LITTELFUSE

GLOBAL LEADER

CIRCUIT PROTECTION

SOLUTIONS

2002 ANNUAL REPORT

LITTELFUSE TODAY

Littelfuse is a global company providing the broadest offering of circuit protection solutions in the world. Littelfuse products are vital components in literally every product that uses electrical energy. Computers, cell phones, telecommunications and networking equipment and medical devices are just a few examples of the electronic products protected by Littelfuse components. The company is also the leading provider of circuit protection for the automotive industry and the third largest producer of power fuses in North America.

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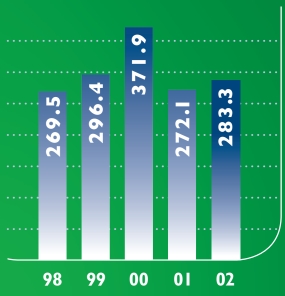
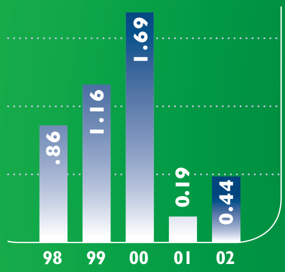
FINANCIAL HIGHLIGHTS

(dollars in thousands, except per share data)	2002	2001	% CHANGE
Net sales	$283,267	$272,149	4%
Operating income	15,931	8,540	87%
Net income	9,620	4,070	136%
Earnings per share – diluted	0.44	0.19	134%
Operating cash flow	40,758	40,310	1%
Capital expenditures, net	8,360	14,121	-41%
Free cash flow*	32,398	26,189	24%

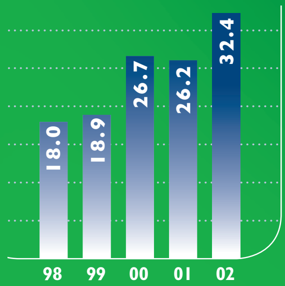
*Operating cash flow less net capital expenditures and before financing obligations.



SALES
(in millions of dollars)



EARNINGS PER SHARE-DILUTED
(in dollars per share)



FREE CASH FLOW*
(in millions of dollars)

LETTER TO SHAREHOLDERS

Howard B. Witt

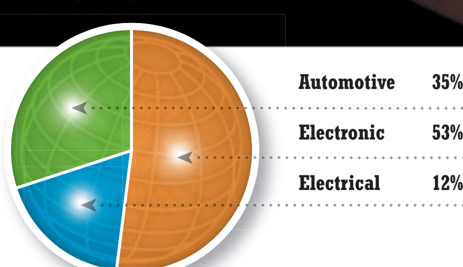
Despite challenges in several of the markets we serve and the uneven economy, Littelfuse achieved solid performance in 2002. We produced respectable earnings and strong cash flow as well as strengthened our balance sheet. This allowed us to make investments to enhance our future. Actions we have taken during the year and detailed in this letter will have a positive effect on our operations in the coming year and even more impact when business activity improves.

Broadest Offering of Circuit Protection Solutions

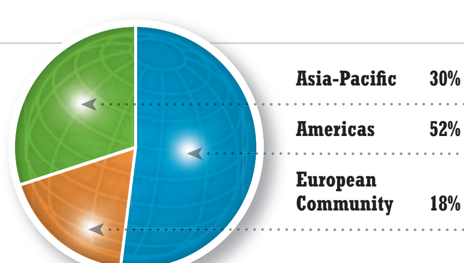
With the acquisition of Semitron Industries in July, Littelfuse is now the only company in the world that can offer all of the major circuit protection technologies. Semitron's semiconductor core competency complements our established polymer technology base and the ceramic technology we added through the acquisition of the Harris Suppression Products business in 1999. Littelfuse offers more than twice as many circuit protection technologies as our closest competitor and, in the past three years, we have nearly doubled the market we serve to approximately $2 billion.

Our ability to offer the broadest line of circuit protection products is a competitive advantage with many benefits. We are a total solutions provider. We are not limited to just one or two technologies and, therefore, we can be objective in recommending the components and technologies that best meet our customers' needs. In turn, more and more customers are designing Littelfuse devices into their new products and are specifying our

Percent of Total Sales



Geographic Sales



"Littelfuse is better positioned than ever before to leverage the broadest line of circuit protection solutions into long-term growth and increased shareholder value."

products as recommended components. Our position in multiple markets gives us the ability to cross-sell a variety of our circuit protection products to both existing and new customers, particularly in the electronics and automotive markets. Our extensive circuit protection product portfolio also allows customers to rely solely on Littelfuse for their circuit protection needs.

2002 Results

The Semitron acquisition was the highlight of a difficult year for our largest business, electronics. Sales of electronic products began to strengthen in the beginning of the year and then softened as the year progressed, resulting in total electronic sales being up 3% for the year. Sales of electronic products, excluding Semitron products, were flat as compared to the prior year. The end-use markets for electronics were mixed. Cell phone production was flat and the infrastructure side of the telecom business continued to be depressed. Sales of consumer electronics were up, and sales of computers, while down in the United States, continued to grow in China. One constant throughout the business was higher than historical pricing pressure, which reduced profit margins for the year.

The automotive industry in North America had a better than expected year in 2002, as consumers took advantage of low or no interest rate financing to purchase new vehicles. We benefited from the increased vehicle production, with sales to automotive customers up 8% for the year.

In our electrical business, our award winning line of Indicator® fuses helped us gain market share in a down market. To emphasize the benefits of the Indicator, we launched a new marketing program in 2002 called *Sample the Savings*, which demonstrates how this technology can save time and money for our customers. For our electrical business overall, sales were down 2% due to the weak year for the industry as a whole.

The balance created by having three complementary businesses that sell into different markets helped us to weather the economic downturn and stabilize results for 2002. While sales increased 4% to $283.3 million, diluted earnings per share increased 134% to $0.44 in 2002. The earnings improvement was due to the positive impact of our cost reduction and manufacturing rationalization programs as well as lower restructuring charges and the favorable effects of an accounting change to eliminate most goodwill amortization.

In addition to the balance they provide to our company, our three complementary businesses also give us a competitive advantage in the marketplace. We can provide a variety of related electronic, electrical and automotive products to a broad spectrum of our customers. Electrical product technologies are used for protection of hybrid vehicle applications in the automotive business. Electronic products are paired with products of our electrical business unit for joint selling to hard-wired telecom customers. We believe this will pay dividends as we draw upon our broad product portfolio to serve diverse customer needs.

In spite of the difficult economic environment, we generated record free cash flow of $32.4 million for the year. This was the result of expense reductions, working capital controls and reduced capital spending. Our strong financial position gives us the ability to reinvest in the business as well as pursue acquisitions like Semitron that strengthen our core businesses.

Progress on Organizational Initiatives

We also continued to move forward with organizational initiatives that position Littelfuse to be an even stronger company in the future.

A significant step was recruiting a talented and experienced new General Manager for our electronics business. David Samyn joined us at the end of the year. David served in major sales and marketing roles at ADC Telecommunications and Raychem Corporation, including expatriate positions in Belgium and France. In addition to his formal engineering and business school training, he has had direct experience in the circuit protection industry.

The worldwide rationalization of our manufacturing operations, which we began in 2001, is expected be completed on schedule in mid-2003. The program reduces our number of manufacturing facilities from ten to seven, with most of our factories now focused on a specific technology or product line. When the program is completed, about 70% of our direct labor associates will work at our lower-cost locations such as Mexico, China and the Philippines. The driving force behind this move is the simple fact that, in order to compete in our global markets, we must continue to reduce costs. Not only does the restructuring help accomplish this objective, it also strategically positions our manufacturing facilities in locations that are close to our customer base.

In 2002, we opened a new North American distribution center near Chicago. The new distribution center automates many processes and utilizes state-of-the-art warehousing technology. We expect the new facility to generate a 30 – 40% improvement in productivity, while reducing errors and improving response times and accuracy. We also moved forward with the worldwide implementation of our SAP™ enterprise system, adding Singapore and Europe to the system in 2002.

On the sales side, we reorganized our European sales and marketing structure, adding experienced new managers in Germany and France. This will help us get closer to our customers in these key markets. We also strengthened our worldwide electronics distribution network with the addition of TTI, Inc., a global specialist in passive circuit protection products.

Board Additions and Technology Committee

In 2002, we welcomed two executives with extensive experience in our industries to our Board of Directors. Gordon Hunter is a Vice President of Intel Corporation with co-management responsibility for that company's access and optical communications business segments. Ronald L. Schubel is Corporate Executive Vice President and President of the Americas region for Molex Incorporated with responsibility for electronic interconnect and automotive products.

Both new directors are serving on our newly formed technology committee, which also includes John Major. This committee is charged with reviewing our research and development activities and ensuring that we maximize our use of technology throughout the organization.

As a public company, we have implemented the new requirements of the Sarbanes-Oxley Act that have resulted from the well-publicized governance and accounting issues at several large companies. In our case, many of these requirements are not new, but rather the way we have always operated. With the exception of myself, our Board is comprised entirely of outside directors and has been since we became a public company in 1991, and our audit and compensation committees are completely independent. As in the past, our Board and management team remain committed to good corporate governance and to operating our business both ethically and responsibly.

Long-Term Growth Potential

Looking ahead, we remain confident in the future potential of the electronics market. Ultimately, people will need to replace their computers, cell phones, PDAs and other electronic equipment as new and better technologies are developed. And while companies have stretched the purchasing cycle, they cannot hold off forever on upgrading to new equipment.

For these reasons, we continue to believe that our markets, especially in electronics, offer excellent growth opportunities for Littelfuse. Without question, the past two years have been very challenging. Our strategy during this period has been to maintain a strong financial position and make the operational and structural changes needed to position the company for future profitable growth.

We cannot predict when the economy will improve. But we can assure you that Littelfuse is better positioned than ever before to leverage the broadest line of circuit protection solutions into long-term growth and increased shareholder value.

We appreciate the hard work and resulting accomplishments of Littelfuse associates worldwide as well as the continued support of our customers and shareholders.

Howard B. Witt

Howard B. Witt
Chairman, President and
Chief Executive Officer

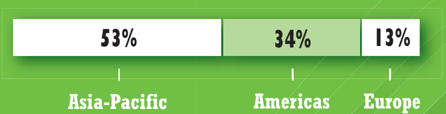
BUSINESS OF LITTELFUSE

Littelfuse is a global company providing the broadest offering of circuit protection solutions in the world. Littelfuse products are vital components in literally every product that uses electrical energy. Computers, cell phones, telecommunications and networking equipment and medical devices are just a few examples of the products protected by Littelfuse components. The company is also the leading provider of circuit protection for the automotive industry and the third largest producer of power fuses in North America.

ELECTRONICS

Littelfuse is the world's leading supplier of circuit protection solutions and products for the electronics industry, providing both overcurrent and overvoltage protection.

GEOGRAPHIC SALES



Overcurrent products like fuses and resettable PTCs protect electronic circuits when current in a circuit exceeds a predetermined value. Overvoltage products like electrostatic discharge (ESD) suppressors, protection thyristors and metal oxide varistors protect electronic circuits from temporary overvoltages caused by lightning, electrostatic discharges and electrical load switching. Littelfuse components protect nearly every type of electronic product including computers, telecommunications equipment, networking equipment, consumer electronics, medical and test instruments, industrial controls and aerospace equipment.

