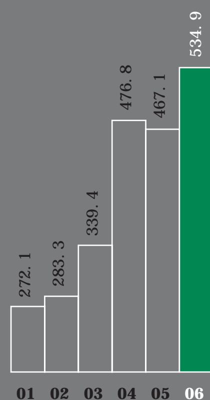
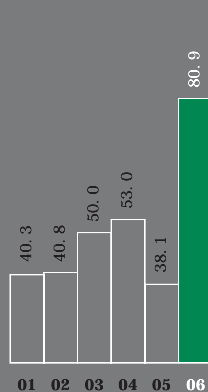
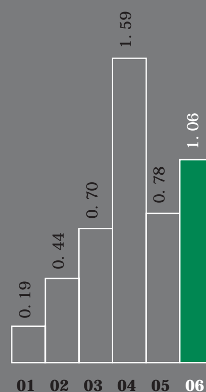
LITTELFUSE 2006 ANNUAL REPORT > STRATEGIC GROWTH



SALES
($ IN MILLIONS)



OPERATING CASH FLOW
($ IN MILLIONS)



EARNINGS PER SHARE-DILUTED

(Dollars in thousands, except per share data)	2006	2005	% Change
Net sales	$534,859	$467,089	15%
Operating income	28,858	26,966	7%
Net income	23,824	17,710	35%
Earnings per share - diluted	1.06	0.78	36%
Operating cash flow	80,915	38,142	112%

2006 was all about growth.

From consumer electronics and telecom circuits to automobiles and industrial equipment, our expanding portfolio of technologies, our global footprint, and our reputation as the world's preeminent circuit protection solutions provider continue to make us the partner of choice in our growing and evolving markets.

partnering >

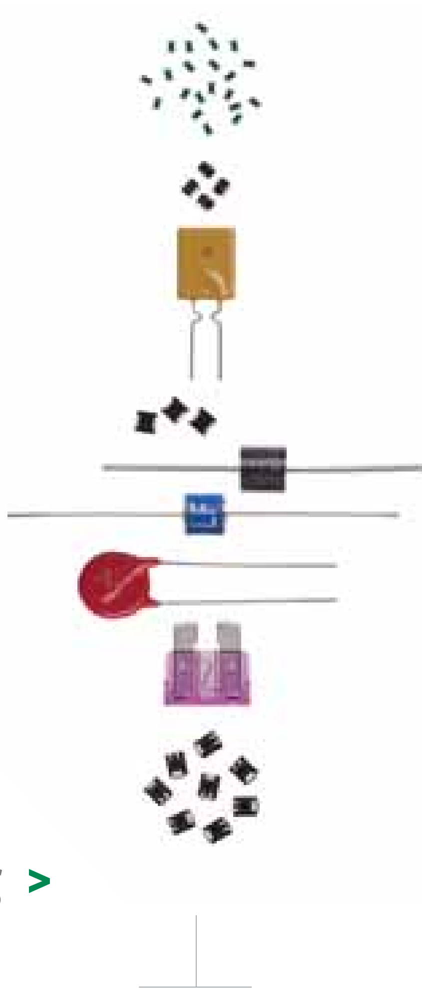
We partner with customers around the world during early stages of their next-generation product development, applying our expertise in circuit protection to ensure that safety and reliability are designed in. All of our product innovations start with a solution for a real-world need and frequently become the standard in circuit protection.

leveraging >

Our increasing presence in Asia provides us with capabilities that we leverage to deepen relationships with leading companies in this region, expand our low-cost manufacturing platform and capitalize on the significant growth opportunities in Asian markets. This is our fastest growing region and a key to our future growth.

extending >

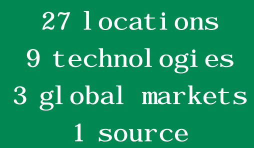
We are vigorously extending into new markets to further our leadership position. For example, our strength in passenger automobiles transfers easily into the off-road, truck and bus segment and additionally into construction and agricultural equipment. We are now developing new products for bulldozers, fire trucks, forklifts, snowmobiles – and even more unconventional vehicles such as motorized wheelchairs.

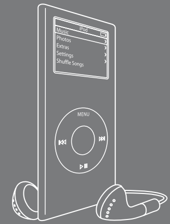


leading >

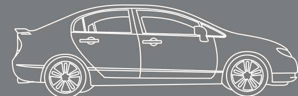
We have transformed ourselves from a fuse manufacturing company to the global leader in circuit protection. We alone can offer unbiased expertise across nine different circuit protection technologies. When customers are designing a new device they turn to us with confidence that we will provide the best available solution for their specific need.

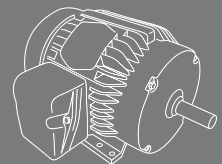
Littelfuse >





We are the first choice of design engineers and purchasing managers worldwide for circuit protection in electronics, automotive and industrial applications. Our family of brands – Teccor®, Wickmann and Pudenz – is backed by decades of design and manufacturing expertise, plus the industry's most experienced technical support.





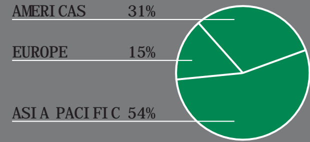
ELECTRONICS

We provide products & expertise to protect against short circuits, power and transient voltage surges in consumer electronics devices such as LCD TVs, MP3 players, mobile phones, computers and computer peripherals, digital cameras, digital game consoles, DVD players, satellite radios and set-top boxes – and for telecom equipment suppliers, appliance manufacturers, medical equipment suppliers and makers of other electronics-based products.

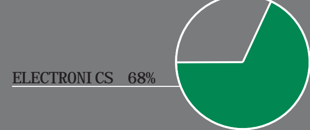
KEY PRODUCTS

Thyristors, Protection Arrays, Fuses, PTCs, Varistors, TVS Diodes, Gas Discharge Tubes, ESD Supressors, Sidactors

SALES BY GEOGRAPHY



PERCENTAGE OF TOTAL COMPANY SALES



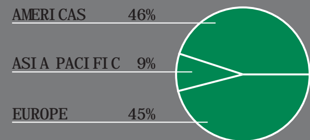
AUTOMOTIVE

For almost 70 years, our core business was protection of wiring circuits in automobiles. Over the past 10 years we have built our capabilities to protect automotive electronics in the key areas of safety systems, performance and emissions, and control and infotainment. We are also expanding in automotive aftermarket solutions and developing a new presence in the off-road, truck and bus segments. We work with major automakers in North America, Europe and Asia, and we are a leading supplier to aftermarket outlets.

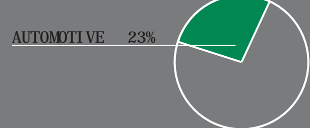
KEY PRODUCTS

Blade fuses, TVS Diodes, Varistors, Hybrid Electric Vehicle fuses, Cable protectors

SALES BY GEOGRAPHY



PERCENTAGE OF TOTAL COMPANY SALES



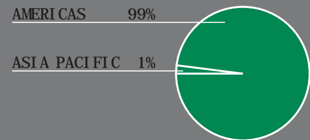
ELECTRICAL

We provide circuit protection solutions, hazard assessments and safety training services for industrial and commercial customers. Our products include fuses for short circuit or overload conditions and transient voltage protection from lightning, electrically fast transients and inductive load switching. We protect the safety, reliability and performance of heating and cooling systems, lighting circuits and electrical distribution networks.

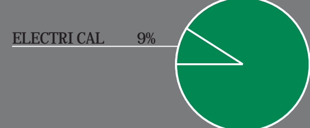
KEY PRODUCTS

Power fuses, Fuseholders, Varistors

SALES BY GEOGRAPHY



PERCENTAGE OF TOTAL COMPANY SALES



14.5% sales growth for 2006

In 2006 we increased our expertise and capabilities across the spectrum of circuit protection, expanded our low-cost manufacturing platform, deepened our customer relationships, extended our presence in Asia and delivered one of the strongest fiscal years in the history of Littelfuse with record sales results, record cash flow and significantly improved earnings.

Our sales were a major highlight as they exceeded the half-billion-dollar milestone for the first time, with a year-end total of $534.9 million, up 14.5 percent over 2005 sales. A key growth engine was our electronics business with a 19.5 percent increase. Our automotive business was up 4.2 percent and our POWR-GARD electrical business contributed a 7.5 percent increase. Recent acquisitions contributed $11.8 million of our total sales.

Gordon Hunter
Chairman, President and Chief Executive Officer

Diluted earnings per share totaled $1.06, up from $0.78 in 2005, on the strength of increased sales, cost reductions and a lower effective tax rate significantly offset by higher restructuring charges.

Cash from operating activities set a historic mark of $80.9 million, up from $38.1 in 2005, due to stronger profitability and improved working capital performance. We put this cash to good use – funding $19.6 million of capital expenditures, $37.8 million in acquisitions and $10.3 million worth of stock repurchases while still increasing our cash balance and enabling us to remain net debt-free.

Acquisition and Restructuring

A major focus area of 2006 was acquisition and restructuring. We announced five acquisitions, which brought us new capabilities, a greater presence in Asian markets, and a lower-cost manufacturing platform.

- Our acquisition of Concord Semiconductor, which designs and manufactures TVS diodes and other overvoltage circuit protection products for the automotive, consumer electronics, computer, industrial and telecom markets, brought us silicon manufacturing capabilities in Taiwan and China.

  This acquisition enabled us to begin moving production from our silicon wafer manufacturing facility in Irving, Texas, to a new facility that is being constructed adjacent to an existing Concord wafer factory in Wuxi, China.

- We added new polymer technology with the acquisition of SurgX Corporation of San Jose, California. This acquisition solidified our leadership in electrostatic discharge protection devices for high-definition TV and other applications for moving large amounts of data at high speeds.

- We are the only company in the world producing OEM quality products which feature an indicating LED that glows when the fuse has blown.

- By acquiring the assets of our long-term manufacturing partner Song Long Electronics Co., Ltd.'s metal oxide varistor business – announced in 2006 and expected to close in the second quarter of 2007 – we will add lower-cost varistor production capacity in Dongguan, China. We also announced plans to move our existing varistor production from Ireland to Dongguan to increase the profitability of this product line.
- We acquired the gas discharge tube (GDT) assets of SRC Devices of La Jolla, California. This acquisition enhanced our already solid position in the telecom market. Production will be moved from SRC's facility in Mexico to our existing operation in Suzhou, China, where it will be paired with the GDT operations that we also moved to Suzhou in 2006 from Swindon, England.
- In addition, we moved our back-end assembly of thin-film production from Des Plaines to the Philippines to reduce costs and shorten the distance between our production line and our customers in Asia. And we completed the move of our Heinrich electronics production from Germany to China.

These acquisitions and restructurings added sales, profitable operations and lower-cost production to our 2006 financials. But their real impact will be felt through the added expertise, capabilities, leadership, customer relationships, lower cost positions and greater presence in Asia that will deliver compounding benefits in the years ahead.

Leadership in Circuit Protection

Our mission is to be the undisputed global leader in circuit protection solutions, a position we hold by virtue of our customer relationships around the globe and our expertise across nine core circuit protection technologies. The opportunity to build on and profit from this position is vast. Toward that end, we are guided by four strategic objectives – in which we made significant progress in 2006.

Our first strategic objective is to build stronger relationships with our customers. One indication of success in this area is design-in wins. Our electronics business has worked with customers in the design phases of new products ranging from Apple iPods®, portable flash drives and the newly announced iPhone to the blockbuster Nintendo Wii™ game console, numerous LCD TVs, an array of telecom applications and many other electronics devices and applications. In our automotive business unit, we had a number of wins in China and Japan for our Masterfuse and Cable Pro products that provide high-current circuit protection for improved safety and performance in today's vehicles. And our POWR-GARD business launched a new services offering and made inroads into developing products to meet the specific needs of OEM customers.

Our second strategic objective is leveraging and improving our Asia position. We made great strides during 2006 in building our infrastructure in Asia by expanding our organization, facilities and staff levels in this high-growth region, which advanced our ability to fully participate in strategic collaborations with key customers. Our Board of Directors is closely involved in our Asian expansion, and in 2006 they traveled to China and Taiwan for a series of meetings with our Asian management team.

Our third strategic objective is to redefine and establish the Littelfuse brand. In 2007 we will celebrate the 80th anniversary of Littelfuse as a company. Over those 80 years, we developed a reputation for being a worldwide leader, an ethical company with strong values, making billions of parts one-at-a-time and delivering them with reliable quality, constantly getting smarter and reducing costs. And over the past decade, we have transformed ourselves from leading fuse manufacturer to global leader in circuit protection solutions. Our branding opportunity is to retain the equity of our 80 years of leadership and to strengthen awareness of our leadership across a broad range of circuit protection technologies and our ability to partner with OEMs in the design of their next-generation products. In 2006 we developed a more expansive brand position that better reflects our full array of circuit protection products and capabilities.

Our fourth strategic objective is to make strategic acquisitions. The intent is to solidify our position as the undisputed global leader in circuit protection solutions. The five acquisitions we announced in 2006 strengthened our positions in six of the nine technologies that we define as the circuit protection industry. They added leadership and management talent to our Asian team. They brought us new options in low-cost manufacturing. They enhanced our ability to build customer relationships in our fastest-growing business unit (electronics) and in the most growth-intensive region of the world (Asia-Pacific).

A Commitment to Growth

We increased our R&D investment in every business unit – a total increase of 12 percent over 2005 levels – with the goal of advancing our leadership positions. Key development projects included circuit protection for high-definition multimedia interfaces and broadband and telecom applications.

We continued to leverage the full portfolio. With the potential for six different circuit protection technologies in laptops and automotive applications, five in mobile phones and digital cameras, and four in MP3 players, we focused on solutions that optimize the use of our full portfolio and circuit protection expertise.

We continued to extend into new markets. In automotive, for example, with a few product modifications, we branched out from our historic focus on passenger vehicles to create profitable solutions in the off-road, truck and bus segment. We also obtained automotive certification for our Taiwan silicon facility, which will enable the launch of TVS diodes for automotive applications.

We continued to partner with our customers in the development of their next-generation products. Design-in projects in 2006 enabled us to work with more customers at earlier stages of their development process and employ deeper measures of our circuit protection expertise while leveraging our full portfolio of technologies and product lines. These projects will pay dividends over the remainder of this decade.

We continued to invest in people. With the Concord and Song Long acquisitions, we added key members of our Asian leadership team. We welcomed Ryan Stafford as our new vice president of human resources and our first in-house chief legal officer. As we continue to grow, Ryan's leadership in human resources will be increasingly important in the execution of our long-term strategies.

Governance

In February, 2007, Bill Noglows, Chairman, President and Chief Executive Officer of Cabot Microelectronics Corporation, was elected to our board. We look forward to calling on his deep knowledge of R&D, new product development, manufacturing and marketing on a global scale.

