VISHAY INTERTECHNOLOGY INC
Form 10-Q
November 03, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 193**

For the quarterly period ended September 26, 2009

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 19**

For the transition period from _______ to _______

Commission File Number 1-7416

VISHAY INTERTECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**38-1686453**
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification Number)
63 Lancaster Avenue Malvern, PA 19355-2143	**610-644-1300**
(Address of Principal Executive Offices)	(Registrant□s Area Code and Telephone Number)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of □accelerated filer and large accelerated filer□ in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x
Accelerated filer o
Non-accelerated filer o (Do not check if smaller reporting company)
Smaller reporting company o

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

As of October 30, 2009, the registrant had 172,283,533 shares of its common stock and 14,352,888 shares of its Class B common stock outstanding.

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2

VISHAY INTERTECHNOLOGY, INC.
FORM 10-Q
SEPTEMBER 26, 2009
CONTENTS

		Page Number
PART I.	**FINANCIAL INFORMATION**	
Item 1.	Financial Statements	
	Consolidated Condensed Balance Sheets (Unaudited) September 26, 2009 and December 31, 2008	4
	Consolidated Condensed Statements of Operations	

		(Unaudited) Fiscal Quarters Ended September 26, 2009 and September 27, 2008	6
		Consolidated Condensed Statements of Operations (Unaudited) Nine Fiscal Months Ended September 26, 2009 and September 27, 2008	7
		Consolidated Condensed Statements of Cash Flows (Unaudited) Nine Fiscal Months Ended September 26, 2009 and September 27, 2008	8
		Consolidated Condensed Statement of Equity (Unaudited)	9
		Notes to Consolidated Condensed Financial Statements (Unaudited)	10
	Item 2.	Managements Discussion and Analysis of Financial Condition and Results of Operations	34
	Item 3.	Quantitative and Qualitative Disclosures About Market Risk	55
	Item 4.	Controls and Procedures	55
PART II.		**OTHER INFORMATION**	
	Item 1.	Legal Proceedings	55
	Item 1A.	Risk Factors	55
	Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	55
	Item 3.	Defaults Upon Senior Securities	55
	Item 4.	Submission of Matters to a Vote of Security Holders	56
	Item 5.	Other Information	56
	Item 6.	Exhibits	56
		SIGNATURES	57

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

VISHAY INTERTECHNOLOGY, INC.
Consolidated Condensed Balance Sheets
(Unaudited - In thousands)

	September 26,	December 31,

Assets		2009		2008 (recast - see Note 1)
Current assets:				
Cash and cash equivalents	$	**507,882**	$	324,164
Accounts receivable, net		**304,332**		311,197
Inventories:				
Finished goods		**120,014**		173,280
Work in process		**200,663**		211,320
Raw materials		**126,964**		153,419
Total inventories		**447,641**		538,019
Deferred income taxes		**14,056**		15,251
Prepaid expenses and other current assets		**102,781**		139,903
Total current assets		**1,376,692**		1,328,534
Property and equipment, at cost:				
Land		**99,400**		98,827
Buildings and improvements		**524,712**		508,579
Machinery and equipment		**2,150,772**		2,091,124
Construction in progress		**43,239**		80,857
Allowance for depreciation		**(1,765,824)**		(1,617,225)
		1,052,299		1,162,162
Intangible assets, net		**160,845**		177,782
Other assets		**143,728**		147,482
Total assets	$	**2,733,564**	$	2,815,960

Continues on following page.

VISHAY INTERTECHNOLOGY, INC.
Consolidated Condensed Balance Sheets (continued)
(Unaudited - In thousands)

		September 26, 2009		December 31, 2008 (recast - see Note 1)
Liabilities and equity				
Current liabilities:				
Notes payable to banks	$	**608**	$	11,293
Trade accounts payable		**98,644**		104,608
Payroll and related expenses		**103,645**		117,197
Other accrued expenses		**168,665**		191,086
Income taxes		**13,083**		24,901
Current portion of long-term debt		**26,875**		13,044
Total current liabilities		**411,520**		462,129
Long-term debt less current portion		**321,933**		333,631
Deferred income taxes		**17,057**		18,842
Deferred grant income		**2,776**		3,143
Other liabilities		**155,314**		123,207
Accrued pension and other postretirement costs		**322,292**		325,112
Total liabilities		**1,230,892**		1,266,064
Equity:				
Vishay stockholders' equity				

Common stock	**17,228**	17,220
Class B convertible common stock	**1,435**	1,435
Capital in excess of par value	**2,317,300**	2,315,851
Retained earnings (accumulated deficit)	**(951,286)**	(865,617)
Accumulated other comprehensive income (loss)	**112,844**	75,969
Total Vishay stockholders' equity	**1,497,521**	1,544,858
Noncontrolling interests	**5,151**	5,038
Total equity	**1,502,672**	1,549,896
Total liabilities and equity	**$ 2,733,564**	$ 2,815,960

See accompanying notes.

VISHAY INTERTECHNOLOGY, INC.
Consolidated Condensed Statements of Operations
(Unaudited - In thousands, except earnings (loss) per share)

	Fiscal quarter ended	
	September 26, 2009	**September 27, 2008**
		(recast - see Note 1)
Net revenues	**$ 525,304**	$ 739,092
Costs of products sold	**420,937**	579,591
Gross profit	**104,367**	159,501
Selling, general, and administrative expenses	**89,667**	112,844
Restructuring and severance costs	**3,478**	6,849
Impairment of goodwill and indefinite-lived intangibles	**-**	357,917
Terminated tender offer expenses	**-**	4,000
Operating income (loss)	**11,222**	(322,109)
Other income (expense):		
Interest expense	**(2,626)**	(6,942)
Other	**327**	6,853
	(2,299)	(89)
Income (loss) from continuing operations before taxes	**8,923**	(322,198)
Income taxes	**6,414**	(21,007)
Income (loss) from continuing operations, net of tax	**2,509**	(301,191)
Loss from discontinued operations, net of tax	**-**	-
Net earnings (loss)	**2,509**	(301,191)
Less: net earnings attributable to noncontrolling interests	**186**	144
Net earnings (loss) attribuable to Vishay stockholders	**$ 2,323**	$ (301,335)
Basic earnings (loss) per share attributable to Vishay stockholders:*		
Continuing operations	**$ 0.01**	$ (1.62)
Discontinued operations	**$ -**	$ -
Net earnings (loss)	**$ 0.01**	$ (1.62)
Diluted earnings (loss) per share attributable to Vishay stockholders:*		
Continuing operations	**$ 0.01**	$ (1.62)
Discontinued operations	**$ -**	$ -
Net earnings (loss)	**$ 0.01**	$ (1.62)
Weighted average shares outstanding - basic	**186,636**	186,425
Weighted average shares outstanding - diluted	**186,824**	186,425

Amounts attributable to Vishay stockholders:				
Income (loss) from continuing operations, net of tax	$	**2,323**	$	(301,335)
Discontinued operations, net of tax		**-**		-
Net earnings (loss)	$	**2,323**	$	(301,335)

See accompanying notes.

* May not add due to rounding.

VISHAY INTERTECHNOLOGY, INC.
Consolidated Condensed Statements of Operations
(Unaudited - In thousands, except earnings (loss) per share)

	Nine fiscal months ended			
	September 26, 2009		**September 27, 2008**	
			(recast - see Note 1)	
Net revenues	$	**1,435,073**	$	2,246,769
Costs of products sold		**1,183,908**		1,735,086
Gross profit		**251,165**		511,683
Selling, general, and administrative expenses		**260,873**		352,928
Restructuring and severance costs		**34,501**		33,960
Asset write-downs		**-**		4,195
Impairment of goodwill and indefinite-lived intangibles		**-**		1,157,917
Terminated tender offer expenses		**-**		4,000
Settlement agreement gain		**(28,195)**		-
Executive employment agreement charge		**57,824**		-
Operating income (loss)		**(73,838)**		(1,041,317)
Other income (expense):				
Interest expense		**(8,277)**		(31,939)
Other		**7,700**		11,328
		(577)		(20,611)
Income (loss) from continuing operations before taxes		**(74,415)**		(1,061,928)
Income taxes		**10,839**		(25,028)
Income (loss) from continuing operations, net of tax		**(85,254)**		(1,036,900)
Loss from discontinued operations, net of tax		**-**		(42,136)
Net earnings (loss)		**(85,254)**		(1,079,036)
Less: net earnings attributable to noncontrolling interests		**415**		891
Net earnings (loss) attribuable to Vishay stockholders	$	**(85,669)**	$	(1,079,927)
Basic earnings (loss) per share attributable to Vishay stockholders:*				
Continuing operations	$	**(0.46)**	$	(5.57)
Discontinued operations	$	**-**	$	(0.23)
Net earnings (loss)	$	**(0.46)**	$	(5.79)
Diluted earnings (loss) per share attributable to Vishay stockholders:*				
Continuing operations	$	**(0.46)**	$	(5.57)
Discontinued operations	$	**-**	$	(0.23)
Net earnings (loss)	$	**(0.46)**	$	(5.79)
Weighted average shares outstanding - basic		**186,594**		186,380
Weighted average shares outstanding - diluted		**186,594**		186,380

Amounts attributable to Vishay stockholders:				
Income (loss) from continuing operations, net of tax	**$**	**(85,669)**	$	(1,037,791)
Discontinued operations, net of tax		**-**		(42,136)
Net earnings (loss)	**$**	**(85,669)**	$	(1,079,927)

See accompanying notes.

* May not add due to rounding.

VISHAY INTERTECHNOLOGY, INC.
Consolidated Condensed Statements of Cash Flows
(Unaudited - In thousands)

		Nine fiscal months ended		
		September 26, 2009		**September 27, 2008 (recast - see Note 1)**
Continuing operating activities				
Net earnings (loss)	**$**	**(85,254)**	$	(1,079,036)
Adjustments to reconcile net earnings (loss) to net cash provided by continuing operating activities:				
Loss on discontinued operations, net of tax		**-**		42,136
Impairment of goodwill and indefinite-lived intangibles, net of tax		**-**		1,098,796
Depreciation and amortization		**169,578**		167,762
Loss (gain) on disposal of property and equipment		**51**		(3,217)
Accretion of interest on convertible notes		**-**		13,221
Asset write-downs		**-**		4,195
Inventory write-offs for obsolescence		**22,301**		22,805
Deferred grant income		**(529)**		(1,166)
Other		**(8,621)**		3,410
Changes in operating assets and liabilities, net of effects of businesses acquired		**81,114**		(76,826)
Net cash provided by continuing operating activities		**178,640**		192,080
Continuing investing activities				
Capital expenditures		**(26,295)**		(99,074)
Proceeds from sale of property and equipment		**2,231**		10,894
Purchase of businesses, net of cash acquired or refunded		**28,195**		(73,924)
Other investing activities		**300**		450
Net cash provided by (used in) continuing investing activities		**4,431**		(161,654)
Continuing financing activities				
Principal payments on long-term debt and capital lease obligations		**(15,058)**		(501,701)
Proceeds of long-term debt, net of issuance costs		**15,000**		123,379
Net proceeds (repayment) of revolving credit lines		**-**		125,000
Net changes in short-term borrowings		**(10,702)**		1,570
Distributions to noncontrolling interests		**(302)**		(841)
Proceeds from stock options exercised		**-**		172
Net cash used in continuing financing activities		**(11,062)**		(252,421)
Effect of exchange rate changes on cash and cash equivalents		**14,896**		5,673
Net increase in cash and cash equivalents from continuing activities		**186,905**		(216,322)
Net cash used by discontinued operating activities		**(3,187)**		(10,382)
Net cash provided by discontinued investing activities		**-**		1,430
Net cash used by discontinued financing activities		**-**		-
Net cash used by discontinued operations		**(3,187)**		(8,952)

Net increase in cash and cash equivalents		**183,718**		(225,274)
Cash and cash equivalents at beginning of period		**324,164**		537,295
Cash and cash equivalents at end of period	**$**	**507,882**	$	312,021

See accompanying notes.

VISHAY INTERTECHNOLOGY, INC.

Consolidated Condensed Statement of Equity

(Unaudited - In thousands, except share amounts)

	Common Stock	Class B Convertible Common Stock	Capital in Excess of Par Value	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Vishay Stockholders' Equity	No I
Balance at December 31, 2008 (recast - see Note 1)	$ 17,220	$ 1,435	$ 2,315,851	$ (865,617)	$ 75,969	**$ 1,544,858**	$
Net earnings (loss)	-	-	-	(85,669)	-	**(85,669)**	
Other comprehensive income (loss)	-	-	-	-	36,875	**36,875**	
Comprehensive income (loss)						**(48,794)**	
Distributions to noncontrolling interests	-	-	-	-	-	**-**	
Phantom and restricted stock issuances (82,997 shares)	8	-	(8)	-	-	**-**	
Stock compensation expense	-	-	1,457	-	-	**1,457**	
Balance at September 26, 2009	$ 17,228	$ 1,435	$ 2,317,300	$ (951,286)	$ 112,844	**$ 1,497,521**	$

See accompanying notes.

Vishay Intertechnology, Inc.

Notes to Consolidated Condensed Financial Statements

(Unaudited)

Note 1 – Basis of Presentation

The accompanying unaudited consolidated condensed financial statements of Vishay Intertechnology, Inc. (“Vishay” or the “Company”) have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for presentation of financial position, results of operations, and cash flows required by accounting principles generally accepted in the United States for complete financial statements. The information furnished reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair summary of the financial position, results of operations, and cash flows for the interim periods presented. The financial statements should be read in conjunction with the consolidated financial statements and notes thereto filed with the Company’s Annual Report on Form 10-K for the year ended December 31, 2008. The results of operations for the nine fiscal months ended September 26, 2009 are not necessarily indicative of the results to be expected for the full year.

The Company reports interim financial information for 13-week periods beginning on a Sunday and ending on a Saturday, except for the first quarter, which always begins on January 1, and the fourth quarter, which always ends on December 31. The four fiscal quarters in 2009 end on March 28, 2009, June 27, 2009, September 26, 2009, and December 31, 2009. The four fiscal quarters in 2008 ended on March 29, 2008, June 28, 2008, September 27, 2008, and December 31, 2008, respectively.

In connection with the preparation of the consolidated condensed financial statements and in accordance with U.S. generally accepted accounting principles (“GAAP”), the Company evaluated subsequent events after the balance sheet date of September 26, 2009 through November 3, 2009, the date these financial statements were issued through the filing of this current report on Form 10-Q with the U.S. Securities and Exchange Commission.

Retrospective Adoption of New Accounting Standards

Effective January 1, 2009, Vishay adopted two accounting standards that require retrospective adjustment to previously issued financial statements. All prior period comparable data presented in these consolidated condensed financial statements reflect the retrospective adoption of these standards.

