SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
[NO FEE REQUIRED]
For the fiscal year ended December 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
[NO FEE REQUIRED]
For the transition period from______ to______

Commission file number 1-7416

VISHAY INTERTECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)

Delaware	38-1686453
(State or other jurisdiction of incorporation or organization)	(IRS employer identification no.)

63 Lincoln Highway
Malvern, Pennsylvania 19355-2120
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, $0.10 par value
(Title of Class)

New York Stock Exchange
(Exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the Common Stock held by non-affiliates of the registrant as of March 27, 2001, assuming conversion of all its Class B Common Stock held by non-affiliates into Common Stock of the registrant, was $2,481,402,000.

As of March 27, 2001, registrant had 122,431,080 shares of its Common Stock and 15,518,546 shares of its Class B Common Stock outstanding.

Portions of the registrant's definitive proxy statement, which will be filed within 120 days of December 31, 2000, are incorporated by reference into Part III.

PART I

Item 1. DESCRIPTION OF BUSINESS

General

Vishay Intertechnology, Inc. (together with its consolidated subsidiaries, "Vishay" or the "Company") is a leading international manufacturer and supplier of passive and active electronic components, particularly resistors, capacitors, inductors, diodes and transistors. The Company offers its customers "one-stop" access to one of the most comprehensive electronic component lines of any manufacturer in the United States or Europe. Passive electronic components, discrete active electronic components and integrated circuits are the primary elements of every electronic circuit. The Company manufactures one of the broadest lines of surface mount devices, a format for electronic components that has evolved into the standard required by most customers. In addition, the Company continues to produce components in the traditional leaded form. Components manufactured by the Company are used in virtually all types of electronic products, including those in the computer, telecommunications, military/aerospace, instrument, automotive, medical and consumer electronics industries.

Since 1985, Vishay has pursued a business strategy that principally consists of the following elements:

1. expansion within the electronic components industry, primarily through the acquisition of other manufacturers with established positions in major markets, reputations for product quality and reliability and product lines with which the Company has substantial marketing and technical expertise;

2. reduction of selling, general and administrative expenses through the integration or elimination of redundant sales offices and administrative functions at acquired companies;

3. achievement of significant production cost savings through the transfer and expansion of manufacturing operations to regions, such as Israel, Mexico, Portugal, the Czech Republic, Taiwan and the People's Republic of China, where the Company can take advantage of lower labor costs and available tax and other government-sponsored incentives; and

4. maintenance of significant production facilities in those regions where the Company markets the bulk of its products in order to enhance customer service and responsiveness.

As a result of this strategy, Vishay has grown during the past fifteen years from a small manufacturer of precision resistors and strain gages to one of the world's largest manufacturers and suppliers of a broad line of electronic components.

On March 2, 1998, the Company purchased 80.4% of Siliconix incorporated (NASDAQ; SILI) ("Siliconix") and 100% of TEMIC Semiconductor GmbH (collectively with Siliconix, "TEMIC") for a total of $549,889,000 in cash. On March 4, 1998, the Company sold the Integrated Circuits Division of TEMIC to Atmel Incorporated for a total of $105,755,000 in cash. In February 2001, the Company communicated a proposal to the Board of Directors of Siliconix to purchase any and all outstanding shares of Siliconix not already owned by Vishay. This proposal is currently being evaluated by a special committee of directors of Siliconix appointed in March 2001. Siliconix is a publicly traded chip maker based in Santa Clara, California which designs, markets and manufactures power and analog semiconductor products for computers, cell phones, fixed communications networks, automobiles and other electronic systems. Siliconix has manufacturing facilities in Santa Clara, California. Siliconix also maintains assembly and testing facilities, which include a company-owned facility in Taiwan, is party to a joint venture in Shanghai, China and has subcontractors in the Philippines, China and the United States. Siliconix reported worldwide sales of $473.1 million in 2000 and $383.3 million in 1999.

The TEMIC acquisition continued Vishay's expansion efforts in the area of discrete active electronic components through the addition of TEMIC's product line, which includes diodes, RF transistors, MOSFET switches, bipolar power switches, opto-electronic semiconductors, IRDC (Infrared Data Transceivers), POWER MOSFET, POWER IC (Integrated Circuits), Signal Processing Switches and JFETs (junction field-effect transistors).

During 2000, Vishay continued to consolidate its operations in the United States, Europe and Asia into one operational unit. In connection with this consolidation, which began in 1998, the Company achieved the following:

(i) created a single worldwide organization under one management team;

(ii) created further opportunities for synergies among its divisions;

(iii) positioned the Company for increased growth by strengthening the Company's position at distributors and OEM's through its strong sales force and broad product line; and

(iv) strengthened its balance sheet by the repayment of debt to position the Company to grow through acquisitions.

Vishay was incorporated in Delaware in 1962 and maintains its principal executive offices at 63 Lincoln Highway, Malvern, Pennsylvania 19355-2120. Its telephone number is (610) 644-1300.

Products

Vishay designs, manufactures and markets electronic components that cover a wide range of products and technologies. The products primarily consist of:

- fixed resistors,
- tantalum capacitors,
- multi-layer ceramic chip capacitors ("MLCC"),
- film capacitors,
- power MOSFETs,
- power integrated circuits,
- signal processing switches,
- diodes and
- transistors;

and, to a lesser extent:

- inductors,
- aluminum and specialty ceramic capacitors,
- transformers,

- potentiometers,
- plasma displays,
- thermistors and
- Infrared Data Transceivers ("IRDC").

The Company offers most of its product types both in surface mount format and in the traditional leaded device format. The Company believes it produces one of the broadest lines of electronic components available from any single manufacturer.

Unlike integrated circuits ("ICs"), which combine the functions of many electronic components in one chip, discrete components perform one specific function per device. Discrete components can be passive devices or active (semiconductor) devices. Passive components, such as resistors, capacitors and inductors, adjust and regulate current or store energy and filter frequencies. Discrete active components, such as diodes and transistors, generate, control, regulate, amplify, or switch electronic signals or energy and must be interconnected with passive components. Integrated circuits consist of a number of active and passive components, interconnected on a single chip, that are intended to perform multiple functions.

Resistors are basic components used in all forms of electronic circuitry to adjust and regulate levels of voltage and current. They vary widely in precision and cost, and are manufactured in numerous materials and forms. Resistive components may be either fixed or variable, the distinction being whether the resistance is adjustable (variable) or not (fixed). Resistors can also be used as measuring devices, such as Vishay's resistive sensors. Resistive sensors or strain gages are used in experimental stress analysis systems as well as in transducers for electronic measurement loads (scales), acceleration and fluid pressure.

Vishay manufactures virtually all types of fixed resistors, both in discrete and network forms. These resistors are produced for virtually every segment of the resistive product market, from resistors used in the highest quality precision instruments for which the performance of the resistors is the most important requirement, to resistors for which price is the most important factor.

Capacitors perform energy storage, frequency control, timing and filtering functions in most types of electronic equipment. The more important applications for capacitors are:

- electronic filtering for linear and switching power supplies;
- decoupling and bypass of electronic signals or integrated circuits and circuit boards; and
- frequency control, timing and conditioning of electronic signals for a broad range of applications.

The Company's capacitor products primarily consist of solid tantalum surface mount chip capacitors, solid tantalum leaded capacitors, wet/foil tantalum capacitors, MLCC capacitors, and film capacitors. Each capacitor product has unique physical and electrical performance characteristics that make each type of capacitor useful for specific applications. Tantalum and MLCC capacitors are generally used in conjunction with integrated circuits in applications requiring low to medium capacitance values, "capacitance" being the measure of the capacitor's ability to store energy. The tantalum capacitor is the smallest and most stable type of capacitor for its range of capacitance and is best suited for applications requiring medium capacitance values. MLCC capacitors, on the other hand, are more cost-effective for applications requiring lower capacitance values.

Diodes are used to convert electrical currents from AC to DC and are applied in a broad range of electronic equipment that requires such conversion. Discrete power MOSFETs are used to switch and manage power in a wide range of electronic systems, including cell phones, portable and desktop computers, automobiles, instrumentation and industrial applications. Power conversion ICs are used in applications where an input voltage from a battery or other supply source must be switched or converted to a level that is compatible with logic signals used by microprocessors and other digital components in a specific system. Motor control ICs control the starting, speed, or position of electric motors, such as the head positioning and spindle motors in hard disk drives.

Vishay has taken advantage of the growth of the surface mount component market and is an industry leader in designing and marketing surface mount devices. Surface mount devices adhere to the surface of a circuit board rather than being secured by leads that pass through holes to the back side of the board. Surface mounting provides distinct advantages over through-hole mounting. For example, surface mounting allows the placement of more components on a circuit board, which is particularly desirable for a growing number of manufacturers who require greater miniaturization in products such as hand held computers and cellular telephones. Surface mounting also facilitates automation, resulting in lower production costs for equipment manufacturers than those associated with leaded devices. The Company believes it is a market leader in the development and production of a wide range of surface mount devices, including:

- thick film chip resistors,
- thick film resistor networks and arrays,
- metal film leadless resistors ("MELFs"),
- molded tantalum chip capacitors,
- coated tantalum chip capacitors,
- film capacitors,
- multi-layer ceramic chip capacitors,
- thin film chip resistors,
- thin film networks,
- wirewound chip resistors,
- power strip resistors,
- bulk metal foil chip resistors,
- current sensing chips,
- chip inductors,
- chip transformers,
- chip trimmers,
- NTC chip thermistors, and
- certain diodes and transistor products.

The Company also provides a number of component packaging styles to facilitate automated product assembly by its customers.

The Company has qualified certain products under various military specifications, approved and monitored by the United States Defense Electronic Supply Center ("DESC"), and under certain European military specifications. Classification levels have been established by DESC based upon the rate of failure of products to meet specifications. In order to maintain the classification level of a product, tests must be continuously performed, and the results of these tests must be reported to DESC. If the product fails to meet the requirements for the applicable classification level, the product's classification may be reduced to a less stringent level. Various United States manufacturing facilities from time to time experience a product classification level modification. During the time that such level is reduced for any specific product, net sales and earnings derived from such product may be adversely affected.

Markets

Vishay's products are sold primarily to original equipment manufacturers ("OEMs"), OEM subcontractors that assemble printed circuit boards and independent distributors that maintain large inventories of electronic components for resale to OEMs. Its products are used in virtually every type of product containing electronic circuitry, including:

- computer-related products,
- telecommunications equipment,
- measuring instruments,
- industrial equipment,
- automotive applications,
- process control systems,
- military and aerospace applications,
- consumer electronics,
- medical instruments, and
- scales.

For the year ended December 31, 2000, approximately 44% of the Company's net sales were attributable to customers in the United States, while the remainder was attributable to sales primarily in Europe and Asia.

In the United States, products are marketed through independent manufacturers' representatives compensated solely on a commission basis, by the Company's own sales personnel and by independent distributors. The Company has regional sales personnel in several North American locations that make sales directly to OEMs and provide technical and sales support for independent manufacturers' representatives throughout the United States, Mexico and Canada. In addition, the Company uses independent distributors to resell its products. Outside North America, products are sold to customers in Germany, the United Kingdom, France, Israel, Japan, Singapore, Taiwan, South Korea, Brazil and other European and Pacific Rim countries through Company sales offices, independent manufacturers' representatives and distributors. In order to better serve its customers, the Company maintains production facilities in those regions where it markets the bulk of its products, such as the U.S., Germany, France and the U.K. In addition, to maximize production efficiencies, the Company seeks, whenever practicable, to establish manufacturing facilities in those regions, such as Israel, Mexico, Portugal, the Czech Republic, Taiwan and the People's Republic of China, where it can take advantage of lower labor costs and available tax and other government-sponsored incentives.

The Company undertakes to have its products incorporated into the design of electronic equipment at the research and prototype stages. Vishay employs its own staff of application and field engineers who work with its customers, independent manufacturers' representatives and distributors to solve technical problems and develop products to meet specific needs.

Vishay's largest customers vary from year to year, and no customer has long-term commitments to purchase products of the Company. For the year ended December 31, 2000, one customer of the Company, Future Electronics, an independent distributor, accounted for 14% of the Company's sales. Most of the sales to Future Electronics were tantalum capacitors and thick film resistor chips, products in short supply. No other customer accounted for more than 10% of sales for such year.

Research and Development

Many of the Company's products and manufacturing processes have been invented, designed and developed by Company engineers and scientists. The Company maintains strategically located design centers where proximity to customers enables it to more easily satisfy the needs of local markets. These design centers are located in the United States (California, Connecticut, Maine, Nebraska, North Carolina, Pennsylvania), Germany (Selb, Heilbronn, Landshut, Pfafenberg, Backnang), France (Nice) and Israel (Dimona, Migdal Ha-emek). The Company also maintains separate research and development staffs and promotes separate programs at a number of its production facilities to develop new products and new applications of existing products, and to improve manufacturing techniques. This decentralized system encourages individual product development at individual manufacturing facilities that occasionally have applications at other facilities. Company research and development costs (exclusive of purchased in-process research and development) were approximately $37.1 million for 2000, $35.0 million for 1999 and $28.9 million for 1998, respectively. The major increase in research and development costs in 1998, as compared to earlier years, was due to the acquisition of Siliconix. Siliconix's expenditures were $21.0 million and $17.0 million for the years ended December 31, 2000 and 1999, respectively. Significant effort has been expended on new power products and power IC's. These amounts do not include substantial expenditures for the development and manufacturing of machinery and equipment for new processes and for cost reduction measures. See "Competition."

Sources of Supplies

Although most materials incorporated in the Company's products are available from a number of sources, certain materials, particularly tantalum and palladium, are available only from a relatively limited number of suppliers.

Tantalum, a metal, is the principal material used in the manufacture of tantalum capacitors. It is purchased in powder and wire form primarily under annual contracts with domestic and foreign suppliers at prices that are subject to periodic adjustment. The Company is a major consumer of the world's annual tantalum production. There are currently three major suppliers that process tantalum ore into capacitor grade tantalum powder. The Company believes that in the long term, there exist sufficient tantalum ore reserves and a sufficient number of tantalum processors relative to demand. The tantalum required by the Company has generally been available in sufficient quantities to meet its requirements. However, in the short term, there may be shortages of tantalum powder that could lead to increases in tantalum prices that the Company may not be able to pass on to its customers. The Company stockpiled tantalum ore in 2000 and early 2001. Prices for tantalum powder are expected to increase significantly in 2001.

Palladium is primarily purchased on the spot and forward markets, depending on market conditions. Palladium is used to produce multi-layer ceramic capacitors. Palladium is considered a commodity and is subject to price volatility. The price of palladium fluctuated in the range of approximately $201 to $970 per troy ounce during the three years ended December 31, 2000. As of February 27, 2001, the price of palladium had increased to $1,090 per troy ounce. Palladium is currently found primarily in South Africa and Russia. Due to various factors, the Company believes there may be a short-term shortage of palladium, which may affect both the cost of palladium and the Company's ability to expand MLCC production to meet increased demand. An inability on the part of the Company to pass on increases in palladium costs to its customers could have an adverse effect on the margins of those products using the metal.

Inventory and Backlog

Although Vishay manufactures standardized products, substantial portions of its products are produced to meet customer specifications. The Company does, however, maintain an inventory of resistors and other components. Backlog of outstanding orders for the Company's products was $773.1 million, $505.1 million, and $309.3 million, respectively, at December 31, 2000, 1999 and 1998. The increase in backlog at December 31, 2000 primarily reflects the increase in demand during 2000 for the Company's products, including both passive and active components. Due to a recent slowing of growth in the personal computer and cell phone markets, this increase in demand is not expected to continue in 2001.

Many of the orders in the Company's backlog may be cancelled by its customers, in whole or in part, although sometimes subject to penalty. In the first quarter of 2001, a significant number of such orders have been either cancelled or pushed back by nine to twelve months.

Competition

The Company faces strong competition in its various product lines from both domestic and foreign manufacturers that produce products using technologies similar to those of the Company. The Company's main competitors for tantalum capacitors are KEMET Corporation, AVX Corporation and NEC Electronics Inc. For MLCC capacitors, its principal competitors are KEMET, AVX, Murata and TDK Corp. For thick film chip resistors, competitors are Rohm Corp., Koa Speer Electronics Inc. and Yageo Corporation. For wirewound and metal film resistors, the principal competitors are I.R.C. Inc., Rohm Corp. and Ohmite Manufacturing Company. For discrete active components, competitors are International Rectifier, Philips, N.V., Rohm Corp., Motorola, Inc., Fairchild Semiconductor Corp., Maxim, General Semiconductor and Samsung Electro-Mechanics Co., Ltd.