When Littelfuse became a publicly traded company in 1991, Bruce Karsh was elected to our initial Board of Directors. There he stayed to help guide and direct our evolution from a $100 million fuse company to a half-billion-dollar global leader in circuit protection solutions – until he chose to retire at the expiration of his term in 2007. On behalf of the Board of Directors and the entire Littelfuse community, we want to thank Bruce for his valuable contributions. His knowledge, experience and leadership over the past two decades were instrumental in creating our current growth trajectory.

With our market leadership position, our clear growth agenda and our low-cost manufacturing platform, we are confident we will be able to deliver above average returns for the foreseeable future.

Sincerely,

Gordon Hunter
Chairman, President and Chief Executive Officer

We are known not only for the breadth and depth of our circuit protection technologies, but also for our wealth of expertise in helping our customers ensure the safety, reliability and performance of their products. Customers seek this expertise from us and value our deep collaboration as an integral part of their development process.

< collaborator

Juergen Scheele
Director of Product & Technology Development

In the automotive market, Littelfuse is extending its circuit protection solutions from passenger cars into off-road, truck and bus applications. Juergen participates on design teams at the forklift manufacturer Jungheinrich AG to develop solutions such as the populated distribution box.

Albert Chen
Greater China
Sales Director

In the electronics industry, Asia is a center for product development as well as manufacturing. Albert collaborates with the Taiwan-based original design manufacturer Foxconn Technology Group to help provide circuit protection solutions for the design team for Motorola's modem and VoIP applications.

enabler >

Nate Maercklein
Product Development Manager

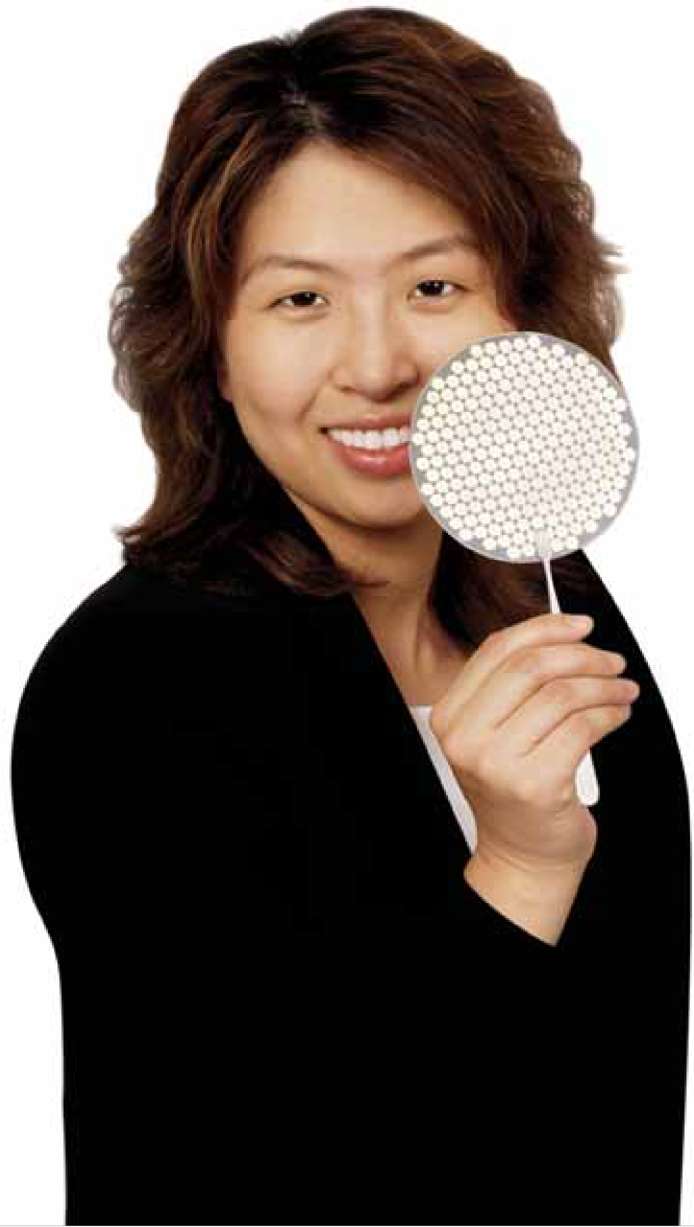
In today's interconnected world, each new application drives the advancement of fast, efficient data transfer. In the Littelfuse PulseGuard™ Group, Nate works to balance the ever-increasing need for electrostatic discharge protection against the industry's desire for ever-smaller component sizes.

< innovator

marketer >

Sophie Lee
Product Manager

In all markets, there is a critical touchpoint at which Littelfuse people interact directly with customers to understand their needs and how to fulfill them. As a Product Manager for TVS Diodes, Sophie teams with developers of 3G mobile base stations to help protect their power supply lines.



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The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide the reader with information that will assist in understanding our consolidated financial statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our consolidated financial statements. The discussion also provides information about the financial results of the various segments of our business to provide a better understanding of how those segments and their results affect the financial condition and results of operations of Littelfuse as a whole.

FORWARD LOOKING INFORMATION

This MD&A should be read in conjunction with our accompanying consolidated financial statements and related notes. See "Cautionary Statement Regarding Forward-Looking Statements Under the Private Securities Litigation Reform Act of 1995 ("PSLRA")" on page 32 of this report for a description of important factors that could cause actual results to differ from expected results. See also Item 1, Business, "Risk Factors," in our Annual Report on Form 10-K for the fiscal year ended December 30, 2006.

The following is a summary of sales by geography and market:

	Fiscal Year*		
	2006	2005	2004
Geography**			
Americas	$ 216.0	$ 199.9	$ 216.5
Europe	111.6	98.3	98.3
Asia Pacific	207.3	168.9	162.0
Total	$ 534.9	$ 467.1	$ 476.8

	2006	2005	2004
Market			
Electronics	$ 365.5	$ 305.9	$ 325.6
Automotive	123.6	118.6	113.7
Electrical	45.8	42.6	37.5
Total	$ 534.9	$ 467.1	$ 476.8

* Amounts exclude Efen Gmbh ('Efen') since the date of the Heinrich acquisition.
** Sales are defined based upon shipped to destination. Segment reporting reflects sales based upon origination.

The following discussion provides an analysis of the information contained in the consolidated financial statements and accompanying notes beginning on page 40 for the three fiscal years ended December 30, 2006, December 31, 2005, and January 1, 2005.

RESULTS OF OPERATIONS - 2006 COMPARED WITH 2005

Sales increased 15% to $534.9 million in 2006 from $467.1 million in 2005. The increase in sales was led by the Asia-Pacific segment with an increase in sales of 23% to $207.3 million due to increased demand for electronics products. Europe sales increased 14% to $111.6 million and Americas sales increased 8% to $216.0 million as both segments experienced increased demand for electronics products. The increase in sales was due to growth in all geographical regions driven primarily by strength in the electronics markets. Current year acquisitions contributed $11.8 million to 2006 sales. Automotive growth outside of North America and continued steady growth in the electrical business also contributed to the 2006 sales increase. Electronic sales increased $59.6 million or 19% to $365.5 million in 2006 compared to $305.9 million in 2005 primarily due to increased demand in all regions. The electronics sales increase was driven by increased demand for telecom and consumer electronics products in Asia. Automotive sales increased $5.0 million or 4% to $123.6 million in 2006 compared to $118.6 million in 2005 primarily due to strong growth in Asia and increased European sales in the off road, truck and bus market, partially offset by lower North America sales. Electrical sales increased $3.2 million or 8% to $45.8 million in 2006 compared to $42.6 million in 2005 due to price increases and improvements in non-residential construction market. International sales were $326.8 million or 61.1% of net sales in 2006 compared to $279.3 million or 59.8% of net sales in 2005, with favorable currency effects contributing $1.1 million to sales in 2006.

Gross profit was $161.3 million or 30.2% of sales in 2006 compared to $144.6 million or 30.9% of sales in 2005. The gross profit margin percentage decline resulted from $21.3 million of current year net restructuring charges related to the closure of facilities in Ireland ($17.1 million after a $2.9 million statutory rebate), Germany ($2.3 million) and Irving, Texas ($1.9 million), an asset write-down in Germany of $0.8 million and higher commodity prices partially offset by the progression of cost reduction programs and improved operating leverage. The Company expects to incur additional restructuring charges in the future as it further rationalizes its North American operations. Excluding the 2006 net restructuring charges, gross profit was up from the prior year primarily due to reduced costs as a result of the progression of cost reduction programs and improved operating leverage due to higher plant volumes partially offset by higher commodity prices.

Selling, general and administrative expenses increased $12.0 million to $110.6 million in 2006 from $98.5 million in 2005, primarily due to the recognition of $5.2 million stock-based compensation expense in 2006, increased bonus expense, $2.7 million of restructuring expense related to German operations and a $3.6 million charge for the write-down of Heinrich real estate and fixed assets. As a percentage of sales, selling, general and administrative expenses decreased to 20.7% in 2006 from 21.1% in 2005. Research and development costs increased $2.0 million to $18.7 million due to increased spending on new product development for the electronics and automotive markets. Total operating expenses, including intangible amortization, were 24.8% of sales in 2006, compared to 25.2% of sales in 2005.

Operating income in 2006 increased 7.0% to $28.9 million or 5.4% of sales compared to $27.0 million or 5.8% of sales in the prior year. The changes in operating income and operating margin were due to the factors affecting gross profit margin and operating expenses described above.

Interest expense was $1.6 million in 2006 compared to $2.1 million in 2005 due to a lower average outstanding debt balance during 2006. Other expense (income), net, consisting of interest income, royalties, non-operating income and foreign currency items was income, net, of $2.2 million compared to income, net, of $3.1 million in the prior year. The decrease was primarily due to the recognition of a $1.4 million gain on the sale of the Company's interest in a wafer fabrication facility in the U.K. in 2005 partially offset by higher interest income in 2006.

Earnings from continuing operations before minority interest and income taxes were $29.4 million in 2006 compared to $27.9 million in 2005. Minority interest income was zero in 2006 and $0.1 million in 2005, as 2005 reflects the minority share ownership in Heinrich prior to the 2005 acquisition of the remaining Heinrich shares. Income tax expense was $6.2 million in 2006 compared to $11.4 million in the prior year. The 2006 effective income tax rate was 21.0% in 2006 compared to 41.1% in 2005. The 2006 effective tax rate was favorably affected by certain adjustments including a $1.4 million benefit resulting from a German tax law change and recognizing a $1.8 million benefit relating to net operating losses from an acquired group of companies. The 2005 effective tax rate was unfavorably affected by the limited tax shield on restructuring charges and repatriation of earnings from lower tax jurisdictions. Earnings from continuing operations were $23.2 million in 2006 compared to $16.6 million in 2005.

In the fourth quarter of 2005, the Company entered into a contract to sell the Efen business acquired as part of the Heinrich acquisition in May 2004. Therefore, the Efen business is accounted for as a discontinued operation that reported income, net of taxes, of $0.6 million in 2006 compared to $1.1 million in 2005. Net income in the current year was $23.8 million, compared to $17.7 million in the prior year.

RESULTS OF OPERATIONS - 2005 COMPARED WITH 2004

Sales decreased 2.0% to $467.1 million in 2005 from $476.8 million in 2004. The decrease in sales was primarily in the Americas and Europe, with the decrease in European sales being largely offset by a full year of sales from the Heinrich Industrie AG ("Heinrich") acquisition included in 2005 sales. Stronger sales in Asia partially offset lower sales in the Americas and Europe. Within the Americas, lower electronic sales, mainly due to lower telecom demand, were partially offset by increased sales of electrical products. European sales were also lower than the prior year primarily due to lower demand for electronics products. Sales in Asia were up from the prior year mainly due to increased demand for electronics products. Electronic sales decreased $19.7 million or 6% to $305.9 million in 2005 compared to $325.6 million in 2004 primarily due to decreased demand in the Americas and Europe for telecom product that was partially offset by increased demand in Asia. Automotive sales increased $4.9 million or 4% to $118.6 million in 2005 compared to $113.7 million in 2004 primarily due to a full year of sales from the Heinrich acquisition. Electrical sales increased $5.1 million or 14% to $42.6 million in 2005 compared to $37.5 million in 2004 due to improvements in industrial activity and the commercial construction market. International sales were $279.3 million or 59.8% of net sales in 2005 compared to $278.7 million or 58.5% of net sales in 2004, with sales being increased by $2.9 million of favorable currency effects in 2005.

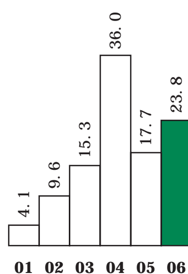
Gross profit was $144.6 million or 30.9% of sales in 2005 compared to $173.8 million or 36.4% of sales in 2004. The gross profit margin percentage decline resulted from unfavorable leveraging of plant overhead due to lower production volumes, higher commodity prices and the recognition of $4.9 million of Ireland restructuring charges in 2005.

Selling, general and administrative expenses increased $2.4 million to $98.5 million in 2005 from $96.1 million in 2004, primarily due to a full year of Heinrich expenses that were partially offset by lower administrative costs due to staff reductions of 83 associates during 2005. As a percentage of sales, selling, general and administrative expenses increased to 21.1% in 2005 from 20.2% in 2004, primarily due to lower sales. Research and development costs increased $0.6 million to $16.7 million, representing 3.6% of sales in 2005 as compared to 3.4% of sales in 2004, reflecting increased investment in new product development. Total operating expenses, including intangible amortization and impairments of long-term investments, were 25.2% of sales in 2005, compared to 24.5% of sales in 2004.

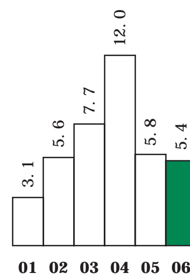
Operating income in 2005 decreased 52.7% to $27.0 million or 5.8% of sales compared to $57.0 million or 12.0% of sales in the prior year. The decreases in operating income and operating margin were due to the factors affecting gross profit margin and operating expenses described above.

Interest expense was $2.1 million in 2005 compared to $1.5 million in 2004 due to a higher weighted average interest rate in 2005. Other expense (income), net, consisting of interest income, royalties, gains and losses on investments, non-operating income and foreign currency items was income, net, of $3.1 million compared to expense, net, of $0.1 million in the prior year, primarily due to the recognition of a $1.4 million gain on the sale of the Company's interest in a wafer fabrication facility in the U.K. in 2005 and Heinrich rental income.

Earnings from continuing operations before minority interest and income taxes were $27.9 million in 2005 compared to $55.5 million in 2004. Minority interest income was $0.1 million in 2005, reflecting the minority share ownership in Heinrich. Income tax expense was $11.4 million in 2005 compared to $19.0 million in the prior year. Earnings from continuing operations were $16.6 million in 2005 compared to $36.4 million in 2004.



