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

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 2, 2005

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

For the transition period from ________ to ________

Commission File Number 1-7416

VISHAY INTERTECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

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

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

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). **Yes x No o**

As of August 5, 2005 registrant had 169,436,215 shares of its common stock and 14,679,440 shares of its Class B common stock outstanding.

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VISHAY INTERTECHNOLOGY, INC.

FORM 10-Q

JULY 2, 2005

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	July 2, 2005	December 31, 2004
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 577,276**	$ 632,700
Accounts receivable, net	**354,748**	351,710
Inventories:		
Finished goods	**156,657**	155,195
Work in process	**149,421**	150,738
Raw materials	**197,240**	212,040
Deferred income taxes	**41,883**	43,786
Prepaid expenses and other current assets	**125,828**	136,251
Total current assets	**1,603,053**	1,682,420
Property and equipment, at cost:		
Land	**92,350**	97,398
Buildings and improvements	**410,255**	428,829
Machinery and equipment	**1,652,787**	1,668,225
Construction in progress	**67,847**	75,974
Allowance for depreciation	**(1,125,088)**	(1,098,611)
	1,098,151	1,171,815
Goodwill	**1,472,656**	1,435,121
Other intangible assets, net	**164,811**	127,797
Other assets	**222,227**	221,437
Total assets	**$ 4,560,898**	$ 4,638,590

Continues on following page.

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

	July 2, 2005	December 31, 2004
	(Unaudited)	
Liabilities and stockholders' equity		
Current liabilities:		
Notes payable to banks	**$ 19,598**	$ 3,727
Trade accounts payable	**120,975**	131,243
Payroll and related expenses	**110,537**	131,128
Other accrued expenses	**195,904**	218,257
Income taxes	**23,847**	29,631
Current portion of long-term debt	**34**	51
Total current liabilities	**470,895**	514,037
Long-term debt less current portion	**743,087**	752,145
Deferred income taxes	**10,160**	14,017
Deferred grant income	**15,015**	18,723
Other liabilities	**210,468**	236,591
Accrued pension and other postretirement costs	**215,198**	232,142
Minority interest	**4,352**	97,600
Stockholders' equity:		
Common stock	**16,942**	15,142
Class B common stock	**1,468**	1,468
Capital in excess of par value	**2,225,642**	2,028,253
Retained earnings	**610,320**	594,892
Unearned compensation	**(144)**	(152)
Accumulated other comprehensive income	**37,495**	133,732
Total stockholders' equity	**2,891,723**	2,773,335
Total liabilities and stockholders' equity	**$ 4,560,898**	$ 4,638,590

See accompanying notes.

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

	Fiscal quarter ended	
	July 2, 2005	**July 3, 2004**
Net sales	**$ 581,639**	$ 646,699
Cost of products sold	**449,018**	477,775
Loss on purchase commitments	**1,323**	—
Gross profit	**131,298**	168,924
Selling, general, and administrative expenses	**95,838**	99,362
Purchased in-process research and development	**9,201**	—
Siliconix transaction-related expenses	**3,751**	—
Restructuring and severance costs	**9,358**	1,759
Operating income	**13,150**	67,803
Other income (expense):		
Interest expense	**(8,462)**	(9,062)
Other	**7,342**	3,035
	(1,120)	(6,027)
Earnings before taxes and minority interest	**12,030**	61,776
Income taxes	**1,202**	17,616
Minority interest	**1,112**	3,042
Net earnings	**$ 9,716**	$ 41,118
Basic earnings per share	**$ 0.06**	$ 0.25
Diluted earnings per share	**$ 0.05**	$ 0.22
Weighted average shares outstanding - basic	**176,198**	162,309
Weighted average shares outstanding - diluted	**177,133**	204,599

See accompanying notes.

VISHAY INTERTECHNOLOGY, INC.

Consolidated Condensed Statements of Operations

(Unaudited - In thousands, except earnings per share)

	Six fiscal months ended	
	July 2, 2005	**July 3, 2004**
Net sales	**$ 1,135,316**	$ 1,287,620
Cost of products sold	**884,288**	958,985
Loss on purchase commitments	**3,600**	—
Gross profit	**247,428**	328,635
Selling, general, and administrative expenses	**192,178**	196,691
Purchased in-process research and development	**9,201**	—
Siliconix transaction-related expenses	**3,751**	—
Restructuring and severance costs	**14,385**	2,060
Operating income	**27,913**	129,884
Other income (expense):		
Interest expense	**(16,515)**	(17,937)
Other	**11,684**	4,025
	(4,831)	(13,912)
Earnings before taxes and minority interest	**23,082**	115,972
Income taxes	**3,890**	33,040
Minority interest	**3,764**	5,848
Net earnings	**$ 15,428**	$ 77,084
Basic earnings per share	**$ 0.09**	$ 0.48
Diluted earnings per share	**$ 0.09**	$ 0.43
Weighted average shares outstanding - basic	**171,125**	161,360
Weighted average shares outstanding - diluted	**172,115**	202,930

See accompanying notes.

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

	Six fiscal months ended	
	July 2, 2005	**July 3, 2004**
Operating activities		
Net earnings	**$ 15,428**	$ 77,084
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	**96,147**	99,919
(Gain) loss on disposal of property and equipment	**(2,463)**	1,428
Purchased in-process research and development	**9,201**	—
Minority interest in net earnings of consolidated subsidiaries	**3,764**	5,848
Accretion of interest on convertible debentures	**1,984**	3,184
Purchase commitment liability	**(16,932)**	(18,200)
Inventory write-offs for obsolescence	**14,341**	15,870
Deferred grant income	**(3,734)**	(4,673)
Other	**(2,947)**	8,239
Changes in operating assets and liabilities, net of effects of businesses acquired	**(71,453)**	(56,213)
Net cash provided by operating activities	**43,336**	132,486
Investing activities		
Purchases of property and equipment	**(53,148)**	(48,585)
Proceeds from sale of property and equipment	**7,520**	3,311
Purchase of software license	**—**	(4,500)
Purchase of businesses, net of cash acquired	**(18,433)**	(6,266)
Net cash used in investing activities	**(64,061)**	(56,040)
Financing activities		
Proceeds from long-term debt	**—**	86
Principal payments on long-term debt	**(8,724)**	(747)
Net repayments on revolving credit lines	**(11,000)**	—
Net changes in short-term borrowings	**13,802**	902
Stock issuance costs	**—**	(191)
Proceeds from stock options exercised	**73**	9,019
Net cash (used in) provided by financing activities	**(5,849)**	9,069
Effect of exchange rate changes on cash and cash equivalents	**(28,850)**	(1,809)
Net (decrease) increase in cash and cash equivalents	**(55,424)**	83,706
Cash and cash equivalents at beginning of period	**632,700**	555,540
Cash and cash equivalents at end of period	**$ 577,276**	$ 639,246

See accompanying notes.

Vishay Intertechnology, Inc.
Notes to Consolidated Condensed Financial Statements
(Unaudited)

Note 1 – Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for presentation of financial position, results of operations, and cash flows required by accounting principles generally accepted in the United States for complete financial statements. The information furnished reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair summary of the financial position, results of operations, and cash flows for the interim periods presented. The financial statements should be read in conjunction with the financial statements and notes thereto filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2004. The results of operations for the second quarter and six fiscal months ended July 2, 2005 are not necessarily indicative of the results to be expected for the full year.

The Company reports interim financial information for 13-week periods beginning on a Sunday and ending on a Saturday, except for the first quarter, which always begins on January 1, and the fourth quarter, which always ends on December 31. The four fiscal quarters in 2005 end on April 2, July 2, October 1, and December 31, 2005, respectively. The four fiscal quarters in 2004 ended on April 3, July 3, October 2, and December 31, 2004, respectively.

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

Note 2 – Acquisitions

SI Technologies, Inc.

On April 28, 2005, the Company completed its acquisition of all of the outstanding capital stock of SI Technologies, Inc., a designer, manufacturer, and marketer of high-performance industrial sensors and controls, weighing and automotive systems, and related products. The purchase price was $17,660,000 in cash, plus the assumption of $10,693,000 of SI Technologies debt, of which Vishay caused $8,665,000 to be repaid subsequent to closing.

On June 13, 2005, Vishay signed a non-binding letter of intent to sell AeroGo, Inc., SI Technologies' subsidiary engaged in the design, manufacture, and marketing of industrial automation products, for $4,200,000. The purchase price may be adjusted based on the net working capital on the closing date. The proposed transaction is subject to the satisfactory completion of due diligence by the proposed buyer, the negotiation and execution of a definitive purchase agreement, and other conditions which are customary for a transaction of this type. There can be no assurance that the transaction will be completed, or that it will be completed pursuant to the terms contemplated in the non-binding letter of intent. No gain or loss will be recognized on the sale of AeroGo. The net assets of AeroGo are presented as assets held-for-sale within "other assets" in the consolidated condensed balance sheet at July 2, 2005.