The Company's competitive position depends on its product quality, know-how, proprietary data, marketing and service capabilities and business reputation, as well as on price. With respect to certain products, the Company competes on the basis of its marketing and distribution network, which provides a high level of customer service. For example, the Company works closely with its customers to have its components incorporated into their electronic equipment at the early stages of design and production and maintains redundant production sites for most of its products to ensure an uninterrupted supply of products. Further, the Company has established a National Accounts Management Program, which provides the Company's largest customers with one national account executive who can cut across Vishay business unit lines for sales, marketing and contract coordination. In addition, the breadth of the Company's product offerings enables the Company to strengthen its market position by providing its customers with "one-stop" access to one of the broadest selections of passive electronic components available directly from a manufacturing source.

Although the Company has numerous United States and foreign patents covering certain of its products and manufacturing processes, no particular patent is considered material to the business of the Company.

Manufacturing Operations

The Company strives to balance the location of its manufacturing facilities. In order to better serve its customers, the Company maintains production facilities in those regions where it markets the bulk of its products, such as the United States, Germany, France, Asia and the United Kingdom. To maximize production efficiencies, the Company seeks whenever practicable to establish manufacturing facilities in countries, such as Israel, Mexico, Portugal, the Czech Republic, Taiwan and the People's Republic of China, where it can take advantage of lower labor and tax costs and, in the case of Israel, to take advantage of various government incentives, including grants and tax relief.

At December 31, 2000, approximately 33% of the Company's identifiable assets were located in the United States, approximately 29% were located in Europe, approximately 24% were located in Israel, and approximately 14% were located in Asia. In the United States, the Company's main manufacturing facilities are located in Nebraska, South Dakota, North Carolina, Pennsylvania, Maine, Connecticut, Virginia and California. In Europe, the Company's main manufacturing facilities are located in Selb, Landshut, Backnang, and Heilbronn, Germany and Nice, France. In Israel, manufacturing facilities are located in Holon, Dimona, Beersheva and Migdal Ha-emek. In Asia, the Company's main manufacturing facilities are located in Taiwan and in Shanghai, China (four). The Company also maintains major manufacturing facilities in Juarez, Mexico and the Czech Republic. Over the past several years, the Company has invested substantial resources to increase capacity and to maximize automation in its plants, which it believes will further reduce production costs.

The Company is aggressively undertaking to have the quality systems at most of its major manufacturing facilities approved under the ISO 9001 international quality control standard. ISO 9001 is a comprehensive set of quality program standards developed by the International Standards Organization. A majority of the Company's manufacturing operations has already received ISO 9001 approval and others are actively pursuing such approval.

The Company has expanded, and plans to continue to expand, its manufacturing operations in Israel, where it benefits from the government's employment and tax incentive programs designed to increase employment, lower wage rates and attract a highly-skilled labor force, all of which have contributed substantially to the growth and profitability of the Company.

Under the terms of the Israeli government's incentive programs, once a project is approved, the recipient is eligible to receive the benefits of the related grants for the life of the project, so long as the recipient continues to meet preset eligibility standards. None of the Company's approved projects has ever been cancelled or modified, and the Company has already received approval for a majority of the projects contemplated by its capital expenditure program. However, over the past few years, the government has scaled back or discontinued some of its incentive programs. Accordingly, there can be no assurance that in the future the Israeli government will continue to offer new incentive programs applicable to the Company or that, if it does, such programs will provide the same level of benefits the Company has historically received or that the Company will continue to be eligible to take advantage of them. The Company might be materially adversely affected if these incentive programs were no longer available to the Company for new projects. However, because a majority of the Company's projects in Israel currently benefit from government incentive programs, the Company does not anticipate that any cutbacks in the incentive programs would have an adverse impact on its earnings and operations for at least several years. In addition, the Company might be materially adversely affected if events were to occur in the Middle East that interfere with the Company's operations in Israel. The Company, however, has never experienced any material interruption in its Israeli operations in its 30 years of operations there, in spite of several Middle East crises, including wars. For the year ended December 31, 2000, sales of products manufactured in Israel accounted for approximately 35.9% of the Company's net sales.

In 1998, the Company accelerated the implementation of its strategy to shift manufacturing emphasis to higher automation in higher labor cost regions and to relocate a fair amount of production to regions with lower labor costs. As a result, the Company incurred significant restructuring costs in the year ended December 31, 1998 associated with the downsizing and closing of manufacturing facilities in Europe. The Company may incur such expenses in 2001.

See Note 14 of the Notes to the Consolidated Financial Statements, "Business Segment and Geographic Area Data," for financial information by geographic area.

Environment, Health and Safety

The Company has adopted an Environmental Health and Safety Corporate Policy that commits it to achieve and maintain compliance with applicable environmental laws, to promote proper management of hazardous materials for the safety of its employees and the protection of the environment, and to minimize the hazardous materials generated in the course of its operations. This policy is implemented with accountability directly to the Chairman of the Board of Directors. In addition, the Company's manufacturing operations are subject to various federal, state and local laws restricting discharge of materials into the environment.

The Company is not involved in any pending or threatened proceedings that would require curtailment of its operations. The Company continually expends funds to ensure that its facilities comply with applicable environmental regulations. In regard to all of its facilities, the Company has completed its undertaking to comply with environmental regulations relating to the elimination of chlorofluorocarbons ("CFCs") and ozone depleting substances ("ODS") pursuant to the Clean Air Act amendments of 1990. The Company has completely eliminated the use of CFCs and ODS in its manufacturing processes, and all facilities are currently in compliance with the Clean Air Act.

The Company anticipates that it will undertake capital expenditures of approximately $6,340,000 in fiscal 2001 for general environmental compliance and enhancement programs, including those to be applied at the TEMIC facilities. The Company has been named a Potentially Responsible Party ("PRP") at nine Superfund sites, including two Siliconix facilities. The Company expends minimal amounts in connection with several of these sites and does not expect costs associated with the others to be material. While the Company believes that it is in material compliance with applicable environmental laws, it cannot accurately predict future developments and does not necessarily have knowledge of past occurrences on sites currently occupied by the Company. More stringent environmental regulations may be enacted in the future, and Vishay cannot determine the modifications, if any, in its operations that any such future regulations might require, or the cost of compliance with these regulations. Moreover, the risk of environmental liability and remediation costs is inherent in the nature of the Company's business and, therefore, there can be no assurance that material environmental costs, including remediation costs, will not arise in the future.

With each acquisition, the Company undertakes to identify potential environmental concerns and to minimize, or obtain indemnification for, the environmental matters it may be required to address. In addition, the Company establishes reserves for specifically identified potential environmental liabilities. The Company believes that the reserves it has established are adequate. Nevertheless, the Company often unavoidably inherits certain pre-existing environmental liabilities, generally based on successor liability doctrines. Although the Company has never been involved in any environmental matter that has had a material adverse impact on its overall operations, there can be no assurance that in connection with any past or future acquisition the Company will not be obligated to address environmental matters that could have a material adverse impact on its operations.

Employees

As of December 31, 2000, the Company employed approximately 22,418 full time employees of whom approximately 16,725 were located outside the United States. Some of the Company's employees outside the U.S. are members of trade unions. The Company's relationship with its employees is good. However, no assurance can be given that, if the Company continues to restructure its operations in response to changing economic conditions, labor unrest or strikes, especially at European facilities, will not occur. See "Legal Proceedings." During the first quarter of 2001, layoffs of employees are anticipated.

Item 2. PROPERTIES

As of December 31, 2000, the Company maintains approximately 66 manufacturing facilities. The principal locations of such facilities, along with available space including administrative offices, are:

Owned Locations	Approx. Available Space (Square Feet)
United States	
Columbus and Norfolk, NE*	298,000
Sanford, ME	225,000
Malvern and Bradford, PA*	222,000
Santa Clara, CA	220,000
Wendell and Statesville, NC*	194,000
Grafton and Oconto, Wisconsin*	165,000
Roanoke, VA	128,000
Monroe, CT	91,000

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* 2 locations

Foreign	
Israel (4 locations)	970,000
Germany (12 locations)	806,000
France (5 locations)	392,000
Czech Republic (4 locations)	306,000
Portugal	301,000
Hungary	194,000
Austria	153,000

Vishay owns an additional 238,000 square feet of manufacturing facilities located in Florida, Maryland, New York, and South Dakota. Vishay also owns 50,000 square feet in Taiwan and 11,000 square feet in England.

Available leased facilities in the United States include 359,000 square feet of space located in California, Massachusetts, Maine, Rhode Island and South Dakota. Foreign leased facilities consist of 104,000 square feet in China, 220,000 square feet in Mexico, 45,000 square feet in England, 141,000 square feet in Germany, 131,000 square feet in Hungary, 14,000 square feet in the Philippines, 75,000 square feet in the Czech Republic and 6,000 square feet in Japan.

In the opinion of management, the Company's properties and equipment generally are in good operating condition and are adequate for its present needs. The Company does not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities.

Item 3. LEGAL PROCEEDINGS

The Company from time to time is involved in routine litigation incidental to its business. Management believes that such matters, either individually or in the aggregate, should not have a material adverse effect on the Company's business or financial condition.

As part of Vishay's 1996 restructuring program, the Company's subsidiary, Sprague France S.A., laid off certain workers at the company's facility in Tours, France. The trade union representing the workers claimed that the layoffs were not economically motivated, and were therefore prohibited under French law. A court ruled that, although the Company would not be required to rehire the employees, the Company would have to pay damages equal to approximately 10 million French Francs (approximately U.S. $1,437,000) as of March 28, 2001, to the former employees. The Company has appealed this decision.

The Company's 80.4% owned subsidiary, Siliconix, is a party to two environmental proceedings. The first involves property that Siliconix vacated in 1972. In July 1989, the California Regional Water Quality Control Board ("RWQCB") issued Cleanup and Abatement Order No. 89-115 both to Siliconix and the current owner of the property. The Order alleged that Siliconix contaminated both the soil and the groundwater on the property by the improper disposal of certain chemical solvents. The RWQCB considered both parties to be liable for the contamination and sought to have them decontaminate the site to acceptable levels. Siliconix subsequently reached a settlement of this matter with the current owner of the property. The settlement provided that the current owner will indemnify Siliconix and its employees, officers, and directors against any liability that may arise out of any governmental agency actions brought for environmental cleanup of the subject site, including liability arising out of RWQCB Order No. 89-115, to which Siliconix remains nominally subject.

The second proceeding involves Siliconix's Santa Clara, California facility, which the company has owned and occupied since 1969. In February 1989, the RWQCB issued Cleanup and Abatement Order No. 89-27 to Siliconix. The Order is based on the discovery of contamination of both the soil and the groundwater on the property by certain chemical solvents. The Order calls for Siliconix to specify and implement interim remedial actions and to evaluate final remedial alternatives. The RWQCB issued a subsequent order requiring Siliconix to complete the decontamination. Siliconix has substantially completed its compliance with the RWQCB's orders.

In February and March 2001, several purported class action complaints were filed in the Court of Chancery in and for New Castle County, Delaware and the Superior Court of the State of California against the Company, Siliconix, and the directors of Siliconix in connection with the Company's announced proposal to purchase all issued and outstanding shares of Siliconix not already owned by the Company. The class actions, filed on behalf of all non-Vishay Siliconix shareholders, allege, among other things, that the Company's proposed offer is unfair and a breach of fiduciary duty. One of the Delaware class actions also contains derivative claims against the Company on behalf of Siliconix alleging self-dealing and waste because the Company purportedly usurped Siliconix's inventory and patents, appropriated Siliconix's separate corporate identity, and obtained a below-market loan from Siliconix. The actions seek injunctive relief, damages and other relief. The Company has not yet responded to these complaints.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the fourth quarter of the fiscal year covered by this report, no matter was submitted to a vote of the security holders of the Company.

Item 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information regarding the executive officers of the Company as of March 27, 2001.

Name	Age	Positions Held
Felix Zandman*	72	Chairman of the Board and Chief Executive Officer
Avi D. Eden*	53	Vice-Chairman of the Board, Executive Vice President and General Counsel
Gerald Paul*	52	Chief Operating Officer, President and Director

Name	Age	Positions Held
Richard N. Grubb*	54	Executive Vice President, Treasurer, Chief Financial Officer and Director
Robert A. Freece*	60	Senior Vice President and Director
William J. Spires	59	Vice President and Secretary

* Member of the Executive Committee of the Board of Directors.

Dr. Felix Zandman, a founder of the Company, has been the Chief Executive Officer and a Director of the Company since its inception. Dr. Zandman had been President of the Company from its inception until March 16, 1998, when Dr. Gerald Paul was appointed President of the Company. Dr. Zandman has been Chairman of the Board since March 1989.

Avi D. Eden has been a Director and General Counsel of the Company since June 1988, and has been Vice Chairman of the Board and an Executive Vice President of the Company since August 1996.

Dr. Gerald Paul has served as a Director of the Company since May 1993 and has been Chief Operating Officer and an Executive Vice President of the Company since August 1996. On March 16, 1998, Dr. Paul was appointed President of the Company. He was President of Vishay Electronic Components, Europe from January 1994 to August 1996. Dr. Paul has been Managing Director of Draloric Electronic GmbH, an affiliate of the Company, since January 1991. Dr. Paul has been employed by Draloric since February 1978.

Richard N. Grubb has been a Director, Vice President, Treasurer and Chief Financial Officer of the Company since May 1994, and has been an Executive Vice President of the Company since August 1996. Mr. Grubb has been associated with the Company in various capacities since 1972.

Robert A. Freece has been a Director of the Company since 1972. He was a Vice President of the Company from 1972 until 1994, and has been a Senior Vice President since May 1994.

William J. Spires has been a Vice President and Secretary of the Company since 1981. Mr. Spires has been Vice President - Industrial Relations since 1980 and has been employed by the Company since 1970.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

The Company's Common Stock is listed on the New York Stock Exchange under the symbol VSH. The following table sets forth the high and low sales prices for the Company's Common Stock as reported on the New York Stock Exchange Composite Tape for the quarterly periods within the 2000 and 1999 calendar years indicated. Stock prices have been restated to reflect stock dividends and stock splits. The Company does not currently pay cash dividends on its capital stock. Its policy is to retain earnings to support the growth of the Company's business and the Company does not intend to change this policy at the present time. In addition, the Company is restricted from paying cash dividends under the terms of the Company's revolving credit agreement. See Note 5 to the Consolidated Financial Statements. Holders of record of the Company's Common Stock totaled approximately 2,067 at March 27, 2001.

COMMON STOCK MARKET PRICES

	Calendar 2000		Calendar 1999	
	High	Low	High	Low
First Quarter	$40.88	$18.58	$ 8.27	$ 5.90
Second Quarter	$62.63	$35.00	$14.04	$ 7.80
Third Quarter	$44.75	$26.00	$17.50	$12.04
Fourth Quarter	$31.75	$13.88	$21.33	$14.17

At March 27, 2001, the Company has outstanding 15,518,546 shares of Class B Common Stock, par value $.10 per share (the "Class B Stock"), each of which entitles the holder to ten votes. The Class B Stock generally is not transferable except in certain very limited instances and there is no market for those shares. The Class B Stock is convertible, at the option of the holder, into Common Stock on a share for share basis. Substantially all of such Class B Stock is owned by Dr. Felix Zandman, Mrs. Luella B. Slaner and trusts for the benefit of Mrs. Slaner's grandchildren, either directly or beneficially. Dr. Felix Zandman is an executive officer and director of the Company. Mrs. Luella B. Slaner is a director of the Company.

Item 6. SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial information of the Company for the fiscal years ended December 31, 2000, 1999, 1998, 1997 and 1996. This table should be read in conjunction with the Consolidated Financial Statements of the Company and the related notes thereto included elsewhere in this Form 10-K.

	As of and for the Year Ended December 31,				
	2000	1999 (1)	1998 (2)	1997 (3)	1996 (4)
Income Statement Data (in thousands, except per share amounts):					
Net sales	$2,465,066	$1,760,091	$1,572,745	$1,125,219	$1,097,979
Interest expense	25,177	53,296	49,038	18,819	17,408
Earnings before income taxes and minority interest	690,225	134,711	42,646	89,561	70,846
Income taxes	148,186	36,940	30,624	34,167	17,741
Minority interest	24,175	14,534	3,810	2,092	489
Net earnings	517,864	83,237	8,212	53,302	52,616
Basic earnings per share(5)	$ 3.83	$ 0.66	$ 0.07	$ 0.42	$ 0.41
Diluted earnings per share(5)	$ 3.77	$ 0.65	$ 0.07	$ 0.42	$ 0.41
Weighted average shares outstanding - basic(5)	135,295	126,678	126,665	126,627	126,632
Weighted average shares outstanding - diluted(5)	137,463	128,233	126,797	126,904	126,717
Balance Sheet Data (in thousands):					
Total assets	$2,783,658	$2,323,781	$2,462,744	$1,719,648	$1,558,515
Long-term debt	140,467	656,943	814,838	347,463	229,885
Working capital	1,057,200	604,150	650,483	455,134	434,199
Stockholders' equity	1,833,855	1,013,592	1,002,519	959,648	945,230

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(1) The sale of Nicolitch, S.A. and a tax rate change in Germany reduced net earnings by $14,562,000 ($0.11 per share).