NET INCOME
($ IN MILLIONS)



OPERATING MARGIN
(% OF TOTAL SALES)

In the fourth quarter of 2005, the Company entered into a contract to sell the Efen business acquired as part of the Heinrich acquisition in May 2004. Therefore, the Efen business is accounted for as a discontinued operation that reported income, net of taxes, of $1.1 million in 2005 compared to a loss, net of taxes, of $0.3 million in 2004. Net income in the current year was $17.7 million, compared to $36.0 million in the prior year.

The Company's effective tax rate increased to 41.1% in 2005 from 34.1% in 2004, reflecting the limited tax shield on restructuring charges and repatriation of earnings from lower tax jurisdictions. Diluted earnings per share were $0.78 in 2005 compared to $1.59 in 2004. The decreases in net income and earnings per share reflect the lower margins and a higher effective tax rate.

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.

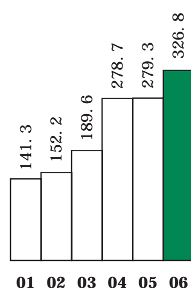
The Company has an unsecured domestic financing arrangement consisting of a credit agreement with banks that provides a $75.0 million revolving credit facility, with a potential increase of up to $125.0 million upon request of the Company and agreement with the lenders, that expires on July 21, 2011. At December 30, 2006, the Company had available $52.5 million of borrowing capability under the revolving credit facility at an interest rate of LIBOR plus 0.50% (5.95% as of December 30, 2006). The Company also had $6.1 million and $5.8 million in letters of credit outstanding at December 30, 2006, and December 31, 2005, respectively.

The Company has an unsecured bank line of credit in Japan that provides a Yen 0.9 billion (an equivalent of $7.6 million) revolving credit facility at an interest rate of TIBOR plus 0.625% (1.12% as of December 30, 2006). The revolving line of credit balance becomes due on July 21, 2011. At December 30, 2006, the Company had the equivalent of $1.3 million outstanding on the Yen facility.

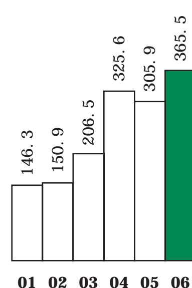
The Company has an unsecured bank line of credit that provides a Taiwanese Dollar 35.0 million (equivalent to $1.1 million) revolving credit facility at an interest rate of two-years Time Deposit plus 0.145% (2.3% as of December 30, 2006). The revolving line of credit becomes due on August 18, 2009. At December 30, 2006, the Company had the equivalent of $0.9 million outstanding on the Taiwanese Dollar facility.

The Company has various other foreign fixed rate loans outstanding at December 30, 2006, totaling $1.4 million with maturity dates through August 2013.

The domestic bank credit agreement contains covenants that, among other matters, impose limitations on the incurrence of additional indebtedness, future mergers, sales of assets, payment of dividends, and changes in control, as defined. In 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 30, 2006, and for the year then ended, the Company was in compliance with these covenants.



INTERNATIONAL SALES
($ IN MILLIONS)



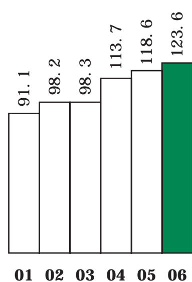
ELECTRONICS SALES
($ IN MILLIONS)

The Company started 2006 with $21.9 million of cash. Net cash provided by operations was $80.9 million in the year. Cash used in investing activities was $42.6 million and included $19.6 million in net purchases of property, plant and equipment and $37.8 million for the acquisition of businesses partially offset by $14.4 million from the sale of assets including the Efen business ($11.6 million) and a building in Witten, Germany ($2.8 million) and $0.5 million from the sale of an investment in LC Fab. Cash used in financing activities of $6.4 million included the repurchase of the Company's common stock of $10.3 million and net payments of long-term debt of $2.3 million partially offset by cash proceeds from the exercise of stock options of $5.7 million and the excess tax benefit on share-based compensation of $0.5 million. The effect of exchange rate changes increased cash by $2.8 million. The net cash provided by operations and financing activities, less investing activities plus the effect of exchange rates, resulted in a $34.8 million net increase in cash. This left the Company with a cash balance of $56.7 million at the end of 2006.

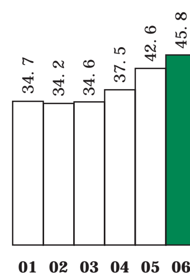
Decreases in net operating assets (including short-term and long-term items) provided $31.9 million of cash flow in 2006. The major factors contributing to lower net operating assets were increases in accounts payable and accrued expenses of $20.0 million, accrued taxes of $6.5 million, decreases in accounts receivable of $2.8 million, inventories of $1.2 million and prepaid expenses and other of $1.4 million. Days sales outstanding in accounts receivable decreased to 60 days at year-end 2006 compared to 63 days at year-end 2005 and 60 days at year-end 2004. The 2006 improvement in days sales outstanding was due primarily to a reduction in past-due automotive accounts. Days inventory outstanding was 67 days at year-end 2006 compared to 75 days at year-end 2005 and 88 days at year-end 2004. The improvement in days inventory outstanding in 2005 and 2006 was the result of lean manufacturing and logistics initiatives and improved inventory planning.

The ratio of current assets to current liabilities was 2.2 to 1 at year-end 2006 compared to 2.0 to 1 at year-end 2005 and 1.8 to 1 at year-end 2004. The ratio of long-term debt to equity was 0.1 to 1 at year-end 2006 compared to 0.0 to 1 at year-end 2005 and 0.1 to 1 at year-end 2004.

The Company started 2005 with $28.6 million of cash. Net cash provided by operations was $38.1 million in the year. Cash used in investing activities included $27.2 million in net purchases of property, plant and equipment and $3.7 million for the acquisition of the remaining Heinrich shares partially offset by $0.6 million from the sale of an investment in LC Fab. Cash provided by financing activities included net proceeds of notes receivable of $3.5 million and cash proceeds from the exercise of stock options of $3.8 million partially offset by net payments of long-term debt of $6.8 million and the repurchase of $12.8 million of the Company's common stock. The effect of exchange rate changes decreased cash by $2.2 million. The net cash provided by operations and financing activities, less investing activities plus the effect of exchange rates, resulted in a $6.6 million net decrease in cash. This left the Company with a cash balance of $21.9 million at the end of 2005.



AUTOMOTIVE SALES
($ IN MILLIONS)



ELECTRICAL SALES
($ IN MILLIONS)

Increases in net operating assets consumed $9.7 million of cash flow in 2005. The major factors contributing to higher net operating assets were an increase in accounts receivable of $11.2 million, a decrease in accounts payable and accrued expenses of $1.1 million and accrued taxes of $5.6 million, partially offset by a decrease in inventory of $6.6 million and prepaid expenses and other of $1.6 million. Days sales outstanding in accounts receivable increased to 63 days at year-end 2005 compared to 60 days at year-end 2004 and 50 days at year-end 2003. The increase was due to longer payment terms for certain automotive customers, the addition of Heinrich, which has a longer accounts receivable collection cycle than the base Littelfuse business and the Delphi bankruptcy in 2005. Days inventory outstanding was 75 days at year-end 2005 compared to 88 days at year-end 2004 and 71 days at year-end 2003. The reduction in days inventory outstanding in 2005 was due primarily to improved inventory management.

The ratio of current assets to current liabilities was 2.0 to 1 at year-end 2005 compared to 1.8 to 1 at year-end 2004 and 1.8 to 1 at year-end 2003. The ratio of long-term debt to equity was 0.0 to 1 at year-end 2005 compared to 0.1 to 1 at year-end 2004 and 0.0 to 1 at year-end 2003.

The Efen business, which is presented as a discontinued operation, did not contribute significantly to cash from operations in 2006, 2005 or 2004.

The Company's capital expenditures were $19.6 million in 2006, $27.2 million in 2005, and $22.1 million in 2004. The Company expects that capital expenditures in 2007 will be approximately $25 million. The primary purposes for capital expenditures in 2007 will be related to new product introductions, capacity expansion, manufacturing transfers and other cost reduction projects. As in 2006, the Company expects to finance capital expenditures in 2007 through cash flow from operations.

The Company decreased total debt by $2.3 million in 2006 and $6.8 million in 2005 after increasing debt by $3.8 million in 2004. 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 329,000 common shares for $10.3 million in 2006, 458,000 common shares for $12.8 million in 2005, and 168,400 common shares for $5.6 million in 2004.

OFF-BALANCE SHEET ARRANGEMENTS

In accordance with the definition under SEC rules, the following qualify as off-balance sheet arrangements:

- any obligation under certain guarantees or contracts;
- a retained or contingent interest in assets transferred to an unconsolidated entity or similar entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets;
- any obligation under certain derivative instruments; and
- any obligation under a material variable interest held by the registrant in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the registrant, or engages in leasing, hedging or research and development services with the registrant.

The following discussion addresses each of the above items for the Company.

On December 30, 2006, the Company was not liable for guarantees of indebtedness owed by third parties.

As of December 30, 2006, the Company was not directly liable for the debt of any unconsolidated entity, and the Company does not have any retained or contingent interest in assets as defined above.

As of December 30, 2006, the Company does not hold any derivative financial instruments, as defined by FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended.

As part of the Company's ongoing business, the Company does not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities ("SPEs"), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of December 30, 2006 and December 31, 2005, the Company is not involved in any unconsolidated SPE transactions.

CONTRACTUAL OBLIGATIONS

Achieving optimal returns on cash often involves making long-term commitments. SEC regulations require that the Company present its contractual obligations, and the Company has done so in the table that follows. However, the Company's future cash flow prospects cannot reasonably be assessed based on such obligations, as the most significant factor affecting its future cash flows is its ability to earn and collect cash from its customers. Future cash outflows, whether they are contractual obligations or not, will vary based on the Company's future needs. Further, normal operations involve significant expenditures that are not based on "commitments." Examples of such expenditures include amounts paid for income taxes or for salaries and benefits.

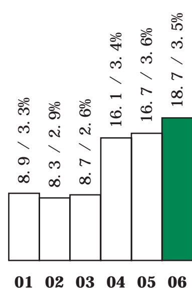
The following table summarizes contractual obligations and commitments, as of December 30, 2006 (in thousands):

	Payment Due By Period				
Contractual Obligations	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Long-term debt obligations	$ 26,113	$ 24,328	$ 1,015	$ 420	$ 350
Interest payments	1,059	835	86	77	61
Supplemental Executive Retirement Plan	1,952	200	–	–	1,752
Operating lease payments	16,604	4,553	4,734	3,184	4,133
Total	$ 45,728	$ 29,916	$ 5,835	$ 3,681	$ 6,296

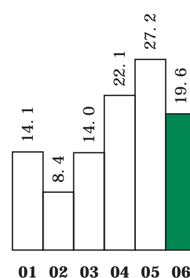
RECENT ACCOUNTING PRONOUNCEMENTS

In November 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 151, "Inventory Costs - An Amendment of Accounting Research Bulletin No. 43, Chapter 4." SFAS 151 clarifies that abnormal amounts of idle facility expense, freight, handling costs and spoilage should be expensed as incurred and not included as overhead. SFAS 151 also requires that the allocation of fixed production overhead to conversion costs be based on normal capacity of the production facilities. SFAS 151 has been applied prospectively beginning January 1, 2006. The adoption of SFAS 151 did not have a material impact on the Company's consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment" ("SFAS 123(R)"). SFAS 123(R) requires public companies to recognize compensation expense for the cost of awards of equity compensation using a fair value method. The Company adopted SFAS 123(R) on January 1, 2006 (i.e., the first quarter of 2006) using the modified prospective method. The Company has made the one-time election to adopt the transition method described in FASB Staff Position (FSP) No. FAS 123(R)-3, "Transition Election Related to Accounting for the Tax Effect of Share-Based Payment Awards". Under SFAS 123(R), benefits of tax deductions in excess of recognized compensation expense are now reported as a financing cash flow, rather than an operating cash flow as prescribed under the prior accounting rules. The Company recognized $5.2 million of expense related to share-based compensation during 2006. The impact of the adoption of SFAS 123(R) is more fully described in Note 1 of the Notes to Consolidated Financial Statements.



RESEARCH AND DEVELOPMENT
($ IN MILLIONS & % OF TOTAL SALES)



CAPITAL EXPENDITURES
($ IN MILLIONS)

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an Amendment of FASB Statements No. 87, 88, 106, and 132(R)". SFAS No. 158 requires the recognition of the overfunded or underfunded status of a defined benefit postretirement plan as an asset or a liability in the balance sheet, with changes in the funded status recorded through comprehensive income in the year in which those changes occur. The Company adopted FAS158 during 2006. The impact of the adoption of SFAS No. 158 is more fully described in Note 10.

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), an interpretation of FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The effective date for the application of FIN 48 by the Company is January 1, 2007. Upon adoption, the cumulative effect of applying the recognition and measurement provisions of FIN 48, if any, shall be reflected as an adjustment to the opening balance of retained earnings. The adoption of FIN 48 is not expected to have a material impact on the Company's Consolidated Financial Statements.

In September 2006, FASB Statement 157, "Fair Value Measurements" ("SFAS 157") was issued. SFAS 157 establishes a framework for measuring fair value by providing a standard definition of fair value as it applies to assets and liabilities. SFAS 157, which does not require any new fair value measurements, clarifies the application of other accounting pronouncements that require or permit fair value measurements. SFAS 157 must be applied prospectively beginning January 1, 2008. The Company is evaluating the impact of adopting SFAS 157 on its Consolidated Financial Statements.

CRITICAL ACCOUNTING POLICIES

Certain of the accounting policies as discussed below require the application of significant judgment by management in selecting the appropriate estimates and assumptions for calculating amounts to record in the financial statements. Actual results could differ from those estimates and assumptions, impacting the reported results of operations and financial position. Significant accounting policies are more fully described in the notes to the consolidated financial statements included elsewhere in this Annual Report. Certain accounting policies, however, are considered to be critical in that they are most important to the depiction of the Company's financial condition and results of operations and their application requires management's subjective judgment in making estimates about the effect of matters that are inherently uncertain. The Company believes the following accounting policies are the most critical to aid in fully understanding and evaluating its reported financial results, as they require management's most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. The Company has reviewed these critical accounting policies and related disclosures with the Audit Committee of its Board of Directors.

Revenue Recognition: The Company recognizes revenue on product sales in the period the sales process is complete. This generally occurs when our products are shipped (FOB origin) to the customer in accordance with the terms of the sale, the risk of loss has been transferred, collectibility is reasonably assured and the pricing is fixed and determinable. Our distribution channels are primarily through direct sales, and through independent third party distributors. There is no retail channel.

