |  | Earnings<br>(Losses)<br>in Last<br>Fiscal<br>Year<br>(\$ (c)) | Aggregate<br>Withdrawals<br>/<br>Distributions<br>(\$) |  |
| Gordon Hunter      | \$ 599,794   | \$ 64,632  | \$ (7,034)  | ) \$ 0   | \$4,429,599  |
| Philip G. Franklin | \$ 335,797   | \$ 30,691  | \$ 26,476   | \$ 0   | \$2,577,474 (d)  |
| David W. Heinzmann | \$ 41,209  | \$ 36,255  | \$ (3,114)  | ) \$ 0   | \$202,440  |
| Ryan K. Stafford   | \$ 11,801  | \$ 19,763  | \$ (1,046)  | ) \$ 0   | \$139,830  |
| Michael P. Rutz    | \$ 17,467  | \$ 12,004  | \$ (98)   | ) \$ 0   | \$29,374   |

(a) Reflects amounts that have been reported in the Salary column of the Summary Compensation Table.

(b) These amounts reflect Company and matching contributions made under the Supplemental Plan. These amounts were reported in the All Other Compensation column of the Summary Compensation Table for 2015. These amounts include contributions that are attributable to the 2015 fiscal year but that were made in 2016 after the end of the 2015 fiscal year.

(c) These amounts represent interest earnings/losses credited to each NEO's account in the Supplemental Plan. Interest earnings/losses credited to these accounts are derived from the actual returns on the same investment options that are available under the 401(k) Plan, and the allocation the executives make amongst those qualified plan investment options. Given that these investment options are available to all employees participating in the non-discriminatory, tax-qualified 401(k) Plan, the interest earnings credited to the Supplemental Plan are not considered to be above market and, thus, do not need to be reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table.

For Mr. Franklin, this also includes interest earnings credited to his SERP account. Interest earnings were credited in 2015 to this account at a rate of 1.71% per annum. None of the interest earnings credited in 2015 were in excess of the amount of interest earnings that would have been credited in 2015 had the interest crediting rate been equal to 120% of the long-term, annual applicable federal rate published by the Internal Revenue Service for December 2015 (3.13%). As such, none of the interest earnings credited to Mr. Franklin's SERP account in 2015 are required to be reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table.

This amount includes a SERP account balance of \$1,816,967, which is comprised of no contribution by Mr. Franklin, \$1,190,604 of Company contributions and \$626,363 of interest earnings. The amounts reported as (d) compensation for Mr. Franklin in the All Other Compensation column and the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table for 2015 are both \$0. As of 2015 fiscal year-end, Mr. Franklin is 100% vested in his SERP account balance.

We continue to maintain the SERP, an unfunded top-hat non-qualified deferred compensation plan that was terminated effective December 31, 2009, until all benefits that are due to participants are paid out. The SERP was a legacy plan that was closed to new participants several years ago. The plan was intended to provide supplemental retirement benefits to enable us to attract and retain executives. The target benefit under the SERP was 65% of the participant's expected final average compensation offset by (a) the benefits attributable to employer contributions under any qualified retirement plans maintained by us and (b) 50% of the participant's estimated Social Security retirement benefit. Mr. Franklin is the only NEO who is a participant in the SERP. Upon his termination or retirement, benefits would generally be paid as a lump sum as soon as administratively feasible following a six month deferral period as required by Section 409A. No new SERP benefits can be earned on or after December 31, 2009, other than certain change of control benefits described below and annual interest to be credited based on the five-year Treasury constant maturity rate until the accounts are distributed.



On October 9, 2009, the Company adopted the Supplemental Plan for a selected group of U.S. management employees, including the NEOs. The Supplemental Plan is a top-hat non-qualified defined contribution retirement plan that allows participants to save for retirement by deferring up to 90% of their annual eligible pay to the Supplemental Plan and receiving a match thereon. For more information about the Supplemental Plan, please see the section entitled "Post-Employment Compensation - Retirement Plans."

## POST-EMPLOYMENT COMPENSATION

Upon the termination of employment of a NEO, that officer may be entitled to additional benefits or payments beyond those provided under our benefit plans, depending on the event triggering the termination. The events that would trigger a NEO's entitlement to additional benefits or payments, and the estimated value of these additional benefits or payments, are described in the following table. The table has been prepared assuming a termination date and, where applicable, a change of control date, of December 31, 2015, the last business day of our 2015 fiscal year, and a stock price of \$107.01 per share, which was the closing price of our common stock on such date:

| Name               | Voluntary<br>Resignation<br>for<br>Good<br>Reason or<br>Involuntary<br>Termination<br>other than<br>for<br>Cause | Voluntary<br>Resignation<br>other<br>than for<br>Good<br>Reason or<br>Involuntary<br>Termination<br>for<br>Cause (e) | Voluntary  | Death (c)    | Disability<br>(d) | Retirement<br>(e) |
|--------------------|--|--|--|--------------|-------------------|-------------------|
|                    |  |  | Resignation<br>for<br>Good<br>Reason or<br>Involuntary<br>Termination<br>other than<br>for<br>Cause<br>within 2<br>years of a<br>Change<br>of Control<br>(b) |              |                   |                   |
| Gordon Hunter      | \$ 8,711,737   | (a) \$ 6,041,397   | \$ 14,227,953  | \$ 9,958,200 | \$ 7,700,295      | \$ 6,041,397      |
| Philip G. Franklin | \$ 3,152,267   | (e) \$ 3,152,267   | \$ 5,968,571   | \$ 4,608,256 | \$ 3,345,955      | \$ 3,152,267      |
| David W. Heinzmann | \$ 202,440   | (e) \$ 202,440   | \$ 4,277,910   | \$ 2,586,579 | \$ 1,086,579      | \$ 202,440        |
| Ryan K. Stafford   | \$ 139,830   | (e) \$ 139,830   | \$ 3,287,253   | \$ 2,034,133 | \$ 882,280        | \$ 139,830        |
| Michael P. Rutz    | \$ 29,374  | (e) \$ 29,374  | \$ 2,172,572   | \$ 1,381,928 | \$ 331,328        | \$ 29,374         |

(a) The figure shown represents (i) one year of base salary, (ii) his Annual Incentive Plan target bonus, (iii) the cost of one year of continued coverage under our group health and dental plans, calculated using the applicable COBRA premium, less the cost he paid for health and dental coverage in 2015, (iv) a pro-rata portion of his 2015 Annual Incentive Plan bonus (which would be the full bonus assuming termination on the last business day of our fiscal year), (v) the cost of one year of continued coverage under our group life insurance plan, calculated using our premium cost for such coverage in 2015, (vi) the cost of outplacement services, assuming the maximum of \$25,000, (vii) the value of all unvested stock options under the Long-Term Plan that fully vest on a termination without cause after his early retirement, (viii) the value of a pro rata portion of any unvested RSUs under the Long-Term Plan that vest on a termination without cause after his early retirement and (iv) the value of his Supplemental Plan account as of the 2015 fiscal year-end.

(b) The figure shown represents (i) two years of annual base salary (three years for Mr. Hunter), (ii) two times (three times for Mr. Hunter) the greater of the average Annual Incentive Plan bonuses for three years (2012 through 2014) and the Annual Incentive Plan target bonus for 2015, (iii) a pro-rata amount (which would be the full bonus assuming termination on the last day of our fiscal year) equal to the greatest of the average Annual Incentive Plan bonuses for three years (2012 through 2014), the Annual Incentive Plan target bonus for 2015, and the Annual Incentive Plan bonus for 2015 based on performance, (iv) the cost of two years of continued coverage under our group health plan under COBRA, calculated using the applicable COBRA premium, less the cost the NEO paid for health coverage in 2015, and applying a tax gross-up (assuming such premiums are taxable) or reimbursement of excess individual insurance policy costs if COBRA is not available, and (v) the cost of outplacement services for two years, assuming the value of this benefit is 15% of the NEO's annual base salary. In addition, this figure also includes the value of all unvested stock options and all unvested RSUs under the Long-Term Plan that fully vest on the change of control, the value of the NEO's Supplemental Plan account as of 2015 fiscal year-end. The figure for Mr. Franklin also includes his SERP account balance as of the 2015 fiscal year-end. If the change of control and severance payments and benefits are above the threshold which triggers an excise tax under Section 280G of the Code, the severance is either reduced to the amount such that the excise tax is avoided or the full severance is paid with the excise tax imposed, whichever is most favorable to the executive on an after-tax basis. The figure represents the full amount of all change of control and severance payments and benefits payable to the executives, except for Mr. Hunter, whose payments and benefits were reduced below the Section 280G threshold amount.

The figure shown represents (i) life insurance coverage equal to three times the executive's annual base salary, (ii) the value of all unvested stock options under the Long-Term Plan that fully vest on a termination due to death, (iii) the value of a pro rata portion of all unvested RSUs under the Long-Term Plan that vest on a termination due (c) to death, and (iv) the NEO's Supplemental Plan account as of the 2015 fiscal year-end. In addition, Mr. Hunter is entitled to a pro rata portion of his Annual Incentive Plan bonus for the year of his death (which would be the full bonus assuming termination on the last day of our fiscal year). For Mr. Franklin, the figure also includes the value of his SERP account as of the 2015 fiscal year-end.

The figure shown represents (i) the value of all unvested stock options under the Long-Term Plan that fully vest on a termination due to disability, (ii) the value of a pro rata portion of all unvested RSUs under the Long-Term (d) Plan that vest on a termination due to disability, and (iii) the NEO's Supplemental Plan account as of the 2015 fiscal year-end. In addition, Mr. Hunter is entitled to a pro rata portion of his Annual Incentive Plan bonus for the year of his disability (which would be the full bonus assuming termination on the last business day of our fiscal year). For Mr. Franklin, the figure also includes the value of his SERP account as of the 2015 fiscal year-end.