Key Products

Fuses & protectors
Resettable PTCs
Varistors
ESD supressors
Protection thyristors
TVS diodes
Gas discharge tubes

Representative Customers

Acer, Alcatel, Celestica, Dell, Delta, Flextronics, Fuji, GE, HP, Huawei, IBM, Intel, Jabil, Legend, LG, Motorola, Nokia, Palm, Matsushita, Samsung, Sanmina-SCI, Sanyo, Selectron, Siemens, Sony and Toshiba.

AUTOMOTIVE

Nine out of every ten cars in the world rely on Littelfuse-designed products to protect electrical circuits and wiring.

GEOGRAPHIC SALES

The company's customers include major automakers in North America, Europe and Asia and wiring harness manufacturers and automotive parts suppliers worldwide. Littelfuse products are also found in aftermarket outlets such as auto parts retailers and mass merchandisers. A Japanese licensee supplies fuses for vehicles manufactured in that country.

Key Products

MINI® blade fuses
MAXI™ blade fuses
MIDI® fuses
EV fuses
ATO® blade fuses
Varistors
MEGA™ fuses
CablePro™
JCASE fuses

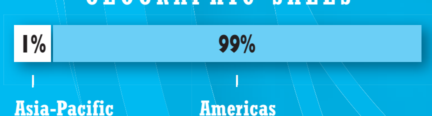
Representative Customers

Alcoa Fujikawa, Auto Zone, BMW, DaimlerChrysler, Delphi, Ford Motor, General Motors, Lear, Pep Boys, Toyota and Yazaki.

ELECTRICAL

Littelfuse is the third largest producer of power fuses in North America.

GEOGRAPHIC SALES



Littelfuse's POWR-GARD™ brand products are used to protect circuits in industrial and commercial heating and cooling systems, lighting circuits and electrical distribution networks, as well as in a wide variety of industrial equipment. Award winning Indicator products allow customers to quickly identify blown fuses and reduce costly downtime.

Key Products

Power fuses
Indicating power fuses
TeleGARD™ fuses
Fuseholders and accessories

Representative Customers

Abbott, Carrier, Dana, DuPont, GE, International Paper, John Deere, Heinz, Lithonia Lighting, Marconi, Merck, Otis Elevator, Procter & Gamble and Rockwell.

BROADEST OFFERING OF CIRCUIT PROTECTION SOLUTIONS

"Our breadth of products, worldwide distribution and proprietary technologies make us the market leader in circuit protection."

"Our broad base of circuit protection technologies enables us to recommend the best solution for each customer's application."

Today, Littelfuse is the world leader in circuit protection solutions and in the technologies that can protect nearly everything that uses electric energy.

With the addition of the Semitron products acquired in 2002, we now offer all of the major circuit protection technologies and more than twice the number of technologies offered by any competitor in the world. Our products protect everything from the smallest circuits in cellular phones to the electrical systems in the biggest sport utility vehicles.

Our broad base of circuit protection technologies enables us to recommend the best solution for each customer's application and provides opportunities to increase sales by cross-selling a variety of our products to our customers.

Enhanced Overvoltage Technology

The addition of Semitron's semiconductor technology expands our overvoltage protection offering and complements our overcurrent line. Our breadth of products, worldwide distribution and proprietary technologies make us the market leader in circuit protection around the globe. The Semitron acquisition is significant because it expands our capabilities with a major technology and builds on our acquisition of the Harris Suppression Products business and our internal development of the polymer-based PulseGuard™ line of electrostatic discharge suppressors.

The Best Technologies

The addition of the Semitron technologies continues a four-year process of broadening our technology base. Today, we have ceramic, polymer, semiconductor, thin film and gas plasma capabilities in addition to our core "hard wired" circuit protection technologies. In electrostatic discharge suppression (ESD), we are the only supplier in the marketplace that has three distinct technologies to protect applications against ESD damage and, because we have several options, we can provide the technology that best meets the customer's needs.

As part of the Semitron acquisition, we gained access to a semiconductor wafer fabrication facility that supplies products to Littelfuse. We believe this facility will provide both cost and technical advantages as we leverage and extend our circuit protection product offering.

We have expanded our PulseGuard line of ESD suppressors, introduced in 1999, with additional new products that respond to changing customer requirements. This line continues to receive positive market acceptance. Our PulseGuard products are based on proprietary polymer technologies that we developed to provide favorable performance characteristics, giving us a distinct competitive advantage.

Developing Unique Technologies

With the addition of Semitron's semiconductor technology, we now have all the major technologies in circuit protection. Today, our research and development efforts are focused on providing unique single technology products as well as leading-edge hybrid products that bring together the best qualities of several technologies. To accomplish our new product goals, we are concentrating our efforts on technology platforms, each focused on one of our major technologies. Each technology platform has its own development center to focus our resources for the best results. Our development centers provide solutions based on their specific technology as well as collaborate with other centers to develop integrated products that can provide overvoltage and overcurrent solutions in a single device.

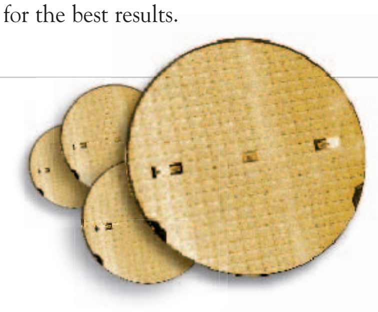
Seeking Better Solutions

While all of our existing circuit protection technologies will provide a stable business base for some time to come, semiconductor circuit protection technology offers unique advantages in several growing areas. Semiconductor products are well suited for the increasing miniaturization of products and the ever-faster transmission of data. As a result, semiconductor products provide particular advantages for telecom and automotive applications and in small electronic products that are exposed to harsh environments such as equipment used in factories. The Semitron acquisition is a strategic move that adds semiconductor expertise to our already strong base of circuit protection technologies.

We have new, exciting products in each of our businesses that are receiving excellent acceptance in all of our markets. At the same time, we continue to benefit from a long list of technical firsts that are already established in the marketplace. For example, CablePro™, a high-current automotive device that protects alternator and battery cables, introduced in 2001, is being used in more vehicle models. And our Indicator line of power fuses helped us gain market share in a very tough market this past year due to its innovative design and inherent cost-saving advantages for customers.

Today, we have the technology to respond to customer needs for circuit protection solutions in a way that no competitor can match.

Jeff Boyd
Director of Sales,
Electronics Business Unit



Littelfuse now has the ability to offer semiconductor circuit protection products made from silicon wafers.

"Today, we have the technology to respond to customer needs for circuit protection solutions in a way that no competitor can match."

Our global distribution network, unequaled technical capabilities, strategically located operations and reputation for quality give us a solid competitive edge as the global leader in circuit protection.

We offer customers all of the major circuit protection technologies, more than any competitor. Because we offer the entire range of technologies, we have the ability to recommend unbiased solutions for a customer's application.

Focus on Providing Solutions

Our focus on providing solutions rather than just selling a product is another valuable competitive advantage. Our technical solutions approach puts our engineers directly in touch with customers so they can learn first-hand about a customer's products and problems and recommend solutions. With intimate involvement, our products get written into customers' specifications so, no matter where in the world their products are built, our components can be specified. Because of this customer-focused approach, we add value to our relationships. Additionally, as part of our focus on providing solutions, we frequently test customer products in our facilities using our sophisticated test equipment, another valuable added benefit for our customers.

Global Reach

With sales and technical resources in key markets around the world, we are positioned to serve the needs of large multinational customers, no matter where they are located. Our sales and technical presence in countries like Japan, Korea, Taiwan, China, Germany, France, the U.K. and the U.S. enable us to interface with engineers at our customers' facilities who are designing next generation products that require circuit protection. Our global distributor network is made up of the top specialists in electronic sales who are able to leverage our broad offering of circuit protection solutions. Stringent manufacturing and customer delivery requirements mean that getting our products to customers on time is a key requirement. With inventory in Asia, Europe and the U.S., Littelfuse is able to support these customer needs.

Quality Commitment

Our goal is to continually improve product quality across all of our product lines. Our reputation for quality helps drive our position in the marketplace. We focus on quality design, quality production and quality service. Our dedication to quality starts at the very top of our organization and flows throughout all of our worldwide operations. Our reputation for quality is recognized around the world and is underscored by our preferred provider status with many customers. This is a tremendous advantage in increasing sales of our industry-leading line of circuit protection devices.

World Class Technology

We forged a reputation in the automobile business through our premier blade fuse technology. Later, we extended our overcurrent technology into electronic circuit protection, becoming the leader in miniature fuses for smaller electronics. We added electronic overvoltage expertise through the Harris and Semitron acquisitions and through the internal development of our PulseGuard line of ESD products. Today we have the broadest line of circuit protection solutions in the industry. Moving forward, we are leveraging this leadership position to further increase sales of circuit protection devices for electronic products. As part of that effort, we are working on the development of new devices that combine overvoltage and overcurrent technologies into one component.

Our electrical power fuse business, the third largest producer of power fuse products in North America, is using an innovative marketing strategy and a superior product design to show customers the cost-saving advantages of the POWR-GARD fuses. This strategy of demonstrating measurable operating savings to customers has enabled us to capture increased market share for our POWR-GARD line of power fuses, with its award-winning Indicator technology. Our electrical business unit has also been successful in increasing its presence in specialized segments of the marketplace, including telecommunications where our TeleGARD™ line of power fuses is part of the largest line of circuit protection products designed for the telecommunications industry.

The combination of our focus on providing solutions, our commitment to quality, our global reach and our world class technology all add up to a tremendous potential that we are working to leverage into improved performance.

ELECTRONICS

Littelfuse is the only supplier in the marketplace that has three distinct technologies to protect applications from ESD damage.

COMPETITIVE ADVANTAGES

Littelfuse's unequaled technical offering is a key competitive edge in the global circuit protection marketplace. We offer customers all of the major circuit protection technologies; more than double the offering of any competitor. In circuit protection, some technologies provide better solutions for specific applications than others. Because we offer the entire range of technologies, we have the ability to make unbiased recommendations and provide customers with the best solution for their application.

Littelfuse's broad product offering, focus on providing solutions, global reach and commitment to quality offer the potential for growth and improved profitability.

	LITTELFUSE	COMPETITORS A	B	C	D	E	F	G	H	I	J
Fuses	✓		✓			✓				✓	✓
Polymer PTCs	✓	✓		✓							
MOVs	✓				✓	✓					
Gas Tubes	✓	✓			✓						
TVS Diodes	✓						✓	✓			
Protection Thyristors	✓	✓		✓			✓		✓		
Polymer ESD	✓		✓								
TOTAL TECHNOLOGIES	7	3	2	2	2	2	2	1	1	1	1

AUTOMOTIVE

The 2003 Cadillac CTS relies upon Littelfuse products for circuit protection, including the new CablePro™ device.

Sample the $avings

With Littelfuse Indicator Fuses

ELECTRICAL

Launched in 2002, Sample the Savings *is an innovative new marketing program that features our Indicator fuse technology and demonstrates product use savings for the customer.*

STRATEGIES FOR MOVING FORWARD

A diversified offering of electronic, automotive and electrical products comprise Littelfuse's market-leading portfolio of circuit protection solutions.

"Our strategy is to leverage our strong customer base in our traditional product lines to drive increased sales of our newer products."