In May 2008, the Financial Accounting Standards Board (FASB) staff issued Staff Position (FSP) APB 14-1, *Accounting for Convertible Debt Instruments That May be Settled in Cash upon Conversion (including partial cash settlement)* (Accounting Standards Codification (ASC) Topic 470-20). The guidance significantly impacts the accounting for convertible bonds that may be settled in cash. The guidance requires an issuer to separately account for the liability and equity components of the instrument in a manner that reflects the issuers nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. It also requires bifurcation of a component of the debt, classification of that component in equity, and then accretion of the resulting discount on the debt as part of the interest expense being reflected in the statement of operations.

The adoption of the guidance requires retrospective application to all periods presented. Vishay adopted this guidance effective January 1, 2009. Earlier adoption was prohibited.

The guidance applies only to those instruments that will be presented in the annual financial statements for the period of adoption, in other words, during the period January 1, 2007 to December 31, 2009. The cumulative effect of adoption has been recorded in retained earnings as of January 1, 2007.

The guidance is applicable to the Companys Convertible Subordinated Notes, due 2023. These notes were substantially all repurchased on August 1, 2008.

The retrospective application of FSP APB 14-1 (ASC Topic 470-20) decreased the reported loss from continuing operations for the quarter by $11.5 million ($0.06 per share) and increased the reported loss from continuing operations for the nine fiscal months ended September 27, 2008 by $0.8 million ($0.01 per share).

10

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (ASC Topic 810). SFAS No. 160 (ASC Topic 810) amends GAAP to establish accounting and reporting guidance for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary, which is sometimes referred to as minority interest, is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Among other requirements, this statement requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated income statement, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest.

The presentation and disclosure requirements of SFAS No. 160 (ASC Topic 810) are to be applied retrospectively to all periods presented. Vishay adopted this guidance effective January 1, 2009. Earlier adoption was prohibited.

Concurrent with the adoption of SFAS No. 160 (ASC Topic 810), the Company reclassified certain distributions to the holders of noncontrolling interests on its consolidated statements of cash flows.

Other Recently Adopted Accounting Standards

In June 2009, the FASB issued Accounting Standards Update No. 2009-01, *Generally Accepted Accounting Principles* (ASC Topic 105), which establishes the FASB Accounting Standards Codification (the Codification or ASC) as the official single source of authoritative GAAP. All existing accounting standards are superseded. All other accounting guidance not included in the Codification will be considered non-authoritative. The Codification also includes all relevant Securities and Exchange Commission (SEC) guidance organized using the same topical structure in separate sections within the Codification.

Following the Codification, the Board will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates (ASU)

which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification.

The Codification is not intended to change GAAP, but it changes the way GAAP is organized and presented. The Codification is effective for the Company's third quarter 2009 financial statements and the principal impact on the financial statements is limited to disclosures as all future references to authoritative accounting literature will be referenced in accordance with the Codification. In order to ease the transition to the Codification, the Company is providing the Codification cross-reference alongside the references to the standards issued and adopted prior to the adoption of the Codification.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (ASC Topic 820). This statement defines fair value, provides guidance for measuring fair value, and requires additional disclosures. This statement does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. The statement was to be effective for Vishay as of January 1, 2008. In February 2008, the FASB issued FSP SFAS 157-2 (ASC Topic 820-10-65), which provided a one-year delayed application of SFAS No. 157 (ASC Topic 820) for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Accordingly, Vishay only partially applied SFAS No. 157 (ASC Topic 820) as of January 1, 2008. The partial application of this guidance did not have a material effect on the Company's financial position, results of operations, or liquidity, and the adoption, on January 1, 2009, of the remaining aspects which were deferred by FSP SFAS 157-2 (ASC Topic 820-10-65) did not have a material effect on the Company's financial position, results of operations, or liquidity.

In December 2007, the FASB issued SFAS No. 141-R, *Business Combinations* (ASC Topic 805). While retaining the fundamental requirements of the previous GAAP, this new statement makes various modifications to the accounting for contingent consideration, preacquisition contingencies, purchased in-process research and development, acquisition-related transaction costs, acquisition-related restructuring costs, and changes in tax valuation allowances and tax uncertainty accruals. Vishay adopted this guidance effective January 1, 2009. Earlier adoption was prohibited.

11

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (ASC Topic 815). This statement requires enhanced disclosures about an entity's derivative and hedging activities, and therefore improves the transparency of financial reporting. Vishay adopted this guidance effective January 1, 2009. The adoption of this guidance did not have a material effect on the Company's financial statements.

In April 2008, the FASB staff issued FSP SFAS 142-3, *Determination of the Useful Life of Intangible Assets* (ASC Topic 350-30-65). This guidance is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 (ASC Topic 350), and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141-R (ASC Topic 805) when the underlying arrangement includes renewal or extension of terms that would require substantial costs or require a material modification to the asset upon renewal or extension. Companies estimating the useful life of a recognized intangible asset must now consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, must consider assumptions that market participants would use about renewal or extension as adjusted by SFAS No. 142's (ASC Topic 350) entity-specific factors. Vishay adopted this guidance effective January 1, 2009. The adoption of this guidance did not have a material effect on the Company's financial statements.

In April 2009, the FASB issued FSP SFAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (ASC Topic 825-10-65), which amends GAAP to require disclosures about fair value of financial instruments in quarterly reports as well as in annual reports, as previously required. Applicable disclosures have been provided in Note 13.

In April 2009, the FASB issued FSP SFAS 115-2 and SFAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (ASC Topic 320-10-65). This guidance extends existing disclosure requirements about debt and equity securities to interim reporting periods as well as provides new disclosure requirements. This guidance is effective for interim reporting periods ending after June 15, 2009, and Vishay adopted this guidance during the second quarter of 2009. The adoption of this guidance did not have a material

effect on the Company’s financial statements.

In April 2009, the FASB issued FSP SFAS No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (ASC Topic 820-10-65). This guidance clarifies the methodology to be used to determine fair value when there is no active market or where the price inputs being used represent distressed sales. This guidance also reaffirms the objective of fair value measurement, as stated in SFAS No. 157 (ASC Topic 820), which is to reflect how much an asset would be sold for in an orderly transaction. It also reaffirms the need to use judgment to determine if a formerly active market has become inactive, as well as to determine fair values when markets have become inactive. The adoption of this guidance did not have a material effect on the Company’s financial statements.

Reclassifications

In addition to changes due to the retrospective adoption of new accounting guidance described above, certain prior period amounts have been reclassified to conform to the current financial statement presentation.

Note 2 – Acquisition and Divestiture Activities

As part of its growth strategy, the Company seeks to expand through targeted and synergistic acquisitions of other manufacturers of electronic components that have established positions in major markets, reputations for product quality and reliability, and product lines with which the Company has substantial marketing and technical expertise.

Subsequent Event – Proposed Spin-off of Vishay Precision Group, Inc.

On October 27, 2009, Vishay announced that it intends to spin-off its measurements and foil resistors businesses into an independent, publicly-traded company to be named Vishay Precision Group, Inc. The spin-off is expected to take the form of a tax-free stock dividend to Vishay’s stockholders and it is anticipated that holders of Vishay common stock will receive common stock of Vishay Precision Group and holders of Vishay Class B common stock will receive Class B common stock of Vishay Precision Group. Vishay has not yet finalized details of the spin-off.

The product lines which will comprise Vishay Precision Group are included in the Passive Components segment. Revenues for the third quarter and nine fiscal months ended September 26, 2009 were approximately $40 million and $125 million, respectively. Revenues for the third quarter and nine fiscal months ended September 27, 2008 were approximately $62 million and $188 million, respectively. The spin-off would enable the management teams of both companies to better focus on the unique issues facing their respective businesses and permit each company to pursue its own business plan, resource allocation and growth strategies, as well as attract the best personnel through compensation that is more closely tied to the performance of each company. If the spin-off is completed, Vishay is expected to be a more competitive, pure-play discrete electronic components company.

Vishay’s Board and management team, in consultation with independent financial and legal advisors, are working on the requirements to finalize and execute the spin-off and expect the spin-off to occur in the second quarter of 2010. The spin-off will be subject to a number of conditions, including, among other things: final approval of Vishay’s Board of Directors, favorable market conditions, receipt of U.S. and Israeli tax rulings or opinions, compliance with applicable rules and regulations of the U.S. Securities and Exchange Commission (SEC) and other customary conditions.

Sale of Automotive Modules and Subsystems Business

On April 7, 2008, Vishay sold the automotive modules and subsystems business unit (“ASBU”) to a private equity firm. ASBU was originally acquired by Vishay as part of the April 1, 2007 acquisition of International Rectifier’s Power Control Systems (“PCS”) business. Vishay determined that ASBU would not satisfactorily complement Vishay’s operations.

During Vishay’s period of ownership of ASBU, the assets and liabilities of ASBU were separately reported in the consolidated condensed balance sheet as “assets held for sale” and “liabilities related to assets held for sale.” Long-lived assets held for sale were not depreciated or amortized. The Company allocated no goodwill to ASBU in

the purchase accounting for the PCS business.

Financial results of discontinued operations for the nine fiscal months ended September 27, 2008 and the year ended December 31, 2008 are as follows *(in thousands)*:

	Nine fiscal months ended September 27, 2008	Year ended December 31, 2008
Net revenues	$ 10,995	$ 10,995
Loss before income taxes	$ (38,224)	$ (43,345)
Tax expense (benefit)	3,912	4,481
Loss from discontinued operations, net of tax	$ (42,136)	$ (47,826)

13

The loss before income taxes for the nine fiscal months ended September 27, 2008 includes an impairment charge of $32.3 million, recorded during the first quarter of 2008, to reduce the carrying value of the net assets held for sale to the proceeds received on April 7, 2008. The selling price for ASBU was subject to a net working capital adjustment.

The Company retained responsibility for the collection of certain customer accounts receivable on behalf of the buyer. These amounts were remitted to the buyer upon collection. The Company also retained responsibility for certain severance costs and lease termination costs associated with ASBU.

The Company recorded an additional after tax loss of $5.7 million during the fourth quarter of 2008 subsequent to the resolution of a net working capital adjustment and the resolution of certain disputes with the buyer. A portion of this amount was paid during the nine fiscal months ended September 26, 2009 and reflected on the accompanying consolidated condensed statement of cash flows as cash flow from discontinued operations.

International Rectifier Corporation Tender Offer

On August 15, 2008, Vishay announced that it made a non-binding proposal to the International Rectifier Corporation Board of Directors to acquire all the outstanding shares of International Rectifier common stock for $21.22 per share in cash.

On September 10, 2008, Vishay announced that it had increased the price of its all-cash proposal to acquire all of the outstanding shares of International Rectifier common stock to $23.00 per share and that Vishay intended to nominate three independent directors for election to the International Rectifier Board at International Rectifier's delayed 2007 annual shareholders meeting.

On October 10, 2008, International Rectifier held its delayed 2007 annual meeting of stockholders. At that meeting, a plurality of shares voted favored International Rectifier's slate of three directors to Vishay's nominees. On October 13, 2008, Vishay announced it had terminated its offer to acquire all shares of International Rectifier and dismissed its complaint against International Rectifier and its eight directors.

Vishay incurred $4 million of costs associated with the International Rectifier tender offer, which are presented as a separate line item in the accompanying condensed consolidated statements of operations.

Settlement with International Rectifier Corporation

On April 1, 2007, Vishay completed its acquisition of the PCS business of International Rectifier Corporation for approximately $285.6 million, net of cash acquired. The final purchase price was pending the resolution of a net working capital adjustment as of the date of acquisition. Vishay also had notified International Rectifier of certain other claims that it had regarding the sale of the PCS business to Vishay.

On June 25, 2009, Vishay and International Rectifier Corporation entered into a settlement agreement.

Under the settlement, International Rectifier refunded $30.0 million of the purchase price associated with the acquisition, and Vishay released International Rectifier from claims relating to certain outstanding disputes regarding the acquisition.

In addition, Vishay and International Rectifier clarified and revised the covenant-not-to-compete associated with the acquisition to permit International Rectifier to, under certain conditions, develop, design, manufacture and sell certain additional products that incorporate technologies sold or licensed to Vishay in the acquisition. As part of the settlement, Vishay will continue as a supplier of certain products to International Rectifier and will receive a license to certain additional technology developed in the future by International Rectifier.

As part of the goodwill impairment charges recorded during 2008 (see Note 3), all goodwill associated with the PCS business was written off. Vishay recorded a gain of $28.2 million during the second quarter of 2009, equal to the amount received pursuant to the settlement agreement less certain related expenses.

Note 3 Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of businesses acquired over the fair value of the net assets acquired at the date of acquisition. Goodwill is not amortized but rather tested for impairment at least annually. The Company performs its annual impairment test as of the first day of the fiscal fourth quarter. These impairment tests must be performed more frequently if there are triggering events.

As more fully described in Note 3 to the Companys consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2008, Vishay determined that interim impairment tests were required as of the end of the second, third, and fourth fiscal quarters of 2008. As a result of these impairment analyses, the Company recorded goodwill impairment charges in the second, third, and fourth fiscal quarters of 2008.

These goodwill impairment charges aggregated $1,696,174,000, allocated $1,043,952,000 to the Semiconductors segment and $652,222,000 to the Passive Components segment. Subsequent to recording these impairment charges, the Company had no remaining goodwill recorded on its consolidated balance sheet.

The goodwill impairment charges recorded in the third quarter of 2008 totaled $330,917,000, allocated $20,000,000 to the Semiconductors segment and $310,917,000 to the Passive Components segment. The goodwill impairment charges recorded in the nine fiscal months ended September 27, 2008 totaled $1,130,917,000, allocated $570,000,000 to the Semiconductors segment and $560,917,000 to the Passive Components segment.

Prior to completing the interim assessment of goodwill for impairment during the second and third quarters of 2008, the Company performed a recoverability test of certain long-lived assets in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (ASC Topic 360), and certain indefinite-lived intangible assets in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets* (ASC Topic 350). As a result of those assessments, the Company recorded impairment charges totaling $27 million during the third quarter of 2008 related to indefinite-lived intangible assets (certain tradenames), allocated $15 million to the Semiconductors segment and $12 million to the Passive Components segment. The fair value of the tradenames was measured as the discounted cash flow savings realized from owning such tradenames and not having to pay a royalty for their use.

The goodwill and indefinite-lived intangible assets impairment charges were noncash in nature and did not affect Vishays liquidity, cash flows from operating activities, or debt covenants, and will not have a material impact on future operations.

Note 4 Restructuring and Severance Costs and Related Asset Write-Downs

Restructuring and severance costs reflect the cost reduction programs currently being implemented by the Company. These include the closing of facilities and the termination of employees. Restructuring and severance costs include one-time exit costs, severance benefits pursuant to an on-going benefit arrangement, and related

pension curtailment and settlement charges. Severance costs also include executive severance and charges for the fair value of stock options of certain former employees which were modified such that they did not expire at termination. Restructuring costs are expensed during the period in which the Company determines it will incur those costs and all requirements of accrual are met. Because these costs are recorded based upon estimates, actual expenditures for the restructuring activities may differ from the initially recorded costs. If the initial estimates are too low or too high, the Company could be required either to record additional expenses in future periods or to reverse part of the previously recorded charges. Asset write-downs are principally related to buildings and equipment that will not be used subsequent to the completion of restructuring plans presently being implemented, and cannot be sold for amounts in excess of carrying value.

