BLACKROCK MUNIYIELD MICHIGAN QUALITY FUND, INC.
Form N-CSR
October 04, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number: 811-07080

Name of Fund: BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniYield

Michigan Quality Fund, Inc., 55 East 52nd Street, New York, NY 10055

Registrant s telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 07/31/2017

Date of reporting period: 07/31/2017

Item 1 Report to Stockholders

JULY 31, 2017

ANNUAL REPORT

BlackRock MuniHoldings California Quality Fund, Inc. (MUC)

BlackRock MuniHoldings New Jersey Quality Fund, Inc. (MUJ)

BlackRock MuniYield Investment Quality Fund (MFT)

BlackRock MuniYield Michigan Quality Fund, Inc. (MIY)

BlackRock MuniYield Pennsylvania Quality Fund (MPA)

The Markets in Review

Dear Shareholder,

In the 12 months ended July 31, 2017, risk assets, such as stocks and high-yield bonds, continued to deliver strong performance. These markets showed great resilience during a period with big surprises, including the aftermath of the U.K. s vote to leave the European Union and the outcome of the U.S. presidential election, which brought only brief spikes in equity market volatility. These expressions of isolationism and discontent were countered by the closely watched and less surprising elections in France, the Netherlands and Australia.

Interest rates rose, which worked against high-quality assets with more interest rate sensitivity. Aside from the shortest-term Treasury bills, most U.S. Treasuries posted negative returns, as rising energy prices, modest wage increases and steady job growth led to expectations of higher inflation and anticipation of interest rate increases by the U.S. Federal Reserve (the Fed).

The global reflationary theme rising nominal growth, wages and inflation was the dominant driver of asset returns during the period, outweighing significant political upheavals and economic uncertainty. Reflationary expectations accelerated after the U.S. election in November 2016 and continued into the beginning of 2017, stoked by expectations that the new administration s policies would provide an extra boost to U.S. growth.

The Fed has responded to these positive developments by increasing interest rates three times in the last six months, setting expectations for additional interest rate increases and moving toward normalizing monetary policy. Divergent global monetary policy continued in earnest, as the European Central Bank and the Bank of Japan reiterated their commitments to economic stimulus despite nascent signs of sustained economic growth in both countries.

In recent months, growing skepticism about the near-term likelihood of significant U.S. tax reform and infrastructure spending has tempered enthusiasm around the reflation trade. Similarly, renewed concern about oversupply has weighed on energy prices. Nonetheless, financial markets and to an extent the Fed have adopted a wait-and-see approach to the economic data and potential fiscal stimulus. Although uncertainty has persisted, benign credit conditions, modest inflation and the positive outlook for economic growth have kept markets relatively tranquil.

Although economic momentum is gaining traction, the capacity for rapid global growth is restrained by structural factors, including an aging population, low productivity growth and excess savings, as well as cyclical factors, such as the Fed moving toward the normalization of monetary policy and the length of the current expansion. Tempered economic growth and high valuations across most assets have set the stage for muted returns going forward. At current valuation levels, potential equity gains will likely be closely tied to the pace of earnings growth, which has remained solid thus far in 2017.

In this environment, investors need to think globally, extend their scope across a broad array of asset classes, and be nimble as market conditions change. We encourage you to talk with your financial advisor and visit blackrock.com for further insight about investing in today s markets.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

Rob Kapito

President, BlackRock Advisors, LLC

Total Returns as of July 31, 2017

	6-month	**12-month**
U.S. large cap equities (S&P 500® Index)	9.51%	16.04%

U.S. small cap equities (Russell 2000® Index)	5.35	18.45
International equities (MSCI Europe, Australasia, Far East Index)	13.79	17.77
Emerging market equities (MSCI Emerging Markets Index)	18.98	24.84
3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)	0.35	0.54
U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index)	2.33	(5.73)
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	2.51	(0.51)
Tax-exempt municipal bonds (S&P Municipal Bond Index)	3.40	0.36
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	4.57	10.94

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

Table of Contents

Municipal Market Overview

For the Reporting Period Ended July 31, 2017

Municipal Market Conditions

Municipal bonds experienced modestly positive performance for the period as a result of vastly rising interest rates spurring from generally stronger economic data, signs of inflation pressures, Federal Reserve (Fed) monetary policy normalization, and market expectations for pro-growth fiscal policy. However, ongoing reassurance from the Fed that rates would be increased gradually and would likely remain low overall resulted in continued demand for fixed income investments. More specifically, investors favored the income, attractive relative yield, and stability of municipal bonds amid bouts of interest rate volatility (bond prices rise as rates fall) resulting from geopolitical tensions, the contentious U.S. election, and continued global central bank divergence i.e., policy easing outside the United States while the Fed slowly engages in policy tightening. During the 12 months ended July 31, 2017, municipal bond funds garnered net inflows of approximately $593 million (based on data from the Investment Company Institute).

For the same 12-month period, total new issuance remained robust from a historical perspective at $412 billion (above the $397 billion issued in the prior 12-month period). A noteworthy portion of new supply during this period was attributable to refinancing activity (roughly 57%) as issuers continued to take advantage of low interest rates and a flat yield curve to reduce their borrowing costs.

S&P Municipal Bond Index
Total Returns as of July 31, 2017
6 months: 3.40%
12 months: 0.36%

A Closer Look at Yields

From July 31, 2016 to July 31, 2017, yields on AAA-rated 30-year municipal bonds increased by 62 basis points (bps) from 2.12% to 2.74%, while 10-year rates rose by 55 bps from 1.40% to 1.95% and 5-year rates increased 37 bps from 0.84% to 1.21% (as measured by Thomson Municipal Market Data). The municipal yield curve steepened over the 12-month period with the spread between 2- and 30-year maturities steepening by 20 bps.

During the same time period, on a relative basis, tax-exempt municipal bonds broadly outperformed U.S. Treasuries with the greatest outperformance experienced in the front and intermediate portions of the yield curve. The relative positive performance of municipal bonds was driven largely by a supply/demand imbalance within the municipal market as investors sought income and incremental yield in an environment where opportunities became increasingly scarce. Municipal bonds came under pressure post the November U.S. election as a result of uncertainty surrounding potential tax-reform, though growing expectation that tax reform is likely to be delayed or watered down quickly eased investor concerns. The asset class is known for its lower relative volatility and preservation of principal with an emphasis on income as tax rates rise.

Financial Conditions of Municipal Issuers

The majority of municipal credits remain strong, despite well-publicized distress among a few issuers. Four of the five states with the largest amount of debt outstanding California, New York, Texas and Florida have exhibited markedly improved credit fundamentals during the slow national recovery. However, several states with the largest unfunded pension liabilities have seen their bond prices decline noticeably and remain vulnerable to additional price deterioration. On the local level, Chicago s credit quality downgrade is an outlier relative to other cities due to its larger pension liability and inadequate funding remedies. BlackRock maintains the view that municipal bond defaults will remain minimal and in the periphery while the overall market is fundamentally sound. We continue to advocate careful credit research and believe that a thoughtful approach to structure and security selection remains imperative amid uncertainty in a modestly improving economic environment.

The opinions expressed are those of BlackRock as of July 31, 2017, and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of any individual holdings or market sectors. Investing involves risk including loss of principal. Bond values fluctuate in price so the value of your investment can go down depending on market conditions. Fixed income risks include interest-rate and credit risk.

Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. There may be less information on the financial condition of municipal issuers than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. Some investors may be subject to Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable.

The Standard & Poor s Municipal Bond Index, a broad, market value-weighted index, seeks to measure the performance of the U.S. municipal bond market. All bonds in the index are exempt from U.S. federal income taxes or subject to AMT. Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an index.

The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the distribution rate on, and net asset value (NAV) of, their common shares (Common Shares). However, these objectives cannot be achieved in all interest rate environments.

In general, the concept of leveraging is based on the premise that the financing cost of leverage, which is based on short-term interest rates, is normally lower than the income earned by a Fund on its longer-term portfolio investments purchased with the proceeds from leverage. To the extent that the total assets of the Funds (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Funds shareholders benefit from the incremental net income. The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV.

To illustrate these concepts, assume a Fund s Common Shares capitalization is $100 million and it utilizes leverage for an additional $30 million, creating a total value of $130 million available for investment in longer-term income securities. If prevailing short-term interest rates are 3% and longer-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, a Fund s financing costs on the $30 million of proceeds obtained from leverage are based on the lower short-term interest rates. At the same time, the securities purchased by a Fund with the proceeds from leverage earn income based on longer-term interest rates. In this case, a Fund s financing cost of leverage is significantly lower than the income earned on a Fund s longer-term investments acquired from such leverage proceeds, and therefore the holders of Common Shares (Common Shareholders) are the beneficiaries of the incremental net income.

However, in order to benefit Common Shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Funds return on assets purchased with leverage proceeds, income to shareholders is lower than if the Funds had not used leverage. Furthermore, the value of the Funds portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the value of the Funds obligations under their respective leverage arrangements generally does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Funds NAVs positively or

negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that the Fund s intended leveraging strategy will be successful.

The use of leverage also generally causes greater changes in each Fund s NAV, market price and dividend rates than comparable portfolios without leverage. In a declining market, leverage is likely to cause a greater decline in the NAV and market price of a Fund s Common Shares than if the Fund were not leveraged. In addition, each Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Funds to incur losses. The use of leverage may limit a Fund s ability to invest in certain types of securities or use certain types of hedging strategies. Each Fund incurs expenses in connection with the use of leverage, all of which are borne by Common Shareholders and may reduce income to the Common Shares. Moreover, to the extent the calculation of the Funds investment advisory fees includes assets purchased with the proceeds of leverage, the investment advisory fees payable to the Funds investment adviser will be higher than if the Funds did not use leverage.

To obtain leverage, each Fund has issued Variable Rate Demand Preferred Shares (VRDP Shares), Variable Rate Muni Term Preferred Shares (VMTP Shares) (collectively, Preferred Shares) and/or leveraged its assets through the use of tender option bond trusts (TOB Trusts) as described in the Notes to Financial Statements.

Under the Investment Company Act of 1940, as amended (the 1940 Act), each Fund is permitted to issue debt up to 33 1/3% of its total managed assets or equity securities (e.g., Preferred Shares) up to 50% of its total managed assets. A Fund may voluntarily elect to limit its leverage to less than the maximum amount permitted under the 1940 Act. In addition, a Fund may also be subject to certain asset coverage, leverage or portfolio composition requirements imposed by the Preferred Shares governing instruments or by agencies rating the Preferred Shares, which may be more stringent than those imposed by the 1940 Act.

If a Fund segregates or designates on its books and records cash or liquid assets having a value not less than the value of a Fund s obligations under the TOB Trust (including accrued interest), then the TOB Trust is not considered a senior security and is not subject to the foregoing limitations and requirements implosed by the 1940 Act.