REVENUE & BILLING

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

RETURNS & CREDITS

Some of the terms of the Company's sales agreements and normal business conditions provide the customers (distributors) the ability to receive credit for products previously shipped and invoiced. This practice is common in the industry and is referred to as a "ship and debit" program. This program allows the distributor to debit Littelfuse for the difference between the distributors contracted price and a lower price for specific transactions. Under certain circumstances (usually in a competitive situation or large volume opportunity), a distributor will request authorization to reduce their price to their buyer. If the Company approves such a reduction, the distributor is authorized to "debit" their account for the amount of their reduced margin. The Company establishes reserves for this program based on historic activity and actual authorizations for the debit. In accordance with the guidance of paragraph 9 of EITF Issue No. 01-09 "Accounting for Consideration Given by a Vendor to a Customer" we recognize these debits as a reduction of revenue.

The Company has a return to stock policy whereby a customer with previous authorization from Littelfuse management, can return previously purchased goods for full or partial credit. The Company establishes an estimated allowance for these returns based on historic activity. Sales revenue and cost of sales are reduced to anticipate estimated returns in accordance with FASB Statement No. 48, Revenue Recognition When Right of Return Exists.

The Company properly meets all of the criteria of FASB Statement No. 48 for recognizing revenue when the right of return exists under Staff Accounting Bulletin 104 (Revenue Recognition). Specifically, the Company meets those requirements because:

1. The Company's selling price is fixed or determinable at the date of the sale.
2. The Company has policies and procedures to accept only credit worthy customers with the ability to pay the Company.
3. The Company's customers are obligated to pay the Company under the contract and the obligation is not contingent on the resale of the product. (All "ship and debit" and "returns to stock" require specific circumstances and authorization.)
4. The risk ownership transfers to the Company's customers upon shipment and is not changed in the event of theft, physical destruction or damage of the product.
5. The Company bills at the ship date and establishes a reserve to reduce revenue from the in transit time until the product is delivered for F.O.B. destination sales.
6. The Company's customers acquiring the product for resale have economic substance apart from that provided by Littelfuse. All of our distributors are independent of the Company.
7. The Company does not have any obligations for future performance to bring about resale of the product by its customers.
8. The Company can reasonably estimate the amount of future returns.

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

Credit Memos: The Company evaluates sales activity for credits to be issued on sales recorded prior to the end of the fiscal period. These credits relate to the return of inventory, pricing adjustments and credits issued to a customer based upon achieving prearranged sales volumes. Volume based incentives offered to customers are based upon the estimated cost of the program and are recognized as a reduction to revenue as products are sold. However, due to the Company's diverse customer base and lack of customer concentration, the Company does not believe its estimates would be materially impacted by changes in its assumptions.

Inventory: The Company performs a detailed assessment of inventory, which includes a review of, among other factors, demand requirements, product life cycle and development plans, component cost trends, product pricing and quality issues. Based on the analysis, the Company records adjustments to inventory for excessiveness, obsolescence or impairment when appropriate to reflect inventory at net realizable value. Historically, inventory reserves have been adequate to reflect inventory at net realizable values. Revisions to inventory adjustments may be required if actual demand, component costs or product life cycles differ from estimates. However, due to the Company's diverse product lines and end user markets, the Company does not believe its estimates would be materially impacted by changes in its assumptions.

Goodwill and Other Intangibles: The Company annually tests goodwill for impairment as required by FAS142 or if there is an event or change in circumstances that indicate the asset may be impaired. The Company determined the fair value of each of its reporting units by using a guideline company method to estimate market value. A valuation multiple is derived for each business segment from transactions involving companies similar to the Company. That multiple is applied to an EBITDA of each segment to estimate the market value of that segment. In making these estimates, the Company considered the markets it was addressing, the competitive environment and its advantages. The Company determined that the fair value of each of the reporting units exceeded their carrying amounts and, therefore, no goodwill impairment existed. The Company will continue to perform a goodwill impairment test as required on an annual basis and on an interim basis, if certain conditions exist. Factors the Company considers important, which could result in changes to its estimates, include under-performance relative to historical or projected future operating results and declines in acquisition and trading multiples. Due to the diverse end user base and non-discretionary product demand, the Company does not believe its future operating results will vary significantly relative to its historical and projected future operating results.

Long-Lived Assets: The Company evaluates long-lived assets on an ongoing basis. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the related asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future undiscounted cash flows expected to be generated by the asset. If the asset is determined to be impaired, the impairment recognized is measured by the amount by which the carrying value of the asset exceeds its fair value. The Company's estimates of future cash flows from such assets could be impacted if it underperforms relative to historical or projected future operating results. However, due to the Company's diverse product lines and end user markets, the Company does not believe its estimates would be materially impacted by changes in its assumptions.

Pension and Supplemental Executive Retirement Plan: The Company has a number of defined benefit plans primarily in the North America and European reporting segments. Historically these plans have been accounted for using FAS87 and recognized the net unfunded status of the plan on the balance sheet. The Company has adopted FAS158 effective December 30, 2006, which requires the full unfunded status of the plan to be recognized. Actuarial gains and losses and prior service costs and credits are now recognized as a component of accumulated other comprehensive income. Accounting for pensions requires estimating the future benefit cost and recognizing the cost over the employee's expected period of employment with the Company. Certain assumptions are required in the calculation of pension costs and obligations. These assumptions include the discount rate, salary scales and the expected long-term rate of return on plan assets. The discount rate is intended to represent the rate at which pension benefit obligations could be settled by purchase of an annuity contract. These assumptions are subject to change based on stock and bond market returns and other economic factors. Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore generally affect its recognized expense and accrued liability in such future periods. While the Company believes that its assumptions are appropriate given current economic conditions and its actual experience, significant differences in results or significant changes in the Company's assumptions may materially affect its pension obligations and related future expense.

Environmental Liabilities: Environmental liabilities are accrued based on estimates of the probability of potential future environmental exposure. Expenses related to on-going maintenance of environmental sites are expensed as incurred. If actual or estimated probable future losses exceed the Company's recorded liability for such claims, it would record additional charges as other expense during the period in which the actual loss or change in estimate occurred.

Other Contingencies: In the ordinary course of business, the Company is involved in legal proceedings involving contractual and employment relations, product liability claims, trademark rights and a variety of other matters. The Company records contingent liabilities resulting from claims against it when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. The Company discloses contingent liabilities when there is a reasonable possibility that the ultimate loss will exceed the recorded liability. Estimating probable losses requires analysis of multiple factors, in some cases including judgments about the potential actions of third party claimants and courts. Therefore, actual losses in any future period are inherently uncertain. Currently, the Company does not believe that any of its pending legal proceedings or claims will have a material impact on its financial position or results of operations. However, if actual or estimated probable future losses exceed the Company's recorded liability for such claims, it would record additional charges as other expense during the period in which the actual loss or change in estimate occurred.

Stock-based Compensation: Stock-based compensation expense is recorded for stock-option grants and performance-based restricted stock awards based upon the fair value of the awards. The fair value of stock option awards is estimated at the grant date using the Black-Scholes option pricing model, which includes assumptions for volatility, expected term, risk-free interest rate and dividend yield. Expected volatility is based on implied volatilities from traded options on Littelfuse stock, historical volatility of Littelfuse stock and other factors. Historical data is used to estimate employee termination experience and the expected term of the options. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The performance-based restricted stock awards vest in thirds over a three-year period (following the three-year performance period), and are paid annually as they vest, one half in the Company's common stock and one half in cash. The fair value of performance-based restricted stock awards that are paid in common stock is measured at the market price on the grant date, and the fair value of the portion paid in cash is measured at the current market price of a share. The number of shares issued is based on the Company attaining certain financial performance goals relating to return on net tangible assets (RONTA) and earnings before interest, taxes, depreciation and amortization (EBITDA) during the three-year period after the grant date. Stock-based compensation for performance-based awards is based on the fair values and the Company's current estimate of the probable number of shares to be issued (based on the probable outcome at the end of the performance period). As the Company's estimate of the probable outcome changes in future periods, stock-based compensation expense is adjusted accordingly. Total stock-based compensation expense was $5.2 million in 2006. See Note 12 of the Notes to Consolidated Financial Statements.

MARKET RISK

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

The Company had debt outstanding at December 30, 2006, in the form of a domestic revolving credit facility and foreign lines of credit at variable rates. While 100% of this debt has variable interest rates, the Company's interest expense is not materially sensitive to changes in interest rate levels since debt levels and potential interest expense increases are small relative to earnings.

A portion of the Company's operations consists of manufacturing and sales activities in foreign countries. The Company has manufacturing facilities in Mexico, the U.K., Ireland, Germany, China and the Philippines. During 2006, sales exported from the United States or manufactured abroad accounted for 61.1% of total sales. Substantially all sales in Europe are denominated in Euro, U.S. Dollar and British Pound Sterling, and substantially all sales in the Asia-Pacific region are denominated in U.S. Dollar, 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 more than half of total sales, a significant portion of the resulting accounts receivable are 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, from time to time, utilizes derivative instruments to hedge certain foreign currency exposures deemed to be material.

The Company uses various metals in the production of its products, including zinc and copper. 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. A 10% increase in the price of zinc and copper would reduce pre-tax profit by approximately $1.0 million and $1.0 million, respectively.

The Company does not believe it has significant exposure to market risk from changes in interest rates, foreign exchange rates or commodity prices.

OUTLOOK

The Company believes its long-term growth strategy, which emphasizes development of new circuit protection products, providing customers with solutions and technical support in all major regions of the world and leveraging low cost production facilities in Asia and Mexico will drive sales growth and reduce costs in each of its segments. In addition, the fundamentals for the Company's major markets appear to be neutral to moderately positive for 2007, although the Company does expect to be negatively affected by an inventory correction in the electronics channels in the first half of 2007.

The Company initiated a series of projects in the years 2004, 2005 and 2006 to reduce costs in its global manufacturing and distribution operations as well as reduce the cost of purchased materials and transportation. These programs are expected to generate significant cost savings in 2007. On the other hand, the Company plans to continue to increase research and development spending on new electronic and automotive products in 2007.

The Company is working to expand its share of the circuit protection market by leveraging new products that it has recently acquired or developed as well as improved solution selling capabilities. In the future, the Company will look for opportunities to add to its product portfolio and technical expertise so that it can provide customers with the most complete circuit protection solutions available in the marketplace.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 ("PSLRA")

The statements in this section, the letter to shareholders and in the other sections of this report and in our Annual Report on Form 10-K, which are not historical facts are intended to constitute "forward-looking statements" entitled to the safe-harbor provisions of the PSRLA and that involve risks and uncertainties, including, but not limited to, product demand and market acceptance, economic conditions, the impact of competitive products and pricing, product quality problems or product recalls, capacity and supply difficulties or constraints, coal mining exposures in excess of reserves, failure of an indemnification for environmental liability, exchange rate fluctuations, commodity price fluctuations, the effect of the Company's accounting policies, labor disputes, restructuring costs in excess of expectations, pension plan asset returns less than assumed, integration of acquisitions and other risks which may be detailed in the Company's Securities and Exchange Commission filings.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Littelfuse is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rules 13a-15(f). Littelfuse's internal control system was designed to provide reasonable assurance to its management and the Board of Directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

An internal control significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Company's ability to initiate, authorize, record, process, or report external financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Company's annual or interim financial statements that is more than inconsequential will not be prevented or detected. An internal control material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Littelfuse's management assessed the effectiveness of the Company's internal control over financial reporting as of December 30, 2006, based upon the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, the Company's management concluded that, as of December 30, 2006, the Company's internal control over financial reporting is effective.

Littelfuse's independent registered public accounting firm, Ernst & Young LLP, has audited management's assessment of the Company's internal control over financial reporting. Their report appears on page 35.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There was no change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF LITTELFUSE, INC.

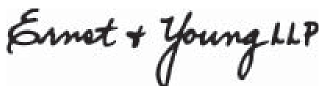
We have audited the accompanying consolidated balance sheets of Littelfuse, Inc. and subsidiaries as of December 30, 2006, and December 31, 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 30, 2006. 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Littelfuse, Inc. and subsidiaries at December 30, 2006, and December 31, 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 30, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 1 and 11 to the consolidated financial statements, effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment" and, effective for the fiscal year ended December 30, 2006, the Company adopted certain provisions of Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans".

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Littelfuse, Inc.'s internal control over financial reporting as of December 30, 2006, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2007 expressed an unqualified opinion thereon.



Ernst & Young LLP
Chicago, Illinois
February 23, 2007

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF LITTELFUSE, INC.

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that Littelfuse, Inc. maintained effective internal control over financial reporting as of December 30, 2006, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Littelfuse's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

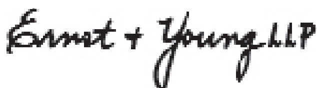
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material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

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

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

In our opinion, management's assessment that Littelfuse, Inc. maintained effective internal controls over financial reporting as of December 30, 2006, is fairly stated, in all material respects, based on the COSO control criteria. Also, in our opinion, Littelfuse, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 30, 2006, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2006 consolidated financial statements of Littelfuse, Inc. and our report dated February 23, 2007 expressed an unqualified opinion thereon.



Ernst & Young LLP
Chicago, Illinois
February 23, 2007

(In thousands)	December 30, 2006	December 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	$ 56,704	$ 21,947
Accounts receivable, less allowances (2006 - $17,503; 2005 - $11,903)	83,901	80,303
Inventories	65,961	63,423
Deferred income taxes	12,382	11,927
Assets held for sale (Efen)	–	17,633
Prepaid expenses and other current assets	9,821	7,936
Total current assets	228,769	203,169
Property, plant, and equipment:		
Land	10,916	13,370
Buildings	45,518	48,277
Equipment	285,758	254,829
	342,192	316,476
Accumulated depreciation	(216,676)	(190,983)
Net property, plant and equipment	125,516	125,493
Intangible assets, net of amortization:		
Patents, licenses and software	10,118	2,891
Distribution network	15,209	6,508
Trademarks and tradenames	1,321	5,343
Goodwill	67,500	54,440
	94,148	69,182
Investments	5,231	5,590
Deferred income taxes	9,746	–
Other assets	1,556	497
Total assets	$464,966	$403,931
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 23,334	$ 20,457
Accrued payroll	22,468	20,128
Accrued expenses	12,579	8,141
Accrued severance	10,670	7,866
Accrued income taxes	12,657	9,920
Liabilities held for sale (Efen)	–	6,722
Current portion of long-term debt	24,328	26,682
Total current liabilities	106,036	99,916
Long-term debt, less current portion	1,785	–
Accrued severance	18,879	–
Deferred income taxes	–	1,879
Accrued post-retirement benefits	27,971	19,268
Other long-term liabilities	6,487	5,658
Minority Interest	143	144
Shareholders' Equity:		
Preferred stock, par value $0.01 per share: 1,000,000 shares authorized; no shares issued and outstanding	–	–
Common stock, par value $0.01 per share: 34,000,000 shares authorized; shares issued and outstanding, 2006 - 22,110,674; 2005 - 22,229,288	221	222
Additional paid-in capital	108,543	99,078
Notes receivable from officers - common stock	(10)	(17)
Accumulated other comprehensive income (loss)	(11)	(2,426)
Retained earnings	194,922	180,209
Total shareholders' equity	303,665	277,066
Total liabilities and shareholders' equity	$464,966	$403,931

See accompanying notes.