Third Quarter 2009

The Company recorded restructuring and severance costs of $3,478,000 for the third quarter of 2009. Employee termination costs were $2,749,000, covering technical, production, administrative, and support employees in nearly every country in which the Company operates. The Company also incurred $729,000 of other exit costs during the quarter, principally lease termination costs related to facility closures. The restructuring and severance costs were incurred primarily in response to the declining business conditions experienced in the second half of 2008 and recessionary trends which continued into 2009.

Nine Fiscal Months Ended September 26, 2009

The Company recorded restructuring and severance costs of $34,501,000 for the nine fiscal months ended September 26, 2009. Employee termination costs were $30,622,000, covering technical, production, administrative, and support employees in nearly every country in which the Company operates. Severance costs include net pension settlement charges and credits for employees in the Republic of China (Taiwan) and the Philippines. The Company also incurred $3,879,000 of other exit costs during the nine fiscal months ended September 26, 2009, principally lease termination costs related to facility closures. The restructuring and severance costs were incurred primarily in response to the declining business conditions experienced in the second half of 2008 and recessionary trends which continued into 2009.

The following table summarizes activity to date related to restructuring programs initiated in 2009 *(in thousands, except for number of employees):*

	Severance Costs	Other Exit Costs	Total	Employees to be Terminated
Restructuring and severance costs	$ 30,622	$ 3,879	$ 34,501	2,547
Utilized	(17,168)	(2,037)	(19,205)	(2,216)
Foreign currency translation	972	27	999	-
Balance at September 26, 2009	$ 14,426	$ 1,869	$ 16,295	331

Most of the accrued restructuring liability, currently shown in other accrued expenses, is expected to be paid by September 26, 2010. The payment terms related to these restructuring programs varies, usually based on local customs and laws. Most severance amounts are paid in a lump sum at termination, while some payments are structured to be paid in installments.

16

Third Quarter 2008

The Company recorded restructuring and severance costs of $6,849,000 for the third quarter of 2008. Employee termination costs were $5,819,000, covering technical, production, administrative, and support employees located in Austria, Belgium, Brazil, Germany, Hungary, Ireland, the Netherlands, Portugal, and the United States. Severance costs for the third quarter of 2008 also include executive severance (see Note 10). The Company also incurred $1,030,000 of other exit costs during the quarter, principally related to the closure of a facility in Germany. The restructuring and severance costs were incurred as part of the continuing cost reduction programs currently being implemented by the Company.

Nine Fiscal Months Ended September 27, 2008

The Company recorded restructuring and severance costs of $33,960,000 for the nine fiscal months ended September 27, 2008. Employee termination costs were $30,770,000, covering technical, production, administrative, and support employees located in Austria, Belgium, Brazil, the People's Republic of China, France, Germany, Hungary, Ireland, Korea, the Netherlands, and the United States. Severance costs for the third quarter of 2008 also include executive severance (see Note 10). The Company also incurred $3,190,000 of other exit costs, principally related to the closure of facilities in Brazil and Germany. The restructuring and severance costs were incurred as part of the continuing cost reduction programs currently being implemented by the Company.

As a result of the decision to close its facility in Brazil, the Company completed a long-lived asset impairment analysis during the first quarter of 2008 and determined that various fixed assets and intangible assets were impaired. The Company recorded fixed asset write-downs of $3,419,000 and intangible asset write-downs of $776,000.

Year Ended December 31, 2008

The Company recorded restructuring and severance costs of $62,537,000 for the year ended December 31, 2008. Employee termination costs were $58,601,000, covering technical, production, administrative, and support employees located in nearly every country in which the Company operates. Through the first nine months of 2008, these restructuring activities were part of the Company's on-going cost reduction initiatives. The significant increase in restructuring activities during the fourth quarter of 2008 was substantially attributable to the declining business conditions experienced in the second half of 2008. Severance costs for the year ended December 31, 2008 also include executive severance and a pension settlement charge of $2,894,000 related to employees in the Republic of China (Taiwan). The Company also incurred $3,936,000 of other exit costs, principally related to the closures of facilities in Brazil and Germany. The restructuring and severance costs were incurred as part of the continuing cost reduction programs currently being implemented by the Company.

As a result of the decision to close its facility in Brazil, the Company completed a long-lived asset impairment analysis during the first quarter of 2008 and determined that various fixed assets and intangible assets were impaired. The Company recorded fixed asset write-downs of $3,419,000 and intangible asset write-downs of $776,000. During the fourth quarter of 2008, the Company also recorded asset write-downs of $878,000 to reduce the carrying value of buildings. The buildings had been vacated as part of restructuring activities. These buildings are held-for-sale and classified as "other assets" at December 31, 2008.

Also during the year ended December 31, 2008, the Company sold land and buildings that had been vacated as part of its restructuring programs and recognized a gain of $4,510,000, which is recorded within selling, general, and administrative expenses.

The following table summarizes activity to date related to restructuring programs initiated in 2008 *(in thousands, except for number of employees):*

	Severance Costs	**Other Exit Costs**	**Total**	**Employees to be Terminated**
Restructuring and severance costs	$ 58,601	$ 3,936	$ 62,537	3,245
Utilized	(32,774)	(2,826)	(35,600)	(1,707)
Foreign currency translation	(1,055)	(478)	(1,533)	-
Balance at December 31, 2008	$ 24,772	$ 632	$ 25,404	1,538
Utilized	**(21,197)**	**(289)**	**(21,486)**	**(1,026)**
Foreign currency translation	**(388)**	**36**	**(352)**	**-**
Balance at September 26, 2009	**$ 3,187**	**$ 379**	**$ 3,566**	**512**

Most of the accrued restructuring liability, currently shown in other accrued expenses, is expected to be paid by December 31, 2009. The payment terms related to these restructuring programs varies, usually based on local

customs and laws. Most severance amounts are paid in a lump sum at termination, while some payments are structured to be paid in installments.

Note 5 Income Taxes

The provision for income taxes consists of provisions for federal, state, and foreign income taxes. The effective tax rates for the periods ended September 26, 2009 and September 27, 2008 reflect the Companys expected tax rate on reported income from continuing operations before income tax and tax adjustments. The Company operates in an international environment with significant operations in various locations outside the United States. Accordingly, the consolidated income tax rate is a composite rate reflecting the Companys earnings and the applicable tax rates in the various locations where the Company operates.

The Company recognized no tax benefit associated with the executive employment agreement charge of $57.8 million discussed in Note 10. The Company recorded no tax expense associated with the gain of $28.2 million recognized upon reimbursement of purchase price described in Note 2.

During the nine fiscal months ended September 26, 2009, the liabilities for unrecognized tax benefits increased by a net $4.0 million, principally due to increases for positions taken during prior periods, interest, and foreign exchange effects, partially offset by decreases for settlements.

The vast majority of the Companys goodwill was not deductible for income tax purposes. The Company recognized tax benefits of approximately $29.1 million and $59.1 million during the third quarter and nine fiscal months ended September 27, 2008, respectively, associated with the goodwill and indefinite-lived intangible asset impairment charges discussed in Note 3.

In connection with the repurchase of the convertible subordinated notes on August 1, 2008 (see Note 6 to the Companys consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2008), the Company repatriated approximately $250 million of cash from non-U.S. subsidiaries. This repatriation of cash resulted in net tax expense of approximately $9.9 million, recorded in the second quarter of 2008, after the utilization of net operating losses and tax credits as a result of this repatriation.

Note 6 Long-Term Debt

Israel Bank Loan

During the first quarter of 2009, a subsidiary of the Company in Israel entered into a new bank loan. The principal amount of the bank loan is $15 million. The loan bears interest at LIBOR plus 3.45%. Future maturities are as follows *(in thousands)*:

2010	$	1,500
2011		1,500
2012		3,000
2013		4,500
2014		4,500

Credit Facility

The Company maintains a credit facility with a consortium of banks led by Comerica Bank as administrative agent. Effective July 31, 2009, the Company entered into an amendment to its credit facility which modified certain covenants and collateral arrangements. The credit facility consists of:

- a revolving credit commitment of up to $250 million available through April 20, 2012, and
- a term loan with original principal amount of $125 million payable in installments through 2011.

At September 26, 2009, the term loan balance was $100 million, and $125 million was outstanding under the revolving credit facility.

The borrowings under the credit facility are secured by accounts receivable, inventory, machinery and equipment, and general intangibles (but excluding real estate and bank accounts) of the Company and subsidiaries located in the United States, accounts receivable of a German subsidiary, certain intercompany loans to a significant German subsidiary and pledges of stock in certain significant subsidiaries and certain guarantees by significant subsidiaries. The subsidiaries would be required to perform under the guarantees in the event that the Company failed to make principal or interest payments under the credit facility. Certain of the Company's subsidiaries are permitted to borrow up to a limit of $125 million under the credit facility. Any borrowings by these subsidiaries under the credit facility are guaranteed by the Company.

Interest on the revolving credit commitment is payable at prime or other variable interest rate options. The July 31, 2009 amendment would have required additional fees if the September 26, 2009 fixed charges coverage ratio ("FCCR") was less than 2.50 to 1. At September 26, 2009, the Company's FCCR was 3.38 to 1. As such, the Company did not incur any additional fees and its borrowings outstanding on the revolving credit facility bore interest at LIBOR plus 1.40%. The Company is also required to pay facility commitment fees. At September 26, 2009, borrowings under the term loan, based on the current leverage ratio, bore interest at LIBOR plus 2.50%.

The credit facility requires the Company to comply with other covenants, including the maintenance of specific financial ratios. The Company was in compliance with all covenants at September 26, 2009, and expects to continue to be in compliance based on current projections. The Company also has mechanisms, including deferral of capital expenditures and other discretionary spending, to facilitate on-going compliance.

If the Company is not in compliance with all of the required financial covenants, the credit facility could be terminated by the lenders, and all amounts outstanding pursuant to the credit facility (including the term loan) could become immediately payable. Additionally, the Company's Exchangeable Unsecured Notes due 2102 have cross-default provisions that could accelerate repayment in the event the indebtedness under the credit facility is accelerated.

Note 7 – Comprehensive Income (Loss)

Comprehensive income (loss) includes the following components *(in thousands)*:

	Fiscal quarter ended		**Nine fiscal months ended**	
	Sept. 26, 2009	**Sept. 27, 2008**	**Sept. 26, 2009**	**Sept. 27, 2008**
Net earnings (loss)	**$ 2,509**	$ (301,191)	**$ (85,254)**	$ (1,079,036)
Other comprehensive income (loss):				
Foreign currency translation adjustment	**30,644**	(49,449)	**29,564**	31,530
Unrealized gain (loss) on available for sale securities	**743**	(130)	**910**	(523)
Pension and other postretirement adjustments	**3,053**	1,316	**6,401**	4,330
Total other comprehensive income (loss)	**34,440**	(48,263)	**36,875**	35,337
Comprehensive income (loss)	**$ 36,949**	$ (349,454)	**$ (48,379)**	$ (1,043,699)
Less: Comprehensive income (loss) attributable to noncontrolling interests	**186**	144	**415**	891
Comprehensive income (loss) attributable to Vishay stockholders	**$ 36,763**	$ (349,598)	**$ (48,794)**	$ (1,044,590)

Other comprehensive income (loss) includes Vishay's proportionate share of other comprehensive income (loss) of nonconsolidated subsidiaries accounted for under the equity method.

21

Note 8 – Pensions and Other Postretirement Benefits

The Company maintains various retirement benefit plans.

The following table shows the components of the net periodic pension cost for the third quarters of 2009 and 2008 for the Company's defined benefit pension plans *(in thousands)*:

	Fiscal quarter ended September 26, 2009		Fiscal quarter ended September 27, 2008	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Net service cost	**$ -**	**$ 783**	$ 1,035	$ 1,154
Interest cost	**4,194**	**2,862**	4,155	3,293
Expected return on plan assets	**(3,739)**	**(440)**	(5,220)	(651)
Amortization of prior service credit	**44**	**-**	(42)	-
Amortization of losses	**2,822**	**4**	564	867
Curtailments and settlements	**-**	**8**	-	-
Net periodic benefit cost	**$ 3,321**	**$ 3,217**	$ 492	$ 4,663

The following table shows the components of the net periodic pension cost for the nine fiscal months ended September 26, 2009 and September 27, 2008 for the Company's defined benefit pension plans *(in thousands)*:

	Nine fiscal months ended September 26, 2009		Nine fiscal months ended September 27, 2008	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Net service cost	**$ -**	**$ 2,189**	$ 3,105	$ 3,502
Interest cost	**12,551**	**8,174**	12,464	9,966
Expected return on plan assets	**(11,216)**	**(1,176)**	(15,660)	(2,008)
Amortization of prior service credit	**(10)**	**-**	(126)	
Amortization of losses	**8,478**	**14**	1,692	2,601
Curtailments and settlements	**-**	**564**	-	-
Net periodic benefit cost	**$ 9,803**	**$ 9,765**	$ 1,475	$ 14,061

22

The following table shows the components of the net periodic benefit cost for the third quarters of 2009 and 2008 for the Company's other postretirement benefit plans *(in thousands)*:

	Fiscal quarter ended September 26, 2009		Fiscal quarter ended September 27, 2008	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Service cost	**$ 44**	**$ 84**	$ 54	$ 100
Interest cost	**193**	**99**	275	105
Amortization of prior service (credit) cost	**(110)**	**-**	19	-

Amortization of transition obligation	**18**	**-**	48	-
Amortization of gains	**(74)**	**-**	(157)	-
Net periodic benefit cost	**$ 71**	**$ 183**	$ 239	$ 205

The following table shows the components of the net periodic benefit cost for the nine fiscal months ended September 26, 2009 and September 27, 2008 for the Company's other postretirement benefit plans *(in thousands)*:

	Nine fiscal months ended September 26, 2009		**Nine fiscal months ended September 27, 2008**	
	U.S. Plans	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Service cost	**$ 132**	**$ 242**	$ 162	$ 302
Interest cost	**579**	**287**	825	317
Amortization of prior service (credit) cost	**(331)**	**-**	57	-
Amortization of transition obligation	**56**	**-**	144	-
Amortization of gains	**(222)**	**-**	(472)	-
Net periodic benefit cost	**$ 214**	**$ 529**	$ 716	$ 619

23

Note 9 Stock-Based Compensation

The Company has various stockholder-approved programs which allow for the grant of share-based compensation to officers, employees, and non-employee directors.

The amount of compensation cost related to share-based payment transactions is measured based on the grant-date fair value of the equity instruments issued. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. The Company determines compensation cost for restricted stock units ("RSUs"), phantom stock units, and restricted stock based on the grant-date fair value of the underlying common stock. Compensation cost is recognized over the period that an officer, employee, or non-employee director provides service in exchange for the award.