(2) Includes the results from March 1, 1998 of TEMIC and special charges after taxes of $55,335,000 ($0.44 per share).

(3) Includes the results from July 1, 1997 of Lite-On Power Semiconductor Corporation and special charges after taxes of $27,692,000 ($0.22 per share).

(4) Includes restructuring expense of $38,030,000 ($0.21 per share).

(5) Adjusted to reflect a three-for-two stock split distributed June 9, 2000, a five-for-four stock split distributed June 22, 1999 and 5% stock dividends paid on June 11, 1998, June 9, 1997 and June 7, 1996.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction and Background

The Company's sales and net earnings increased significantly through 1995 primarily as a result of its acquisitions. Following each acquisition, the Company implemented programs to take advantage of distribution and operating synergies among its businesses. This implementation was reflected in increases in the Company's sales and in the decline in selling, general, and administrative expenses as a percentage of the Company's sales.

However, beginning with the last quarter of 1995 and through 1998 the Company experienced a decline in demand for its commodity-related products (fixed resistors, multi-layer ceramic chip capacitors and tantalum capacitors) which accounted for approximately 50% of the Company's revenues during that time. Such decline in demand resulted in a decrease in revenues, earnings and backlogs of these products.

In order to address the slowdown in demand and price erosion resulting from an oversupply of tantalum and multi-layer ceramic chip capacitors, the Company implemented a restructuring program beginning in 1996 that included the downsizing and closing of manufacturing facilities in North America and Europe. In connection with the restructuring, the Company incurred $38,030,000 of pretax charges for the year ended December 31, 1996 relating to employee termination and facility closure costs. In 1997 the Company incurred $12,605,000 of restructuring expenses relating to employee termination and facility closure costs in Europe. In 1998 the Company incurred $6,244,000 of restructuring expenses.

In the late 1990's, the Company began to enter into the active components business. In July 1997, the Company purchased a 65% interest in LPSC, a Taiwan based company that is a major supplier of discrete active electronic components in Asia. In July 2000, the Company sold its interest in LPSC to the Lite-On Group, the owner of the remaining 35% interest in LPSC, for consideration consisting of cash and the assignment or transfer to Vishay of the Lite-On Group's rights under stock appreciation rights. In 1998, the Company acquired the Semiconductor Business Group of TEMIC, which included Telefunken and 80.4% of Siliconix, producers of transistors, diodes, optoelectronics, and power and analog switching integrated circuits. In February 2001, the Company communicated a proposal to the Board of Directors of Siliconix to purchase any and all outstanding shares of Siliconix not already owned by Vishay. This proposal is currently being evaluated by a special committee of directors of Siliconix appointed in March 2001.

From the third quarter of 1999 through the third quarter of 2000, the Company experienced increased demand for its products, including both passive and active electronic components, as a result of growth in the wireless telecommunications market, particularly cell phones, and the increased use of embedded computing devices in a wide range of consumer and commercial products. The Company expanded capacity in all of its major product lines in order to satisfy the increased demand, and, in some cases, was able to increase pricing for its products because of tight supply, reversing the price erosion experienced in prior years. However, as a result of a recent slowing of growth in the personal computer and cell phone product markets, the Company has recently experienced softness in product demand, resulting in order cancellations and deferrals. This decrease in demand could cause a significant drop in average sales prices, which could, in turn, cause a reduction in the Company's gross margins and operating profits.

The Company's strategy contemplates transferring some of its manufacturing operations from countries with high labor costs and tax rates, such as the United States, France and Germany, to Israel, Mexico, Portugal, the Czech Republic, Taiwan and the People's Republic of China in order to benefit from lower labor costs and, in the case of Israel, to take advantage of various government incentives, including government grants and tax incentives. The Company intends to continue to explore and implement opportunities for cost efficiencies in its manufacturing operations.

The Company realizes approximately 56% of its revenues from customers outside the United States. As a result, fluctuations in currency exchange rates can significantly affect the Company's reported sales and, to a lesser extent, earnings. Currency fluctuations impact the Company's net sales and other income statement amounts, as denominated in U.S. dollars, including other income as it relates to foreign exchange gains or losses. Generally, in order to minimize the effect of currency fluctuations on profits, the Company endeavors to minimize the time for settling intercompany transactions.

In connection with its day-to-day operations, the Company generally does not purchase foreign currency exchange contracts or other derivative instruments to hedge foreign currency exposures. In September 1999, a subsidiary of the Company entered into foreign currency forward exchange contracts to manage exchange rate exposure on certain foreign currency denominated transactions. As of December 31, 2000, the Company and its subsidiaries did not have any outstanding foreign currency forward exchange contracts.

As a result of the increased production by the Company's operations in Israel over the past several years, the low tax rates in Israel (as compared to the statutory rate in the United States) have had the effect of increasing the Company's net earnings. The more favorable Israeli tax rates are applied to specific approved projects and are normally available for a period of ten years or, if the investment in the project is over $20 million, for a period of 15 years, which has been the case for most of the Company's projects in Israel since 1994. New projects are continually being introduced. In addition, the Israeli government offers certain incentive programs in the form of grants designed to increase employment in Israel. However, the Israeli government has scaled back or discontinued some of its incentive programs over the past several years. Accordingly, there can be no assurance that in the future the Israeli government will continue to offer new incentive programs applicable to the Company or that, if it does, such programs will provide the same level of benefits the Company has historically received or that the Company will continue to be eligible to take advantage of them. The Company might be materially adversely affected if these incentive programs were no longer available to the Company for new projects. However, because a majority of the Company's projects in Israel already benefit from government incentive programs, the Company does not anticipate that any cutbacks in the incentive programs would have an adverse impact on its earnings and operations for at least several years.

Israeli government grants, recorded as a reduction of costs of products sold, were $15,721,000 for the year ended December 31, 2000, as compared to $14,256,000 for the prior year. If the Israeli government continues its grant and incentive programs, future benefits offered to the Company by the Israeli government will likely depend on the Company's continuing to increase capital investment and the number of Company employees in Israel.

Results of Operations

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

	Year Ended December 31		
	2000	1999	1998
Costs of products sold	59.2%	73.8%	75.6%
Gross profit	40.8	26.2	24.4
Selling, general and administrative expenses	12.1	14.5	14.9
Operating income	28.3	11.0	6.0
Earnings before income taxes and minority interest	28.0	7.7	2.7
Effective tax rate	21.5	27.4	71.8
Net earnings	21.0	4.7	0.5

Year ended December 31, 2000 compared to Year ended December 31, 1999

Net Sales

Net sales for the year ended December 31, 2000 increased $704,975,000 or 40.1% from the prior year. Both the passive and active components segments contributed to these increases. The strengthening of the U.S. dollar against foreign currencies for the year ended December 31, 2000, in comparison to the prior year, resulted in decreases in reported sales of $105,615,000. The passive components business net sales were $1,627,861,000 for the year ended December 31, 2000 as compared to $1,008,266,000 for the prior year period, a 61.5% increase. The active components business net sales were $837,205,000 for the year ended December 31, 2000 as compared to $751,825,000 for the prior year period, an 11.4% increase. Strong demand, particularly in the wireless communications market, for the Company's products and increased average selling prices contributed to the sales growth. Although backlog at December 31, 2000 remains strong, the Company is experiencing a slowdown in bookings in 2001 as the cell phone and computer markets have experienced a slowing of growth.

Costs of Products Sold

Costs of products sold for the year ended December 31, 2000 were 59.2% of net sales, as compared to 73.8% for the prior year. Gross profit, as a percentage of net sales, for the year ended December 31, 2000 was 40.8% as compared to 26.2% for the comparable prior year period. Both the passive and active components segments contributed to the improved gross margins.

The passive components business gross profit margins were 41.7% for the year ended December 31, 2000 as compared to 22.4% for the prior year period. Price and volume increases in the resistor, tantalum capacitor, and multi-layer ceramic chip capacitor product lines were primarily responsible for this improvement in gross margins.

The active components business gross profit margins were 39.0% for the year ended December 31, 2000 as compared to 31.4% for the prior year. Continued cost reductions, increased manufacturing efficiencies and an improved product mix contributed to the improved gross margins. The increase reflects improvements at the Siliconix operation, where gross profit margins increased to 46.0% of net sales in 2000 compared to 41.0% in 1999 primarily as a result of economies of scale in manufacturing operations, productivity improvements, and further advances in technologies.

Israeli government grants, recorded as a reduction of costs of products sold, were $15,721,000 for the year ended December 31, 2000, as compared to $14,256,000 for the prior year. Future grants and other incentive programs offered to the Company by the Israeli government will likely depend on the Company's continuing to increase capital investment and the number of Company employees in Israel. Deferred income at December 31, 2000 relating to Israeli government grants was $55,162,000 as compared to $50,462,000 at December 31, 1999.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses for the year ended December 31, 2000 were 12.1% of net sales, as compared to 14.5% for the prior year. This reduction was a result of higher net sales in 2000 as compared to 1999 and reflects company-wide cost reduction initiatives, particularly the reduction of headcount in high labor cost countries.

Interest Expense

Interest costs decreased by $28,119,000 for the year ended December 31, 2000 from the prior year. This decrease was a result of lower bank borrowings during the year 2000 as compared to the prior year. The Company received net proceeds of $395,449,000 from a Common Stock offering in May 2000, which were used to pay down long-term debt.

Other Income

Other income was $18,904,000 for the year ended December 31, 2000 as compared to an expense of $5,737,000 in the prior year. The 2000 amount includes higher interest income, a gain on sale of subsidiaries, and a gain from termination of interest rate swap agreements. Proceeds received from the May 2000 Common Stock offering and cash flows from operations were used to pay down debt outstanding under the Company's long-term revolving credit agreement. In connection with debt repayments, the Company terminated $200,000,000 notional amount of interest rate swap agreements and recognized pretax gains of $8,919,000. These amounts were partially offset by foreign exchange losses of $7,305,000.

Minority Interest

Minority interest increased by $9,641,000 for the year ended December 31, 2000 as compared to the prior year primarily due to the increase in net earnings of Siliconix, of which Vishay owns 80.4%.

Income Taxes

The effective tax rate for the year ended December 31, 2000 was 21.5% as compared to 27.4% for the prior year. The higher tax rate for the year ended December 31, 1999 reflects the non-tax deductibility of the loss on the sale of Nicolitch, S.A. Tax expense on the sale of Nicolitch, S.A. was $1,416,000. Also, a tax rate change in Germany resulted in a decrease in German deferred tax assets, which increased tax expense by $1,939,000. Exclusive of the effect of the sale of Nicolitch, S.A. and the tax rate change in Germany, the effective tax rate on earnings before minority interest for the year ended December 31, 1999 would have been 23.2%. The continuing effect of low tax rates in Israel, as compared to the statutory rate in the United States, resulted in increases in net earnings of $89,745,000 and $12,469,000 for the years ended December 31, 2000 and 1999, respectively. The more favorable Israeli tax rates are applied to specific approved projects and are normally available for a period of ten or fifteen years. See "Description of Business -- Manufacturing Operations."

Year ended December 31, 1999 compared to Year ended December 31, 1998

Net Sales

Net sales for the year ended December 31, 1999 increased $187,346,000 or 11.9% from the prior year. The increase in net sales related primarily to the results of TEMIC, which was acquired March 2, 1998. Net sales of TEMIC for the year ended December 31, 1999 were $673,300,000 as compared to $474,188,000 included in the Company's reported sales for the ten months ended December 31, 1998. Exclusive of TEMIC, net sales would have decreased by $11,776,000 or 1.0%. The strengthening of the U.S. dollar against foreign currencies for the year ended December 31, 1999, in comparison to the prior year, resulted in decreases in reported sales of $15,882,000. The passive components business net sales were $1,008,266,000 for the year ended December 31, 1999 as compared to $1,027,902,000 for the prior year period. The active components business net sales were $751,825,000 for the year ended December 31, 1999 as compared to $544,843,000 for the prior year period. The 1999 sales of the active business reflected increased demand for product, particularly in telecommunications and computer applications, and reduced price erosion on its products.

Costs of Products Sold

Costs of products sold for the year ended December 31, 1999 were 73.8% of net sales, as compared to 75.6% for the prior year. Gross profit, as a percentage of net sales, for the year ended December 31, 1999 increased from the comparable prior year period mainly due to the results of TEMIC. TEMIC reported gross profit margins of 33.3% for the year ended December 31, 1999 as compared to 30.1% for the ten months ended December 31, 1998, mainly due to higher business volume and manufacturing efficiencies gained from the full utilization of existing manufacturing capacity.

The active components business gross margins were 31.4% for the year ended December 31, 1999 as compared to 27.9% for the prior year period. The increase was due to the Siliconix operation, where gross margins increased substantially as a result of increased product demand, stronger capacity utilization, an improved product mix and increased fab efficiencies.

The passive components business gross profit margins were 22.4% for the year ended December 31, 1999 as compared to 22.5% for the prior year period. Profitability for the passive components business was negatively affected by price erosion, which began in the second quarter of 1998. However, beginning in the third quarter of 1999, most of the Company's product lines saw an increase in demand and the average selling prices stopped declining, with prices actually increasing in some instances.

Israeli government grants, recorded as a reduction of costs of products sold, were $14,256,000 for the year ended December 31, 1999, as compared to $13,116,000 for the prior year. Future grants and other incentive programs offered to the Company by the Israeli government will likely depend on the Company's continuing to increase capital investment and the number of Company employees in Israel. Deferred income at December 31, 1999 relating to Israeli government grants was $50,462,000 as compared to $59,264,000 at December 31, 1998.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses for the year ended December 31, 1999 were 14.5% of net sales, as compared to 14.9% for the prior year. The decrease in selling, general and administrative expenses was primarily due to the cost reduction initiatives of TEMIC, for which selling, general and administrative expenses were 16.1% for the year ended December 31, 1999 as compared to 19.6% for the ten months ended December 31, 1998.

Interest Expense

Interest costs increased by $4,258,000 for the year ended December 31, 1999 from the prior year. Bank borrowings related to the TEMIC acquisition were outstanding for twelve months during 1999 compared to ten months during 1998. Also during 1999, interest rates increased as compared to the prior year.

Other Income

Other income decreased by $3,496,000 for the year ended December 31, 1999 as compared to the prior year. Included in the results for the year ended December 31, 1999 was a non-cash loss of $10,073,000 in connection with the sale of Nicolitch, S.A., a subsidiary of the Company. Included in the results for the year ended December 31, 1998 was a loss of $6,269,000 related to a forward exchange contract entered into to set the purchase price in connection with the TEMIC acquisition.

Minority Interest

Minority interest increased by $10,724,000 for the year ended December 31, 1999 as compared to the prior year primarily due to the increase in net earnings of Siliconix, of which Vishay owns 80.4%.

Income Taxes

The effective tax rate for the year ended December 31, 1999 was 27.4% as compared to 71.8% for the prior year. The tax rate for the year ended December 31, 1999 reflects the non-tax deductibility of the loss on the sale of Nicolitch, S.A. Tax expense on the sale of Nicolitch, S.A. was $1,416,000. Also, a tax rate change in Germany resulted in a decrease in German deferred tax assets, which increased tax expense by $1,939,000. Exclusive of the effect of the sale of Nicolitch, S.A. and the tax rate change in Germany, the effective tax rate on earnings before minority interest for the year ended December 31, 1999 would have been 23.2%. The higher tax rate for the year ended December 31, 1998 was primarily due to the non-tax deductibility of the in-process research and development expense in 1998 and a $10,000,000 increase in a valuation allowance for a deferred tax asset for net operating loss carryforwards in Germany. Exclusive of the effect of special charges, the tax rate on earnings before minority interest for the year ended December 31, 1998 would have been 27.8%. The continuing effect of low tax rates in Israel, as compared to the statutory rate in the United States, resulted in increases in net earnings of $12,469,000 and $15,166,000 for the years ended December 31, 1999 and 1998, respectively. The more favorable Israeli tax rates are applied to specific approved projects and are normally available for a period of ten or fifteen years. See "Description of Business -- Manufacturing Operations."

Financial Condition and Liquidity

Cash flows from operations were $542,319,000 for the year ended December 31, 2000 compared to $239,547,000 for the prior year. The increase in cash flows from operations is primarily attributable to an increase in net earnings for the year ended December 31, 2000 as compared to the year ended December 31, 1999. Net purchases of property and equipment for the year ended December 31, 2000 were $229,781,000 compared to $119,638,000 in the prior year, reflecting the Company's efforts toward increasing capacity. The Company paid down $506,687,000 on its revolving credit lines during the year 2000. These payments were partially funded by $395,449,000 of proceeds from the May 2000 Common Stock offering and $39,873,000 of proceeds from the exercise of stock options. On July 12, 2000 the Company completed the sale of its 65% interest in LPSC to the Lite-On Group. The net cash proceeds of $33,162,000 were used to further pay down the Company's long-term debt. See Notes 2 and 3 to the Consolidated Financial Statements for discussion of restructuring costs paid during 1999.