Derivative Financial Instruments

The Funds may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market, and/or other asset without owning or taking physical custody of securities, commodities and/or other referenced assets or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage and involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or

illiquidity of the instrument. The Funds successful use of a derivative financial instrument depends on the investment adviser s ability to predict pertinent market movements accurately, which cannot be assured. The use of these instruments may result in losses greater than if they had not been used, may limit the amount of appreciation a Fund can realize on an investment and/or may result in lower distributions paid to shareholders. The Funds investments in these instruments, if any, are discussed in detail in the Notes to Financial Statements.

Fund Summary as of July 31, 2017

BlackRock MuniHoldings California Quality Fund, Inc.

Fund Overview

BlackRock MuniHoldings California Quality Fund, Inc. s (MUC) (the Fund) investment objective is to provide shareholders with current income exempt from U.S. federal income taxes and California personal income taxes. The Fund seeks to achieve its investment objective by investing primarily in municipal obligations exempt from U.S. federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax) and California personal income taxes. Under normal market conditions, the Fund invests at least 80% of its assets in investment grade municipal obligations with remaining maturities of one year or more at the time of investment. The municipal obligations in which the Fund primarily invests are either rated investment grade quality, or are considered by the Fund s investment adviser to be of comparable quality, at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund s investment objective will be achieved.

Fund Information

Symbol on New York Stock Exchange (NYSE)	MUC
Initial Offering Date	February 27, 1998
Yield on Closing Market Price as of July 31, 2017 ($14.75)[1]	5.00%
Tax Equivalent Yield[2]	10.19%
Current Monthly Distribution per Common Share[3]	$0.0615
Current Annualized Distribution per Common Share[3]	$0.7380
Economic Leverage as of July 31, 2017[4]	41%

1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

2 Tax equivalent yield assumes the maximum marginal U.S. federal and state tax rate of 50.93%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

3 The distribution rate is not constant and is subject to change.

4 Represents VMTP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VMTP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended July 31, 2017 were as follows:

	Returns Based On	
	Market Price	**NAV**
MUC[1,2]	(4.73)%	(1.08)%
Lipper California Municipal Debt Funds[3]	(4.75)%	(0.88)%

[1] All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

[2] The Fund s discount to NAV widened during the period, which accounts for the difference between performance based on price and performance based on NAV.

[3] Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

The following discussion relates to the Fund s absolute performance based on NAV:

The municipal bond market generated mixed returns in the 12-month reporting period. Municipal bonds initially moved lower in the third calendar quarter of 2016 due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump s election victory caused investors to factor in the possibility of faster economic growth and tighter Fed policy. As optimism for meaningful fiscal reforms subsequently waned and the economy failed to experience a significant acceleration, municipal bonds stabilized and retraced the majority of their post-election losses.

California municipal bonds performed slightly better than national municipal bonds during the period. California s 2017 2018 budget demonstrated both spending restraint and growing reserves, with a forecast that projects structural balance through 2019. The state s economy has grown at a healthy rate in recent years, with median household income and job gains outpacing U.S. growth rates.

Exposure to the school district and health care sectors detracted from performance. The Fund s position in zero coupon bonds, while fairly limited, also detracted since the bonds longer durations accentuated impact of the down market. (Duration is a measure of interest rate sensitivity.)

Reinvestment was a further drag on results, as the proceeds of higher-yielding bonds that matured or were called needed to be reinvested at materially lower prevailing rates.

Portfolio income made the most significant positive contribution during a period in which bond prices lost ground. The Fund s use of leverage, while enhancing the level of income, also exacerbated the impact of declining bond prices.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose, as prices fell, this aspect of the Fund s positioning had a positive effect on returns.

The Fund s exposure to pre-refunded issues benefited performance, as their low duration enabled them to hold up better than longer-duration bonds at a time of rising yields.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Market Price and Net Asset Value Per Share Summary

	7/31/17	7/31/16	Change	High	Low
Market Price	$ 14.75	$ 16.28	(9.40)%	$ 16.35	$ 13.53
Net Asset Value	$ 15.53	$ 16.51	(5.94)%	$ 16.54	$ 14.92

Market Price and Net Asset Value History For the Past Five Years

Overview of the Fund s Total Investments*

Sector Allocation	7/31/17	7/31/16
County/City/Special District/School District	37%	40%
Health	18	14
Transportation	18	15
Utilities	16	19
State	5	5
Education	4	5
Corporate	2	2

For Fund compliance purposes, the Fund s sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Call/Maturity Schedule[2]

Calendar Year Ended December 31,	
2017	2%
2018	12
2019	14
2020	5
2021	13

[2] Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

Credit Quality Allocation[1]	7/31/17	7/31/16
AAA/Aaa	14%	16%
AA/Aa	70	73
A	13	8
BBB/Baa	2	1
N/R	1	2

[1] For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor s (S&P) or Moody s Investors Service (Moody s) if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

Fund Summary as of July 31, 2017

BlackRock MuniHoldings New Jersey Quality Fund, Inc.

Fund Overview

BlackRock MuniHoldings New Jersey Quality Fund, Inc. s (MUJ) (the Fund) investment objective is to provide shareholders with current income exempt from U.S. federal income tax and New Jersey personal income taxes. The Fund seeks to achieve its investment objective by investing primarily in long-term, investment grade municipal obligations exempt from U.S federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax) and New Jersey personal income taxes. The municipal obligations in which the Fund primarily invests are either rated investment grade quality, or are considered by the Fund s investment adviser to be of comparable quality, at the time of investment. Under normal market conditions, the Fund invests at least 80% of its assets in municipal obligations with remaining maturities of one year or more at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund s investment objective will be achieved.

Fund Information

Symbol on NYSE	MUJ
Initial Offering Date	March 11, 1998
Yield on Closing Market Price as of July 31, 2017 ($14.88)[1]	5.44%
Tax Equivalent Yield[2]	10.56%
Current Monthly Distribution per Common Share[3]	$0.0675
Current Annualized Distribution per Common Share[3]	$0.8100
Economic Leverage as of July 31, 2017[4]	39%

1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

2 Tax equivalent yield assumes the maximum marginal U.S. federal and state tax rate of 48.48%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

3 The distribution rate is not constant and is subject to change.

4 Represents VRDP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended July 31, 2017 were as follows:

	Returns Based On	
	Market Price	**NAV**
MUJ[1,2]	(2.44)%	(0.57)%
Lipper New Jersey Municipal Debt Funds[3]	(4.61)%	(0.95)%

[1] All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

[2] The Fund s discount to NAV widened during the period, which accounts for the difference between performance based on price and performance based on NAV.

[3] Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

The following discussion relates to the Fund s absolute performance based on NAV:

The municipal bond market generated mixed returns in the 12-month reporting period. Municipal bonds initially moved lower in the third calendar quarter of 2016 due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump s election victory caused investors to factor in the possibility of faster economic growth and tighter Fed policy. As optimism for meaningful fiscal reforms subsequently waned and the economy failed to experience a significant acceleration, municipal bonds stabilized and retraced the majority of their post-election losses.

New Jersey state general obligations and appropriated issues underperformed the broader national market, as the major rating agencies downgraded the state s credit rating over the past year.

The Fund s position in zero coupon bonds, while fairly limited, detracted since the bonds longer durations accentuated impact of the down market. (Duration is a measure of interest rate sensitivity.)

Reinvestment was a further drag on results, as the proceeds of higher-yielding bonds that matured or were called needed to be reinvested at materially lower prevailing rates.

Portfolio income made the most significant positive contribution during a period in which bond prices lost ground. The Fund s use of leverage, while enhancing the level of income, also exacerbated the impact of declining bond prices.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose, as prices fell, this aspect of the Fund s positioning had a positive effect on returns.

The Fund s exposure to pre-refunded issues benefited performance, as their low duration enabled them to hold up better than longer-duration bonds at a time of rising yields. Positions in the transportation and housing sectors also contributed to performance.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

BlackRock MuniHoldings New Jersey Quality Fund, Inc.

Market Price and Net Asset Value Per Share Summary

	7/31/17	7/31/16	Change	High	Low
Market Price	$ 14.88	$ 16.12	(7.69)%	$ 16.25	$ 13.60
Net Asset Value	$ 15.57	$ 16.55	(5.92)%	$ 16.57	$ 14.88

Market Price and Net Asset Value History For the Past Five Years

Overview of the Fund s Total Investments*

Sector Allocation	7/31/17	7/31/16
Transportation	27%	24%
Education	20	21
State	19	20
County/City/Special District/School District	14	15
Health	12	11
Housing	4	4
Utilities	2	3
Corporate	2	2

For Fund compliance purposes, the Fund s sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Call/Maturity Schedule[2]	
Calendar Year Ended December 31,	
2017	5%
2018	9
2019	4
2020	8
2021	16

2 Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

Credit Quality Allocation[1]	7/31/17	7/31/16
AAA/Aaa	8%	
AA/Aa	43	57%
A	31	35

BBB/Baa	18	8

[1] For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody s if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

Fund Summary as of July 31, 2017

BlackRock MuniYield Investment Quality Fund

Fund Overview

BlackRock MuniYield Investment Quality Fund s (MFT) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from U.S. federal income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from U.S. federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax). Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality, or are considered by the Fund s investment adviser to be of comparable quality, at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund s investment objective will be achieved.

Fund Information

Symbol on NYSE	MFT
Initial Offering Date	October 30, 1992
Yield on Closing Market Price as of July 31, 2017 ($14.67)[1]	5.48%
Tax Equivalent Yield[2]	9.68%
Current Monthly Distribution per Common Share[3]	$0.0670
Current Annualized Distribution per Common Share[3]	$0.8040
Economic Leverage as of July 31, 2017[4]	40%

1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

2 Tax equivalent yield assumes the maximum marginal U.S. federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

3 The distribution rate is not constant and is subject to change.

4 Represents VMTP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VMTP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended July 31, 2017 were as follows:

	Returns Based On	
	Market Price	**NAV**
MFT[1,2]	(3.39)%	(0.51)%
Lipper General & Insured Municipal Debt Funds (Leveraged)[3]	(1.54)%	(0.78)%

1 All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

[2] The Fund s premium to NAV narrowed during the period, which accounts for the difference between performance based on price and performance based on NAV.

[3] Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper.
Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

The following discussion relates to the Fund s absolute performance based on NAV:

The municipal bond market generated mixed returns in the 12-month reporting period. Municipal bonds initially moved lower in the third calendar quarter of 2016 due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump s election victory caused investors to factor in the possibility of faster economic growth and tighter Fed policy. As optimism for meaningful fiscal reforms subsequently waned and the economy failed to experience a significant acceleration, municipal bonds stabilized and retraced the majority of their post-election losses.

Positions in intermediate- and longer-dated maturities declined the most in value, as they typically have longer durations relative to shorter maturities. (Duration is a measure of interest rate sensitivity.) In addition, the Fund s exposure to 4% coupon bonds detracted given that lower coupons typically underperform in a rising-rate environment.

