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 1934**

For the quarterly period ended March 28, 2009

o **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)	(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 April 30, 2009, the registrant had 172,208,866 shares of its common stock and 14,352,888 shares of its Class B common stock outstanding.

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VISHAY INTERTECHNOLOGY, INC.

FORM 10-Q
MARCH 28, 2009

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 28, 2009	December 31, 2008 (recast - see Note 1)
Assets		
Current assets:		
Cash and cash equivalents	$ 364,776	$ 324,164
Accounts receivable, net	274,138	311,197
Inventories:		
Finished goods	152,107	173,280
Work in process	209,582	211,320
Raw materials	142,967	153,419
Deferred income taxes	14,904	15,251
Prepaid expenses and other current assets	103,444	139,903
Total current assets	1,261,918	1,328,534
Property and equipment, at cost:		
Land	97,550	98,827
Buildings and improvements	500,690	508,579
Machinery and equipment	2,066,063	2,091,124
Construction in progress	69,539	80,857
Allowance for depreciation	(1,630,444)	(1,617,225)
	1,103,398	1,162,162
Intangible assets, net	168,435	177,782
Other assets	138,205	147,482
Total assets	$ 2,671,956	$ 2,815,960

Continues on following page.

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

	March 28, 2009	December 31, 2008 (recast - see Note 1)
Liabilities and equity		
Current liabilities:		
Notes payable to banks	$ 406	$ 11,293
Trade accounts payable	78,974	104,608
Payroll and related expenses	108,989	117,197
Other accrued expenses	172,152	191,086
Income taxes	19,252	24,901
Current portion of long-term debt	27,009	13,044
Total current liabilities	406,782	462,129
Long-term debt less current portion	334,419	333,631
Deferred income taxes	13,040	18,842
Deferred grant income	3,012	3,143
Other liabilities	113,451	123,207
Accrued pension and other postretirement costs	311,528	325,112
Total liabilities	1,182,232	1,266,064
Equity:		
Vishay stockholders' equity		
Common stock	17,220	17,220

Class B convertible common stock	**1,435**	1,435
Capital in excess of par value	**2,316,477**	2,315,851
Retained earnings (accumulated deficit)	**(894,744)**	(865,617)
Accumulated other comprehensive income	**44,341**	75,969
Total Vishay stockholders' equity	**1,484,729**	1,544,858
Noncontrolling interests	**4,995**	5,038
Total equity	**1,489,724**	1,549,896
Total liabilities and equity	**$ 2,671,956**	$ 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	
	March 28, 2009	**March 29, 2008**
		(recast - see Note 1)
Net revenues	**$ 449,511**	$ 733,313
Costs of products sold	**381,487**	560,850
Gross profit	**68,024**	172,463
Selling, general, and administrative expenses	**87,454**	119,063
Restructuring and severance costs	**18,933**	18,202
Asset write-downs	**-**	4,195
Operating income (loss)	**(38,363)**	31,003
Other income (expense):		
Interest expense	**(2,864)**	(12,714)
Other	**12,883**	(198)
	10,019	(12,912)
Income (loss) from continuing operations before taxes	**(28,344)**	18,091
Income taxes	**710**	6,173
Income (loss) from continuing operations, net of tax	**(29,054)**	11,918
Loss from discontinued operations, net of tax	**-**	(42,136)
Net earnings (loss)	**(29,054)**	(30,218)
Less: net earnings attributable to noncontrolling interests	**73**	478
Net earnings (loss) attributable to Vishay stockholders	**$ (29,127)**	$ (30,696)
Basic earnings (loss) per share attributable to Vishay stockholders:*		
Continuing operations	**$ (0.16)**	$ 0.06
Discontinued operations	**$ -**	$ (0.23)
Net earnings (loss)	**$ (0.16)**	$ (0.16)
Diluted earnings (loss) per share attributable to Vishay stockholders:*		
Continuing operations	**$ (0.16)**	$ 0.06
Discontinued operations	**$ -**	$ (0.23)
Net earnings (loss)	**$ (0.16)**	$ (0.16)
Weighted average shares outstanding - basic	**186,558**	186,343
Weighted average shares outstanding - diluted	**186,558**	186,540
Amounts attributable to Vishay stockholders:		
Income (loss) from continuing operations, net of tax	**$ (29,127)**	$ 11,440
Discontinued operations, net of tax	**-**	(42,136)
Net earnings (loss)	**$ (29,127)**	$ (30,696)

See accompanying notes.

* May not add due to rounding.

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

	Three fiscal months ended March 28, 2009	Three fiscal months ended March 29, 2008 (recast - see Note 1)
Continuing operating activities		
Net earnings (loss)	**$ (29,054)**	$ (30,218)
Adjustments to reconcile net earnings (loss) to net cash provided by continuing operating activities:		
Loss on discontinued operations, net of tax	**-**	42,136
Depreciation and amortization	**54,571**	54,898
(Gain) loss on disposal of property and equipment	**79**	30
Accretion of interest on convertible notes	**-**	5,623
Asset write-downs	**-**	4,195
Inventory write-offs for obsolescence	**6,376**	6,205
Deferred grant income	**(209)**	(535)
Other	**(21,449)**	6,845
Changes in operating assets and liabilities, net of effects of businesses acquired	**42,937**	(50,946)
Net cash provided by continuing operating activities	**53,251**	38,233
Continuing investing activities		
Purchase of property and equipment	**(11,309)**	(25,829)
Proceeds from sale of property and equipment	**308**	415
Other investing activities	**-**	100
Net cash used in continuing investing activities	**(11,001)**	(25,314)
Continuing financing activities		
Principal payments on long-term debt and capital lease obligations	**(247)**	(326)
Proceeds of long-term debt, net of issuance costs	**15,000**	-
Net changes in short-term borrowings	**(10,871)**	483
Distributions to noncontrolling interests	**(116)**	(359)
Proceeds from stock options exercised	**-**	16
Net cash (used in) provided by continuing financing activities	**3,766**	(186)
Effect of exchange rate changes on cash and cash equivalents	**(2,404)**	19,248
Net increase in cash and cash equivalents from continuing activities	**43,612**	31,981
Net cash (used) provided by discontinued operating activities	**(3,000)**	3,470
Net cash used by discontinued investing activities	**-**	(134)
Net cash used by discontinued financing activities	**-**	-
Net cash (used) provided by discontinued operations	**(3,000)**	3,336
Net increase in cash and cash equivalents	**40,612**	35,317
Cash and cash equivalents at beginning of period	**324,164**	537,295
Cash and cash equivalents at end of period	**$ 364,776**	$ 572,612

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	Noncontrolling Interests	Total Equity

Balance at December 31, 2008 (recast - see Note 1)	$ 17,220	$ 1,435	$ 2,315,851	$ (865,617)	$ 75,969	**$ 1,544,858**	$ 5,038	**$ 1,549,896**
Net earnings (loss)	-	-	-	(29,127)	-	**(29,127)**	73	**(29,054)**
Other comprehensive income	-	-	-	-	(31,628)	**(31,628)**	-	**(31,628)**
Comprehensive income						**(60,755)**	73	**(60,682)**
Distributions to noncontrolling interests	-	-	-	-	-	-	(116)	**(116)**
Phantom and restricted stock issuances (5,000 shares)	-	-	-	-	-	-	-	-
Stock compensation expense	-	-	626	-	-	**626**	-	**626**
Balance at March 28, 2009	$ 17,220	$ 1,435	$ 2,316,477	$ (894,744)	$ 44,341	**$ 1,484,729**	$ 4,995	**$ 1,489,724**

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 three fiscal months ended March 28, 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.

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 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).* The guidance included in this staff position significantly impacts the accounting for convertible bonds that may be settled in cash. FSP APB 14-1 requires an issuer to separately account for the liability and equity components of the instrument in a manner that reflects the issuer’s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 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 FSP requires retrospective application to all periods presented. Vishay adopted this FSP effective January 1, 2009. Earlier adoption was prohibited.

The guidance of the FSP apply 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. A cumulative effect of adoption has been recorded in retained earnings as of January 1, 2007.

The FSP is applicable to the Company’s Convertible Subordinated Notes, due 2023. These notes were substantially all repurchased on August 1, 2008.

The retrospective application of FSP APB 14-1 increased previously reported interest expense by $6.1 million, or $0.03 per diluted share, for the first quarter of 2008.

In December 2007, the FASB issued Statement of Financial Accounting Standards (“SFAS”) No. 160, *Noncontrolling Interests in Consolidated Financial Statements*. SFAS No. 160 amends ARB No. 51 to establish accounting and reporting standards 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 are to be applied retrospectively to all periods presented. Vishay adopted this standard effective January 1, 2009. Earlier adoption was prohibited.

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

Other Recently Adopted Accounting Standards

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, *Fair Value Measurements*. 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. SFAS No. 157 was to be effective for Vishay as of January 1, 2008. In February 2008, the FASB issued FSP SFAS 157-2, which provided a one-year delayed application of SFAS No. 157 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 has only partially applied SFAS No. 157 as of January 1, 2008. The partial application of this standard did not have a material effect on the Company's financial position, results of operations, or liquidity, and the adoption of the remaining aspects which were deferred by FSP SFAS 157-2 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*. While retaining the fundamental requirements of SFAS No. 141, this new statement makes various modifications to the requirements of SFAS No. 141 in regards 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 standard effective January 1, 2009. Earlier adoption was prohibited.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities.* This statement will require enhanced disclosures about an entity's derivative and hedging activities, and therefore improves the transparency of financial reporting. Vishay adopted this standard effective January 1, 2009. The adoption of this standard did not have a material effect on the Company's financial position, results of operations, or liquidity.

In April 2008, the FASB staff issued FSP SFAS 142-3, *Determination of the Useful Life of Intangible Assets.* This guidance is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142, and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141-R 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 entity-specific factors. Vishay adopted this FSP effective January 1, 2009. The adoption of this guidance did not have a material effect on the Company's financial position, results of operations, or liquidity.

Reclassifications

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

<u>Note 2 – Acquisition and Divestiture Activities</u>

As part of its growth strategy, the Company seeks to expand through the 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 the Company has substantial marketing and technical expertise.

In the current uncertain economic conditions, the Company is not actively pursuing acquisitions, but will consider special opportunities should they arise.

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 fiscal quarter ended March 29, 2008 and year ended December 31, 2008 are as follows *(in thousands)*:

	Fiscal quarter ended March 29, 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)

The loss before income taxes for the fiscal quarter ended March 29, 2008 includes an impairment charge of $32.3 million 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 first quarter of 2009 and reflected on the accompanying consolidated condensed statement of cash flows as cash flow from discontinued operations.