The Company's financial condition at December 31, 2000 is strong, with a current ratio of 3.53 to 1. The Company's ratio of long-term debt, less current portion, to stockholders' equity was .08 to 1 at December 31, 2000 and .65 to 1 at December 31, 1999.

On March 2, 1998, the Company and certain of its subsidiaries entered into a $1.1 billion multicurrency revolving credit agreement with a group of banks that included an $825 million long-term revolving credit and swing line facility and a $275 million short-term revolving credit facility. On June 1, 1999 and August 31, 2000, the Company amended the credit facilities. The amended agreement now provides for a $660,000,000 long-term revolving credit and swing line facility maturing on June 1, 2005, subject to Vishay's right to request year-to-year renewals. Borrowings under the facility bear interest at variable rates based, at the option of Vishay, on the prime rate or a eurocurrency rate and in the case of any swing line advance, the quoted rate. The borrowings under the loan agreement are secured by pledges of stock in certain significant subsidiaries and indirect subsidiaries of Vishay and guaranties by certain significant subsidiaries. The Company is required to pay facility fees on the long-term facility. The credit facility restricts the Company from paying cash dividends, and requires the Company to comply with certain financial covenants. See Note 5 to the Consolidated Financial Statements for additional information.

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

Euro Conversion

On January 1, 1999, 11 of the 15 member countries of the European Union adopted the euro as their common legal currency and established fixed conversion rates between their existing sovereign currencies and the euro. The Company is currently evaluating issues raised by the introduction and initial implementation of the euro on January 1, 2002. The Company does not expect costs of system modifications to be material, nor does it expect the introduction and use of the euro to materially and adversely affect its financial condition or results of operations. The Company will continue to evaluate the impact of the euro introduction.

Inflation

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

Safe Harbor Statement

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

Changes in Product Demand, Competition, Backlog

- The Company offers a broad variety of products and services to its customers. Changes in demand for or in the mix of, products and services comprising revenues could cause actual operating results to vary from those expected. Due to a recent slowing of growth in the personal computer and cell phone markets, the Company and others in the electronic and semi-conductor component industry have recently experienced softness in product demand, resulting in order cancellations and deferrals. This slowdown may continue and may become more pronounced. Such a slowdown in demand, as well as recessionary trends in the global economy in general or in specific countries or regions where the Company sells the bulk of its products, such as the U.S., Germany, France or the Pacific Rim, could adversely impact the Company's results of operations.

- The Company operates in a highly competitive environment, which includes significant competitive pricing pressures and intense competition for entry into new markets. The electronics components industry has become increasingly concentrated and globalized in recent years, and the Company's major competitors, some of which are larger than the Company, have significant financial resources and technological capabilities.

- Many of the orders in the Company's backlog may be canceled by its customers without penalty. Customers may on occasion double and triple order components from multiple sources to ensure timely delivery when backlog is particularly long. The Company's results of operations may be adversely impacted if customers were to cancel a material portion of such orders and this produced a significant decrease in demand for the Company's products.

Product Development, Business Expansion

- The Company's future operating results are dependent, in part, on its ability to develop, produce and market new and innovative products, to convert existing products to surface mount devices and to customize certain products to meet customer requirements. There are numerous risks inherent in this complex process, including the risks that the Company will be unable to anticipate the direction of technological change or that the Company will be unable to timely develop and bring to market new products and applications to meet customers' changing needs.

- The Company's historic growth in revenues and net earnings has resulted in large part from its strategy to expand through acquisitions. However, there is no assurance that the Company will find or consummate transactions with suitable acquisition candidates in the future. From time to time, when the Company is in the process of pursuing a strategic acquisition, the Company or the acquisition target may feel compelled for securities and other legal reasons to announce the potential acquisition or the Company's desire to enter into a certain market prior to entering into formal agreements. As a result, there can be no assurance that the Company will consummate any such acquisition.

- The Company was substantially debt free at the end of 2000. If the Company were to undertake a substantial acquisition for cash, the acquisition would likely need to be financed in part through bank borrowings or the issuance of public or private debt. This would decrease the Company's ratio of earnings to fixed charges and adversely affect other leverage criteria. The Company cannot ensure that the necessary acquisition financing would be available to the Company when required on acceptable terms.

- The Company may have difficulty expanding its manufacturing of product lines to satisfy future increases in demand for its products. Factors that could limit such expansion include delays in procurement of manufacturing equipment, shortages of skilled personnel and capacity constraints at the Company's facilities. If the Company is unable to meet its customers' requirements and its competitors sufficiently expand production, the Company could lose customers and/or market share.

- Any drop in demand or increase in supply of the Company's products due to the expansion of production capacity by the Company's competitors could cause a dramatic drop in average sales prices causing a drop in gross margins.

Foreign Operations and Sales

- Approximately 56.0% of the Company's revenues are derived from sales to customers outside the United States. As a result, currency exchange rate fluctuations, regional inflation, changes in monetary policy and tariffs, potential changes in laws and regulations affecting the Company's business in foreign jurisdictions, international trade restrictions or prohibitions, intergovernmental disputes, increased labor costs and reduction or cancellation of government grants, tax benefits or other incentives could impact the Company's results of operations.

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

Restructuring and Cost Reduction Activities

- The Company's strategy is aimed at achieving significant production cost savings through the transfer and expansion of manufacturing operations to lower cost regions such as Israel, Mexico, Portugal, the Czech Republic, Taiwan and the People's Republic of China. In this process, the Company may experience underutilization of certain plants and factories in high labor cost regions and capacity constraints in plants and factories located in low labor cost regions, resulting initially in production inefficiencies and higher costs. Such costs include those associated with work force reductions and plant closings in the higher labor cost regions, as described in "Introduction and Background" of this Item, and start-up expenses, manufacturing and construction delays, and increased depreciation costs in connection with the start of production in new plants and expansions in lower labor cost regions. Moreover, capacity constraints may limit the Company's ability to continue to meet demand for any of the Company's products. For example, during 1998, restructuring costs were particularly high as a result of the Company's accelerated effort to streamline operations in response to the continued weakness in the international electronic components market at the time.

- The Company has in the past and may in the future respond to changing economic conditions by restructuring its operations. Such restructruing, particularly in Europe, may result in labor unrest or strikes, which could have an adverse effect on the Company

- The Company's strategy also focuses on the reduction of selling, general and administrative expenses through the integration or elimination of redundant sales offices and administrative functions at acquired companies. The Company's inability to achieve these goals could have an adverse effect on the Company's results of operations.

Raw Materials

- The Company's results of operations may be adversely impacted by:

    1. difficulties in obtaining raw materials, supplies, power, natural resources and any other items needed for the production of the Company's products;

    2. the effects of quality deviations in raw materials, particularly tantalum powder, palladium and ceramic dielectric materials; and

    3. the effects of significant price increases for tantalum or palladium, or an inability to obtain adequate supplies of tantalum or palladium from the limited number of suppliers. Prices for tantalum powder are expected to increase significantly in the near future.

The Class B Common Stock

- The holders of common stock are entitled to one vote for each share held, while the holders of Class B common stock are entitled to 10 votes for each share held. Currently, the holders of Class B common stock hold 57% of the voting power of the Company. As a result, the holders of Class B common stock are able to cause the election of their nominees as directors of the Company. The holders of Class B common stock may also be able to approve other action as stockholders without obtaining the votes of other stockholders of the Company.

- The effective control of the Company by holders of Class B common stock may make the Company less attractive as a target for a takeover proposal. It may also render more difficult or discourage a merger proposal or proxy contest for the removal of the incumbent directors, even if such actions were favored by all stockholders of the Company other than the holders of the Class B common stock. Accordingly, this may deprive the holders of common stock of an opportunity they might otherwise have to sell their shares at a premium over the prevailing market price in connection with a merger or acquisition of the Company with or by another company.

Miscellaneous Factors

- The Company's results may also be affected by a variety of other factors, including:

  1. possible environmental liability and remediation costs;

  2. legal proceedings and investigations;

  3. possible challenges to the Company's intellectual property rights;

  4. increases in the Company's debt levels or its cost of borrowings;

  5. changes in generally accepted accounting policies and practices;

  6. disruptions to the Company's manufacturing operations that may result from casualty losses, military hostilities particularly in the Middle East, or acts of God; and

  7. changes in executive personnel.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Disclosure

The Company's cash flows and earnings are subject to fluctuations resulting from changes in foreign currency exchange rates and interest rates. The Company manages its exposure to these market risks through internally established policies and procedures and, when deemed appropriate, through the use of derivative financial instruments. Company policy does not allow speculation in derivative instruments for profit or execution of derivative instrument contracts for which there are no underlying exposures. The Company does not use financial instruments for trading purposes and is not a party to any leveraged derivatives. The Company monitors its underlying market risk exposures on an ongoing basis and believes that it can modify or adapt its hedging strategies as needed.

The Company is exposed to changes in U.S. dollar LIBOR interest rates on its floating rate revolving credit facility. At December 31, 2000, the outstanding balance under this facility was $140,000,000. On a selective basis, the Company from time to time enters into interest rate swap or cap agreements to reduce the potential negative impact increases in interest rates could have on its outstanding variable rate debt. The impact of interest rate instruments on the Company's results of operations in each of the three years ended December 31, 2000 was not significant. See Notes 5 and 12 to Consolidated Financial Statements for components of the Company's long-term debt and interest rate swap arrangements.

In August 1998, the Company entered into six interest rate swap agreements with a total notional amount of $300,000,000 to manage interest rate risk related to its multicurrency revolving line of credit. As of December 31, 2000, five of these six agreements had been terminated. The remaining agreement, which expires in 2003, has a notional amount of $100,000,000 and requires the Company to make payments to the counterparty at variable rates based on USD-LIBOR-BBA rates. At December 2000 and 1999, the Company paid a weighted average fixed rate of 7.16% and 5.61%, respectively, and received a weighted average variable rate of 6.53% and 6.49%, respectively. The fair value of the interest rate swap agreements, based on current market rates, approximated a net receivable of $51,000 and $8,714,000 at December 31, 2000 and 1999, respectively.

Foreign Exchange Risk

The Company is exposed to foreign currency exchange rate risks. The Company's significant foreign subsidiaries are located in Germany, France, Israel and the Far East. The Company, in most locations, has introduced a "netting" policy where subsidiaries pay all intercompany balances within thirty days. In September 1999, a subsidiary of the Company entered into foreign currency forward exchange contracts to manage the effect of exchange rate changes on certain foreign currency denominated transactions. As of December 31, 2000, the Company did not have any outstanding foreign currency forward exchange contracts.

In the normal course of business, the financial position of the Company is routinely subjected to a variety of risks, including market risks associated with interest rate movements, currency rate movements on non-U.S. dollar denominated assets and liabilities and collectibility of accounts receivable. The Company does not anticipate material losses in these areas.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following Consolidated Financial Statements of the Company and its subsidiaries, together with the report of independent auditors thereon, are presented under Item 14 of this report:

Report of Independent Auditors

Consolidated Balance Sheets -- December 31, 2000 and 1999.

Consolidated Statements of Operations -- for the years ended December 31, 2000, 1999 and 1998.

Consolidated Statements of Cash Flows -- for the years ended December 31, 2000, 1999, and 1998.

Consolidated Statements of Stockholders' Equity -- for the years ended December 31, 2000, 1999 and 1998.

Notes to Consolidated Financial Statements-- December 31, 2000.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Information with respect to Items 10, 11, 12 and 13 on Form 10-K is set forth in the Company's definitive proxy statement, which will be filed within 120 days of December 31, 2000, the Company's most recent fiscal year. Such information is incorporated herein by reference, except that information with respect to Executive Officers of Registrant is set forth in Part I, Item 4A hereof under the caption, "Executive Officers of the Registrant."

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) All Consolidated Financial Statements of the Company and its subsidiaries for the year ended December 31, 2000 are filed herewith. See Item 8 of this Report for a list of such financial statements.

(2) All financial statement schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

(3) Exhibits-- See response to paragraph (c) below.

(b) None.

(c) Exhibits:

2.1 Stock Purchase Agreement, dated as of May 31, 2000, among Lite-On JV Corporation, Vishay Intertechnology, Inc., and Lite-On Power Semiconductor Corporation. Incorporated by reference to Exhibit F to Amendment No. 2 to Schedule 13D filed on June 29, 2000.

3.1 Composite Amended and Restated Certificate of Incorporation of the Company dated August 3, 1995. Incorporated by reference to Exhibit 3.1 to Form 10-Q for the quarter ended June 30, 1995 (the "1995 Form 10-Q"). Certificate of Amendment of Composite Amended and Restated Certificate of Incorporation of the Company. Incorporated by reference to Exhibit 3.1 to Form 10-Q for the quarter ended June 30, 1997 (the "1997 Form 10-Q").

3.2 Amended and Restated Bylaws of Registrant. Incorporated by reference to Exhibit 3.2 to Registration Statement No. 33-13833 of Registrant on Form S-2 under the Securities Act of 1933 (the "Form S-2") and Amendment No. 1 to Amended and Restated Bylaws of Registrant Incorporated by reference to Exhibit 3.2 to Form 10-K file number 1-7416 for fiscal year ended December 31, 1993 (the "1993 Form 10-K").

10.1 Performance-Based Compensation Plan for Chief Executive Officer of Registrant. Incorporated by reference to Exhibit 10.1 to the 1993 Form 10-K.

10.2 Vishay Intertechnology, Inc. Amended and Restated Long Term Revolving Credit Agreement, dated as of June 1, 1999, by and among Vishay and the Permitted Borrowers (as defined therein), the Lenders (as defined therein), and Comerica Bank, as administrative agent. Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-3 (No. 333-52594) filed December 22, 2000.

10.3 First Amendment to Amended and Restated Vishay Intertechnology, Inc. Long Term Revolving Credit Agreement and Other Loan Documents, dated as of August 31, 2000, by and among Vishay and the Permitted Borrowers (as defined therein), Comerica Bank and the other Lenders signatory thereto, and Comerica Bank, as administrative agent. Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-3 (No. 333-52594) filed December 22, 2000.

10.4 Employment Agreement, dated as of March 15, 1985, between the Company and Dr. Felix Zandman. Incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-2 (No. 33-13833).

10.5 Vishay Intertechnology 1995 Stock Option Program. Incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14ADR filed April 7, 1995.

10.6 Vishay Intertechnology 1997 Stock Option Program. Incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14A filed April 16, 1998.

10.7 Vishay Intertechnology 1998 Stock Option Program. Incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14A filed April 16, 1998.

10.8 Money Purchase Plan Agreement of Measurements Group, Inc. Incorporated by reference to Exhibit 10(a)(6) to Amendment No. 1 to the Company's Registration Statement on Form S-7 (No. 2-69970).

21. Subsidiaries of the Registrant.

23. Consent of Independent Auditors.

SIGNATURES

Pursuant to the requirement of Section 13 or 15(d) 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.

March 27, 2001	/s/ Felix Zandman ------------------------------ Felix Zandman, Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated below.

March 27, 2001	/s/ Felix Zandman ------------------------------ Felix Zandman, Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
March 27, 2001	/s/ Avi D. Eden ------------------------------ Avi D. Eden, Vice-Chairman of the Board, Executive Vice President and General Counsel
March 27, 2001	/s/ Gerald Paul ------------------------------ Gerald Paul, Director, President and Chief Operating Officer
March 27, 2001	/s/ Richard N. Grubb ------------------------------ Richard N. Grubb, Director, Executive Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)
March 27, 2001	/s/ Robert A. Freece ------------------------------ Robert A. Freece, Director, Senior Vice President
March 27, 2001	/s/ Eli Hurvitz ------------------------------ Eli Hurvitz, Director
March 27, 2001	/s/ Edward B. Shils ------------------------------ Edward B. Shils, Director
March 27, 2001	/s/ Luella B. Slaner ------------------------------ Luella B. Slaner, Director
March 27, 2001	/s/ Mark I. Solomon ------------------------------ Mark I. Solomon, Director
March 27, 2001	/s/ Jean-Claude Tine ------------------------------ Jean-Claude Tine, Director

Report of Independent Auditors

Board of Directors and Stockholders
Vishay Intertechnology, Inc.

We have audited the accompanying consolidated balance sheets of Vishay Intertechnology, Inc. as of December 31, 2000 and 1999, and the related consolidated statements of operations, cash flows, and stockholders' equity for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Vishay Intertechnology, Inc. at December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
February 5, 2001, except for Note 17,
as to which the date is March 8, 2001

Vishay Intertechnology, Inc.