(In thousands, except per share amounts)	Year Ended December 30, 2006	December 31, 2005	January 1, 2005
Net sales	$534,859	$467,089	$476,833
Cost of sales	373,596	322,537	303,036
Gross profit	161,263	144,552	173,797
Selling, general and administrative expenses	110,581	98,536	96,102
Research and development expenses	18,708	16,672	16,079
Impairment of long-term investment	–	–	2,277
Amortization of intangibles	3,116	2,378	2,336
Operating income	28,858	26,966	57,003
Interest expense	1,626	2,098	1,475
Other expense (income), net	(2,174)	(3,068)	47
Earnings from continuing operations before minority interest and income taxes	29,406	27,936	55,481
Minority interest	–	(86)	143
Income taxes	6,170	11,440	18,977
Earnings from continuing operations	23,236	16,582	36,361
Discontinued operations (net of tax expense of $409, $645 and $252 in 2006, 2005 and 2004, respectively)	588	1,128	(333)
Net income	$ 23,824	$ 17,710	$ 36,028
Net income per share:			
Basic:			
Continuing operations	$ 1.04	$ 0.74	$ 1.64
Discontinued operations	0.03	0.05	(0.02)
Net Income	$ 1.07	$ 0.79	$ 1.62
Diluted:			
Continuing operations	$ 1.03	$ 0.73	$ 1.61
Discontinued operations	0.03	0.05	(0.02)
Net Income	$ 1.06	$ 0.78	$ 1.59
Weighted-average shares and equivalent shares outstanding:			
Basic	22,305	22,413	22,239
Diluted	22,434	22,582	22,604

See accompanying notes.

(In thousands)	Year Ended December 30, 2006	December 31, 2005	January 1, 2005
Operating activities			
Net income	$ 23,824	$ 17,710	$ 36,028
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	29,749	28,738	23,859
Amortization of intangibles	3,116	2,495	2,441
Impairment of long-term investment	–	–	2,277
Provision for bad debts	127	1,884	802
Gain on sale of LC Fab	–	(1,400)	–
Stock-based compensation	5,187	–	–
Deferred income taxes	(12,952)	(1,564)	3,281
Changes in operating assets and liabilities:			
Accounts receivable	2,843	(11,185)	(6,582)
Inventories	1,240	6,594	(4,277)
Accounts payable and accrued expenses	19,969	(1,134)	(7,709)
Accrued taxes	6,461	(5,590)	–
Prepaid expenses and other	1,351	1,594	2,864
Net cash provided by operating activities	80,915	38,142	52,984
Investing activities			
Purchases of property, plant and equipment	(19,613)	(27,239)	(22,079)
Purchase of businesses, net of cash acquired	(37,841)	(3,658)	(41,661)
Sale of business and property, plant and equipment	14,401	–	–
Sale of LC Fab	500	600	–
Net cash used in investing activities	(42,553)	(30,297)	(63,740)
Financing activities			
Proceeds from debt	43,273	48,819	42,200
Payments of debt	(45,626)	(55,616)	(38,402)
Proceeds from exercise of stock options	5,734	3,844	16,520
Notes receivable, common stock	7	3,533	-
Purchases of common stock	(10,262)	(12,832)	(5,604)
Excess tax benefit on share-based compensation	468	–	–
Net cash provided by (used in) financing activities	(6,406)	(12,252)	14,714
Effect of exchange rate changes on cash	2,801	(2,229)	2,497
Increase (decrease) in cash and cash equivalents	34,757	(6,636)	6,455
Cash and cash equivalents at beginning of year	21,947	28,583	22,128
Cash and cash equivalents at end of year	$ 56,704	$ 21,947	$ 28,583

See accompanying notes.

(In thousands)	Common Stock	Additional Paid-In Capital	Notes Receivable-Common Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at January 3, 2004	$ 220	$ 75,859	$ (3,550)	$ (3,042)	$ 142,715	$ 212,202
Comprehensive income:						
Net income for the year	–	–	–	–	36,028	36,028
Change in net unrealized loss on derivatives	–	–	–	824	–	824
Minimum pension liability adjustment*	–	–	–	(458)	–	(458)
Unrealized loss on investments*	–	–	–	(1,095)	–	(1,095)
Foreign currency translation adjustment	–	–	–	7,444	–	7,444
Comprehensive income						42,743
Payments on notes receivable	–	–	–	–	–	–
Purchase of 168,400 shares of common stock	(2)	(587)	–	–	(5,015)	(5,604)
Stock options exercised, including tax benefit of $3,946	7	20,736	–	–	–	20,743
Balance at January 1, 2005	$ 225	$ 96,008	$ (3,550)	$ 3,673	$ 173,728	$270,084
Comprehensive income:						
Net income for the year	–	–	–	–	17,710	17,710
Change in net unrealized loss on derivatives	–	–	–	177	–	177
Minimum pension liability adjustment*	–	–	–	(1,111)	–	(1,111)
Unrealized gain on investments*	–	–	–	999	–	999
Foreign currency translation adjustment	–	–	–	(6,164)	–	(6,164)
Comprehensive income						11,611
Payments on notes receivable	–	–	3,533	–	–	3,533
Purchase of 458,000 shares of common stock	(5)	(1,598)	–	–	(11,229)	(12,832)
Stock options exercised, including tax benefit of $443	2	4,668	–	–	–	4,670
Balance at December 31, 2005	$ 222	$ 99,078	$ (17)	$ (2,426)	$180,209	$277,066
Comprehensive income:						
Net income for the year	–	–	–	–	23,824	23,824
Minimum pension liability adjustment *	–	–	–	1,546	–	1,546
Unrealized loss on investments*	–	–	–	(467)	–	(467)
Foreign currency translation adjustment	–	–	–	9,025	–	9,025
Comprehensive income						33,928
Payments on notes receivable	–	–	7	–	–	7
Adoption of FAS158*	–	–	–	(7,689)	–	(7,689)
Stock-based compensation (FAS123R)	–	5,187	–	–	–	5,187
Purchase of 329,000 shares of common stock	(3)	(1,148)	–	–	(9,111)	(10,262)
Stock options exercised, including tax benefit of $779	2	5,426	–	–	–	5,428
Balance at December 30, 2006	$ 221	$108,543	$ (10)	$ (11)	$194,922	$303,665

* Including related tax impact.
See accompanying notes.

NOTE 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 30, 2006, December 31, 2005, and January 1, 2005 and contained 52, 52 and 53 weeks, respectively.

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

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

Investments: The Company has 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, accounts receivable, investments and long-term debt. The carrying values of such financial instruments approximate their estimated fair values.

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

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

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

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

Goodwill is subject to an annual impairment test. The Company determined the fair value of each of its reporting units by using a guideline company method to estimate market value. A valuation multiple is derived for each business segment from transactions involving companies similar to the Company. That multiple is applied to an EBITDA of each segment to estimate the market value of that segment. In making these estimates, the Company considered the markets it was addressing, the competitive environment and its advantages. The Company determined that the fair value of each of the reporting units exceeded their carrying amounts and, therefore, no goodwill impairment existed. The Company will continue to perform a goodwill impairment test on an annual basis and on an interim basis, if certain conditions exist. Factors the Company considers important, which could result in changes to its estimates, include underperformance relative to historical or projected future operating results and declines in acquisition and trading multiples. Due to the diverse end user base and non-discretionary product demand, the Company does not believe its future operating results will vary significantly relative to its historical and projected future operating results.

Pension and Other Post-retirement Benefits: Accounting for pensions requires estimating the future benefit cost and recognizing the cost over the employee's expected period of employment with the Company. Certain assumptions are required in the calculation of pension costs and obligations. These assumptions include the discount rate, salary scales and the expected long-term rate of return on plan assets. The discount rate is intended to represent the rate at which pension benefit obligations could be settled by purchase of an annuity contract. These assumptions are subject to change based on stock and bond market returns and other economic factors. Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore generally affect its recognized expense and accrued liability in such future periods. While the Company believes that its assumptions are appropriate given current economic conditions and its actual experience, significant differences in results or significant changes in the Company's assumptions may materially affect its pension obligations and related future expense.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an Amendment of FASB Statements No. 87, 88, 106, and 132(R)". SFAS No. 158 requires the recognition of the overfunded or underfunded status of a defined benefit postretirement plan as an asset or a liability in the balance sheet, with changes in the funded status recorded through comprehensive income in the year in which those changes occur. The Company adopted FAS158 on December 30, 2006.

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

Revenue Recognition: The Company recognizes revenue on product sales in the period the sales process is complete. This generally occurs when our products are shipped (FOB origin) to the customer in accordance with the terms of the sale, the risk of loss has been transferred, collectibility is reasonably assured and the pricing is fixed and determinable. Our distribution channels are primarily through direct sales, and through independent third party distributors. There is no retail channel.

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

Returns and Credits: Some of the terms of the Company's sales agreements and normal business conditions provide the customers (distributors) the ability to receive credit for products previously shipped and invoiced. This practice is common in the industry and is referred to as a "ship and debit" program. This program allows the distributor to debit Littelfuse for the difference between the distributor's contracted price and a lower price for specific transactions. Under certain circumstances (usually in a competitive situation or large volume opportunity), a distributor will request authorization to reduce their price to their buyer. If the Company approves, the distributor is authorized to "debit" their Littelfuse account for the amount of their reduced margin. The Company establishes reserves for this program based on historic activity and actual authorizations for the debit. In accordance with the guidance of paragraph 9 of EITF Issue No. 01-09 "Accounting for Consideration Given by a Vendor to a Customer" we recognize these debits as a reduction of revenue.

The Company has a return to stock policy whereby a customer with previous authorization from Littelfuse management, can return previously purchased goods for full or partial credit. The Company establishes an estimated allowance for these returns based on historic activity. Sales revenue and cost of sales are reduced to anticipate estimated returns in accordance with FASB Statement No. 48, Revenue Recognition When Right of Return Exists.

The Company properly meets all of the criteria of FASB Statement No. 48 for recognizing revenue when the right of return exists under Staff Accounting Bulletin 104 (Revenue Recognition). Specifically, the Company meets those requirements because:

1. The Company's selling price is fixed or determinable at the date of the sale.
2. The Company has policies and procedures to accept only credit worthy customers with the ability to pay the Company.
3. The Company's customers are obligated to pay the Company under the contract and the obligation is not contingent on the resale of the product. (All "ship and debit" and "returns to stock" require specific circumstances and authorization.)
4. The risk ownership transfers to the Company's customers upon shipment and is not changed in the event of theft, physical destruction or damage of the product.
5. The Company bills at the ship date and establishes a reserve to reduce revenue from the in transit time until the product is delivered for F.O.B. destination sales.
6. The Company's customers acquiring the product for resale have economic substance apart from that provided by Littelfuse. All of our distributors are independent of the Company.
7. The Company does not have any obligations for future performance to bring about resale of the product by its customers.
8. The Company can reasonably estimate the amount of future returns.

Advertising Costs: The Company expenses advertising costs as incurred, which amounted to $1.5 million in 2006, $1.8 million in 2005 and $2.2 million in 2004.

Foreign Currency Translation: The Company's foreign subsidiaries use the local currency or the U.S. dollar as their functional currency, as appropriate. Assets and liabilities are translated using exchange rates at the balance sheet date and revenues and expenses are translated at weighted average rates. The amount of foreign currency conversion gain recognized in the income statement related to currency translation was $2.1 million, $1.0 million and $2.4 million in 2006, 2005 and 2004, respectively. Adjustments from the translation process are recognized in shareholders' equity as a component of other comprehensive income (loss).

Stock-based Compensation: In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment" ("SFAS 123(R)"). SFAS 123(R) requires public companies to recognize compensation expense for the cost of awards of equity compensation using a fair value method. The Company adopted SFAS 123(R) on January 1, 2006 (i.e., the first quarter of 2006) using the modified prospective method. The Company has made the one-time election to adopt the transition method described in FASB Staff Position (FSP) No. FAS 123(R)-3, "Transition Election Related to Accounting for the Tax Effect of Share-Based Payment Awards". Under SFAS 123(R), benefits of tax deductions in excess of recognized compensation expense are now reported as a financing cash flow, rather than an operating cash flow as prescribed under the prior accounting rules. Prior to January 1, 2006, the Company applied Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") to account for its stock-based compensation plans. Under APB 25, no compensation expense was recognized for non-qualified stock option awards as long as the exercise price of the awards on the date of grant was equal to the current market price of the Company's stock. However, the Company did recognize compensation expense in connection with the issuance of restricted stock. The table below discloses the Company's pro forma related basic and diluted net income per share for 2005 and 2004, had the fair value recognition method under SFAS 123(R) been used for the Company's stock option grants. Further information regarding stock-based compensation is provided in Note 12 to the Consolidated Financial Statements.

(In thousands, except per share amounts)	2005	2004
Net income as reported	$ 17,710	$ 36,028
Stock option compensation expense under fair value method, net of tax	(3,172)	(2,762)
Proforma net income	$ 14,538	$ 33,266
Basic net income per share:		
As reported	$ 0.79	$ 1.62
Proforma	$ 0.65	$ 1.50
Diluted net income per share:		
As reported	$ 0.78	$ 1.59
Proforma	$ 0.64	$ 1.47

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 12 for additional information on stock-based compensation.

Accounting Pronouncements: In November 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 151, "Inventory Costs - An Amendment of Accounting Research Bulletin No. 43, Chapter 4." SFAS 151 clarifies that abnormal amounts of idle facility expense, freight, handling costs and spoilage should be expensed as incurred and not included as overhead. SFAS 151 also requires that the allocation of fixed production overhead to conversion costs be based on normal capacity of the production facilities. SFAS 151 has been applied prospectively beginning January 1, 2006. The adoption of SFAS 151 did not have a material impact on the Company's consolidated financial statements.

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), an interpretation of FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The effective date for the Company is January 1, 2007. Upon adoption, the cumulative effect of applying the recognition and measurement provisions of FIN 48, if any, shall be reflected as an adjustment to the opening balance of retained earnings. The adoption of FIN 48 is not expected to have a material impact on the Company's Consolidated Financial Statements.

In September 2006, FASB Statement 157, “Fair Value Measurements” (“SFAS 157”) was issued. SFAS 157 establishes a framework for measuring fair value by providing a standard definition of fair value as it applies to assets and liabilities. SFAS 157, which does not require any new fair value measurements, clarifies the application of other accounting pronouncements that require or permit fair value measurements. SFAS 157 must be applied prospectively beginning January 1, 2008. The Company is evaluating the impact of adopting SFAS 157 on its Consolidated Financial Statements.