Diverse multinational electronics companies rely on Littelfuse for circuit protection solutions for nearly every kind of product that uses electrical energy. Nine out of every ten cars in the world rely on Littelfuse-designed products to protect electrical circuits and wiring. As we move forward, our strategies to increase shareholder value are built on our competitive advantages in the marketplace.

Leveraging Our Customer Base

We are proud to have some of the most well known and respected companies in the world as customers. They look to us to provide solutions for their circuit protection problems. As a result, we have a unique opportunity to cross-sell our overcurrent and overvoltage products, as well as to provide hybrid devices which offer multiple-function solutions in a single package. Our strategy is to leverage our strong customer base in our traditional product lines to drive increased sales of our newer products.

Providing the Best Solutions

Our focus on selling solutions, rather than being just a provider of products, is an advantage that enables us to design more of our product offering into each of our customer's applications. As part of that process, we develop a better understanding of our customers' products and their challenges. Because we can offer the broadest array of technologies, we can give customers the best, objective solution available, enhancing our credibility and strengthening our customer relationships. In another effort to assist customers with unique solutions, our electrical business unit has used innovative marketing techniques to show customers that its patented POWR-GARD line of fuses is the best solution to reducing the cost of plant down-time due to electrical problems.

Staying Close to the Customer

The continually evolving global nature of the electronics industry makes it necessary for suppliers like Littelfuse to be close to customers to assist with design-in of circuit protection products and deliver products quickly and promptly. With our strategically located manufacturing, engineering, sales and distribution capabilities, we have a presence in the key markets of the electronics world. This global presence enables us to build and maintain strong relationships with OEMs as well as the primary contract manufacturers that serve them, wherever they are in the world.

With the stringent delivery requirements in electronics manufacturing, getting our products to customers on time is a key requirement. Our logistics facilities are adopting state-of-the-art systems to enhance our delivery capabilities. At the same time, our global distributor network is made up of the top specialists in electronics sales.

During the past year, we strengthened our worldwide sales capabilities in several countries including Germany, France and Taiwan, facilitating direct contact by our staff or representatives with customers in every key market. This enables us to better understand customer needs and to have Littelfuse products specified in new products as they are developed. We also gain valuable insight into local standards that govern the production and use of electronic devices.

At Littelfuse, we are committed to grow and create shareholder value through increased cross-selling of our innovative technologies, thoroughly understanding our customers' needs and providing our customers with world-class technology solutions and service.

"Our focus on selling solutions is an advantage that enables us to design more of our product offering into each of our customer's applications."

David Samyn
General Manager,
Electronics Business Unit

LITTELFUSE

FINANCIALS

Despite challenges in several of the markets we serve and the uneven economy, Littelfuse achieved solid performance in 2002. We produced respectable earnings and strong cash flow as well as strengthened our balance sheet.

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The following discussion provides an analysis of the information contained in the consolidated financial statements and accompanying notes beginning on page 18 for the three fiscal years ended December 28, 2002, December 29, 2001, and December 30, 2000, respectively.

Results of Operations — 2002 Compared with 2001

Sales increased 4% to $283.3 million in 2002 from $272.1 million in 2001. Electronic sales increased $4.6 million or 3% to $150.9 million in 2002 compared to $146.3 million in 2001. The increase in electronic sales was driven by increased demand in the Asia region and sales from the Semitron Industries acquisition, partially offset by weakness in Europe and North America. Excluding sales of Semitron Industries products, electronic sales in 2002 were flat as compared to the prior year. Automotive sales increased $7.1 million or 8% to $98.2 million in 2002 compared to $91.1 million in 2001, due to strength in vehicle production in North America and strengthening of the Euro against the Dollar. Electrical product sales decreased $0.5 million or 2% to $34.2 million in 2002 compared to $34.7 million in 2001 due to continued weakness in commercial construction and lower levels of industrial activity in the North American market.

International sales increased 8% to $152.2 million or 53.7% of net sales in 2002 from $141.3 million or 51.9% of net sales in 2001. The increase in international sales was primarily due to strong demand for electronic products in Asia.

Gross profit was $90.4 million or 31.9% of sales in 2002 compared to $91.9 million or 33.8% of sales in 2001. The gross profit margin was negatively affected by increased price pressure for electronic products and the addition of Semitron, which has been operating at approximately breakeven levels.

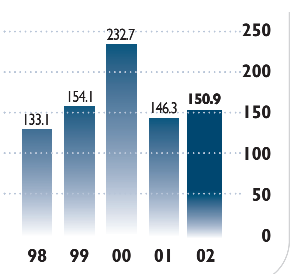
Selling, general and administrative expenses decreased $0.6 million, from $62.2 million in 2001 to $61.6 million in 2002 reflecting reductions in head count. As a percentage of sales, SG&A decreased to 21.8% in 2002 from 22.9% in 2001. Research and development costs decreased $0.5 million to $8.3 million, representing 2.9% of sales in 2002 as compared to 3.3% of sales in 2001. Amortization of reorganization value and other intangibles was $0.8 million or 0.3% of sales for 2002 compared to $6.0 million or 2.2% of sales for the prior year. The decrease in amortization expense results from the combination of the adoption of SFAS No. 142 and a natural drop off of patent amortization. The adoption of SFAS No. 142 reduced amortization expense by $3.4 million in the year, and the net natural drop off of intangible amortization provided an additional reduction of $1.8 million in the year.

Total operating expenses, including intangible amortization and restructuring expense, were 26.3% of sales in 2002, compared to 30.6% of sales in 2001. Excluding restructuring and amortization expense for both years, total operating expenses were 24.7% of sales in 2002 and 26.1% in 2001.

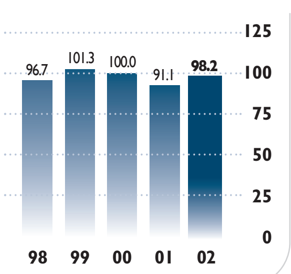
Operating income in 2002 increased 87% to $15.9 million or 5.6% of sales compared to $8.5 million or 3.1% of sales in the prior year. The improvement in operating income was driven by lower restructuring charges and the reduction of amortization expense discussed above.

Interest expense was $2.7 million in 2002 compared to $3.3 million in 2001 due to lower average debt levels in 2002. Other income, net, consisting of gain on the sale of certain non-core product lines, interest income, royalties, minority interest and foreign currency items was $1.8 million compared to other income, net, of $1.1 million in the prior year.

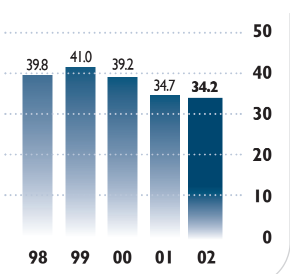
Income before taxes was $15.0 million in 2002 compared to $6.4 million in 2001. Income tax expense was $5.4 million in 2002



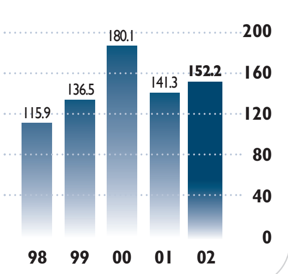
ELECTRONIC SALES
(in millions of dollars)



AUTOMOTIVE SALES
(in millions of dollars)



ELECTRICAL SALES
(in millions of dollars)



INTERNATIONAL SALES
(in millions of dollars)

compared to $2.3 million the prior year. Net income in the current year was $9.6 million, compared to $4.1 million in the prior year. The Company's effective tax rate was 36.0% in both 2002 and 2001. Diluted earnings per share increased to $0.44 in 2002 compared to $0.19 in 2001.

Results of Operations — 2001 Compared with 2000

Sales decreased 27% to $272.1 million in 2001 from $371.9 million in 2000. Electronic sales decreased $86.4 million or 37% to $146.3 million in 2001 compared to $232.7 million in 2000. The decrease in electronic sales in 2001 reflected weak global demand for electronic products compared to record sales performance in 2000. Inventory corrections at customers and in the distribution channel further reduced sales of electronic products in 2001. Automotive sales decreased $8.9 million or 9% to $91.1 million in 2001 compared to $100.0 million in 2000, primarily due to a reduction in North American vehicle production and the continued weakness in automotive aftermarket sales. Decreases in North America and Asia sales of automotive products more than offset an increase in European automotive product sales. Electrical product sales decreased $4.5 million or 11% to $34.7 million in 2001 compared to $39.2 million in 2000 due to continued weakness in the electrical market driven by reduced industrial activity and commercial construction. International sales decreased 22% to $141.3 million or 51.9% of net sales in 2001 from $180.1 million or 48.4% of net sales in 2000. The primary cause of lower international sales in 2001 was reduced demand for electronic products in Asia and Europe.

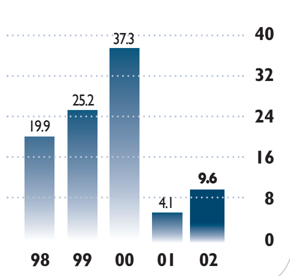
Gross profit was $91.9 million or 33.8% of sales in 2001 compared to $150.6 million or 40.5% of sales in 2000. The gross profit was negatively affected in 2001 by lower sales demand, lower factory utilization, declining average sell prices and employee separation costs. The Company took steps in 2001 to reduce the cost structure and decrease inventories to bring them in-line with current market demand. These included actions to reduce worldwide headcount by approximately 25% and increase the focus on material, labor and process cost reductions.

Selling, general and administrative expenses decreased $8.9 million, representing 22.9% of sales in 2001 compared to 19.1% of sales in 2000. Overall, expenses decreased due to lower sales and effective cost reduction actions taken during the year. Expenses as a percentage of sales increased, however, due to the decline in sales. Research and development costs decreased $2.3 million to $8.9 million, representing 3.3% of sales in 2001 as compared to 3.0% of sales in 2000. Amortization of reorganization value and other intangibles was $6.0 million or 2.2% of sales in 2001 compared to $6.7 million or 1.8% of sales in the prior year. Total operating expenses, including intangible amortization and restructuring expense, were 30.6% of sales in 2001, compared to 23.9% of sales in 2000. Excluding restructuring expense, total operating expenses were 28.3% of sales in 2001.

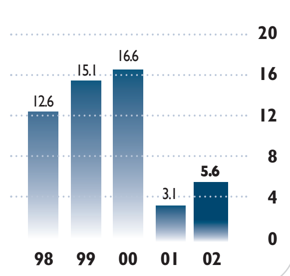
Operating income in 2001 decreased 86% to $8.5 million or 3.1% of sales compared to $61.7 million or 16.6% of sales in the prior year due to the reduced sales demand and profitability discussed above. Also contributing to the decrease in operating income in 2001 were $6.3 million of restructuring charges related to a program to rationalize the Company's worldwide manufacturing operations. This program includes plans to close three manufacturing facilities located in the U.S., England and Korea and to consolidate production into existing lower cost sites in the Philippines, China and Mexico. The restructuring expense consisted primarily of separation cost for approximately 512 employees as well as a write-down of impaired manufacturing machinery and equipment.

Interest expense was $3.3 million in 2001 compared to $4.7 million in 2000 due to lower average debt levels in 2001. Other income, net, consisting of interest income, royalties, minority interest and foreign currency items was $1.1 million in 2001 compared to $1.9 million in 2000.

Income before taxes was $6.4 million in 2001 compared to $59.0 million in 2000. Income tax expense was $2.3 million in 2001 compared to $21.7 million in 2000. Net income in 2001 was $4.1 million,



NET INCOME
(in millions of dollars)



OPERATING MARGIN

compared to $37.3 million in 2000. The Company's effective tax rate was 36.0% in 2001 compared to 36.8% in 2000. Diluted earnings per share decreased 89% to $0.19 in 2001 compared to $1.69 in 2000.