The following table summarizes share-based compensation expense recognized *(in thousands)*:

	Fiscal quarter ended		**Nine fiscal months ended**	
	Sept. 26, 2009	**Sept. 27, 2008**	**Sept. 26, 2009**	**Sept. 27, 2008**
Stock options	**$ 197**	$ 99	**$ 656**	$ 1,022
Restricted stock units	**141**	300	**727**	1,163
Phantom stock units	**-**	-	**74**	286
Restricted stock	**-**	5	**-**	19
Total	**$ 338**	$ 404	**$ 1,457**	$ 2,490

The following table summarizes unrecognized compensation cost and the weighted average remaining amortization periods at September 26, 2009 *(dollars in thousands, amortization periods in years)*:

	Unrecognized Compensation Cost	**Weighted Average Remaining Amortization Periods**
Stock options	**$ 1,495**	**5.0**
Restricted stock units	**742**	**1.7**

Phantom stock units	-	**0.0**
Total	$ **2,237**	

2007 Stock Incentive Plan

The Company's 2007 Stock Incentive Program (the "2007 Program") permits the grant of up to 3,000,000 shares of restricted stock, unrestricted stock, RSUs, and stock options, to officers, employees, and non-employee directors. Such instruments are available for grant until May 22, 2017.

The 2007 Program was originally approved by stockholders of the Company on May 22, 2007, as the "2007 Stock Option Program." On May 28, 2008, the Company's stockholders approved amendments to the 2007 Stock Option Program, which was then renamed the "2007 Stock Incentive Program."

Other Stock Option Programs

In addition to stock options outstanding pursuant to the 2007 Program, the Company has stock options outstanding under previous stockholder-approved stock option programs. These programs are more fully described in Note 12 to the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2008. No additional options may be granted pursuant to these programs.

24

Option activity under the stock option plans as of September 26, 2009 and changes during the nine fiscal months then ended are presented below *(number of options in thousands)*:

	Number of Options	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (Years)**
Outstanding:			
December 31, 2008	**3,904**	**$ 18.55**	
Granted	**-**	**-**	
Exercised	**-**	**-**	
Cancelled or forfeited	**(74)**	**17.27**	
Outstanding at September 26, 2009	**3,830**	**$ 18.58**	**1.78**
Vested and expected to vest at September 26, 2009	**3,830**	**$ 18.58**	**1.78**
Exercisable at September 26, 2009	**3,492**	**$ 18.78**	**1.21**

During the nine fiscal months ended September 26, 2009, 91,000 options vested, and 17,000 unvested options were cancelled or forfeited. At September 26, 2009, there are 338,000 unvested options outstanding, with a weighted average grant-date fair value of $10.03 per option.

The pretax aggregate intrinsic value (the difference between the closing stock price on the last trading day of the third fiscal quarter of 2009 of $7.83 per share and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on September 26, 2009 is zero, because all outstanding options have exercise prices in excess of market value. This amount changes based on changes in the market value of the Company's common stock. No options were exercised during the nine fiscal months ended September 26, 2009.

Restricted Stock Units

RSU activity under the stock incentive plan as of September 26, 2009 and changes during the nine fiscal months then ended are presented below *(number of RSUs in thousands)*:

	Number of RSUs	Weighted Average grant date fair value per unit
Outstanding:		
December 31, 2008	**197**	
Granted	**36**	**$ 5.20**
Vested	**(78)**	
Cancelled or forfeited	**-**	
Outstanding at September 26, 2009	**155**	
Expected to vest at September 26, 2009	**155**	

Phantom Stock Plan

The Company maintains a phantom stock plan for certain senior executives. The Phantom Stock Plan authorizes the grant of up to 300,000 phantom stock units to the extent provided for in employment agreements with the Company. At January 1, 2009, the Company had such employment arrangements with four of its executives. The arrangements provide for an annual grant of 5,000 shares of phantom stock to each of these executives on the first trading day of the year. If the Company later enters into other employment arrangements with other individuals that provide for the granting of phantom stock, those individuals also will be eligible for grants under the Phantom Stock Plan. No grants may be made under the Phantom Stock Plan other than under the terms of employment arrangements with the Company. Each phantom stock unit entitles the recipient to receive a share of common stock at the individual s termination of employment or any other future date specified in the employment agreement. The phantom stock units are fully vested at all times.

Phantom stock units activity under the stock incentive plan as of September 26, 2009 and changes during the nine fiscal months then ended are presented below *(number of phantom stock units in thousands)*:

	Number of Units	Grant date fair value per unit
Outstanding:		
December 31, 2008	**100**	
Granted	**20**	**$ 3.70**
Redeemed for common stock	**-**	
Outstanding at September 26, 2009	**120**	

Note 10 Commitments and Contingencies

Executive Employment Agreements

The Company has employment agreements with certain of its senior executives. These employment agreements provide incremental compensation in the event of termination. The Company does not provide any severance or other benefits specifically upon a change in control.

With the exception of the employment arrangement with Dr. Felix Zandman, Executive Chairman, Chief Technical and Business Development Officer, and founder of the Company, the executive employment contracts contain severance provisions providing generally for 3 years of compensation in the case of a termination without cause or a voluntary termination by the executive for “good reason” (as defined in the employment agreements). Specifically, severance items include:

- salary continuation for three years, payable over three years;
- 5,000 shares of common stock annually for three years;
- bonus for the year of termination;
- $1,500,000 lump sum cash payment. This payment replaces the annual contributions to the Company’s deferred compensation plans on behalf of these executives and the annual bonus for the 3-year severance period; and
- lifetime continuation of executive’s life insurance and medical benefit up to $15,000 annual premium value.

On July 30, 2008, the Board of Directors was notified that Richard N. Grubb, the Company’s Chief Financial Officer, would be stepping down for “good reason” effective September 1, 2008, in connection with a change in the corporate finance and accounting function of the Company. The Company recorded severance charges associated with Mr. Grubb’s termination during the third quarter of 2008. These costs are reported in “restructuring and severance costs” on the consolidated condensed statement of operations.

On May 13, 2009, the Company entered into an amended and restated employment agreement with Dr. Felix Zandman (the “2009 Agreement”). This agreement amends and restates the existing employment agreement between the Company and Dr. Zandman that was previously amended and restated as of January 1, 2004 (the “2004 Agreement”).

The purpose of the 2009 Agreement was to eliminate the right of Dr. Zandman to receive a royalty during the ten years following his termination of employment equal to 5% of gross sales, less returns and allowances, of Vishay products incorporating inventions and any other form of technology created, discovered or developed by him or under his direction. The royalty was payable in the event Dr. Zandman was terminated without “cause” or resigned for “good reason,” as defined in the 2004 Agreement. This provision was carried over from Dr. Zandman’s original employment agreement of March 1985, and could not be modified or eliminated without Dr. Zandman’s consent. It was a reflection, among other things, of Dr. Zandman’s key role in the founding of the Company and in creating, developing and commercializing the Company’s technologies and the absence of any compensation to Dr. Zandman for the core intellectual property that he has contributed to the Company over the years from its inception.

The Company engaged a consultant in 2007 to assist its evaluation of the royalties to which Dr. Zandman would be entitled were his employment to be terminated. Based in part upon the work of this consultant and management’s own updated computations, management estimated that the present value of the royalties to which Dr. Zandman would be entitled were his employment terminated at December 31, 2008 would be between approximately $370 million and $445 million, with a possible tax gross-up if the royalties were payable in connection with a change of control and deemed subject to an excise tax. (This present value does not factor in any assessment of the probability of payment.)

Pursuant to the 2009 Agreement, Dr. Zandman’s right to the royalty payments has been terminated. Dr. Zandman received a payment of $10 million as of the effective date of the amended and restated agreement, and is entitled to receive five additional annual payments of $10 million each. The Company recognized compensation expense of $57.8 million during the second quarter of 2009, representing the present value of these payments. This amount is presented on a separate line in the accompanying consolidated condensed statements of operations.

Payments pursuant to the 2009 Agreement may be deferred with interest in the event that making such payment would jeopardize the ability of the Company to continue as a going concern. Payments will accelerate if, following a change of control of the Company, Dr. Zandman is terminated without cause or if he terminates employment for

good reason. In the event of Dr. Zandman's death or disability, the unpaid annual installments would accelerate upon a change of control, whether it occurs before or after the death or disability. If an excise tax were imposed under Section 4999 of the Internal Revenue Code due to the acceleration of the payments, the Company will reimburse Dr. Zandman for the excise tax on customary terms. Absent a change of control, if the Company were to terminate Dr. Zandman's employment without cause or Dr. Zandman were to terminate employment for good reason or in the event of his death or disability, the unpaid annual installment payments would not accelerate and would continue until completed. Dr. Zandman will forfeit future payments if he terminates his employment without good reason or if his employment is terminated for cause. Furthermore, as a result of the 2009 Agreement, Dr. Zandman will not receive any other severance payments upon his termination of employment for any reason. Other terms of the 2004 Agreement remain substantially the same. Dr. Zandman continues to be subject to non-competition, non-solicitation, non-disparagement and confidentiality covenants.

Note 11 – Segment Information

Vishay operates in two reportable segments, Semiconductors and Passive Components. Semiconductors segment products include transistors, diodes, rectifiers, certain types of integrated circuits, and optoelectronic products. Passive Components segment products include resistors, capacitors, and inductors. We include in the Passive Components segment our Measurements Group, which manufactures and markets strain gages, load cells, transducers, instruments, and weighing systems whose core components are resistors that are sensitive to various types of mechanical stress. On October 27, 2009, Vishay announced that it intends to spin-off its measurements and foil resistors businesses into an independent, publicly-traded company to be named Vishay Precision Group, Inc.

The Company evaluates business segment performance on operating income, exclusive of certain items ("segment operating income"). Management believes that evaluating segment performance excluding items such as restructuring and severance costs, asset write-downs, goodwill impairment, inventory write-downs, gains or losses on purchase commitments, and other items is meaningful because it provides insight with respect to intrinsic operating results of the Company. These items, and unallocated corporate expenses, represent reconciling items between segment operating income and consolidated operating income. Business segment assets are the owned or allocated assets used by each business. The following table sets forth business segment information *(in thousands)*:

	Fiscal quarter ended		Nine fiscal months ended	
	Sept. 26, 2009	**Sept. 27, 2008**	**Sept. 26, 2009**	**Sept. 27, 2008**
Net revenues:				
Semiconductors				
Product sales	**$ 276,731**	$ 391,748	**$ 703,003**	$ 1,185,075
Royalty revenues	**14**	1,186	**84**	3,082
Total Semiconductors	**276,745**	392,934	**703,087**	1,188,157
Passive Components				
Product sales	**247,846**	346,158	**728,656**	1,058,612
Royalty revenues	**713**	-	**3,330**	-
Total Passive Components	**248,559**	346,158	**731,986**	1,058,612
	$ 525,304	$ 739,092	**$ 1,435,073**	$ 2,246,769
Segment operating income:				
Semiconductors	**$ 6,519**	$ 33,187	**$ (18,399)**	$ 107,911
Passive Components	**12,742**	20,705	**23,487**	74,528
Corporate	**(4,561)**	(7,235)	**(14,796)**	(23,684
Restructuring and severance costs	**(3,478)**	(6,849)	**(34,501)**	(33,960
Asset write-downs	**-**	-	**-**	(4,195

Impairment of goodwill and intangibles	**-**	(357,917)	**-**	(1,157,917
Terminated tender offer expenses	**-**	(4,000)	**-**	(4,000
Settlement agreement	**-**	-	**28,195**	-
Executive compensation charge	**-**	-	**(57,824)**	-
Consolidated operating income (loss)	**$ 11,222**	$ (322,109)	**$ (73,838)**	$ (1,041,317
Restructuring and severance costs:				
Semiconductors	**$ 966**	$ 1,085	**$ 16,055**	$ 5,287
Passive Components	**2,512**	5,764	**18,446**	28,673
	$ 3,478	$ 6,849	**$ 34,501**	$ 33,960
Asset write-downs:				
Passive Components	**$ -**	$ -	**$ -**	$ 4,195
	$ -	$ -	**$ -**	$ 4,195
Impairment of goodwill and indefinite-lived intangibles:				
Semiconductors	**$ -**	$ 35,000	**$ -**	$ 585,000
Passive Components	**-**	322,917	**-**	572,917
	$ -	$ 357,917	**$ -**	$ 1,157,917

30

Note 12 Earnings Per Share

The following table sets forth the computation of basic and diluted earnings (loss) per share attributable to Vishay stockholders *(in thousands, except earnings (loss) per share)*:

	Fiscal quarter ended		**Nine fiscal months ende**	
	Sept. 26, 2009	**Sept. 27, 2008**	**Sept. 26, 2009**	**Sept. 27,**
Numerator:				
Numerator for basic earnings (loss) per share:				
Income (loss) from continuing operations	**$ 2,323**	$ (301,335)	**$ (85,669)**	$ (1,0
Loss from discontinued operations	**-**	-	-	(4
Net earnings (loss)	**$ 2,323**	$ (301,335)	**$ (85,669)**	$ (1,0
Adjustment to the numerator for continuing operations and net earnings (loss):				
Interest savings assuming conversion of dilutive convertible and exchangeable notes, net of tax	**-**	-	-	
Numerator for diluted earnings (loss) per share:				
Income (loss) from continuing operations	**$ 2,323**	$ (301,335)	**$ (85,669)**	$ (1,0
Loss from discontinued operations	**-**	-	-	(4
Net earnings (loss)	**$ 2,323**	$ (301,335)	**$ (85,669)**	$ (1,0
Denominator:				
Denominator for basic earnings (loss) per share:				
Weighted average shares	**186,636**	186,425	**186,594**	18
Effect of dilutive securities:				
Convertible and exchangeable notes	**-**	-	-	
Employee stock options	**-**	-	-	

Other		**188**		-		-	
Dilutive potential common shares		**188**		-		-	
Denominator for diluted earnings (loss) per share:							
Adjusted weighted average shares		**186,824**		186,425		**186,594**	18
Basic earnings (loss) per share attributable to Vishay stockholders:*							
Continuing operations	**$**	**0.01**	$	(1.62)	**$**	**(0.46)**	$
Discontinued operations	**$**	**-**	$	-	**$**	**-**	$
Net earnings (loss)	**$**	**0.01**	$	(1.62)	**$**	**(0.46)**	$
Diluted earnings (loss) per share attributable to Vishay stockholders:*							
Continuing operations	**$**	**0.01**	$	(1.62)	**$**	**(0.46)**	$
Discontinued operations	**$**	**-**	$	-	**$**	**-**	$
Net earnings (loss)	**$**	**0.01**	$	(1.62)	**$**	**(0.46)**	$

* May not add due to rounding.

Diluted earnings (loss) per share for the periods presented do not reflect the following weighted average potential common shares, as the effect would be antidilutive *(in thousands)*:

	Fiscal quarter ended		**Nine fiscal months ended**	
	Sept. 26, 2009	**Sept. 27, 2008**	**Sept. 26, 2009**	**Sept. 27, 200**
Convertible and exchangeable notes:				
Convertible Subordinated Notes, due 2023	**88**	8,545	**88**	18,51
Exchangeable Unsecured Notes, due 2102	**6,176**	6,176	**6,176**	6,17
Weighted average employee stock options	**3,834**	4,416	**3,859**	4,46
Weighted average warrants	**8,824**	8,824	**8,824**	8,82
Weighted average other	**-**	518	**301**	30

In periods in which they are dilutive, if the potential common shares related to the exchangeable notes are included in the computation, the related interest savings, net of tax, assuming exchange is added to the net earnings used to compute earnings per share.

