SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1996

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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 or organization)	(I.R.S. Employer Identification Number)

63 Lincoln Highway, Malvern, Pennsylvania	19355
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (610) 644-1300

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. Yes x No

As of November 6, 1996 registrant had 53,726,776 shares of its Common Stock and 7,564,818 shares of its Class B Common Stock outstanding.

VISHAY INTERTECHNOLOGY, INC.

FORM 10-Q SEPTEMBER 30, 1996

CONTENTS

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

ASSETS	September 30 1996	December 31 1995
CURRENT ASSETS		
Cash and cash equivalents	$33,880	$19,584
Accounts receivable	173,617	180,383
Inventories:		
Finished goods	191,250	148,846
Work in process	70,834	92,166
Raw materials	118,690	121,180
Prepaid expenses and other current	82,362	78,039
TOTAL CURRENT ASSETS	670,633	640,198
PROPERTY AND EQUIPMENT - AT COST		
Land	44,235	46,073
Buildings and improvements	220,592	197,164
Machinery and equipment	680,886	603,175
Construction in progress	69,039	76,564
Allowance for depreciation	(299,284)	(253,748)
	715,468	669,228
GOODWILL	210,568	218,102
OTHER ASSETS	17,370	15,803
	$1,614,039	$1,543,331

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30 1996	December 31 1995
CURRENT LIABILITIES		
Notes payable to banks	$34,336	$22,174
Trade accounts payable	37,550	66,942
Payroll and related expenses	42,207	43,790
Other accrued expenses	61,711	51,102
Income taxes	20,532	7,083
Current portion of long-term debt	38,973	37,821
TOTAL CURRENT LIABILITIES	235,309	228,912
LONG-TERM DEBT	240,580	228,610
DEFERRED INCOME TAXES	41,045	42,044
DEFERRED INCOME	52,400	30,849
OTHER LIABILITIES	31,757	29,017
ACCRUED RETIREMENT COSTS	73,887	76,046
STOCKHOLDERS' EQUITY		
Common stock	5,371	5,114
Class B common stock	758	722
Capital in excess of par value	825,857	734,316
Retained earnings	101,454	146,370
Foreign currency translation adjust	12,501	28,487
Unearned compensation	(428)	(364)
Pension adjustment	(6,452)	(6,792)
	939,061	907,853
	$1,614,039	$1,543,331

See notes to consolidated condensed financial statements.

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

	Three Months Ended September 30, 1996	Three Months Ended September 30, 1995
Net sales	$259,889	$300,629
Costs of products sold	198,712	221,364
GROSS PROFIT	61,177	79,265
Selling, general, and administrative expenses	35,834	39,586
Amortization of goodwill	1,639	1,622
OPERATING INCOME	23,704	38,057
Other income (expense):		
Interest expense	(4,455)	(7,959)
Other	115	(322)
	(4,340)	(8,281)
EARNINGS BEFORE INCOME TAXES	19,364	29,776
Income taxes	4,880	7,444
NET EARNINGS	$14,484	$22,332
Net earnings per share	$0.24	$0.40
Weighted average shares outstanding	61,291	56,062

See notes to consolidated condensed financial statements.

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

	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
Net sales	$844,051	$926,374
Costs of products sold	625,929	684,318
GROSS PROFIT	218,122	242,056
Selling, general, and administrative expenses	114,675	121,229
Restructuring expenses	24,280	0
Amortization of goodwill	4,899	4,815
OPERATING INCOME	74,268	116,012
Other income (expense):		
Interest expense	(13,317)	(24,851)
Other	978	(640)
	(12,339)	(25,491)
EARNINGS BEFORE INCOME TAXES	61,929	90,521
Income taxes	15,621	21,431
NET EARNINGS	$46,308	$69,090
Net earnings per share	$0.76	$1.24
Weighted average shares outstanding	61,292	55,587

See notes to consolidated condensed financial statements.