The Fund s positions in high-quality, short-duration pre-refunded securities contributed positively to performance. At a time of rising yields, pre-refunded securities performed well relative to longer-duration issues due in part to their higher coupon income. However, positions in A-rated bonds generally lagged both their higher- and lower-rated counterparts.

Allocations to transportation and tax-backed (local) issues made the largest contributions to performance at the sector level, while positions in utilities and tax-backed (state) districts detracted.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose, as prices fell, this aspect of the Fund s positioning had a positive effect on returns.

While the Fund s use of leverage enhanced portfolio income, the benefits of this strategy were somewhat reduced given the modest rise in funding costs associated with less accommodative central bank monetary policy. In addition, leverage exacerbated the impact of declining bond prices.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

BlackRock MuniYield Investment Quality Fund

Market Price and Net Asset Value Per Share Summary

	7/31/17	7/31/16	Change	High	Low
Market Price	$ 14.67	$ 16.09	(8.83)%	$ 16.43	$ 13.23
Net Asset Value	$ 14.60	$ 15.55	(6.11)%	$ 15.55	$ 14.10

Market Price and Net Asset Value History For the Past Five Years

Overview of the Fund s Total Investments*

Sector Allocation	7/31/17	7/31/16
Transportation	39%	40%
County/City/Special District/School District	17	15
Utilities	17	19
Health	11	10
State	7	9
Education	4	3
Housing	3	2
Tobacco	1	1
Corporate	1	1

For Fund compliance purposes, the Fund s sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Call/Maturity Schedule[2]	
Calendar Year Ended December 31,	
2017	[3]
2018	10%
2019	24
2020	4
2021	20

[2] Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

[3] Represents less than 1% of the Fund s total investments.

* Excludes short-term securities.

Credit Quality Allocation[1]	7/31/17	7/31/16
AAA/Aaa	7%	6%

AA/Aa	59	62
A	22	25
BBB/Baa	11	7
N/R	1	

[1] For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody s if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

Fund Summary as of July 31, 2017

BlackRock MuniYield Michigan Quality Fund, Inc.

Fund Overview

BlackRock MuniYield Michigan Quality Fund, Inc. s (MIY) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from U.S. federal and Michigan income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from U.S. federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax) and Michigan income taxes. Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality, or are considered by the Fund s investment adviser to be of comparable quality, at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund s investment objective will be achieved.

Fund Information

Symbol on NYSE	MIY
Initial Offering Date	October 30, 1992
Yield on Closing Market Price as of July 31, 2017 ($14.19)[1]	5.41%
Tax Equivalent Yield[2]	9.98%
Current Monthly Distribution per Common Share[3]	$0.0640
Current Annualized Distribution per Common Share[3]	$0.7680
Economic Leverage as of July 31, 2017[4]	38%

1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

2 Tax equivalent yield assumes the maximum marginal U.S. federal and state tax rate of 45.81%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

3 The distribution rate is not constant and is subject to change.

4 Represents VRDP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended July 31, 2017 were as follows:

	Returns Based On	
	Market Price	**NAV**
MIY[1,2]	(2.56)%	(0.07)%
Lipper Other States Municipal Debt Funds[3]	(3.77)%	(1.21)%

1 All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

[2] The Fund s discount to NAV widened during the period, which accounts for the difference between performance based on price and performance based on NAV.

[3] Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

The following discussion relates to the Fund s absolute performance based on NAV:

The municipal bond market generated mixed returns in the 12-month reporting period. Municipal bonds initially moved lower in the third calendar quarter of 2016 due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump s election victory caused investors to factor in the possibility of faster economic growth and tighter Fed policy. As optimism for meaningful fiscal reforms subsequently waned and the economy failed to experience a significant acceleration, municipal bonds stabilized and retraced the majority of their post-election losses.

Michigan municipal bonds solidly outperformed national municipals during the period. Michigan s overall financial prospects exhibited positive trends. For example, the state s unemployment rate fell below the national average in June after having trailed behind for several years, and it now stands at its lowest level since 2000. New issuance in the state was quite low, which was beneficial from a performance aspect. However, it also meant fewer investment opportunities.

The Fund s exposure to the longer end of the yield curve detracted as longer-term bonds sold off more than the shorter-term issues. Positions in lower coupon securities also generally detracted from performance due to their longer duration characteristics. (Duration is a measure of interest rate sensitivity.)

Portfolio income made the most significant positive contribution to performance during a time in which bond prices lost ground. The Fund s use of leverage, while enhancing income, also exacerbated the impact of declining bond prices.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose, as prices fell, this aspect of the Fund s positioning had a positive effect on returns.

The Fund s exposure to the education sector was a positive contributor, as these holdings outperformed. Additionally, exposure to the pre-refunded sector was beneficial as these high-quality, short-duration securities outperformed at a time of rising yields.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Market Price and Net Asset Value Per Share Summary

	7/31/17	7/31/16	Change	High	Low
Market Price	$ 14.19	$ 15.38	(7.74)%	$ 15.40	$ 13.17
Net Asset Value	$ 15.48	$ 16.36	(5.38)%	$ 16.36	$ 14.82

Market Price and Net Asset Value History For the Past Five Years

Overview of the Fund s Total Investments*

Sector Allocation	7/31/17	7/31/16
Health	26%	25%
Education	24	23
County/City/Special District/School District	17	19
State	11	9
Utilities	10	10
Transportation	7	7
Housing	3	4
Corporate	2	3

For Fund compliance purposes, the Fund s sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Call/Maturity Schedule[3]	
Calendar Year Ended December 31,	
2017	2%
2018	12
2019	5
2020	4
2021	17

[3] Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

Credit Quality Allocation[1]	7/31/17	7/31/16
AAA/Aaa	5%	3%
AA/Aa	64	69
A	26	26
BBB/Baa	3	1
N/R	2 [2]	1

[1] For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody s if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

[2] The investment adviser evaluates the credit quality of not-rated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment adviser has deemed certain of these unrated securities as investment grade quality. As of July 31, 2017, the market value of unrated securities deemed by the investment adviser to be investment grade represents 1% of the Fund s total investments.

Fund Summary as of July 31, 2017

BlackRock MuniYield Pennsylvania Quality Fund

Fund Overview

BlackRock MuniYield Pennsylvania Quality Fund s (MPA) (the Fund) investment objective is to provide shareholders with as high a level of current income exempt from U.S. federal and Pennsylvania income taxes as is consistent with its investment policies and prudent investment management. The Fund seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from U.S. federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax) and Pennsylvania income taxes. Under normal market conditions, the Fund invests primarily in long-term municipal obligations that are investment grade quality, or are considered by the Fund s investment adviser to be of comparable quality, at the time of investment. The Fund may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Fund s investment objective will be achieved.

Fund Information

Symbol on NYSE	MPA
Initial Offering Date	October 30, 1992
Yield on Closing Market Price as of July 31, 2017 ($14.69)[1]	5.09%
Tax Equivalent Yield[2]	9.28%
Current Monthly Distribution per Common Share[3]	$0.0623
Current Annualized Distribution per Common Share[3]	$0.7476
Economic Leverage as of July 31, 2017[4]	40%

1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

2 Tax equivalent yield assumes the maximum marginal U.S. federal and state tax rate of 45.14%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

3 The distribution rate is not constant and is subject to change.

4 Represents VRDP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to VRDP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended July 31, 2017 were as follows:

	Returns Based On	
	Market Price	**NAV**
MPA[1,2]	(3.83)%	(1.20)%
Lipper Pennsylvania Municipal Debt Funds[3]	(6.23)%	(1.13)%

1 All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

2 The Fund s discount to NAV widened during the period, which accounts for the difference between performance based on price and performance based on NAV.

3 Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

The following discussion relates to the Fund s absolute performance based on NAV:

The municipal bond market generated mixed returns in the 12-month reporting period. Municipal bonds initially moved lower in the third calendar quarter of 2016 due to a pick-up in new tax-exempt issuance and rising yields in the U.S. Treasury market. (Prices and yields move in opposite directions.) The weakness accelerated in November once Donald Trump s election victory caused investors to factor in the possibility of faster economic growth and tighter Fed policy. As optimism for meaningful fiscal reforms subsequently waned and the economy failed to experience a significant acceleration, municipal bonds stabilized and retraced the majority of their post-election losses.

Pennsylvania s economic growth remained below the national rate, continuing a trend that has been in place since the 2008 2009 recession. In addition, the rating agency Standard & Poor s placed the state on Credit Watch Negative for its failure to pass a balanced budget. While the state does have the ability to raise taxes, lawmakers instead have relied on optimistic revenue assumptions, leading to budget gaps. Despite these issues, Pennsylvania s municipal market outpaced the broader national indices behind a positive balance of low new-issue supply and robust investor demand.

At the sector level, education was the largest detractor from performance. Holdings in the corporate municipal sector also detracted, as a specific issuer received a multi-notch downgrade due to its deteriorating credit fundamentals.

The Fund s position in zero coupon bonds, while fairly limited, detracted since the bonds longer durations accentuated impact of the down market. (Duration is a measure of interest rate sensitivity.)

Reinvestment was a further drag on results, as the proceeds of higher-yielding bonds that matured or were called needed to be reinvested at materially lower prevailing rates.

Portfolio income made the most significant positive contribution during a period in which bond prices lost ground. The Fund s use of leverage, while enhancing the level of income, also exacerbated the impact of declining bond prices.

The Fund sought to manage interest rate risk using U.S. Treasury futures. Given that Treasury yields rose, as prices fell, this aspect of the Fund s positioning had a positive effect on returns.

The Fund s exposure to pre-refunded issues benefited performance, as their low duration enabled them to hold up better than longer-duration bonds at a time of rising yields.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Market Price and Net Asset Value Per Share Summary

	7/31/17	7/31/16	Change	High	Low
Market Price	$ 14.69	$ 16.07	(8.59)%	$ 16.66	$ 13.75
Net Asset Value	$ 15.74	$ 16.76	(6.09)%	$ 16.77	$ 14.94

Market Price and Net Asset Value History For the Past Five Years

Overview of the Fund s Total Investments*

Sector Allocation	7/31/17	7/31/16
Education	22%	20%
Health	20	20
County/City/Special District/School District	19	20
State	13	13
Transportation	12	12
Housing	7	7
Utilities	5	6
Corporate	2	2

For Fund compliance purposes, the Fund s sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Call/Maturity Schedule[4]	
Calendar Year Ended December 31,	
2017	3%
2018	10
2019	11
2020	7
2021	14

4 Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

* Excludes short-term securities.

Credit Quality Allocation[1]	7/31/17	7/31/16
AAA/Aaa	1%	1%
AA/Aa	62	62
A	27	23

BBB/Baa	8	6
BB/Ba	[2]	2
N/R	2	6 [3]

[1] For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody s if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

[2] Represents less than 1% of the Fund s total investments.

[3] The investment adviser evaluates the credit quality of unrated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment adviser has deemed certain of these unrated securities as investment grade quality. As of July 31, 2016, the market value of unrated securities deemed by the investment adviser to be investment grade represents 2% of the Fund s total investments.