Consolidated Balance Sheets

(In thousands, except per share and share amounts)

	December 31 2000	1999
Assets		
Current assets:		
Cash and cash equivalents	$ 337,213	$ 105,193
Accounts receivable, less allowances of $12,630 and $9,495	452,579	320,978
Inventories:		
Finished goods	179,286	144,645
Work in process	130,682	131,951
Raw materials	215,894	121,704
Deferred income taxes	32,051	35,119
Prepaid expenses and other current assets	127,169	67,159
Total current assets	1,474,874	926,749
Property and equipment - at cost:		
Land	47,625	51,453
Buildings and improvements	265,311	261,528
Machinery and equipment	1,168,241	1,073,556
Construction in progress	83,768	61,881
	1,564,945	1,448,418
Less allowances for depreciation	(591,391)	(517,873)
	973,554	930,545
Goodwill	295,759	399,970
Other assets	39,471	66,517
Total assets	$ 2,783,658	$ 2,323,781

	December 31 2000	1999
Liabilities and stockholders' equity		
Current liabilities:		
Notes payable to banks	$ 8,250	$ 26,790
Trade accounts payable	120,070	101,613
Payroll and related expenses	111,132	77,209
Other accrued expenses	146,157	107,724
Income taxes	31,915	4,818
Current portion of long-term debt	150	4,445
Total current liabilities	417,674	322,599
Long-term debt - less current portion	140,467	656,943
Deferred income taxes	79,109	62,712
Deferred income	55,162	50,462
Minority interest	63,480	61,637
Other liabilities	93,157	47,315
Accrued pension costs	100,754	108,521
Stockholders' equity:		
Preferred Stock, par value $1.00 per share: authorized - 1,000,000 shares; none issued		
Common Stock, par value $.10 per share: authorized - 150,000,000 shares; 122,408,402 and 111,468,463 shares outstanding after deducting 225,673 and 25,673 shares in treasury	12,241	11,147
Class B convertible Common Stock, par value $.10 per share: authorized - 20,000,000 shares; 15,518,546 and 15,554,898 shares outstanding after deducting 279,453 shares in treasury	1,552	1,556
Capital in excess of par value	1,319,426	985,393
Retained earnings	615,455	97,591
Unearned compensation	(1,248)	(1,086)
Accumulated other comprehensive loss	(113,571)	(81,009)
Total stockholders' equity	1,833,855	1,013,592
Total liabilities and stockholders' equity	$ 2,783,658	$ 2,323,781

See accompanying notes.

Vishay Intertechnology, Inc.

Consolidated Statements of Operations

(In thousands, except per share and share amounts)

	Year ended December 31 2000	1999	1998
Net sales	$ 2,465,066	$ 1,760,091	$ 1,572,745
Costs of products sold	1,459,784	1,299,705	1,189,107
Gross profit	1,005,282	460,386	383,638
Selling, general, and administrative expenses	297,315	254,282	234,840
Amortization of goodwill	11,469	12,360	12,272
Unusual items	--	--	29,301
Purchased research and development	--	--	13,300
	696,498	193,744	93,925
Other income (expense):			
Interest expense	(25,177)	(53,296)	(49,038)
Other	18,904	(5,737)	(2,241)
	(6,273)	(59,033)	(51,279)
Earnings before income taxes and minority interest	690,225	134,711	42,646
Income taxes	148,186	36,940	30,624
Minority interest	24,175	14,534	3,810
Net earnings	$ 517,864	$ 83,237	$ 8,212
Basic earnings per share	$ 3.83	$ 0.66	$ 0.07
Diluted earnings per share	$ 3.77	$ 0.65	$ 0.07
Weighted average shares outstanding:			
Basic	135,295,000	126,678,000	126,665,000
Diluted	137,463,000	128,233,000	126,797,000

See accompanying notes.

Vishay Intertechnology, Inc.

Consolidated Statements of Cash Flows
(In thousands)

	Year ended December 31 2000	1999	1998
Operating activities			
Net earnings	$ 517,864	$ 83,237	$ 8,212
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	140,840	139,676	127,947
(Gain) loss on sale of subsidiaries	(5,851)	10,073	--
Loss on disposal of property and equipment	2,320	1,146	712
Minority interest in net earnings of consolidated subsidiaries	24,175	14,534	3,810
Equity in earnings of affiliate	2,577	2,195	1,084
Purchased research and development	--	--	13,300
Asset impairment losses	--	--	23,057
Loss on forward exchange contract	--	--	(5,295)
Changes in operating assets and liabilities, net of effects of businesses acquired or sold:			
Accounts receivable	(148,414)	(72,776)	13,827
Inventories	(140,084)	25,998	13,304
Prepaid expenses and other current assets	(62,687)	14,451	(23,206)
Accounts payable	28,507	15,838	1,575
Other current liabilities	106,084	24,146	(36,542)
Other	76,988	(18,971)	27,665
Net cash provided by operating activities	542,319	239,547	169,450
Investing activities			
Purchases of property and equipment	(229,781)	(119,638)	(151,682)
Purchases of businesses	(42,384)	--	(423,031)
Net cash proceeds from divestitures	33,162	9,118	--
Proceeds from sale of property and equipment	7,267	7,934	11,650
Net cash used in investing activities	(231,736)	(102,586)	(563,063)
Financing activities			
Net (payments) proceeds on revolving credit lines	(506,686)	(143,496)	462,214
Proceeds from long-term borrowings	--	197	5,030
Principal payments on long-term debt	(385)	(4,481)	(7,068)
Purchase of treasury stock	(5,765)	--	--
Proceeds from sale of common stock	395,449	--	--
Proceeds from stock options exercised	39,873	--	--
Net changes in short-term borrowings	39	6,752	(9,768)
Net cash (used in) provided by financing activities	(77,475)	(141,028)	450,408
Effect of exchange rate changes on cash	(1,088)	(4,469)	1,671
Increase (decrease) in cash and cash equivalents	232,020	(8,536)	58,466
Cash and cash equivalents at beginning of year	105,193	113,729	55,263
Cash and cash equivalents at end of year	$ 337,213	$ 105,193	$ 113,729

See accompanying notes.

Vishay Intertechnology, Inc.

Consolidated Statements of Stockholders' Equity
(In thousands, except share amounts)

	Common Stock	Class B Convertible Common Stock	Capital in Excess of Par Value	Retained Earnings	Unearned Compensation	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 1997	$ 10,587	$ 1,486	$ 914,531	$ 75,587	$ (644)	$ (41,899)	$ 959,648
Net earnings	--	--	--	8,212	--	--	8,212
Foreign currency translation adjustment	--	--	--	--	--	38,174	38,174
Pension liability adjustment	--	--	--	--	--	(4,074)	(4,074)
Comprehensive income							42,312
Stock issued (116,664 shares)	12	--	1,050	--	(1,062)	--	--
Stock dividends (5,296,314; 743,007 shares)	530	74	68,841	(69,445)	--	--	--
Conversions from Class B to common (20 shares)	--	--	--	--	--	--	--
Tax effects relating to stock plan	--	--	(16)	--	--	--	(16)
Amortization of unearned compensation	--	--	--	--	575	--	575
Balance at December 31, 1998	11,129	1,560	984,406	14,354	(1,131)	(7,799)	1,002,519
Net earnings	--	--	--	83,237	--	--	83,237
Foreign currency translation adjustment	--	--	--	--	--	(76,553)	(76,553)
Pension liability adjustment	--	--	--	--	--	3,343	3,343
Comprehensive income							10,027
Stock issued (46,511 shares)	5	--	503	--	(508)	--	--
Stock options exercised (87,819 shares)	9	--	482	--	--	--	491
Conversions from Class B to common (42,206 shares)	4	(4)	--	--	--	--	--
Tax effects relating to stock plan	--	--	2	--	--	--	2
Amortization of unearned compensation	--	--	--	--	553	--	553
Balance at December 31, 1999	11,147	1,556	985,393	97,591	(1,086)	(81,009)	1,013,592
Net earnings	--	--	--	517,864	--	--	517,864
Foreign currency translation adjustment	--	--	--	--	--	(32,468)	(32,468)
Pension liability adjustment	--	--	--	--	--	(94)	(94)
Comprehensive income							485,302
Stock issued (53,716 shares)	5	--	1,699	--	(1,704)	--	--
Stock options exercised (2,656,171 shares)	266	--	39,607	--	--	--	39,873
Conversions from Class B to common (36,347 shares)	4	(4)	--	--	--	--	--
Common stock repurchase (200,000 shares)	(20)	--	(5,745)	--	--	--	(5,765)
Sale of common stock (8,392,500 shares)	839	--	394,610	--	--	--	395,449
Termination of Lite-On stock appreciation rights	--	--	(108,495)	--	--	--	(108,495)
Tax effects relating to stock plan	--	--	12,357	--	--	--	12,357
Amortization of unearned compensation	--	--	--	--	1,542	--	1,542
Balance at December 31, 2000	$ 12,241	$ 1,552	$1,319,426	$ 615,455	$ (1,248)	$ (113,571)	$ 1,833,855

See accompanying notes.

Vishay Intertechnology, Inc.

Notes to Consolidated Financial Statements

December 31, 2000

Vishay Intertechnology, Inc. is an international manufacturer and supplier of passive and active electronic components, particularly resistors, capacitors, power MOSFETS, power conversion and motor control integrated circuits, transistors and diodes. Electronic components manufactured by the Company are used in virtually all types of electronic products, including those in the computer, telecommunications, military/aerospace, instrument, automotive, medical, and consumer electronics industries.

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Vishay Intertechnology, Inc. and its majority-owned subsidiaries, after elimination of all significant intercompany transactions, accounts, and profits. The Company's investments in 20%- to 50%-owned companies are accounted for on the equity method. Investments in other companies are carried at cost.

Revenue Recognition

The Company recognizes revenue when products are shipped to customers. The Company has agreements with distributors that provide limited rights of return and protection against price reductions initiated by the Company. The effect of these programs is estimated based on historical experience and provisions are recorded at the time of shipment.

Shipping and Handling Costs

Shipping and handling costs are included in costs of products sold.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ significantly from those estimates.

Inventories

Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market.

1. Summary of Significant Accounting Policies (continued)

Depreciation

Depreciation is computed principally by the straight-line method based upon the estimated useful lives of the assets. Depreciation of capital lease assets is included in total depreciation expense. Depreciation expense was $126,285,000, $125,847,000, and $114,592,000 for the years ended December 31, 2000, 1999, and 1998, respectively.

Construction in Progress

The estimated cost to complete construction in progress at December 31, 2000 was $64,485,000.

Goodwill

Goodwill (excess of purchase price over net assets acquired) is amortized principally over periods ranging from 20-40 years using the straight-line method. The recoverability of goodwill is evaluated at the operating unit level by an analysis of operating results and consideration of other significant events or changes in the business environment. If an operating unit has current operating losses and based upon projections there is a likelihood that such operating losses will continue, the Company will determine whether impairment exists on the basis of undiscounted expected future cash flows from operations before interest for the remaining amortization period. If impairment exists, goodwill will be reduced by the estimated shortfall of discounted cash flows. Accumulated amortization amounted to $60,061,000 and $57,071,000 at December 31, 2000 and 1999, respectively.

Cash Equivalents

Cash and cash equivalents includes demand deposits and all highly liquid investments with maturities of three months or less when purchased.

1. Summary of Significant Accounting Policies (continued)

Research and Development Expenses

The amount charged to expense for research and development (exclusive of purchased in-process research and development) aggregated $37,103,000, $35,038,000, and $28,857,000 for the years ended December 31, 2000, 1999, and 1998, respectively. The Company spends additional amounts for the development of machinery and equipment for new processes and for cost reduction measures.

Grants

Grants received by certain foreign subsidiaries from foreign governments, primarily in Israel, are recognized as income in accordance with the purpose of the specific contract and in the period in which the related expense is incurred. Grants from the Israeli government recognized as a reduction of costs of products sold were $15,721,000, $14,256,000, and $13,116,000 for the years ended December 31, 2000, 1999, and 1998, respectively. Grants receivable of $23,792,000 and $10,056,000 are included in other current assets at December 31, 2000 and 1999, respectively. Deferred grant income was $55,162,000 and $50,462,000 at December 31, 2000 and 1999, respectively. The grants are subject to certain conditions, including maintaining specified levels of employment for periods up to ten years. Noncompliance with such conditions could result in the repayment of grants. However, management expects that the Company will comply with all terms and conditions of the grants.

Minority Interest

Minority interest represents the ownership interests of third parties in the net assets and results of operations of certain consolidated subsidiaries.

Share and Per-Share Amounts

On June 9, 2000 and June 22, 1999, the Company effected three-for-two and five-for-four splits, respectively, of the shares of Common Stock and Class B Common Stock. Accordingly, all share and per-share amounts shown in the accompanying consolidated financial statements and notes have been retroactively adjusted to reflect these stock splits.

1. Summary of Significant Accounting Policies (continued)

Earnings per share amounts for all periods presented also reflect a 5% stock dividend paid on June 11, 1998.

Stock-Based Compensation

Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123), encourages entities to record compensation expense for stock-based employee compensation plans at fair value but provides the option of measuring compensation expense using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25). The Company accounts for stock-based compensation in accordance with APB 25. Note 10 presents pro forma results of operations as if SFAS 123 had been used to account for stock-based compensation plans.

Derivative Financial Instruments

The Company uses interest rate swap agreements for purposes other than trading and treats such agreements as off-balance-sheet items. Interest rate swap agreements are used by the Company to modify variable rate obligations to fixed rate obligations, thereby reducing the exposure to market rate fluctuations. The interest rate swap agreements are designated as hedges, and effectiveness is determined by matching the principal balances and terms with each specific obligation. Such an agreement involves the exchange of amounts based on fixed interest rates for amounts based on variable interest rates over the life of the agreement without an exchange of the notional amount upon which payments are based. The differential to be paid or received as interest rates change is accounted for on the accrual method of accounting. The related amount payable to or receivable from counterparties is included as an adjustment to interest expense and to accrued interest in other accrued expenses. Gains and losses upon terminations of interest rate swap agreements are deferred as an adjustment to interest expense related to the obligations over the term of the original contract lives of the terminated swap agreements. In the event of early extinguishment of an obligation, any realized or unrealized gain or loss from the swap is recognized in income at the time of extinguishment.

1. Summary of Significant Accounting Policies (continued)

Foreign currency forward exchange contracts are used in certain instances to manage the effect of exchange rate changes on actual cash flows from foreign currency denominated transactions. Foreign currency forward exchange contracts designated as effective hedges of firm commitments are treated as hedges for accounting purposes. Gains and losses are deferred and recognized in income when the hedged transaction occurs.

Accounting Pronouncement Pending Adoption

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133). SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments and hedging activities. It requires entities to record all derivative instruments on the balance sheet at fair value. Changes in the fair value of derivatives are recorded in each period in current earnings or other comprehensive income, based on whether a derivative is designated as part of a hedge transaction and the type of hedge transaction. The ineffective portion of all hedges is recognized in earnings. The Company is required to adopt SFAS 133, as amended, effective January 1, 2001. Management anticipates that the adoption of SFAS 133 will have an immaterial effect on the Company's financial position and results of operations.

Commitments and Contingencies

Liabilities for loss contingencies, including environmental remediation costs, arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. The costs for a specific environmental cleanup site are discounted if the aggregate amount of the obligation and the amount and timing of the cash payments for that site are fixed or reliably determinable generally based upon information derived from the remediation plan for that site. Recoveries from third parties that are probable of realization and can be reasonably estimated are separately recorded, and are not offset against the related environmental liability.

Reclassifications

Certain prior-year amounts have been reclassified to conform to the current financial statement presentation.

2. Acquisitions and Divestitures

During 2000, the Company acquired certain assets and assumed certain liabilities of Spectrol Electronics Corporation and Spectrol Electronics Limited and acquired 100% of the common stock of Cera-Mite Corporation and of Electro-Films, Inc. The combined cash purchase price was $42,384,000. The purchase price allocations have been preliminarily estimated by management based upon currently available information. The results of operations of Electro-Films, Cera-Mite, and Spectrol have been included in the Company's results from June 1, 2000, August 1, 2000, and September 1, 2000, respectively. Excess of cost over fair value of assets acquired ($19,707,000) is being amortized over 20 years using the straight-line method. The pro forma effect of these acquisitions was not material for 2000 or 1999.

On May 31, 2000, the Company entered into a definitive agreement for the sale of its 65% interest in Lite-On Power Semiconductor Corporation (LPSC) to the Lite-On Group for $40,736,000 in cash and the transfer to the Company of the rights under the SARs (see Note 6) issued in July 1997. The fair value of the SARs was $108,495,000 as of May 31, 2000. A pretax gain of $8,401,000 is included in other income in connection with the sale of the Company's 65% interest in LPSC. The transaction was completed on July 12, 2000.

On November 30, 2000, the Company sold V-Tech Latino Americana LTDA, its Brazilian distribution subsidiary. In connection with the sale, the Company received cash proceeds of approximately $400,000 and recorded a noncash pretax loss of $2,550,000, which is included in other income (expense).

On March 26, 1999, the Company sold Nicolitch, S.A., its French manufacturer of printed circuit boards. In connection with the sale, the Company received proceeds of approximately $9,118,000 and recorded a noncash pretax loss of $10,073,000, which is included in other income (expense).