The Company intends to waive its rights to settle the principal amount of the Convertible Subordinated Notes, due 2023, in shares of Vishay common stock. Accordingly, the notes would be included in the diluted earnings per share computation using the “treasury stock method” (similar to options and warrants) rather than the “if converted method” otherwise required for convertible debt. If the average market price is less than $21.28, no shares are included in the diluted earnings per share computation.

Note 13 – Fair Value Measurements

The Company adopted SFAS No. 157, *Fair Value Measurements* (ASC Topic 820), for financial assets and liabilities as of January 1, 2008, and for nonfinancial assets and liabilities as of January 1, 2009 in accordance with the provisions of FASB Staff Position SFAS 157-2 (ASC Topic 820-10-65). The adoption did not have a material effect on the Company’s financial position, results of operations, or liquidity.

FSP SFAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (ASC Topic 825-10-65), amends GAAP to require disclosures about fair value of financial instruments in quarterly reports as well as in annual reports, as previously required.

SFAS No. 157 (ASC Topic 820) establishes a valuation hierarchy of the inputs used to measure fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect the Companys own assumptions.

An asset or liabilitys classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table provides the financial assets and liabilities carried at fair value measured on a recurring basis as of September 26, 2009 *(in thousands)*:

		Fair value measurements at reporting date using:		
	Total Fair Value	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**
Assets held in rabbi trusts	$ 27,336	$ 7,381	$ 19,955	$ -

The Company maintains non-qualified trusts, referred to as rabbi trusts, to fund payments under deferred compensation and non-qualified pension plans. Rabbi trust assets consist primarily of marketable securities, classified as available-for-sale, valued based upon level 1 inputs; and Company-owned life insurance assets valued based upon level 2 inputs.

The marketable securities held in the rabbi trusts are valued using quoted market prices multiplied by the number of shares held in the trust. The Company-owned life insurance assets are valued in consultation with the Companys insurance brokers using the value of underlying assets of the insurance contracts.

The Companys financial instruments include cash and cash equivalents, accounts receivable, long-term notes receivable, short-term notes payable, accounts payable, and long-term debt. Except for long-term debt, the carrying amounts for these financial instruments reported in the consolidated condensed balance sheets approximate their fair values.

The fair value of long-term debt at September 26, 2009 is approximately $274 million, compared to its carrying value of $349 million. The Company estimates the fair value of its long-term debt using a combination of quoted market prices for similar financing arrangements and expected future payments discounted at risk-adjusted rates, which are considered level 2 inputs.

Item 2. Managements Discussion and Analysis of Financial Condition and Results of Operations

Overview

Vishay Intertechnology, Inc. is an international manufacturer and supplier of discrete semiconductors and passive electronic components, including power MOSFETs, power integrated circuits, transistors, diodes, optoelectronic components, resistors, capacitors, inductors, strain gages, load cells, force measurement sensors, displacement

sensors, and photoelastic sensors. Discrete semiconductors and passive electronic components manufactured by Vishay are used in virtually all types of electronic products, including those in the industrial, computer, automotive, consumer electronic products, telecommunications, military/aerospace, and medical industries.

Vishay operates in two product segments, Semiconductors and Passive Components. Semiconductors segment products include transistors, diodes, rectifiers, certain types of integrated circuits, and optoelectronic products. Passive Components segment products include resistors, capacitors, and inductors. We include in the Passive Components segment our Measurements Group, which manufactures and markets strain gages, load cells, transducers, instruments, and weighing systems whose core components are resistors that are sensitive to various types of mechanical stress. On October 27, 2009, Vishay announced that it intends to spin-off its measurements and foil resistors businesses into an independent, publicly-traded company to be named Vishay Precision Group, Inc.

As described in Note 1 to our consolidated condensed financial statements, effective January 1, 2009, Vishay adopted two accounting standards that require retrospective adjustment to previously issued financial statements. All prior period amounts have been adjusted to reflect the retrospective adoption of these new accounting standards. We have published unaudited selected financial data reflecting the retrospective adoption of these accounting standards, which was filed with the U.S. Securities and Exchange Commission as Exhibit 99 to our current report on Form 8-K dated April 13, 2009.

Revenues for the fiscal quarter ended September 26, 2009 were $525.3 million, compared to $739.1 million for the fiscal quarter ended September 27, 2008. The net earnings attributable to Vishay stockholders for the fiscal quarter ended September 26, 2009 were $2.3 million, or $0.01 per share, compared to a net loss attributable to Vishay stockholders of $301.3 million, or $1.62 per share for the fiscal quarter ended September 27, 2008.

The net earnings attributable to Vishay stockholders for the fiscal quarter ended September 26, 2009 was impacted by pretax charges for restructuring and severance costs of $3.5 million which, including its related tax effect, had a negative $0.02 per share effect on the net earnings attributable to Vishay stockholders.

The net loss attributable to Vishay stockholders for the fiscal quarter ended September 27, 2008 was substantially attributable to a noncash goodwill and indefinite-lived intangible assets impairment charge of $357.9 million ($328.8 million, net of tax). The third quarter 2008 results also include a pretax charge for restructuring and severance costs of $6.8 million, and $4.0 million of costs associated with Vishay's terminated tender offer for all outstanding shares of International Rectifier. On an after tax basis, these items and the goodwill impairment charge had a negative $1.79 per share effect on the net earnings (loss) attributable to Vishay stockholders.

Revenues for the nine fiscal months ended September 26, 2009 were $1,435.1 million, compared to $2,246.8 million for the nine fiscal months ended September 27, 2008. The net loss attributable to Vishay stockholders for the nine fiscal months ended September 26, 2009 was $85.7 million, or $0.46 per share, compared to a net loss attributable to Vishay stockholders of $1,079.9 million, or $5.79 per share for the nine fiscal months ended September 27, 2008.

The net loss attributable to Vishay stockholders for the nine fiscal months ended September 26, 2009 was impacted by pretax charges for restructuring and severance costs of $34.5 million and for an amended executive employment agreement of $57.8 million, partially offset by a gain of $28.2 million on settlement of matters related to the acquisition of International Rectifier's Power Control Systems business. These items and their related tax effects had a negative $0.31 per share effect on the net loss attributable to Vishay stockholders.

The net loss attributable to Vishay stockholders for the nine fiscal months ended September 27, 2008 was impacted by pretax charges for goodwill and indefinite-lived intangible assets impairment of $1,157.9 million, restructuring and severance costs of $34.0 million, related asset write-downs of $4.2 million, $4.0 million of costs associated with Vishay's terminated tender offer for all outstanding shares of International Rectifier, and $9.9 million of tax expense associated with the repatriation of cash from certain non-U.S. subsidiaries. Including the tax effects of the pretax charges, these items had a negative $6.09 per share effect on the net earnings (loss) from continuing operations attributable to Vishay stockholders. The net loss for the nine fiscal months ended September 27, 2008 also included a loss on discontinued operations of $42.1 million, or $0.23 per share.

As previously disclosed, the results of operations for the fiscal quarter and nine fiscal months ended September 27, 2008 have been recast to include the retrospective effects of FSP APB 14-1 (ASC Topic 470-20). The retrospective application of this guidance decreased the reported loss from continuing operations for the quarter by $11.5 million ($0.06 per share) and increased the reported loss from continuing operations for the nine fiscal months ended September 27, 2008 by $0.8 million, or ($0.01) per share, respectively.

Vishay's results for the third fiscal quarter and nine fiscal months ended September 26, 2009 have been substantially impacted by the on-going global economic recession. Due to our quick reaction to the recession, we have mitigated the loss of volume that we experienced through significant reductions of fixed costs and inventories, we have continued to generate positive cash flows from operations, and we are once again profitable following several quarters of realizing losses. During the third quarter, our business has begun to recover from the global economic recession.

Financial Metrics

We utilize several financial metrics to evaluate the performance and assess the future direction of our business. These key financial metrics include net revenues, gross profit margin, end-of-period backlog, and the book-to-bill ratio. We also monitor changes in inventory turnover and average selling prices ("ASP").

Gross profit margin is computed as gross profit as a percentage of net revenues. Gross profit is generally net revenues less costs of products sold, but also deducts certain other period costs, particularly losses on purchase commitments and inventory write-downs. Losses on purchase commitments and inventory write-downs have the impact of reducing gross profit margin in the period of the charge, but result in improved gross profit margins in subsequent periods by reducing costs of products sold as inventory is used. Gross profit margin is clearly a function of net revenues, but also reflects our cost management programs and our ability to contain fixed costs.

End-of-period backlog is one indicator of future revenues. We include in our backlog only open orders that have been released by the customer for shipment in the next twelve months. If demand falls below customers' forecasts, or if customers do not control their inventory effectively, they may cancel or reschedule the shipments that are included in our backlog, in many instances without the payment of any penalty. Therefore, the backlog is not necessarily indicative of the results to be expected for future periods.

An important indicator of demand in our industry is the book-to-bill ratio, which is the ratio of the amount of product ordered during a period as compared with the product that we ship during that period. A book-to-bill ratio that is greater than one indicates that our backlog is building and that we are likely to see increasing revenues in future periods. Conversely, a book-to-bill ratio that is less than one is an indicator of declining demand and may foretell declining revenues.

We focus on our inventory turnover as a measure of how well we are managing our inventory. We define inventory turnover for a financial reporting period as our costs of products sold for the four fiscal quarters ending on the last day of the reporting period divided by our average inventory (computed using each quarter-end balance) for this same period. The inventory balance used for computation of this ratio includes tantalum inventories in excess of one year supply, which are classified as other assets in the consolidated balance sheet. See Note 14 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008. A higher level of inventory turnover reflects more efficient use of our capital.

35

Pricing in our industry can be volatile. We analyze trends and changes in average selling prices to evaluate likely future pricing. The erosion of average selling prices of established products is typical of the industry, especially for our Semiconductors segment products. However, we attempt to offset this deterioration with ongoing cost reduction activities and new product introductions. The quarter-to-quarter trends in these financial metrics can also be an important indicator of the likely direction of our business. The following table shows net revenues, gross profit margin, end-of-period backlog, book-to-bill ratio, inventory turnover, and changes in ASP for our business as a whole during the five quarters beginning with the third quarter of 2008 through the third quarter of 2009 *(dollars in thousands)*:

	3rd Quarter 2008	**4th Quarter 2008**	**1st Quarter 2009**	**2nd Quarter 2009**	**3rd Quarter 2009**

Net revenues	$	739,092	$	575,442	$	449,511	$	460,258	$	525,304
Gross profit margin*		21.6%		14.8%		15.1%		17.1%		19.9%
End-of-period backlog	$	619,000	$	459,700	$	400,400	$	432,800	$	502,200
Book-to-bill ratio		0.92		0.74		0.89		1.06		1.11
Inventory turnover		3.85		3.40		2.84		3.02		3.53
Change in ASP vs. prior quarter		-1.4%		0.0%		-1.0%		-1.1%		-0.8%

* Gross profit margin for the fourth quarter of 2008 includes losses on adverse purchase commitments of $6.0 million.

See Financial Metrics by Segment below for net revenues, book-to-bill ratio, and gross profit margin broken out by segment.

As expected, net revenues for the third quarter of 2009 increased on a sequential basis, indicating signs of stabilization and macro economic recovery. Gross margins also increased sequentially, due to our restructuring and other cost cutting initiatives.

We have experienced a broad recovery in the book-to-bill ratio in the third quarter. The book-to-bill ratio improved to 1.11 from 1.06 in the second quarter of 2009. For the third quarter of 2009, the book-to-bill ratios for distributors and original equipment manufacturers (OEM) were 1.17 and 1.06, respectively, versus ratios of 1.20 and 0.93, respectively, during the second quarter of 2009.

Growing shortages of supplies have helped to moderate price declines, although, as expected, we experienced some increasing pricing pressure for Semiconductors segment products. We expect continued pricing pressure for our Semiconductors segment products.

For the fourth quarter of 2009 we anticipate sales of between $530 million and $570 million, at improved margins supported by permanently reduced fixed costs.

36

Financial Metrics by Segment

The following table shows net revenues, book-to-bill ratio, and gross profit margin broken out by segment for the five quarters beginning with the third quarter of 2008 through the third quarter of 2009 *(dollars in thousands)*:

		3rd Quarter 2008		4th Quarter 2008		1st Quarter 2009		2nd Quarter 2009		3rd Quarter 2009
Semiconductors										
Net revenues	$	392,934	$	272,669	$	198,995	$	227,347	$	276,745
Book-to-bill ratio		0.85		0.59		0.96		1.14		1.13
Gross profit margin(1)		21.8%		11.5%		6.6%		14.4%		16.5%
Passive Components										
Net revenues	$	346,158	$	302,773	$	250,516	$	232,911	$	248,559
Book-to-bill ratio		0.98		0.88		0.84		0.97		1.09
Gross profit margin(2)		21.4%		17.8%		21.9%		19.7%		23.6%

(1) Gross profit margin for the Semiconductors segment for the fourth quarter of 2008 includes losses on adverse purchase commitments of $3.7 million.

(2) Gross profit margin for the Passive Components segment for the fourth quarter of 2008 includes losses on adverse purchase commitments of $2.3 million.

37

Acquisition and Divestiture Activity

As part of our growth strategy, we seek to expand through targeted and synergistic acquisitions of other manufacturers of electronic components that have established positions in major markets, reputations for product quality and reliability, and product lines with which we have substantial marketing and technical expertise. This includes exploring opportunities to acquire smaller targets to gain market share, effectively penetrating different geographic markets, enhancing new product development, rounding out our product lines, or growing our high margin niche market businesses. Acquisitions of passive components businesses would likely be made to strengthen and broaden our position as a specialty product supplier; acquisitions of discrete semiconductor businesses would be made to increase market share and to exploit synergies.

Due to improving economic conditions, our strong cash position, and our ability to generate free cash, we are returning to our strategy of exploring synergistic acquisition opportunities.

Proposed Spin-off of Vishay Precision Group, Inc.

On October 27, 2009, Vishay announced that it intends to spin-off its measurements and foil resistors businesses into an independent, publicly-traded company to be named Vishay Precision Group, Inc. The spin-off is expected to take the form of a tax-free stock dividend to Vishay's stockholders and it is anticipated that holders of Vishay common stock will receive common stock of Vishay Precision Group and holders of Vishay Class B common stock will receive Class B common stock of Vishay Precision Group. Vishay has not yet finalized details of the spin-off.

The spin-off would enable the management teams of both companies to better focus on the unique issues facing their respective businesses and permit each company to pursue its own business plan, resource allocation and growth strategies, as well as attract the best personnel through compensation that is more closely tied to the performance of each company. If the spin-off is completed, Vishay is expected to be a more competitive, pure-play discrete electronic components company.