The results of operations of SI Technologies are included in the results of the Passive Components segment from April 28, 2005. After allocating the purchase price to the assets acquired and the liabilities assumed based on a preliminary evaluation of their fair values, the Company recorded goodwill of $10,676,000 related to this acquisition. The goodwill has been allocated to the Measurements Group reporting unit. The Company will test the goodwill for impairment at least annually in accordance with U.S. generally accepted accounting principles. The preliminary purchase price allocation is pending finalization of appraisals for property and equipment and intangible assets; adjustment of liabilities recorded subsequent to the finalization of an exit plan that management began to formulate prior to the acquisition date; and the related deferred tax effects of any adjustments. There can be no assurance that the estimated amounts will represent the final purchase price allocation.

Acquisition of Minority Interest in Siliconix

Background

On May 12, 2005, Vishay completed an exchange offer for shares of Siliconix incorporated ("Siliconix") common stock that Vishay did not already own. Each Siliconix share tendered was exchanged for 3.075 shares of Vishay common stock, with cash paid in lieu of fractional shares of Vishay. Prior to the exchange offer, Vishay owned approximately 80.4% of the common stock of Siliconix. Following the completion of the exchange offer, Vishay's ownership increased to approximately 95.5% of the common stock of Siliconix, which was above the threshold necessary to effect a merger without a vote of stockholders.

On May 16, 2005, Vishay effected a merger of a subsidiary of Vishay with and into Siliconix, as a result of which Siliconix became a wholly owned subsidiary of Vishay. In the merger, each share of Siliconix stock, other than those owned by Vishay and its subsidiaries, was converted into the right to receive 3.075 shares of Vishay common stock, subject to the right of Siliconix's remaining stockholders to seek appraisal under Delaware law. The notification period to assert appraisal rights under Delaware law expired on June 10, 2005. Holders representing approximately 158,000 Siliconix shares have validly communicated their intent to assert their appraisal rights under Delaware law. Pending the outcome of the appraisal, Vishay may be required to pay these former Siliconix stockholders in cash, at which time the approximately 486,000 shares of Vishay common stock held in escrow for these former Siliconix stockholders would be cancelled.

As a controlled majority-owned subsidiary, the results of operations of Siliconix were included in the consolidated financial statements of Vishay prior to the acquisition of the minority interest, and the outside stockholders' interests were shown as "minority interest" on the consolidated statements of operations and consolidated balance sheets. The results of operations of Siliconix will continue to be reported in the results of the Semiconductors segment.

Related Litigation

Following the announcement of Vishay's intention to make the tender offer for the remaining shares of Siliconix that Vishay did not already own, several purported class-action complaints were filed in the Delaware Chancery Court against Vishay, Siliconix, and the Siliconix directors, alleging, among other things, that the intended offer was unfair and a breach of fiduciary duty, and seeking, among other things, to enjoin the transaction. These actions were consolidated into a single class action, and the plaintiffs filed an amended complaint on April 18, 2005 further alleging that defendants failed to disclose or misrepresented material information relating to the tender offer. On April 28, 2005, the parties to the Delaware consolidated action executed a memorandum of understanding providing for the settlement of all claims relating to the tender offer. The settlement agreement reached with the plaintiffs is pending court approval.

A single stockholder class action also was filed in California state court challenging the tender offer. On April 26, 2005, the California Superior Court granted Vishay's motion to stay the purported class action filed in California challenging the offer.

Siliconix Transaction-Related Expenses

Both Vishay and Siliconix incurred expenses associated with the defense of the stockholder litigation described above and the settlement of the Delaware action. Additionally, Siliconix incurred expenses related to the exchange offer, including costs of the special committee of independent Siliconix directors appointed to evaluate the offer and the costs of the special committee's financial and legal advisors. These costs do not represent Vishay's direct costs of the acquisition, and accordingly are not included in the purchase price. These costs, aggregating to $3,751,000, are included in a separate line in the accompanying consolidated condensed statement of operations.

Allocation of Purchase Price

The total purchase price for the acquisition of the minority interest in Siliconix was $199,224,000, including direct acquisition costs incurred by Vishay. Vishay valued the common stock issued in the transaction at $11.04 per share, the average closing price of its common stock for the period beginning three days immediately prior to the date the 3.075 exchange ratio was announced (April 21, 2005) and ending the three trading days immediately thereafter. The aggregate fair value was determined by multiplying the total number of shares of Vishay common stock issued in the exchange offer and subsequent merger (17,985,476 shares) by $11.04 per share. Cash was paid in lieu of fractional shares of Vishay.

The acquisition of the Siliconix minority interest has been accounted for under the purchase method of accounting in accordance with United States generally accepted accounting principles. Accordingly, the cost to acquire the Siliconix minority interest in excess of its carrying value has been preliminarily allocated on a pro rata basis, as follows, to the assets acquired and liabilities assumed based on their fair values, with the excess being allocated to goodwill *(in thousands)*:

Property and equipment	$	131
Completed technology		14,290
Tradenames		19,967
Other intangible assets		10,571
Purchased in-process research and development		9,201
Deferred taxes		(3,164)
Pro rata allocation of fair value in excess of carrying value	$	50,996
Total purchase price	$	199,224
Less minority interest recorded at May 12, 2005		97,012
Net purchase price	$	102,212
Goodwill	$	51,216

The tradenames will not be subject to amortization, but will be tested at least annually for impairment. The completed technology will be amortized over a weighted-average useful life of 15 years. The other intangible assets include customer relationships of $8.6 million which will be amortized over a ten year useful life, and other intangible assets which will be amortized over one year.

Purchased in-process research and development represents the value assigned in a business combination to research and development projects of the acquired business that were commenced, but not completed, at the date of acquisition, for which technological feasibility has not been established, and which have no alternative future use in research and development activities or otherwise. Amounts assigned to purchased in-process research and development meeting the above criteria must be charged to expense at the date of consummation of the business combination. A charge of $9,201,000 was recorded in the second quarter of 2005, equal to approximately 19.6% of the value of Siliconix in-process research and development at the time of the acquisition of the minority interest.

The goodwill arising in the transaction has been allocated to the Semiconductors reporting unit. The Company will test the goodwill for impairment at least annually in accordance with U.S. generally accepted accounting principles. Factors that contributed to a purchase price resulting in the recognition of a significant amount of goodwill included the value perceived by Vishay of full control over the Siliconix business and the desire to quickly resolve legal challenges to the tender offer.

This preliminary purchase price allocation is pending finalization of appraisals for property and equipment and intangible assets and the related deferred tax effects of any adjustments. There can be no assurance that the estimated amounts will represent the final purchase price allocation.

Pro Forma Results

The unaudited pro forma results would have been as follows, assuming the acquisitions of SI Technologies and the minority interest in Siliconix had occurred at the beginning of each period presented *(in thousands, except pro forma earnings per share)*:

	Fiscal quarter ended		Six fiscal months ended	
	July 2, 2005	**July 3, 2004**	**July 2, 2005**	**July 3, 2004**
Pro forma net sales	**$ 583,561**	$ 656,552	**$ 1,146,706**	$ 1,306,761
Pro forma net earnings	**$ 10,160**	$ 43,347	**$ 17,489**	$ 81,403
Pro forma earnings per share - basic	**$ 0.06**	$ 0.24	**$ 0.09**	$ 0.45
Pro forma earnings per share - diluted	**$ 0.05**	$ 0.22	**$ 0.09**	$ 0.41

The pro forma information includes adjustments to depreciation based on the fair value of property and equipment, adjustments to amortization based on the fair value of intangible assets, elimination of minority interest in net earnings related to Siliconix, and tax related effects.

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

Note 3 – Earnings Per Share

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

	Fiscal quarter ended		Six fiscal months ended	
	July 2, 2005	July 3, 2004	July 2, 2005	July 3, 2004
Numerator:				
Numerator for basic earnings per share - net earnings	**$ 9,716**	$ 41,118	**$ 15,428**	$ 77,084
Interest savings assuming conversion of dilutive convertible and exchangeable notes, net of tax	**—**	4,528	**—**	9,293
Numerator for diluted earnings per share - adjusted net earnings	**$ 9,716**	$ 45,646	**$ 15,428**	$ 86,377
Denominator:				
Denominator for basic earnings per share - weighted average shares	**176,198**	162,309	**171,125**	161,360
Effect of dilutive securities				
Convertible and exchangeable notes	**—**	40,061	**—**	38,239
Employee stock options	**859**	2,150	**914**	2,731
Warrants	**—**	—	**—**	521
Other	**76**	79	**76**	79
Dilutive potential common shares	**935**	42,290	**990**	41,570
Denominator for diluted earnings per share - adjusted weighted average shares	**177,133**	204,599	**172,115**	202,930
Basic earnings per share	**$ 0.06**	$ 0.25	**$ 0.09**	$ 0.48
Diluted earnings per share	**$ 0.05**	$ 0.22	**$ 0.09**	$ 0.43

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

	Fiscal quarter ended		Six fiscal months ended	
	July 2, 2005	July 3, 2004	July 2, 2005	July 3, 2004
Convertible and exchangeable notes:				
Convertible Subordinated Notes, due 2023	**23,496**	—	**23,496**	—
LYONs, due 2021	**11,137**	—	**10,697**	—
Exchangeable Unsecured Notes, due 2102	**6,176**	—	**6,176**	—
Weighted average employee stock options	**6,614**	1,164	**6,339**	1,164
Weighted average warrants	**8,824**	8,824	**8,824**	5,324

If the potential common shares related to the convertible and exchangeable notes were included in the computation, the related interest savings, net of tax, assuming conversion/exchange would be added to the net earnings used to compute earnings per share.