Liquidity and Capital Resources

The Company has historically financed capital expenditures through cash flows from operations. Management expects that cash flows from operations and available lines of credit will be sufficient to support both its operations and its debt obligations for the foreseeable future.

The Company has a domestic unsecured revolving credit line of $55.0 million, which matures on August 31, 2003. At December 28, 2002, there were no borrowings against this credit line. The Company's subsidiaries in the Netherlands, Japan and Korea also have unsecured credit lines of Euro 4.0 million, Yen 1.1 billion and Won 2.5 billion, respectively. At December 28, 2002, the Euro credit line was unused, Won 1.5 billion was drawn on the credit line in Korea and Yen 0.9 billion was drawn on the credit line in Japan.

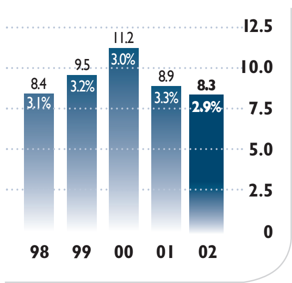
The Company's bank credit agreement requires maintenance of certain financial ratios and a minimum net worth level. At December 28, 2002, the Company was in compliance with these covenants. If the Company were to default on any of the bank agreement debt covenants, and were unable to obtain a waiver from the lenders, the debt would be callable by the lenders. The Company believes that default of any of the debt covenants is unlikely for the foreseeable future since it expects the results of operations to be within the minimum levels to continue to be in compliance with the debt covenants.

The Company started 2002 with $34.5 million of cash. Net cash provided by operations was $40.8 million in the year. Cash used in investing activities included $8.4 million in purchases of property, plant and equipment, $15.0 million for the acquisition of Semitron Industries and $8.8 million in purchases of marketable securities. Cash provided by financing activities included cash proceeds from the exercise of stock options of $1.6 million, offset by repurchase of the Company's common stock for $3.6 million and net payments of long-term debt of $13.0 million. The effect of exchange rate changes decreased cash by $0.4 million. The net cash provided by operations and financing activities, less investing activities plus the effect of exchange rates, resulted in a $6.8 million net decrease in cash. This left the Company with a cash balance of $27.8 million at the end of 2002.

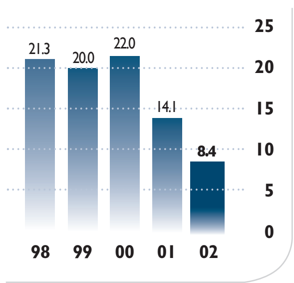
Decreases in net working capital provided $11.8 million of cash flow in 2002. The major factors contributing to lower working capital were a decrease in inventory of $4.8 million, a $2.8 million reduction in accounts receivable, a $3.3 million increase in accounts payable and accrued expenses and a $0.9 million reduction in prepaid and other items. Net working capital (working capital less cash, marketable securities and the current portion of long-term debt) as a percent of sales was 20.9% at year-end 2002 compared to 21.8% at year-end 2001 and 20.0% at year-end 2000. The days sales outstanding in accounts receivable decreased to 54 days at year-end 2002 compared to 61 days at year-end 2001 and 58 days at year-end 2000. Days inventory outstanding was 88 days at year-end 2002 compared to 99 days at year-end 2001 and 109 days at year-end 2000.

The ratio of current assets to current liabilities was 2.3 to 1 at year-end 2002 compared to 2.2 to 1 at year-end 2001 and 2.0 to 1 at year-end 2000. The ratio of long-term debt to equity was 0.1 to 1 at year-end 2002, compared to 0.2 to 1 at year-end 2001 and 0.2 to 1 at year-end 2000.

The Company started 2001 with $5.5 million of cash. Net cash provided by operations was $40.3 million in the year. Cash used in investing activities included $14.1 million in purchases of property, plant and equipment. Cash provided by financing activities included cash proceeds from the exercise of stock options and conversion of warrants of $10.5 million, offset by repurchase of the Company's common stock for $1.3 million and net payments of long-term debt of $6.0 million. The effect of exchange rate changes decreased cash



RESEARCH AND DEVELOPMENT
(in millions of dollars and percent of total sales)



CAPITAL SPENDING
(in millions of dollars)

by $0.2 million. The net cash provided by operations and financing activities, less investing activities plus the effect of exchange rates, resulted in a $29.0 million net increase in cash. This left the Company with a cash balance of $34.5 million at the end of 2001.

Decreases in net working capital provided $18.2 million of cash flow in 2001. The major factors contributing to lower working capital were a decrease in inventory of $11.9 million and a $10.6 million reduction in accounts receivable, partially offset by a $3.7 million reduction in accounts payable and accrued expenses. Net working capital (working capital less cash and the current portion of long-term debt) as a percent of sales was 21.8% at year-end 2001 compared to 20.0% at year-end 2000 and to 20.2% at year-end 1999. Net working capital as a percent of sales increased as the decreases in accounts receivable and inventory were more than offset by lower sales. The days sales outstanding in accounts receivable increased to approximately 61 days at year-end 2001 compared to 58 days at year-end 2000 and 68 days at year-end 1999. Days inventory outstanding was 99 days at year-end 2001 compared to 109 days at year-end 2000 and 94 days at year-end 1999.

The Company's capital expenditures were $8.4 million in 2002, $14.1 million in 2001 and $22.0 million in 2000. The Company expects that capital expenditures in 2003 will be higher than 2002, and at levels similar to 2001. The primary purposes for capital expenditures in 2003 will be for new product tooling, production equipment and facility expansion. As in 2002, the Company expects to finance capital expenditures in 2003 through cash flow from operations.

The Company decreased total debt by $13.0 million in 2002, after decreasing debt by $6.0 million in 2001 and $16.8 million in 2000. The Company is required to repay $10.0 million of its Senior Notes in 2003. Separately, the Company has $8.8 million in renewable foreign credit facilities outstanding at December 28, 2002, coming due in 2003. The Company's Board of Directors has authorized the Company to repurchase shares of its common stock, from time to time, depending on market conditions. The Company repurchased 225,800 common shares for $3.6 million in 2002, 50,000 common shares for $1.3 million in 2001 and 369,000 common shares for $11.2 million in 2000. As of December 28, 2002, the Company had 774,200 shares remaining for repurchase under the Board of Directors authorization expiring in May 2003.

Market Risk

The Company is exposed to market risk from changes in interest rates, foreign exchange rates and commodities.

The Company had long-term debt outstanding at December 28, 2002, in the form of Senior Notes at fixed interest rates and foreign lines of credit at variable rates. Since 76% of this debt has fixed interest rates, the Company's interest expense is not materially sensitive to changes in interest rate levels.

A portion of the Company's operations consists of manufacturing and sales activities in foreign countries. The Company has manufacturing facilities in Mexico, U.K., Ireland, Switzerland, China and the Philippines. During 2002, sales exported from the United States or manufactured abroad accounted for 53.7% percent of total sales. Substantially all sales in Europe are denominated in Euros, U.S. Dollars and British Pound Sterling, and substantially all sales in the Asia-Pacific region are denominated in U.S. Dollars, Japanese Yen and South Korean Won.

The Company's identifiable foreign exchange exposures result from the purchase and sale of products from affiliates, repayment of intercompany trade and loan amounts and translation of local currency amounts in consolidation of financial results. As international sales were slightly more than half of total sales, a significant portion of the resulting accounts receivable is denominated in foreign currencies. Changes in foreign currency exchange rates or weak economic conditions in the foreign countries in which it manufactures and distributes products could affect the Company's sales, accounts receivable values and financial results. The Company uses netting and offsetting intercompany account management techniques to reduce known foreign currency exposures where possible and also considers the use of derivative instruments to hedge certain foreign currency exposures deemed to be material. During 2002, the Company entered into cross currency interest rate swaps, as discussed in Note 6 of the Notes to Consolidated Financial Statements, designated as a cash flow hedge of the foreign currency exchange rate risk associated with forecasted intercompany sales transactions denominated in Japanese Yen.

The Company uses various metals in the production of its products, including zinc, copper and silver. The Company's earnings are exposed to fluctuations in the prices of these commodities. The Company does not currently use derivative financial instruments to mitigate this commodity price risk.

Outlook

Sales in 2003 are expected to start slowly, with continued weakness in the electronics and electrical markets. As these markets improve, the Company believes its long-term growth strategy, which emphasizes development of new circuit protection products and providing customers with solutions and technical support in all major regions of the world, will drive sales growth in all of its markets.

With the expectation of continued price pressure, the Company initiated a manufacturing rationalization program in 2001 emphasizing consolidation of plants and transfer of manufacturing to lower cost locations. The program involved manufacturing plant closures in the U.S., U.K. and Korea and workforce reductions in Ireland, and is expected to be completed in the first half of 2003. The benefits of incremental volume improvements and cost savings are expected to have a favorable impact in 2003.

The Company is working to expand its market share in the overvoltage circuit protection market with the addition of products and technology through the Semitron Industries and Harris Suppression Products acquisitions and the ability to offer customers total circuit protection solutions. The Company remains committed to investing in new product development and technical resources to provide customers with overcurrent and overvoltage circuit protection solutions and expertise.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

The statements in this section, the letter to shareholders and in the other sections of this report which are not historical facts contained in this report are forward-looking statements that involve risks and uncertainties, including, but not limited to, product demand and market acceptance risks, the effect of economic conditions, the impact of competitive products and pricing, product development and patent protection, commercialization and technological difficulties, capacity and supply constraints or difficulties, exchange rate fluctuations, actual purchases under agreements, the effect of the Company's accounting policies, labor disputes, restructuring costs in excess of expectations, pension plan asset returns less than assumed, and other risks which may be detailed in the Company's Securities and Exchange Commission filings.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders of Littelfuse, Inc.

We have audited the accompanying consolidated statements of financial condition of Littelfuse, Inc. and subsidiaries as of December 28, 2002 and December 29, 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 28, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Littelfuse, Inc. and subsidiaries as of December 28, 2002 and December 29, 2001, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 28, 2002, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the financial statements in the year ended December 28, 2002, the Company changed its method of accounting for goodwill.