Vishay's Board and management team, in consultation with independent financial and legal advisors, are working on the requirements to finalize and execute the spin-off and expect the spin-off to occur in the second quarter of 2010. The spin-off will be subject to a number of conditions, including, among other things: final approval of Vishay's Board of Directors, favorable market conditions, receipt of U.S. and Israeli tax rulings or opinions, compliance with applicable rules and regulations of the U.S. Securities and Exchange Commission (SEC) and other customary conditions.

38

Cost Management

We place a strong emphasis on reducing our costs. Since 2001, we have been implementing aggressive cost reduction programs to enhance our competitiveness, particularly in light of the erosion of average selling prices of established products that is typical of the industry.

Historically, our primary cost reduction technique was through the transfer of production to the extent possible from high-labor-cost markets, such as the United States and Western Europe, to lower-labor-cost markets, such as the Czech Republic, Israel, India, Malaysia, Mexico, the People's Republic of China, and the Philippines. The percentage of our total headcount in lower-labor-cost countries is a measure of the extent to which we are successful in implementing this program. This percentage was 73.9% at the end of the third quarter of 2009 as compared to 73.1% at the end of the second quarter of 2009, 74.6% at the end of 2008, and 57% when this program began in 2001. Our target is to have between 75% and 80% of our headcount in lower-labor-cost countries. As we approach, and then maintain, this target headcount allocation, our cost reduction efforts are

more directed towards consolidating facilities and other cost cutting measures to control fixed costs, rather than transfers of production to lower-labor-cost markets.

These production transfers, facility consolidations, and other long-term cost cutting measures require us to initially incur significant severance and other exit costs and to record losses on excess buildings and equipment. We anticipate that we will realize the benefits of our restructuring through lower labor costs and other operating expenses in future periods. Between 2001 and 2008, we recorded, in the consolidated statements of operations, restructuring and severance costs totaling $285 million and related asset write-downs totaling $86 million in order to reduce our cost structure going forward. We have realized, and expect to continue to realize, significant annual net cost savings associated with these restructuring activities.

A primary tenet of our business strategy is the expansion within the electronic components industry through acquisitions. In addition to the objectives of broadening our product portfolio and increasing our market reach, our acquisition strategy includes a focus on reducing selling, general, and administrative expenses through the integration or elimination of redundant sales offices and administrative functions at acquired companies, and achieving significant production cost savings through the transfer and expansion of manufacturing operations to countries where we can benefit from lower labor costs and available tax and other government-sponsored incentives. These plant closure and employee termination costs subsequent to acquisitions are also integral to our cost reduction programs, although these amounts were not significant in the years ended December 31, 2008, 2007, and 2006.

Under previous accounting standards, plant closure and employee termination costs that we incur in connection with our acquisition activities are included in the costs of our acquisitions and do not affect earnings or losses on our consolidated statement of operations. Statement of Financial Accounting Standards (SFAS) No. 141-R, *Business Combinations* (ASC Topic 805), which Vishay adopted effective January 1, 2009, requires such costs to be recorded as expenses in our consolidated statement of operations, as such expenses are incurred.

We evaluate potential restructuring projects based on an expected payback period. The payback period represents the number of years of annual cost savings necessary to recover the initial cash outlay for severance and other exit costs plus the noncash expenses recognized for asset write-downs. In general, a restructuring project must have a payback of less than 3 years to be considered beneficial. On average, our restructuring projects have a payback of between 1 and 1.5 years.

The perpetual erosion of average selling prices of established products that is typical of our industry makes it imperative that we continually seek ways to reduce our costs. Furthermore, our long-term strategy is to grow through the integration of acquired businesses, and the accounting standards for these integration costs has changed effective January 1, 2009. For these reasons, we expect to have some level of restructuring expenses each period for the foreseeable future.

We expect these restructuring programs to result in higher profitability through better gross margins and lower selling, general, and administrative expenses. However, these programs to improve our profitability also involve certain risks which could materially impact our future operating results, as further detailed in Item 1A, Risk Factors, of our Annual Report on Form 10-K.

39

We expanded our restructuring programs in 2008 to further reduce costs. Most of the costs related to our planned 2008 restructuring projects were recorded in the first quarter of 2008. These projects include the transfer of production of resistor products from Brazil to India and the Czech Republic and the transfer of certain processes in Belgium and the United States to third party subcontractors. We also transferred certain production from the Netherlands and the United States to Israel in 2008. We expect the planned restructuring projects initiated in 2008 to generate approximately $25 million of annual cost savings, of which approximately 60% of the savings would reduce costs of products sold, and approximately 40% of the savings would result in reduced selling, general, and administrative costs. We began to realize some of these savings in the second half of 2008.

In response to the economic downturn during the latter half of 2008, we undertook significant measures to cut costs. This included a strict adaptation of manufacturing capacity to sellable volume, limiting the building of product for inventory. It also included permanent employee terminations, temporary layoffs and shutdowns, and minimizing the use of foundries and subcontractors in order to maximize the load of our owned facilities.

We incurred restructuring and severance costs of $28.6 million during the fourth quarter of 2008, and incurred additional restructuring and severance costs of $34.5 million during the first nine months of 2009. These costs were incurred as part of our program to reduce manufacturing and SG&A fixed costs in 2009 by $200 million compared to the year ended December 31, 2008. Our cost reduction programs are ahead of schedule. Our fixed costs in the third quarter of 2009 decreased by $49 million compared to the third quarter of 2008, and our fixed costs for the nine fiscal months ended September 26, 2009 decreased by $173 million versus the comparable prior year period. Of these amounts, approximately 47% reduced costs of products sold and approximately 53% reduced SG&A expenses.

Certain components of our costs, while fixed in that they do not vary with changes in volume, are subject to volatility. This would include, for example, the effect of certain assets that are marked-to-market through the statement of operations, and certain transactions in foreign currencies. Furthermore, as described above, some of our cost reductions realized in the first nine months of 2009 are the result of temporary measures, which we intend to replace with more permanent actions. Accordingly, there is no assurance that all of the fixed cost reductions achieved in the first nine months of 2009 will be maintained in the last three months of the year or in 2010.

We expect total restructuring and severance costs for the full year of 2009 to be less than $50 million. Including unpaid balances from 2008 programs, we expect the 2009 cash outlay for restructuring and severance programs to be approximately $50 million, with additional amounts to be paid in future periods.

Our 2009 restructuring programs include headcount reductions in virtually every facility and every country in which we operate, as well as selected plant closures. In 2009, we plan to close two facilities in the United States and consolidate manufacturing for these product lines into other facilities. We also are consolidating our optoelectronics packaging facilities in Asia. We have successfully closed a film capacitor plant in Shanghai during the third quarter. Production on existing equipment in Loni, India will be increased to replace the production volume of the closed plant.

While streamlining and reducing fixed overhead, we are exercising caution so that we will not negatively impact our customer service or our ability to further develop products and processes. Our cost management plans also include expansion of certain critical capacities, which we hope will reduce average materials and processing costs.

Metals Purchase Commitments

Certain metals used in the manufacture of our products are traded on active markets, and can be subject to significant price volatility. Our policy is to enter into short-term commitments to purchase defined portions of annual consumption of these metals if market prices decline below budget. For much of 2008, these metals were trading near all-time record-high prices. During the fourth quarter of 2008, as metals prices declined significantly from these record-high prices, we entered into commitments to purchase a portion of our estimated 2009 metals needs, principally for copper and palladium. After entering into these commitments, the market prices for these metals continued to decline. As a result, we recorded losses on these adverse purchase commitments during the fourth quarter of 2008 totaling $6.0 million.

Foreign Currency Translation

We are exposed to foreign currency exchange rate risks, particularly due to transactions in currencies other than the functional currencies of certain subsidiaries. While we have in the past used forward exchange contracts to hedge a portion of our projected cash flows from these exposures, we generally have not done so in recent periods.

Statement of Financial Accounting Standards (SFAS) No. 52 (ASC Topic 830) requires that entities identify the functional currency of each of their subsidiaries and measure all elements of the financial statements in that functional currency. A subsidiarys functional currency is the currency of the primary economic environment in which it operates. In cases where a subsidiary is relatively self-contained within a particular country, the local currency is generally deemed to be the functional currency. However, a foreign subsidiary that is a direct and integral component or extension of the parent companys operations generally would have the parent companys currency as its functional currency. Vishay has both situations among its subsidiaries.

Foreign Subsidiaries which use the Local Currency as the Functional Currency

We finance our operations in Europe and certain locations in Asia in local currencies, and accordingly, these subsidiaries utilize the local currency as their functional currency. For those subsidiaries where the local currency is the functional currency, assets and liabilities in the consolidated balance sheets have been translated at the rate of exchange as of the balance sheet date. Translation adjustments do not impact the results of operations and are reported as a separate component of stockholders equity. With the weakening of the U.S. dollar during the third quarter of 2009, we saw an increase in the translation adjustment recorded in accumulated other comprehensive income on our balance sheet. See Note 7 to our consolidated condensed financial statements.

For those subsidiaries where the local currency is the functional currency, revenues and expenses are translated at the average exchange rate for the year. While the translation of revenues and expenses into U.S. dollars does not directly impact the statement of operations, the translation effectively increases or decreases the U.S. dollar equivalent of revenues generated and expenses incurred in those foreign currencies. The dollar generally has been stronger during the first nine months of 2009 compared to the prior year, with the translation of foreign currency revenues and expenses into U.S. dollars decreasing reported revenues and expenses versus the comparable prior year periods.

Foreign Subsidiaries which use the U.S. Dollar as the Functional Currency

Our operations in Israel and most significant locations in Asia are largely financed in U.S. dollars, and accordingly, these subsidiaries utilize the U.S. dollar as their functional currency. For those foreign subsidiaries where the U.S. dollar is the functional currency, all foreign currency financial statement amounts are remeasured into U.S. dollars. Exchange gains and losses arising from remeasurement of foreign currency-denominated monetary assets and liabilities are included in the results of operations. While these subsidiaries transact most business in U.S. dollars, they may have significant costs, particularly payroll-related, which are incurred in the local currency. The cost of products sold and selling, general, and administrative expense for first nine months of 2009 have been favorably impacted (compared to the prior year period) by local currency transactions of subsidiaries which use the U.S. dollar as their functional currency, particularly our subsidiaries in Israel. However, most of the favorable impact was realized during the first quarter of 2009.

Results of Operations

Statement of operations captions as a percentage of net revenues and the effective tax rates were as follows:

	Fiscal quarter ended		Nine fiscal months ended	
	Sept. 26, 2009	**Sept. 27, 2008**	**Sept. 26, 2009**	**Sept. 27, 2008**
Cost of products sold	80.1%	78.4%	82.5%	77.2%
Gross profit	19.9%	21.6%	17.5%	22.8%
Selling, general & administrative expenses	17.1%	15.3%	18.2%	15.7%
Operating income (loss)	2.1%	-43.6%	-5.1%	-46.3%
Income (loss) from continuing operations before taxes	1.7%	-43.6%	-5.2%	-47.3%
Income (loss) from continuing operations	0.5%	-40.8%	-5.9%	-46.2%
Net earnings (loss) attributable to Vishay stockholders	0.4%	-40.8%	-6.0%	-48.1%
Effective tax rate	71.9%	6.5%	-14.6%	2.4%

Net Revenues

Net revenues were as follows *(dollars in thousands)*:

	Fiscal quarter ended		Nine fiscal months ended	
	Sept. 26, 2009	**Sept. 27, 2008**	**Sept. 26, 2009**	**Sept. 27, 2008**

Net revenues	$	525,304	$	739,092	$	1,435,073	$	2,246,769
Change versus comparable prior year period	$	(213,788)			$	(811,696)		
Percentage change versus comparable prior year period		-28.9%				-36.1%		

Changes in net revenues were attributable to the following:

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Decrease in volume	-26.6%	-33.6%
Decrease in average selling prices	-2.8%	-2.6%
Foreign currency effects	-1.2%	-2.3%
Acquisitions	0.1%	0.2%
Other	1.6%	2.2%
Net change	-28.9%	-36.1%

42

All regions and virtually all of our end-use markets are heavily impacted by the global economic slowdown, which was most strongly seen in the decline in sales of our Semiconductors segment products in 2009 compared to the prior year periods. The relatively stronger U.S. dollar further decreased the amount reported for revenues in the quarter and nine fiscal months ended September 26, 2009 versus the comparable prior year periods. During the third quarter of 2009, we experienced the continuation of the world economic and electronics market recovery across all geographies, all markets, and all sales channels. We experienced a substantial upturn in Asia driven by orders and sales for end-uses in consumer products such as netbooks and power supplies. Orders and sales for end-uses in industrial applications in the U.S. and Europe appear to have bottomed out in the second quarter and we experienced the first phase of recovery in the third quarter, which was supported by low inventory levels. We experienced a substantial turnaround in orders and sales of our products utilized in automotive applications in Europe and the U.S., which was driven by demand for small cars. Sales of products for use in military and medical applications, while generally a smaller component of Vishay's overall business, have also been strong.

We deduct, from the sales that we record to distributors, allowances for future credits that we expect to provide for returns, scrapped product, and price adjustments under various programs made available to the distributors. We make deductions corresponding to particular sales in the period in which the sales are made, although the corresponding credits may not be issued until future periods. We estimate the deductions based on sales levels to distributors, inventory levels at the distributors, current and projected market trends and conditions, recent and historical activity under the relevant programs, changes in program policies, and open requests for credits. We recorded deductions from gross sales under our distributor incentive programs of $44 million and $60 million for the nine fiscal months ended September 26, 2009 and September 27, 2008, respectively, or 3.0% and 2.6% of gross sales, respectively. Actual credits issued under the programs during the nine fiscal months ended September 26, 2009 and September 27, 2008, were $51 million and $57 million, respectively. Increases and decreases in these incentives are largely attributable to the then-current business climate.

Royalty revenues, included in net revenues on the consolidated condensed statements of operations, were approximately $3.4 million and $3.1 million for the nine fiscal months ended September 26, 2009 and September 27, 2008, respectively.

Gross Profit and Margins

Gross profit margins for the fiscal quarter and nine fiscal months ended September 26, 2009 were 19.9% and 17.5%, respectively, versus 21.6% and 22.8%, respectively, for the comparable prior year periods. These decreases in gross profit margin reflects significantly lower volume and modestly lower average selling prices, partially offset by our fixed cost reduction programs and favorable currency impacts.

Segments

Analysis of revenues and gross profit margins for our Semiconductors and Passive Components segments is provided below.

Semiconductors

Net revenues of the Semiconductors segment were as follows *(dollars in thousands):*

	Fiscal quarter ended		Nine fiscal months ended	
	Sept. 26, 2009	**Sept. 27, 2008**	**Sept. 26, 2009**	**Sept. 27, 2008**
Net revenues	$ 276,745	$ 392,934	$ 703,087	$ 1,188,157
Change versus comparable prior year period	$ (116,189)		$ (485,070)	
Percentage change versus comparable prior year period	-29.6%		-40.8%	

Changes in Semiconductors segment net revenues were attributable to the following:

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Decrease in volume	-26.1%	-37.9%
Decrease in average selling prices	-5.6%	-5.7%
Foreign currency effects	-0.5%	-1.1%
Acquisitions	0.0%	0.0%
Other	2.6%	3.9%
Net change	-29.6%	-40.8%

Gross profit as a percentage of net revenues for the Semiconductors segment was as follows:

	Fiscal quarter ended		Nine fiscal months ended	
	Sept. 26, 2009	**Sept. 27, 2008**	**Sept. 26, 2009**	**Sept. 27, 2008**
Gross margin percentage	16.5%	21.8%	13.0%	22.4%

The decrease in gross profit margin percentage reflects significantly lower volume and lower average selling prices, partially offset by our fixed cost reduction programs and favorable currency impacts.