The Convertible Subordinated Notes, due 2023 are only convertible upon the occurrence of certain events. While none of these events have occurred as of July 2, 2005, certain conditions which could trigger conversion have been deemed to be non-substantive, and accordingly, the Company has always assumed the conversion of these notes in its diluted earnings per share computation during periods in which they are dilutive. EITF 04-8 also now requires the inclusion of these notes in the diluted earnings per share computation during periods in which they are dilutive.

By their terms, the Liquid Yield Option™ Notes (“LYONs”) were convertible into 3,809,000 shares of common stock at July 2, 2005 and July 3, 2004, respectively. Subsequent to the Company’s decision in June 2004 to utilize stock to settle the holders’ put option included in the indenture governing the LYONs, the Company assumes all future put options will be settled in stock based on the settlement formula set forth in the indenture.

Note 4 – Segment Information

Vishay designs, manufactures, and markets electronic components that cover a wide range of products and technologies. The Company has two reportable segments: Semiconductors (formerly referred to as our “Active Components” segment), consisting principally of diodes, transistors, power MOSFETs, motor control integrated circuits, optoelectronic components and IRDCs, and Passive Components, 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, inductors, transducers, strain gages, and load cells.

The Company evaluates business segment performance on operating income, exclusive of certain items (“segment operating income”). Management believes that evaluating segment performance excluding items such as restructuring and severance costs, asset write-downs, inventory write-downs, losses on purchase commitments, write-offs of in-process research and development, and other charges is meaningful because its provides insight with respect to intrinsic operating results. These items, and unallocated corporate expenses, represent reconciling items between segment operating income and consolidated operating income. Business segment assets are the owned or allocated assets used by each business. The following table sets forth business segment information for the fiscal quarters and six fiscal months ended July 2, 2005 and July 3, 2004, respectively *(in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	July 2, 2005	**July 3, 2004**	**July 2, 2005**	**July 3, 2004**
Net sales:				
Semiconductors	**$ 282,335**	$ 320,954	**$ 549,573**	$ 640,547
Passive Components	**299,304**	325,745	**585,743**	647,073
	$ 581,639	$ 646,699	**$ 1,135,316**	$ 1,287,620
Segment operating income:				
Semiconductors	**$ 24,632**	$ 50,107	**$ 42,525**	$ 94,180
Passive Components	**19,092**	27,998	**29,691**	53,817
Corporate	**(6,941)**	(8,543)	**(13,366)**	(16,053)
Purchased in-process research and development	**(9,201)**	—	**(9,201)**	—
Siliconix transaction-related expenses	**(3,751)**	—	**(3,751)**	—
Restructuring and severance costs	**(9,358)**	(1,759)	**(14,385)**	(2,060)
Loss on purchase commitments	**(1,323)**	—	**(3,600)**	—
Consolidated operating income	**$ 13,150**	$ 67,803	**$ 27,913**	$ 129,884
Restructuring and severance costs:				
Semiconductors	**$ 2,776**	$ 992	**$ 3,574**	$ 1,188
Passive Components	**6,582**	767	**10,811**	872
	$ 9,358	**$ 1,759**	**$ 14,385**	$ 2,060

Note 5 – Comprehensive Income

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

	Fiscal quarter ended		Six fiscal months ended	
	July 2, 2005	July 3, 2004	July 2, 2005	July 3, 2004
Net earnings	**$ 9,716**	$ 41,118	**$ 15,428**	$ 77,084
Other comprehensive income (loss):				
Foreign currency translation adjustment	**(54,861)**	(9,390)	**(97,080)**	(12,490)
Unrealized loss on available for sale securities	**—**	(66)	**—**	(66)
Pension liability adjustment	**475**	154	**843**	246
Total other comprehensive loss	**(54,386)**	(9,302)	**(96,237)**	(12,310)
Comprehensive (loss) income	**$ (44,670)**	$ 31,816	**$ (80,809)**	$ 64,774

Note 6 – Restructuring and Severance Costs and Related Asset Write-Downs

Restructuring and severance costs reflect the cost reduction programs currently being implemented by the Company. These include the closing of facilities and the termination of employees. Restructuring costs are expensed during the period in which the Company determines it will incur those costs and all requirements of accrual are met. Because these costs are recorded based upon estimates, actual expenditures for the restructuring activities may differ from the initially recorded costs. If the initial estimates are too low or too high, the Company could be required either to record additional expenses in future periods or to reverse part of the previously recorded charges. Asset write-downs are principally related to buildings and equipment that will not be used subsequent to the completion of restructuring plans presently being implemented, and cannot be sold for amounts in excess of carrying value.

Second Quarter 2005

The Company recorded restructuring and severance costs of $9,358,000 for the second quarter of 2005. Restructuring of European and Asian operations included $8,605,000 of employee termination costs covering 229 technical, production, administrative and support employees located in the Republic of China (Taiwan), Germany, France, the Netherlands, the United Kingdom, Spain, Portugal, Austria, the Czech Republic, the People's Republic of China, and Hungary. Included in employee termination costs is a pension settlement charge of $1,850,000 related to 125 employees in the Republic of China (Taiwan). The remaining $435,000 of severance costs relates to termination costs of 43 technical, production, administrative, and support employees in the United States. The Company also incurred $187,000 of other exit costs. The restructuring and severance costs were incurred as part of the continuing cost reduction programs currently being implemented by the Company. The Company also recorded asset write-downs of $131,000 related to these restructuring programs during the second quarter of 2005.

Six Fiscal Months Ended July 2, 2005

The Company recorded restructuring and severance costs of $14,385,000 during the six fiscal months ended July 2, 2005. Restructuring of European and Asian operations included $11,676,000 of employee termination costs covering 350 technical, production, administrative and support employees located in the Republic of China (Taiwan), Germany, France, the Netherlands, the United Kingdom, Spain, Portugal, Austria, the Czech Republic, the People's Republic of China, and Hungary. Included in employee termination costs is a pension settlement charge of $1,850,000 related to 125 employees in the Republic of China (Taiwan). The remaining $2,356,000 of severance costs relates to termination costs of 103 technical, production, administrative, and support employees and three executives in the United States. The Company also incurred $222,000 of other exit costs. The restructuring and severance costs were incurred as part of the continuing cost reduction programs currently being implemented by the Company. The Company also recorded asset write-downs of $131,000 related to these restructuring programs during the six fiscal months ended July 2, 2005.

The following table summarizes activity to date related to restructuring programs initiated in 2005:

	Severance Costs	Other Exit Costs	Total	Employees to be Terminated
Restructuring and severance costs	$ 14,032	$ 353	$ 14,385	453
Utilized	(9,366)	(341)	(9,707)	(363)
Foreign currency translation	(135)	—	(135)	—
Balance at July 2, 2005	$ 4,531	$ 12	$ 4,543	90

Substantially all of the remaining restructuring liability, currently shown in other accrued expenses, is expected to be paid by December 31, 2005. The payment terms related to these restructuring programs varies, usually based on local customs and laws. Most severance amounts are paid in a lump sum at termination, while some payments are structured to be paid in installments.

Second Quarter 2004

The Company recorded restructuring and severance costs of $1,759,000 for the second quarter of 2004. Restructuring of European and Asian operations included $1,615,000 of employee termination costs covering 33 technical, production, administrative and support employees located in Germany, Austria, the United Kingdom, Portugal, the Netherlands, Hungary, and Japan. The remaining $144,000 of restructuring expense related to termination costs for 17 technical, production, administrative and support employees located in the United States. The restructuring and severance costs were incurred as part of the continuing cost reduction programs being implemented by the Company.

Six Fiscal Months Ended July 3, 2004

The Company recorded restructuring and severance costs of $2,060,000 for the six fiscal months ended July 3, 2004. Restructuring of European and Asian operations included $1,788,000 of employee termination costs covering 39 technical, production, administrative and support employees located in Germany, Austria, the United Kingdom, Portugal, the Netherlands, Hungary, and Japan. The remaining $272,000 of restructuring expense related to termination costs for 31 technical, production, administrative and support employees located in the United States. The restructuring and severance costs were incurred as part of the continuing cost reduction programs being implemented by the Company.

Year ended December 31, 2004

During the year ended December 31, 2004, the Company recorded restructuring and severance costs of $47,250,000. The largest component of these charges was related to a decision to close the Colmar, France small-signal diode assembly facility and transfer all production to lower-labor-cost regions. Additionally, restructuring programs were implemented in the United States, Germany, France, Austria, the United Kingdom, Portugal, the Netherlands, Hungary, the Czech Republic, Israel, the Republic of China (Taiwan), and Japan.