Note 3 – 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 onetime exit costs recognized pursuant to SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*, severance benefits pursuant to an on-going benefit arrangement recognized pursuant to SFAS No. 112, *Employers' Accounting for Postemployment Benefits*, and related pension curtailment and settlement charges recognized pursuant to SFAS No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits.* 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.

First Quarter 2009

The Company recorded restructuring and severance costs of $18,933,000 for the first quarter of 2009. Employee termination costs were $17,687,000, covering technical, production, administrative, and support employees in nearly every country in which the Company operates. Severance costs include pension settlement charges of $805,000 for employees in the Republic of China (Taiwan). The Company also incurred $1,246,000 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 first quarter of 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	**$ 17,687**	**$ 1,246**	**$ 18,933**	**2,392**
Utilized	**(4,335)**	**(168)**	**(4,503)**	**(1,649)**
Foreign currency translation	**285**	**1**	**286**	
Balance at March 28, 2009	**$ 13,637**	**$ 1,079**	**$ 14,716**	**743**

First Quarter 2008

The Company recorded restructuring and severance costs of $18,202,000 for the first quarter of 2008. Employee termination costs were $16,284,000, covering 517 technical, production, administrative, and support employees located in Austria, Brazil, Belgium, the People's Republic of China, France, Germany, Hungary, and the United States. The Company also incurred $1,918,000 of other exit costs during the quarter, principally related to the closure of a facility in Brazil. 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	**(11,011)**	**(276)**	**(11,287)**	**(424)**

Foreign currency translation	(694)	(9)	(703)	
Balance at March 28, 2009	$ 13,067	$ 347	$ 13,414	1,114

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 4 – 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 March 28, 2009 and March 29, 2008 reflect the Company's 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 Company's earnings and the applicable tax rates in the various locations where the Company operates.

During the three fiscal months ended March 28, 2009, the liabilities for unrecognized tax benefits decreased by a net $1.0 million, principally due to foreign currency effects.

Note 5 – 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. 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 through 2011.

The borrowings under the amended credit facility are secured by 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 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. Borrowings currently outstanding on the revolving credit facility, based on current leverage ratios, bear interest at LIBOR plus 1.00%. The Company is also required to pay facility commitment fees. The borrowings under the term loan, based on current leverage ratios, bear interest at LIBOR plus 2.50%. Based on expected financial results over the next several quarters, the Company expects its leverage ratio to increase, which would result in an increase to the variable rate of interest paid on outstanding borrowings under the existing credit facility.

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 March 28, 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. However, in the current economic environment, there is a reasonable possibility that the Company could fail certain financial covenants, particularly the fixed charge coverage ratio covenant, at future measurement dates.

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 Notes due 2102 have cross-default provisions that could accelerate repayment in the event of continuing non-compliance with the credit facility covenants.

Note 6 – Comprehensive Income (Loss)

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

	Fiscal quarter ended	
	March 28, 2009	March 29, 2008

Net earnings (loss)	**$ (29,054)**	$ (30,218)
Other comprehensive income (loss):		
Foreign currency translation adjustment	**(34,702)**	80,603
Unrealized gain (loss) on available for sale securities	**(243)**	(217)
Pension and other postretirement adjustments	**3,317**	1,450
Total other comprehensive income (loss)	**(31,628)**	81,836
Comprehensive income (loss)	**$ (60,682)**	$ 51,618
Less: Comprehensive income (loss) attributable to noncontrolling interets	**73**	478
Comprehensive income (loss) attributable to Vishay stockholders	**$ (60,755)**	$ 51,140

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

Note 7 – 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 first quarters of 2009 and 2008 for the Company's defined benefit pension plans *(in thousands)*:

	Fiscal quarter ended March 28, 2009		**Fiscal quarter ended March 29, 2008**	
	U.S. Plans	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Net service cost	**$ -**	**$ 757**	$ 1,167	$ 1,160
Interest cost	**4,129**	**2,649**	4,163	3,277
Expected return on plan assets	**(3,670)**	**(420)**	(5,224)	(680)
Amortization of prior service credit	**(44)**	**-**	(42)	-
Amortization of losses	**2,969**	**16**	466	864
Curtailments and settlements	**-**	**805**	-	-
Net periodic benefit cost	**$ 3,384**	**$ 3,807**	$ 530	$ 4,621

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

	Fiscal quarter ended March 28, 2009		**Fiscal quarter ended March 29, 2008**	
	U.S. Plans	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Service cost	**$ 42**	**$ 78**	$ 54	$ 99
Interest cost	**201**	**93**	275	103
Amortization of prior service (credit) cost	**(75)**	**-**	48	-
Amortization of transition obligation	**19**	**-**	19	-
Amortization of gains	**(70)**	**-**	(157)	-
Net periodic benefit cost	**$ 117**	**$ 171**	$ 239	$ 202

Note 8 – 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	
	March 28, 2009	March 29, 2008
Stock options	$ 281	$ 494
Restricted stock units	271	-
Phantom stock units	74	286
Restricted stock	-	10
Total	$ 626	$ 790

The following table summarizes unrecognized compensation cost and the weighted average remaining amortization periods at March 28, 2009 *(dollars in thousands, amortization periods in years)*:

	Unrecognized Compensation Cost	Weighted Average Remaining Amortization Periods
Stock options	$ 2,016	4.7
Restricted stock units	1,010	1.6
Phantom stock units	-	0.0
Total	$ 3,026	

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 our consolidated financial statements included in our Annual Report on Form 10-K. No additional options may be granted pursuant to these programs.

Option activity under the stock option plans as of March 28, 2009 and changes during the three 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	(32)	18.98	
Outstanding at March 28, 2009	3,872	$ 18.55	2.29
Vested and expected to vest at March 28, 2009	3,872	$ 18.55	2.29
Exercisable at March 28, 2009	3,438	$ 18.82	1.61

During the three fiscal months ended March 28, 2009, 13,000 options vested. At March 28, 2009, there are 434,000 unvested options outstanding, with a weighted average grant-date fair value of $9.80 per option.

The pretax aggregate intrinsic value (the difference between the closing stock price on the last trading day of the first fiscal quarter of 2009 of $3.56 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 March 28, 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 three fiscal months ended March 28, 2009.

Restricted Stock Units

RSU activity under the stock incentive plan as of March 28, 2009 and changes during the three fiscal months then ended are presented below *(number of RSUs in thousands)*:

	Number of RSUs	Grant date fair value per unit
Outstanding:		
December 31, 2008	**197**	
Granted	-	$ -
Exercised	-	
Cancelled	-	
Outstanding at March 28, 2009	**197**	
Expected to vest at March 28, 2009	**197**	

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 March 28, 2009 and changes during the three fiscal months then ended are presented below *(number of phantom stock units in thousands)*:

	Number of RSUs	Grant date fair value per unit
Outstanding:		
December 31, 2008	**100**	
Granted	**20**	$ **3.70**
Redeemed for common stock	-	
Outstanding at March 28, 2009	**120**	

Note 9 – 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.

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, inventory write-downs, gains or losses on purchase commitments, contract termination charges, charges for in-process research and development, 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	
	March 28, 2009	March 29, 2008
Net revenues:		
Semiconductors		
Product sales	$ **198,925**	$ 386,062
Royalty revenues	**70**	1,718
Total Semiconductors	**198,995**	387,780
Passive Components		
Product sales	**248,436**	345,533
Royalty revenues	**2,080**	-

Total Passive Components	**250,516**	345,533
	$ 449,511	$ 733,313
Segment operating income:		
Semiconductors	**$ (20,372)**	$ 36,911
Passive Components	**6,623**	23,739
Corporate	**(5,681)**	(7,250)
Restructuring and severance costs	**(18,933)**	(18,202)
Asset write-downs	**-**	(4,195)
Consolidated operating income (loss)	**$ (38,363)**	$ 31,003
Restructuring and severance costs:		
Semiconductors	**$ 7,209**	$ 1,131
Passive Components	**11,724**	17,071
	$ 18,933	$ 18,202
Asset write-downs:		
Passive Components	**$ -**	$ 4,195
	$ -	$ 4,195

Note 10 – 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	
	March 28, 2009	**March 29, 2008**
Numerator:		
Numerator for basic earnings (loss) per share:		
Income (loss) from continuing operations	**$ (29,127)**	$ 11,440
Loss from discontinued operations	**-**	(42,136)
Net earnings (loss)	**$ (29,127)**	$ (30,696)
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	**$ (29,127)**	$ 11,440
Loss from discontinued operations	**-**	(42,136)
Net earnings (loss)	**$ (29,127)**	$ (30,696)
Denominator:		
Denominator for basic earnings (loss) per share:		
Weighted average shares	**186,558**	186,343
Effect of dilutive securities:		
Convertible and exchangeable notes	**-**	-
Employee stock options	**-**	65
Other	**-**	132
Dilutive potential common shares	**-**	197
Denominator for diluted earnings (loss) per share:		
Adjusted weighted average shares	**186,558**	186,540
Basic earnings (loss) per share attributable to Vishay stockholders:*		
Continuing operations	**$ (0.16)**	$ 0.06
Discontinued operations	**$ -**	$ (0.23)
Net earnings (loss)	**$ (0.16)**	$ (0.16)
Diluted earnings (loss) per share attributable to Vishay stockholders:*		
Continuing operations	**$ (0.16)**	$ 0.06
Discontinued operations	**$ -**	$ (0.23)
Net earnings (loss)	**$ (0.16)**	$ (0.16)

* 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	
	March 28, 2009	**March 29, 2008**
Convertible and exchangeable notes:		
Convertible Subordinated Notes, due 2023	**87**	23,496
Exchangeable Unsecured Notes, due 2102	**6,176**	6,176
Weighted average employee stock options	**3,893**	4,299
Weighted average warrants	**8,824**	8,824
Weighted average other	**320**	-

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 are 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 11 – Fair Value Measurements

The Company adopted SFAS No. 157, *Fair Value Measurements*, 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. The adoption did not have a material effect on the Company’s financial position, results of operations, or liquidity.

SFAS No. 157 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 Company’s own assumptions.

An asset or liability’s 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 March 28, 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	**$ 23,493**	**$ 6,682**	**$ 16,811**	**$ -**

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 Company’s insurance brokers using the value of underlying assets of the insurance contracts.

Item 2. Management’s 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. While the passive components business had historically predominated at Vishay, following several acquisitions of semiconductor businesses, revenues from our Semiconductors and Passive Components segments were essentially split evenly from 2003 through the first quarter of 2007. On April 1, 2007, Vishay acquired the Power Control Systems ("PCS") business of International Rectifier Corporation, which has been included in the Semiconductors segment.

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.