The figure shown represents for all executives the value of their Supplemental Plan account as of the 2015 fiscal year-end. For Messrs. Hunter and Franklin the figure also includes (i) the value of all unvested stock options under the Long-Term Plan that fully vest on a termination without cause after their early retirement equal to \$1,340,528 and \$483,086, respectively; however, if Mr. Hunter or Mr. Franklin are terminated for cause, their stock options will not vest and will expire on their date of termination and (ii) the value of a pro rata portion of (e) any unvested RSUs under the Long-Term Plan that vest on a termination without cause after their early retirement equal to \$271,270 and \$91,708, respectively; however, if Mr. Hunter or Mr. Franklin are terminated for cause, their RSUs will not vest and will expire on their date of termination. In addition, for Mr. Franklin, the figure includes the value of his SERP account as of the 2015 fiscal year-end; however, if he was terminated by the Company for cause or he violated certain non-compete provisions, he would forfeit his SERP benefit equal to \$1,816,967.

### ***Termination of Employment Generally***

We have not entered into an employment agreement with any NEO, other than Mr. Hunter. His employment agreement is discussed in the section entitled "Gordon Hunter's Employment Agreement Post-Employment Provisions." Accordingly, the NEOs (other than Mr. Hunter) are generally not entitled to payments and benefits on termination of employment, except to the extent provided in a compensatory plan. Our NEOs have change of control agreements (which are discussed in the section entitled "Change of Control Agreements Post-Employment Provisions"). Our life insurance plan for our NEOs provides that in the event of the death of the NEO, his beneficiary is entitled to a payout under our life insurance plan equal to three times annual base salary.

### ***Equity-Based Compensation Plans Post-Employment Provisions***

The Long-Term Plan governs equity grants made in years 2010 and later, and under the provisions of the plan equity grants vest ratably over a period of three years, except in the event of death or “disability,” and upon a “change in control,” as such terms are defined in the plan.

Stock options granted to the NEOs in 2015 under the Long-Term Plan vest at the rate of 1/3 per year on each of the first three anniversaries of the grant date. In addition, the options automatically become fully vested upon the holder’s termination of employment due to death or “disability,” termination without cause within two years following a “change in control,” or termination without cause on or after “eligible retirement.” Upon any such termination of employment, the stock option holder may exercise his or her vested stock options (including those which become vested as described above) until the earlier of (1) the date on which the stock options would otherwise terminate in accordance with the terms of their grants or (2) the expiration of three months (or 90 days in some cases) after the date of termination or 12 months in the case of death or the 7th anniversary of the grant date in the case of early retirement. Under all other termination of employment events, all unvested stock options are forfeited upon termination and the holder has three months after termination to exercise his or her stock options which were vested immediately prior to termination (unless the holder is terminated for cause, in which case the options will no longer be exercisable effective immediately upon the holder’s termination date).

Grants of RSUs made under the Long-Term Plan vest at the rate of 1/3 per year on each of the first three anniversaries of the grant date. Unvested RSUs are generally forfeited upon the recipient's termination of employment. However, if a recipient terminates employment due to death or "disability," then a pro rata portion of his or her unvested RSUs may become vested based on the recipient's prior service with the Company. For awards granted in 2015, if a recipient terminates employment due to "eligible retirement", then a pro rata portion of his or her unvested RSUs will vest after his or her "eligible retirement". Any unvested RSUs will automatically fully vest if an event occurs that constitutes a "change in control."

For purposes of the Long-Term Plan, "disability" has the same meaning as in the holder's award agreement or employment, change in control or similar agreement in effect between the holder and the Company. If no such definition exists, then "disability" generally means the inability to engage in substantial gainful activity or receipt of income replacement benefits under our (or our subsidiary's) accident and health plan for at least three months, in either case, because of a medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of at least 12 months. "Change in control" under the Long-Term Plan generally means the first to occur of (1) certain acquisitions by any person becoming the owner of more than 50% of the Company, by vote or by value, (2) certain acquisitions (other than as described in (1)) by any person becoming the owner of 30% or more of the total voting power of Company stock within a 12 month period, (3) replacement of a majority of the Board within a 12 month period by directors whose appointment or election is not previously endorsed by the then majority of the Board or (4) certain acquisitions of 40% or more of the Company's assets. "Eligible retirement" means the date upon which an employee, having attained an age of not less than 62 and completing five years of employment with us, terminates employment with us and our subsidiaries.

As of January 2, 2016, none of the NEOs other than Messrs. Hunter and Franklin had satisfied both the age and service requirements to qualify for "eligible retirement." As such, if any of the NEOs (other than Messrs. Hunter and Franklin) were to terminate employment, they would not be eligible for any accelerated vesting under the equity-based compensation plans.

### ***Gordon Hunter's Employment Agreement Post-Employment Provisions***

If Mr. Hunter's employment is terminated for cause or if Mr. Hunter terminates his employment other than for good reason, he is entitled to receive his compensation and benefits accrued up to the date of termination. For purposes of the agreement, "cause" means: (1) a willful failure to perform in accordance with the direction of the Board (other than by reason of disability), or gross negligence in the performance, of his material duties and responsibilities to the Company or any of its affiliates; (2) certain breaches of responsibilities under the employment agreement; (3) a conviction of, or the plea of guilty or no contest to, a felony; (4) conduct that constitutes fraud, gross negligence or gross misconduct that results in material harm to the Company; (5) other conduct that is, or could reasonably be expected to be, materially harmful to the Company or any of its affiliates; or (6) a material breach of his employment agreement that remains uncured after 30 days written notice by us to Mr. Hunter. For purposes of the agreement, "good reason" means (1) a material breach of the agreement by us not cured within 30 days after written notice by Mr. Hunter to us or (2) without Mr. Hunter's written consent: (a) any change in title or any material diminution of duties or

authority; (b) assignment of duties materially inconsistent with duties in effect on the date of the agreement; (c) any change in the reporting structure of the Company; or (d) any requirement that Mr. Hunter relocate his principal residence as in effect on the effective date of the agreement or office other than at our headquarters offices.