Schedule of Investments July 31, 2017

BlackRock MuniHoldings California Quality Fund, Inc. (MUC)

(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
California 107.5%		
Corporate 2.7%		
California Pollution Control Financing Authority, Refunding RB, Waste Management, Inc., AMT:		
Series A-1, 3.38%, 7/01/25	$ 5,000	$ 5,262,750
Series B-1, 3.00%, 11/01/25	9,000	9,298,710
City of Chula Vista California, Refunding RB, San Diego Gas & Electric, Series A, 5.88%, 2/15/34	2,435	2,632,040
		17,193,500
County/City/Special District/School District 33.7%		
California Municipal Finance Authority, RB, Orange County Civic Center Infrastructure Improvement Program Phase I, 5.00%, 6/01/42	4,445	5,201,139
Centinela Valley Union High School District, GO, Election of 2010, Series A, 5.75%, 8/01/21 (a)	9,120	10,775,736
Chaffey Joint Union High School District, GO, CAB, Election of 2012, Series C (b):		
0.00%, 8/01/32	250	143,880
0.00%, 8/01/33	500	271,795
0.00%, 8/01/34	510	264,945
0.00%, 8/01/35	545	269,421
0.00%, 8/01/36	500	235,575
0.00%, 8/01/37	650	291,922
0.00%, 8/01/38	625	268,281
0.00%, 8/01/39	750	307,763
0.00%, 8/01/40	1,855	728,013
0.00%, 8/01/41	305	114,253
0.00%, 2/01/42	350	127,803
County of Alameda Joint Powers Authority, Refunding RB, (AGM), 5.00%, 12/01/17 (a)	12,180	12,352,469
County of Kern California, COP, Capital Improvements Projects, Series A (AGC), 6.00%, 2/01/19 (a)	3,500	3,766,805
County of Los Angeles California Public Works Financing Authority, Refunding RB, Series D, 5.00%, 12/01/45	1,430	1,650,835
County of Orange California Sanitation District, COP, Series A, 5.00%, 2/01/19 (a)	2,500	2,653,400
County of San Joaquin California Transportation Authority, Refunding RB, Limited Tax, Measure K, Series A, 6.00%, 3/01/21 (a)	2,665	3,123,646
County of Ventura California Community College District, GO, Election of 2002, Series C, 5.50%, 8/01/18 (a)	4,000	4,184,120
Culver City Redevelopment Finance Authority California, Refunding, Tax Allocation Bonds, Series A (AGM), 5.60%, 11/01/25	3,750	3,762,750
Denair California Unified School District, GO, CAB (AGM), Election of 2007, 0.00%, 8/01/41 (b)	4,260	1,589,576
Foothill-De Anza Community College District, GO, Refunding, 4.00%, 8/01/40	7,900	8,461,058

Municipal Bonds	Par (000)	Value
California (continued)		
County/City/Special District/School District (continued)		
Fremont Union High School District, GO, Refunding, 4.00%, 8/01/40	$ 2,500	$ 2,655,175
Garden Grove Unified School District, GO, Election of 2010, Series C, 5.25%, 8/01/40	5,500	6,461,730
Gavilan Joint Community College District, GO, Election of 2004, Series D:		
5.50%, 8/01/31	2,170	2,514,704
5.75%, 8/01/35	8,400	9,674,196
Grossmont California Healthcare District, GO, Election of 2006, Series B, 6.13%, 7/15/21 (a)	2,000	2,389,340
Imperial Irrigation District, Series A, Electric System Revenue (a):		
5.13%, 11/01/18	6,530	6,879,616
5.13%, 11/01/18	1,470	1,548,704
Kern Community College District, GO, Safety Repair & Improvements, Series C:		
5.25%, 11/01/32	5,715	6,797,250
5.75%, 11/01/34	12,085	14,735,966
Los Alamitos Unified School District, GO, Refunding, School Facilities Improvement:		
5.25%, 8/01/23 (a)	2,185	2,680,099

5.25%, 8/01/39	1,515	1,780,852
Los Rios Community College District, GO, Election of 2008, Series A, 5.00%, 8/01/35	11,000	12,144,330
Mount San Jacinto Community College District, GO, Series A, 5.00%, 8/01/35	3,565	4,151,407
Oxnard Union High School District, GO, Refunding, Election of 2004, Series A (AGM), 5.00%, 8/01/35	10,000	10,966,100
Redlands Unified School District California, GO, Election of 2008 (AGM), 5.25%, 7/01/33	5,000	5,195,950
Rio Elementary School District, GO, Series A (AGM), 5.25%, 8/01/40	5,865	6,879,352
Riverside County Public Financing Authority, Tax Allocation Bonds, Series A (BAM), 4.00%, 10/01/40	2,545	2,655,198
San Diego Regional Building Authority, RB, County Operations Center & Annex, Series A, 5.50%, 2/01/19 (a)	905	967,264
San Francisco Bay Area Rapid Transit District, GO, Election of 2016, Green Bonds, Series A, 4.00%, 8/01/42	11,585	12,444,723
San Jose California Financing Authority, LRB, Convention Center Expansion & Renovation Project, Series A:		
5.75%, 5/01/36	2,560	2,567,424
5.75%, 5/01/42	4,500	5,157,540
San Jose California Financing Authority, Refunding LRB, Civic Center Project, Series A, 5.00%, 6/01/39	5,800	6,609,332

Portfolio Abbreviations

AGC	Assured Guarantee Corp.	**COP**	Certificates of Participation	**IDA**	Industrial Development Authority
AGM	Assured Guaranty Municipal Corp.	**COP**	Colombian Peso	**IDB**	Industrial Development Board
AMBAC	American Municipal Bond Assurance Corp.	**EDA**	Economic Development Authority	**ISD**	Independent School District
AMT	Alternative Minimum Tax (subject to)	**EDC**	Economic Development Corp.	**LRB**	Lease Revenue Bonds
ARB	Airport Revenue Bonds	**ERB**	Education Revenue Bonds	**M/F**	Multi-Family
BAM	Build America Mutual Assurance Co.	**GAB**	Grant Anticipation Bonds	**NPFGC**	National Public Finance Guarantee Corp.
BARB	Building Aid Revenue Bonds	**GARB**	General Airport Revenue Bonds	**RB**	Revenue Bonds
BHAC	Berkshire Hathaway Assurance Corp.	**GO**	General Obligation Bonds	**S/F**	Single-Family
CAB	Capital Appreciation Bonds	**HDA**	Housing Development Authority	**Syncora**	Syncora Guarantee
CHF	Swiss Franc	**HFA**	Housing Finance Agency		

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniHoldings California Quality Fund, Inc. (MUC)

Municipal Bonds	Par (000)	Value
California (continued)		
County/City/Special District/School District (continued)		
San Marcos Redevelopment Agency Successor Agency, Refunding, Tax Allocation Bonds, Series A:		
5.00%, 10/01/32	$ 1,700	$ 1,986,144
5.00%, 10/01/33	1,125	1,308,983
Snowline Joint Unified School District, COP, Refunding, Refining Project (AGC), 5.75%, 9/01/19 (a)	5,635	6,197,767
Solano County Community College District, GO, Election of 2012, Series C, 5.25%, 8/01/42	1,150	1,407,761
West Contra Costa California Unified School District, GO:		
Election of 2010, Series A (AGM), 5.25%, 8/01/41	5,390	6,166,807
Election of 2010, Series B, 5.50%, 8/01/39	3,195	3,806,363
Election of 2012, Series A, 5.50%, 8/01/39	2,500	2,978,375
Yuba Community College District, GO, BAM, Election of 2006, Series C, 0.00%, 8/01/38 (b)	5,150	2,326,512
		214,580,149
Education 1.7%		
California Municipal Finance Authority, RB, Emerson College, 6.00%, 1/01/42	2,750	3,148,805
California Municipal Finance Authority, Refunding RB, Biola University:		
5.00%, 10/01/37	500	574,750
5.00%, 10/01/39	500	572,885
University of California, Refunding RB, Series AO, 5.00%, 5/15/40	5,430	6,322,529
		10,618,969
Health 15.0%		
ABAG Finance Authority for Nonprofit Corps., Refunding RB, Sharp Healthcare, Series B, 6.25%, 8/01/39	6,305	6,928,438
California Health Facilities Financing Authority, RB:		
Children s Hospital, Series A, 5.25%, 11/01/41	8,000	8,946,640
Providence Health Services, Series B, 5.50%, 10/01/39	4,130	4,477,085
Sutter Health, Series B, 6.00%, 8/15/42	9,655	10,984,204
California Health Facilities Financing Authority, Refunding RB, Series A:		
Dignity Health, 6.00%, 7/01/19 (a)	3,700	4,054,016
Providence Health and Services, 5.00%, 10/01/38	10,970	12,634,478
St. Joseph Health System, 5.00%, 7/01/37	10,000	11,355,100
California Municipal Finance Authority, Refunding RB, Series A:		
Community Medical Centers, 5.00%, 2/01/32	1,510	1,736,485
Community Medical Centers, 5.00%, 2/01/37	3,110	3,532,711
Community Medical Centers, 5.00%, 2/01/42	5,250	5,918,010
Eisenhower Medical Center, 5.00%, 7/01/42	6,370	7,164,594
Eisenhower Medical Center, 5.00%, 7/01/47	5,500	6,151,090
California Statewide Communities Development Authority, Refunding RB:		
CHF-Irvine LLC, 5.00%, 5/15/40	750	840,473
John Muir Health, Series A, 5.00%, 8/15/51	1,635	1,846,389
Trinity Health Credit Group Composite Issue, 5.00%, 12/01/41	6,235	6,982,764
Washington Township Health Care District, GO, Election of 2004, Series B, 5.50%, 8/01/38	1,625	1,986,481
		95,538,958

Municipal Bonds	Par (000)	Value
California (continued)		
State 8.4%		
State of California, GO, Refunding, 5.00%, 8/01/30	$ 5,000	$ 6,095,450
State of California, GO:		
Various Purposes, 6.00%, 3/01/33	5,000	5,623,900
Various Purposes, 6.00%, 4/01/38	27,765	30,002,859
Refunding, Veterans Bond, 4.00%, 12/01/40	4,000	4,186,240
State of California Public Works Board, LRB:		
Department of Education, Riverside Campus Project, Series B, 6.50%, 4/01/34	3,670	3,996,043
Various Capital Projects, Series I, 5.50%, 11/01/33	2,015	2,411,632
	1,205	1,403,114