Net revenues for the fiscal quarter ended March 28, 2009 were $449.5 million, compared to $733.3 million for the fiscal quarter ended March 29, 2008. The net loss attributable to Vishay stockholders for the fiscal quarter ended March 28, 2009 was $29.1 million or $0.16 per share, compared to a net loss attributable to Vishay stockholders of $30.7 million or $0.16 per share for the fiscal quarter ended March 29, 2008.

The net loss attributable to Vishay stockholders for the fiscal quarter ended March 28, 2009 was impacted by pretax charges for restructuring and severance costs of $18.9 million, which had a $0.08 per share after-tax effect on the net loss.

The net loss attributable to Vishay stockholders for the fiscal quarter ended March 29, 2008 was impacted by pretax charges for restructuring and severance costs of $18.2 million and related asset write-downs of $4.2 million. These items and their tax-related consequences had a negative $0.10 per share effect on income from continuing operations attributable to Vishay stockholders. The net loss for the fiscal quarter ended March 29, 2008 also included a loss on discontinued operations of $42.1 million, or $0.23 per share.

The retrospective application of FSP APB 14-1 increased previously reported interest expense by $6.1 million, or $0.03 per diluted share, for the first quarter of 2008.

Vishay's first quarter results have been substantially impacted by the present global economic crisis. We realized losses from operations due to a dramatic and broad decline of volume. Due to our quick reaction to the crisis during the second half of 2008, we have mitigated this loss of volume through significant reductions of fixed costs and inventories, and have continued to generate positive cash flows from operations.

Financial Metrics

We utilize several financial metrics to evaluate the performance and assess the future direction of our business. These key financial measures and 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.

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 first quarter of 2008 through the first quarter of 2009 *(dollars in thousands)*:

	1st Quarter 2008	2nd Quarter 2008	3rd Quarter 2008	4th Quarter 2008	1st Quarter 2009
Net revenues	$ 733,313	$ 774,364	$ 739,092	$ 575,442	$ 449,511
Gross profit margin*	23.5%	23.2%	21.6%	14.8%	15.1%
End-of-period backlog	$ 696,700	$ 695,900	$ 619,000	$ 459,700	$ 400,400
Book-to-bill ratio	1.04	1.00	0.92	0.74	0.89
Inventory turnover	3.74	3.89	3.85	3.40	2.84
Change in ASP vs. prior quarter	-0.4%	-0.9%	-1.4%	0.0%	-1.0%

* 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 in light of the worldwide economic downturn, net revenues for the first quarter of 2009 decreased 22% sequentially, following a 22% sequential decrease in the fourth quarter of 2008. During the first quarter of 2009, we continued to experience a very low order-rate, which began in the third quarter of 2008, although orders seem to have stabilized and we are beginning to see signs of recovery. Our Semiconductors segment has already shown the first signs of a recovery in the course of the first quarter and continuing into April. However, our Passive Components segment may still decline slightly, with its stronger exposure to the automotive and industrial segments in Europe and the United States.

The sequential increase in gross profit margin for the first quarter of 2009 is attributable to the absence of the losses on adverse purchase commitments recorded in the fourth quarter of 2008, partially offset by lower volume. The book-to-bill ratio improved to 0.89 from 0.74 in the fourth quarter of 2008. For the first quarter of 2009, the book-to-bill ratios for distributors and original equipment manufacturers ("OEM") were 0.84 and 0.93, respectively, versus ratios of 0.65 and 0.83, respectively, during the fourth quarter of 2008.

We have continued to see relatively modest pricing pressure, although we expect increasing pricing pressure in 2009 for Semiconductors segment products once the order intake increases.

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 first quarter of 2008 through the first quarter of 2009 *(dollars in thousands)*:

	1st Quarter 2008	2nd Quarter 2008	3rd Quarter 2008	4th Quarter 2008	1st Quarter 2009
Semiconductors					
Net revenues	$ 387,780	$ 407,443	$ 392,934	$ 272,669	$ 198,995
Book-to-bill ratio	1.03	1.01	0.85	0.59	0.96
Gross profit margin(1)	22.9%	22.5%	21.8%	11.5%	6.6%
Passive Components					
Net revenues	$ 345,533	$ 366,921	$ 346,158	$ 302,773	$ 250,516
Book-to-bill ratio	1.05	0.99	0.98	0.88	0.84
Gross profit margin(2)	24.3%	24.1%	21.4%	17.8%	21.9%

(1) Gross profit margin for the Semiconductors segment for the fourth quarter of 2008 includes losses on adverse purchase commitments of $3.8 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.

Acquisition and Divestiture Activity

As part of our growth strategy, we seek to expand 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. This includes exploring opportunities to acquire smaller targets to gain market share, effectively penetrate different geographic markets, enhance new product development, round out our product lines, or grow our high margin niche market businesses. Also as part of this growth strategy, we seek to explore opportunities with privately held developers of electronic components, whether through acquisition, investment in noncontrolling interests, or strategic alliances.

In the current uncertain economic conditions, we will not actively pursue acquisitions, but will consider special opportunities should they arise.

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. Due to our direct labor reductions in the last two quarters, this percentage was 73.2% at the end of the first quarter of 2009, as compared to 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. Our acquisition strategy relies upon 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*, 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."

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 $18.9 million during the first quarter of 2009. These costs were incurred as part of our program to reduce manufacturing and SG&A fixed costs in 2009 by $150 million compared to the year ended December 31, 2008. Our cost reduction programs are ahead of schedule. Our fixed costs in the first quarter of 2009 decreased by $54 million compared to the first quarter of 2008. Of this amount, approximately 40% reduced manufacturing costs and approximately 60% reduced SG&A expenses. We now believe that we will be able to reduce fixed costs by $200 million for the full year 2009 versus 2008, approximately equivalent to maintaining the present run-rate. Of this amount, approximately 50% is expected to reduce manufacturing costs and approximately 50% is expected to reduce SG&A expenses. Additionally, we intend to replace temporary measures with permanent measures to defend this cost reduction going forward, even after sales return to more normal levels.

We originally expected to incur restructuring and severance costs of approximately $25 million in 2009, but now believe that the total restructuring and severance costs will be closer to $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 expect to consolidate certain Asian locations.

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 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 subsidiary’s 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 company’s operations generally would have the parent company’s 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 strengthening of the U.S. dollar during the first quarter of 2009, we saw a decrease in the translation adjustment recorded in accumulated other comprehensive income on our balance sheet. See Note 6 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. As a result of a strengthening of the U.S. dollar versus several foreign currencies during the first quarter of 2009, the translation of foreign currency revenues and expenses into U.S. dollars has decreased reported revenues and expenses as compared to the prior year period.

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 quarter 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.

Results of Operations

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

	Fiscal quarter ended	
	March 28, 2009	**March 29, 2008**
Cost of products sold	**84.9%**	76.5%
Gross profit	**15.1%**	23.5%
Selling, general & administrative expenses	**19.5%**	16.2%
Operating income (loss)	**-8.5%**	4.2%
Income (loss) from continuing operations before taxes	**-6.3%**	2.5%
Income (loss) from continuing operations	**-6.5%**	1.6%
Net earnings (loss) attributable to Vishay stockholders	**-6.5%**	-4.2%
Effective tax rate	**-2.5%**	34.1%

Net Revenues

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

	Fiscal quarter ended	
	March 28, 2009	**March 29, 2008**
Net revenues	$ 449,511	$ 733,313
Change versus comparable prior year period	$ (283,802)	
Percentage change versus comparable prior year period	-38.7%	

Changes in net revenues were attributable to the following:

	vs. Prior Year Quarter
Change attributable to:	
Decrease in volume	-36.2%
Decrease in average selling prices	-2.2%
Foreign currency effects	-3.0%
Acquisitions	0.3%
Other	2.4%
Net change	-38.7%

All regions and all of our end-use markets are heavily impacted by the global economic slow-down, which was most strongly seen in the decline in sales of our Semiconductors segment products in the first quarter of 2009 compared to the prior year period. The relatively stronger U.S. dollar further decreased the amount reported for revenues in the first quarter of 2009 compared to the prior year period.

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 $15.5 million and $21.9 million for the three fiscal months ended March 28, 2009 and March 29, 2008, respectively, or 3.3% and 2.9% of gross sales, respectively. Actual credits issued under the programs during the three fiscal months ended March 28, 2009 and March 29, 2008, were $16.0 million and $18.6 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 $2.1 million and $1.7 million for the fiscal quarters ended March 28, 2009 and March 29, 2008, respectively.

Gross Profit and Margins

Gross profit margins for the fiscal quarter ended March 28, 2009 were 15.1%, versus 23.5% for the comparable prior year period. This decrease 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	
	March 28, 2009	**March 29, 2008**
Net revenues	$ 198,995	$ 387,780
Change versus comparable prior year period	$ (188,785)	
Percentage change versus comparable prior year period	-48.7%	

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

	vs. Prior Year Quarter
Change attributable to:	
Decrease in volume	-46.4%

Decrease in average selling prices	-5.4%
Foreign currency effects	-1.4%
Acquisitions	0.0%
Other	4.5%
Net change	-48.7%

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

	Fiscal quarter ended	
	March 28, 2009	March 29, 2008
Gross margin percentage	6.6%	22.9%

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

Our Semiconductors segment has suffered significantly from the weakness in Asian consumer, European automotive, mobile phone, and notebook computer markets. Profitability has suffered in an unprecedented manner due to the low sales volume during the quarter, although the first signs of a recovery are beginning to emerge.

Passive Components

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

	Fiscal quarter ended	
	March 28, 2009	March 29, 2008
Net revenues	$ 250,516	$ 345,533
Change versus comparable prior year period	$ (95,017)	
Percentage change versus comparable prior year period	-27.5%	

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

	vs. Prior Year Quarter
Change attributable to:	
Decrease in volume	-24.7%
Increase in average selling prices	0.6%
Foreign currency effects	-4.7%
Acquisitions	0.5%
Other	0.8%
Net change	-27.5%

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

	Fiscal quarter ended	
	March 28, 2009	March 29, 2008
Gross margin percentage	21.9%	24.3%

The decrease in gross profit margin percentage reflects significantly lower volume, partially offset by our fixed cost reduction programs.

In light of the economic challenges, our Passive Components segment has maintained a respectable gross margin percentage. Average selling prices have increased slightly sequentially and versus the prior year period. While foreign currency effects reduced reported revenues, the general strengthening of the U.S. dollar improved margins versus the prior year period. While we have seen signs of overall market recovery, due to more substantial exposure to automotive and industrial sectors, our Passive Components segment revenues and profitability may decline further in the second quarter of 2009.