If Mr. Hunter's employment terminates due to death or disability, he is entitled to receive his compensation and benefits accrued up to the date of termination, plus his annual incentive bonus for the performance period in which the date of termination occurs, if any, based on actual performance for the entire period but subject to a pro-rata reduction to reflect the portion of the performance period following the date of termination.

If Mr. Hunter's employment is terminated by us other than for cause, or he terminates his employment for good reason, Mr. Hunter is entitled to receive his compensation and benefits accrued up to the date of termination. In addition, provided Mr. Hunter executes (and does not revoke) a release of claims agreement, we will: (1) continue to pay him his base salary during the 12 months following the date of termination at the rate in effect on the date of termination; (2) pay him a severance payment in 12 equal monthly installments equal to his annual incentive bonus at target; (3) if Mr. Hunter elects to exercise his rights under COBRA to continue his Company-sponsored group health and dental plan benefits, subject to any employee contribution generally applicable to senior level executives actively employed by the Company, continue to contribute to the premium cost for Mr. Hunter and his eligible dependents (provided they are entitled to receive such participation under applicable law and plan terms) for up to 12 months; (4) pay him an incentive bonus for the performance period in which the date of termination occurs, if any, based on actual performance for the entire period but subject to a pro-rata reduction to reflect the portion of the performance period following the date of termination; (5) subject to any employee contribution generally applicable to senior level executives actively employed by the Company, continue to contribute to the premium cost of Mr. Hunter's participation in our group life insurance plan (provided he is entitled to continue such participation under applicable law and plan terms) for up to 12 months; and (6) pay up to \$25,000 for costs and expenses of outplacement services provided we receive applicable and timely documentation of such costs and expenses. The above payments may be delayed for up to six months to the extent required by Section 409A.

The agreement also contains certain covenants, including a confidentiality provision which applies perpetually (except for disclosures required by law or in the performance of his duties), a covenant not to compete with the Company for 12 months following termination of employment, and a covenant not to solicit Company employees or other service providers for 12 months following termination of employment.

The foregoing description of the terms of Mr. Hunter's employment agreement is qualified in its entirety by reference to the employment agreement as set forth on Exhibit 10.2 to our Annual Report on Form 10-K for the fiscal year ended December 27, 2008.

#### ***Change of Control Agreements Post-Employment Provisions***

Each of our NEOs has entered into a change of control agreement with us, all of which expire on December 31, 2017.

If a change of control occurs at any time on or before December 31, 2017, the Company has agreed to continue to retain the services of Messrs. Hunter, Franklin, Heinzmann, Stafford and Rutz, and each of them has agreed to remain in our service, for two years after the occurrence of the change of control (the “Service Period”). During the Service Period, the Company will provide them with (i) monthly base salary that is no less than the highest monthly base salary provided to them during the twelve months prior to the change of control, (ii) fringe benefits, reimbursement of business expenses, paid vacation time and office support at levels no less than provided to them during the 120 days prior to the change of control, (iii) annual bonuses that shall be the greater of (a) the average of the NEO’s annual bonus for the three years prior to the change of control or (b) the target bonus amount applicable to the NEO for the fiscal year in which the change of control occurs, and (iv) health and welfare benefits and incentive, savings and retirement opportunities generally no less favorable, in the aggregate, than the plans in effect during the 120 days prior to the change of control or those provided after the change of control to other peer executives of the Company if more favorable.

Under the agreements, a “change of control” is triggered upon (i) certain acquisitions by any person becoming the beneficial owner of more than 50% of our outstanding stock or of the total voting power of our outstanding securities, (ii) the replacement of a majority of the members of the Board during a 12-month period by directors whose appointment or election was not previously endorsed by a majority of the Board, (iii) persons acquiring ownership of 30% or more of the total voting power of our outstanding securities during a 12-month period or (iv) certain acquisitions of at least 40% of our assets during a 12-month period.



In the event that the Company terminates the service of Messrs. Hunter, Franklin, Heinzmann, Stafford or Rutz during the Service Period other than for cause, death or disability, or if any of them terminate their service for good reason, they will be entitled to the following payments and benefits in addition to certain accrued amounts:

- (1) a lump sum payment equal to two times (three times in the case of Mr. Hunter) his annual base salary and the greater of: (i) the average of the NEO's annual bonus for the three years prior to termination from service or (ii) the target bonus amount applicable to the NEO for the fiscal year in which the termination occurs;
- (2) a pro-rata amount equal to the greatest of such NEO's (i) target annual bonus for the fiscal year in which the termination occurs, (ii) annual bonus for the year in which the termination occurs based on performance through the termination date or (iii) average annual bonus for the last three fiscal years for the three years prior to the termination date;
- (3) during the two years following termination, reimbursement of the premium cost in excess of the normal active employee rate for his peer group to continue group medical benefits for him and his family under COBRA (or reimbursements of excess individual insurance policy costs, if COBRA is not available) plus any tax gross-up attributable to this amount;
- (4) for a period of up to two years after termination, or until the NEO accepts employment with any third party if earlier, reasonable outplacement services to the NEO for the purpose of assisting him with finding new employment;
- (5) any option or right granted to the NEO under any of our equity-based plans will be exercisable by the NEO until the earlier of the date on which the option or right terminates in accordance with the terms of its grant or the expiration of 12 months after the date of termination; and
- (6) the payment or provision of other amounts or benefits required to be paid under any of our plans, programs, policies, practices, contracts or agreements.