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 of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses and the accompanying notes. The Company evaluates and updates its assumptions and estimates on an ongoing basis and may employ outside experts to assist in its evaluation, as considered necessary. Actual results could differ from those estimates.

Shipping and Handling Fees and Costs: Amounts billed to customers in a sales transaction represent fees earned for the goods and services provided and, accordingly, amounts billed related to shipping and handling are classified as revenue. Costs incurred for shipping and handling of $5.7 million, $5.1 million and $4.6 million in 2006, 2005 and 2004, respectively, are classified in Selling, General, and Administrative expenses.

Restructuring Costs: The Company incurs severance charges and plant closure expenses as part of the Company’s on-going cost reduction efforts. These charges are included in Cost of Sales or Selling, General and Administrative expense depending on the personnel being included in the charge.

NOTE 2.

ACQUISITION OF BUSINESS

On May 6, 2004, the Company acquired 82% of the common stock of Heinrich Industrie AG (“Heinrich”) for Euro 39.5 million (approximately $47.1 million) in cash and acquisition costs of approximately $1.8 million. Cash acquired as part of the Heinrich acquisition was approximately $15.2 million. Subsequent to May 6, 2004, the Company purchased additional shares of Heinrich stock for approximately $8.7 million, bringing the total ownership to 97.2% as of January 1, 2005. During 2005 the Company acquired the remaining outstanding shares for approximately $3.7 million, bringing the total ownership to 100% as of December 31, 2005.

During 2006 the Company settled a lawsuit with certain minority shareholders. The settlement brings to closure the amount of contingent consideration to be paid subsequent to the original purchase price. The Company paid an additional amount of $3.9 million in connection with this settlement. This settlement was recorded as an increase to goodwill in 2006.

Heinrich is the holding company for the Wickmann Group of circuit protection products, which has three business units: electronic, automotive and electrical. The Company has operated Heinrich in such business units subsequent to the acquisition. The Heinrich acquisition expands the Company’s product offerings and strengthens the Company’s position in the circuit protection industry.

The acquisition was accounted for using the purchase method and the operations of Heinrich are included in the Company's operations from the date of acquisition. The following table sets forth the purchase price allocation for the acquisition of Heinrich in accordance with the purchase method of accounting with adjustments to record the acquired assets and liabilities of Heinrich at their estimated fair market or net realizable values.

(In thousands)	
Purchase price allocation	
Current assets	$ 39,824
Property, plant and equipment	35,826
Patents, licenses and software	3,396
Distribution network	5,135
Trademarks and tradenames	788
Goodwill	19,380
Other assets	5,282
Current liabilities	(30,778)
Purchase accounting liabilities	(11,460)
Other long-term liabilities	(16,580)
Minority interest	(1,602)
	$ 49,211

All Heinrich goodwill and intangible assets are recorded in the European segment. Trademarks and tradenames have an average estimated useful life of five years. The distribution network has an average estimated useful life of nine years. Patents and licenses have an average estimated useful life of four years. Software has a useful life of three years. The weighted average estimated useful life for intangible assets is approximately seven years.

Purchase accounting liabilities in connection with the Heinrich acquisition were estimated to be $11.5 million and are primarily for redundancy costs to be paid through 2007 related to manufacturing operations and selling, general and administrative functions. The Company began formulating its plan to incur these costs as of the acquisition date. Additions to the Heinrich purchase accounting liability during 2005 relate to redundancy costs recognized after 100% ownership was achieved.

A summary of purchase accounting liabilities activity is shown below (in thousands):

	Heinrich
Balance at May 6, 2004	$ 7,281
Additions	–
Payments	(85)
Balance at January 1, 2005	7,196
Additions	4,179
Payments	(8,685)
Balance at December 31, 2005	2,690
Additions	–
Payments	(2,690)
Balance at December 30, 2006	$ –

Pro forma financial information is not presented due to amounts not being materially different than actual results.

On February 3, 2006, the Company acquired SurgX Corporation ("SurgX") for $2.5 million. All of the assets of SurgX were classified as patents in the Americas segment with an average useful life of seven years. The SurgX acquisition expands the Company's product offering and strengthens the Company's position in the circuit protection industry. SurgX is included in the Company's financial statements since the date of acquisition. Pro forma financial information is not presented due to amounts not being materially different than actual results.

On May 30, 2006, the Company acquired all of the common stock of Concord Semiconductor ("Concord") for $23.8 million in cash, net of cash acquired of $1.2 million, and acquisition costs of approximately $0.2 million. The Company funded the acquisition with $14.0 million in cash and $10.0 million of borrowings on an existing revolving line of credit.

Littelfuse has continued to operate Concord's electronics business subsequent to the acquisition. The Concord acquisition expands the Company's product offering and strengthens the Company's position in the circuit protection industry.

The acquisition was accounted for using the purchase method of accounting and the operations of Concord are included in the Company's operations from the date of acquisition. The following table sets forth the purchase price allocation for the acquisition of Concord in accordance with the purchase method of accounting with adjustments to record the acquired assets and liabilities of Concord at their estimated fair market or net realizable values.

(In thousands)	
Purchase price allocation	
Current assets	$ 7,548
Property, plant and equipment	7,903
Patents and licenses	4,477
Distribution network	6,906
Goodwill	6,356
Current liabilities	(2,975)
Deferred taxes	(3,593)
Long-term debt	(2,657)
	$ 23,965

All Concord goodwill and intangible assets are recorded in the Asian segment. Patents and licenses have an average estimated useful life of approximately four years. The fair values are estimates and subject to revision as the Company completes its fair value analysis. Pro forma financial information is not presented due to amounts not being materially different than actual results.

On June 26, 2006, the Company acquired Catalina Performance Accessories, Inc. ("Catalina") for $4.5 million. The Company acquired $0.4 million of accounts receivable, $0.5 million of inventory and a $3.6 million distribution network. The distribution network was reported in the Americas segment with a useful life of ten years. The Catalina acquisition expands the Company's product offering and strengthens the Company's position in the circuit protection industry. Catalina is included in the Company's financial statements since the date of acquisition. Pro forma financial information is not presented due to amounts not being materially different than actual results.

On August 1, 2006 the Company acquired the gas discharge tube (GDT) assets of SRC Devices, Inc. ("SRC"), for $6.0 million in cash, subject to post-closing purchase price adjustments. The Company acquired $0.3 million of inventory, $0.9 million of fixed assets, and $2.2 million of distribution network, with the excess purchase price of $2.6 million recorded as goodwill. The distribution network was reported in the Americas segment with a useful life of nine years. The fair values are estimates and subject to revision as the Company completes its fair value analysis. The SRC acquisition expands the Company's product offering and strengthens the Company's position in the circuit protection industry. SRC is included in the Company's financial statements since the date of acquisition. Pro forma financial information is not presented due to amounts not being materially different than actual results. The Company plans to move production of the GDT product line from the SRC manufacturing facility in Mexico to its existing operation in Suzhou, China.

On June 21, 2006, the Company announced that it had signed a definitive agreement to acquire the assets of Song Long Electronics Co., Ltd. for $5.5 million. This acquisition is expected to close during the second quarter of 2007.

Goodwill for all of the above acquisitions is expected to be deductible for tax purposes.

NOTE 3.

INVENTORIES

The components of inventories at December 30, 2006, and December 31, 2005 are as follows (in thousands):

	2006	2005
Raw materials	$ 15,043	$ 13,010
Work in process	15,838	18,996
Finished goods	35,080	31,417
Total inventories	$ 65,961	$ 63,423

NOTE 4.

INTANGIBLE ASSETS

The Company recorded amortization expense of $3.1 million, $2.4 million and $2.3 million in 2006, 2005 and 2004, respectively. The details of intangible assets and future amortization expense of existing intangible assets at December 30, 2006, and December 31, 2005, are as follows (in thousands):

	As of December 30, 2006			As of December 31, 2005		
	Weighted Average Useful Life	Gross Carrying Value	Accumulated Amortization	Weighted Average Useful Life	Gross Carrying Value	Accumulated Amortization
Patents and licenses	11.6	$ 33,898	$ 23,780	9.0	$ 27,193	$ 24,302
Distribution network	15.5	28,107	12,898	17.4	17,584	11,076
Trademarks and tradenames	18.4	5,663	4,342	14.7	10,210	4,867
Total		$ 67,668	$ 41,020		$ 54,987	$ 40,245

Estimated amortization expense related to intangible assets with definite lives at December 30, 2006, is as follows

(In thousands):	
2007	$ 3,194
2008	3,419
2009	3,240
2010	3,122
2011	3,075
Thereafter	10,598
	$ 26,648

The amounts for goodwill and changes in the carrying value by operating segment are as follows at December 30, 2006, and December 31, 2005 (in thousands):

	2006	Additions	Adjustments	2005	Additions	Adjustments	2004
Americas	$ 40,810	$ 2,593	$ (407)	$ 38,624	$ 3,573	$ (407)	$ 35,458
Europe	20,190	3,360	1,085	15,745	606	(2,175)	17,314
Asia-Pacific	6,500	6,356	73	71	–	(377`	448
Total goodwill	$ 67,500	$ 12,309	$ 751	$ 54,440	$ 4,179	$ (2,959`	$ 53,220

* Adjustments primarily reflect the impact of changes in exchange rates.

NOTE 5.

INVESTMENTS

Included in investments are shares of Polytronics Technology Corporation Ltd. ("Polytronics"), a Taiwanese company, which was acquired as part of the Heinrich acquisition. The Company's shares held represent approximately 8.9% of total Polytronics shares outstanding during 2006 and 2005. The fair value of this investment is $4.8 million at December 30, 2006 and December 31, 2005. Included in other comprehensive income (loss) is a cumulative loss of $0.6 million related to a decrease in the fair market value of Polytronics. As part of other comprehensive income, an unrealized loss of $0.5 million was recorded in 2006 and an unrealized gain of $1.0 million was recorded in 2005 related to Polytronics. Subsequent to December 30, 2006, the fair value of the investment exceeded the cost of the asset.

NOTE 6.

DISCONTINUED OPERATIONS

In December 2005, the Company announced its plan to sell the Efen business that consists of production and sales facilities in Uebigau and Eltville, Germany and Kaposvar, Hungary. The Company obtained Efen as part of its acquisition of Heinrich in May 2004. Results of operations for Efen have been reclassified and presented as discontinued operations for 2006 and 2005. Efen is part of the European segment for reporting purposes. Due to the Efen sale taking place in February 2006, the results of Efen were no longer recorded in the Consolidated Statements of Income after the first quarter of 2006.

Efen's operating results are summarized as follows for the periods ending December 30, 2006, December 31, 2005, and January 1, 2005 (in thousands):

	2006	2005	2004
Net sales	$ 3,789	$ 32,988	$ 23,409
Income (loss) before taxes	773	1,773	(81)
Income taxes	324	645	252
Net income (loss)	$ 449*	$ 1,128	$ (333)

* Additionally, for the period ended December 30, 2006, discontinued operations in the Consolidated Statements of Income includes a gain on the sale of assets of $139 (net of tax of $85).

Efen's significant balance sheet items are summarized as of December 30, 2006, and December 31, 2005 (in thousands):

	2006	2005
Accounts receivable, net	$ –	$ 2,867
Inventory	–	5,780
Property, plant and equipment, net	–	5,577
Other assets	–	1,084
Goodwill	–	2,325
Current liabilities	–	3,407
Long-term liabilities	–	3,315

The Efen product line was sold for Euro 9.5 million (approximately $11.6 million). In connection with the sale, a pretax loss of approximately $0.0 million was recognized, resulting in an after tax gain of $0.1 million after recognizing a tax benefit on the sale of $0.1 million.

NOTE 7.

LONG-TERM OBLIGATIONS

The carrying amounts of long-term debt at December 30, 2006, and December 31, 2005 are as follows (in thousands):

	2006	2005
Revolving credit facility	$ 22,500	$ 21,000
Other obligations	3,613	5,682
	26,113	26,682
Less: Current maturities	24,328	26,682
	$ 1,785	$ –

The Company has an unsecured domestic financing arrangement consisting of a credit agreement with banks that provides a $75.0 million revolving credit facility, with a potential increase of up to $125.0 million upon request of the Company and agreement with the lenders, that expires on July 21, 2011. At December 30, 2006, the Company had available $52.5 million of borrowing capability under the revolving credit facility at an interest rate of LIBOR plus 0.50% (5.95% as of December 30, 2006). The Company also had $6.1 million and $5.8 million in letters of credit outstanding at December 30, 2006, and December 31, 2005, respectively.

The Company has an unsecured bank line of credit in Japan that provides a Yen 0.9 billion (an equivalent of $7.6 million) revolving credit facility at an interest rate of TIBOR plus 0.625% (1.12% as of December 30, 2006). The revolving line of credit balance becomes due on July 21, 2011. At December 30, 2006, the Company had the equivalent of $1.3 million outstanding on the Yen facility.

The Company has an unsecured bank line of credit that provides a Taiwanese Dollar 35.0 million (equivalent to $1.1 million) revolving credit facility at an interest rate of two-years Time Deposit plus 0.145% (2.3% as of December 30, 2006). The revolving line of credit becomes due on August 18, 2009. At December 30, 2006, the Company had the equivalent of $0.9 million outstanding on the Taiwanese Dollar facility.

The Company has various other foreign fixed rate loans outstanding at December 30, 2006, totaling $1.4 million with maturity dates through August 2013.

The domestic bank credit agreement contains covenants that, among other matters, impose limitations on the incurrence of additional indebtedness, future mergers, sales of assets, payment of dividends, and changes in control, as defined. In 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 30, 2006, and for the year then ended, the Company was in compliance with these covenants.

Aggregate maturities of long-term obligations at December 30, 2006, are as follows (in thousands):

2007	$ 24,328
2008	567
2009	448
2010	210
2011	210
2012 and thereafter	350
	$ 26,113

Interest paid on long-term debt approximated $1.6 million in 2006, $2.0 million in 2005 and $1.7 million in 2004.

NOTE 8.

COAL MINING LIABILITY

Included in other long-term liabilities is an accrued liability related to a former coal mining operation at Heinrich for the amounts of $5.5 million and $5.0 million in 2006 and 2005, respectively. The accrual, which is not discounted, is based on an engineering study estimating the cost remediating the dangers (such as a shaft collapse) of abandoned coal mine shafts in Germany.

NOTE 9.