State of California Public Works Board, RB, California State Prisons, Series C, 5.75%, 10/01/31		
		53,719,238
Transportation 26.9%		
Alameda Corridor Transportation Authority, Refunding RB, 2nd Subordinate Lien, Series B, 5.00%, 10/01/35	1,500	1,711,695
Bay Area Toll Authority, Refunding RB, San Francisco Bay Area Toll Bridge, Series D, 1.46%, 4/01/45 (c)	5,000	5,018,200
City & County of San Francisco California Airports Commission, ARB, Series E, 6.00%, 5/01/39	9,650	10,485,497
City & County of San Francisco California Airports Commission, Refunding ARB, AMT:		
2nd Series 34E (AGM), 5.75%, 5/01/22	4,950	5,130,378
2nd Series A, 5.00%, 5/01/29	6,435	7,379,980
City & County of San Francisco California Airports Commission, Refunding RB, AMT (AGM):		
2nd Series 32, 5.75%, 5/01/18 (a)	2,290	2,372,394
2nd Series 34, 5.75%, 5/01/18 (a)	1,870	1,937,283
2nd Series 34E, 5.75%, 5/01/24	840	870,475
City of Long Beach California Harbor Revenue, Refunding RB, Series C, 5.00%, 5/15/47	5,600	6,574,848
City of Los Angeles California Department of Airports, ARB:		
AMT, Senior Series A, 5.00%, 5/15/40	3,830	4,355,514
Los Angeles International Airport, Senior Series D, 5.25%, 5/15/29	2,590	2,890,181
Series D, AMT, 5.00%, 5/15/35	2,000	2,295,360
Series D, AMT, 5.00%, 5/15/36	1,500	1,718,145
City of Los Angeles California Department of Airports, Refunding ARB, Los Angeles International Airport, Series A:		
Senior, 5.00%, 5/15/40	3,000	3,300,330
5.25%, 5/15/39	5,845	6,271,100
City of Los Angeles California Department of Airports, Sub-Series A, AMT, 5.00%, 5/15/47	2,440	2,806,488
City of San Jose California, Refunding ARB, Norman Y Mineta San Jose International Airport SJC, AMT:		
Series A, 5.00%, 3/01/41	3,075	3,539,602
Series A-1, 5.25%, 3/01/23	3,785	4,270,615
Series A-1, 6.25%, 3/01/34	1,400	1,633,030
County of Sacramento California, Refunding ARB, Senior Series A, 5.00%, 7/01/41	2,500	2,880,125
County of Sacramento California, ARB:		
Senior Series A (AGC), 5.50%, 7/01/18 (a)	8,200	8,548,910
Senior Series B, 5.75%, 7/01/39	2,650	2,760,929
Senior Series B, AMT (AGM), 5.75%, 7/01/28	13,275	13,850,073
Senior Series B, AMT (AGM), 5.25%, 7/01/33	18,000	18,654,840
Senior Series B, AMT (AGM), 5.25%, 7/01/39	4,995	5,152,992

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniHoldings California Quality Fund, Inc. (MUC)

Municipal Bonds	Par (000)	Value
California (continued)		
Transportation (continued)		
County of Sacramento California Airport System Revenue, Refunding ARB, Airport System Subordinate Revenue, Sub-Series B, 5.00%, 7/01/41	$ 1,250	$ 1,440,063
County of San Bernardino California Transportation Authority, RB, Series A, 5.25%, 3/01/40	4,545	5,320,332
County of San Diego Regional Airport Authority, RB, Subordinate, Series B, AMT (d):		
5.00%, 7/01/42	7,015	8,099,379
5.00%, 7/01/47	3,750	4,309,012
Norman Y Mineta San Jose International Airport SJC, Refunding ARB, Series A, AMT, 5.00%, 3/01/47	11,770	13,475,002
Port of Los Angeles California Harbor Department, RB, Series B, 5.25%, 8/01/19 (a)	5,530	6,006,299
Port of Los Angeles California Harbor Department, Refunding RB, Series A, AMT, 5.00%, 8/01/44	500	558,370
San Francisco Municipal Transportation Agency, RB, 4.00%, 3/01/46	5,000	5,310,800
		170,928,241
Utilities 19.1%		
Anaheim Public Financing Authority, RB, Electric System Distribution Facilities, Series A, 5.38%, 10/01/36	2,200	2,493,524
City of Los Angeles California Department of Water & Power, RB, Series A:		
5.38%, 7/01/38	9,375	9,940,875
5.00%, 7/01/41	1,705	1,991,457
City of Los Angeles California Department of Water & Power, Refunding RB, Water System, Series A:		
5.25%, 7/01/39	16,000	18,191,520
5.00%, 7/01/46	5,845	6,788,851
City of Los Angeles California Wastewater System Revenue, Refunding RB, Sub-Series A:		
5.00%, 6/01/20 (a)	1,325	1,472,155
5.00%, 6/01/28	675	747,475
City of San Francisco California Public Utilities Commission Water Revenue, RB:		
Series A, 5.00%, 11/01/39	5,245	6,023,987
Series B, 5.00%, 11/01/19 (a)	10,000	10,904,000
County of Kern California Water Agency Improvement District No. 4, Refunding RB, Series A (AGM):		
4.00%, 5/01/35	1,460	1,539,336
4.00%, 5/01/36	1,430	1,502,143
County of Los Angeles Sanitation Districts Financing Authority, RB, Series A, 4.00%, 10/01/42	4,935	5,190,189
County of Sacramento California Sanitation Districts Financing Authority, RB, (NPFGC), 5.00%, 12/01/36	1,010	1,027,412
Dublin-San Ramon Services District Water Revenue, Refunding RB, 6.00%, 8/01/41	4,000	4,635,600
Eastern Municipal Water District, COP, Series H, 5.00%, 7/01/18 (a)	2,505	2,599,464
El Dorado Irrigation District/El Dorado County Water Agency, Refunding RB, Series A (AGM), 5.25%, 3/01/39	10,000	11,692,600
Los Angeles Department of Water & Power System Revenue, RB, Power System, Series C, 5.00%, 7/01/47	2,090	2,473,766

Municipal Bonds	Par (000)	Value
California (continued)		
Utilities (continued)		
San Diego Public Facilities Financing Authority Sewer, Refunding RB, Senior Series A (a):		
5.25%, 5/15/19	$ 1,060	$ 1,141,726
5.25%, 5/15/19	10,000	10,771,000
San Diego Public Facilities Financing Authority Water, Refunding RB, Series B, 5.50%, 8/01/19 (a)	8,000	8,723,600
San Juan Water District, Refunding RB, San Juan & Citrus Heights, 5.25%, 2/01/33	7,325	8,409,759
Santa Clara Valley Water District, Refunding RB, Series A, 5.00%, 6/01/46	3,000	3,499,530
		121,759,969
Total Municipal Bonds 107.5%		684,339,024

Municipal Bonds Transferred to		
Tender Option Bond Trusts (e)		
California 60.7%		
County/City/Special District/School District 28.0%		
County of Riverside California Public Financing Authority, RB, Capital Facilities Project, 5.25%, 11/01/45	10,000	11,720,791
County of San Luis California Obispo Community College District, GO, Refunding, Election of 2014, Series A, 4.00%, 8/01/40	6,585	6,902,043
County of San Mateo California Community College District, GO, Series A, 5.00%, 9/01/45	17,615	20,428,102
Foothill-De Anza Community College District, GO, Series C, 5.00%, 8/01/21 (a)	40,000	46,210,000
Los Angeles Community College District California, GO (a):		
Election of 2001, Series E-1, 5.00%, 8/01/18	11,770	12,253,394
Election of 2003, Series F-1, 5.00%, 8/01/18	10,000	10,410,700
Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A, 6.00%, 8/01/19 (a)	9,596	10,564,666
Palomar California Community College District, GO, Election of 2006, Series C, 5.00%, 8/01/44	15,140	17,453,846
Sacramento Area Flood Control Agency, Refunding RB, Consolidated Capital Assessment District No. 2, Series A, 5.00%, 10/01/43	9,990	11,667,720
Southwestern Community College District, GO, Election of 2008, Series D, 5.00%, 8/01/44	10,820	12,456,958
West Valley-Mission Community College District, GO, Election of 2012, Series B, 4.00%, 8/01/40	17,000	18,151,240
		178,219,460
Education 5.8%		
University of California, RB:		
Series AM, 5.25%, 5/15/44	10,210	12,078,737
Series O, 5.75%, 5/15/19 (a)	11,192	12,156,730
University of California, Refunding RB:		
Series A, 5.00%, 11/01/43	6,001	7,005,507
Series AF, 5.00%, 5/15/39	5,000	5,786,350
		37,027,324

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock MuniHoldings California Quality Fund, Inc. (MUC)

Municipal Bonds Transferred to Tender Option Bond Trusts (e)	**Par (000)**	**Value**
California (continued)		
Health 14.9%		
California Health Facilities Financing Authority, Refunding RB, Kaiser Permanent, Sub-Series A-2, 4.00%, 11/01/44	$ 17,720	$ 18,554,612
California Health Facilities Financing Authority, RB, Sutter Health, Series A, 5.00%, 8/15/52	14,520	16,011,494
California Health Facilities Financing Authority, Refunding RB:		
Lucile Salter Packard Children s Hospital, Series B, 5.00%, 8/15/55	4,500	5,142,375
Sutter Health, Series A, 5.00%, 8/15/43	19,425	22,062,615
California Statewide Communities Development Authority, RB, Kaiser Permanente, Series A, 5.00%, 4/01/42	19,070	21,201,454
Regents of the University of California Medical Center Pooled Revenue, Refunding RB, Series L, 5.00%, 5/15/41	10,375	11,993,164
		94,965,714
Transportation 4.0%		
City of Los Angeles California Department of Airports, RB, AMT:		
Los Angeles International Airport, Series B, 5.00%, 5/15/41	3,641	4,169,946
Senior Revenue, Series A, 5.00%, 5/15/40	5,500	6,254,655
Series D, 5.00%, 5/15/41	13,332	15,111,154
		25,535,755
Utilities 8.0%		
City of Los Angeles California Wastewater System, RB, Green Bonds, Series A, 5.00%, 6/01/44	13,790	16,025,911
County of San Diego California Water Authority Financing Corp., COP, Refunding, Series A (AGM) (a):		
5.00%, 5/01/18	2,777	2,864,119
5.00%, 5/01/18	13,963	14,400,010

Municipal Bonds Transferred to Tender Option Bond Trusts (e)	**Par (000)**	**Value**
California (continued)		
Utilities (continued)		
East Bay California Municipal Utility District Water System Revenue, RB, Series C, 5.00%, 6/01/44	$ 11,000	$ 12,672,440
Rancho Water District Financing Authority, Refunding RB, Series A (AGM):		
5.00%, 8/01/18 (a)	2,013	2,094,944
5.00%, 8/01/34	2,995	3,117,009
		51,174,433
Total Municipal Bonds Transferred to Tender Option Bond Trusts 60.7%		386,922,686
Total Long-Term Investments (Cost $1,014,967,853) 168.2%		1,071,261,710

Short-Term Securities	**Shares**	
BlackRock Liquidity Funds, MuniCash, Institutional Class, 0.64% (f)(g)	593,400	593,637
Total Short-Term Securities (Cost $593,637) 0.1%		593,637
Total Investments (Cost $1,015,561,490) 168.3%		1,071,855,347
Other Assets Less Liabilities 0.2%		1,250,256
Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (28.6)%		(182,240,309)
VMTP Shares at Liquidation Value (39.9)%		(254,000,000)

Net Assets Applicable to Common Shares 100.0%	$ 636,865,294

Notes to Schedule of Investments

(a) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.