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

	Nine Months Ended September 30, 1996	1995
OPERATING ACTIVITIES		
Net earnings	$46,308	$69,090
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	59,130	51,498
Other	21,709	15,629
Changes in operating assets and liabilities	(31,777)	(46,500)
NET CASH PROVIDED BY OPERATING ACTIVITIES	95,370	89,717
INVESTING ACTIVITIES		
Purchases of property and equipment-net	(110,093)	(118,554)
NET CASH USED IN INVESTING ACTIVITIES	(110,093)	(118,554)
FINANCING ACTIVITIES		
Net proceeds (payments) on revolving credit lines	80,050	(130,801)
Proceeds from long-term borrowings	3,378	63
Payments on long-term borrowings	(66,360)	(55,057)
Net proceeds (payments) on short-term borrowings	12,488	(11,164)
Proceeds from sale of common stock	-	230,863
NET CASH PROVIDED BY FINANCING ACTIVITIES	29,556	33,904
Effect of exchange rate changes on cash	(537)	1,351
INCREASE IN CASH AND CASH EQUIVALENTS	14,296	6,418
Cash and cash equivalents at beginning of period	19,584	26,857
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$33,880	$33,275

See notes to consolidated condensed financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(unaudited)
September 30, 1996

Note 1: Basis of Presentation

The accompanying unaudited consolidated condensed financial statements 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 generally accepted accounting principles for complete financial statements. The information furnished reflects all adjustments (consisting of 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 financial statements and notes thereto filed with Form 10-K for the year ended December 31, 1995.

Note 2: Earnings Per Share

Earnings per share amounts for all periods reflect a 5% stock dividend paid on June 7, 1996. Earnings per share for the three and nine month periods ended September 30, 1996 reflect the issuance of 5.75 million shares of common stock completed in September 1995.

Note 3: Reclassifications

Certain prior year amounts have been reclassified to conform with the current presentation.

Note 4: Restructuring Expense

For the nine months ended September 30, 1996, the Company has recorded a pretax restructuring charge of $24,280,000 ($16,000,000 after tax) in June 1996. These expenses relate to a reduction in the Company's worldwide workforce of approximately 1,700 employees resulting, in part, from the worldwide slowdown in the demand for tantalum and multi-layer ceramic capacitors and the economic downturn in Germany. As of September 30, 1996, 806 of the 1,700 employees have left the Company. The Company has paid out $2,287,000 of severance as of September 30, 1996. The Company is scheduled to pay $10,509,000 of severance by December 31, 1996 with the remaining $8,123,000 to be paid by March 31, 1997. Depending on future economic conditions, the Company may continue to downsize or close existing facilities in North America and Europe.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Results of Operations

Net sales for the quarter and nine months ended September 30, 1996 decreased $40,740,000 or 13.6% and $82,323,000 or 8.9%, respectively, from the comparable periods of the prior year. The decrease in net sales is indicative of the worldwide slowdown in the demand for tantalum and multi-layer ceramic capacitors, the economic downturn in Germany, where a significant portion of the Company's products are sold, and the abrupt worldwide decline in demand for passive electronic components by personal computer and telecommunications manufacturers, which started at the end of last year.

In addition, the strengthening of the U.S. dollar against foreign currencies for the quarter ended September 30, 1996, in comparison to the prior year's quarter, resulted in a decrease in reported sales of $5,017,000. For the nine months ended September 30, 1996, the strengthening of the U.S. dollar against foreign currencies in comparison to the prior year period resulted in a decrease in reported sales of $12,702,000.

Income statement captions as a percentage of sales and the effective tax rates were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	1996	1995	1996	1995
Costs of products sold	76.5	73.6	74.2	73.9
Gross profit	23.5	26.4	25.8	26.1
Selling, general and administrative expenses	13.8	13.2	13.6	13.1
Operating income	9.1	12.7	8.8	12.5
Earnings before income taxes	7.5	9.9	7.3	9.8
Effective tax rate	25.2	25.0	25.2	23.7
Net earnings	5.6	7.4	5.5	7.5

Costs of products sold for the quarter and nine months ended September 30, 1996 were 76.5% and 74.2%, of net sales, respectively, as compared to 73.6% and 73.9%, respectively, for the comparable prior year periods. Costs of products sold for the quarter and nine months ended September 30, 1996 were negatively affected by an inventory decrease of $10,000,000 during the quarter ended September 30, 1996 causing unabsorbed overhead costs. Furthermore, ineffiencies created by legal constraints which prevented us from immediately terminating laid-off employees also affected costs of products sold.

Israeli government grants, recorded as a reduction of costs of products sold, were $2,215,000 and $6,416,000 for the quarter and nine months ended September 30, 1996, respectively, as compared to $3,693,000 and $9,633,000 for the comparable prior year periods. Future grants and other incentive programs offered to the Company by the Israeli government will likely depend on the Company's continuing to increase capital investment and the number of the Company's employees in Israel. Deferred income at September 30, 1996 relating to Israeli government grants was $52,400,000 as compared to $30,849,000 at December 31, 1995.