On March 2, 1998, the Company purchased 80.4% of Siliconix incorporated (NASDAQ:SILI) and 100% of TEMIC Semiconductor GmbH (collectively, TEMIC) for a total of $549,889,000 in cash. TEMIC is a producer of discrete active electronic components with manufacturing facilities in the United States, the Far East, Germany, and Austria. On March 4, 1998, the Company sold the Integrated Circuits division of TEMIC to Atmel Incorporated for a total of $105,755,000 in cash.

2. Acquisitions and Divestitures (continued)

The purchase of TEMIC was funded from the Company's $1.1 billion revolving credit facilities made available to Vishay on March 2, 1998.

The TEMIC acquisition was accounted for under the purchase method of accounting. Under purchase accounting, the assets and liabilities of TEMIC were required to be adjusted from historical amounts to their estimated fair values.

Management estimated that $13,300,000 of the TEMIC purchase price represented purchased in-process technology that had not reached technological feasibility and had no alternative future use. Accordingly, this amount was expensed with no tax benefit upon consummation of the acquisition. The value assigned to purchased in-process technology was determined by identifying research projects in areas for which technological feasibility had not been established. The value was determined by estimating the costs to develop the purchased in-process technology into commercially viable products, estimating the resulting net cash flows from such products, and discounting the net cash flows back to their present value. The discount rate included a factor that took into account the uncertainty surrounding the successful development of the purchased in-process technology.

In connection with the TEMIC acquisition, the Company recorded restructuring liabilities of $30,471,000 in connection with an exit plan that management began to formulate prior to the acquisition date. Approximately $25,197,000 of these liabilities related to employee termination costs covering 498 technical, production, administrative and support employees located in the United States, Europe, and the Pacific Rim. The remaining $5,274,000 related to provisions for contract cancellations and other costs. As of December 31, 2000, the restructuring plan was completed.

The results of operations of TEMIC have been included in the Company's results from March 1, 1998. Excess of cost over the fair value of net assets acquired ($154,866,000) is being amortized principally over periods ranging from 30-40 years using the straight-line method.

2. Acquisitions and Divestitures (continued)

Had the TEMIC acquisition been made at the beginning of 1998, the Company's pro forma unaudited results for the year ended December 31, 1998 would have been (in thousands, except per share amounts):

Net sales	$1,655,197
Net earnings	6,528
Basic and diluted earnings per share	0.05

The pro forma results include adjustments for interest expense that would have been incurred to finance the acquisitions, additional depreciation based on the fair value of property, plant, and equipment acquired, writeoff of purchased in-process research and development, amortization of goodwill, and related tax effects.

The unaudited pro forma results are not necessarily indicative of the results that would have been attained had the acquisition occurred at the beginning of the period presented.

3. Unusual Items

Unusual items in 1998 consisted of the following components (in thousands):

Impairment losses:	
China	$19,556
Nikkohm	3,501
Restructuring of European operations	5,944
Closing of two U.S. sales offices	300
	$29,301

In May 1996, the Company signed letters of intent with the China National Non-Ferrous Metals Industry Corporation Nanchang Branch (the CNNC) and United Development, Inc. to enter into joint ventures to mine, process and refine tantalum at a site in China and to build a plant in China to manufacture dipped radial and chip tantalum capacitors. Management viewed this as a strategic investment as it would provide the Company with a presence in the Far East, another source of low-cost labor, and a stable, low-cost supply of tantalum. Through March 31, 1998, the Company continued to negotiate the terms of the joint ventures with the CNNC and to conduct feasibility tests on the mine. As of March 31, 1998, the Company had removed from existing production lines and packaged

3. Unusual Items (continued)

for shipment to China $18.9 million of equipment to be used in the manufacture of dipped radial and chip tantalum capacitors at the proposed plant. In addition, the Company had deferred $1.7 million in consulting costs incurred in evaluating the potential joint venture. During fiscal 1998, several events occurred which led to the eventual abandonment of the projects in China. First, the CNNC was disbanded by the Chinese government and replaced by a smaller organization with much less control over the various potential Chinese partners in the joint ventures. The individual Chinese partners, no longer under the central control of the CNNC, began demanding renegotiations of the joint venture agreements in ways that were unacceptable to the Company. Second, the Asian economy experienced a significant downturn and demand for the Company's tantalum capacitors dropped significantly. The reduction in demand for the Company's tantalum capacitors made the building of a large factory financially impractical. Instead, the Company downsized its plans and opened a small finishing plant for tantalum capacitors in one of the Company's existing Shanghai facilities that it had acquired in 1997. Third, suppliers of tantalum outside of China were forced to lower prices due to a significant increase in supply primarily due to competition from Chinese suppliers. Fourth, in 1997 and 1998, Vishay acquired two companies that had established facilities in China with approximately 2,000 employees in five factories. These factories served to establish Vishay as a major components manufacturer in China without additional investment by the Company. During the fourth quarter of fiscal 1998, management evaluated the proposed joint ventures and concluded that, due to the factors described above, the Company would discontinue negotiations and abandon the proposed joint ventures. Management concluded that the $18.9 million of equipment had a net realizable value of $1 million and that the $1.7 million of deferred costs were not recoverable and in accordance with the Company's accounting policy, recorded an impairment loss of $19.6 million.

In March 1995, the Company acquired a 49% interest in Nikkohm, a Japanese manufacturer and distributor of passive electronic components. The Company's investment in Nikkohm totaled $4 million. Like the proposed Chinese joint ventures, management considered its investment in Nikkohm strategic because it provided the Company with an entry into certain Far East markets. Following the acquisition of its interest, Vishay worked with the management of Nikkohm to build Nikkohm's business and improve its profitability. Through December 31, 1997, the Company recognized a cumulative loss on its investment in Nikkohm of $499,800 (1995 - $304,000; 1996 - $141,800; 1997 - $54,000). Management had been encouraged by Nikkohm's trend in

3. Unusual Items (continued)

earnings and had proposed certain marketing programs intended to further improve operating results. However, Nikkohm's results of operations began to deteriorate in fiscal 1998 due to a decrease in demand for the Company's products, particularly thin film resistors, and a downturn in the Asian economy. In addition, a significant member of Nikkohm's management resigned due to health concerns. Also, the Company's acquisitions in 1997 and 1998 had established Vishay as a major electronics components manufacturer in the Far East. During the fourth quarter of fiscal 1998, management evaluated these developments and concluded that the carrying amount of the investment in Nikkohm was not recoverable and in accordance with the Company's accounting policy, recorded an impairment loss of $3.5 million.

Restructuring of European operations includes $5,694,000 of employee termination costs covering approximately 182 technical, production, administrative and support employees located in Germany and the United Kingdom. The remaining $250,000 relates to lease buyout expense associated with the closing of a facility in the United Kingdom. At December 31, 1998, approximately 15 employees had been terminated and $471,000 of termination costs were paid. During the year ended December 31, 1999, the Company terminated the remainder of the employees and paid related termination costs of $4,899,000. At December 31, 1999, the 1998 European operations restructuring plan was completed.

The remaining $300,000 of restructuring expense consists of employee termination costs of $130,000 and lease buyout and other expenses of $170,000 relating to the closing of two U.S. sales offices. During the year ended December 31, 1999, these sales offices were closed and the restructuring costs were paid.

4. Income Taxes

Earnings before income taxes and minority interest consists of the following components:

	Year ended December 31		
	2000	1999	1998
	(In thousands)		
Domestic	$177,852	$ 26,717	$(45,334)
Foreign	512,373	107,994	87,980
	$690,225	$134,711	$ 42,646

4. Income Taxes (continued)

Significant components of income taxes are as follows:

	Year ended December 31 2000	1999	1998
	(In thousands)		
Current:			
U.S. Federal	$ 51,965	$ 1,685	$ 1,590
Foreign	11,936	6,810	12,370
State	4,744	728	987
	68,645	9,223	14,947
Deferred:			
U.S. Federal	62,156	21,957	(44)
Foreign	17,540	5,333	15,708
State	(155)	427	13
	79,541	27,717	15,677
	$ 148,186	$ 36,940	$ 30,624

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31 2000	1999
	(In thousands)	
Deferred tax assets:		
Pension and other retiree obligations	$ 18,393	$ 26,447
Net operating loss carryforwards	32,406	84,387
Tax credit carryforwards	2,143	8,236
Restructuring reserves	3,412	4,981
Other accruals and reserves	32,595	32,385
Total deferred tax assets	88,949	156,436
Less: Valuation allowance	(19,658)	(47,648)
Net deferred tax assets	69,291	108,788
Deferred tax liabilities:		
Tax over book depreciation	83,489	86,497
Other - net	16,966	14,641
Total deferred tax liabilities	100,455	101,138
Net deferred tax assets (liabilities)	$ (31,164)	$ 7,650

4. Income Taxes (continued)

A reconciliation of income tax expense at the U.S. federal statutory income tax rate to actual income tax expense is as follows:

	Year ended December 31 2000	1999	1998
	(In thousands)		
Tax at statutory rate	$ 241,579	$ 47,149	$ 14,926
State income taxes, net of U.S. federal tax benefit	3,064	606	649
Effect of foreign operations	(99,520)	(13,717)	(1,561)
Increase in valuation allowance for foreign net operating loss carryforwards	--	--	10,000
Purchased research and development expense	--	--	4,655
Other	3,063	2,902	1,955
	$ 148,186	$ 36,940	$ 30,624

At December 31, 2000, the Company had the following net operating loss carryforwards for tax purposes (in thousands):

		Expires
Germany	$85,899	No expiration
France	4,456	Unlimited
Portugal	4,375	2002 - 2005

Approximately $38,472,000 of the carryforward in Germany resulted from the Company's acquisition of Roederstein, GmbH in 1993. Valuation allowances of $19,068,000 and $45,698,000 have been recorded at December 31, 2000 and 1999, respectively, for deferred tax assets related to foreign net operating loss carryforwards. In 2000 and 1999, respectively, tax benefits recognized through reductions of the valuation

4. Income Taxes (continued)

allowance had the effect of reducing goodwill of acquired companies by $2,693,000 and $454,000. If additional tax benefits are recognized in the future through further reduction of the valuation allowance, $7,925,000 of such benefits will reduce goodwill.

At December 31, 2000, no provision had been made for U.S. federal and state income taxes on approximately $892,141,000 of foreign earnings which are expected to be reinvested indefinitely. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to U.S. income taxes (subject to an adjustment for foreign tax credits), state income taxes, and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable because of the complexities associated with its hypothetical calculation.

Income taxes paid were $45,703,000, $5,463,000, and $36,488,000 for the years ended December 31, 2000, 1999, and 1998, respectively.

5. Long-Term Debt

Long-term debt consists of the following:

	December 31 2000	December 31 1999
	(In thousands)	
Multicurrency revolving credit loans	$ 140,000	$ 635,215
Other debt and capital lease obligations	617	26,173
	140,617	661,388
Less current portion	150	4,445
	$ 140,467	$ 656,943

5. Long-Term Debt (continued)

At December 31, 1999, two facilities were available under the Company's amended and restated loan agreements with a group of banks: an $825,000,000 five-year multicurrency revolving credit facility and a $100,000,000 364-day multicurrency revolving credit facility.

On August 31, 2000, the Company amended the credit facilities. The amended agreement provides for a $660,000,000 long-term revolving credit and swing line facility which matures on June 1, 2005, subject to the Company's right to request year-to-year renewals. Interest on the long-term facility is payable at prime or other variable interest rate options. The Company is required to pay facility fees on the long-term facility. As of December 31, 2000, the Company had $140,000,000 outstanding under the long-term revolving credit facility (interest rate of 7.19%; 6.53% after giving effect to interest rate swaps).

Borrowings under the loan agreement are secured by pledges of stock in certain significant subsidiaries and certain guaranties by significant subsidiaries. The credit facility restricts the Company from paying cash dividends and requires the Company to comply with other covenants, including the maintenance of specific financial ratios.

Aggregate annual maturities of long-term debt are as follows: 2001 - $150,000; 2002 - $168,000; 2003 - $117,000; 2004 - $116,000; and 2005 - $140,066,000.

At December 31, 2000, the Company had committed and uncommitted short-term credit lines with various U.S. and foreign banks aggregating $106,197,000, of which $97,947,000 was unused. The weighted average interest rate on short-term borrowings outstanding as of December 31, 2000 and 1999 was 6.57% and 7.07%, respectively.

Interest paid was $29,930,000, $53,605,000, and $48,105,000 for the years ended December 31, 2000, 1999, and 1998, respectively.

6. Stockholders' Equity

The Company's Class B Common Stock carries ten votes per share while the Common Stock carries one vote per share. Class B shares are transferable only to certain permitted transferees while the Common Stock is freely transferable. Class B shares are convertible on a one-for-one basis at any time into shares of Common Stock.

6. Stockholders' Equity (continued)

The Company completed a public offering of its Common Stock on May 15, 2000, selling 8,392,500 shares at a price of $49.00 (adjusted for the June 9, 2000 three-for-two stock split). The total net proceeds to the Company from the offering, after deducting the underwriting discount and estimated expenses, were approximately $395,449,000. These proceeds were used to repay a portion of the debt outstanding under its long-term revolving credit facility.

In connection with the Company's acquisition of 65% of LPSC in July 1997, the Company issued stock appreciation rights ("SARs") to the Lite-On Group (former owners of LPSC). The SARs represented the right to receive, in stock, the increase in value on the equivalent of 3,200,000 shares of the Company's Common Stock, above $11.68 per share. On January 24, 2000, the Company exercised its right to call the SARs. Based on the call price of $26.43 per share and the average closing price of Vishay shares for the thirty days prior to January 24, 2000, the Company would have had to issue 2,294,000 shares of Common Stock to settle the SARs. In connection with the sale of its 65% interest in LPSC to the Lite-On Group (see Note 2), the Lite-On Group transferred its rights under the SARs to Vishay.

On August 10, 2000, the Board of Directors of the Company authorized the repurchase of up to 5,000,000 shares of its Common Stock from time to time in the open market. As of December 31, 2000, the Company had repurchased 200,000 shares for a total of $5,765,000.

Unearned compensation relating to Common Stock issued under employee stock plans is being amortized over periods ranging from three to five years. At December 31, 2000, 305,126 shares were available for issuance under stock plans.

7. Other Income (Expense)

Other income (expense) consists of the following:

	Year ended December 31 2000	1999	1998
	(In thousands)		
Foreign exchange (losses) gains	$ (7,305)	$ 86	$ 495
Loss on forward exchange contract	--	--	(6,269)
Interest income	9,652	3,968	4,687
Equity in net income of affiliates	2,577	2,195	1,084
Gain on termination of interest rate swap agreements	8,919	--	--
Gains (losses) on sale of subsidiaries	5,851	(10,073)	--
Loss on disposal of property and equipment	(2,320)	(1,179)	(712)
Other	1,530	(734)	(1,526)
	$ 18,904	$ (5,737)	$ (2,241)

In connection with repayments of debt, the Company terminated $200,000,000 notional amount of interest rate swap agreements (see Note 12) and recognized pretax gains of $8,919,000 in 2000.

During the year ended December 31, 2000, the Company sold its 65% interest in LPSC and all of the assets of V-Tech Latino American LTDA. The sale of LPSC resulted in a pretax gain of $8,401,000 and the sale of V-Tech resulted in a pretax loss of $2,550,000. During the year ended December 31, 1999, the Company sold Nicolitch S.A. and recorded a pretax loss of $10,073,000 (see Note 2).

In connection with the Company's acquisition of TEMIC, the Company entered into a forward exchange contract in December 1997. This contract was intended to protect against the impact of fluctuations in the exchange rate between the U.S. Dollar and the Deutsche Mark, since the purchase price was denominated in Deutsche Marks and payable in U.S. Dollars. At December 31, 1997, the Company had an unrealized loss on this contract of $5,295,000, which resulted from marking the contract to market value. On March 2, 1998, the forward exchange contract was settled and the Company recognized an additional loss of $6,269,000.