Ernst & Young LLP

Ernst & Young LLP

Chicago, Illinois
January 23, 2003

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In Thousands)	December 28, 2002	December 29, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 27,750**	$ 34,527
Short-term investments	**8,806**	—
Accounts receivable, less allowances (2002 – $7,330; 2001 – $7,519)	**40,810**	40,969
Inventories	**44,533**	46,208
Deferred income taxes	**12,451**	10,870
Prepaid expenses and other current assets	**2,695**	3,608
Total current assets	**137,045**	136,182
Property, plant, and equipment:		
Land	**9,738**	9,669
Buildings	**32,733**	33,481
Equipment	**172,266**	176,185
	214,737	219,335
Accumulated depreciation	**(133,615)**	(132,734)
	81,122	86,601
Intangible assets, net of amortization:		
Reorganization value in excess of amounts allocable to identifiable assets	**27,665**	28,066
Patents and licenses	**36**	56
Distribution network	**4,607**	5,102
Trademarks	**2,270**	2,522
Goodwill	**21,378**	12,775
	55,956	48,521
Other assets	**3,355**	968
Total assets	**$277,478**	$272,272
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 11,094**	$ 7,881
Accrued payroll	**17,373**	16,654
Accrued expenses	**8,425**	6,932
Accrued income taxes	**4,416**	7,702
Current portion of long-term debt	**18,994**	21,026
Total current liabilities	**60,302**	60,195
Long-term debt, less current portion	**20,252**	30,402
Deferred income taxes	**1,713**	835
Accrued post-retirement benefits	**9,027**	3,047
Other long-term liabilities	**473**	124
Shareholders' equity:		
Preferred stock, par value $.01 per share: 1,000,000 shares authorized; no shares issued and outstanding	**—**	—
Common stock, par value $.01 per share: 34,000,000 shares authorized; shares issued and outstanding, 2002 – 21,759,065; 2001 – 21,873,416	**218**	219
Additional paid-in capital	**71,918**	70,641
Notes receivable – Common stock	**(3,900)**	(3,448)
Accumulated other comprehensive loss	**(9,901)**	(10,265)
Retained earnings	**127,376**	120,522
Total shareholders' equity	**185,711**	177,669
Total liabilities and shareholders' equity	**$277,478**	$272,272

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except per Share Amounts)

Year Ended	December 28, 2002	December 29, 2001	December 30, 2000
Net sales	**$283,267**	$272,149	$371,920
Cost of sales	**192,870**	180,242	221,272
Gross profit	**90,397**	91,907	150,648
Selling, general and administrative expenses	**61,621**	62,197	71,083
Research and development expenses	**8,334**	8,883	11,152
Amortization of intangibles	**767**	5,972	6,665
Restructuring expense	**3,744**	6,315	—
Operating income	**15,931**	8,540	61,748
Interest expense	**2,653**	3,291	4,652
Other income, net	**(1,753)**	(1,112)	(1,940)
Income before income taxes	**15,031**	6,361	59,036
Income taxes	**5,411**	2,291	21,738
Net income	**$ 9,620**	$ 4,070	$ 37,298
Net income per share:			
Basic	**$0.44**	$ 0.20	$ 1.88
Diluted	**$0.44**	$ 0.19	$ 1.69
Weighted-average shares and equivalent shares outstanding:			
Basic	**21,858**	19,951	19,834
Diluted	**21,971**	21,731	22,118

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

Year Ended	December 28, 2002	December 29, 2001	December 30, 2000
Operating activities			
Net income	**$ 9,620**	$ 4,070	$37,298
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**18,137**	19,710	20,074
Amortization of intangibles	**767**	5,972	6,665
Provision for bad debts	**356**	308	275
Deferred income taxes	**(575)**	(7,531)	(1,810)
Other	**651**	(435)	337
Changes in operating assets and liabilities:			
Accounts receivable	**2,794**	10,573	4,978
Inventories	**4,762**	11,873	(10,802)
Accounts payable and accrued expenses	**3,296**	(3,710)	(8,514)
Prepaid expenses and other	**950**	(520)	186
Net cash provided by operating activities	**40,758**	40,310	48,687
Investing activities			
Purchases of property, plant, and equipment, net	**(8,360)**	(14,121)	(21,958)
Purchase of business, net of cash acquired	**(15,031)**	(168)	—
Purchase of marketable securities	**(13,747)**	—	—
Sale of marketable securities	**4,941**	—	—
Other	**—**	—	(60)
Net cash used in investing activities	**(32,197)**	(14,289)	(22,018)
Financing activities			
Proceeds from long-term debt	**112**	15,855	53,811
Payments of long-term debt	**(13,130)**	(21,887)	(70,630)
Proceeds from exercise of stock options and warrants	**1,614**	10,519	5,831
Purchases of common stock and redemption of warrants	**(3,556)**	(1,256)	(11,203)
Net cash provided by (used in) financing activities	**(14,960)**	3,231	(22,191)
Effect of exchange rate changes on cash	**(378)**	(216)	(875)
Increase (decrease) in cash and cash equivalents	**(6,777)**	29,036	3,603
Cash and cash equivalents at beginning of year	**34,527**	5,491	1,888
Cash and cash equivalents at end of year	**$27,750**	$34,527	$ 5,491

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In Thousands)

Period from January 1, 2000 to December 28, 2002	Common Stock	Additional Paid-In Capital	Notes Receivable– Common Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance at January 1, 2000	$ 195	$ 55,241	$ (2,909)	$ (5,642)	$ 90,147	$ 137,032
Comprehensive income:						
Net income for the year	—	—	—	—	37,298	37,298
Foreign currency translation adjustment	—	—	—	(2,232)	—	(2,232)
Comprehensive income						35,066
Stock options and warrants exercised	7	6,269	(444)	—	—	5,832
Purchase of 369,000 shares of common stock	(4)	(1,287)	—	—	(9,912)	(11,203)
Balance at December 30, 2000	$ 198	$ 60,223	$ (3,353)	$ (7,874)	$ 117,533	$ 166,727
Comprehensive income:						
Net income for the year	—	—	—	—	4,070	4,070
Foreign currency translation adjustment	—	—	—	(2,391)	—	(2,391)
Comprehensive income						1,679
Stock options and warrants exercised	21	10,593	(95)	—	—	10,519
Purchase of 50,000 shares of common stock	—	(175)	—	—	(1,081)	(1,256)
Balance at December 29, 2001	$ 219	$ 70,641	$ (3,448)	$ (10,265)	$ 120,522	$ 177,669
Comprehensive income:						
Net income for the year	—	—	—	—	9,620	9,620
Change in net unrealized loss on derivatives	—	—	—	(231)	—	(231)
Minimum pension liability adjustment, net of tax	—	—	—	(3,462)	—	(3,462)
Foreign currency translation adjustment	—	—	—	4,057	—	4,057
Comprehensive income						9,984
Stock options and warrants exercised	1	2,065	(452)	—	—	1,614
Purchase of 225,800 shares of common stock	(2)	(788)	—	—	(2,766)	(3,556)
Balance at December 31, 2002	**$218**	**$71,918**	**$(3,900)**	**$ (9,901)**	**$127,376**	**$185,711**

See accompanying notes.

1. Summary of Significant Accounting Policies and Other Information

Nature of Operations Littelfuse, Inc. and its subsidiaries (the Company) design, manufacture, and sell circuit protection devices for use in the automotive, electronic, and electrical markets throughout the world.

Fiscal Year The Company's fiscal years ended December 28, 2002, December 29, 2001 and December 30, 2000, contained 52 weeks.

Basis of Presentation The consolidated financial statements include the accounts of Littelfuse, Inc. and its subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain amounts reported in previous years have been reclassified to conform to the 2002 presentation.

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

Short-term Investments Short-term investments consist primarily of liquid debt instruments purchased with maturity dates greater than three months. The Company has evaluated its investment policies consistent with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and determined that all of its investment securities are to be classified as available-for-sale. Available-for-sale securities are carried at fair value, with the unrealized gains and losses reported in "Shareholders' Equity" as a component of "Accumulated Other Comprehensive Income (Loss)." The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is included in interest income. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are included in other income or expense. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in interest income.

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

Accounts Receivable The Company performs credit evaluations of customers financial condition and generally does not require collateral. Credit losses are provided for in the financial statements based upon specific knowledge of a customer's inability to meet its financial obligations to the Company. Historically, credit losses have consistently been within the management's expectations and have not been a material amount. The Company also maintains allowances against accounts receivable for the settlement of rebates and sales discounts to customers. These allowances are based upon specific customer sales and sales discounts as well as actual historical experience.

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

Property, Plant, and Equipment Land, buildings, and equipment are carried at cost. Depreciation is provided under accelerated methods using useful lives of 21 years for buildings, 7 to 9 years for equipment, and 7 years for furniture and fixtures. Tooling and computer software are depreciated using the straight-line method over 5 years and 3 years, respectively.

Intangible Assets Prior to the adoption of the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" on December 30, 2001, reorganization value in excess of amounts allocable to identifiable assets and trademarks have been amortized using the straight-line method over 20 years. Patents are amortized using the straight-line method over their estimated useful lives, which average approximately 10 years. The distribution network has been amortized using an accelerated method over 20 years. Licenses have been amortized using an accelerated method over their estimated useful lives, which average approximately 9 years. Other intangible assets consisting principally of goodwill have been amortized over 10 to 20 years. The Company recorded amortization expense of $0.8 million, $6.0 million and $6.7 million in 2002, 2001 and 2000, respectively. All of this goodwill amortization is deductible for tax purposes. Accumulated amortization of intangible assets was $66.7 million at December 28, 2002 and was $65.9 million at December 29, 2001.

Revenue Recognition In accordance with the Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," issued in December 1999, sales and associated costs are recognized in accordance with customer shipping terms which is when the transfer of title to the customer occurs. The adoption of SAB 101 did not have a material impact on the Company's earnings or financial position.

Advertising Costs The Company expenses advertising costs as incurred which amounted to $2.1 million in 2002, $1.1 million in 2001 and $2.1 million in 2000.

Foreign Currency Translation The financial statements of foreign entities have been translated in accordance with Statement of Financial Accounting Standards (SFAS) No. 52, "Foreign Currency Translation," and, accordingly, unrealized foreign currency translation adjustments are reflected as a component of shareholders' equity.

Derivative Instruments The Company recognizes derivatives as either assets or liabilities on the Consolidated Statements of Financial Condition and measures those instruments at fair value. The accounting for changes in the fair value of a derivative depends on the intended use and designation of the derivative instrument. For derivatives designated as cash flow hedges, the effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income (loss) and subsequently reclassified into earnings when the hedged exposure affects earnings. Derivative financial instruments involve, to a varying degree, elements of market and credit risk not recognized in the consolidated financial statements. The market risk associated with these instruments resulting from interest rate movements is expected to offset the market risk of the underlying transactions being hedged. The counterparties to the agreements relating to the Company's cross currency rate instruments consist of major international financial institutions with high credit ratings. The Company does not believe that there is significant risk of non-performance by these counterparties because the Company monitors the credit ratings of such counterparties, and limits the financial exposure and amount of agreements entered into with any one financial institution. While the notional amounts of the derivative financial instruments provides one measure of the volume of these transactions, they do not represent the amount of the Company's exposure to credit risk. The amounts potentially subject to credit risk (arising from the possible inability of counterparties to meet the terms of their contracts) are generally limited to the amounts, if any, by which the counterparties' obligations under the contracts exceed the obligations of the Company to the counterparty.

Stock-Based Compensation Under the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), the Company accounts for stock option grants to employees and directors in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" using the intrinsic value method. Generally, the Company grants stock options for a fixed number of shares with an exercise price equal to the market price of the underlying stock at the date of grant and, accordingly, does not recognize compensation expense. On certain occasions, the Company has granted stock options for a fixed number of shares with an exercise price below that of the underlying stock on the date of the grant and recognizes compensation expense accordingly. This compensation expense has not been material. See Note 8 for additional information on stock-based compensation.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Shipping and Handling Fees and Costs Amounts billed to customers in a sales transaction represent fees earned for the goods provided and, accordingly, amounts billed related to shipping and handling should be classified as revenue. Costs incurred for shipping and handling of $3.6 million, $3.1 million and $3.9 million in 2002, 2001 and 2000, respectively, are classified in Selling, General, and Administrative Expenses.

Accounting Pronouncements In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations." All business combinations in the scope of this Statement are to be accounted for using one method, the purchase method. The provisions of this Statement apply to all business combinations initiated after June 30, 2001. Use of the pooling-of-interests method for those business combinations is prohibited. The Company has adopted Statement No. 141 for its acquisition of Semitron Industries Limited (see Note 2).