(b) Zero-coupon bond.

(c) Variable rate security. Rate shown is the rate in effect as of period end.

(d) When-issued security.

(e) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Fund. These bonds serve as collateral in a secured borrowing. See Note 4 of the Notes to Financial Statements for details.

(f) During the year ended July 31, 2017, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliate	Shares Held at July 31, 2016	Net Activity	Shares Held at July 31, 2017	Value at July 31, 2017	Income	Net Realized Gain[1]	Change in Unrealized Appreciation (Depreciation)
BlackRock Liquidity Funds, MuniCash, Institutional Class		593,400	593,400	$ 593,637	$ 45,495	$ 6,008	

[1] Includes net capital gain distributions.

(g) Current yield as of period end.

For Fund compliance purposes, the Fund s sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

See Notes to Financial Statements.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

Description	Number of Contracts	Expiration Date	Notional Amount (000)	Value / Unrealized Appreciation (Depreciation)
Short Contracts				
5-Year U.S. Treasury Note	(28)	September 2017	$ 3,308	$ (298)
10-Year U.S. Treasury Note	(112)	September 2017	$ 14,100	2,932
Long U.S. Treasury Bond	(67)	September 2017	$ 10,249	(27,312)
Ultra U.S. Treasury Bond	(24)	September 2017	$ 3,948	(32,598)
Total				$ (57,276)

Derivative Financial Instruments Categorized by Risk Exposure

As of period end, the fair values of derivative financial instruments located in the Statements of Assets and Liabilities were as follows:

Operating income (loss)

Electronics

$20,923 $25,800 **$61,755** $70,805

Automotive

15,253 12,227 **39,123** 35,158

Electrical

5,781 3,224 **13,220** 7,541

Other(1)

(33,373) (1,121) **(39,795)** (6,065)

Total operating income

8,584 40,130 **74,303** 107,439

Interest expense

922 1,292 **3,021** 3,736

Foreign exchange (gain) loss

(3,549) (101) **(1,724)** 2,022

Other (income) expense, net

(1,430) (2,261) **(3,758)** (4,893)

Income before income taxes

$12,641 $41,200 **$76,764** $106,574

(1) For the three months ended September 26, 2015, "Other" consists of restructuring costs ($2.1 million), acquisition expenses ($0.3 million), pension settlement and wind-up costs ($30.9 million), and other ($0.1 million). For the nine months ended September 26, 2015, "Other" consist of restructuring costs ($6.8 million), acquisition expenses ($0.7 million), pension settlement and wind-up costs ($32.2 million) and other ($0.1 million).

The company's significant net sales by country for the three and nine months ended September 26, 2015 and September 27, 2014 are summarized as follows (in thousands):

	For the Three Months Ended[a]		For the Nine Months Ended[a]	
	September 26, 2015	September 27, 2014	**September 26, 2015**	September 27, 2014
United States	**$85,049**	$85,326	**$258,030**	$243,979
China	**49,345**	45,905	**143,694**	134,166
Other countries	**81,116**	86,377	**246,120**	267,230
Total	**$215,510**	$217,608	**$647,844**	$645,375

(a) Sales by country represent sales to customer or distributor locations.

11

Notes to CONDENSED Consolidated Financial Statements (Unaudited)

10. Business Unit Segment Information, continued

The company's significant long-lived assets and additions to long-lived assets by country as of September 26, 2015 and December 27, 2014 are summarized as follows (in thousands):

	Long-lived assets[(b)]	
	September 26, 2015	December 27, 2014
United States	**$27,250**	$34,179
Mexico	**13,613**	47,936
China	**37,900**	40,981
Other countries	**84,002**	35,544
Total	**$162,765**	$158,640

(b) Long-lived assets consists of net property, plant and equipment.

The company's additions to long-lived assets for the nine months ended September 26, 2015 and September 27, 2014 are summarized as follows (in thousands):

	Additions to long-lived assets	
	September 26, 2015	September 27, 2014
United States	**$8,367**	$ 5,215
Mexico	**6,518**	5,784
China	**5,159**	3,461
Other countries	**15,082**	4,962
Total	**$35,126**	$ 19,422

11. Accumulated Other Comprehensive Income (Loss) (AOCI)

The following table sets forth the changes in the components of AOCI by component (in thousands):

AOCI component	Balance at December 27, 2014	Other comprehensive income (loss) activity	Reclassification adjustment for expense included in net income	Reclassification adjustment for pension settlement expense included in net income	**Balance at September 27, 2015**
Pension liability adjustment[a]	$ (29,615)	$ (140)	$ 1,457	$ 21,124	**$ (7,174)**
Unrealized gain (loss) on investments[b]	10,791	(18)	—	—	**10,773**
Foreign currency translation adjustment	(2,302)	(36,530)	—	—	**(38,832)**
AOCI (loss) income	$ (21,126)	$ (36,688)	$ 1,457	$ 21,124	**$ (35,233)**

(a) Balances are net of tax of $3,115 and $12,587 for 2015 and 2014, respectively.

(b) Balances are net of tax of $0 and $0 for 2015 and 2014, respectively.

12. Subsequent Event

On October 1, 2015, the company acquired Sigmar S.r.1. (“Sigmar”), an Italian company that produces sensors used in gas and diesel engine fuel systems, as well as urea level and quality sensors used in diesel emission reduction systems. Sigmar has annual revenues of approximately $6 million and will be reported in the Automotive business segment.

12

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Littelfuse Overview

Littelfuse, Inc. and its subsidiaries (the “company” or “Littelfuse”) is the worldwide leader in circuit protection offering the industry's broadest and deepest portfolio of circuit protection products and solutions. The company’s devices protect products in virtually every market that uses electrical energy, from consumer electronics to automobiles to industrial equipment. The company’s worldwide revenue in 2014 was $852.0 million and net earnings were $99.4 million. The company conducts its business through three reportable segments, which are defined by markets and consist of Electronics, Automotive, and Electrical. The company’s customer base includes original equipment manufacturers, tier one automotive suppliers and distributors.

In addition to protecting and growing its core circuit protection business, Littelfuse has been investing in power control and sensing technologies. These newer platforms combined with the company’s strong balance sheet and operating cash flow, provide opportunities for increased organic and acquisition growth. In 2012, the company set a five-year strategic plan to grow annual sales at 15% per year; 5% organically and 10% through acquisitions.

To maximize shareholder value, the company’s primary strategic goals are to:

Grow organically faster than its markets;

Double the pace of acquisitions;

Sustain high-teens operating margins;

Improve return on investment; and

Return excess cash to shareholders.

The company serves markets that are directly impacted by global economic trends with significant exposures to the consumer electronics, automotive, industrial and mining end markets. The company’s results will be impacted positively or negatively by changes in these end markets.

<u>Electronics Segment</u>

The Electronics segment sells passive and semiconductor components and modules as well as sensors primarily into the global consumer electronics, general industrial and telecommunications markets. The core electronics markets are characterized by significant Asia competition and price erosion. As a result, the company is focusing additional efforts on higher growth, less price sensitive niche markets (such as LED lighting) and higher-power industrial applications.

Automotive Segment

The Automotive segment is comprised of passenger vehicle circuit protection, commercial vehicle products and sensors for vehicle applications. The primary growth drivers for these businesses are increasing global demand for passenger and commercial vehicles and increasing content per vehicle for both circuit protection and sensing products. The move away from internal combustion engines to hybrid and electric drive systems that require more circuit protection is expected to be an additional growth driver.

Electrical Segment

The Electrical segment derives its revenues from power fuses, protection relays and custom products selling primarily into the industrial, mining, solar and oil and gas markets. Custom products sales, after several years of strong growth, declined due to the completion of several large Canadian potash mining projects. The company has expanded this business by moving into new markets such as non-potash mining and oil and gas. Protection relay sales have also slowed due to the general slowdown in the global mining market.

The following table is a summary of the company's net sales by business unit and geography:

Net Sales by Business Unit and Geography (in thousands, unaudited)

	Third Quarter			**Year-to-Date**		
	2015	2014	% Change	**2015**	2014	% Change
Business Unit						
Electronics	**$102,616**	$107,754	(5 %)	**$307,549**	$313,726	(2 %)
Automotive	**81,475**	80,639	1 %	**251,464**	245,083	3 %
Electrical	**31,419**	29,215	8 %	**88,831**	86,566	3 %
Total	**$215,510**	$217,608	(1 %)	**$647,844**	$645,375	0 %
Geography[(a)]						
Americas	**$98,974**	$97,903	1 %	**$299,061**	$282,928	6 %
Europe	**37,520**	39,568	(5 %)	**115,613**	127,791	(10 %)
Asia-Pacific	**79,016**	80,137	(1 %)	**233,170**	234,656	(1 %)
Total	**$215,510**	$217,608	(1 %)	**$647,844**	$645,375	0 %

(a) Sales by geography represent sales to customer or distributor locations.

Results of Operations – Third Quarter, 2015 compared to 2014

The following table summarizes the company's consolidated results of operations for the periods presented. During the third quarter of 2015, there was approximately $33.4 million of special charges ($39.8 million year-to-date) primarily consisting of $1.2 million ($3.1 million year-to-date) related to the company's transfer of its reed sensor manufacturing from the U.S. to the Philippines, $0.9 million ($3.8 million year-to-date) related to internal legal restructuring costs, $0.3 million ($0.7 million year-to-date) related to acquisition costs and $30.8 million ($32.2 million year-to-date) of expenses related to the wind down and settlement of the U.S. pension as described in Note 9.

(In thousands, unaudited)	**Third Quarter**			**Year-to-Date**		
	2015	2014	% Change	**2015**	2014	% Change
Sales	**$215,510**	$217,608	(1 %)	**$647,844**	$645,375	0 %
Gross Profit	**86,182**	87,380	(1 %)	**247,793**	248,869	(0 %)

Operating expense	**77,598**	47,250	64 %	**173,490**	141,430	23 %
Operating income	**8,584**	40,130	(79 %)	**74,303**	107,439	(31 %)
Other (income) expense, net	**(4,057)**	(1,070)	279 %	**(2,461)**	865	(385 %)
Income before income taxes	**12,641**	41,200	(69 %)	**76,764**	106,574	(28 %)
Net income	**$11,324**	$29,940	(62 %)	**$60,003**	$79,907	(25 %)

Net sales decreased $2.1 million or 1% to $215.5 million in the third quarter of 2015 compared to $217.6 million in the third quarter of 2014 due primarily to $9.9 million in unfavorable foreign currency effects in the third quarter of 2015 as compared to the third quarter of 2014. The unfavorable foreign currency impact primarily resulted from sales denominated in the euro. Excluding currency effects, net sales increased $7.8 million or 4% year-over-year. This increase resulted from continued growth in automotive and improvement in the electrical business, offset by lower electronics sales.