In addition to the above additional benefits and payments, the NEO will no longer be bound by any non-compete agreements. In addition, Mr. Hunter continues to be entitled to any Internal Revenue Code 409A severance payments that may be owed to him by the Company pursuant to his Amended and Restated Employment Agreement, dated December 31, 2007.

For purposes of the agreements, “cause” means (i) the willful and continued failure by the NEO to substantially perform his duties (other than due to physical or mental illness), after a written demand for substantial performance is delivered by the Board specifically identifying the manner in which the Board believes that the NEO has not substantially performed his duties and such failure is not cured within 60 calendar days after receipt of such written demand or (ii) the willful engagement by the NEO in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

“Good reason” means (i) the NEO is not elected to, or is removed from, any elected office that the NEO held immediately prior to a change of control, (ii) the assignment to the NEO of any duties materially inconsistent in any respect with the NEO’s position, authority, duties or responsibilities, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, other than isolated, insubstantial and inadvertent actions not occurring in bad faith which are remedied, (iii) any failure by the Company to comply with any of the provisions of the change of control agreement other than certain isolated, insubstantial and inadvertent failures not occurring in bad faith which are remedied, (iv) requiring the NEO to travel on business to a substantially greater extent than required immediately prior to the change of control or (v) any purported termination of the NEO’s service other than as expressly permitted under the agreements, in all cases provided the NEO provides at least 90 days’ notice and allows the Company at least 30 days to cure.

If the NEO's service is terminated by reason of his death or disability during the Service Period, in addition to any accrued amounts due to the NEO for services prior to separation, the Company will pay to the NEO or his legal representative (i) a pro-rata amount equal to the greatest of such NEO's (a) target annual bonus for the fiscal year in which the termination occurs, (b) annual bonus for the year in which the termination occurs based on performance through the termination date or (c) average annual bonus for the last three fiscal years prior to the termination date, plus (ii) any other amounts or benefits required to be paid or provided or which the NEO is eligible to receive under any of our plans, programs, policies, practices, contracts or agreements. These other benefits include, in the case of death, benefits at least equal to the most favorable benefits provided by the Company to the estates and beneficiaries of peer executives and, in the case of disability, disability and other benefits at least equal to the most favorable of those generally provided by the Company to disabled NEOs and/or their families. "Disability" generally means the inability to engage in substantial gainful activity or receipt of income replacement benefits under our (or any of our subsidiary's) accident and health plan for at least 3 months, in either case, because of a medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of at least 12 months.

If the NEO is terminated voluntarily without good reason during the Service Period, the Company will pay to the NEO any accrued amounts due to the NEO for services prior to termination, plus (i) a pro-rata amount equal to the greatest of such NEO's (a) target annual bonus for the fiscal year in which the termination occurs, (b) annual bonus for the year in which the termination occurs based on performance through the termination date or (c) average annual bonus for the last three fiscal years for the three years prior to the termination date, and (ii) any other amounts or benefits required to be paid or provided or which the NEO is eligible to receive under any of our plans, programs, policies, practices, contracts or agreements. If the NEO is terminated for cause during the Service Period, the Company will pay to the NEO any accrued but unpaid base salary due to the NEO for services prior to termination, plus any other amounts or benefits required to be paid or provided or which the NEO is eligible to receive under any of our plans, programs, policies, practices, contracts or agreements.

The foregoing descriptions of the change of control agreements are qualified in their entirety by reference to the agreements as set forth as exhibits to our Annual Report on Form 10-K for our 2014 fiscal year ended December 27, 2014.

#### ***Supplemental Plan Post-Employment Provisions***

Supplemental Plan account balances are at all times 100% vested, and each U.S. NEO is entitled to receive his Supplemental Plan account balance upon termination of employment, or if elected either (i) age 59½ or (ii) age 65 or the later of five years of service. The benefit is paid in a lump sum or installments over five years, as elected by the executive. For purposes of the "Post-Employment Compensation Table," we have assumed that the account balances of the NEOs will be paid on termination of employment in a lump sum, although the NEO could have elected a different distribution date and form of payment in accordance with the plan.

Please see the section entitled “Nonqualified Deferred Compensation” for more information about the Supplemental Plan.