The following table summarizes activity to date related to restructuring programs initiated in 2004:

	Severance Costs	Other Exit Costs	Total	Employees to be Terminated
Restructuring and severance costs	$ 43,080	$ 4,170	$ 47,250	864
Utilized	(22,579)	(1,315)	(23,894)	(637)
Foreign currency translation	931	—	931	—
Balance at December 31, 2004	21,432	2,855	24,287	227
Utilized	**(12,852)**	**(2,460)**	**(15,312)**	**(224)**
Foreign currency translation	**(1,942)**	**(10)**	**(1,952)**	**—**
Balance at July 2, 2005	**$ 6,638**	**$ 385**	**$ 7,023**	**3**

Substantially all of the remaining restructuring liability, currently shown in other accrued expenses, is expected to be paid by December 31, 2005. The payment terms related to these restructuring programs varies, usually based on local customs and laws. Most severance amounts are paid in a lump sum at termination, while some payments are structured to be paid in installments.

Note 7 – Income Taxes

The provision for income taxes consists of provisions for federal, state, and foreign income taxes. The Company operates in an international environment with significant operations in various locations outside the U.S. Accordingly, the consolidated income tax rate is a composite rate reflecting the Company's earnings and the applicable tax rates in the various locations where the Company operates.

The effective tax rates for the six-month periods ended July 2, 2005 and July 3, 2004 reflect the Company's expected tax rate on reported operating earnings before income tax and deferred tax adjustments related to the expected utilization of net operating loss carryforwards and other deferred tax benefits.

For the quarter and six fiscal months ended July 2, 2005, income tax expense was impacted by a net one-time benefit of items totaling $3,698,000, principally consisting of a favorable settlement of certain tax issues with the Israeli government. The effective tax rates for the quarter and six fiscal months ended July 2, 2005 reflect this net benefit, partially offset by the non-deductibility of certain items, including the write-off of in-process research and development and Siliconix transaction-related expenses.

Note 8 – Stock-Based Compensation

Statement of Financial Accounting Standards ("SFAS") No. 123, *Accounting for Stock-Based Compensation*, 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 APB Opinion No. 25, *Accounting for Stock Issued to Employees*. The Company accounts for stock-based compensation in accordance with APB 25 and related interpretations. As described in Note 11, in December 2004 the Financial Accounting Standards Board ("FASB") issued a revised standard, SFAS No. 123-R, which the Company will adopt effective January 1, 2006.

The following is provided to comply with the disclosure requirements of SFAS No. 123 as amended by SFAS No. 148. If compensation cost for the Company's stock option programs had been determined using the fair-value method prescribed by SFAS No. 123, the Company's results would have been reduced to the pro forma amounts indicated below *(in thousands, except per share amounts)*:

	Fiscal quarter ended		Six fiscal months ended	
	July 2, 2005	July 3, 2004	July 2, 2005	July 3, 2004
Net income, as reported	**$ 9,716**	$ 41,118	**$ 15,428**	$ 77,084
Add: Total stock-based employee compensation expense included in reported net income, net of related tax effects	**—**	365	**323**	365
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of related tax effects	**(162)**	(679)	**(656)**	(983)
Pro forma net income	**$ 9,554**	$ 40,804	**$ 15,095**	$ 76,466
Earnings per share:				
Basic—as reported	**$ 0.06**	$ 0.25	**$ 0.09**	$ 0.48
Basic—pro forma	**$ 0.05**	$ 0.25	**$ 0.09**	$ 0.47
Diluted—as reported	**$ 0.05**	$ 0.22	**$ 0.09**	$ 0.43
Diluted—pro forma	**$ 0.05**	$ 0.22	**$ 0.09**	$ 0.42

On January 3, 2005, the Company granted 30,000 phantom stock units pursuant to employment agreements between the Company and six executives. The Company recognized compensation expense of $435,000, the value of the underlying stock on the date of grant. The fair value of such grants pursuant to SFAS No. 123 is equal to the intrinsic value as determined pursuant to APB No. 25.

Note 9 – Current Vulnerability Due to Certain Concentrations

The Company is a major consumer of the world's annual production of tantalum, a metal used in the manufacture of tantalum capacitors. The Company is obligated under two contracts with Cabot Corporation to make purchases of tantalum through 2006. The Company's purchase commitments were entered into at a time when market demand for tantalum capacitors was high and tantalum powder was in short supply. Since that time, the price of tantalum has decreased significantly, and accordingly, the Company wrote-down the carrying value of its tantalum inventory on-hand and recognized losses on future purchase commitments. The liability for losses on purchase commitments is based on contractually obligated purchase prices, expected market prices and the mix of tantalum-grades expected to be purchased. The mix of tantalum-grades to be purchased varies within a range specified by the contracts. Changes in the Company's mix of tantalum-grade purchases may result in additional losses on its purchase commitments. During the second quarter and six fiscal months ended July 2, 2005, the Company recorded additional losses on its tantalum purchase commitments of $1,323,000 and $3,600,000, respectively.

Note 10 – Pensions and Other Postretirement Benefits

The Company maintains various retirement benefit plans.

The following table shows the components of the net periodic benefit cost for the second fiscal quarters of 2005 and 2004 for the Company's defined benefit pension plans *(in thousands)*:

	Fiscal quarter ended July 2, 2005		Fiscal quarter ended July 3, 2004	
	U.S. Plans	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Net service cost	**$ 1,072**	**$ 1,471**	$ 992	$ 1,099
Interest cost	**3,659**	**2,506**	3,472	2,443
Expected return on plan assets	**(4,792)**	**(279)**	(3,935)	(265)
Amortization of prior service cost	**376**	**18**	240	17
Curtailments and settlements	**—**	**1,850**	—	—
Amortization of losses	**921**	**375**	816	317
Net periodic benefit cost	**$ 1,236**	**$ 5,941**	$ 1,585	$ 3,611

The following table shows the components of the net periodic benefit cost for the six fiscal months ended July 2, 2005 and July 3, 2004 for the Company's defined benefit pension plans *(in thousands)*:

	Six fiscal months ended July 2, 2005		Six fiscal months ended July 3, 2004	
	U.S. Plans	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Net service cost	**$ 2,144**	**$ 2,975**	$ 1,984	$ 2,204
Interest cost	**7,318**	**5,128**	6,899	4,952
Expected return on plan assets	**(9,584)**	**(572)**	(7,870)	(534)
Amortization of prior service cost	**752**	**36**	240	34
Curtailments and settlements	**—**	**1,850**	—	—
Amortization of losses	**1,842**	**765**	1,632	638
Net periodic benefit cost	**$ 2,472**	**$ 10,182**	$ 2,885	$ 7,294

The Company previously disclosed in its consolidated financial statements for the year ended December 31, 2004 that it expected to contribute $3 million to its U.S. pension plans and $9 million to its non-U.S. pension plans in 2005. As of the end of the six fiscal months ended July 2, 2005, approximately $2 million of contributions have been made.

The following table shows the components of the net periodic benefit cost for the second fiscal quarters of 2005 and 2004 for the Company's defined benefit other postretirement benefit plans *(in thousands)*:

	Fiscal quarter ended July 2, 2005		**Fiscal quarter ended July 3, 2004**	
	U.S. Plans	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Service cost	**$ 69**	**$ 132**	$ 66	$ 121
Interest cost	**323**	**101**	371	92
Amortization of prior service cost	**21**	**—**	22	—
Amortization of transition obligation	**48**	**—**	48	—
Net periodic benefit cost	**$ 461**	**$ 233**	$ 507	$ 213

The following table shows the components of the net periodic benefit cost for the six fiscal months ended July 2, 2005 and July 3, 2004 for the Company's defined benefit other postretirement benefit plans *(in thousands)*:

	Six fiscal months ended July 2, 2005		**Six fiscal months ended July 3, 2004**	
	U.S. Plans	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Service cost	**$ 315**	**$ 270**	$ 132	$ 246
Interest cost	**646**	**207**	736	188
Amortization of prior service cost	**42**	**—**	34	—
Amortization of transition obligation	**96**	**—**	96	—
Net periodic benefit cost	**$ 1,099**	**$ 477**	$ 998	$ 434

Note 11 – New Accounting Pronouncements

In November 2004, the FASB issued Statement No. 151, *Inventory Costs—an amendment of ARB No. 43*, *Chapter 4*, which amends and clarifies existing accounting literature regarding abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005, with earlier application permitted. The provisions of this statement are to be applied prospectively. The adoption of this standard is not expected to have a material effect on the Company's financial position, results of operations, or liquidity.

In December 2004, the FASB issued Statement No. 123-R ("SFAS No. 123-R"), *Share-Based Payment*. This statement replaces SFAS No. 123, *Accounting for Stock-Based Compensation*, and supersedes APB No. 25, which the Company presently applies. SFAS No. 123-R will require compensation costs related to share-based payment transactions to be recognized in the consolidated financial statements (with limited exceptions). The amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. Compensation cost will be recognized over the period that an employee provides service in exchange for the award. In April 2005, the U.S. Securities and Exchange Commission delayed the compliance date for this standard until the first fiscal year that begins after June 15, 2005. Accordingly, Vishay will adopt this standard effective January 1, 2006. The adoption of this standard is not expected to have a material effect on the Company's financial position, or liquidity.