Selling, general, and administrative expenses for the quarter and nine months ended September 30, 1996 were 13.8% and 13.6% of net sales, respectively, as compared to 13.2% and 13.1% for the comparable prior year periods. The percentages in 1996 are higher due to the significant decrease in net sales. However, in terms of absolute dollar amounts, selling, general and administrative expenses have decreased by $3,752,000 and $6,554,000, respectively, as compared to the prior year periods.

The Company recorded a pretax restructuring charge of $24,280,000 ($16,000,000 after tax) in June 1996 in connection with a reduction of approximately 1,700 employees in the Company's worldwide workforce. As of September 30, 1996, 806 of the 1,700 employees have left the Company. Depending on future economic conditions, the Company may continue to downsize or close existing facilities in North America and Europe.

The components of the restructuring expenses were as follows:

Severance pay	$20,919,000
Machinery and equipment write-off	3,098,000
Other	263,000

Total	$24,280,000
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The Company has paid out $2,287,000 of severance as of September 30, 1996. The Company is scheduled to pay $10,509,000 of severance by December 31, 1996 with the remaining $8,123,000 to be paid by March 31, 1997. The Company has sufficient lines of credit to fund these payments.

When fully implemented, the restructuring should reduce the Company's costs by approximately $25,000,000 annually. The Company expects that these savings will likely commence to be realized in the fourth quarter of 1996.

Interest costs decreased by $3,504,000 and $11,534,000 for the quarter and nine months ended September 30, 1996 from the comparable prior year periods primarily as a result of the net proceeds of $230,279,000 from a common stock offering completed in September 1995 which were used, in large part, to prepay bank indebtedness.

Other income(expense) increased by $437,000 and $1,618,000 for the quarter and nine months ended September 30, 1996, respectively, as compared to the prior year periods. The increase is due to interest income of $291,000 and $1,282,000 and foreign exchange gains(losses) of ($89,000) and $136,000, respectively, for the quarter and nine months ended September 30, 1996. For the quarter and nine months ended September 30, 1995 interest income was $307,000 and $1,106,000 and foreign exchange losses were $678,000 and $1,493,000, respectively.

The effective tax rate for the quarter and nine months ended September 30, 1996 was 25.2% as compared to 25.0% and 23.7%, respectively, for the comparable prior year periods. The effective tax rate for calendar year 1995 was 24.6%.

The continuing effect of low tax rates in Israel (as compared to the statutory rate in the United States) has been to increase net earnings by $1,747,000 and $4,595,000 for the quarters ended September 30, 1996 and 1995, respectively, and $10,285,000 and $12,790,000 for the nine month periods ended September 30, 1996 and 1995, respectively. The more favorable Israeli tax rates are applied to specific approved projects and normally continue to be available for a period of ten years.

Financial Condition

Cash flows from operations were $95,370,000 for the nine months ended September 30, 1996 compared to $89,717,000 for the prior year's period. Net purchases of property and equipment for the nine months ended September 30, 1996 were $110,093,000 compared to $118,554,000 in the prior year's period. This reflects the Company's ongoing program to purchase additional equipment for surface mount components. Net cash provided by financing activities of $29,556,000 for the nine months ended September 30, 1996 includes borrowings used primarily to finance the additions to property and equipment.

The Company's financial condition at September 30, 1996 is strong, with a current ratio of 2.85 to 1. The Company's ratio of long-term debt (less current portion) to stockholders' equity was .26 to 1 at September 30, 1996 and .25 to 1 at December 31, 1995.

Management believes that available sources of credit, together with cash expected to be generated from operations, will be sufficient to satisfy the Company's anticipated financing needs for working capital and capital expenditures during the next twelve months.

Inflation

Normally, inflation does not have a significant impact on the Company's operations. The Company's products are not generally sold on long-term contracts. Consequently, selling prices, to the extent permitted by competition, can be adjusted to reflect cost increases caused by inflation.

Safe Harbor Statement

From time to time, information provided by the Company, including but not limited to statements in this report, or other statements made by or on behalf of the Company, may contain "forward-looking" information within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements involve a number of risks and uncertainties. The Company's actual results could differ materially from those discussed in the forward-looking statements. The cautionary statements set forth below identify important factors that could cause actual results to differ materially from those in any forward-looking statements made by or on behalf of the Company.

The Company offers a broad variety of products and services to its customers. Changes in demand for, or in the mix of, products and services comprising revenues could cause actual operating results to vary from those expected.

The Company's future operating results are dependent, in part, on its ability to develop, produce and market new and innovative products, to convert existing products to surface mount devices and to customize certain products to meet customer requirements. There are numerous risks inherent in this complex process, including rapid technological changes and the need for the Company to timely bring to market new products and applications to meet customers' changing needs.