Selling, General, and Administrative Expenses

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

	Fiscal quarter ended	
	March 28, 2009	March 29, 2008

Total SG&A expenses	$	87,454	$	119,063
as a percentage of revenues		19.5%		16.2%

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			
	March 28, 2009		March 29, 2008	
Amortization of intangible assets	$	5,743	$	4,754
Patent infringement case		-		2,300
Transition services agreements		-		600
Net (gain) loss on sales of assets		79		30

The increase in amortization expense for the fiscal quarter ended March 28, 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 ended March 28, 2009 compared to the prior year period 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 three fiscal months ended March 28, 2009, recording restructuring and severance costs of $18.9 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 3 to our consolidated condensed financial statements included in Part I of this document.

Other Income (Expense)

Interest expense for the fiscal quarter ended March 28, 2009 decreased by $9.9 million versus the comparable prior year period. This decrease is 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 ended March 29, 2008 has been recast for the retrospective adoption of FSP APB 14-1, which increased previously reported interest expense for the first quarter of 2008 by approximately $6.1 million.

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

	Fiscal quarter ended					
	March 28, 2009		March 29, 2008		Change	
Foreign exchange gain (loss)	**$**	**11,792**	$	(4,780)	$	16,572
Interest income		**985**		4,125		(3,140)
Other		**106**		457		(351)
	$	**12,883**	$	(198)	$	13,081

Income Taxes

Due to losses in lower-tax-rate jurisdictions, the effective tax rate for the fiscal quarter ended March 28, 2009 was negative. The effective tax rate for the fiscal quarter ended March 29, 2008 was 34.1%.

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 are 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 three fiscal months ended March 28, 2009, the liabilities for unrecognized tax benefits decreased by a net $1.0 million, principally due to foreign currency effects.

Financial Condition, Liquidity, and Capital Resources

A worldwide financial crisis became more pronounced and intensified significantly in the latter half of 2008 and continued into the first quarter of 2009. This 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. However, the factors driving the current economic crisis are different than in previous recessions, and as a result, there is somewhat limited historical experience available to guide our business strategy. Nevertheless, thus far, we are seeing a familiar sequence of events for the electronics industry during this recession.

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.

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 light of the current economic slow down, we intend to 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 first quarter of 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 March 28, 2009 and December 31, 2008 *(in thousands)*:

	March 28, 2009	**December 31, 2008**
Credit facility - revolving debt	$ 125,000	$ 125,000
Credit facility - term loan	112,500	112,500
Exchangeable unsecured notes, due 2102	105,000	105,000
Convertible subordinated notes, due 2023	1,870	1,870
Other debt	17,058	2,305
Total debt	361,428	346,675
Cash and cash equivalents	364,776	324,164
Net debt	$ (3,348)	$ 22,511

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.

Over 95% of the March 28, 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 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 March 28, 2009 continued to be strong, with a current ratio (current assets to current liabilities) of 3.1 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 0.24 to 1 at March 28, 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 (accumulated other comprehensive income) resulting from the strengthening of the U.S. dollar and an increase in total debt subsequent to obtaining a new $15 million bank loan in Israel.

Cash flows provided by continuing operating activities were $53.3 million for the fiscal quarter ended March 28, 2009, as compared to cash flows provided by continuing operating activities of $38.2 million for the fiscal quarter ended March 29, 2008. This increase is principally due to favorable changes in net working capital during the first quarter of 2009 compared to the first quarter of 2008.

Cash used by discontinued operating activities of $3.0 million reflect payments to settle certain outstanding disputes with the buyer of the ASBU business during the first quarter of 2009. The expenses associated with these cash payments were accrued in the fourth quarter of 2008. Cash provided by discontinued operating activities of $3.5 million for the fiscal quarter ended March 29, 2008 primarily reflects a decrease in working capital of ASBU business.

Cash paid for property and equipment for the fiscal quarter ended March 28, 2009 was $11.3 million, as compared to $25.8 million for the fiscal quarter ended March 29, 2008. Our total capital expenditures are projected to be significantly lower in 2009 as a result of the economic uncertainty. We now estimate that 2009 capital expenditures will be less than $50 million, lower than our previously published estimates. This reduced level of annual capital spending is temporary and not sustainable in an expanding economy.

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 March 28, 2009, the term loan balance was $112.5 million, and $125 million was outstanding under the revolving credit facility.

Interest on the credit facility is payable at prime or other variable interest rate options. We are required to pay facility commitment fees. The credit facility also 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 charge coverage ratio 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 more fully described 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, and is hereby incorporated by reference.

We were in compliance with all covenants at March 28, 2009. Our tangible net worth, calculated pursuant to the terms of the credit facility, was $1,274 million, which is $209 million more than the minimum required under the related credit facility covenant. Our leverage ratio, fixed charge coverage ratio, and senior debt ratio were 1.18 to 1, 4.53 to 1, and 0.85 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. However, in the current economic environment, there is a reasonable possibility that we could fail certain financial covenants, particularly the fixed charge coverage ratio covenant, at future measurement dates.

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 Notes due 2102 have cross-default provisions that could accelerate repayment in the event of continuing non-compliance with the credit facility covenants.

Based on expected financial results over the next several quarters, we expect our leverage ratio to increase, which would result in an increase to the variable rate of interest paid on outstanding borrowings under the credit facility.

Borrowings under the credit facility are secured by 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 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 worldwide financial crisis will 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 other covenants, including the maintenance of specific financial measures and ratios. We were in compliance with all covenants at March 28, 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. However, in the current economic environment, there is a reasonable possibility that we could fail certain financial covenants, particularly the fixed charge coverage ratio covenant, at future measurement dates.

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 Notes due 2102 have cross-default provisions that could accelerate repayment in the event of continuing non-compliance with the credit facility covenants.

Access to Capital Markets

In the United States, we presently have a revolving credit facility with approximately $114 million of unused borrowing capacity at March 28, 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 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, their 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, we expect our leverage ratio to 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 do not plan to actively pursue acquisitions, but will consider special opportunities should they arise. The failure to pursue acquisitions could impede our future growth. Furthermore, if a special opportunity should arise, our ability to finance the acquisition may be limited, particularly in light of the current credit crisis.

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 projects.

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. There were no material changes to these commitments during the three fiscal months ended March 28, 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; 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

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

None.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

10.1 Vishay Intertechnology, Inc. 2007 Stock Incentive Program (as amended and restated effective February 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: May 5, 2009

Exhibit 10.1

Vishay Intertechnology, Inc. 2007 Stock Incentive Program
(as amended and restated effective February 2009)

1. Purpose

The Vishay Intertechnology, Inc. 2007 Stock Incentive Program (the "Program") provides for the grant of stock options, restricted stock and restricted stock units to executive officers, key employees and directors of Vishay Intertechnology, Inc. (the "Company") and its subsidiaries. The purpose of the Program is to enhance the long-term performance of the Company and to provide the selected individuals with an incentive to improve the growth and profitability of the Company by acquiring a proprietary interest in the success of the Company.

2. Definitions

Whenever used in the Program, the masculine pronoun shall be deemed to include the feminine, the singular to include the plural, unless the context clearly indicates otherwise, and the following capitalized words and phrases shall have the meaning set forth below unless the context plainly requires a different meaning:

(a) "Agreement" means the written agreement between the Company and a Participant, or other documentation, evidencing an Award.

(b) "Award" means a Stock Option, Restricted Stock, Unrestricted Stock or Restricted Stock Unit.

(c) "Board" means the Board of Directors of the Company.

(d) "Cause" means conduct by a Participant amounting to (1) fraud or dishonesty against the Company, (2) willful misconduct, repeated refusal to follow the reasonable directions of the Board of Directors of the Company, or knowing violation of law in the course of performance of the duties of Participant's employment with the Company, (3) repeated absences from work without a reasonable excuse, (4) intoxication with alcohol or drugs while on the Company's premises during regular business hours, (5) a conviction or plea of guilty or no contest to a felony or a crime involving dishonesty, or (6) a breach or violation of any Company policies regarding employee conduct, or a breach or violation of the terms of any employment or other agreement between Participant and the Company.

(e) "Class B Common Stock" means the Class B common stock, $0.10 par value per share, of the Company.

(f) "Code" means the Internal Revenue Code of 1986, as amended.

(g) "Committee" means the Compensation Committee of the Board of Directors of the Company.

(h) "Common Stock" means the common stock, par value $0.10 per share of the Company, other than Class B Common Stock.

(i) "Company" means Vishay Intertechnology, Inc. a Delaware corporation, or any successor organization.

(j) "Consent" has the meaning prescribed in Section 13 below.

(k) "Disability" means a physical or mental condition which, in the judgment of the Committee, permanently prevents a Participant from performing his usual duties for the Company or such other position or job which the Company makes available to him and for which the Participant is qualified by reason of his education, training and experience. In making its determination the Committee may, but is not required to, rely on advice of a physician competent in the area to which such Disability relates. The Committee may make the determination in its sole discretion and any decision of the Committee shall be binding on all parties.

(l) "Employee" means a full-time, nonunion, salaried employee, as that term is understood under the common law, of the Company.

(m) "Exercise Price" means the price per share at which Common Stock may be purchased upon exercise of a Stock Option.

(n) "Expiration Date" means the last date upon which a Stock Option can be exercised, as described in Section 6(b).

(o) "Fair Market Value" means, for any particular date, the last sale price of the Common Stock on the New York Stock Exchange or, if no reported sales take place on the applicable date, the average of the high bid and low asked price of the Common Stock as reported for such date or, if no such quotation is made on such date, on the next preceding day on which there were quotations, provided that such quotations shall have been made within the ten (10) business days preceding the applicable date. In the event that the Fair Market Value cannot be thus determined, it shall be determined in good faith by the Committee.

(p) "Involuntary Termination" means a Termination of Employment but does not include a Termination of Employment for Cause or a Voluntary Resignation.

(q) "Participant" means an individual to whom an Award is granted pursuant to the Program.

(r) "Program" means the 2007 Vishay Intertechnology, Inc. Stock Incentive Program.

(s) "Program Action" has the meaning prescribed in Section 13 below.

(t) "Restricted Stock" means restricted shares of Common Stock that may not be transferred until vested and are forfeitable.

(u) "Restricted Stock Unit" or "RSU" means the right to receive a share of Common Stock on a date determined by the Committee and set forth in the applicable Agreement.

(v) "Retirement" means a Termination of Employment from the Company or a Subsidiary, with the consent of the Company, on or after the "normal retirement age" defined under any tax qualified retirement plan maintained by the Company.

(w) "Stock Option" or "Option" means a right to purchase shares of Common Stock granted pursuant to Section 6 of this Program, which shall not be treated as an incentive stock option under section 422 of the Code.