Electronics sales decreased $5.1 million or 5% to $102.6 million in the third quarter of 2015 compared to $107.8 million in the third quarter of 2014 due to capacity constraints for sensor products as they are being transferred to the Philippines as well as a slightly weaker-than-normal seasonal ramp up for core products. The electronics segment experienced $3.2 million in unfavorable currency effects in the third quarter of 2015 primarily from sales denominated in euros. Excluding currency effects, net sales decreased $2.0 million or 2% year-over-year.

Automotive sales increased $0.8 million or 1% to $81.5 million in the third quarter of 2015 compared to $80.6 million in the third quarter of 2014 due to strong growth for sensors offset by lower fuse sales and a decline in commercial vehicle products, due to weak end markets. The automotive segment experienced $5.5 million in unfavorable currency effects in the third quarter of 2015 primarily due to sales denominated in euros. Excluding currency effects, net sales increased $6.3 million or 8% year-over-year.

Electrical sales increased $2.2 million or 8% to $31.4 million in the third quarter of 2015 compared to $29.2 million in the third quarter of 2014 due to solid growth in the core fuse business and continued recovery in custom products. The electrical segment experienced $1.3 million in unfavorable currency effects in the third quarter of 2015 primarily from sales denominated in Canadian dollars and the euro. Excluding currency effects, net sales increased $3.5 million or 12% year-over-year.

On a geographic basis, sales in the Americas increased $1.1 million or 1% to $99.0 million in the third quarter of 2015 compared to $97.9 million in the third quarter of 2014 due primarily to strong growth in automotive and electrical sales offset by $1.3 million in unfavorable currency effects from sales denominated in Canadian dollars. Excluding currency effects, the Americas sales increased $2.4 million or 2%.

Europe sales decreased $2.0 million or 5% to $37.5 million in the third quarter of 2015 compared to $39.6 million in the third quarter of 2014 mainly due to $7.4 million in unfavorable currency effects reflecting a decline in the euro during the current year quarter. Excluding currency effects, Europe sales increased $5.4 million or 14% reflecting strong demand for automotive products.

Asia-Pacific sales decreased $1.1 million or 1% to $79.0 million in the third quarter of 2015 compared to $80.1 million in the third quarter of 2014 due to a decline in electronics and $1.1 million in unfavorable currency effects offset by continued demand for automotive products. Excluding currency effects, Asia-Pacific sales were flat year-over-year.

Gross profit was $86.2 million or 40% of net sales for the third quarter of 2015 compared to $87.4 million or 40% of net sales in the same quarter last year. Gross profit for the third quarter of 2015 included $1.2 million of charges related to the transfer of the company’s reed switch production from the U.S. and China to the Philippines. Excluding the impact of these charges, gross profit was 41% of net sales for the third quarter of 2015.

Total operating expense was $77.6 million or 36% of net sales for the third quarter of 2015 compared to $47.3 million or 22% of net sales for the same quarter in 2014. Operating expenses for the third quarter of 2015 included $30.2 million related to the settlement of the company’s U.S. pension plan. Excluding the pension settlement expense of $30.2 million, operating expenses were $47.4 million or 22% of net sales for the third quarter of 2015.

Operating income for the third quarter of 2015 was $8.6 million compared to operating income of $40.1 million for the same quarter in 2014. Excluding the impact of the $30.2 million pension settlement in the third quarter of 2015 as described above, operating income for the third quarter of 2015 was $38.8 million. The lower operating earnings is primarily as a result of lower sales in the third quarter of 2015 as discussed above.

Interest expense was $0.9 million in the third quarter of 2015 and $1.3 million in the third quarter of 2014 and reflects interest incurred for borrowing on the company's credit agreement.

Foreign exchange loss (gain), reflecting net gains and losses resulting from the effect of exchange rate changes on various foreign currency transactions worldwide, was approximately $3.5 million of income for the third quarter of 2015 as compared to $0.1 million of income for the third quarter of 2014 and primarily reflects fluctuations in the euro and Philippine peso against the U.S. dollar.

Other (income) expense, net, consisting of interest income, royalties and non-operating income items was approximately $1.4 million of income for third quarter of 2015 and $2.3 million of income for the third quarter of 2014.

Income before income taxes was $12.6 million for the third quarter of 2015 compared to $41.2 million for the third quarter of 2014. The lower income before income taxes for 2015 was primarily due to the pension settlement charge of $30.2 million as described above. Income tax expense was $1.3 million with an effective tax rate of 10.4% for the third quarter of 2015 compared to income tax expense of $11.3 million with an effective tax rate of 27.3% in the third quarter of 2014. The lower effective tax rate for the third quarter of 2015 resulted from income earned in lower tax jurisdictions and the impact of the pension settlement partially offset by the impact from the restructuring of the legal ownership of the company's Mexican manufacturing operations during the third quarter of 2015. The effective tax rates for both the third quarter of 2015 and 2014 were lower than the U.S. statutory tax rate primarily due to the factors discussed above and more income earned in lower tax jurisdictions.

Net income for the third quarter of 2015 was $11.3 million or $0.50 per diluted share compared to net income of $29.9 million or $1.32 per diluted share for the same quarter of 2014.

Results of Operations – Nine months, 2015 compared to 2014

Net sales increased $2.5 million or less than 1% to $647.8 million for the first nine months of 2015 compared to $645.4 million in the first nine months of 2014 due primarily to strong growth in automotive products and improvement in the electrical business partially offset by lower electronics sales. The company also experienced $31.1 million in unfavorable foreign currency effects in the first nine months of 2015 as compared to 2014 primarily resulting from sales denominated in the euro. Excluding currency effects, net sales increased $33.5 million or 5% year-over-year.

Electronics sales decreased $6.2 million or 2% to $307.5 million for the first nine months of 2015 compared to $313.7 million in the first nine months of 2014 due primarily to negative currency effects offset by strong growth for fuse products earlier in the first half of the year. The electronics segment experienced $9.7 million in unfavorable currency effects in the first nine months of 2015 primarily from sales denominated in euro. Excluding currency effects, net sales increased $3.5 million or 1% year-over-year.

Automotive sales increased $6.4 million or 3% to $251.5 million in the first nine months of 2015 compared to $245.1 million in the first nine months of 2014 due primarily to strong growth for sensors, fuses and commercial vehicle products. The automotive segment experienced $18.0 million in unfavorable currency effects in the first nine months of 2015 primarily due to sales denominated in euros. Excluding currency effects, net sales increased $24.4 million or 10% year-over-year.

Electrical sales, increased $2.3 million or 3% to $88.8 million in the first nine months of 2015 compared to $86.6 million in the first nine months of 2014 as higher custom and fuse sales were offset by weaker relay sales. The electrical segment experienced $3.4 million in unfavorable currency effects in the first nine months of 2015 primarily from sales denominated in Canadian dollars and the euro. Excluding currency effects, net sales increased $5.6 million or 6% year-over-year.

On a geographic basis, sales in the Americas increased $16.1 million or 6% to $299.1 million in the first nine months of 2015 compared to $282.9 million in the first nine months of 2014 due primarily to strong growth in automotive offset by $3.6 million in unfavorable currency effects from sales denominated in Canadian dollars. Excluding currency effects, the Americas sales increased $19.7 million or 7%.

Europe sales decreased $12.2 million or 10% to $115.6 million in the first nine months of 2015 compared to $127.8 million in the first nine months of 2014 mainly due to $25.3 million in unfavorable currency effects reflecting a decline in the euro during the first nine months. Excluding currency effects, Europe sales increased $13.2 million or 10% reflecting strong demand for automotive products.

Asia-Pacific sales decreased $1.5 million or 1% to $233.2 million in the first nine months of 2015 compared to $234.7 million in the first nine months of 2014 due primarily to strong demand for automotive products offset by lower electronics sales and unfavorable currency effects of $2.2 million. Excluding currency effects, Asia-Pacific sales increased $0.7 million or less than 1% year-over-year.

Gross profit was $247.8 million or 38% of net sales for the first nine months of 2015 compared to $248.9 million or 39% of net sales for the first nine months of 2014. Gross profit for the first nine months of 2015 included $3.1 million of charges related to the transfer of the company’s reed switch production from the U.S. and China to the Philippines. Gross profit for the first nine months of 2014 included a $2.8 million non-cash charge to cost of goods sold for inventory that was stepped up to fair value as a result of the SymCom acquisition and $2.0 million in severance charges resulting from restructuring at the Hamlin-Mexico plant. Excluding the impact of these charges, gross profit was 39% of net sales for both the first nine months of 2015 and 2014, respectively.

Total operating expense was $173.5 million or 27% of net sales for the first nine months of 2015 compared to $141.4 million or 22% of net sales for the first nine months of 2014. Operating expenses for the first nine months of 2015 included $30.2 million related to the settlement of the company's U.S. pension plan. Excluding the pension settlement expense, operating expenses were $143.3 million or 22% of net sales for the first nine months of 2015.

Operating income for the first nine months of 2015 was approximately $74.3 million compared to operating income of $107.4 million for the first nine months of 2014, primarily as a result of the negative impact of the pension settlement charge and the foreign exchange impact on sales and gross profit as discussed above.

Interest expense was $3.0 million for the first nine months of 2015 compared to $3.7 million for the first nine months of 2014 and reflects interest for borrowing on the company's credit agreement.

Foreign exchange loss (gain), reflecting net gains and losses resulting from the effect of exchange rate changes on various foreign currency transactions worldwide, was approximately $1.7 million of income for the first nine months of 2015 compared to $2.0 million of expense for the first nine months of 2014 and primarily reflects fluctuations in the euro and Philippine peso against the U.S. dollar.

Other (income) expense, net, consisting of interest income, royalties and non-operating income items was approximately $3.8 million of income for the first nine months of 2015 compared to $4.9 million of income for the first nine months of 2014.

Income before income taxes was $76.8 million for the first nine months of 2015 compared to $106.6 million for the first nine months of 2014. The lower income before income taxes for 2015 was primarily due to the pension settlement charge of $30.2 million as described above. Income tax expense was $16.8 million with an effective tax rate of 21.8% for the first nine months of 2015 compared to income tax expense of $26.7 million with an effective tax rate of 25.0% in the first nine months of 2014. The lower effective tax rate for the first nine months of 2015 resulted from income earned in lower tax jurisdictions and the impact of the pension settlement partially offset by the impact from the restructuring of the legal ownership of the company's Mexican manufacturing operations in the third quarter of 2015. The effective tax rates for both 2015 and 2014 were lower than the U.S. statutory tax rate primarily due to the factors discussed above as well as more income earned in lower tax jurisdictions.

Net income for the first nine months of 2015 was $60.0 million or $2.64 per diluted share compared to net income of $79.9 million or $3.52 per diluted share for the same period of 2014.