The Company operates in a highly competitive environment, which includes significant competitive pricing pressures and intense competition for entry into new markets.

A slowdown in demand for passive electronic components or recessionary trends in the global economy in general or in specific countries or regions where the Company sells the bulk of its products, such as the U.S., Germany, France or the Pacific Rim, could adversely impact the Company's results of operations.

Much of the orders in the Company's backlog may be canceled by its customers without penalty. Customers may on occasion double and triple order components from multiple sources to insure timely delivery when backlog is particularly long. The Company's results of operations may be adversely impacted if customers were to cancel a material portion of such orders.

Approximately 50% of the Company's revenues are derived from operations and sales outside the United States. As a result, currency exchange rate fluctuations, inflation, changes in monetary policy and tariffs, potential changes in laws and regulations affecting the Company's business in foreign jurisdictions, trade restrictions or prohibitions, intergovernmental disputes, increased labor costs and reduction or cancellation of government grants, tax benefits or other incentives could impact the Company's results of operations.

Specifically, as a result of the increased production by the Company's operations in Israel over the past several years, the low tax rates in Israel (as compared to the statutory rates in the U.S.) have had the effect of increasing the Company's net earnings. In addition, the Company takes advantage of certain incentive programs in Israel in the form of grants designed to increase employment in Israel. Any significant increase in the Israeli tax rates or reduction or elimination of any of the Israeli grant programs could have an adverse impact on the Company's results of operations.

The Company may experience underutilization of certain plants and factories in high labor cost regions and capacity constraints in plants and factories located in low labor cost regions, resulting initially in production inefficiencies and higher costs. Such costs include those associated with work force reductions and plant closings in the higher labor cost regions and start-up expenses, manufacturing and construction delays, and increased depreciation costs in connection with the start of production in new plants and expansions in lower labor cost regions. Moreover, capacity constraints may limit the Company's ability to continue to meet demand for any of the Company's products.

When the Company restructures its operations in response to changing economic conditions, particularly in Europe, labor unrest or strikes may occur, which could have an adverse effect on the Company.

The Company's results of operations may be adversely impacted by (i) difficulties in obtaining raw materials, supplies, power, natural resources and any other items needed for the production of the Company's products; (ii) the effects of quality deviations in raw materials, particularly tantalum powder, palladium and ceramic dielectric materials; and (iii) the effects of significant price increases for tantalum or palladium, or an inability to obtain adequate supplies of tantalum or palladium from the limited number of suppliers.

The Company's historic growth in revenues and net earnings have resulted in large part from its strategy to expand through acquisitions. However, there is no assurance that the Company will find or consummate transactions with suitable acquisition candidates in the future.

The Company's strategy also focuses on the reduction of selling, general and administrative expenses through the integration or elimination of redundant sales offices and administrative functions at acquired companies and achievement of significant production cost savings through the transfer and expansion of manufacturing operations to lower cost regions such as Israel, Mexico, Portugal and the Czech Republic. The Company's inability to achieve any of these goals could have an adverse effect on the Company's results of operations.

The Company may be adversely affected by the costs and other effects associated with (i) legal and administrative cases and proceedings (whether civil, such as environmental and product-related, or criminal); (ii) settlements, investigations, claims, and changes in those items; (iii) developments or assertions by or against the Company relating to intellectual property rights and intellectual property licenses; and (iv) adoption of new, or changes in, accounting policies and practices and the application of such policies and practices.

The Company's results of operations may also be affected by (i) changes within the Company's organization, particularly at the executive officer level, or in compensation and benefit plans; and (ii) the amount, type and cost of the financing which the Company maintains, and any changes to the financing.

The inherent risk of environmental liability and remediation costs associated with the Company's manufacturing operations may result in large and unforseen liabilities.

The Company's operations may be adversely impacted by (i) the effects of war or severe weather or other acts of God on the Company's operations, including disruptions at manufacturing facilities; (ii) the effects of a disruption in the Company's computerized ordering systems; and (iii) the effects of a disruption in the Company's communications systems.

VISHAY INTERTECHNOLOGY, INC.
PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable

Item 2. Changes in Securities

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 and Reports on Form 8-K

(a) Exhibits

Not applicable

(b) Reports on Form 8-K

Not applicable

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/ Richard N. Grubb

Richard N. Grubb
Vice President, Treasurer
(Duly Authorized and Chief Financial Officer)

Date: November 6, 1996

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