***SERP Post-Employment Provisions***

As of January 2, 2016, Mr. Franklin was the only NEO eligible to participate in the SERP and his SERP benefit is fully vested. We terminated the SERP effective as of December 31, 2009, so no other NEO will become a participant in the future. Mr. Franklin is entitled to receive his SERP benefit upon his termination of employment, except that if he is terminated by the Company for cause or he violates the non-compete provisions in the SERP, he will forfeit his SERP benefit. Mr. Franklin’s SERP benefit will be paid in a lump sum generally as soon as administratively feasible following a six month deferral period because he is a “specified employee,” as required by Section 409A. “Cause” means (i) felonious theft from the Company, embezzlement of Company funds, or any other fraud or dishonesty in any dealings with the Company, (ii) acceptance of any bribe, kick-back or other item of value from any person as consideration for acting or failing to act on behalf of the Company, (iii) failure or refusal to competently perform the duties the employee is reasonably expected to perform (other than due to disability) that is not cured within 60 days after notice, or (iv) conviction of a felony or crime involving moral turpitude.

Please see the section entitled “Nonqualified Deferred Compensation” for more information about the SERP.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In February 2007, the Board adopted the Littelfuse, Inc. Policy on Related Person Transactions. This written policy provides that the Nominating and Governance Committee will review and approve Related Person Transactions (as defined below). The Chairperson of the Nominating and Governance Committee has been delegated the authority to act between committee meetings.

The policy defines a “Related Person Transaction” as a transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships in which the Company (including any of our subsidiaries) was, is or will be a participant, the amount involved exceeds \$120,000, and in which any Related Person had, has or will have a direct or indirect interest.

“Related Person” is defined as: (1) any person who is, or at any time since the beginning of our last fiscal year was, a director, executive officer, or a nominee to become a director of Littelfuse; (2) any person who is known to be the beneficial owner of more than 5% of any class of our voting securities; (3) any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee, or more than 5% beneficial owner; (4) any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee, or more than 5% beneficial owner; (5) any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest; and (6) any charitable or non-profit organization in which any of the foregoing persons is actively involved in fundraising or otherwise serves as a director, trustee or in a similar capacity.

Our Executive Vice President, Chief Legal and Human Resources Officer assesses for purposes of the policy whether a proposed transaction is a Related Person Transaction and must be approved by the Nominating and Governance Committee.

The approval procedures in the policy identify the factors the Nominating and Governance Committee will consider in evaluating whether to approve or ratify Related Person Transactions or material amendments to previously approved Related Person Transactions. The Nominating and Governance Committee will consider all of the relevant facts and circumstances available to the Nominating and Governance Committee, including (if applicable) but not limited to: the benefits to the Company; the impact on a director’s independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, stockholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. The Nominating and Governance Committee will approve only those Related Person Transactions that are in, or are not inconsistent with, our best interests and the best interest of our stockholders, as the Nominating and Governance Committee determines in good faith.

We did not enter into any Related Person Transactions in 2015.

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## REPORT OF THE AUDIT COMMITTEE

*Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933, as amended, or the Exchange Act that might incorporate by reference filings, including this Proxy Statement, in whole or in part, the following Report of the Audit Committee shall not be incorporated by reference into any such filings.*

The Audit Committee oversees our financial reporting process and compliance with the Sarbanes-Oxley Act of 2002 on behalf of the Board. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in our Annual Report on Form 10-K for the 2015 fiscal year with management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee also reviewed and discussed the audited financial statements with the independent auditors and discussed the matters requiring discussion pursuant to Statement on Auditing Standards No. 61. In addition, the Audit Committee has discussed with the independent auditors their independence from management and the Company, including the matters in the written disclosures and letter received by the Audit Committee from the independent auditors as required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the Audit Committee regarding the independent auditors' independence, and considered the compatibility of non-audit services with the auditors' independence.

The Audit Committee discussed with the independent auditors the overall scope and plans for their audits. The Audit Committee meets with the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of our internal control over financial reporting, and the overall quality of our financial reporting. The Audit Committee held six meetings during fiscal 2015.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board has approved) that the audited financial statements be included in our Annual Report on Form 10-K for the year ended January 2, 2016, for filing with the SEC.

### **Audit Committee:**

Cary T. Fu (Chairman)

Anthony Grillo

John E. Major



**PROPOSAL NO. 2****APPROVAL AND RATIFICATION OF  
APPOINTMENT OF INDEPENDENT AUDITORS**

Subject to approval of the stockholders, the Audit Committee of the Board has appointed Grant Thornton LLP (“Grant Thornton”), an independent registered public accounting firm, as independent auditors to examine the annual consolidated financial statements of the Company and its subsidiary companies for the fiscal year ending December 31, 2016. The stockholders will be asked at the meeting to approve and ratify such appointment. A representative of Grant Thornton LLP will be present at the meeting to make a statement, if such representative so desires, and to respond to stockholders’ questions.

**The Board of Directors recommends that the stockholders vote FOR the approval and ratification of Grant Thornton LLP as our independent auditors for the fiscal year ending December 31, 2016.**

**Audit Related Matters***Audit and Non-Audit Fees*

The following table presents the approximate fees for professional audit services rendered by Grant Thornton for the audit of our financial statements for the fiscal year ending on January 2, 2016 and for the audit of our financial statements for the fiscal year ending on December 27, 2014 (as well as the approximate fees billed for other services rendered by Grant Thornton):

|                        | 2015        | 2014        |
|------------------------|-------------|-------------|
| Audit Fees (1)         | \$1,519,092 | \$887,776   |
| Audit-Related Fees (2) | 72,119      | 133,181     |
| Tax Fees (3)           | 257,496     | 24,686      |
| Other (4)              | 139,922     | 6,125       |
| Total                  | \$1,988,629 | \$1,051,768 |

(1)

Includes fees related to U.S. GAAP audit and statutory audits of foreign subsidiaries in each year and audit work in 2015 related to changes in the company's legal structure to allow tax-efficient repatriation of cash.