(x) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of the granting of the Award, each of the corporations other than the last corporation in the unbroken chain owns stock equal to 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

(y) "Termination of Employment" means the termination of the employee-employer relationship between an Employee and the Company or a Subsidiary, or the termination of service as a member of the Board, regardless of the fact that severance or similar payments are made to the Participant, for any reason, including, but not limited to, a Voluntary Resignation, Involuntary Termination, termination for Cause, death, Disability or Retirement. The Committee shall, in its absolute discretion, determine the effect of all matters and questions relating to a Termination of Employment, including, but not by way of limitation, the question of whether a leave of absence constitutes a Termination of Employment, or whether a Termination of Employment is for Cause. If a Participant is both an Employee and a member of the Board or if a Participant ceases to be an Employee or Board member and immediately commences service in the other capacity, then a Termination of Employment shall occur when the Participant is neither an Employee nor a member of the Board.

(z) "Unrestricted Stock" means unrestricted shares of Common Stock.

(aa) "Voluntary Resignation" means a Termination of Employment as a result of the Participant's resignation.

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3. Administration

a) The Program shall be administered by the Committee, which shall consist of at least two directors who are not Employees of the Company or a Subsidiary. The members of the Committee shall be appointed by, and serve at the pleasure of, the Board. To the extent required for transactions under the Program to qualify for the exemptions available under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, the members of the Committee shall be "non-employee directors" within the meaning of Rule 16b-3. To the extent required for compensation realized from Awards to be deductible by the Company pursuant to section 162(m) of the Code, the members of the Committee shall be "outside directors" within the meaning of section 162(m). Notwithstanding the foregoing, no grant of an Award shall be invalidated if the Committee is not so constituted. If the Committee does not exist, or for any other reason determined by the Board, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee.

b) The Committee shall have full authority, in its discretion, (a) to determine the Employees of the Company or any Subsidiary to whom Awards shall be granted and the terms and provisions of each Award, subject to the provisions of this Program, (b) to exercise all of the powers granted to it under this Program, (c) to construe, interpret and implement the Program and any Agreement, (d) to prescribe, amend and rescind rules and regulations relating to this Program, including rules governing its own operations, (e) to determine the terms and provisions of the respective Agreement with each Participant, (f) to make all determinations necessary or advisable in administering the Program, and (g) to correct any defect, supply any omission and reconcile any inconsistency in the Program. The Committee's determinations under the Program need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Awards under the Program (whether or not such persons are similarly situated). The Committee's decisions shall be final and binding on all Participants.

c) Action of the Committee shall be taken by the vote of a majority of its members. The determination of the Committee on all matters relating to the Program or any Agreement (including, without limitation, the determination as to whether an event has occurred resulting in a forfeiture or a termination or reduction of the Company's obligations in accordance with the terms of this Program) shall be final, binding and conclusive. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Program or any award thereunder.

d) Notwithstanding any other provision of the Plan, the Committee (or the Board acting instead of the Committee), may delegate to one or more officers of the Company the authority to designate the individuals (other than such officer(s) or any member of the Board), among those eligible to receive awards pursuant to the terms of the Program, who will receive Awards and the size of each such grant, to the fullest extent permitted by Section 157 of the Delaware General Corporation Law (or any successor provision thereto).

e) With respect to Awards granted to members of the Board who are not employees of the Company, the Plan shall be administered (as otherwise set forth in this Section 3), including determining which individuals shall receive Awards and the terms of any such Awards, solely by the Board.

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4. Shares Available

a) Subject to adjustment in accordance with Section 4(b), the number of shares of Common Stock for which Awards may be granted under this Program is 3,000,000, which may consist of treasury shares or authorized but unissued shares. The maximum number of shares of Common Stock subject to Awards granted under this Program to any participating Employee for any year shall not exceed 300,000 shares, subject to adjustment in accordance with Section 4(b), below. To the extent permitted by law, any shares of Common Stock attributable to the unexercised or otherwise unsettled portion of any Stock Option that is forfeited, canceled, expires or terminates for any reason without being exercised or otherwise settled in full shall again be available for the grant of Awards under this Program, and any shares of Common Stock tendered to the Company in payment of the Exercise Price of a Stock Option shall also be available for the grant of Awards under this Program, provided that no more than 3,000,000 shares of Common Stock cumulatively shall be available under this Program at any time.

b) If there is any change in the outstanding shares of Common Stock by reason of a stock dividend or distribution, or stock split-up, or by reason of any merger, consolidation, spinoff or other corporate reorganization in which the Company is the surviving corporation, the number of shares that may be delivered under the Program and the number of shares subject to each outstanding Option award, and, if appropriate, the Exercise Price under each such Option, shall be equitably adjusted by the Committee, whose determination shall be final, binding and conclusive. After any adjustment made pursuant to this Section 4(b), the number of shares subject to each outstanding Option shall be rounded down to the nearest whole number.

5. Eligibility

Officers, other Employees of the Company or a Subsidiary, and members of the Board, who are responsible for or contribute to the management, growth, and profitability of the business of the Company or a Subsidiary are eligible for participation in this Program. The selection of individuals for participation in the Program shall be made by the Committee, based on a subjective evaluation of each individual's performance and expected future contribution to the Company and its Subsidiaries, and may take into account the recommendations of the Chief Executive Officer of the Company.

6. Granting of Stock Options

a) Grant of Stock Options. The Committee, in its discretion, may grant Stock Options during any year that this Program is in effect to any eligible Employee. The terms of each Stock Option shall be contained in an Agreement, which shall contain the number of shares of Common Stock covered by the Option, the period during which the Option may be exercised, the Exercise Price, and any additional terms and conditions not inconsistent with this Program that the Committee deems to be appropriate. The Committee shall have complete discretion in determining the number of shares of Common Stock subject to each Option grant (subject to the share limitations set forth in Section 4(a)) and, consistent with the provisions of this Program, the terms, conditions and limitations pertaining to each Option. The terms of Options need not be uniform among Participants. By accepting a Stock Option, a Participant thereby agrees that the Option shall be subject to all of the terms and conditions of this Program and the applicable Agreement.

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b) Option Term. The duration of each Option shall be specified in the Agreement and shall not exceed ten (10) years.

c) Option Price. The Exercise Price of the Common Stock purchasable under any Stock Option shall be determined by the Committee and set forth in each Agreement, subject to adjustment in accordance with Section 4(b). The Exercise Price shall not be less than the Fair Market Value of a share of Common Stock on the date the Option is granted.

d) Exercise of Stock Options. Each Agreement shall contain a vesting schedule, which shall specify when the Stock Option shall become vested and thus exercisable; provided, however, that subsequent to the grant of an Option, the Committee, at any time before complete termination of such Option, may accelerate the time or times at which such Option may be exercised in whole or in part, and may permit the Participant or any other designated person acting for the benefit of the Participant to exercise all or any part of the Option during all or part of the remaining Option term specified in Section 6(a), notwithstanding any provision of the Agreement to the contrary.

e) Termination of Employment.

(i) Death or Disability. If a Participant has a Termination of Employment as a result of death or Disability, the time at which the unexercised portion of any Option becomes exercisable may be accelerated, including to make the Option immediately exercisable in full. Except as otherwise provided in an applicable Agreement, the Option, to the extent that it is not exercisable on the date of termination, shall expire and terminate on such date of termination and the Option, to the extent that it is exercisable (including after any acceleration of vesting) on such date of termination, shall expire and terminate on the earlier of the Expiration Date or first anniversary of the Participant's death or disability. Any exercise of an Option following a Participant's death shall be made only by the Participant's executor or administrator, unless the Participant's will specifically disposes of such award, in which case such exercise shall be made only by the recipient of such specific disposition. If a Participant's personal representative or the recipient of a specific disposition shall be entitled to exercise an Option pursuant to the preceding sentence, such representative or recipient shall be bound by all the terms and conditions of the Program and the applicable Agreement which would have applied to the Participant.

(ii) Retirement. If a Participant has a Termination of Employment due to Retirement, the time at which the unexercised portion of an Option becomes exercisable may be accelerated, including to make the Option immediately exercisable in full. Except as otherwise provided in an applicable Agreement, the Option, to the extent that it is not exercisable on the date of retirement, shall expire and terminate on such date of retirement and the Option, to the extent that it is exercisable (including after any acceleration of vesting) on such date of retirement, shall expire and terminate on the earlier of the last day of the Option term or the first anniversary of the Participant's retirement.

(iii) Other Termination. Except as otherwise provided in an applicable Agreement, if a Participant has a Termination of Employment for reasons other than as provided in subsections (i) and (ii) above, the Option, to the extent that it is not exercisable on the date of termination, shall expire and terminate on such date of termination and the Option, to the extent that it is exercisable (including after any acceleration of vesting) on such date of termination, shall expire and terminate on the earlier of the Expiration Date of the Option or on the 60th day after the Participant's termination; provided, however, that the unexercised portion of any Option (including any vested portion) shall expire and terminate immediately upon a Termination of Employment for Cause.

(iv) In the event that the Company in its sole discretion determines that the Participant has, at any time during the 12-month period following Termination of Employment violated the terms of any agreement with the Company or a Subsidiary regarding (i) engaging in a business that competes with the business of the Company or any Subsidiary, (ii) interfering in any material respect with any contractual or business relationship of the Company or any Subsidiary, or (iii) soliciting the employment of any person who was during such 12-month period, a director, officer, partner, Employee, agent or consultant of the Company or a Subsidiary, then (x) all outstanding unexercised Stock Options issued to the holder pursuant to the Program shall be forfeited and (y) upon written request from the Company, the Participant shall pay to the Company any gain realized upon the exercise of an Option within the 12-month period preceding the violation or such other period as may be set forth in the applicable Agreement.

f) Transfer of Option. Unless the Committee determines otherwise at the time an Option is granted, no Option granted under the Program shall be assignable or transferable other than by will or by the laws of descent and distribution, and all Options shall be exercisable during the life of the Participant only by the Participant or his legal representative.

g) Substituted Options. Notwithstanding anything to the contrary in this Section 6, any Option issued in substitution for an Option previously issued by another entity, which substitution occurs in connection with a transaction to which Code section 424(a) is applicable, may provide for an exercise price computed in accordance with such Code section and the regulations thereunder and may contain such other terms and conditions as the Committee may prescribe to cause such substitute Option to contain as nearly as possible the same terms and conditions (including the applicable vesting and termination provisions) as those contained in the previously issued Option being replaced thereby.