Liquidity and Capital Resources

As of September 26, 2015, $317.5 million of the $336.6 million of the company's cash and cash equivalents was held by foreign subsidiaries. Of the $317.5 million held by foreign subsidiaries, approximately $19.2 million could be repatriated with minimal tax consequences. The company expects to maintain its foreign cash balances (other than the aforementioned $19.2 million) for local operating requirements, to provide funds for future capital expenditures and for potential acquisitions. The company does not expect to repatriate these funds to the U.S.

The company historically has 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 the company's operations and its debt obligations for the foreseeable future.

Revolving Credit Facilities

In 2013, the company entered into a credit agreement with J.P. Morgan Securities LLC for up to $325.0 million which consists of an unsecured revolving credit facility of $225.0 million and an unsecured term loan of $100.0 million. The credit agreement is for a five year period.

On January 30, 2014, the company increased the unsecured revolving credit facility by $50.0 million thereby increasing the total revolver borrowing capacity from $225.0 million to $275.0 million. At September 26, 2015, the company had available $167.4 million of borrowing capacity under the revolving credit agreement at an interest rate of LIBOR plus 1.0% (1.19% as of September 26, 2015).

This arrangement contains covenants that, among other matters, impose limitations on the incurrence of additional indebtedness, future mergers, sales of assets, payment of dividends, and changes in control, as defined in the agreement. In addition, the company is required to satisfy certain financial covenants and tests relating to, among other matters, interest coverage and leverage. At September 26, 2015, the company was in compliance with all covenants under the revolving credit facility.

The company also had $0.1 million outstanding in letters of credit at September 26, 2015. No amounts were drawn under these letters of credit at September 26, 2015.

Entrusted Loan

During the fourth quarter of 2014, the company entered into an entrusted loan arrangement ("Entrusted Loan") of RMB 110.0 million (approximately $17.9 million) between two of its China legal entities, Littelfuse Semiconductor (Wuxi) Company (the "*Lender*") and Suzhou Littelfuse OVS Ltd. (the "*Borrower*"), utilizing Bank of America, N.A., Shanghai Branch as agent. Direct borrowing and lending between two commonly owned commercial entities is strictly forbidden under China's regulations requiring the use of a third party agent to enable loans between Chinese legal entities. As a result, the Entrusted Loan is reflected as both a long-term asset and long-term debt on the company's Consolidated Balance Sheets and is reflected in the investing and financing activities in its Consolidated Statements of Cash Flows. Interest expense and interest income will be recorded between the lender and borrower with no net impact on the company's Consolidated Statements of Net Income since the amounts will be offsetting. The loan interest rate per annum is 5.25%. The Entrusted Loan is used to finance the operation and working capital needs of the borrower and matures in November 2019. The balance of the Entrusted Loan was RMB 73.5 million (approximately $11.5 million) at September 26, 2015.

Cash Flow

The company started 2015 with $297.6 million of cash and cash equivalents. Net cash provided by operating activities was approximately $113.6 million for the first nine months of 2015 reflecting $60.0 million in net income and $57.4 million in non-cash adjustments (primarily $31.1 million in depreciation and amortization) offset by $3.8 million in net changes to various operating assets and liabilities.

Changes in operating assets and liabilities for the first nine months of 2015 (including short-term and long-term items) that impacted cash flows negatively consisted of increases in accounts receivable ($18.3 million) and inventory ($4.2 million). Changes in operating assets and liabilities having a positive impact on cash flows were decreases in prepaid and other assets ($0.3 million), and increases in accrued payroll and severance ($3.6 million), accrued and deferred taxes ($4.0 million), accounts payable ($4.2 million) and accrued expenses ($6.6 million, including a $9.1 million payment for the pension settlement).

Net cash used in investing activities was approximately $29.0 million for the first nine months of 2015 and primarily represented additions to property, plant and equipment ($35.0 million) offset by a reduction in the entrusted loan receivable ($5.9 million) (see Note 5) .

Net cash used in financing activities was approximately $27.2 million and was primarily driven by the purchase of treasury stock ($31.3 million) and dividends paid ($17.9 million). Also included were payments on the entrusted loan ($5.9 million) (see Note 5). Offsetting net cash used in financing primarily were net proceeds from the company’s credit agreement ($20.3 million). The effects of exchange rate changes decreased cash and cash equivalents by approximately $18.3 million. The net cash provided by operating activities combined with the effects of exchange rate changes less net cash used in investing and financing activities resulted in a $39.1 million increase in cash, which left the company with a cash and cash equivalents balance of $336.6 million at September 26, 2015.

The ratio of current assets to current liabilities was 2.7 at the end of the third quarter of 2015 compared to 2.8 at year-end 2014 and 2.3 at the end of the third quarter of 2014. Days sales outstanding in accounts receivable was approximately 62 days at the end of the third quarter of 2015 compared to 56 days at the end of the third quarter of 2014 and 60 days at year-end 2014. Days inventory outstanding was approximately 70 days at the end of the third quarter of 2015 compared to 68 days at the year-end 2014 and 70 days at end of the third quarter of 2014.

Outlook

Economic signals continue to be mixed and visibility continues to be limited. Although the company’s 0.95 book-to-bill for electronics is better than normal for the third quarter, order rates in the first few weeks of the fourth quarter have been relatively weak. At this point, the company expects normal sequential declines in both sales and margins in the fourth quarter.

The fourth quarter of 2015 includes an extra week (14 weeks rather than 13). Taking into account that the extra week is during the holidays, it is expected to add approximately $10 million to sales for the fourth quarter. Including this extra week, sales for the fourth quarter of 2015 are expected to be in the range of $212 to $222 million.

Cautionary Statement Regarding Forward-Looking Statements Under the Private Securities Litigation Reform Act of 1995 (“PSLRA”).

The statements in this section and the other sections of this report that are not historical facts are intended to constitute “forward-looking statements” entitled to the safe-harbor provisions of the PSLRA. These statements may involve risks and uncertainties, including, but not limited to, risks relating to product demand and market acceptance, economic conditions, the impact of competitive products and pricing, product quality problems or product recalls, capacity and supply difficulties or constraints, coal mining exposures 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 other Securities and Exchange Commission filings. Should one or more of these risks or uncertainties materialize or should the underlying assumptions prove incorrect, actual results and outcomes may differ materially from those indicated or implied in the forward-looking statements. This report should be read in conjunction with information provided in the financial statements appearing in the company’s Annual Report on Form 10-K for the year ended December 27, 2014. For a further discussion of the risk factors of the company, please see Item 1A. “*Risk Factors*” to the company’s Annual Report on Form 10-K for the year ended December 27, 2014.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The company is exposed to market risk from changes in interest rates, foreign exchange rates and commodity prices.

Interest Rates

The company had $197.5 million in debt outstanding at September 26, 2015 related to the unsecured revolving credit facility and term loan. 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 insignificant relative to earnings.

Foreign Exchange Rates

The majority of the company's operations consist of manufacturing and sales activities in foreign countries. The company has manufacturing facilities in the U.S., Mexico, Canada, Denmark, China, Lithuania and the Philippines. During the first nine months of 2015, sales to customers outside the U.S. were approximately 60% of total net sales. Substantially all sales in Europe are denominated in euros and substantially all sales in the Asia-Pacific region are denominated in U.S. dollars, Japanese yen, Korean won, Chinese renminbi or Taiwanese dollars.

The company's foreign exchange exposures result primarily from sale of products in foreign currencies, foreign currency denominated purchases, intercompany loans, employee-related and other costs of running operations in foreign countries and translation of balance sheet accounts denominated in foreign currencies. The company's most significant long exposure is to the euro, with lesser long exposures to the Canadian dollar, Chinese renminbi and Korean won. The company's most significant short exposures are to the Chinese renminbi, Mexican peso and Philippine peso. Changes in foreign exchange rates could affect the company's sales, costs, balance sheet values and earnings. The company uses netting and offsetting intercompany account management techniques to reduce known foreign currency exposures where possible. From time to time, the company has utilized derivative instruments to hedge certain foreign currency exposures.

Commodity Prices

The company uses various metals in the manufacturing of its products, including copper, zinc, tin, gold and silver. Prices of these commodities can and do fluctuate significantly, which can impact the company's earnings. The most significant of these exposures is to copper, zinc, silver and gold where at current prices and volumes, a 10% price change would affect annual pre-tax profit by approximately $1.6 million for copper, $0.7 million for zinc, $0.6 million for silver and $0.2 million for gold. From time to time, the company has utilized derivative instruments to hedge certain commodity exposures.

Item 4. Controls and Procedures.

As of September 26, 2015, the Chief Executive Officer and Chief Financial Officer of the company evaluated the effectiveness of the disclosure controls and procedures of the company and concluded that these disclosure controls and procedures are effective to ensure that material information relating to the company and its consolidated subsidiaries has been made known to them by the employees of the company and its consolidated subsidiaries during the period preceding the filing of this Quarterly Report on Form 10-Q and that such information is accurately recorded, processed, summarized and reported within the time periods specified in SEC rules. There were no significant changes in the company's internal controls during the period covered by this Report that could materially affect these controls or could reasonably be expected to materially affect the company's internal control reporting, disclosures and procedures subsequent to the last day they were evaluated by the company's Chief Executive Officer and Chief Financial Officer.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors.

A detailed description of risks that could have a negative impact on our business, revenues and performance results can be found under the caption "Risk Factors" in our most recent Form 10-K, filed with the SEC on February 24, 2015. There have been no material changes from risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 27, 2014 in response to Item 1A to Part 1 of Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) The table below provides information with respect to purchases by the Company of shares of its common stock during each fiscal month of the third quarter of fiscal 2015:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
June 28, 2015 to July 25, 2015	—	$ —	—	1,000,000
July 26, 2015 to August 22, 2015	130,023	91.77	130,023	869,977
August 23, 2015 to Sept. 26, 2015	219,977	87.83	219,977	650,000
Total	350,000	$ 89.29	350,000	650,000

The company's Board of Directors authorized the repurchase of up to 1,000,000 shares of the company's common stock under a program for the period May 1, 2015 to April 30, 2016. The company repurchased 350,000 shares of its common stock during the first nine months of fiscal 2015, and 650,000 shares may yet be purchased under the program as of September 26, 2015. The company withheld 27,817 shares of stock in lieu of withholding taxes on behalf of employees who became vested in restricted stock units during the first nine months of 2015.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit	Description
10.1	Fourth Amendment to the Littelfuse, Inc. Supplemental Retirement and Savings Plan.
31.1	Certification of Gordon Hunter, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Philip G. Franklin, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q for the quarter ended September 26, 2015, to be signed on its behalf by the undersigned thereunto duly authorized.

	Littelfuse, Inc.	
Date: October 30, 2015	By:	/s/ Philip G. Franklin Philip G. Franklin Executive Vice President and Chief Financial Officer (As duly authorized officer and as the principal financial and accounting officer)