In December 2004, the FASB issued Statement No. 153, *Exchanges of Nonmonetary Assets—an amendment of APB Opinion No. 29.* This statement amends APB No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of this statement are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005, with earlier application permitted. The provisions of this statement are to be applied prospectively. The adoption of this standard is not expected to have a material effect on the Company's financial position, results of operations, or liquidity.

In December 2004, the FASB issued FASB Staff Position No. 109-2 ("FSP No. 109-2") that provides accounting guidance on how companies should account for the effect of the American Jobs Creation Act of 2004 (the "Jobs Act"), which was signed into law in October 2004. FSP No. 109-2 allows a company additional time to evaluate the effects of the Jobs Act on any plan for reinvestment or repatriation of foreign earnings, provided that appropriate disclosures are made. At July 2, 2005, no provision had been made for U.S. federal and state income taxes on undistributed foreign earnings, which are expected to be reinvested outside of the United States 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. While the Company continues to evaluate the impact of repatriation of earnings and cash pursuant to the American Jobs Creation Act of 2004, at the present time, the Company expects its cash and profits generated by foreign subsidiaries to continue to be reinvested indefinitely.

In May 2005, the FASB issued Statement No. 154, *Accounting Changes and Error Corrections*. This statement replaces APB Opinion No. 20, *Accounting Changes*, and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements,* and changes the requirements of the accounting for and reporting of a change in accounting principle. SFAS No. 154 also provides guidance on the accounting for and reporting of error corrections. The provisions of this statement are applicable for accounting changes and error corrections made in fiscal years beginning after December 15, 2005. The Company does not expect the provisions of this statement to have a material impact on the Company's financial position, results of operations, or liquidity.

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

Overview

Vishay Intertechnology, Inc. is an international manufacturer and supplier of semiconductors and passive electronic components, including power MOSFETs, power conversion and motor control integrated circuits, transistors, diodes, optoelectronic components, resistors, capacitors, inductors, strain gages, load cells, force measurement sensors, displacement sensors, and photoelastic sensors. Semiconductors and electronic components manufactured by Vishay are used in virtually all types of electronic products, including those in the computer, telecommunications, military/aerospace, instrument, automotive, medical, and consumer electronics industries.

Vishay operates in two segments, Semiconductors (formerly referred to as our "Active Components" segment) and Passive Components. Semiconductors segment products include transistors, diodes, rectifiers, certain types of integrated circuits and optoelectronic products. Our Semiconductors segment includes our Siliconix subsidiary, of which we completed the acquisition of the 19.6% interest that we did not already own during the second quarter of 2005. Passive Components segment products include resistors, capacitors, and inductors. We include in this segment our Measurements Group, which manufactures and markets strain gages, load cells, transducers, instruments and weighing systems whose core components are resistors that are sensitive to various types of mechanical stress. The Passive Components business had historically predominated at Vishay until the purchase of General Semiconductor in November 2001, after which the lead position shifted to the Semiconductors business. Since the acquisition of BCcomponents in December 2002, revenues from our Semiconductors and Passive Components segments have been essentially split evenly.

Sales for the second quarter of 2005 were $581.6 million, a 10% decrease compared to sales of $646.7 million for the second quarter of 2004. Net earnings for the second quarter of 2005 were $9.7 million or $0.05 per diluted share compared to net earnings of $41.1 million or $0.22 per diluted share for the second quarter of 2004. Net earnings for the second quarter of 2005 were impacted by restructuring and severance costs of $9.4 million, by charges for purchased in-process research and development of $9.2 million, by Siliconix transaction-related expenses of $3.8 million, and by losses resulting from adjustments to previously existing purchase commitments of $1.3 million, partially offset by a gain on sale of land of $2.1 million. In addition, income tax expense for the second quarter of 2005 is net of a $3.7 million benefit, primarily due to a favorable foreign tax ruling. These items and their tax related consequences had a negative $0.07 effect on earnings per share. Net earnings for the second quarter of 2004 were impacted by restructuring and severance costs of $1.8 million, or $0.01 per share after tax.

Sales for the six fiscal months ended July 2, 2005 were $1,135.3 million, a 12% decrease as compared to sales of $1,287.6 million for the comparable prior year period. Net earnings for the six fiscal months ended July 2, 2005 were $15.4 million or $0.09 per diluted share compared to net earnings of $77.1 million or $0.43 per diluted share for the comparable prior year period. Net earnings for the six fiscal months ended July 2, 2005 were impacted by restructuring and severance costs of $14.4 million, by charges for purchased in-process research and development of $9.2 million, by Siliconix transaction-related expenses of $3.8 million, and by losses resulting from adjustments to previously existing purchase commitments of $3.6 million, partially offset by a gain on sale of land of $2.1 million. In addition, income tax expense for the six fiscal months ended July 2, 2005 is net of a $3.7 million benefit, primarily due to a favorable foreign tax ruling. These items and their tax related consequences had a negative $0.10 effect on earnings per share. Net earnings for the six fiscal months ended July 3, 2004 were impacted by restructuring and severance costs of $2.1 million, or $0.01 per share after tax.

Market conditions for the first half of 2005 have been considerably less favorable than conditions experienced in the first half of 2004. While our revenues and earnings decreased versus the comparable prior year quarter, the second quarter of 2005 represents continued improvement versus the disappointing second half of 2004. Strong book-to-bill ratios from the first quarter led to increased sales in the second quarter. Additionally, discipline in cutting costs and the addition and integration of specialty businesses helped to maintain the momentum. The speed of recovery noted in the first quarter of 2005 slowed to a degree, as orders decreased slightly by 2% sequentially. We believe that there are reasonable inventory levels in the supply chain, but our worldwide distributors are demonstrating tighter control over their stock, particularly as compared to prior years.

Financial Metrics

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

Gross profit margin is computed as gross profit as a percentage of net sales. Gross profit is generally net sales less cost of products sold, but also deducts certain other period costs, particularly losses on purchase commitments and inventory write-downs. Gross profit margin is clearly a function of net sales, but also reflects our cost cutting programs and our ability to contain fixed costs.

End-of-period backlog is one indicator of future sales. However, if demand falls below customers’ forecasts, or if customers do not control their inventory effectively, they may cancel or reschedule the shipments that are included in our backlog, in many instances without the payment of any penalty. Therefore, the backlog is not necessarily indicative of the results to be expected for future periods.

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

We focus on our inventory turnover as a measure of how well we are managing our inventory. We define inventory turnover for a financial reporting period as our cost of products sold for the four fiscal quarters ending on the last day of the reporting period divided by our average inventory (computed using each quarter-end balance) for this same period. A higher level of inventory turnover reflects more efficient use of our capital.

Pricing in our industry can be volatile. We analyze trends and changes in average selling prices to evaluate likely future pricing. The erosion of average selling prices of established products is typical of the industry. However, we attempt to offset this deterioration with ongoing cost reduction activities and new product introductions, as newer products typically yield larger gross margins.

The quarter-to-quarter trends in these financial metrics can be an important indicator of the likely direction of our business. The following table shows sales, gross profit margin, end-of-period backlog, book-to-bill ratio, inventory turnover, and changes in ASP for our business as a whole during the five quarters beginning with the second quarter of 2004 through the second quarter of 2005 *(dollars in thousands)*:

	2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005
Sales	$ 646,699	$ 584,320	$ 541,636	$ 553,677	$ 581,639
Gross profit margin*	26.1%	24.1%	15.7%	21.0%	22.6%
End-of-Period Backlog	$ 607,000	$ 473,900	$ 439,900	$ 464,400	$ 451,300
Book-to-Bill Ratio	0.98	0.84	0.90	1.06	0.99
Inventory Turnover	3.51	3.22	3.27	3.12	3.20
Change in ASP vs. prior quarter	-0.8%	-0.4%	-2.4%	-1.4%	-1.4%

* - Gross profit margin includes the impact of inventory write-downs and losses on purchase commitments during the fourth quarter of 2004 and the first and second quarters of 2005.

The relatively friendly worldwide business climate for the electronics industry continued into the second quarter of 2005. Orders decreased slightly on a sequential basis, but we were able to maintain a book-to-bill ratio slightly less than one. Orders from distributors increased 2% (following a 23% sequential increase in the first quarter of 2005), maintaining a book-to-bill ratio for these customers greater than 1. Orders from original equipment manufacturers decreased 7% (following an 18% sequential increase in the first quarter of 2005), which decreased the book-to-bill ratio for these customers to 0.97 from 1.05 in the first quarter of 2005. We continue to experience pressure on selling prices. Pricing pressures, however, were not nearly as strong in the first half of 2005 as they were in the second half of 2004, and we believe pricing will be moderately lower through the remainder of 2005.

Capacity Utilization

Capacity utilization is a reflection of product demand trends.

Capacity utilization continued to improve during the second quarter of 2005 compared to the second half of 2004. Our resistor lines were operating at an average of 80% to 90% of capacity, as compared to 60% to 70% during the second half of 2004, and in line with our capacity utilization during the first half of 2004. Capacity utilization for our capacitor lines was approximately the same as the 50% to 60% utilization rates achieved in the first quarter of 2005 and second half of 2004, with some product lines having utilization rates as high as 85%.