7. Exercise of Stock Options

A Stock Option shall be exercised by the delivery of a written notice of exercise to the Vice President and Secretary of the Company, or such other person specified by the Committee, setting forth the number of shares of Common Stock with respect to which the Option is to be exercised, accompanied by full payment of the Exercise Price and any required withholding taxes. Payment of the Exercise Price for the shares of Common Stock being purchased shall be made: (a) by certified or official bank check (or the equivalent thereof acceptable to the Company), or (b) at the discretion of the Committee and to the extent permitted by law, by such other provision as the Committee may from time to time prescribe. The Committee may allow exercises to be made by means of a "cashless exercise," with the delivery of payment as permitted under Federal Reserve Board Regulation T, subject to applicable securities law restrictions, or by any other means which the Committee determines to be consistent with the Program's purpose and applicable law. Payment shall be made on the date that the Option or any part thereof is exercised, and no shares shall be issued or delivered upon exercise of an Option until full payment has been made by the Participant. Promptly after receiving payment of the full Exercise Price, the Company shall, subject to the provisions of Section 13, deliver to the Participant, or to such other person as may then have the right to exercise the Option, a certificate for the shares of Common Stock for which the Option has been exercised.

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8. Employees Based Outside of the United States

Notwithstanding any provision of this Program to the contrary, in order to foster and promote the achievement of the purposes of the Program, or to comply with these provisions in other countries in which the Company or any Subsidiary operates or has Employees, the Committee, in its sole discretion, shall have the power and authority to (i) determine which Employees employed outside the United States are eligible to participate in the Program, (ii) modify the terms and conditions of any options granted to Employees who are employed outside the United States (including the grant of stock appreciation rights, as described in the following paragraph, in lieu of stock options), and (iii) establish subprograms, modified Option exercise procedures and other terms and procedures to the extent such actions may be necessary or advisable.

The Committee in its discretion may grant stock appreciation rights in lieu of Stock Options to Employees employed outside the United States. A stock appreciation right shall provide an Employee the right to receive in cash the difference between the Fair Market Value of a share of Common Stock on the grant date and the exercise date, and otherwise shall have the same terms and conditions as a Stock Option granted hereunder. Stock appreciation rights granted under this Section 8 shall be considered as Stock Options for the application of the limitations in Section 4(a) of the Program.

9. No Rights as a Stockholder

No Participant (or other person having the right to exercise an Option) shall have any of the rights of a stockholder of the Company with respect to shares subject to an Option until the issuance of a stock certificate to such person for such shares or the establishment of an account evidencing ownership of such shares in uncertificated form, except as otherwise provided in Section 4(b).

10. Restricted Stock

a) Restricted Stock Grants. The Committee may grant Restricted Stock to such key persons, in such amounts, and subject to such vesting and forfeiture provisions and other terms and conditions as the Committee shall determine in its sole discretion, subject to the provisions of the Program. The terms of a grant of Restricted Stock shall be contained in an Agreement, which shall contain the number of shares of Restricted Stock granted, when the Restricted Stock vests and any additional terms and conditions not inconsistent with this Program that the Committee deems to be appropriate If the Restricted Stock is newly issued by the Company, the Participant must make payment to the Company or its exchange agent in an amount at least equal to the par value of the shares as required by the Committee and in accordance with the Delaware General Corporation Law.

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b) Issuance of Stock Certificate(s). Promptly after the Committee grants Restricted Stock to a Participant, the Company or its exchange agent shall issue to the Participant a stock certificate or stock certificates for the shares of Common Stock covered by the Award or shall establish an account evidencing ownership of the stock in uncertificated form. Upon the issuance of such stock certificate(s) or establishment of such account, the Participant shall have the rights of a stockholder with respect to the restricted stock, subject to: (i) the nontransferability restrictions and forfeiture provision described in Sections 10(d) and 10(e); (ii) in the Committee's discretion, a requirement that any dividends paid on such shares shall be held in escrow until all restrictions on such shares have lapsed; and (iii) any other restrictions and conditions contained in the applicable Agreement.

c) Custody of Stock Certificate(s). Unless the Committee shall otherwise determine, any stock certificates issued evidencing shares of restricted stock shall remain in the possession of the Company until such shares are free of any restrictions specified in the applicable Agreement. The Committee may direct that such stock certificate(s) bear a legend setting forth the applicable restrictions on transferability or, if the Restricted Stock is in book entry form, that such book entry or account be subject to electronic coding or stop order indicating that such shares of Restricted Stock are restricted by the terms of the Program. Such legend, electronic coding or stop order shall not be removed until such shares of Restricted Stock vest.

d) Nontransferability. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as otherwise specifically provided in this Program or the applicable Agreement. The Committee at the time of grant shall specify the date or dates (which may depend upon or be related to a period of continued employment with the Company, the attainment of performance goals or other conditions or a combination of such conditions) on which the nontransferability of the restricted stock shall laps.

e) Termination of Employment. Except as may otherwise be provided by the Committee at any time prior to a Participant's termination of employment, a Participant's termination of employment for any reason (including death) shall cause the immediate forfeiture of all Restricted Stock that has not yet vested as of the date of such termination of employment. Unless the Board or the Committee determines otherwise, all dividends paid on such shares also shall be forfeited, whether by termination of any escrow arrangement under which such dividends are held, by the Participant's repayment of dividends received directly, or otherwise.

11. Unrestricted Stock

The Committee may grant (or sell at a purchase price at least equal to par value) shares of Common Stock free of restrictions under the Program, to such key persons and in such amounts as the Committee shall determine in its sole discretion. Shares may be thus granted or sold in respect of past services or other valid consideration.

12. Restricted Stock Units

a) Restricted Stock Unit Grants. The Committee may grant Restricted Stock Units to such key persons, in such amounts, and subject to such terms and conditions as the Committee shall determine in its discretion, subject to the provisions of the Program. The terms of a grant of Restricted Stock Units shall be contained in an Agreement, which shall contain the number of Restricted Stock Units granted, when the Restricted Stock Units vest, when the shares of Common Stock will be issued and any additional terms and conditions not inconsistent with this Program that the Committee deems to be appropriate. Unless the applicable Agreement provides otherwise, a share of Common Stock will be issued immediately upon vesting of a Restricted Stock Unit. RSUs may be awarded independently of or in connection with any other Award under the Program.

b) Vesting. Restricted stock units may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as otherwise specifically provided in this Program or the applicable Agreement. The Committee at the time of grant shall specify the date or dates (which may depend upon or be related to a period of continued employment with the Company, the attainment of performance goals or other conditions or a combination of such conditions) on which the RSUs shall vest.

c) Termination of Employment. Except as may otherwise be provided by the Committee at any time prior to a Participant’s termination of employment, a Participant’s termination of employment for any reason (including death) shall cause the immediate forfeiture of all RSUs that have not yet vested as of the date of such termination of employment.

13. Consents and Approvals

If the Committee shall at any time determine that any Consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the issuance of shares under the Program or the taking of any other action thereunder (each such action being hereinafter referred to as a “Program Action”), then such Program Action shall not be taken, in whole or in part, unless and until such Consent shall have been effected or obtained to the full satisfaction of the Committee. The term “Consent” as used herein with respect to any Program Action means (a) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state or local law, rule or regulation, (b) any and all written agreements and representations by the Participant with respect to the disposition of shares, or with respect to any other matter, which the Committee shall deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made and (c) any and all consents, clearances and approvals in respect of a Program Action by any governmental or other regulatory bodies.

14. Change in Control

a) Change in Control Defined. A “Change in Control” shall be deemed to have occurred at such time as:

(i) a “person” or “group” within the meaning of Section 13(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) (other than the Company or any of its Subsidiaries or any employee benefit plans of the Company or any of its Subsidiaries or any Permitted Holders) becomes the direct or indirect “beneficial owner”, as defined in Rule 13d-3 under the Exchange Act, of 50% or more, in the aggregate, of the voting power of the (x) Common Stock and Class B Common Stock then outstanding or (y) other capital stock into which the Common Stock or Class B Common Stock is reclassified or changed;

(ii) the consummation of any share exchange, consolidation or merger of the Company pursuant to which the Common Stock will be converted into cash, securities or other property or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Company and its Subsidiaries, taken as a whole, to any person other than to a Subsidiary of the Company; provided, however, that a transaction where the holders of the Common Stock and the Class B Common Stock immediately prior to such transaction own, directly or indirectly, more than 50% of aggregate voting power of all classes of common equity of the continuing or surviving corporation or transferee entitled to vote generally in the election of directors immediately after such event shall not be a Change in Control;

(iii) the Continuing Directors cease to constitute at least a majority of the Company’s board of directors; or

(iv) the stockholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company.

“Permitted Holder” means each of Dr. Felix Zandman or his wife, children or lineal descendants, the Estate of Mrs. Luella B. Slaner or her children or lineal descendants, any trust established for the benefit of such persons, or any “person” (as such term is used in Section 13(d) or 14(d) of the Exchange Act), directly or indirectly, controlling, controlled by or under common control with any such person mentioned in this paragraph or any trust established for the benefit of such persons or any charitable trust or non-profit entry established by a Permitted Holder, or any group in which such Permitted Holders hold more than a majority of the voting power of the Common Stock and Class B Common Stock deemed to be beneficially owned by such group.

“Continuing Director” means a director who either was a member of the Board of Directors on April 1, 2008 or who becomes a member of the Board of Directors subsequent to that date and whose election, appointment or nomination for election by the stockholders of the Company is duly approved by a majority of the Continuing Directors on the Board of Directors at the time of such approval, either by a specific vote or by approval of the proxy statement issued by the Company on behalf of the Board of Directors in which such individual is named as nominee for director.

b) Effect of a Change in Control.

(i) Upon the occurrence of a Change in Control, the Committee may cause all or some of the Awards outstanding under the Plan to be fully vested as of the effective date of the Change in Control.

(ii) Upon the occurrence of a Change in Control that results in (i) a dissolution or liquidation of the Company, (ii) a sale of all or substantially all of the Company’s assets, (iii) a merger or consolidation involving the Company in which the Company is not the surviving corporation or (iv) a merger or consolidation involving the Company in which the Company is the surviving corporation but the holders of shares of Common Stock receive securities of another corporation and/or other property, including cash, the Committee shall, in its absolute discretion (which may include not treating all options uniformly), elect to either:

1. amend each Stock Option so that it becomes exercisable in full at least two weeks before the occurrence of such event and expires upon the occurrence of such event;

2. cancel, effective immediately prior to the occurrence of such event, each Stock Option outstanding immediately prior to such event (whether or not then exercisable), and, in full consideration of such cancellation, pay to the Participant an amount in cash, for each share of Common Stock subject to such Stock Option equal to the excess of (x) the value, as determined by the Committee in its absolute discretion, of the property (including cash) received by the holder of a share of Common Stock as a result of such event over (y) the exercise price of such Stock Option; or

3. provide for the exchange of each Stock Option outstanding immediately prior to such event (whether or not then exercisable) for an option on some or all of the property which a holder of the number of shares of Common Stock subject to such Stock Option would have received and, incident thereto, make an equitable adjustment as determined by the Committee in its absolute discretion in the exercise price of the Stock Option, or the number of shares or amount of property subject to the Stock Option or, if appropriate, provide for a cash payment to the Participant in partial consideration for the exchange of the Stock Option.