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which prohibits the amortization of goodwill and intangible assets with indefinite useful lives. Statement 142 requires that these assets be reviewed for impairment at least annually. Intangible assets with finite lives will continue to be amortized over their estimated useful lives. Additionally, Statement 142 requires that goodwill included in the carrying value of equity method investments no longer be amortized. The Company has adopted the provisions of Statement 142 as of December 30, 2001. The Company has tested goodwill for impairment both as of the date of adoption of Statement No. 142 and as of September 29, 2002 as prescribed in Statement 142 and determined that there was no impairment. The effect of non-amortization of goodwill had Statement 142 been effective at the beginning of each year is as follows:

(In Thousands, except per share amounts)	2002	2001	2000
Net income as reported	**$9,620**	$4,070	$37,298
Add back: Goodwill amortization, net of tax	**—**	2,145	2,328
Adjusted net income	**$9,620**	$6,215	$39,626
Basic net income per share			
As reported	**$ 0.44**	$ 0.20	$ 1.88
Goodwill amortization	**—**	0.11	0.12
Adjusted basic net income per share	**$ 0.44**	$ 0.31	$ 2.00
Diluted net income per share			
As reported	**$ 0.44**	$ 0.19	$ 1.69
Goodwill amortization	**—**	0.10	0.11
Adjusted diluted net income share	**$ 0.44**	$ 0.29	$ 1.80

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations," which is effective for fiscal years beginning after June 15, 2002. The Statement requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time that the obligations are incurred. Upon initial recognition of a liability, that cost should be capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. The Company has adopted Statement 143 as of December 30, 2001, and determined that the impact of adoption of Statement 143 had no material impact on the Company's financial position or results of operations.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (Statement 144), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." Statement 144 is effective for fiscal years beginning after December 15, 2001. Using the methodology prescribed in Statement 144, the Company reviews long-lived assets and the related intangible assets for impairment whenever events or changes in circumstances indicate the carrying amounts of such assets may not be recoverable. Once an indication of a potential impairment exists, recoverability of the respective assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate, to the carrying amount, including associated intangible assets, of such operation. If the operation is determined to be unable to recover the carrying amount of its assets, then long-lived assets of the operation are written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending upon the nature of the assets. Long-lived assets that are held for disposal are reported at the lower of the asset carrying amount or fair value less costs related to the asset disposal. The Company has adopted Statement 144 as of December 30, 2001 and determined that the adoption of the Statement had no significant impact on the Company's financial position or results of operations.

In July 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The statement requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or a disposal plan. Examples of costs covered by the Statement include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operations, plant closing, or other exit or disposal activities. Statement No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002.

In November 2002, the FASB issued FASB Interpretation (FIN) No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. FIN No. 45 clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The Company will adopt the provisions of FIN No. 45 on January 1, 2003 for all new or amended guarantees subsequent to that date.

On December 31, 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 148, to provide alternative methods of transition to the fair value method of accounting for stock-based compensation. In addition, Statement 148 amends the disclosure provisions of Statement 123 to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based compensation on reported net income and earnings per share in annual and interim financial statements. Statement 148 does not amend Statement 123 to require companies to account for their employee stock-based awards using the fair value method. However, the disclosure provisions are required for all companies with stock-based employee compensation, regardless of whether they utilize the fair value method of accounting described in Statement 123 or the intrinsic method described in APB Opinion No. 25. The Company has adopted the disclosure provisions of Statement No. 148 as of December 28, 2002 and determined that the adoption of the Statement had no significant impact on the Company's financial position and results of operations.

Restructuring Costs Included in the Company's operating results for the year ended December 29, 2001 are restructuring charges of $6.3 million. These charges result from the Company's plans to close down plants in the U.S. and the U.K., workforce reductions in Korea and the write-down of manufacturing equipment. Restructuring charges for the closure of the U.S. and the U.K. plants included $4.1 million of employee termination costs covering 462 technical, production, administrative and support employees. Restructuring of the Korea manufacturing operations included $1.1 million of employee termination costs covering 50 technical, production, administrative and support employees. The remaining $1.1 million of the restructuring expense relates to the non-cash write-down of manufacturing equipment. Included in the Company's operating results for the year ended December 28, 2002 are restructuring charges of $3.7 million. These charges result from the Company's plans to close down a plant in Korea, workforce reductions in Ireland and the write-down of manufacturing equipment. Restructuring charges for the closure of the Korea plant included $1.5 million of employee termination costs covering 62 technical, production, administrative and support employees. Restructuring of the Ireland manufacturing operations included $1.4 million of employee termination costs covering 19 technical, production, administrative and support employees. The remaining $0.8 million of the restructuring expense relates to the non-cash write-down of manufacturing equipment. The remaining $2.1 million of severance costs, currently included in accrued expenses, are expected to be paid by September 30, 2003.

2. Acquisition of Business

On July 16, 2002, the Company acquired Semitron Industries for $12.6 million and 40% of LC Fab Co. for $2.4 million in cash. Semitron Industries manufactures and markets a broad line of transient voltage suppression devices that provide circuit protection for products in numerous markets including computer, telecommunications, automotive and consumer electronics. LC Fab Co. provides semiconductor dies for assembly at Semitron Industries. Subsequent to the acquisition, Semitron Industries has been renamed Littelfuse UK Limited. This acquisition has been accounted for through the use of the purchase method of accounting; accordingly, the accompanying financial statements include the results of its operations since the acquisition date. The purchase price has been allocated to the following net assets acquired based on fair value of such assets: accounts receivable of $1.7 million, inventory of $1.9 million, property, plant and equipment of $3.0 million, goodwill of $7.4 million and liabilities assumed of $1.5 million. Purchase accounting liabilities recorded in 2002 consist of $0.2 million for transaction costs and $0.8 million for costs associated with involuntary termination of employees in connection with the integration of the business. Assuming that this acquisition had occurred at the beginning of 2002 and 2001, unaudited pro forma sales of Littelfuse, Inc. would have been $286.0 million in 2001 and $288.1 million in 2002 and pro forma results of operations would not have differed materially from reported results of operations. The pro forma results are not necessarily indicative of what would have occurred if the acquisition had been consummated at the beginning of each year, nor are they necessarily indicative of future consolidated operating results.

3. Inventories

The components of inventories are as follows at December 28, 2002, and December 29, 2001 (in thousands):

	2002	2001
Raw materials	**$10,084**	$ 9,244
Work in process	**11,615**	11,066
Finished goods	**22,834**	25,898
Total net inventory	**$44,533**	$46,208

4. Long-Term Obligations

The carrying amounts of long-term debt, which approximate fair value, are as follows at December 28, 2002, and December 29, 2001 (in thousands):

	2002	2001
6.16% Senior Notes, maturing 2005	**$30,000**	$40,000
Revolving credit facility	**—**	—
Other obligations	**9,096**	10,616
Capital lease obligations	**150**	812
	39,246	51,428
Less: Current maturities	**18,994**	21,026
	$20,252	$30,402

The Company has unsecured domestic financing arrangements consisting of Senior Notes with insurance companies and a credit agreement with banks that provides a $55.0 million revolving credit facility. The Senior Notes require minimum annual principal payments. No principal payments are required for borrowings against the revolving line of credit until the line matures on August 31, 2003.

At December 28, 2002, the Company had available $55.0 million of borrowing capability under the revolving credit facility at an interest rate of LIBOR plus 0.38%. The bank credit agreement allows for letters of credit of up to $8.0 million in addition to the available $55.0 million credit line. At December 28, 2002, the Company had $1.7 million of outstanding letters of credit.

The Company also has unsecured bank lines of credit in the Netherlands, Japan and Korea that provide a Euro 4.0 million revolving credit facility at an interest rate of Euro Libor plus 0.85% in the Netherlands, a Yen 1.1 billion revolving credit facility at an interest rate of TIBOR plus 0.85% (0.88% as of December 28, 2002) and a Won 2.5 billion revolving credit facility at an interest rate of the 3-month Korea Negotiable Certificate of Deposit rate plus 1.0% (5.80% as of December 28, 2002). No principal payments are required for borrowings until the lines mature on December 31, 2002, in the Netherlands and Japan and on August 29, 2003 in Korea. At December 28, 2002, the Company had no borrowings outstanding on the Euro revolving credit line, an equivalent of $7.5 million outstanding on the Yen facility and the equivalent of $1.3 million outstanding on the Won credit line. The Company did not renew the Netherlands credit facility but did renew the Japanese credit facility.

The Senior Notes and bank credit agreement contain covenants that, among other matters, impose limitations on the incurrence of additional indebtedness, future mergers, sales of assets, payment of dividends, and changes in control, as defined. In addition, the Company is required to satisfy certain financial covenants and tests relating to, among other matters, interest coverage, working capital, leverage and net worth. At December 28, 2002 and for the year then ended, the Company was in compliance with these covenants.

Aggregate maturities of long-term obligations at December 28, 2002, are as follows (in thousands):

2003	$18,994
2004	10,072
2005	10,072
2006	72
2007 and thereafter	36
	$39,246

Interest paid on long-term debt approximated $2.5 million in 2002, $3.1 million in 2001 and $4.3 million in 2000.

5. Short-term Investments

Short-term investments consist primarily of liquid debt instruments purchased with remaining maturity dates greater than three months.

The following is a summary of short-term investments classified as "available-for-sale" securities as required by Statement 115 (in thousands):

	December 28, 2002	December 29, 2001
Debt/equity securities:		
Amortized cost	$8,808	—
Gross unrealized gains	2	—
Gross unrealized losses	4	—
Estimated fair value	$8,806	—

Proceeds from the sales of short-term investments in 2002 were $4.9 million. Realized gains and losses on the sales of securities are based on the specific identification method and included in earnings. During 2002, there were no realized gains, and realized losses on sales of securities were not material to the results of operations.

6. Derivatives and Hedging

On June 11, 2002, the Company entered into cross currency rate swaps, with a notional amount of $11.6 million and a maturity date of September 5, 2005. The cross currency rate swaps convert a portion of the Company's U.S. Dollar fixed rate debt to fixed rate Japanese Yen debt and have been designated as a cash flow hedge of the variability of Yen cash flows attributable to the exchange rate risk on forecasted intercompany sales of inventory to a Japanese subsidiary. The notional amount outstanding at December 28, 2002, was $10.0 million and the fair value of the outstanding cross-currency rate swap agreements was recognized as a $0.2 million liability and as a charge to comprehensive loss in the Consolidated Statement of Financial Condition at December 28, 2002. There were no cross-currency rate swaps outstanding as of December 29, 2001.

7. Benefit Plans

The Company has a defined-benefit pension plan covering substantially all of its North American employees. The amount of the retirement benefit is based on years of service and final average pay. The plan also provides post-retirement medical benefits to retirees and their spouses if the retiree has reached age 62 and has provided at least ten years of service prior to retirement. Such benefits generally cease once the retiree attains age 65. The Company also has defined benefit pension plans covering employees in the U.K., Ireland and the Netherlands. The amount of these retirement benefits is based on years of service and final average pay. Liabilities resulting from the plan that covers employees in the Netherlands are settled annually through the purchase of insurance contracts. Separate from the foreign pension data presented below, net periodic expense for the plan covering Netherlands employees was $0.3 million, $0.2 million and $0.1 million in 2002, 2001 and 2000, respectively.