We continue to operate near full capacity in most of our front-end Semiconductors segment facilities. We have taken and will continue to take necessary steps to increase our capacity to accommodate increased demand. These steps have in the past included removing production bottlenecks in our fabrication facilities and securing additional equipment to expand our back-end operations. We have made significant investments in expanding capacity in our Semiconductors facilities, which will ramp up in future quarters. Our Siliconix division has begun a project to add 8-inch silicon wafer manufacturing capabilities at the fabrication facility in Itzehoe, Germany by the end of 2005. This project is expected to alleviate capacity constraints for high-cell-density wafers and reduce costs. We expect to be eligible to receive the benefits of grants from the government of the German state of Schleswig Holstein related to these additional investments at the Itzehoe facility. Except for any grant monies received, the capital expenditures required to support our expansion program are expected to be funded by cash flows from operations. See “Financial Condition and Liquidity” below.

Acquisition Activity

As part of our growth strategy, we seek to expand through acquisition of other manufacturers of semiconductors and electronic components that have established positions in major markets, reputations for product quality and reliability, and product lines with which we have substantial marketing and technical expertise. We also seek to explore opportunities with privately held developers of semiconductors and electronic components, whether through acquisition, investment in non-controlling interests, or strategic alliances. During the second quarter, we completed two acquisitions.

On April 28, 2005, we completed the acquisition of all of the outstanding capital stock of SI Technologies, Inc., a designer, manufacturer, and marketer of high-performance industrial sensors and controls, weighing and automotive systems, and related products. The purchase price was $17.7 million in cash, plus the assumption of $10.7 million of SI Technologies debt, of which Vishay caused $8.7 million to be repaid subsequent to closing.

On June 13, 2005, Vishay signed a non-binding letter of intent to sell AeroGo, Inc., SI Technologies’ subsidiary engaged in the design, manufacture, and marketing of industrial automation products, for $4.2 million. The purchase price may be adjusted based on the net working capital on the closing date. The proposed transaction is subject to the satisfactory completion of due diligence by the proposed buyer, the negotiation and execution of a definitive purchase agreement, and other conditions which are customary for a transaction of this type. There can be no assurance that the transaction will be completed, or that it will be completed pursuant to the terms contemplated in the non-binding letter of intent. No gain or loss will be recognized on the sale of AeroGo.

On May 12, 2005, we completed an offer to exchange shares of Vishay common stock for shares of Siliconix stock that we did not already own. Each Siliconix share tendered was exchanged for 3.075 shares of Vishay common stock, with cash paid in lieu of fractional shares of Vishay. Prior to the exchange offer, Vishay owned approximately 80.4% of the common stock of Siliconix. Following the completion of the exchange offer, Vishay's ownership increased to approximately 95.5% of the common stock of Siliconix, which was above the threshold necessary to effect a merger without a vote of stockholders.

On May 16, 2005, Vishay effected a merger of a subsidiary of Vishay with and into Siliconix, as a result of which Siliconix became a wholly owned subsidiary of Vishay. In the merger, each share of Siliconix stock, other than those owned by Vishay and its subsidiaries, was converted into 3.075 shares of Vishay common stock, subject to the right of Siliconix's remaining stockholders to seek appraisal under Delaware law. Cash was paid in lieu of fractional shares of Vishay.

As a controlled majority-owned subsidiary, the results of operations of Siliconix were included in the consolidated financial statements of Vishay prior to the acquisition of the minority interest, and the outside stockholders' interests were shown as "minority interest" on the consolidated statements of operations and the consolidated balance sheets.

Following the announcement of Vishay's intention to make the tender offer for the remaining shares of Siliconix that Vishay did not already own, several purported class-action complaints were filed in the Delaware Chancery Court against Vishay, Siliconix, and the Siliconix directors, alleging, among other things, that the intended offer was unfair and a breach of fiduciary duty, and seeking, among other things, to enjoin the transaction. These actions were consolidated into a single class action, and the plaintiffs filed an amended complaint on April 18, 2005 further alleging that defendants failed to disclose or misrepresented material information relating to the tender offer. On April 28, 2005, the parties to the Delaware consolidated action executed a memorandum of understanding providing for the settlement of all claims relating to the tender offer.   The settlement agreement reached with the plaintiffs is pending court approval.

A single stockholder class action also was filed in California state court challenging the tender offer. On April 26, 2005, the California Superior Court granted Vishay's motion to stay the purported class action filed in California challenging the offer.

Both Vishay and Siliconix incurred expenses associated with the defense of the stockholder litigation described above and the settlement of the Delaware action. Additionally, Siliconix incurred expenses related to the exchange offer, including costs of the special committee of independent Siliconix directors appointed to evaluate the offer and the costs of the special committee's financial and legal advisors. These costs do not represent Vishay's direct costs of the acquisition, and accordingly are not included in the purchase price. These costs, aggregating $3.8 million, are included in a separate line in the consolidated condensed statement of operations.

Purchased in-process research and development represents the value assigned in a business combination to research and development projects of the acquired business that were commenced, but not completed, at the date of acquisition, for which technological feasibility has not been established, and which have no alternative future use in research and development activities or otherwise. Amounts assigned to purchased in-process research and development meeting the above criteria must be charged to expense at the date of consummation of the business combination. A charge of $9.2 million was recorded in the second quarter of 2005, equal to approximately 19.6% of the value of Siliconix in-process research and development at the time of the acquisition of the minority interest.

We are presently evaluating some smaller acquisition targets to enhance new product development, round out our product lines, or grow our high margin niche market businesses. On July 27, 2005, we signed a non-binding letter of intent to acquire the business of CyOptics Israel Ltd., the Israeli subsidiary of CyOptics, Inc. CyOptics Israel, Ltd. designs optical components in the field of advanced infrared technology. The transaction is subject to satisfactory completion of due diligence by Vishay, approval by various Israeli government agencies, and other conditions that are customary for transactions of this type. There can be no assurance that the transaction will be completed, or that it will be completed pursuant to the terms contemplated in the non-binding letter of intent.

We are also currently intensifying our exploration of opportunities to acquire a larger target in order to gain market share and more effectively penetrate many geographic markets.

Segments

The following table shows sales, book-to-bill ratio, and gross profit margin broken out by segment for the five quarters beginning with the second quarter of 2004 through the second quarter of 2005 *(dollars in thousands):*

	2nd Quarter 2004	3rd Quarter 2004	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005
Semiconductors					
Sales	$ 320,954	$ 293,622	$ 269,445	$ 267,238	$ 282,335
Book-to-Bill Ratio	1.02	0.79	0.86	1.01	1.00
Gross profit margin	29.2%	27.8%	22.3%	22.3%	23.3%
Passive Components					
Sales	$ 325,745	$ 290,698	$ 272,191	$ 286,439	$ 299,304
Book-to-Bill Ratio	0.95	0.89	0.94	1.10	0.98
Gross profit margin*	23.1%	20.4%	9.3%	19.7%	21.8%

* - Gross profit margin for the Passive Components segment includes the impact of inventory write-downs and losses on purchase commitments during the fourth quarter of 2004 and the first and second quarters of 2005.

Cost Management

We place a strong emphasis on reducing our costs. One way we do this is by moving production to the extent possible from high-labor-cost markets, such as the United States and Western Europe, to lower-labor-cost markets, such as Israel, Mexico, the People's Republic of China and Eastern Europe. The percentage of our total headcount in lower-labor-cost countries is a measure of the extent to which we are successful in implementing this program. This percentage was 72.2% at the end of the second quarter of 2005, as compared to 71.8% at the end of the first quarter of 2005 and the end of 2004, 69% at the end of 2003, 65% at the end of 2002, 61% at the end of 2001, and 57% at the end of 2000. We expect this percentage to be 73% by the end of 2005. Our long-term target is to have between 75% and 80% of our total headcount in lower-labor-cost countries.

The restructuring plans we initiated in 2004 are expected to generate approximately $23 million of annual cost savings. Furthermore, we are implementing an aggressive program in 2005 to reduce our annual fixed costs by an additional $50 million. In April, we began evaluating additional restructuring initiatives to improve the results of underperforming divisions, which we expect will generate additional annual cost savings of $40 million beginning in 2006. These plans are expected to include a combination of production transfers, plant closures, and overhead streamlining. We achieved approximately $23 million of savings in the first half of 2005 as a result of our restructuring and other cost savings efforts. Our restructuring plans for 2005 are outlined in greater detail in our Annual Report on Form 10-K for the year ended December 31, 2004. All of these plans are currently on or ahead of schedule.

During the first half of 2005, we completed the closure of our Colmar, France small signal diode facility. The integration of the operations of Vishay MIC Technologies, acquired in September 2004, into our existing Electro-Films facility, was finalized ahead of plan during the second quarter of 2005. The Pearl River, New York facility acquired in the MIC Technologies acquisition is presently being marketed for sale. Also during the second quarter of 2005, we shipped our first thin film chips from Israel, a key milestone in the planned production transfer of this product line from Germany. We also continued our transfer of power diode production from the Republic of China (Taiwan) to the People's Republic of China, which we expect to complete in the second half of the year. We also closed the Sanford, Maine tantalum capacitor manufacturing facility. Additionally, we acquired SI Technologies in April 2005, and will integrate SI Technologies into our existing businesses, including consolidating the Tustin, California facility and our existing transducer and strain gage facility in Covina, California. We expect substantial synergies from the integration of the SI Technologies business, which we expect to further enhance the profitability of our Measurements Group.