15. Limitations Imposed by Section 162(m)

a) Qualified Performance-Based Compensation. The Committee may make the granting and/or vesting of an Award subject to the attainment of one or more pre-established objective performance goals during a performance period, as set forth below. It is intended that the compensation realized by the Participant from such Awards would qualify as “qualified performance-based compensation” within the meaning of Code section 162(m).

(i) Performance Goals. Prior to the ninety-first (91st) day of the applicable performance period or during such other period as may be permitted under section 162(m) of the Code, the Committee shall establish one or more objective performance goals with respect to such performance period. Such performance goals shall be expressed in terms of one or more of the following criteria: (a) earnings (either in the aggregate or on a per-share basis, reflecting dilution of shares as the Committee deems appropriate and, if the Committee so determines, net of or including dividends); (b) adjusted net income (meaning net income, excluding restructuring and related severance costs, inventory write-downs and related purchase commitment charges, write-offs of purchased research and development, and individually material one-time gains or charges); (c) gross or net sales; (d) cash flow(s) (including either operating or net cash flows); (e) financial return ratios; (f) total shareholder return, shareholder return based on growth measures or the attainment by the shares of a specified value for a specified period of time, share price or share price appreciation; (g) value of assets, return or net return on assets, net assets or capital (including invested capital); (h) adjusted pre-tax margin; (i) margins, profits and expense levels; (j) dividends; (k) market share, market penetration or other performance measures with respect to specific designated products or product groups and/or specific geographic areas; (l) reduction of losses, loss ratios or expense ratios; (m) reduction in fixed costs; (n) operating cost management; (o) cost of capital; (p) debt reduction; (q) productivity improvements; (r) inventory turnover measurements; or (s) customer satisfaction based on specified objective goals or a Company-sponsored customer survey. Each such performance goal (A) may be expressed (1) with respect to the Company as a whole or with respect to one or more divisions or business units, (2) on a pre-tax or after-tax basis, (3) on an absolute and/or relative basis, and (B) may employ comparisons with past performance of the Company (including one or more divisions) and/or the current or past performance of other companies, and in the case of earnings-based measures, may employ comparisons to capital, stockholders' equity and shares outstanding.

To the extent applicable, the measures used in performance goals set under the Program shall be determined in accordance with generally accepted accounting principles (“GAAP”) and in a manner consistent with the methods used in the Company's regular reports on Forms 10-K and 10-Q, without regard to any of the following, unless otherwise determined by the Committee consistent with the requirements of section 162(m)(4)(C) and the regulations thereunder:

1. all items of gain, loss or expense for a fiscal year that are related to special, unusual or non-recurring items, events or circumstances affecting the Company or the financial statements of the Company;

2. all items of gain, loss or expense for a fiscal year that are related to (i) the disposal of a business or discontinued operations or (ii) the operations of any business acquired by Company during the fiscal year; and

3. all items of gain, loss or expense for a fiscal year that are related to changes in accounting principles or to changes in applicable law or regulations.

4. To the extent any objective performance goals are expressed using any earnings or sales-based measures that require deviations from GAAP, such deviations shall be at the discretion of the Committee and established at the time the applicable performance goals are established.

(ii) Performance Period. The Committee in its sole discretion shall determine the length of each performance period.

b) Nonqualified Deferred Compensation. Notwithstanding any other provision hereunder, if and to the extent that the Committee determines the Company’s federal tax deduction in respect of an Award may be limited as a result of section 162(m) of the Code, the Committee may take the following actions:

(i) With respect to Options, the Committee may delay the exercise or payment, as the case may be, in respect of such Options until a date that is within 30 days after the date that compensation paid to the grantee no longer is subject to the deduction limitation under section 162(m) of the Code. In the event that a Participant exercises an Option at a time when the grantee is a 162(m) covered employee, and the Committee determines to delay the exercise or payment, as the case may be, in respect of such Option, the Committee shall credit a cash amount equal to the Fair Market Value of the Common Stock payable to the Participant to a book account. The Participant shall have no rights in respect of such book account and the amount credited thereto shall not be transferable by the Participant other than by will or laws of descent and distribution. The Committee may credit additional amounts to such book account as it may determine in its sole discretion. Any book account created hereunder shall represent only an unfunded, unsecured promise by the Company to pay the amount credited thereto to the Participant in the future.

(ii) With respect to Restricted Stock or RSUs, the Committee may require the Participant to surrender to the Committee any certificates with respect to Restricted Stock and agreements with respect to RSUs, in order to cancel the awards of such Restricted Stock or RSUs. In exchange for such cancellation, the Committee shall credit to a book account a cash amount equal to the Fair Market Value of the shares of Common Stock subject to such Awards. The amount credited to the book account shall be paid to the Participant within 30 days after the date that compensation paid to the grantee no longer is subject to the deduction limitation under section 162(m) of the Code. The Participant shall have no rights in respect of such book account and the amount credited thereto shall not be transferable by the Participant other than by will or laws of descent and distribution. The Committee may credit additional amounts to such book account as it may determine in its sole discretion. Any book account created hereunder shall represent only an unfunded, unsecured promise by the Company to pay the amount credited thereto to the Participant in the future.

16. Tax Withholding

The Company shall withhold any taxes required to be withheld by federal, state or local government in connection with an Award. The Company shall have the right to require a Participant to remit to the Company an amount sufficient to satisfy any federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for shares. A Participant may pay the withholding tax in cash, or, if the Agreement provides, a Participant may also elect to have the number of shares of Common Stock he is to receive reduced by the smallest number of whole shares of Common Stock which, when multiplied by the Fair Market Value of the shares determined as of the date on which the amount of tax to be withheld is determined, is sufficient to satisfy federal, state and local, if any, withholding taxes arising from the Award. Any such election must be made on or before the date on which the amount of tax required to be withheld is determined.

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17. Right of Discharge Reserved

Nothing in the Program or in any Agreement shall confer upon any Participant the right to continue as an Employee or executive officer of the Company or any Subsidiary, or affect any right which the Company may have to terminate such Employee or executive officer.

18. Amendment

The Board may amend the Program, and the Committee may amend any outstanding Agreement, in any respect whatsoever, except that, other than pursuant to Section 14(b), no amendment to an outstanding Agreement shall materially impair any rights or materially increase any obligations of any Participant under any Award without the consent of the Participant (or, after the Participant's death, the person succeeding to the Participant’s interests with respect to the Award). An amendment shall be subject to stockholder approval to the extent necessary for compliance with Code section 162(m) and other applicable law or regulation.

19. Term of the Program

This Program initially became effective on May 22, 2007, the date approved by the stockholders of the Company. The Program, as amended and restated, is effective on April 11, 2008, the date the amendment and restatement was adopted by the Board. The Program shall terminate upon the earlier of (i) the date on which all Common Stock available under this Program have been issued, (ii) the tenth anniversary of the effective date, or (iii) the termination of this Program by the Committee subject to approval of the Board of Directors of the Company. No Award may be granted after the termination of the Program. Any outstanding Awards as of the date the Program terminates shall remain in full force and effect, subject to the terms of the Program and the relevant Agreement relating to such Award.

20. Indemnification

Each person who is or shall have been a member of the Committee, or of the Board of Directors, shall be indemnified and held harmless by the Company from and against any loss, cost, liability or expense that may be imposed upon or reasonably incurred by such person in connection with or resulting from any claim, action, suit or proceeding to which such person may be a party or in which such person may be involved by reason of any action taken or failure to act under the Program and against and from any and all amounts paid by such person in settlement thereof with the Company's approval, or paid by such person in satisfaction of any judgment in any such action, suit or proceeding against such person, provided such person shall give the Company an opportunity, at its own expense, to handle and defend the same before such person undertakes to handle and defend it on such person's own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled from the Company, as a matter of law, or otherwise.

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21. Successors

All obligations of the Company under the Program, with respect to any Award granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger consolidation or otherwise, of all or substantially all of the business and/or assets of the Company.

22. Severability

In the event any provision of the Program shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Program, and the Program shall be construed and enforced as if the illegal or invalid provision had not been included.

23. Governing Law

This Program and any grant of Awards made and any action taken hereunder shall be subject to and construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflict of laws.

VISHAY INTERTECHNOLOGY INC.

ANNEX A - ISRAEL
TO THE 2007 STOCK INCENTIVE PROGRAM

DEFINITIONS

For purposes of this Annex and the Agreement, the following definitions shall apply:

(a) “**Affiliate**” - any “employing company” within the meaning of Section 102(a) of the Ordinance.

(b) "**Approved 102 Award**" - an Award granted pursuant to Section 102(b) of the Ordinance and held in trust by a Trustee for the benefit of the Participant.

(c) "**Capital Gain Award (CGA)**" - an Approved 102 Award elected and designated by the Company to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) of the Ordinance.

(d) "**Controlling Shareholder**" - shall have the meaning ascribed to it in Section 32(9) of the Ordinance.

(e) "**Employee"** - a person who is employed by the Company or its Subsidiaries, including an individual who is serving as an office holder, but excluding any Controlling Shareholder, all as determined in Section 102 of the Ordinance.

(f) "**ITA"** - the Israeli Tax Authorities.

(g) **"Non-Employee"** - a director of the Company who is not an Employee.

(h) "**Ordinary Income Award (OIA)**" - an Approved 102 Award elected and designated by the Company to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1) of the Ordinance.

(i) **"102 Award"** - any Award granted to Employees pursuant to Section 102 of the Ordinance.

(j) **"3(i) Option"** - an Option granted pursuant to Section 3(i) of the Ordinance to any person who is a Non-Employee.

(k) "**Ordinance"** - the Israeli Income Tax Ordinance [New Version] 1961 as now in effect or as hereafter amended.

(l) **"Section 102"** - Section 102 of the Ordinance and any regulations, rules, orders or procedures promulgated thereunder as now in effect or as hereafter amended.

(m) **"Trustee"** - any individual appointed by the Company to serve as a trustee and approved by the ITA, all in accordance with the provisions of Section 102(a) of the Ordinance.

(n) "**Unapproved 102 Award**" - an Award granted pursuant to Section 102(c) of the Ordinance and not held in trust by a Trustee.

For the avoidance of any doubt, it is hereby clarified that any capitalized terms not specifically defined in this Annex shall be construed according to the interpretation given to it in the Program.

ANNEX A - ISRAEL

1. GENERAL

1.1. This Annex (the: "**Annex**") shall apply only to Participant who are residents of the State of Israel or those who are deemed to be residents of the State of Israel for the payment of tax. The provisions specified hereunder shall form an integral part of the 2007 Stock Incentive Program of Vishay Intertechnology Inc. (hereinafter: the **"Program"**), which applies to the issuance of Awards to purchase Shares of Vishay Intertechnology Inc. (hereinafter: the **"Company"**). All capitalized terms that are not defined in this Annex A shall have the meaning given to such term in the Program. According to the Program, Awards to purchase the Company's Shares may be issued to employees, and officers of the Company or its subsidiaries and members of the Board.