- (2) Includes fees related to audits of employee benefit plans in each year.
- (3) Includes fees related to tax, transfer pricing and expatriate tax advice and compliance in each year and other miscellaneous services.
- (4) Includes fees related to access to an on-line accounting research tool in each year and acquisition-related due diligence in 2015.

***Change in Independent Auditor***

As disclosed in our Current Reports on Forms 8-K filed by the Company on March 6, 2014 and March 10, 2014, the Audit Committee dismissed Ernst & Young, an independent registered public accounting firm, as the Company's independent auditors for the 2014 fiscal year on March 6, 2014, and subsequently appointed Grant Thornton LLP, an independent registered public accounting firm, as the Company's independent auditors for the 2014 fiscal year.

The report of Ernst & Young on the Company's financial statements for the fiscal year ended December 28, 2013 did not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. In connection with the audit of the Company's financial statements for the fiscal year ended December 28, 2013 and in the subsequent interim period through March 6, 2014, there were no "disagreements" (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K). There was a "reportable event" (as that term is defined in Item 304(a)(1)(v) of Regulation S-K) during the fiscal year ended December 28, 2013 and the subsequent interim period through March 6, 2014, which was related to the material weakness in the Company's internal control over financial reporting disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2013, filed on February 25, 2014 (the "2013 Form 10-K"), and in the Amendment No. 1 to the Form 10-Q for the quarterly period ending March 30, 2013, filed on February 18, 2014 (the "Amended 10-Q"). As disclosed in the Amended 10-Q and in the 2013 Form 10-K, the Company concluded that a material weakness existed as of March 30, 2013 and December 28, 2013, respectively, in the design and operating effectiveness of its internal control over financial reporting with respect to the Company's evaluation of the income tax considerations, including deferred tax valuation allowances, relating to the write-off of our investment in Shocking Technologies, Inc. during the quarterly period ending March 30, 2013. Ernst & Young's report on the effectiveness of the Company's internal control over financial reporting as of December 28, 2013, which was included in the 2013 Form 10-K, contained an adverse opinion thereon. The Audit Committee discussed the material weakness in the Company's internal control over financial reporting with Ernst & Young, and previously authorized Ernst & Young to respond fully to the inquiries of Grant Thornton concerning such material weakness.

The Company furnished a copy of the above disclosures to Ernst & Young and requested that Ernst & Young provide a letter addressed to the Securities and Exchange Commission stating whether or not it agrees with the statements made above. A copy of such letter is filed as Exhibit 16.1 to the Company's Current Report on Form 8-K filed with the SEC on March 10, 2014.

During the Company's fiscal year ended December 28, 2013 and through March 6, 2014, the Company did not consult Grant Thornton regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the Company's financial statements, and neither where a written report or oral advice was provided to the Company by Grant Thornton that Grant Thornton concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any matter that was the subject of a "disagreement" or "reportable event" as those terms are defined in Item 304(a)(1) of Regulation S-K.

#### ***Audit Committee Pre-Approval Policies and Procedures***

All audit and non-audit services are pre-approved by the Audit Committee, which considers, among other things, the possible effect of the performance of such services on the registered public accounting firm's independence. The Audit Committee pre-approves the annual engagement of the principal independent registered public accounting firm, including the performance of the annual audit, statutory audits at foreign locations, quarterly reviews and tax services. The Chairperson of the Audit Committee has been delegated the authority to provide any necessary specific

pre-approval for services that have not been previously pre-approved, but he must report the pre-approval at the next meeting of the Audit Committee.

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### **PROPOSAL NO. 3**

#### **ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS**

In connection with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, and the related rules promulgated by the SEC, we are requesting your advisory, non-binding approval of the compensation of our NEOs as disclosed in the Compensation Discussion and Analysis (beginning on page 15 above), the compensation tables (beginning on page 29 above), and the accompanying narrative as presented in this Proxy Statement. This proposal, commonly known as a “Say-on-Pay” proposal, gives stockholders the opportunity to provide their input on our executive pay program and policies.

#### **Executive Compensation Vote**

We believe that our executive compensation program has been effective in aligning the interests of stockholders and executives, incentivizing the accomplishment of corporate goals, and attracting and retaining talented executives. In deciding how to vote on this Say-on-Pay proposal, please consider the following factors regarding our compensation program, which are described in detail in this Proxy Statement under the heading “Executive Compensation — Compensation Discussion and Analysis”:

We align executive and stockholder interests by providing short and long-term incentives linked to operating performance;

An executive’s cash compensation correlates with his or her individual contribution and performance;

An executive’s compensation is based, in part, on our need to attract and retain the most talented industry leaders; and

An executive’s compensation is based, in part, on the practices of peers in our industry and other comparable companies.