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

Results of Operations

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

	Fiscal Quarter Ended		Six Fiscal Months Ended	
	July 2, 2005	July 3, 2004	July 2, 2005	July 3, 2004
Cost of products sold	77.2%	73.9%	77.9%	74.5%
Gross profit	22.6%	26.1%	21.8%	25.5%
Selling, general & administrative expenses	16.5%	15.4%	16.9%	15.3%
Operating income	2.3%	10.5%	2.5%	10.1%
Earnings before taxes & minority interest	2.1%	9.6%	2.0%	9.0%
Net earnings	1.7%	6.4%	1.4%	6.0%
Effective tax rate	10.0%	28.5%	16.9%	28.5%

Net Sales

Net sales for the quarter and six fiscal months ended July 2, 2005 were $65.1 million and $152.3 million less than net sales for the respective comparable prior year periods. The decrease in net sales compared to the prior year periods is attributable to the comparably depressed market conditions experienced in the first half of 2005, versus the very favorable worldwide macroeconomic factors which resulted in a very strong first half of 2004. The first half of 2004 was also impacted by distributors building inventory. For the second quarter of 2005, unit sales volume decreased by 7.5% and average selling prices decreased by 4.4% compared to the second quarter of 2004. For the six fiscal months ended July 2, 2005, unit sales volume decreased by 9.5% and average selling prices decreased by 4.3% versus the comparable prior year period. The weaker U.S. dollar against foreign currencies in the fiscal quarter and six fiscal months ended July 2, 2005 versus comparable prior year periods had the result of increasing reported revenues by $8 million and $18 million, respectively. However, the strengthening of the dollar during the second quarter of 2005 compared to the first quarter of 2005 decreased reported revenues by $7 million sequentially.

Sales to each of our end-use markets during the first half of 2005 were less than sales for the first half of 2004, although market conditions in many end-use market segments have improved in the first half of 2005 as compared to the second half of 2004. For example, the industrial market continued to be strong worldwide. The automotive market continued to be strong in Europe, although results for U.S. automotive customers were disappointing. Growth in the laptop and PC market, driven by technical progress, resulted in improvements in the second quarter of 2005, ahead of the seasonal upturn. The worldwide move to 3G mobile phones increased sales of our products for end-uses in the telecommunications sector during 2005, principally in the first quarter. Sales of products for use in consumer products were relatively strong in the U.S., and flat in Asia, although they remained weak in Europe.

We deduct, from the sales that we record to distributors, allowances for future credits that we expect to provide for returns, scrapped product and price adjustments under various programs made available to the distributors. We make deductions corresponding to particular sales in the period in which the sales are made, although the corresponding credits may not be issued until future periods. We estimate the deductions based on sales levels to distributors, inventory levels at the distributors, current and projected market trends and conditions, recent and historical activity under the relevant programs, changes in program policies and open requests for credits. We recorded deductions from gross sales under our distributor incentive programs of $28 million and $29 million for the six fiscal month periods ended July 2, 2005 and July 3, 2004, respectively, or 2.4% and 2.2% of gross sales, respectively. Actual credits issued under the programs for the six fiscal month periods ended July 2, 2005 and July 3, 2004 were approximately $29 million and $25 million, respectively. The increase in the incentives as a percentage of sales in the first half of 2005 as compared to the first half of 2004 is indicative of the less favorable business climate affecting our distributors and the electronic component industry as compared to the very strong first half of 2004.

Gross Profit and Margins

Cost of products sold as a percentage of net sales for the quarter and six fiscal months ended July 2, 2005 was 77.2% and 77.9%, respectively, as compared to 73.9% and 74.5% for the respective comparable prior year periods. Gross profit as a percentage of net sales for the quarter and six fiscal months ended July 2, 2005 was 22.6% and 21.8% respectively, as compared to 26.1% and 25.5% for the respective comparable prior year periods. Gross profit margins for 2005 reflect reduced sales volumes and lower average selling prices, partially offset by the impact of our cost reduction programs. Gross profit margins for the quarter and six fiscal months ended July 2, 2005 also reflect losses on tantalum purchase commitments of $1.3 million and $3.6 million, respectively.

Segments

Discussion and analysis of sales and gross profit margins for our Semiconductors and Passive Components segments are provided below.

Semiconductors

Net sales of the Semiconductors segment for the second quarter of 2005 were $282.3 million, as compared to $321.0 million during the second quarter of 2004, a decrease of 12%. Net sales of the Semiconductors segment for the six fiscal months ended July 2, 2005 were $549.6 million, as compared to $640.5 million during the second quarter of 2004, a decrease of 14%. The decrease in net sales in the second quarter and six fiscal months ended July 2, 2005 versus the comparable prior year periods is attributable to the comparably depressed market conditions experienced in the first half of 2005, versus the very favorable worldwide macroeconomic factors which resulted in a very strong first half of 2004. For the second quarter of 2005, unit sales volume decreased by 8.0% and average selling prices decreased by 5.8% compared to the second quarter of 2004. For the six fiscal months ended July 2, 2005, unit sales volume decreased by 10.5% and average selling prices decreased by 5.8% versus the comparable prior year period. The weaker U.S. dollar against foreign currencies in the fiscal quarter and six fiscal months ended July 2, 2005 versus comparable prior year periods had the result of increasing reported revenues by $3 million and $7 million, respectively.

Gross profit as a percentage of net sales for the quarter and six fiscal months ended July 2, 2005 was 23.3% and 22.8%, respectively, as compared to 29.2% and 28.2% for the respective comparable prior year periods, principally due to lower volume and the significant decline in average selling prices during the current year periods.

In general, sales in the Semiconductors segment continued to suffer during the first half of 2005, a result of low backlogs at December 31, 2004 and intense competition in some sectors of the market. Orders began to increase in March, especially from Asia, as we maintained a book-to-bill ratio greater than one for the second consecutive quarter, following book-to-bill ratios of significantly less than one throughout the second half of 2004.

Passive Components

Net sales of the Passive Components segment for the second quarter of 2005 were $299.3 million, as compared to $325.7 million during the second quarter of 2004, a decrease of 8%. Net sales of the Passive Components segment for the six fiscal months ended July 2, 2005 were $585.7 million, versus $647.1 million during the comparable prior year period, a decrease of 9%. The acquisition of SI Technologies on April 28, 2005 contributed $6 million to revenues for the second quarter of 2005. The decrease in net sales in the second quarter and six fiscal months ended July 2, 2005 versus the comparable prior year periods is attributable to the comparably depressed market conditions experienced in the first half of 2005, versus the very favorable worldwide macroeconomic factors which resulted in a very strong first half of 2004. For the second quarter of 2005, unit sales volume decreased by 7.1% and average selling prices decreased by 2.9% compared to the second quarter of 2004. For the six fiscal months ended July 2, 2005, unit sales volume decreased by 8.7% and average selling prices decreased by 2.8% versus the comparable prior year period. The weaker U.S. dollar against foreign currencies in the fiscal quarter and six fiscal months ended July 2, 2005 versus comparable prior year periods had the result of increasing reported revenues by $5 million and $11 million, respectively.

Gross profit as a percentage of net sales for the quarter and six fiscal months ended July 2, 2005 was 21.8% and 20.8%, respectively, as compared to 23.1% and 22.8% for the respective comparable prior year periods, principally due to lower volume during the current year periods. Gross profit margins for the quarter and six fiscal months ended July 2, 2005 also reflect losses on tantalum purchase commitments of $1.3 million and $3.6 million, respectively.

Several significant cost reduction programs have been initiated in all Passive Components product lines, including combining facilities and shifting production to lower cost regions. The impact of these cost savings plans has been partially offset by the underutilization of capacity in commodity products.

While sales and gross margins for the Passive Components business in the second quarter and six fiscal months ended July 2, 2005 were significantly less than the comparable prior year periods, our Passive Components products saw significant improvement in sales and orders versus the second half of 2004. Sales increased by 4% sequentially in the second quarter of 2005, following a 5% sequential increase in the first quarter of 2005. The sequential increase in sales for the second quarter of 2005 came substantially from our resistors and inductors product lines and as a result of our acquisition of SI Technologies, although capacitor and existing Measurements Group products also experienced increases in sales.

Selling, General, and Administrative Expenses

Selling, general, and administrative (SG&A) expenses for the quarter and six fiscal months ended July 2, 2005 were 16.5% and 16.9% of net sales as compared to 15.4% and 15.3% for the comparable prior year periods. The increase in this percentage is largely attributable to a decrease in sales, as SG&A expenses for the quarter and six fiscal months ended July 2, 2005 decreased by $3.5 million and $4.5 million, respectively, versus the comparable prior year periods. The Company’s cost reduction initiatives referred to above also target SG&A costs.