1.2 This Annex is effective with respect to Awards granted following Amendment no. 132 of the Ordinance, which entered into force on January 1, 2003.

1.3 This Annex is to be read as a continuation of the Program and only modifies awards granted to Israeli Participants so that they comply with the requirements set by the Israeli law in general, and in particular with the provisions of Section 102 (as specified herein), as may be amended or replaced from time to time. For the avoidance of doubt, this Annex does not add to or modify the Program in respect of any other category of Participants.

1.4 The Program and this Annex are complimentary to each other and shall be deemed as one. In any case of contradiction, whether explicit or implied, between the provisions of this Annex and the Program, the provisions set out in the Annex shall prevail.

2. ISSUANCE OF AWARDS

2.1 The persons eligible for participation in the Program as Participants shall include any Employees and/or Non-Employees; provided, however, that (i) Employees may only be granted 102 Awards; and (ii) Non-Employees and/or Controlling Shareholders may only be granted 3(i) Options.

2.2 The Company may designate Awards granted to Employees pursuant to Section 102 as Unapproved 102 Awards or Approved 102 Awards.

2.3 The grant of Approved 102 Awards shall be made under this Annex adopted by the Board, and shall be conditioned upon the approval of this Annex by the ITA.

2.4 Approved 102 Awards may either be classified as Capital Gain Awards ("**CGAs**") or Ordinary Income Awards ("**OIAs**").

2.5 No Approved 102 Awards may be granted under this Annex to any eligible Employee, unless and until, the Company's election of the type of Approved 102 Awards as CGA or OIA granted to Employees (the: "**Election**"), is appropriately filed with the ITA. Such Election shall become effective beginning the first date of grant of an Approved 102 Award under this Annex and shall remain in effect at least until the end of the year following the year during which the Company first granted Approved 102 Awards. The Election shall obligate the Company to grant *only* the type of Approved 102 Award it has elected, and shall apply to all Participants who were granted Approved 102 Awards during the period indicated herein, all in accordance with the provisions of Section 102(g) of the Ordinance. For the avoidance of doubt, such Election shall not prevent the Company from granting Unapproved 102 Awards simultaneously.

2.6 All Approved 102 Awards must be held in trust by a Trustee, as described in Section 3 below**.**

2.7 For the avoidance of doubt, the designation of Unapproved 102 Awards and Approved 102 Awards shall be subject to the terms and conditions set forth in Section 102.

3. TRUSTEE

3.1 Approved 102 Awards which shall be granted under this Annex and/or any Shares allocated or issued upon exercise of such Approved 102 Awards and/or other shares received subsequently following any realization of rights, including without limitation bonus shares, shall be allocated or issued to the Trustee and held for the benefit of the Participants for such period of time as required by Section 102 or any regulations, rules or orders or procedures promulgated thereunder (the: "**Holding Period**"). In the case the requirements for Approved 102 Awards are not met, then the Approved 102 Awards may be regarded as Unapproved 102 Awards, all in accordance with the provisions of Section 102.

3.2 Notwithstanding anything to the contrary, the Trustee shall not release any Shares allocated or issued upon exercise of Approved 102 Awards prior to the full payment of the Participant's tax liabilities arising from Approved 102 Awards which were granted to him and/or any Shares allocated or issued upon exercise of such Awards.

3.3 With respect to any Approved 102 Award, subject to the provisions of Section 102 and any rules or regulation or orders or procedures promulgated thereunder, a Participant shall not sell or release from trust any Share received upon the exercise of an Approved 102 Award and/or any share received subsequently following any realization of rights, including without limitation, bonus shares, until the lapse of the Holding Period required under Section 102 of the Ordinance. Notwithstanding the above, if any such sale or release occurs during the Holding Period, the sanctions under Section 102 of the Ordinance and under any rules or regulation or orders or procedures promulgated thereunder shall apply to and shall be borne by such Participant.

3.4 Upon receipt of Approved 102 Award, the Participant will sign an undertaking to release the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in relation with this Annex, or any Approved 102 Award granted to him thereunder.

4. THE AWARDS

The terms and conditions, upon which the Awards shall be issued and exercised, shall be as specified in the Agreement to be executed pursuant to the Program and to this Annex. Each Agreement shall state, inter alia, the number of Shares to which the Award relates, the type of Award granted thereunder (whether a CGA, OIA, Unapproved 102 Award or a 3(i) Option), the vesting provisions and the Exercise Price.

5. FAIR MARKET VALUE

Without derogating from the definition of "Fair Market Value" enclosed in the Program and solely for the purpose of determining the tax liability pursuant to Section 102(b)(3) of the Ordinance, if at the date of grant the Company's shares are listed on any established stock exchange or a national market system or if the Company's shares will be registered for trading within ninety (90) days following the date of grant of the CGAs, the fair market value of the Shares at the date of grant shall be determined in accordance with the average value of the Company's shares on the thirty (30) trading days preceding the date of grant or on the thirty (30) trading days following the date of registration for trading, as the case may be.

6. EXERCISE OF OPTIONS

A Stock Option shall be exercised by the delivery of a written notice of exercise to the Vice President and Secretary of the Company, or such other person specified by the Committee and, when applicable, by the Trustee, in accordance with the requirements of Section 102, setting forth the number of shares of Common Stock with respect to which the Option is to be exercised, accompanied by full payment of the Exercise Price and any required withholding taxes. Payment of the Exercise Price for the shares of Common Stock being purchased shall be made: (a) by certified or official bank check (or the equivalent thereof acceptable to the Company), or (b) at the discretion of the Committee and to the extent permitted by law, by such other provision as the Committee may from time to time prescribe. The Committee may allow exercises to be made by means of a "cashless exercise," with the delivery of payment as permitted under U.S. Federal Reserve Board Regulation T, subject to applicable securities law restrictions, or by any other means which the Committee determines to be consistent with the Program's purpose and applicable law. Payment shall be made on the date that the Stock Option or any part thereof is exercised, and no shares shall be issued or delivered upon exercise of a Stock Option until full payment has been made by the Participant. Promptly after receiving payment of the full Exercise Price, the Company shall, subject to the provisions of Section 12 of the Program, deliver to the Participant, or to such other person as may then have the right to exercise the Stock Option, a certificate for the shares of Common Stock for which the Stock Option has been exercised.

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7. ASSIGNABILITY AND SALE OF AWARDS

7.1 Notwithstanding any other provision of the Program, no Award or any right with respect thereto, purchasable hereunder, whether fully paid or not, shall be assignable, transferable or given as collateral or any right with respect to them given to any third party whatsoever, and during the lifetime of the Participant each and all of such Participant's rights to purchase Shares hereunder shall be exercisable only by the Participant.

Any such action made directly or indirectly, for an immediate validation or for a future one, shall be void.

7.2 As long as Stock Options or Shares purchased pursuant to thereto are held by the Trustee on behalf of the Participant, all rights of the Participant over the shares are personal, can not be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

8. INTEGRATION OF SECTION 102 AND TAX ASSESSING OFFICER’S PERMIT

8.1 With regards to Approved 102 Awards, the provisions of the Program and/or the Annex and/or the Agreement shall be subject to the provisions of Section 102 and the Tax Assessing Officer’s permit, and the said provisions and permit shall be deemed an integral part of the Program and of the Annex and of the Agreement.

8.2 Any provision of Section 102 and/or the said permit which is necessary in order to receive and/or to keep any tax benefit pursuant to Section 102, which is not expressly specified in the Program or the Annex or the Agreement, shall be considered binding upon the Company and the Participants, provided that such provision is not inconsistent with the Program.

9. DIVIDEND

Subject to the Company’s Incorporation Documents, with respect to all Shares (but excluding, for avoidance of any doubt, any unexercised Awards) allocated or issued upon the exercise of options and held by the Participant or by the Trustee as the case may be, the Participant shall be entitled to receive dividends in accordance with the quantity of such shares, and subject to any applicable taxation on distribution of dividends, and when applicable subject to the provisions of Section 102 and the rules, regulations or orders promulgated thereunder

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10. TAX CONSEQUENCES

10.1 Any tax consequences arising from the grant, vesting or exercise of any Award, from the payment for Shares covered thereby or from any other event or act (of the Company, and/or its Subsidiaries, and the Trustee or the Participant), hereunder, shall be borne solely by the Participant. The Company and/or its Subsidiaries, and/or the Trustee shall withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Participant shall agree to indemnify the Company and/or its Subsidiaries and/or the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Participant.

10.2 A Participant may pay the withholding tax in cash, or, if the Agreement provides, a Participant may also elect to have the number of shares of Common Stock he is to receive reduced by the smallest number of whole shares of Common Stock which, when multiplied by the Fair Market Value of the shares determined as of the date on which the amount of tax to be withheld is determined, is sufficient to satisfy the withholding taxes arising from the Award. Any such election must be made on or before the date on which the amount of tax required to be withheld is determined.

10.3 The Company and/or, when applicable, the Trustee shall not be required to release any share certificate to a Participant until all required payments have been fully made.

10.4 With respect to Unapproved 102 Award, if the Participant ceases to be employed by the Company or any Affiliate, the Participant shall extend to the Company and/or its Affiliate a security or guarantee for the payment of tax due at the time of sale of Shares, all in accordance with the provisions of Section 102 and the rules, regulation or orders promulgated thereunder.

11. GOVERNING LAW & JURISDICTION

This Annex, as it relates to section 102 of the Ordinance, shall be governed by and construed and enforced in accordance with the laws of the State of Israel applicable to contracts made and to be performed therein, without giving effect to the principles of conflict of laws. The competent courts of the Tel-Aviv District in Israel will have exclusive jurisdiction in any matters pertaining to this Annex.

* * *

Exhibit 31.1

CERTIFICATIONS

I, Dr. Gerald Paul, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vishay Intertechnology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2009

/s/ Gerald Paul
Dr. Gerald Paul
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Dr. Lior E. Yahalomi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vishay Intertechnology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2009

/s/ Lior E. Yahalomi
Dr. Lior E. Yahalomi
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vishay Intertechnology, Inc. (the “Company”) on Form 10-Q for the fiscal quarter ended March 28, 2009 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dr. Gerald Paul, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gerald Paul
Dr. Gerald Paul
Chief Executive Officer
May 5, 2009

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vishay Intertechnology, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended March 28, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dr. Lior E. Yahalomi, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Lior E. Yahalomi
Dr. Lior E. Yahalomi
Chief Financial Officer
May 5, 2009