8. Other Comprehensive Income

The income tax effects allocated to and the cumulative balance of each component of other comprehensive income (loss) are as follows:

	Beginning Balance	Before-Tax Amount	Tax (Benefit) Expense	Net-of-Tax Amount	Ending Balance
			(In thousands)		
December 31, 2000					
Pension liability adjustment	$ (5,043)	$ 1,258	$ 1,352	$ (94)	$ (5,137)
Currency translation adjustment	(75,966)	(32,468)	--	(32,468)	(108,434)
	$ (81,009)	$ (31,210)	$ 1,352	$ (32,562)	$ (113,571)
December 31, 1999					
Pension liability adjustment	$ (8,386)	$ 6,177	$ 2,834	$ 3,343	$ (5,043)
Currency translation adjustment	587	(76,553)	--	(76,553)	(75,966)
	$ (7,799)	$ (70,376)	$ 2,834	$ (73,210)	$ (81,009)
December 31, 1998					
Pension liability adjustment	$ (4,312)	$ (7,342)	$ 3,268	$ (4,074)	$ (8,386)
Currency translation adjustment	(37,587)	38,174	--	38,174	587
	$ (41,899)	$ 30,832	$ 3,268	$ 34,100	$ (7,799)

9. Pensions and Other Postretirement Benefits

The Company maintains several defined benefit pension and nonpension postretirement plans which cover substantially all full-time U.S. employees. The following table sets forth a reconciliation of the benefit obligation, plan assets, and accrued benefit cost related to these plans:

	Pension Benefits		Other Benefits	
	2000	1999	2000	1999
	(In thousands)			
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 104,447	$ 110,965	$ 7,331	$ 7,977
Service cost	2,528	3,296	225	264
Interest cost	7,858	6,981	545	496
Employee contributions	2,067	1,959	-	-
Actuarial losses (gains)	6,152	(11,690)	104	(849)
Plan amendments	-	-	314	-
Benefits paid	(7,044)	(7,064)	(555)	(557)
Benefit obligation at end of year	$ 116,008	$ 104,447	$ 7,964	$ 7,331
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 99,440	$ 95,534		
Actual return on plan assets	2,982	6,837		
Company contributions	5,473	2,174		
Plan participants' contributions	2,067	1,959		
Benefits paid	(7,044)	(7,064)		
Fair value of plan assets at end of year	$ 102,918	$ 99,440		
Funded status	$ (13,090)	$ (5,007)	$ (7,964)	$ (7,331)
Unrecognized net actuarial loss (gain)	15,772	4,455	(187)	(308)
Unrecognized transition obligation (asset)	(193)	(83)	2,322	2,779
Unamortized prior service cost	8	75	732	248
Net amount recognized	$ 2,497	$ (560)	$ (5,097)	$ (4,612)
Amounts recognized in the consolidated balance sheets consist of:				
Prepaid benefit cost	$ 7,018	$ 4,165	$ -	$ -
Accrued benefit liability	(4,521)	(4,725)	(5,097)	(4,612)
Net amount recognized	$ 2,497	$ (560)	$ (5,097)	$ (4,612)

9. Pensions and Other Postretirement Benefits (continued)

	Pension Benefits		Other Benefits	
	2000	1999	2000	1999
Weighted-average assumptions as of December 31:				
Discount rate	7.25%	7.50%	7.25%	7.50%
Expected return on plan assets	8.50%-9.50%	8.50%-9.50%		
Rate of compensation increase	4.50%	4.50%		

	Pension Benefits			Other Benefits		
	2000	1999	1998	2000	1999	1998
	(In thousands)					
Components of net periodic benefit cost:						
Annual service cost	$ 4,595	$ 5,255	$ 5,610	$ 225	$ 264	$ 287
Less employee contribution	2,067	1,959	1,782	--	--	--
Net service cost	2,528	3,296	3,828	225	264	287
Interest cost	7,858	6,981	6,726	545	496	494
Expected return on plan assets	(8,703)	(8,259)	(8,463)	--	--	--
Amortization of prior service cost	67	98	195	93	31	31
Amortization of transition obligation	110	110	110	194	214	214
Amortization of (gains) losses	556	461	--	(17)	6	--
Net periodic benefit cost	$ 2,416	$ 2,687	$ 2,396	$ 1,040	$ 1,011	$ 1,026

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $21,829,000, $21,355,000, and $15,899,000, respectively, as of December 31, 2000 and $21,494,000, $21,380,000, and $15,401,000, respectively, as of December 31, 1999.

9. Pensions and Other Postretirement Benefits (continued)

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets were $116,008,000, $102,340,000, and $102,918,000, respectively, as of December 31, 2000 and $21,494,000, $21,380,000, and $15,401,000, respectively, as of December 31, 1999.

The Company's nonpension postretirement plan is funded as costs are incurred. The plan is contributory, with employee contributions adjusted for general inflation or inflation in costs under the plan. The plan was amended in 1993 to cap employer contributions at 1993 levels. The impact of a one-percentage-point change in assumed health care cost trend rates on the net periodic benefit cost and postretirement benefit obligation is immaterial.

Many of the Company's U.S. employees are eligible to participate in 401(k) savings plans, some of which provide for Company matching under various formulas. The Company's matching expense for the plans was $3,161,000, $3,196,000, and $2,816,000 for the years ended December 31, 2000, 1999, and 1998, respectively.

9. Pensions and Other Postretirement Benefits (continued)

The Company provides pension and similar benefits to employees of certain foreign subsidiaries consistent with local practices. German subsidiaries of the Company have defined benefit pension plans. The following table sets forth a reconciliation of the benefit obligation, plan assets, and accrued benefit cost related to the German plans:

	2000	1999
	(In thousands)	
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 98,108	$ 111,770
Service cost	440	554
Interest cost	5,755	6,501
Actuarial (gains) losses	(915)	(837)
Benefits paid	(4,871)	(5,341)
Foreign currency translation	(7,969)	(14,539)
Benefit obligation at end of year	$ 90,548	$ 98,108
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 13,726	$ 15,227
Actual return on plan assets	677	753
Company contributions	2,408	2,467
Benefits paid	(2,514)	(2,574)
Foreign currency translation	(880)	(2,147)
Fair value of plan assets at end of year	$ 13,417	$ 13,726

9. Pensions and Other Postretirement Benefits (continued)

	2000	1999
	(In thousands)	
Funded status	$ (77,131)	$ (84,382)
Unrecognized net actuarial losses	4,347	5,650
Unrecognized transition asset	(9)	(13)
Unamortized prior service cost	58	103
Net amount recognized	$ (72,735)	$ (78,642)
Amounts recognized in the consolidated balance sheets consist of:		
Accrued benefit liability	$ (78,742)	$ (85,867)
Accumulated other comprehensive income	6,007	7,225
Net amount recognized	$ (72,735)	$ (78,642)
Weighted-average assumptions as of December 31:		
Discount rate	6.50%	6.50%
Rate of compensation increase	3.00%	3.00%

	2000	1999	1998
	(In thousands)		
Components of net periodic benefit cost:			
Service cost	$ 440	$ 554	$ 510
Interest cost	5,755	6,501	6,025
Expected return on plan assets	(440)	(488)	(476)
Amortization of prior service cost	45	65	86
Amortization of transition asset	(4)	(6)	(2)
Amortization of losses	151	250	62
Net periodic benefit cost	$ 5,947	$ 6,876	$ 6,205

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the German pension plans with accumulated benefit obligations and projected benefit obligations in excess of plan assets were $90,548,000, $89,064,000, and $13,417,000, respectively, as of December 31, 2000 and $98,108,000, $96,601,000, and $13,726,000, respectively, as of December 31, 1999.

10. Stock Options

The Company has three stock option programs. Under the 1995 Stock Option Program, certain key executives of the Company were granted options on March 19, 1995, to purchase 2,283,000 shares of the Company's Common Stock. The options were fully vested on the date of grant and expired March 1, 2000, with one-third exercisable at $12.21, one-third exercisable at $15.36, and one-third exercisable at $21.94. As of December 31, 2000, 2,010,000 options have been exercised under this plan and the remaining options have been canceled.

Under the 1997 Stock Option Program, certain executive officers, key employees, and consultants of the Company were granted options on May 21, 1998, to purchase 2,687,000 shares of the Company's Common Stock. The options were fully vested on the date of grant and expire June 1, 2008, with one-third exercisable at $10.89, one-third exercisable at $12.53, and one-third exercisable at $13.61. As of December 31, 2000, 528,000 options have been exercised under this plan.

Under the 1998 Stock Option Program, certain executive officers and key employees were granted options, as summarized in the following table:

Date of Grant	# of Options	Exercise Price	Vesting	Expiration
October 6, 1998	1,598,000	$ 5.60	Evenly over 6 years	March 16, 2008
October 8, 1999	1,334,000	15.33	Evenly over 6 years	October 8, 2009
August 4, 2000	50,000	30.00	Evenly over 5 years, beginning August 4, 2003	August 4, 2010
October 12, 2000	1,114,000	25.13	Evenly over 6 years	October 12, 2010

On May 18, 2000, the stockholders of the Company, approved an increase in the number of shares available for grant under Vishay's 1998 Stock Option Program. As a result, the number of shares available for grant under this program increased from 2,953,500 to 4,453,500. As of December 31, 2000, 206,000 options have been exercised under this plan.

10. Stock Options (continued)

The following table summarizes the Company's stock option activity (options in thousands):

	2000		1999		1998	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of year	7,493	$12.67	6,295	$11.96	2,283	$16.50
Granted	1,164	25.34	1,334	15.33	4,286	9.83
Exercised	(2,656)	15.08	(88)	5.60	--	--
Forfeited	--	--	--	--	(273)	16.50
Cancelled	(355)	10.41	(48)	6.05	(1)	5.60
Outstanding at end of year	5,646	14.29	7,493	12.67	6,295	11.96`
Exercisable at end of year	2,651	11.96	4,866	13.83	4,698	14.12
Available for future grants	760		69		1,355	

The following table summarizes information concerning stock options outstanding and exercisable at December 31, 2000 (options in thousands):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$5.60	1,161	7.75	$ 5.60	293	$ 5.60
$10.89 - $12.53	1,289	7.39	11.76	1,289	11.76
$13.61 - $15.33	2,044	8.17	14.60	1,069	13.93
$25.13 - $30.00	1,152	9.77	25.34	-	-
Total	5,646	8.23	14.29	2,651	11.96

10. Stock Options (continued)

The following is provided to comply with the disclosure requirements of SFAS 123. If compensation cost for the Company's stock option programs had been determined using the fair-value method prescribed by SFAS 123, the Company's results would have been reduced to the pro forma amounts indicated below (in thousands, except per share amounts):

	Year ended December 31		
	2000	1999	1998
Net earnings	$515,296	$82,103	$(1,906)
Basic earnings per share	3.81	0.65	(0.02)
Diluted earnings per share	3.75	0.64	(0.02)

The weighted average fair value of the options granted was estimated using the Black-Scholes option pricing model, with the assumptions presented below. All options granted in 2000 had a weighted average fair value of $11.64 and a weighted average exercise price of $25.34. All options granted in 1999 had an exercise price equal to the market value and a weighted average fair value of $6.21. For options granted in 1998 with an exercise price equal to the market value, the weighted average fair value was $3.48 and the weighted average exercise price was $7.74. For options granted in 1998 with an exercise price greater than the market value, the weighted average fair value was $3.85 and the weighted average exercise price was $13.80.

	2000	1999	1998	
	1998 Stock Option Program	1998 Stock Option Program	1998 Stock Option Program	1997 Stock Option Program
Expected dividend yield	-	-	-	-
Risk-free interest rate	5.8%	6.0%	4.2%	5.7%
Expected volatility	58.2%	51.3%	48.3%	48.3%
Expected life (in years)	4.7	4.5	4.5	8.0

11. Leases

Total rental expense under operating leases was $21,431,000, $21,390,000, and $23,703,000 for the years ended December 31, 2000, 1999, and 1998, respectively.

Future minimum lease payments for operating leases with initial or remaining noncancelable lease terms in excess of one year are as follows: 2001 - $15,943,000; 2002 - $13,721,000; 2003 - $11,895,000; 2004 - $10,766,000; 2005 - $10,391,000; and thereafter - $47,080,000.

12. Financial Instruments

The Company uses financial instruments in the normal course of its business, including derivative financial instruments, for purposes other than trading. These financial instruments include debt and interest rate swap agreements. The notional or contractual amounts of these commitments and other financial instruments are discussed below.

Concentration of Credit Risk

Financial instruments with potential credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents with various major financial institutions. Concentrations of credit risk with respect to receivables are generally limited due to the Company's large number of customers and their dispersion across many countries and industries. At December 31, 2000, the Company had one customer that represented 13.7% of accounts receivable. At December 31, 1999, the Company had no significant concentrations of credit risk.

Interest Rate Swap Agreements

In August 1998, the Company entered into six interest rate swap agreements, maturing in 2003, with a total notional amount of $300,000,000 to manage interest rate risk related to its multicurrency revolving line of credit. These interest rate swap agreements required the Company to make payments to the counterparties at the fixed rate stated in the agreements, and in return to receive payments from the counterparties at variable rates. During fiscal 2000, the Company terminated $200,000,000 notional amount of interest rate swap agreements and recognized a pretax gain of $8,919,000. At December 31, 2000, the Company had outstanding one interest rate swap agreement with a notional amount of $100,000,000. At December 31, 2000 and 1999, the Company paid a weighted

12. Financial Instruments (continued)

average fixed rate of 5.77% and 5.61%, respectively, and received a weighted average variable rate of 6.66% and 6.49%, respectively. The fair value of the interest rate swap agreements, based on current market rates, approximated a net receivable of $51,000 and $8,714,000 at December 31, 2000 and 1999, respectively.

Foreign Currency Forward Exchange Contracts

In September 1999, a subsidiary of the Company entered into foreign currency forward exchange contracts to hedge yen-denominated commitments from customers in Japan. At December 31, 1999, the notional amount of outstanding foreign currency forward exchange contracts was $6,438,000. In March 2000, the Company settled all outstanding foreign currency forward exchange contracts and there are no such contracts as of December 31, 2000.

Cash and Cash Equivalents, Notes Payable, and Long-Term Debt

The carrying amounts reported in the consolidated balance sheets approximate fair value.

13. Current Vulnerability Due to Certain Concentrations

Customer Concentrations

A material portion of the Company's revenues are derived from the worldwide communications and computer markets. These markets have historically experienced wide variations in demand for end products. If demand for these end products should decrease significantly, the producers thereof could reduce their purchases of the Company's products, which could have a material adverse effect on the Company's results of operations and financial position.

Sources of Supply

Although most materials incorporated in the Company's products are available from a number of sources, certain materials (particularly tantalum and palladium) are available only from a relatively limited number of suppliers.

13. Current Vulnerability Due to Certain Concentrations (continued)

Tantalum, a metal, is the principal material used in the manufacture of tantalum capacitor products. It is purchased in powder and wire form primarily under annual contracts with domestic and foreign suppliers at prices that are subject to periodic adjustment. The Company is a major consumer of the world's annual tantalum production. There are currently three major suppliers that process tantalum ore into capacitor grade tantalum powder. The Company believes that in the long-term, there exist sufficient tantalum ore reserves and a sufficient number of tantalum processors relative to demand. The tantalum required by the Company has generally been available in sufficient quantities to meet its requirements. However, in the short-term, there may be shortages of tantalum powder that could lead to increases in tantalum prices that the Company may not be able to pass on to its customers. The Company stockpiled tantalum ore in 2000 and early 2001. Prices for tantalum powder are expected to increase significantly in 2001.

Palladium is used to produce multi-layer ceramic capacitors. Palladium is primarily purchased on the spot and forward markets, depending on market conditions. Palladium is considered a commodity and is subject to price volatility. The price of palladium fluctuated in the range of approximately $201 to $970 per troy ounce during the three years ended December 31, 2000, and had increased to $1,090 per troy ounce as of February 27, 2001. Palladium is currently found primarily in South Africa and Russia. Due to various factors, the Company believes there may be a short-term shortage of palladium, which may affect both the cost of palladium and the Company's ability to expand multi-layer ceramic chip capacitor production to meet increased demand. An inability on the part of the Company to pass on increases in palladium costs to its customers could have an adverse effect on the margins of those products using the metal.

Geographic Concentration

To address the increasing demand for its products and to lower its costs, the Company has expanded, and plans to continue to expand, its manufacturing operations in Israel in order to take advantage of that country's lower wage rates, highly skilled labor force, government-sponsored grants, and various tax abatement programs. Israeli incentive programs have contributed substantially to the growth and profitability of the Company. The Company might be materially and adversely affected if these incentive programs were no longer available to the Company or if events were to occur in the Middle East that materially interfered with the Company's operations in Israel.

14. Business Segment and Geographic Area Data

Vishay designs, manufactures, and markets electronic components that cover a wide range of products and technologies. The Company has two reportable segments: Passive Electronic Components (Passives) consisting principally of fixed resistors, solid tantalum surface mount chip capacitors, solid tantalum leaded capacitors, wet/foil tantalum capacitors, multi-layer ceramic chip capacitors, film capacitors and inductors, and Active Electronic Components (Actives) consisting principally of diodes, transistors, power MOSFETS, power conversion and motor control integrated circuits.

The Company evaluates performance and allocates resources based on several factors, of which the primary financial measure is business segment operating income excluding amortization of intangibles and special charges. The accounting policies of the business segments are the same as those described in the summary of significant accounting policies (see Note 1). The operating results of Actives reflect the acquisition of TEMIC as of March 2, 1998 and include LPSC from July 1, 1997 through its divestiture in 2000. Business segment assets are the owned or allocated assets used by each business.

The corporate component of operating income represents corporate selling, general, and administrative expenses. Corporate assets include corporate cash, property, plant, and equipment, and certain other assets.