The Company accounts for its defined benefit pension plans in accordance with SFAS No. 87, "Employers' Accounting for Pensions" which requires that amounts recognized in the financial statements be determined on an actuarial basis. The Company's contributions are made in amounts sufficient to satisfy legal requirements.

The most significant element in determining the Company's pension expense in accordance with SFAS No. 87 is the expected return on assets. The Company has assumed that the expected long-term rate of return on domestic plan assets will be 9.0% and foreign plan assets will be 6.8%. Based upon long-term performance and investment allocations, the Company believes that its assumption of future returns is reasonable. Changes in actual return on pension plan assets are deferred and recognized over a period of three years. The deferral of actual gains and losses affects the calculated value of plan assets and therefore future pension expense. The plan assets have earned a rate of return less than the assumed return in the last three years and, should this trend continue, future pension expense would likely increase. Charges to record additional minimum pension liability were reflected in accumulated other comprehensive loss in the Statement of Financial Condition in 2002 in the amount of $3.5 million, net of tax. Differences between total pension expense of $2.2 million, $1.8 million and $1.3 million in 2002, 2001 and 2000, respectively, were not material to the overall financial performance of the Company.

	U.S.		Total Foreign	
	2002	2001	2002	2001
Change in benefit obligation				
Benefit obligation at beginning of year	**$ 47,764**	$45,942	**$15,819**	$16,210
Service cost	**2,198**	2,327	**621**	574
Interest cost	**3,528**	3,264	**992**	959
Plan participants' contributions	**—**	—	**167**	159
Net actuarial loss (gain)	**3,885**	(1,331)	**1,638**	—
Benefits paid	**(2,890)**	(2,438)	**(764)**	(1,140)
Effect of exchange rate movements	**—**	—	**3,043**	(943)
Benefit obligation at end of year	**$ 54,485**	$47,764	**$21,516**	$15,819
Change in plan assets at fair value				
Fair value of plan assets at beginning of year	**$ 43,139**	$46,022	**$16,919**	$18,213
Actual return (loss) on plan assets	**(4,564)**	(445)	**(2,113)**	16
Employer contributions	**—**	—	**431**	720
Plan participant contributions	**—**	—	**167**	159
Benefits paid	**(2,890)**	(2,438)	**(764)**	(1,140)
Effect of exchange rate movements	**—**	—	**2,707**	(1,049)
Fair value of plan assets at end of year	**$ 35,685**	$43,139	**$17,347**	$16,919
Funded (unfunded) status	**$(18,800)**	$(4,625)	**$ (4,169)**	$ 1,100
Unrecognized prior service cost (benefit)	**—**	46	**(138)**	—
Unrecognized transition asset	**—**	—	**(1,401)**	(1,266)
Unrecognized net actuarial loss (gain)	**14,170**	1,609	**6,182**	1,007
Prepaid pension asset (obligation)	**$ (4,630)**	$(2,970)	**$ 474**	$ 841

Amounts recognized in the statement of financial condition consist of:				
Prepaid benefit cost	**$ —**	$ —	**$ 29**	$ —
Accrued benefit asset (obligation)	**(8,154)**	(2,970)	**(856)**	841
Accumulated other comprehensive income	**2,291**	—	**1,171**	—
Net amount recognized	**$ (5,863)**	$(2,970)	**$ 344**	$ 841

	U.S.			Foreign		
	2002	2001	2000	2002	2001	2000
Weighted-average assumptions at end of year						
Discount rate	**6.8%**	7.3%	7.5%	**5.5%**	6.0%	6.0%
Expected return on plan assets	**9.0%**	9.0%	9.0%	**6.8%**	7.0%	7.0%
Compensation increase rate	**4.0%**	4.0%	4.0%	**4.0%**	4.0%	4.0%
Components of net periodic benefit cost						
Service cost	**$ 2,198**	$ 2,327	$ 1,952	**$ 796**	$ 659	$ 618
Interest cost	**3,528**	3,264	3,154	**992**	882	936
Expected return on plan assets	**(4,112)**	(4,182)	(4,002)	**(1,277)**	(1,129)	(1,223)
Amortization of prior service cost	**46**	66	66	**(11)**	—	—
Amortization of transition asset	**—**	—	—	**(85)**	(81)	(96)
Total cost of the plan for the year	**1,660**	1,475	1,170	**415**	331	235
Expected plan participants' contribution	**—**	—	—	**(175)**	(159)	(193)
Net periodic benefit cost	**$ 1,660**	$ 1,475	$ 1,170	**$ 240**	$ 172	$ 42

The Company provides additional retirement benefits for certain key executives through its unfunded defined contribution Supplemental Executive Retirement Plan. The charge to expense for this plan amounted to $0.4 million, $1.9 million and $0.6 million in 2002, 2001 and 2000, respectively.

The Company also maintains a 401(k) savings plan covering substantially all U.S. employees. The Company matches 50% of the employee's annual contributions for the first 4% of the employee's gross wages. Employees vest in the Company contributions after two years of service. Company matching contributions amounted to $0.6 million, $0.6 million and $0.7 million in 2002, 2001 and 2000, respectively.

8. Shareholders' Equity

Stock Options The Company has stock option plans authorizing the granting of both incentive and nonqualified options and other stock rights of up to 3,400,000 shares of common stock to employees and directors. The stock options issued prior to 2002 vest over a five-year period and are exercisable over a ten-year period commencing from the date of vesting. The Company has changed its policy in 2002 where the stock options vest over a five-year period and are exercisable over a ten-year period commencing from the date of the grant. This change was not made to stock options already granted.

A summary of stock option information follows:

	2002		2001		2000	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at beginning of year	**1,902,905**	**$23.63**	1,692,075	$22.53	1,588,840	$18.02
Options granted						
Option price equals market price	**329,250**	**23.18**	391,200	27.18	358,250	35.07
Option price less than market price	**4,000**	**5.00**	1,000	5.00	—	—
Total options granted	**333,250**	**22.96**	392,200	27.12	358,250	35.07
Exercised	**(99,580)**	**15.43**	(116,170)	16.42	(217,465)	10.15
Forfeited	**(159,970)**	**26.02**	(65,200)	29.06	(37,550)	22.25
Outstanding at end of year	**1,976,605**	**$23.73**	1,902,905	$23.63	1,692,075	$22.53
Exercisable at end of year	**1,060,140**		938,623		794,450	
Available for future grant	**1,004,500**		164,400		471,190	
Weighted-average value of options granted during the year		**$12.52**		$18.31		$21.05
Option price equals market price		**12.69**		18.29		21.05
Option price less than market price		**20.97**		20.72		—

As of December 28, 2002, the Company had the following outstanding options:

Exercise Price	Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Life	Options Exercisable
$ 3.69 to $ 5.00	35,400	$ 4.50	2.60	26,600
$ 7.50 to $11.16	98,500	10.61	1.03	98,500
$11.63 to $16.50	150,600	15.34	2.45	144,100
$17.81 to $25.50	996,825	22.09	6.47	543,390
$26.63 to $35.50	695,280	30.73	7.56	247,550

The following table discloses our pro forma net income and diluted net income per share had the valuation methods under SFAS 123 been used for our stock option grants. The table also discloses the weighted average assumptions used in estimating the fair value using the Black-Scholes option pricing model.

(In Thousands, except per share amounts)	2002	2001	2000
Net income as reported	**$ 9,620**	$ 4,070	$37,298
Stock option compensation expense, net of tax	**(1,022)**	(1,436)	(1,506)
Pro forma net income	**$ 8,598**	$ 2,634	$35,792
Basic net income per share			
As reported	**$ 0.44**	$ 0.20	$ 1.88
Pro forma	**$ 0.39**	$ 0.13	$ 1.81
Diluted net income per share			
As reported	**$ 0.44**	$ 0.19	$ 1.69
Pro forma	**$ 0.39**	$ 0.12	$ 1.62
Risk-free interest rate	**3.24%**	5.11%	5.16%
Expected dividend yield	**0%**	0%	0%
Expected stock price volatility	**41.4%**	58.6%	47.6%
Expected life of options	**8 years**	8 years	8 years

These pro forma amounts may not be representative of future disclosures because the estimated fair value of the options is amortized to expense over the vesting period and additional options may be granted in the future.

Notes Receivable – Common Stock In 1995, the Company established the Executive Loan Program under which certain management employees may obtain interest-free loans from the Company to facilitate their exercise of stock options and payment of the related income tax liabilities. Such loans, limited to 90% of the exercise price plus related tax liabilities, have a five-year maturity, subject to acceleration for termination of employment or death of the employee. Such loans are classified as a reduction of shareholders' equity. The Company has changed its policy in 2002 such that management employees may no longer obtain such loans.

Preferred Stock The Board of Directors may authorize the issuance from time to time of preferred stock in one or more series with such designations, preferences, qualifications, limitations, restrictions, and optional or other special rights as the Board may fix by resolution. In connection with the Rights Plan, the Board of Directors has reserved, but not issued, 200,000 shares of preferred stock.

Rights Plan In December 1995, the Company adopted a shareholder rights plan providing for a dividend distribution of one preferred share purchase right for each share of common stock outstanding on and after December 15, 1995. The rights can be exercised only if an individual or group acquires or announces a tender offer for 15% or more of the Company's common stock. If the rights first become exercisable as a result of an announced tender offer, each right would entitle the holder to buy 1/200th of a share of a new series of preferred stock at an exercise price of $67.50. Once an individual or group acquires 15% or more of the Company's common stock, each right held by such individual or group becomes void and the remaining rights will then entitle the holder to purchase a number of common shares having a market value of twice the exercise price of the right. If the attempted takeover succeeds, each right will then entitle the holder to purchase a number of the acquiring Company's common shares having a market value of twice the exercise price of the right. After an individual or group acquires 15% of the Company's common stock and before they acquire 50%, the Company's Board of Directors may exchange the rights in whole or in part, at an exchange ratio of one share of common stock or 1/100th of a share of a new series of preferred stock per right. Before an individual or group acquires 15% of the Company's common stock, or a majority of the Company's Board of Directors are removed by written consent, whichever occurs first, the rights are redeemable for $.01 per right at the option of the Company's Board of Directors. The Company's Board of Directors is authorized to reduce the 15% threshold to no less than 10%. Each right will expire on December 15, 2005, unless earlier redeemed by the Company.