Our Semiconductors segment has suffered significantly from the global economic slowdown. Profitability has suffered in an unprecedented manner due to the low sales volume during the third quarter and nine fiscal months ended September 26, 2009 compared to the same periods in the prior year. Despite the low volume, gross margin increased from the first and second quarters of 2009 to 16.5% of revenues mainly due to substantially reduced fixed costs. We experienced a sudden recovery in July in Asia consumer products that reached European automotive products by the end of the third quarter.

Passive Components

Net revenues of the Passive Components segment were as follows *(dollars in thousands):*

	Fiscal quarter ended		Nine fiscal months ended	
	Sept. 26, 2009	**Sept. 27, 2008**	**Sept. 26, 2009**	**Sept. 27, 2008**
Net revenues	$ 248,559	$ 346,158	$ 731,986	$ 1,058,612
Change versus comparable prior year period	$ (97,599)		$ (326,626)	
Percentage change versus				

comparable prior year period	-28.2%	-30.9%

Changes in Passive Components segment net revenues were attributable to the following:

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Decrease in volume	-27.3%	-29.0%
Increase in average selling prices	0.6%	0.6%
Foreign currency effects	-2.0%	-3.7%
Acquisitions	0.3%	0.5%
Other	0.2%	0.7%
Net change	-28.2%	-30.9%

44

Gross profit as a percentage of net revenues for the Passive Components segment was as follows:

	Fiscal quarter ended		Nine fiscal months ended	
	Sept. 26, 2009	Sept. 27, 2008	Sept. 26, 2009	Sept. 27, 2008
Gross margin percentage	23.6%	21.4%	21.8%	23.2%

The quarterly increase in gross profit margin despite significantly lower volume is due to improved product mix and the results of our fixed cost reduction programs. The year to date decrease in gross profit margin percentage reflects significantly lower volume, partially offset by our fixed cost reduction programs and favorable currency impacts.

In light of the economic challenges, our Passive Components segment has maintained a respectable gross margin percentage. Average selling prices have been generally stable. We experienced a recovery in our resistors and inductors products as well as our capacitors products, which was driven by strong demand from European automotive products. While foreign currency effects reduced reported revenues, the general strengthening of the U.S. dollar improved margins versus the comparable prior year periods.

Selling, General, and Administrative Expenses

Selling, general, and administrative (SG&A) expenses are summarized as follows *(dollars in thousands):*

	Fiscal quarter ended		Nine fiscal months ended	
	Sept. 26, 2009	Sept. 27, 2008	Sept. 26, 2009	Sept. 27, 2008
Total SG&A expenses	$ 89,667	$ 112,844	$ 260,873	$ 352,928
as a percentage of revenues	17.1%	15.3%	18.2%	15.7%

The overall decrease in SG&A expenses are primarily attributable to lower sales and our cost containment initiatives. The increase in SG&A as a percentage of revenues is primarily due to the decrease in revenues. Additionally, several items included in SG&A expenses impact the comparability of these amounts, as summarized below *(in thousands):*

	Fiscal quarter ended		Nine fiscal months ended	
	Sept. 26, 2009	Sept. 27, 2008	Sept. 26, 2009	Sept. 27, 2008
Amortization of intangible assets	$ 5,843	$ 5,183	$ 17,102	$ 14,915
Patent infringement case	-	-	-	5,600

Transition services agreements	-	300	-	1,300
Net (gain) loss on sales of assets	(188)	(2,538)	51	(3,217)

The increase in amortization expense for the fiscal quarter and nine fiscal months ended September 26, 2009 is principally due to the acquisitions of our partner's 51% interest in the Indian transducers joint venture, of Powertron GmbH, and of the wet tantalum capacitor business of KEMET Corporation, all in the third quarter of 2008. Amortization expense also increased for the fiscal quarter and nine fiscal months ended September 26, 2009 compared to the prior year periods due to the initiation of amortization of certain tradenames after determining that these indefinite-lived intangible assets were impaired during the third quarter of 2008.

The transition services agreements were associated with our acquisition of the PCS business in 2007.

Restructuring and Severance Costs and Related Asset Write-Downs

Our restructuring programs have been on-going since 2001. Our restructuring activities have been designed to reduce both fixed and variable costs. These activities include the closing of facilities and the termination of employees. Because costs are recorded based upon estimates, actual expenditures for the restructuring activities may differ from the initially recorded costs. If the initial estimates are too low or too high, we could be required either to record additional expenses in future periods or to reverse previously recorded expenses. We anticipate that we will realize the benefits of our restructuring through lower labor costs and other operating expenses in future periods. We continued our restructuring activities during the nine fiscal months ended September 26, 2009, recording restructuring and severance costs of $34.5 million. We expect to continue to incur restructuring expenses to reduce our fixed costs, particularly in light of the current economic environment, as further explained in "Cost Management" above, in Note 4 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008, and in Note 4 to our consolidated condensed financial statements included in Part I of this document.

Other Income (Expense)

Interest expense for the fiscal quarter and nine fiscal months ended September 26, 2009 decreased by $4.3 million and $23.7 million, respectively, versus the comparable prior year periods. These decreases are primarily due to the repayment of the convertible subordinated notes on August 1, 2008 and lower interest rates on our variable rate debt. Interest expense for the fiscal quarter and nine fiscal months ended September 27, 2008 has been recast for the retrospective adoption of FSP APB 14-1 (ASC Topic 470-20), which decreased the reported loss from continuing operations for the quarter by $11.5 million ($0.06 per share) and increased the reported loss from continuing operations for the nine fiscal months ended September 27, 2008 by $0.8 million ($0.01 per share).

The following tables analyze the components of the line "Other" on the consolidated condensed statements of operations *(in thousands):*

	Fiscal quarter ended		
	Sept. 26, 2009	**Sept. 27, 2008**	**Change**
Foreign exchange gain (loss)	**$ (389)**	$ 4,131	$ (4,520)
Interest income	**874**	2,426	(1,552)
Other	**(158)**	296	(454)
	$ 327	$ 6,853	$ (6,526)

	Nine fiscal months ended		
	Sept. 26, 2009	**Sept. 27, 2008**	**Change**
Foreign exchange gain (loss)	**$ 5,235**	$ (2,456)	$ 7,691
Interest income	**2,730**	10,642	(7,912)
Dividend income	**-**	92	(92)
Incentive from Chinese government	**-**	800	(800)

Other		**(265)**		2,250		(2,515)
	$	**7,700**	$	11,328	$	(3,628)

Income Taxes

For the nine fiscal months ended September 26, 2009, the Company recorded a negative tax rate, tax expense on a pre-tax loss, primarily because we recorded tax expense on earnings in certain jurisdictions while realizing losses in other jurisdictions without recording tax benefits. For the same reason, the effective tax rate for the quarter ended September 26, 2009 was 71.9%. The effective tax rate for the fiscal quarter and nine fiscal months ended September 27, 2008 was 6.5% and 2.4%, respectively.

We recognized no tax benefit associated with the executive employment agreement charge of $57.8 million discussed in Note 10 to our consolidated condensed financial statements. We recorded no tax expense associated with the gain of $28.2 million recognized upon reimbursement of purchase price described in Note 2 to our consolidated condensed financial statements.

The relatively low effective tax rates for the quarter and nine fiscal months ended September 27, 2008 are principally attributable to the goodwill and indefinite-lived intangible asset impairment charges recorded in the second and third quarters. The vast majority of our goodwill was not deductible for income tax purposes. We recognized tax benefits of $29.1 million and $59.1 million during the third quarter and nine fiscal months ended September 27, 2008, respectively, associated with the goodwill and indefinite-lived intangible asset impairment charges.

In connection with the repurchase of the convertible subordinated notes on August 1, 2008, we repatriated approximately $250 million of cash from non-U.S. subsidiaries. During the second quarter of 2008, we recorded net tax expense of approximately $9.9 million after the utilization of net operating losses and tax credits as a result of this repatriation.

We operate in an international environment with significant operations in various locations outside the United States. Accordingly, the consolidated income tax rate is a composite rate reflecting our earnings and the applicable tax rates in the various locations where we operate. Part of our strategy is to achieve cost savings through the transfer and expansion of manufacturing operations to countries where we can take advantage of lower labor costs and available tax and other government-sponsored incentives. Accordingly, our effective tax rate is generally less than the U.S. statutory tax rate. Changes in the effective tax rate are largely attributable to changes in the mix of pretax income among our various taxing jurisdictions.

The effective tax rates reflect the fact that we could not recognize for accounting purposes the tax benefit of losses incurred in certain jurisdictions, although these losses may be available to offset future taxable income. Under applicable accounting principles, we may not recognize deferred tax assets for loss carryforwards in jurisdictions where there is a recent history of cumulative losses, where there is no taxable income in the carryback period, where there is insufficient evidence of future earnings to overcome the loss history and where there is no other positive evidence, such as the likely reversal of taxable temporary differences, that would result in the utilization of loss carryforwards for tax purposes.

During the nine fiscal months ended September 26, 2009, the liabilities for unrecognized tax benefits increased by a net $4.0 million, principally due to increases for positions taken during prior periods, interest, and foreign exchange effects, partially offset by decreases for settlements.

Financial Condition, Liquidity, and Capital Resources

A worldwide financial crisis intensified significantly in the latter half of 2008 and continued into 2009. Although Vishay experienced some indicators of a recovery during the third quarter, the financial crisis has resulted in significant volatility in capital and commodities markets, decreased access to credit markets, and produced recessionary pressures through most of the world□s economies. We believe that Vishay has adequate financial

resources to weather the current recessionary environment, and we remain confident for the long-term prospects for the electronics industry.

We focus on our ability to generate cash flows from operations. The cash generated from operations is used to fund our capital expenditure plans, and cash in excess of our capital expenditure needs is available to fund our acquisition strategy and to reduce debt levels. Vishay has generated cash flows from operations in excess of $200 million in each of the past 7 years, and cash flows from operations in excess of $100 million in each of the past 14 years. A portion of the cash flows from operations was generated by the measurements and foil resistors businesses which we intend to spin-off.

We refer to the amount of cash generated from operations in excess of our capital expenditure needs and net of proceeds from the sale of assets as free cash, a measure which management uses to evaluate our ability to fund acquisitions and repay debt. Vishay has generated positive free cash in each of the past 12 years, and free cash in excess of $80 million in each of the past 7 years. In this volatile economic environment, we continue to focus on the generation of free cash, including an emphasis on cost controls.

We continued to generate strong cash flows from operations and free cash during the third quarter and nine fiscal months ended September 26, 2009 despite the challenging economic environment. There is no assurance, however, that we will be able to continue to generate cash flows from operations and free cash during the current downturn.

The following table summarizes the components of net debt at September 26, 2009 and December 31, 2008 *(in thousands)*:

	September 26, 2009	December 31, 2008
Credit facility - revolving debt	$ 125,000	$ 125,000
Credit facility - term loan	100,000	112,500
Exchangeable unsecured notes, due 2102	105,000	105,000
Convertible subordinated notes, due 2023	1,870	1,870
Other debt	16,938	2,305
Total debt	348,808	346,675
Cash and cash equivalents	507,882	324,164
Net debt	$ (159,074)	$ 22,511

48

Measurements such as free cash and net debt do not have uniform definitions and are not recognized in accordance with generally accepted accounting principles (GAAP). Such measures should not be viewed as alternatives to GAAP measures of performance or liquidity. However, management believes that free cash is a meaningful measure of our ability to fund acquisitions and repay debt, and that an analysis of net debt assists investors in understanding aspects of our cash and debt management. These measures, as calculated by Vishay, may not be comparable to similarly titled measures used by other companies.

Substantially all of the September 26, 2009 cash and cash equivalents balance was held by our non-U.S. subsidiaries. We expect that we will need to repatriate additional cash to repay a portion of the term loan outstanding under our credit facility. At the present time, we expect the remaining cash and profits generated by foreign subsidiaries will continue to be reinvested outside of the United States indefinitely. If additional cash is needed to be repatriated to the United States, we would be subject to additional U.S. income taxes (subject to an adjustment for foreign tax credits), state income taxes, incremental foreign income taxes, and withholding taxes payable to various foreign countries.

Our financial condition as of September 26, 2009 continued to be strong, with a current ratio (current assets to current liabilities) of 3.3 to 1, as compared to a ratio of 2.9 to 1 at December 31, 2008. This increase is primarily due to changes in working capital. Our ratio of total debt to Vishay stockholders equity was 0.23 to 1 at

September 26, 2009, as compared to 0.22 to 1 as of December 31, 2008. The increase in this ratio is primarily due to a decrease in net equity attributable to losses.

Cash flows provided by continuing operating activities were $178.6 million for the nine fiscal months ended September 26, 2009, as compared to cash flows provided by continuing operating activities of $192.1 million for the comparable prior year period. This decrease is principally due to less favorable operating results (adjusted for noncash expenses and charges) in the nine fiscal months ended September 26, 2009 compared to the prior year period, partially offset by favorable changes in net working capital during the 2009 period.

Cash used by discontinued operating activities of $3.2 million reflect payments to settle certain outstanding disputes with the buyer of the ASBU business during the nine fiscal months ended September 26, 2009. The expenses associated with these cash payments were accrued in the fourth quarter of 2008. Cash used by discontinued operating activities of $10.4 million for the nine fiscal months ended September 27, 2008 primarily reflects receivables collected by Vishay and remitted to the purchaser of the ASBU business pursuant to the transaction agreement. Cash provided by discontinued operating activities for the nine fiscal months ended September 27, 2008 reflects the proceeds of sale of the ASBU business, net of capital spending for information technology systems.

Cash paid for property and equipment for the nine fiscal months ended September 26, 2009 was $26.3 million, as compared to $99.1 million for the nine fiscal months ended September 27, 2008. Our total capital expenditures are projected to be significantly lower in 2009 as a result of the economic uncertainty. We estimate that 2009 capital expenditures will be approximately $55 million. This reduced level of annual capital spending is temporary and not sustainable.

Cash provided by investing activities for the nine fiscal months ended September 26, 2009 includes a net cash inflow of $28.2 million, representing a partial refund of purchase price, net of related expenses, subsequent to entering a settlement agreement with International Rectifier Corporation. This settlement agreement is more fully described in Note 2 to our consolidated condensed financial statements.

We maintain a credit facility, which provides a revolving commitment of up to $250 million through April 20, 2012, and a term loan which requires semi-annual principal payments through 2011. At September 26, 2009, the term loan balance was $100 million, and $125 million was outstanding under the revolving credit facility. We will be required to amend the credit facility to complete the proposed spin-off of our measurements and foil resistors businesses.