RESTRUCTURING

During 2005 the Company announced a downsizing of the European segment's Ireland operation and outsourcing of more of its varistor manufacturing to lower cost Asian subcontractors. A liability of $4.9 million was recorded related to redundancy costs for the manufacturing operation associated with this downsizing. This restructuring impacts approximately 35 associates in various production and support related roles. These costs were paid in 2005 and 2006. In the second quarter of 2006, an additional $17.1 million, consisting of $20.0 million of accrued severance less a statutory rebate of $2.9 million recorded as a current asset, was recorded as part of cost of sales related to the closure of the entire facility. This restructuring is part of the Company's strategy to expand operations in Asia in order to be closer to current and potential customers and take advantage of lower manufacturing costs. This portion of the restructuring impacts approximately 131 employees. Restructuring charges are based upon each associate's current salary and length of service with the Company. These costs will be paid through 2008.

(In thousands)

Ireland restructuring	
Balance at October 1, 2005	$ 4,900
Additions	–
Payments	(897)
Balance at December 31, 2005	4,003
Additions	20,019
Payments	(1,414)
Balance at December 30, 2006	$ 22,608

During the first quarter of 2006, the Company recorded a $2.1 million charge related to the downsizing of the European segment's Heinrich operations. Manufacturing related charges of $0.9 million are recorded as part of cost of sales and non-manufacturing related charges of $1.2 million are recorded as part of selling, general and administrative expenses. During the second quarter of 2006 additional expense of $0.5 million was recognized primarily as part of selling, general and administrative expenses. During the third quarter of 2006, additional expense of $2.4 million was recorded. Manufacturing related charges of $1.4 million are recorded as part of cost of sales and non-manufacturing related charges of $1.0 million are recorded as part of selling, general and administrative expenses. These charges are primarily for redundancy costs to be paid through 2007. Employees affected by this downsizing include technical, production, administrative and support employees. A summary of activity of this liability is as follows:

(In thousands)

Heinrich restructuring	
Balance at December 31, 2005	$ –
Additions	4,995
Payments	(632)
Balance at December 30, 2006	$ 4,363

During December 2006 the Company announced the closure of its America's segment's Irving, Texas facility and the transfer of its semiconductor wafer manufacturing from Irving, Texas to Wuxi, China in a phased transition from 2007 to 2010. A liability of $1.9 million was recorded related to redundancy costs for the manufacturing operation associated with

this downsizing. This charge was recorded as part of cost of sales. The total cost expected to be incurred through 2010 is $6.5 million. This restructuring impacts approximately 180 associates in various production and support related roles and will be paid over the period 2007 to 2010. A summary of activity of this liability is as follows:

(In thousands)	
Irving, Texas restructuring	
Balance at December 31, 2005	$ –
Additions	1,890
Payments	–
Balance at December 30, 2006	$ 1,890

NOTE 10.

ASSET IMPAIRMENTS

During 2006, the Company recorded a $4.4 million charge for the write-down of Heinrich real estate and fixed assets. $2.7 million of this write-down was recorded to reduce the carrying value of property located in Witten, Germany, consisting primarily of land and buildings used for manufacturing and administrative offices, as a result of entering into agreements to sell the property. The sale was completed in the fourth quarter of 2006. The remaining $1.7 million charge related to a reduction in the carrying value of certain long-term assets located at the same facility to record them at fair value in anticipation of their future sale. $0.8 million of this charge was recorded within cost of sales and $3.6 million within part of selling, general and administrative expenses in the European segment of the Company's financial results.

NOTE 11.

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, Germany, Japan, Taiwan 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 $0.1 million, $0.6 million and $0.2 million in 2006, 2005 and 2004, respectively.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an Amendment of FASB Statements No. 87, 88, 106, and 132(R)". SFAS No. 158 requires the recognition of the overfunded or underfunded status of a defined benefit postretirement plan as an asset or a liability in the balance sheet, with changes in the funded status recorded through comprehensive income in the year in which those changes occur. The Company adopted FAS158 on December 30, 2006. The following table is required as part of adopting SFAS No. 158. See Note 1, Accounting Policies, Recently Issued Accounting Standards.

Incremental effect of applying FASB Statement No. 158 on individual line items in the Consolidated Balance Sheet as of December 30, 2006 (in thousands):

	Before Application of Statement 158	Total Adjustments	After Application of Statement 158
Prepaid expenses and other current assets	$ 13,205	$ (3,384)	$ 9,821
Non-current deferred income taxes	5,034	4,712	9,746
Total assets	$463,638	$ 1,328	$464,966
Accrued post-retirement benefits	18,954	9,017	27,971
Accumulated other comprehensive income (loss)	7,678	(7,689)	(11)
Total shareholders' equity	$ 311,354	$ (7,689)	$303,665

The Company's contributions are made in amounts sufficient to satisfy legal requirements and ensure funding to at least 90% of the ERISA Current Liability amount. In 2007, the Company expects to make contributions to defined benefit pension plans in the range of $3.0 million to $7.0 million.

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. Differences between total pension expense of $3.7 million, $4.8 million and $4.3 million in 2006, 2005 and 2004, respectively, were not material to the overall financial performance of the Company. The decreases in pension expense in 2006 and 2005 were primarily due to currency gains and the impact of demographic changes partially offset by a decrease in the discount rate. Benefit plan related information, including Efen prior to the sale, is as follows (in thousands):

	2006			2005		
	U.S.	Foreign	Total	U.S.	Foreign	Total
Change in benefit obligation						
Benefit obligation at beginning of year	$ 66,425	$ 47,290	$ 113,715	$ 60,225	$ 45,611	$105,836
Service cost	3,192	1,124	4,316	3,259	818	4,077
Interest cost	3,799	2,043	5,842	3,664	1,971	5,635
Plan participants' contributions	–	304	304	–	362	362
Curtailment gain	–	(980)	(980)	–	–	–
Net actuarial loss (gain)	(1,821)	(156)	(1,977)	2,363	6,474	8,837
Benefits paid	(3,065)	(2,538)	(5,603)	(3,086)	(1,811)	(4,897)
Business acquisitions	–	625	625	–	–	–
Business divestitures	–	(1,530)	(1,530)	–	–	–
Effect of exchange rate movements	–	5,067	5,067	–	(6,135)	(6,135)
Benefit obligation at end of year	$ 68,530	$ 51,249	$ 119,779	$ 66,425	$ 47,290	$ 113,715
Change in plan assets at fair value						
Fair value of plan assets at beginning of year	$ 50,436	$ 28,787	$ 79,223	$ 47,795	$ 26,586	$ 74,381
Actual return on plan assets	6,192	2,361	8,553	3,227	4,170	7,397
Employer contributions	3,000	2,127	5,127	2,500	2,184	4,684
Plan participant contributions	–	304	304	–	362	362
Benefits paid	(3,065)	(1,760)	(4,825)	(3,086)	(906)	(3,992)
Business acquisitions	–	326	326	–	–	–
Effect of exchange rate movements	–	3,353	3,353	–	(3,609)	(3,609)
Fair value of plan assets at end of year	$ 56,563	$ 35,498	$ 92,061	$ 50,436	$ 28,787	$ 79,223
Unfunded status	$ (11,967)	$ (15,751)	$ (27,718)	$ (15,989)	$ (18,503)	$(34,492)
Unrecognized prior service cost (benefit)	–	–	–	105	(112)	(7)
Unrecognized transition asset	–	–	–	–	(1,269)	(1,269)
Unrecognized net actuarial gain	–	–	–	8,690	9,887	18,577
Net amount recognized	$ (11,967)	$ (15,751)	$ (27,718)	$ (7,194)	$ (9,997)	$ (17,191)
Amounts recognized in the Consolidated Balance Sheet consist of:						
Prepaid benefit cost	$ –	$ 253	$ 253	$ –	$ 1,554	$ 1,554
Accrued benefit liability	(11,967)	(16,004)	(27,971)	(7,194)	(13,366)	(20,560)
Accumulated other comprehensive loss (pre FAS158 adoption)	–	–	–	–	1,815	1,815
Net (liability) recognized	$ (11,967)	$ (15,751)	$ (27,718)	$ (7,194)	$ (9,997)	$ (17,191)
Accumulated other comprehensive loss, pre-tax (post FAS158 adoption)	$ 4,943	$ 7,892	$ 12,835	n/a	n/a	n/a

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

	2006		
	U.S.	Foreign	Total
Net actuarial loss	$ 4,943	$ 7,458	$ 12,401
Prior service cost	–	434	434
Net amount recognized, pre-tax	$ 4,943	$ 7,892	$ 12,835

The estimated net actuarial loss which will be amortized from accumulated other comprehensive loss into benefit cost in 2007 is $0.2 million.

The accumulated benefit obligation for the U.S. defined benefits plans was $57.5 million and $55.4 million at December 30, 2006 and December 31, 2005, respectively. The accumulated benefit obligation for the foreign plans was $45.6 million and $41.9 million at December 30, 2006 and December 31, 2005, respectively (in thousands).

	U.S.			Foreign		
	2006	2005	2004	2006	2005	2004
Components of net periodic benefit cost						
Service cost	$ 3,192	$ 3,259	$ 2,759	$ 1,124	$ 1,210	$ 1,269
Interest cost	3,799	3,664	3,498	2,043	1,971	1,877
Expected return on plan assets	(4,228)	(3,728)	(3,649)	(2,117)	(1,681)	(1,521)
Amortization of prior service cost	10	10	10	(13)	(13)	(13)
Amortization of transition asset	–	–	–	(113)	(112)	(90)
Amortization of losses	57	409	158	308	173	206
Total cost of the plan for the year	2,830	3,614	2,776	1,232	1,548	1,728
Expected plan participants' contribution	–	–	–	–	(392)	(203)
Net periodic benefit cost	$ 2,830	$ 3,614	$ 2,776	$ 1,232	$ 1,156	$ 1,525
Curtailment gain	–	–	–	(322)	–	–
Total expense for the year	$ 2,830	$ 3,614	$ 2,776	$ 910	$ 1,156	$ 1,525

Weighted average assumptions used to determine benefit obligations at year-end 2006, 2005 and 2004:

	U.S.			Foreign		
	2006	2005	2004	2006	2005	2004
Discount rate	6.0%	6.0%	6.0%	4.5%	4.3%	4.8%
Compensation increase rate	4.5%	4.5%	4.5%	3.5%	3.2%	3.4%
Measurement dates	12/31/06	12/31/05	12/31/04	12/31/06	12/31/05	12/31/04

Weighted average assumptions used to determine net periodic benefit cost for the years 2006, 2005 and 2004:

	U.S.			Foreign		
	2006	2005	2004	2006	2005	2004
Discount rate	6.0%	6.0%	6.5%	4.2%	4.8%	5.5%
Expected return on plan assets	8.5%	8.5%	8.8%	6.7%	6.7%	6.7%
Compensation increase rate	4.5%	4.5%	4.5%	3.2%	3.2%	4.0%
Measurement dates	1/01/06	1/01/05	1/01/04	1/01/06	1/01/05	1/01/04

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

	U.S.	Foreign
2007	$ 2,947	$ 2,275
2008	3,109	2,073
2009	3,171	2,029
2010	3,278	3,746
2011	3,345	2,879
2012-2016	18,919	15,009

DEFINED BENEFIT PLAN ASSETS

Based upon analysis of the target asset allocation and historical returns by type of investment, the Company has assumed that the expected long-term rate of return will be 8.5% on domestic plan assets and 6.7% on foreign plan assets. Assets are invested to maximize long-term return taking into consideration timing of settlement of the retirement liabilities and liquidity needs for benefits payments. U.S. defined benefit pension assets were invested as follows and were not materially different from the target asset allocation:

	U.S. Asset Allocation	
	2006	2005
Equity securities	73%	73%
Debt securities	27%	27%
	100%	100%

	Foreign Asset Allocation	
	2006	2005
Equity securities	39%	66%
Debt securities	54%	24%
Property	7%	8%
Cash	0%	2%
	100%	100%

DEFINED CONTRIBUTION PLANS

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 $0.5 million in 2006, 2005 and 2004, respectively. 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 $0.3 million, $0.3 million and $0.7 million in 2006, 2005 and 2004, respectively.

NOTE 12.

SHAREHOLDERS' EQUITY

Equity Plans: The Company has stock option plans authorizing the granting of both incentive and nonqualified options and other stock rights of up to 5,925,000 shares of common stock to employees and directors. The stock options granted prior to 2002 vest over a five-year period and are exercisable over a ten-year period commencing from the date of vesting. The stock options granted in 2002 through February, 2005 vest over a five-year period and are exercisable over a ten-year period commencing from the date of the grant. Stock options granted after February, 2005 vest over a four-year period and are exercisable over a ten-year period commencing from the date of the grant. The Company also has a performance share agreement in which a target amount of performance share awards are granted based on the Company attaining certain financial performance goals relating to return on net tangible assets and earnings before interest, taxes, depreciation and amortization over a three-year performance period. The performance-based restricted stock awards vest in thirds over a three-year period (following the three-year performance period), and are paid annually as they vest, one half in the Company's common stock and one half in cash. The fair value of the performance-based restricted stock awards that are paid in common stock is measured at the market price on the grant date, and the fair value of the portion paid in cash is measured at the current market price of a share.

The following table provides a reconciliation of outstanding stock options for the twelve month period ending December 30, 2006.

	Shares Under Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value ($ thousands)
Outstanding December 31, 2005	1,820,010	$ 27.82		
Granted	392,750	34.06		
Exercised	(193,487)	22.25		
Forfeited	(36,103)	31.33		
Outstanding December 30, 2006	1,983,170	$ 29.54	6.9	$ 8,155
Exercisable December 30, 2006	988,420	$ 27.57	6.2	$ 5,771

The total intrinsic value of options exercised during 2006, 2005, and 2004 was $2.1 million, $1.4 million, and $10.9 million, respectively.

The following table provides a reconciliation of nonvested performance share awards (including only awards to be paid in the Company's common stock) for the twelve month period ending December 30, 2006.

	Shares	Weighted Average Grant-Date Fair Value
Nonvested December 31, 2005	45,500	$ 27.95
Granted	13,000	34.33
Vested	–	–
Forfeited	–	–
Nonvested December 30, 2006	58,500	$ 29.37

The Company recognizes compensation cost of all share-based awards as an expense on a straight-line basis over the vesting period of the awards. At December 30, 2006, the unrecognized compensation cost for options and performance shares was $13.3 million before tax, and will be recognized over a weighted-average period of 3.1 years. The following table shows total stock-based compensation expense included in selling, general and administrative expenses in the Consolidated Statements of Income during 2006. No such compensation expense was recognized during 2005 and 2004.

(In thousands, except per share amounts)	2006
Pre-tax stock based compensation	$ 5,187
Income tax	(1,889)
Stock-based compensation expense, net	$ 3,298
Basic earnings per share impact	$ 0.15
Diluted earnings per share impact	$ 0.15

The Company used the Black-Scholes option valuation model to determine the fair value of awards granted during 2006, 2005, and 2004. The weighted average fair value of and related assumptions for options granted were as follows:

	2006	2005	2004
Weighted average fair value of options granted at fair value of underlying stock	$ 13.90	$ 13.63	$ 19.87
Assumptions:			
Risk-free interest rate	4.89%	4.27%	4.14%
Expected dividend yield	0%	0%	0%
Expected stock price volatility	39.0%	39.4%	44.0%
Expected life of options	4.8 years	7 years	7 years

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

Notes Receivable From Officers - Common Stock: In 1995, the Company established the Executive Loan Program under which certain management employees could then 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 changed its policy in 2002 such that management employees may no longer obtain such loans.