9. Income Taxes

Federal, state, and foreign income tax expense (benefit) consists of the following (in thousands):

	2002	2001	2000
Current:			
Federal	**$ (527)**	$5,187	$13,375
State	**249**	(637)	1,908
Foreign	**5,110**	4,980	8,265
Subtotal	**4,832**	9,530	23,548
Deferred:			
Federal	**2,987**	(7,379)	(1,827)
Foreign	**(2,408)**	140	17
Subtotal	**579**	(7,239)	(1,810)
Provision for income taxes	**$ 5,411**	$2,291	$21,738

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

	2002	2001	2000
Domestic	**$ 6,542**	$(10,030)	$28,906
Foreign	**8,489**	16,391	30,130
Income before income taxes	**$15,031**	$ 6,361	$59,036

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

	2002	2001	2000
Tax expense at statutory rate of 35%	**$5,259**	$2,226	$20,663
State and local taxes (benefit), net of federal tax benefit	**162**	(476)	1,179
Foreign income tax rate differential	**179**	(615)	(1,437)
Foreign losses for which no tax benefit is available	**34**	47	63
Other, net	**(223)**	1,109	1,270
Provision for income taxes	**$5,411**	$2,291	$21,738

Deferred income taxes are provided for the tax effects of temporary differences between the financial reporting bases and the tax bases of the Company's assets and liabilities. Significant components of the Company's deferred tax assets and liabilities at December 28, 2002 and December 29, 2001, are as follows (in thousands):

	2002	2001
Deferred tax liabilities		
Tax depreciation and amortization in excess of book	**$ 5,397**	$ 2,238
Prepaid expenses	**—**	231
Other	**89**	1,390
Total deferred tax liabilities	**5,486**	3,859
Deferred tax assets		
Accrued expenses	**13,229**	10,907
Foreign tax credit carryforwards	**2,995**	2,987
Foreign net operating loss carryforwards	**428**	392
Gross deferred tax assets	**16,652**	14,286
Less: Valuation allowance	**(428)**	(392)
Total deferred tax assets	**16,224**	13,894
Net deferred tax assets	**$10,738**	$10,035

The deferred tax asset valuation allowance is related to deferred tax assets from foreign net operating losses. The net operating loss carryforwards have no expiration date. The Company paid income taxes of $5.8 million, $8.4 million and $25.4 million in 2002, 2001 and 2000, respectively. U.S. income taxes were not provided for on a cumulative total of approximately $68.9 million of undistributed earnings for certain non-U.S. subsidiaries as of December 28, 2002, and accordingly, no deferred tax liability has been established relative to these earnings. The determination of the deferred tax liability associated with the distribution of these earnings is not practicable.

10. Business Segment Information

The Company designs, manufactures, and sells circuit protection devices throughout the world. The Company has three reportable geographic segments: The Americas, Europe, and Asia-Pacific. The circuit protection market in these geographical segments is categorized into three major product areas: electronic, automotive and electrical. The Company evaluates the performance of each geographic segment based on its net income or loss. The Company also accounts for intersegment sales as if the sales were to third parties.

The Company's reportable segments are the business units where the revenue is earned and expenses are incurred. The Company has subsidiaries in The Americas, Europe, and Asia-Pacific where each region is measured based on its sales and operating income or loss.

Information concerning the operations in these geographic segments for the year ended December 28, 2002, is as follows (in thousands):

		The Americas	Europe	Asia-Pacific	Combined Total	Corporate	Reconciliation	Consolidated Total
Revenues	**2002**	**$148,047**	**$51,233**	**$83,987**	**$283,267**	**$ —**	**$ —**	**$283,267**
	2001	$ 144,899	$ 51,430	$ 75,820	$ 272,149	$ —	$ —	$ 272,149
	2000	$ 214,907	$ 61,634	$ 95,379	$ 371,920	$ —	$ —	$ 371,920
Intersegment revenues	**2002**	**62,022**	**47,213**	**17,696**	**126,931**	**—**	**(126,931)**	**—**
	2001	54,440	46,660	9,926	111,026	—	(111,026)	—
	2000	44,599	38,185	6,523	89,307	—	(89,307)	—
Interest expense	**2002**	**2,450**	**19**	**184**	**2,653**	**—**	**—**	**2,653**
	2001	3,075	23	193	3,291	—	—	3,291
	2000	4,337	69	246	4,652	—	—	4,652
Depreciation and amortization	**2002**	**13,256**	**2,853**	**2,028**	**18,137**	**767**	**—**	**18,904**
	2001	12,176	4,035	1,723	17,934	7,748	—	25,682
	2000	11,563	2,810	4,213	18,586	8,153	—	26,739
Other income (loss)	**2002**	**1,385**	**888**	**(520)**	**1,753**	**—**	**—**	**1,753**
	2001	635	688	(211)	1,112	—	—	1,112
	2000	2,754	(893)	79	1,940	—	—	1,940
Income tax expense (benefit)	**2002**	**3,583**	**1,764**	**64**	**5,411**	**—**	**—**	**5,411**
	2001	(2,831)	2,871	2,251	2,291	—	—	2,291
	2000	12,290	4,546	4,902	21,738	—	—	21,738
Net income (loss)	**2002**	**2,626**	**3,235**	**8,270**	**14,131**	**(4,511)**	**—**	**9,620**
	2001	5,426	7,363	5,347	18,136	(14,066)	—	4,070
	2000	24,493	9,124	11,856	45,473	(8,175)	—	37,298
Identifiable assets	**2002**	**202,642**	**32,908**	**45,079**	**280,629**	**83,706**	**(86,857)**	**277,478**
	2001	191,626	35,568	41,643	268,837	83,048	(79,613)	272,272
	2000	181,727	39,559	48,096	269,382	60,404	(55,408)	274,378
Capital expenditures, net	**2002**	**9,256**	**(2,516)**	**1,620**	**8,360**	**—**	**—**	**8,360**
	2001	5,126	5,318	3,677	14,121	—	—	14,121
	2000	13,929	1,875	6,154	21,958	—	—	21,958

Intersegment revenues and receivables are eliminated to reconcile to consolidated totals. Restructuring charges are reflected in the corporate column for the net income segmentation. Corporate identifiable assets consist primarily of cash and intangible assets.

The Company's revenues by product areas for the years ended December 28, 2002, December 29, 2001 and December 30, 2000, are as follows (in thousands):

Revenues	2002	2001	2000
Electronic	**$150,838**	$146,342	$232,677
Automotive	**98,235**	91,061	100,036
Electrical	**34,194**	34,746	39,207
Consolidated total	**$283,267**	$272,149	$371,920

Revenue from no single customer of the Company amounts to 10% or more.

11. Lease Commitments

The Company leases certain office and warehouse space under noncancelable operating leases, as well as certain machinery and equipment. Rental expense under these leases was approximately $2.6 million in 2002, $1.8 million in 2001, and $1.5 million in 2000. Future minimum payments for all noncancelable operating leases with initial terms of one year or more at December 28, 2002, are as follows (in thousands):

2003	**2,817**
2004	**2,160**
2005	**1,425**
2006	**1,035**
2007 and thereafter	**914**
Total lease commitments	**8,351**

12. Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share:

(In Thousands, except per share amounts)	2002	2001	2000
Numerator:			
Net income	**$ 9,620**	$ 4,070	$37,298
Denominator:			
Denominator for basic earnings per share – Weighted-average shares	**21,858**	19,951	19,834
Effect of dilutive securities:			
Warrants	**—**	1,565	1,871
Employee stock options	**113**	215	413
Denominator for diluted earnings per share – Adjusted weighted-average shares and assumed conversions	**21,971**	21,731	22,118
Basic earnings per share	**$ 0.44**	$ 0.20	$ 1.88
Diluted earnings per share	**$ 0.44**	$ 0.19	$ 1.69

Options to purchase 1,434,718, 814,735 and 354,550 shares of common stock were outstanding at December 28, 2002, December 29, 2001 and December 30, 2000, respectively, but were not included in the computation of diluted earnings per share because the effect of including such options would have been anti-dilutive.

SELECTED FINANCIAL DATA

(in thousands, except per share data)

Five Year Summary†

	2002	2001	2000	1999	1998
Net sales	**$283,267**	$272,149	$371,920	$296,367	$269,540
Gross profit	**90,397**	91,907	150,648	117,255	100,199
Operating income	**15,931**	8,540	61,748	44,624	34,096
Net income	**9,620**	4,070	37,298	25,220	19,885
Net income per share – Diluted	**0.44**	0.19	1.69	1.16	0.86
Net working capital	**59,181**	62,486	74,503	60,008	46,685
Total assets	**277,478**	272,272	274,378	275,698	250,544
Long-term debt	**20,252**	30,402	41,397	55,460	70,061

Quarterly Results of Operations (unaudited)†

	2002				2001			
	4Q	3Q	2Q	1Q*	4Q*	3Q	2Q	1Q
Net sales	**$69,274**	**$74,964**	**$73,900**	**$65,129**	$60,851	$66,711	$68,996	$75,590
Gross profit	**22,705**	**23,390**	**24,277**	**20,025**	18,265	21,509	25,199	26,935
Operating income (loss)	**4,071**	**5,835**	**6,867**	**(842)**	(4,102)	1,491	5,456	5,695
Net income (loss)	**2,540**	**3,667**	**4,025**	**(612)**	(2,804)	474	3,284	3,116
Net income (loss) per share:								
Basic	**0.12**	**0.17**	**0.18**	**(0.03)**	(0.14)	0.02	0.17	0.16
Diluted	**0.12**	**0.17**	**0.18**	**(0.03)**	(0.14)	0.02	0.15	0.14

*Net losses in the fourth quarter of 2001 and the first quarter of 2002 were due to restructuring charges related primarily to reductions in force. Refer to the Notes to Consolidated Financial Statements for additional information about these restructuring costs.

†As of December 30, 2001, the Company adopted Statement of Financial Accounting Standards No. 142 which prohibits the authorization of goodwill and intangible assets with indefinite useful lives. Refer to the Notes to Consolidated Financial Statements for more information.

Quarterly Stock Prices

	2002				2001			
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
High	**19.70**	**24.60**	**28.25**	**28.47**	27.81	29.67	31.58	30.56
Low	**13.84**	**17.35**	**22.16**	**22.85**	19.78	19.37	19.81	22.50
Close	**17.23**	**17.36**	**23.13**	**24.77**	26.17	22.13	26.79	25.13

BOARD OF DIRECTORS (PICTURED LEFT TO RIGHT)

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North America, Inc.
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President
Technology Solutions Group
(2) (3)

Gordon Hunter
Vice President
Intel Corporation
(1) (3)*

Anthony Grillo
Senior Managing Director
Evercore Partners, Inc.
(2)*

Howard B. Witt
Chairman, President and
Chief Executive Officer

Bruce A. Karsh
President and Co-Founder
Oaktree Capital
Management, LLC
(1)

Ronald L. Schubel
Corporate Executive Vice
President and President
Americas Region
Molex Incorporated
(2) (3)

(1) Audit Committee Member (2) Compensation Committee Member (3) Technology Committee Member *Committee Chairman

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Chairman, President
and Chief Executive Officer

Philip G. Franklin
Vice President, Treasurer
and Chief Financial Officer

Dal Ferbert
General Manager,
Electrical Business Unit

Michael P. Sammons
General Manager,
Automotive Business Unit

David Samyn
General Manager,
Electronics Business Unit

Kenneth R. Audino
Vice President, Organizational Development
and Total Quality Management

Mary S. Muchoney
Corporate Secretary

CORPORATE INFORMATION

Annual Meeting
The annual meeting of Littelfuse, Inc. will be held at 9:00 a.m. on May 2, 2003, at the Littelfuse corporate headquarters in Des Plaines, IL. Proxy material and a copy of this report will be mailed in advance of the meeting to all shareholders of record on March 14, 2003.

Shareholder Information
In addition to annual reports to shareholders, copies of the company's 10-K and 10-Q filed with the Securities and Exchange Commission are available on request from the company. Address your request to Mary S. Muchoney, Corporate Secretary.

Visit our web site, www.littelfuse.com for news releases and other information.

Common Stock
Littelfuse, Inc. common stock is traded on the Nasdaq National Market System under the symbol LFUS. There are approximately 6,000 shareholders of record of Littelfuse common stock.

Independent Auditors
Ernst & Young, LLP
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Legal Counsel
Chapman and Cutler
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