During the year 2000, Future Electronics, a North American distributor, accounted for more than 10% of total net sales. During the years 1999 and 1998, no individual customer accounted for more than 10% of net sales. Sales to Future Electronics accounted for 14% of consolidated sales for the year ended December 31, 2000. At December 31, 2000, the Company had accounts receivable of $62,031,000 with Future Electronics.

14. Business Segment and Geographic Area Data (continued)

	2000	1999	1998
Business segment information		(In thousands)	
Net sales:			
Passives	$ 1,627,860	$ 1,008,266	$ 1,027,902
Actives	837,206	751,825	544,843
	$ 2,465,066	$ 1,760,091	$ 1,572,745
Operating income:			
Passives	$ 547,156	$ 104,655	$ 114,747
Actives	204,640	119,510	51,516
Corporate	(43,829)	(18,061)	(17,465)
Unusual items	-	-	(29,301)
Purchased research and development	-	-	(13,300)
Amortization of goodwill	(11,469)	(12,360)	(12,272)
	$ 696,498	$ 193,744	$ 93,925
Depreciation expense:			
Passives	$ 73,803	$ 75,798	$ 74,173
Actives	52,250	49,826	40,210
Corporate	232	223	209
	$ 126,285	$ 125,847	$ 114,592
Total assets:			
Passives	$ 1,931,610	$ 1,429,177	$ 1,693,554
Actives	809,360	882,296	750,875
Corporate	42,688	12,308	18,315
	$ 2,783,658	$ 2,323,781	$ 2,462,744
Capital expenditures:			
Passives	$ 131,318	$ 52,903	$ 87,168
Actives	95,343	61,409	59,969
Corporate	3,120	5,326	4,545
	$ 229,781	$ 119,638	$ 151,682

14. Business Segment and Geographic Area Data (continued)

The amount of investment in equity method investees included in the Actives total assets above was $0, $12,495,000, and $10,090,000 for 2000, 1999 and 1998, respectively.

The following geographic area data include net sales based on revenues generated by subsidiaries located within that geographic area and property, plant, and equipment based on physical location:

	2000	1999	1998
Geographic area information		(In thousands)	
Net sales:			
United States	$ 1,034,985	$ 706,049	$ 659,845
Germany	678,398	574,629	519,114
Asia Pacific	279,645	273,921	185,784
France	85,686	88,975	119,992
Israel	296,704	20,290	9,970
Other	89,648	96,227	78,040
	$ 2,465,066	$ 1,760,091	$ 1,572,745
Property, plant, and equipment - net:			
United States	$ 355,291	$ 333,594	$ 352,007
Germany	116,910	127,727	153,423
Israel	317,840	268,916	283,691
Asia Pacific	77,337	97,060	67,051
France	24,272	25,758	45,461
Other	81,904	77,490	95,434
	$ 973,554	$ 930,545	$ 997,067

15. Earnings per Share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the periods presented. Diluted earnings per share is computed using the weighted average number of common shares outstanding adjusted to include the potentially dilutive effect of stock options granted under the Company's 1995, 1997, and 1998 stock option plans (see Note 10), stock appreciation rights issued in connection with the LPSC acquisition (see Note 6), and other potentially dilutive securities.

15. Earnings per Share (continued)

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share amounts):

	Year ended December 31 2000	1999	1998
Numerator:			
Net income	$ 517,864	$ 83,237	$ 8,212
Denominator:			
Denominator for basic earnings per share - weighted average shares	135,295	126,678	126,665
Effect of dilutive securities:			
Employee stock options	1,831	809	-
Stock appreciation rights	144	567	-
Other	193	179	132
Dilutive potential common shares	2,168	1,555	132
Denominator for diluted earnings per share - adjusted weighted average shares	137,463	128,233	126,797
Basic earnings per share	$ 3.83	$ 0.66	$ 0.07
Diluted earnings per share	$ 3.77	$ 0.65	$ 0.07

For the years ended December 31, 2000, 1999, and 1998, respectively, options to purchase 1,114,000 shares of common stock at $25.13 per share, 716,000 shares of common stock at $21.94 per share, and 5,150,000 shares of common stock at prices ranging from $10.89 to $21.94 per share were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares.

16. Summary of Quarterly Financial Information (Unaudited)

Quarterly financial information for the years ended December 31, 2000 and 1999 is as follows (in thousands, except per share amounts):

	First Quarter		Second Quarter		Third Quarter	
	2000	1999	2000	1999	2000	1999
Net sales	$ 538,894	$ 423,058	$ 612,771	$ 425,323	$ 669,784	$ 443,711
Gross profit	187,716	99,890	254,096	108,681	299,376	119,633
Net earnings	74,271	818(1)	131,853	20,181	171,111	25,736
Basic earnings per share(2)	$ 0.57	$ 0.01(1)	$ 0.97	$ 0.16	$ 1.24	$ 0.20
Diluted earnings per share(2)	$ 0.56	$ 0.01(1)	$ 0.96	$ 0.16	$ 1.22	$ 0.20

	Fourth Quarter		Total Year	
	2000	1999	2000	1999
Net sales	$ 643,617	$ 467,999	$2,465,066	$1,760,091
Gross profit	264,094	132,182	1,005,282	460,386
Net earnings	140,629	36,502	517,864	83,237
Basic earnings per share(2)	$ 1.02	$ 0.29	$ 3.83	$ 0.66
Diluted earnings per share(2)	$ 1.01	$ 0.28	$ 3.77	$ 0.65

(1) The sale of Nicolitch, S.A. and a tax rate change in Germany reduced net earnings by $14,562,000 or $0.11 per share in the first quarter of 1999.

(2) Adjusted to give retroactive effect to a three-for-two stock split in June 2000 and a five-for-four stock split in June 1999.

17. Subsequent Events

On February 22, 2001, the Company announced its proposal to purchase any and all outstanding shares of common stock of Siliconix incorporated not already owned by Vishay at a price of $28.82 per share in cash. This amount (approximately $169,000,000) would be financed through borrowings under the Company's revolving line of credit. The purchase would be made through a tender offer, subject to customary conditions, in accordance with the rules of the Securities and Exchange Commission. Vishay also indicated that it might offer to exchange the Siliconix shares for shares of its common stock. Depending upon whether the exchange would be tax-free to Siliconix stockholders, Vishay would expect that the value per share of Siliconix in an exchange offer would be somewhat less than the cash price.

The Company also stated that, if it holds at least 90% of the outstanding Siliconix shares following the completion of the offer, it may effect a "short form" merger of Siliconix with a Vishay subsidiary. If such a merger takes place promptly after the offer, the consideration given to the stockholders in the merger would be the same as the consideration received by tendering stockholders in the offer.

This proposal is currently being evaluated by a special committee of directors of Siliconix appointed by the Siliconix Board of Directors in March 2001.

Following the announcement of the Company's proposal, several purported class-action complaints were filed against the Company, Siliconix, and the Siliconix directors, alleging, among other things, that the proposed transaction is unfair and a breach of fiduciary duty, and seeking, among other things, to enjoin the transaction. The Company has not yet responded to the complaints.

EXHIBIT INDEX

Exhibit No.	Description	Page Number in sequentially Numbered Copy
2.1	Stock Purchase Agreement, dated as of May 31, 2000, among Lite-On JV Corporation, Vishay Intertechnology, Inc., and Lite-On Power Semiconductor Corporation. Incorporated by reference to Exhibit F to Amendment No. 2 to Schedule 13D filed on June 29, 2000.	
3.1	Composite Amended and Restated Certificate of Incorporation of the Company dated August 3, 1995. Incorporated by reference to Exhibit 3.1 to Form 10-Q for the quarter ended June 30, 1995 (the "1995 Form 10-Q"). Certificate of Amendment of Composite Amended and Restated Certificate of Incorporation of the Company. Incorporated by reference to Exhibit 3.1 to Form 10-Q for the quarter ended June 30, 1997 (the "1997 Form 10-Q").	
3.2	Amended and Restated Bylaws of Registrant. Incorporated by reference to Exhibit 3.2 to Registration Statement No. 33-13833 of Registrant on Form S-2 under the Securities Act of 1933 (the "Form S-2") and Amendment No. 1 to Amended and Restated Bylaws of Registrant Incorporated by reference to Exhibit 3.2 to Form 10-K file number 1-7416 for fiscal year ended December 31, 1993 (the "1993 Form 10-K").	
10.1	Performance-Based Compensation Plan for Chief Executive Officer of Registrant. Incorporated by reference to Exhibit 10.1 to the 1993 Form 10-K.	
10.2	Vishay Intertechnology, Inc. Amended and Restated Long Term Revolving Credit Agreement, dated as of June 1, 1999, by and among Vishay and the Permitted Borrowers (as defined therein), the Lenders (as defined therein), and Comerica Bank, as administrative agent. Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-3 (No. 333-52594) filed December 22, 2000.	
10.3	First Amendment to Amended and Restated Vishay Intertechnology, Inc. Long Term Revolving Credit Agreement and Other Loan Documents, dated as of August 31, 2000, by and among Vishay and the Permitted Lenders (as defined therein), Comerica Bank and the other Lenders signatory thereto, and Comerica Bank, as administrative agent. Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-3 (No. 333-52594) filed December 22, 2000.	
10.4	Employment Agreement, dated as of March 15, 1985, between the Company and Dr. Felix Zandman. Incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-2 (No. 33-13833).	
10.5	Vishay Intertechnology 1995 Stock Option Program. Incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14ADR filed April 7, 1995.	
10.6	Vishay Intertechnology 1997 Stock Option Program. Incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14A filed April 16, 1998.	
10.7	Vishay Intertechnology 1998 Stock Option Program. Incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14A filed April 16, 1998.	
10.8	Money Purchase Plan Agreement of Measurements Group, Inc. Incorporated by reference to Exhibit 10(a)(6) to Amendment No. 1 to the Company's Registration Statement on Form S-7 (No. 2-69970).	
21.	Subsidiaries of the Registrant.	
23.	Consent of Independent Auditors.	

EXHIBIT 21

COMPANY SUBSIDIARIES

Name	Jurisdiction	Percent of Equity*
Vishay Americas, Inc.	Delaware	100%
Cera-Mite Corporation	Wisconsin	100%
Vishay EFI, Inc.	Rhode Island	100%
Vishay Interterchnology Asia PTE Ltd.	Singapore	100%
Vishay Japan K.K.	Japan	100%
Vishay Hong Kong Ltd.	Hong Kong	100%
Vishay Korea	Korea	100%
Vishay Taiwan	Taiwan	100%
Vishay PTE Ltd.	Singapore	100%
Vishay Temic Acquisition Holding Corporation	Delaware	100%
Siliconix, Inc.	Delaware	80.4%
Siliconix Technology C.V.	Netherlands	100%
Siliconix Technology B.V.	Netherlands	100%
Siliconix Israel Ltd.	Israel	100%
Siliconix Ltd.	England	100%
Siliconix Taiwan Ltd.	Taiwan	100%
Siliconix , LTD. Taiwan	Taiwan	100%
Vishay Siliconix, LLC	Delaware	100%
Shanghai Simconix Electronic Company Ltd.	China	90%
Siliconix Semiconductor, Inc.	Delaware	100%
Nippon Vishay, K.K.	Japan	100%
Vishay F.S.C., Inc.	Barbados	100%
Vishay VSH Holdings, Inc.	Delaware	100%
Vishay Roederstein Electronics, Inc.	Delaware	100%
Vishay Measurements Group, Inc.	Delaware	100%
Vishay MicroMesures SA	France	100%
Measurements Group GmbH	Germany	100%
Grupo Da Medidas Iberica S.L.	Spain	100%
Vishay Israel Limited	Israel	100%
Z.T.R. Electronics Ltd.	Israel	100%
Vishay International Trade Ltd.	Israel	100%
Dale Israel Electronics Industries, Ltd.	Israel	100%
Draloric Israel Ltd.	Israel	100%
V.I.E.C. Ltd.	Israel	100%

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Note: Names of Subsidiaries are indented under name of Parent.

* Directors' or other shares required by statute in foreign jurisdictions and totalling less than 1% of equity are omitted.

Name	Jurisdiction	Percent of Equity*
Vishay Advance Technology, Ltd.	Israel	100%
Vilna Equities Holding, B.V.	Netherlands	100%
Visra Electronics Financing B.V.	Netherlands	100%
Measurements Group (U.K.) Ltd.	England & Wales	100%
Vishay Europe GmbH	Germany	57.4% by Vishay Israel; 39.4% by Vishay; 2.0% by Vilna; 1.2% by Dale
Vishay Electronic GmbH	Germany	100%
Roederstein Electronics Portgual Lda.	Portugal	100%
Ecomal Deutschland GmbH	Germany	78%
Ecomal Schweiz A.G.	Switzerland	100%
Ecomal Austria Ges.mbH	Austria	100%
Klevestav-Roederstein Festigheter AB	Sweden	50%
Vishay Components, S.A.	Spain	100%
Ecomal Nederland BV	Netherlands	100%
Ecomal Belgium N.V.	Belgium	100%
Ecomal Denmark A/S	Denmark	80%
Ecomal Finland OY	Finland	100%
Okab Roederstein Finland OY	Finland	44.4%
Rogin Electronic S.A.	Spain	33%
Roederstein Norge AS	Norway	40%
Roederstein-Hilfe-GmbH	Germany	100%
Draloric Electronic SPOL S RO	Czech Republic	100%
Vishay S.A.	France	99.8%
Ultronix, Inc.	Delaware	100%
Vishay Thin Film, Inc.	New York	100%
Vishay Techno Components Corp.	Delaware	100%
E-Sil Components Ltd.	England & Wales	100%

Vishay Roederstein Limited	England	100%
Vitramon Limited	England	100%
Vishay Components (U.K.) Ltd.	England & Wales	100%
Spectrol GmbH	Germany	100%
Grued Corporation	Delaware	100%

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Note: Names of Subsidiaries are indented under name of Parent.

* Directors' or other shares required by statute in foreign jurisdictions and totalling less than 1% of equity are omitted.

Name	Jurisdiction	Percent of Equity*
Con-Gro Corp.	Delaware	100%
Gro-Con, Inc.	Delaware	100%
Angstrohm Precision, Inc.	Delaware	100%
Angstrohm Holdings, Inc.	Delaware	100%
Sfernice, Ltd.	England & Wales	100%
Heavybarter, Unlimited	England & Wales	100%
Dale ACI Components	England	100%
Facility Services, GmbH	Germany	50%
Vishay Semiconductor GmbH	Germany	100%
Vishay Semiconductor Itzehoe GmbH	Germany	100%
Vishay Telefunken Microelectronic Phillipines, Inc.	Phillipines	100%
Vishay Semiconductor GES.M.B.H.	Austria	100%
Shanghai Vishay Discrete Semiconductors Ltd.	China	100%
Shanghai Vishay Opto Semiconductors Ltd.	China	70%
Vishay Hungary	Hungary	100%
Vishay Dale Holdings, Inc.	Delaware	100%
Vishay Dale Electronics, Inc.	Delaware	100%
Components Dale de Mexico S.A. de C.V.	Mexico	100%
Electronica Dale de Mexico S.A. de C.V.	Mexico	100%
Vishay Electronic Components Asia Pte.,Ltd.	Singapore	100%
Angstrohm Precision, Inc. (Maryland)	Maryland	100%
Vishay Bradford Electronics, Inc.	Delaware	100%
Vishay Sprague Holdings Corp.	Delaware	100%
Vishay Service Center, Inc.	Massachusetts	100%
Vishay Sprague Sanford, Inc.	Maine	100%
Vishay Sprague, Inc.	Delaware	100%
Vishay Sprague Canada Holdings Inc.	Canada	100%
Sprague Electric of Canada Limited	Canada	100%
Sprague France S.A.	France	100%
Vishay Sprague Palm Beach, Inc.	Delaware	100%
Vishay Sprague Limited	England	100%
Tansitor Electronics, Inc.	Delaware	100%
Tansitor Barbados Limited	Barbados	100%
Vishay Acquisition Holdings Corp.	Delaware	100%
Vishay Vitramon, Incorporated	Delaware	100%

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Note: Names of Subsidiaries are indented under name of Parent.

* Directors' or other shares required by statute in foreign jurisdictions and totalling less than 1% of equity are omitted.

Exhibit 23

Consent of Ernst & Young LLP, Independent Auditors

We consent to the incorporation by reference in the following registration statements on Form S-8 of Vishay Intertechnology, Inc. and in the related Prospectuses of our report dated February 5, 2001 (except for Note 17, as to which the date is March 8, 2001) with respect to the consolidated financial statements of Vishay Intertechnology, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 2000.

Registration Statement Number	Description
33-7850	1986 Employee Stock Plan of Vishay Intertechnology, Inc.
33-7851	1986 Employee Stock Plan of Dale Electronics, Inc.
333-78045	1997 Stock Option Program and 1998 Employee Stock Option Program of Vishay Intertechnology, Inc.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
March 27, 2001