Accumulated Other Comprehensive Income (Loss): At the end of the year the components of accumulated other comprehensive income (loss) were as follows (in thousands):

	December 30, 2006	December 31, 2005
Minimum pension liability adjustment, net of tax*	$ (269)	$ (1,815)
Adoption of FAS158**	(7,689)	–
Loss on investments***	(563)	(96)
Foreign currency translation adjustment	8,510	(515)
Total	$ (11)	$ (2,426)

* net of tax of $165 and $1,112 for 2006 and 2005, respectively.
** net of tax of $4,712 for 2006.
*** net of tax of $345 and $59 for 2006 and 2005, respectively.

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.

NOTE 13.

INCOME TAXES

Domestic and foreign earnings from continuing operations before minority interest and income taxes is as follows (in thousands):

	2006	2005	2004
Domestic	$ 2,655	$ 1,484	$ 28,115
Foreign	26,751	26,452	27,366
Earnings from continuing operations before minority interest and income taxes	$ 29,406	$ 27,936	$ 55,481

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

	2006	2005	2004
Current:			
Federal	$ 12,925	$ 2,735	$ 6,402
State	508	41	1,196
Foreign	5,689	10,228	8,098
Subtotal	19,122	13,004	15,696
Deferred:			
Federal and state	(11,342)	1,956	3,087
Foreign	(1,610)	(3,520)	194
Subtotal	(12,952)	(1,564)	3,281
Provision for income taxes	$ 6,170	$ 11,440	$ 18,977

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):

	2006	2005	2004
Tax expense at statutory rate of 35%	$ 10,292	$ 9,785	$ 19,050
State and local taxes, net of federal tax benefit	45	27	777
Foreign income tax rate differential	(1,374)	(47)	(1,846)
Foreign losses for which no tax benefit is available	203	1,446	759
Valuation allowance	–	(753)	753
Tax on unremitted earnings	(276)	790	91
Utilization of t operating loss carryforward	(1,780)	–	–
Other, net	(940)	192	(607)
Provision for income taxes	$ 6,170	$ 11,440	$ 18,977

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 30, 2006, and December 31, 2005, are as follows (in thousands):

	2006	2005
Deferred tax assets:		
Accrued expenses	18,686	12,097
Foreign tax credit carryforwards	769	4,574
AMT credit carryforwards	1,321	1,318
Accrued Ireland restructuring	7,414	571
Net operating loss carryforwards	8,211	2,100
Gross deferred tax assets	36,401	20,660
Less: Valuation allowance	(708)	(766)
Total deferred tax assets	35,693	19,894
Deferred tax liabilities:		
Tax depreciation and amortization in excess of book	$ 8,636	$ 8,100
Foreign	4,370	407
Other	559	1,339
Total deferred tax liabilities	13,565	9,846
Net deferred tax assets	$ 22,128	$ 10,048

The deferred tax asset valuation allowance is related to deferred tax assets from foreign net operating losses. The remaining domestic and foreign net operating losses either have no expiration date or are expected to be utilized prior to expiration. A domestic net operating loss benefit of $1.8 million was recorded during the year relating to net operating losses from an acquired group of companies. A benefit of approximately $1.4 million was booked due to a change in German tax legislation which will allow for a German tax credit over the next 10 years. The foreign tax credit carryforwards begin to expire in 2015. The Company paid income taxes of approximately $10.0 million, $9.5 million and $11.2 million in 2006, 2005 and 2004, respectively. U.S. income taxes were not provided for on a cumulative total of approximately $23.0 million of undistributed earnings for certain non-U.S. subsidiaries as of December 30, 2006, 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.

NOTE 14.

BUSINESS SEGMENT INFORMATION

The Company designs, manufactures and sells circuit protection devices throughout the world. The Company's reportable segments are consistent with how it currently manages the business. The Company has three reportable geographic segments: the Americas, Europe and Asia-Pacific. The segments are defined as components of the company about which financial information is available and evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources to an individual segment and in assessing performance of the segment. 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 net sales and earnings (loss) from continuing operations.

Information concerning the operations in these geographic segments for the fiscal years ended 2006, 2005 and 2004 are as follows (in thousands):

		Americas*	Europe	Asia-Pacific	Combined Total	Eliminations/ Adjustments	Consolidated Total
Net sales	2006	$ 213,564	$ 112,193	$209,102	$534,859	$ –	$534,859
	2005	195,974	114,943	156,172	467,089	–	467,089
	2004	234,835	105,728	136,270	476,833	–	476,833
Intersegment revenues	2006	200,390	75,180	115,051	390,621	(390,621)	–
	2005	159,036	66,256	70,370	295,662	(295,662)	–
	2004	137,611	58,376	28,718	224,705	(224,705)	–
Interest expense	2006	1,556	(3)	73	1,626	–	1,626
	2005	1,978	74	46	2,098	–	2,098
	2004	1,668	(191)	(2)	1,475	–	1,475
Depreciation and amortization	2006	15,690	11,047	6,128	32,865	–	32,865
	2005	17,648	10,676	2,792	31,116	–	31,116
	2004	16,749	8,134	1,312	26,195	–	26,195
Other expense (income), net	2006	(1,520)	441	(1,095)	(2,174)	–	(2,174)
	2005	(1,530)	(1,068)	(470)	(3,068)	–	(3,068)
	2004	(2,106)	1,424	729	47	–	47
Income taxes	2006	2,258	(1,285)	5,197	6,170	–	6,170
	2005	6,031	1,882	3,527	11,440	–	11,440
	2004	11,589	2,839	4,549	18,977	–	18,977
Earnings (loss) from continuing operations	2006	17,425	(17,490)	23,301	23,236	–	23,236
	2005	4,193	(5,484)	17,873	16,582	–	16,582
	2004	21,157	(439)	15,643	36,361	–	36,361
Net income (loss)	2006	17,425	(16,902)	23,301	23,824	–	23,824
	2005	4,193	(4,356)	17,873	17,710	–	17,710
	2004	21,157	(772)	15,643	36,028	–	36,028
Identifiable assets	2006	227,322	159,639	148,526	535,487	(169,900)	365,587
	2005	248,651	146,907	90,233	485,791	(156,632)	329,159
	2004	279,717	144,176	62,542	486,435	(137,108)	349,327
Capital expenditures	2006	13,953	2,800	2,860	19,613	–	19,613
	2005	20,371	3,127	3,741	27,239	–	27,239
	2004	15,766	2,908	3,405	22,079	–	22,079

*Corporate is included in the Americas. This was reported separately in amounts previously presented.

The Company's revenues by product areas for the years ended December 30, 2006, December 31, 2005 and January 1, 2005, are as follows (in thousands):

Revenues	2006	2005	2004
Electronic	$ 365,418	$305,870	$ 325,617
Automotive	123,620	118,595	113,690
Electrical	45,821	42,624	37,526
Consolidated total	$534,859	$467,089	$476,833

Export sales to Hong Kong were 16.1% 13.7% and 10.6% for 2006, 2005 and 2004, respectively. No other foreign country sales exceeded 10% for 2006, 2005 or 2004. Sales to Arrow Pemco Group were 10.6% in 2006 and were derived 44.6%, 25.1% and 30.3% from the Americas, Europe and Asia-Pacific segments, respectively. Sales to Arrow Pemco were less than 10% in 2005 and 2004. No other single customer amounted to 10% or more of the Company's total revenues for 2006, 2005 or 2004.

NOTE 15.

LEASE COMMITMENTS

The Company leases certain office and warehouse space as well as certain machinery and equipment under non-cancelable operating leases. Rental expense under these leases was approximately $5.3 million in 2006, $5.5 million in 2005 and $4.4 million in 2004. Rent expense is recognized on a straight-line basis over the term of the leases. The difference between straight-line basis rent and the amount paid has been recorded as accrued lease obligations. The Company also has leases that have lease renewal provisions. As of December 30, 2006, all operating leases outstanding were with third parties.

Future minimum payments for all non-cancelable operating leases with initial terms of one year or more at December 30, 2006, are as follows (in thousands):

2007	$4,553
2008	2,803
2009	1,931
2010	1,630
2011	1,554
2012 and thereafter	4,133
Total lease commitments	$ 16,604

The Company did not have any capital leases as of December 30, 2006.

NOTE 16.

EARNINGS PER SHARE

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

(In thousands, except per share amounts)	2006	2005	2004
Numerator:			
Net income	$ 23,824	$ 17,710	$ 36,028
Denominator:			
Denominator for basic earnings per share - Weighted-average shares	22,305	22,413	22,239
Effect of dilutive securities:			
Employee stock options	129	169	365
Denominator for diluted earnings per share - Adjusted weighted- average shares and assumed conversions	22,434	22,582	22,604
Basic earnings per share	$ 1.07	$ 0.79	$ 1.62
Diluted earnings per share	$ 1.06	$ 0.78	$ 1.59

The following potential shares of common stock were excluded from the EPS calculation because their effect would be anti-dilutive.

	2006	2005	2004
Stock Options	1,121,293	712,153	362,500
Restricted Shares	–	–	–
Total	1,121,293	712,153	362,500

Selected Financial Data
(In thousands, except per share data)

FIVE-YEAR SUMMARY

	2006*	2005*	2004*	2003**	2002
Net sales	$534,859	$467,089	$476,833	$339,410	$283,267
Gross profit	161,263	144,552	173,797	104,426	88,623
Operating income	28,858	26,966	57,003	26,081	15,931
Earnings from continuing operations	23,236	16,582	36,361	15,339	9,620
Net income	23,824	17,710	36,028	15,339	9,620
Per share of common stock:					
Net income from continuing operations					
- Basic	1.04	0.74	1.64	0.70	0.44
- Diluted	1.03	0.73	1.61	0.70	0.44
Cash and cash equivalents	56,704	21,947	28,583	22,128	27,750
Total assets	464,966	403,931	425,769	311,570	277,478
Long-term debt	1,785	–	1,364	10,201	20,252

* Results include Heinrich. Refer to the Notes to Consolidated Financial Statements for more information. Results reflect Efen as a discontinued operation.
** Results include Teccor. Refer to the Notes to Consolidated Financial Statements for more information.

QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

	2006*				2005*			
	4Q	3Q	2Q**	1Q	4Q	3Q	2Q	1Q
Net sales	$ 127,836	$ 143,471	$ 137,941	$ 125,611	$ 115,373	$ 122,266	$ 115,693	$ 113,757
Gross profit	38,089	47,085	31,289	44,800	37,905	34,309	35,117	37,221
Operating income (loss)	5,398	12,368	(2,691)	13,783	9,114	4,103	6,899	6,850
Net income	4,644	9,360	449	9,371	5,243	3,771	4,257	4,439
Net income per share:								
Basic	0.21	0.42	0.02	0.42	0.23	0.17	0.19	0.20
Diluted	0.21	0.42	0.02	0.42	0.23	0.17	0.19	0.20

* Results reflect Efen as a discontinued operation.
** In the second quarter of 2006, the Company recorded a $17.1 million net restructuring charge (after a $2.9 million statutory rebate) related to the closure of its Ireland facility.

QUARTERLY STOCK PRICES

	2006				2005			
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
High	36.66	38.00	37.42	36.65	28.85	30.97	31.16	33.59
Low	28.14	26.95	30.60	26.42	21.44	26.12	26.35	27.95
Close	31.88	34.70	34.38	34.13	27.25	28.13	27.82	28.23

Management Team

Gordon Hunter
Chairman, President and
Chief Executive Officer

Paul Dickinson
Vice President, Corporate
Development and Treasurer

Dal Ferbert
Vice President and General Manager
Electrical Business Unit

Philip G. Franklin
Vice President, Operations Support
and Chief Financial Officer

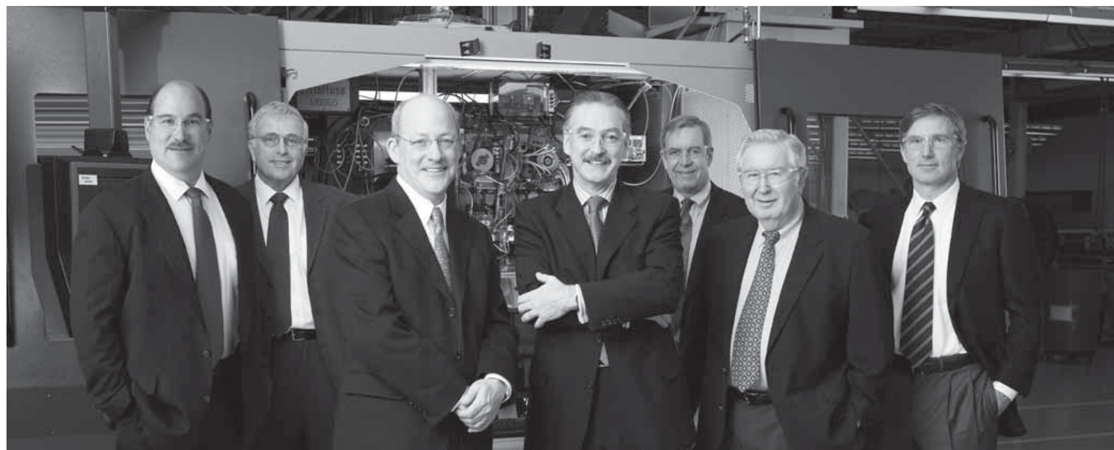
David W. Heinzmann
Vice President and General Manager
Automotive Business Unit

Janet LaHayne
Vice President and Chief
Information Officer, Global
Customer Service Leader

Ryan K. Stafford
Vice President, Human Resources
and General Counsel

David Samyn
Vice President and General Manager,
Electronics Business Unit

Mary S. Muchoney
Corporate Secretary



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(2)*(4)

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(2) Compensation Committee Member
(3) Technology Committee Member
(4) Nominating and Governance Committee Member
* Chairman
† Retiring in April, 2007

Corporate Information

Annual Meeting

The annual meeting of Littelfuse,Inc. will be held at 9:00 a.m. CST on April 27, 2007, at the Littelfuse corporate headquarters in Des Plaines, Illinois. Proxy material and a copy of this report will be mailed in advance of the meeting to all shareholders of record as of March 16, 2007.

Common Stock

Littelfuse, Inc. common stock is traded on the Nasdaq National Market System under the symbol LFUS. There are approximately 5,000 shareholders of record of Littelfuse common stock.

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 investor information.

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