Our Board, therefore, urges you to approve the compensation of our NEOs by voting in favor of the following resolution:

“RESOLVED, that the stockholders approve, on an advisory basis, the compensation of our NEOs, as disclosed in the Compensation Discussion and Analysis, the compensation tables and the accompanying narrative as presented in this Proxy Statement.”

**Vote Required**

The affirmative vote of the holders of the majority of the shares represented at the meeting and who are entitled to vote on, and who vote for, against, or expressly abstain, is required to approve the resolution. As an advisory vote, this Say-on-Pay proposal is not binding. However, our Board and our Compensation Committee value the opinions of our stockholders and will consider the outcome of the vote when making future compensation decisions regarding the Company's NEOs. The Board of Directors has adopted a policy providing for annual say-on-pay advisory votes. Unless the Board modifies this policy, the next say-on-pay vote will be held at our 2017 annual meeting of stockholders.

**The Board of Directors recommends that you vote FOR the approval of the compensation of our NEOs.**

**COMPENSATION PLAN INFORMATION**

Information about our equity compensation plans that were either approved or not approved by our stockholders is as follows (as of January 2, 2016):

| <b>Plan Category</b>                                       | <b>Number of securities to be issued upon exercise of outstanding options</b> | <b>Weighted-average price of outstanding options</b> | <b>Number of securities remaining available for future issuance under equity compensation plans</b> |
|--|---|--|---|
| Equity compensation plans approved by security holders     | 470,904   | \$ 80.53   | 605,954   |
| Equity compensation plans not approved by security holders | —   | \$ —   | —   |
| Total  | 470,904   | \$ 80.53   | 605,954   |

**STOCKHOLDER PROPOSALS**

***Stockholder Proposals for Inclusion in the 2017 Proxy Statement.*** Any proposal of a stockholder that is intended to be presented by such stockholder at our 2017 annual meeting must be received at our principal executive offices, in writing, by November 11, 2016 in order to be considered for inclusion in our 2017 Proxy Statement and the form of proxy relating to our 2017 annual meeting. All proposals should be submitted, along with proof of ownership of our common stock in accordance with Rule 14a-8(b)(2), to our Corporate Secretary at O'Hare Plaza, 8755 West Higgins Road, Suite 500, Chicago, Illinois 60631. Stockholder proposals must comply with SEC Rule 14a-8, Delaware law and our bylaws. Failure to deliver a proposal by these means may result in it not being deemed timely received.

***Other Stockholder Proposals for Presentation at the 2017 annual meeting.*** Stockholders of record who do not submit a proposal for inclusion in our proxy materials under SEC Rule 14a-8, but who instead intend to nominate a

person for election as director or to introduce an item of business at the 2017 annual meeting, must provide advance written notice to us in accordance with our bylaws. Our bylaws require that in order to nominate persons to our Board or to present a proposal for action by stockholders at an annual meeting of stockholders, a stockholder must provide advance written notice to our Corporate Secretary, which notice must be delivered to or mailed and received at our principal executive offices not later than the close of business on the 60th day (February 21, 2017 for the 2017 annual meeting of stockholders) nor earlier than the close of business on the 90th day prior (January 22, 2017 for the 2017 annual meeting of stockholders) to the first anniversary of the preceding year's annual meeting of stockholders. In the event that the date of the annual meeting to which such stockholder's notice relates is more than 30 days before or more than 60 days after such anniversary date, for notice by the stockholder to be timely it must be so delivered not earlier than the close of business on the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such annual meeting is first made by us. In the event that the number of directors to be elected to the Board is increased and there is no public announcement by us naming all of the nominees for director or specifying the size of the increased Board at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice will be considered timely, but only with respect to nominees for any new positions created by such increase, if it is delivered to or mailed and received at our principal executive offices not later than the close of business on the 10th day following the day on which such public announcement is first made by us. The stockholder's notice must contain detailed information specified in our bylaws and should be addressed to our Corporate Secretary at O'Hare Plaza, 8755 West Higgins Road, Suite 500, Chicago, Illinois 60631. You may obtain a copy of our bylaws upon request by writing to the Secretary at our principal executive offices.



As to any proposal that a stockholder intends to present to stockholders without inclusion in our Proxy Statement for our 2017 annual meeting of stockholders, the proxies named in management's proxy for that meeting will be entitled to exercise their discretionary authority on that proposal by advising stockholders of such proposal and how they intend to exercise their discretion to vote on such matter, unless the stockholder making the proposal solicits proxies with respect to the proposal to the extent required by Rule 14a-4(c)(2) under the Exchange Act. In order for proposals of stockholders made outside of Rule 14a-8 under the Exchange Act to be considered timely within the meaning of Rule 14a-4(c) under the Exchange Act, such proposals must be received by our Corporate Secretary at the address above by February 21, 2017.

The chairman of the 2017 annual meeting may refuse to allow the transaction of any business or acknowledge the nomination of any person not made in compliance with the procedures set forth for such matters in our bylaws.

## **OTHER MATTERS**

As of the date of this Proxy Statement, management knows of no matters to be brought before the meeting other than the matters referred to in this Proxy Statement.

By order of the Board of Directors,

Mary S. Muchoney

Secretary  
March 11, 2016

**FORM OF PROXY**