Interest on the credit facility is payable at prime or other variable interest rate options. We are required to pay facility commitment fees. As a result of the amendment to the credit facility entered effective July 31, 2009, the interest rates applicable to amounts outstanding under the revolving credit commitment have increased by 40 basis points (to LIBOR plus 1.40% at the current leverage ratio). The interest rates applicable to amounts outstanding under the term loan arrangement have not changed (LIBOR plus 2.50% at the current leverage ratio).

The credit facility restricts us from paying cash dividends and requires us to comply with other covenants, including the maintenance of specific financial measures and ratios.

The financial maintenance covenants include (a) tangible net worth (as defined in the credit facility) of $1 billion plus 50% of net income (without offset for losses) and 75% of net proceeds of equity offerings since December 31, 2006; (b) a leverage ratio of not more than 3.50 to 1; (c) a fixed charges coverage ratio (FCCR) of not less than 2.50 to 1; and a senior debt (as defined in the credit facility) to consolidated EBITDA ratio of not more than 2.00 to 1. The computation of these ratios is prescribed in Article 7 of the Vishay Intertechnology, Inc. Fourth Amended and Restated Credit Agreement, which has been filed with the SEC as Exhibit 10.1 to our current report on Form 8-K filed June 25, 2008.

The July 31, 2009 amendment to the credit facility, which modified the FCCR covenant to require a minimum FCCR of 1.75 to 1 for the current fiscal quarter and the continuation of the minimum FCCR of 2.50 to 1 for successive fiscal quarters, would have required us to pay additional fees if we were not in compliance with the FCCR covenant.

We were in compliance with all covenants at September 26, 2009. Our tangible net worth, calculated pursuant to the terms of the credit facility, was $1,227 million, which is $160 million more than the minimum required under the related credit facility covenant. Our leverage ratio, fixed charge coverage ratio, and senior debt ratio were 1.69 to 1, 3.38 to 1, and 1.19 to 1, respectively.

We expect to continue to be in compliance with these covenants based on current projections. We also have mechanisms, including deferral of capital expenditures and other discretionary spending, to facilitate on-going compliance.

If we are not in compliance with all of the required financial covenants, the credit facility could be terminated by the lenders, and all amounts outstanding pursuant to the credit facility (including the term loan) could become immediately payable. Additionally, our exchangeable unsecured notes due 2102 have cross-default provisions that could accelerate repayment in the event the indebtedness under the credit facility is accelerated.

Borrowings under the credit facility are secured by accounts receivable, inventory, machinery and equipment, and general intangibles (but excluding real estate and bank accounts) of Vishay and subsidiaries located in the United States, accounts receivable of a German subsidiary, certain intercompany loans owed to a significant German subsidiary and pledges of stock in certain significant subsidiaries and certain guarantees by significant subsidiaries. The subsidiaries would be required to perform under the guarantees in the event that Vishay failed to make principal or interest payments under the credit facility. Certain of our subsidiaries are permitted to borrow up to a limit of $125 million under the credit facility. Any borrowings by these subsidiaries under the credit facility are guaranteed by Vishay.

While the timing and location of scheduled payments for certain liabilities will require us to draw additional amounts on our credit facility from time to time, for the next twelve months, management expects that cash on-hand and cash flows from operations will be sufficient to meet our normal operating requirements, to meet our obligations under restructuring and acquisition integration programs, to fund scheduled debt maturities, and to fund our research and development and capital expenditure plans. Acquisition activity may require additional borrowing under our credit facility or may otherwise require us to incur additional debt.

Economic Outlook and Impact on Operations and Future Financial Results

The on-going worldwide recession has had and could continue to have direct and indirect impacts on our business operations and the amounts reported in our consolidated financial statements. Many of these impacts are related to inherent risks of our business, as more fully described in Part I, Item 1A, Risk Factors, of our Annual Report on Form 10-K. Specifically, these impacts could include, but are not limited to, the following:

Orders, Revenues, and Margins

A decline in product demand on a global basis could result in order cancellations and deferrals, lower total revenues, and lower average selling prices. Our customers may cancel orders if business is weak and their inventories are excessive. We have experienced substantial cancellations and/or deferrals of orders to future periods in the current economic environment. A slowdown in demand or recessionary trends in the global economy make it more difficult for us to predict our future sales and manage our operations.

Declines in demand are driven by market conditions in the end-use markets for our products. Changes in the demand mix, needed technologies, and these end-use markets may adversely affect our ability to match our products, inventory, and capacity to meet customer demand. This may result in a material increase in excess or obsolete inventory and excess capacity, which will reduce gross margins.

Furthermore, a reduction in sales volume may, in turn, result in a reduction of production volume. A reduction in production volume would reduce the number of units available to absorb fixed costs, increasing the costs of individual units produced and resulting in lower gross margins when those units are sold.

Debt Covenants

Our credit facility requires us to comply with covenants, including the maintenance of specific financial measures and ratios. We were in compliance with all covenants at September 26, 2009, and we expect to continue to be in compliance with these covenants based on current projections. We also have mechanisms, including deferral of capital expenditures and other discretionary spending, to facilitate on-going compliance.

If we are not in compliance with all of the required financial covenants, the credit facility could be terminated by the lenders, and all amounts outstanding pursuant to the credit facility (including the term loan) could become immediately payable. Additionally, our exchangeable unsecured notes due 2102 have cross-default provisions that could accelerate repayment in the event the indebtedness under the credit facility is accelerated.

Access to Capital Markets

In the United States, we presently have a revolving credit facility with approximately $125 million of unused borrowing capacity at September 26, 2009. We also have other committed and uncommitted lines of credit available on a short-term basis in various countries around the world. In light of the current environment, credit markets are functioning differently than in the past, with key interest rate spreads increasing substantially, and banks tightening lending standards. If Vishay were to require additional capital, either to sustain normal operations, fund debt maturities, repay the credit facility in the event of default, or to pursue a strategic acquisition, we may be unable to obtain financing on terms which we consider acceptable, if at all.

Interest Rates

We are exposed to changes in interest rates as a result of our borrowing activities and our cash balances. Our credit facility and our exchangeable unsecured notes due 2102 bear interest at variable rates based on LIBOR. LIBOR has fluctuated significantly over the past nine months. A significant increase in LIBOR would significantly increase our interest expense. A general increase in interest rates would be largely offset by an increase in interest income earned on our cash balances. However, there can be no assurance that the interest rate earned on cash balances will move in tandem with the interest rate paid on our variable-rate debt.

Additionally, the interest rate paid on outstanding balances under our credit facility could vary based on our leverage ratio. Based on expected financial results over the next several quarters, it is possible that our leverage ratio will increase, resulting in an increase to the variable rate of interest paid on outstanding borrowings under the credit facility.

Prices of Raw Materials

The prices of certain raw materials used in our products, particularly precious metals, are highly volatile. From time to time, we enter into purchase commitments to acquire these materials at fixed prices. Our policy is to enter into short-term commitments to purchase defined portions of annual consumption of these metals if market prices decline below budget. For periods when the prices of these materials are declining, we may be required to record losses on adverse purchase commitments, as we did in the fourth quarter of 2008 as a result of rapid declines in the market prices for copper, palladium, and certain other metals. Such declines might also require us to write down our inventory carrying costs for these raw materials, because we record our inventory at the lower of cost or market. Depending on the extent of the difference between market price and our carrying cost or committed purchase price, this write-down could have a material adverse effect on our net earnings. For periods when the prices of these materials are increasing, we may be unable to pass on the increased cost to our customers, which would result in decreased margins for the products in which these materials are used.

Collectibility of Accounts Receivable

Due to Vishay's large number of customers and their dispersion across many countries and industries, we have limited exposure to concentrations of credit risk. However, further deterioration of economic conditions could result in customers defaulting on payment or delaying payment, which could have a material impact on our cash flows and results of operations.

Acquisitions

Our growth strategy historically has included expansion through acquisition of other manufacturers of electronic components that have established positions in major markets, reputations for product quality and reliability, and product lines with which we have substantial marketing and technical expertise. In response to the uncertain economic conditions, we did not actively pursue acquisitions during the first nine months of the year. The failure to pursue acquisitions could impede our future growth.

Due to improving economic conditions, our strong cash position, and our ability to generate free cash, we are returning to our strategy of exploring synergistic acquisition opportunities.

Impairment of Assets

During 2008, we recorded material impairment charges to reduce the carrying value of our goodwill to zero, and to reduce the carrying value of certain intangible assets and certain property and equipment. These impairments are generally measured based on expected future cash flows. A continued decline in market conditions could require us to assess whether or not our assets are further impaired, and may require additional, material impairment charges.

Capital Expenditures

To preserve cash, we plan to defer certain capital expenditures. This could limit our new product introductions or our ability to meet customer demands. As a result, when the economy rebounds, we may not have adequate manufacturing capacity, or we may have difficulty expanding our manufacturing capacity, to satisfy demand.

Research and Development

Our regular R&D programs are continuing and we will continue to roll out the new products that the market demands. Some of our R&D activities, however, have very long-term goals. To reduce costs, we have deferred certain of these long-term projects. The deferral of some of these long-term projects could impede our development of new products.

Pension and Other Postretirement Benefits

Accounting for defined benefit pension and other postretirement plans involves numerous assumptions and estimates, as further described in Item 7 to our Annual Report on Form 10-K under the heading Critical Accounting Policies and Estimates Pension and Other Postretirement Benefits. Events in the financial markets have led to declines in the fair value of investment securities held by our pension plans. Negative investment returns are deferred as an actuarial item and amortized over future periods, which has the effect of significantly increasing pension costs for 2009 and possibly future periods. Furthermore, negative investment returns could ultimately affect the funded status of the plans, requiring additional cash contributions.

In December 2008, the President of the United States signed the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA). WRERA provides certain relief from defined benefit plan funding requirements. We are still evaluating the impact of WRERA on our U.S. defined benefit pension plans. We anticipate making contributions to U.S. defined benefit pension plans of between $15 million and $25 million in 2009, although this amount could materially change based on our evaluation of WRERA.

Restructuring

Due to recessionary pressures, we expect to restructure our operations to reduce our cost structure and to remain competitive. In such restructuring programs, we seek to eliminate redundant facilities and staff positions and move operations, where possible, to jurisdictions with lower labor costs. During this process, we may experience under-utilization of certain plants in high-labor-cost regions and capacity constraints in plants located in low-labor-cost regions. This under-utilization may result initially in production inefficiencies and higher costs. These costs include those associated with compensation in connection with work force reductions and increased depreciation costs in connection with the initiation or expansion of production in lower-labor-cost regions. In addition, as we implement transfers of certain of our operations we may experience strikes or other types of labor

unrest as a result of lay-offs or termination of our employees in high-labor-cost countries.

Income Taxes

We have recorded deferred tax assets representing future tax benefits, but may not be able to generate sufficient income to realize these future tax benefits in certain jurisdictions. A sustained decline in economic conditions could affect the ultimate realizability of these deferred tax assets and could require us to record a valuation allowance for these deferred tax assets.

Based on our anticipated U.S. cash requirements, we expect that we will need to repatriate additional cash to repay the term loan outstanding under our credit facility, and have recorded additional tax expense in 2008 on this expected transaction because such earnings are not deemed to be indefinitely reinvested outside of the United States. Depending on the length and severity of the recession, we may have additional U.S. cash needs which may require us to repatriate additional cash from our non-U.S. subsidiaries and incur additional tax expense.

Foreign Currency

Foreign currency exchange rates have fluctuated significantly over the past year. We are exposed to foreign currency exchange rate risks, particularly due to transactions in currencies other than the functional currencies of certain subsidiaries. Economic uncertainty in the current environment exacerbates the possibility of significant adverse movements in foreign currency exchange rates which could, in turn, have a significantly adverse effect on our operating results. See also Foreign Currency Translation above for additional discussion and analysis of the effects of foreign currency.

Contractual Commitments

Our Annual Report on Form 10-K includes a table of contractual commitments as of December 31, 2008. Material changes to these commitments which occurred in 2009 are described below.

As more fully described in Note 10 to our consolidated condensed financial statements, on May 13, 2009, we entered into an amended and restated employment agreement with Dr. Felix Zandman, our Executive Chairman, Chief Technical and Business Development Officer, and founder. Pursuant to the amended and restated employment agreement, Dr. Zandman will receive five additional annual payments of $10 million each.

Except as described above, there were no material changes to these commitments during the nine fiscal months ended September 26, 2009.

Safe Harbor Statement

From time to time, information provided by us, including but not limited to statements in this report, or other statements made by or on our behalf, may contain forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks, uncertainties, and contingencies, many of which are beyond our control, which may cause actual results, performance, or achievements to differ materially from those anticipated.

Such statements are based on current expectations only, and are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. Among the factors that could cause actual results to materially differ include: general business and economic conditions, particularly the current recessionary environment and the pace of economic recovery; difficulties in integrating acquired companies, the inability to realize anticipated synergies and expansion possibilities, and other unanticipated conditions adversely affecting the operation of these companies; difficulties in new product development; changes in competition and technology in the markets that we serve and the mix of our products required to address these changes; an inability to attract and retain highly qualified personnel, particularly in respect of our acquired businesses; changes in foreign currency exchange rates; difficulties in implementing our

cost reduction strategies such as labor unrest or legal challenges to our lay-off or termination plans, underutilization of production facilities in lower-labor-cost countries, operation of redundant facilities due to difficulties in transferring production to lower-labor-cost countries; and other factors affecting our operations, markets, products, services, and prices that are set forth in our Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission (the "SEC"). We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Item 3. **Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes in the market risks previously disclosed in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on February 26, 2009.

Item 4. **Controls and Procedures**

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act are: (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms; and (2) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. **Legal Proceedings**

Not applicable.

Item 1A. **Risk Factors**

See "Economic Outlook and Impact on Operations and Future Financial Results" included in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional discussion and analysis of market risks, which is hereby incorporated by reference.

Except as incorporated by reference above, there have been no material changes from the risk factors previously disclosed in Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on February 26, 2009.

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

Not applicable.

Item 3. **Defaults Upon Senior Securities**

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

10.1	Second Amendment to Vishay Intertechnology, Inc. Fourth Amended and Restated Credit Agreement. Incorporated by reference to Exhibit 10.1 to our current report on Form 8-K filed July 31, 2009.
31.1	Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Dr. Gerald Paul, Chief Executive Officer.
31.2	Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Dr. Lior E. Yahalomi, Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Dr. Gerald Paul, Chief Executive Officer.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Dr. Lior E. Yahalomi, Chief Financial Officer.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VISHAY INTERTECHNOLOGY, INC.

/s/ Lior E. Yahalomi
Dr. Lior E. Yahalomi
Executive Vice President and Chief Financial Officer
(as a duly authorized officer and principal financial officer)

/s/ Lori Lipcaman
Lori Lipcaman
Executive Vice President and Chief Accounting Officer
(as a duly authorized officer and principal accounting officer)

Date: November 3, 2009