Restructuring and Severance Costs and Related Asset Write-Downs

Our restructuring activities have been designed to reduce both fixed and variable costs, particularly in response to the reduced demand for products occasioned by the electronics industry downturn experienced from 2001 to 2003. These activities include the closing of facilities and the termination of employees. Because costs are recorded based upon estimates, actual expenditures for the restructuring activities may differ from the initially recorded costs. If the initial estimates are too low or too high, we could be required either to record additional expenses in future periods or to reverse previously recorded expenses. We anticipate that we will realize the benefits of our restructuring through lower labor costs and other operating expenses in future periods. We expect to continue to restructure our operations and incur restructuring and severance costs as explained in “Cost Management” above, in Note 4 to our consolidated financial statements for the year ended December 31, 2004 included in our Annual Report on Form 10-K, and in Note 6 to our consolidated condensed financial statements for the second quarter of 2005 included in this Form 10-Q.

We continued our restructuring activities during the first half of 2005, recording restructuring and severance costs of $14.4 million. Our restructuring programs initiated in 2005 are part of a plan to reduce annual fixed costs by approximately $50 million. We are also investigating other cost savings initiatives to generate an additional $40 million in annual cost savings.

During the year ended December 31, 2004, we recorded restructuring and severance costs of $47.3 million and asset write-downs of $27.3 million. The largest component of our 2004 restructuring costs relate to our decision to close our Colmar, France small-signal diode assembly facility and transfer production to other Vishay facilities. During the fourth quarter, we recorded restructuring and severance costs of $26.2 million related to this closure. Of the $47.3 million restructuring and severance costs recorded in 2004, approximately $43.1 million relates to workforce reduction expenses, and approximately $4.2 million relates to other exit costs. The asset write-downs are related to plant closures and the decision not to utilize certain equipment in other locations. Included in these amounts of restructuring and severance costs for the year ended December 31, 2004 are $2.1 million recorded during the six fiscal months ended July 3, 2004. As a result of restructuring activities initiated in 2004, we expect an annual increase in gross profit of approximately $23 million.

We recorded restructuring and severance costs for the years ended December 31, 2003, 2002 and 2001 of $28.5 million, $18.6 million, and $40.9 million, respectively. We also recorded asset write-downs of $1.0 million, $12.4 million, and $21.0 million during the years ended December 31, 2003, 2002, and 2001, respectively. We have realized, and expect to continue to realize, annual cost savings associated with the restructuring activities initiated in 2001, 2002, and 2003.

Other Income (Expense)

Interest expense for the quarter and six fiscal months ended July 2, 2005 decreased by $0.6 million and $1.4 million, respectively, versus the comparable prior year periods. These decreases were primarily attributable to the repurchase of $102.1 million of our Liquid Yield Option™ Notes (“LYONs”) during the second quarter of 2004. This repurchase, which was pursuant to the put option of the holders included in the indenture governing the LYONs, is expected to reduce interest expense by about $3 million annually.

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

	Fiscal quarter ended		
	July 2, 2005	July 3, 2004	Change
Foreign exchange gain (loss)	$ 976	$ 2,258	$ (1,282)
Interest income	3,272	2,076	1,196
Royalty income	746	—	746
Dividend income	—	80	(80)
Gain (loss) on disposal of property and equipment	2,440	(1,394)	3,834
Other	(92)	15	(107)
	$ 7,342	$ 3,035	$ 4,307

	Six fiscal months ended		
	July 2, 2005	July 3, 2004	Change
Foreign exchange gain (loss)	$ 1,872	$ 2,126	$ (254)
Interest income	6,106	3,465	2,641
Royalty income	1,432	—	1,432
Dividend income	168	182	(14)
Gain (loss) on disposal of property and equipment	2,463	(1,428)	3,891
Other	(357)	(320)	(37)
	$ 11,684	$ 4,025	$ 7,659

Minority Interest

Minority interest in earnings decreased $1.9 million and $2.1 million for the quarter and six fiscal months ended July 2, 2005, respectively, versus the comparable prior year periods. The decrease is primarily attributable to the Vishay’s acquisition of the minority interest in Siliconix on May 12, 2005. Additionally, Siliconix earnings for the year-to-date period through May 12, 2005 were lower than the comparable prior year period.

Income Taxes

The effective tax rate, based on earnings before income taxes and minority interest, for the second quarter and the six fiscal months ended July 2, 2005 was 10.0% and 16.9%, respectively, as compared to 28.5% and 28.5% for the comparable prior year periods.   For the quarter and six fiscal months ended July 2, 2005, income tax expense was impacted by a net one-time benefit of items totaling $3.7 million, principally consisting of a favorable settlement of certain tax issues with the Israeli government. The effective tax rates for the quarter and six fiscal months ended July 2, 2005 reflect this net benefit, partially offset by the non-deductibility of certain items, including the write-off of in-process research and development and Siliconix transaction-related expenses. The effective tax rates for current and prior year periods reflect the fact that we could not recognize for accounting purposes the tax benefit of losses incurred in certain jurisdictions, although these losses are available to offset future taxable income. Under applicable accounting principles, we may not recognize deferred tax assets for loss carryforwards in jurisdictions where there is a recent history of cumulative losses, where there is no taxable income in the carryback period, where there is insufficient evidence of future earnings to overcome the loss history and where there is no other positive evidence, such as the likely reversal of temporary timing differences, that would result in the utilization of loss carryforwards for tax purposes.

We enjoy favorable tax rates on our operations in Israel. Such rates are applied to specific approved projects and are normally available for a period of ten or fifteen years. The lower tax rates in Israel applicable to us ordinarily have resulted in increased earnings compared to what earnings would have been had statutory United States tax rates applied, although this was not the case for the years ended December 31, 2004, 2003, and 2002. During the second quarter of 2005, we resolved certain tax matters with the Israeli government, resulting in a tax benefit of $4.6 million. Including this benefit, the net impact of the tax rates in Israel was an increase in earnings of approximately $4.9 million for the six fiscal months ended July 2, 2005, compared to an increase in earnings of approximately $4 million for the six fiscal months ended July 3, 2004.

Financial Condition and Liquidity

Cash and cash equivalents were $577 million as of July 2, 2005, of which approximately $555 million was held by our non-U.S. subsidiaries. Under U.S. tax law, any repatriation of earnings and cash back to the United States would be deemed to be a dividend and would be subject to U.S. income taxes, state income taxes, and foreign withholding taxes. We continue to evaluate the impact of repatriation of earnings and cash pursuant to the American Jobs Creation Act of 2004, which was signed into law in October 2004. At the present time, we expect our cash and profits generated by foreign subsidiaries to continue to be reinvested indefinitely.

Our financial condition at the end of the second quarter of 2005 continued to be strong, with a current ratio (current assets to current liabilities) of 3.4 to 1, compared to ratios of 3.4 to 1 at the end of the first quarter of 2005 and 3.3 to 1 at December 31, 2004. The increase in this ratio is primarily due to the payment of various liabilities, including the payment of accrued restructuring costs at various locations. Our ratio of long-term debt, less current portion, to stockholders' equity was 0.26 to 1 at the end of the second quarter of 2005, as compared to ratios of 0.28 to 1 at the end of the first quarter of 2005 and 0.27 to 1 at December 31, 2004. The improvement in this ratio in the second quarter is primarily due to the decrease in debt after the repayment of amounts that were outstanding under the revolving credit facility, and due to the increase in equity due to the issuance of common stock to complete the acquisition of the Siliconix minority interest.

Cash provided by operating activities was $43.3 million for the six fiscal months ended July 2, 2005, as compared to $132.5 million for the six fiscal months ended July 3, 2004. This decrease is primarily due to lower earnings and changes in working capital resulting from the payment of various accrued liabilities.

Net purchases of property and equipment for the six fiscal months ended July 2, 2005 were $53.1 million, as compared to $48.6 million in the comparable prior year period. Our capital expenditures are projected to be approximately $140 million in 2005, principally to expand capacity in the Semiconductors businesses. Purchase of businesses, net of cash acquired, of $18.4 million for the six fiscal months ended July 2, 2005 represents the cash paid to acquire SI Technologies and cash paid for direct acquisition costs related to the purchase of the minority interest of Siliconix. Purchase of businesses of $6.3 million for the six fiscal months ended July 3, 2004 represents payments made related to liabilities assumed from previous acquisitions.

Although our debt levels decreased during 2004 and the first half of 2005, our debt levels have significantly increased since 2000, primarily attributable to acquisition activity.

We maintain a secured revolving credit facility of $400 million, which expires in May 2007. At the end of the second quarter of 2005, there were no amounts outstanding under the revolving credit facility, as compared to $25.7 million outstanding at the end of the first quarter of 2005 and $11.0 million outstanding at December 31, 2004. The amounts outstanding under the revolving credit facility at December 31, 2004 and at the end of the first quarter of 2005 include $11.0 million and $10.0 million, respectively, borrowed by our Asian subsidiary. These amounts were fully repaid in the second quarter of 2005.

The revolving credit facility restricts us from paying cash dividends and requires us to comply with other covenants, including the maintenance of specific financial ratios. Pursuant to the amended and restated credit facility agreement, we must maintain a tangible net worth of $850 million plus 50% of net income (without offset for losses) and 75% of net proceeds of equity offerings since July 1, 2003.   Our tangible net worth at July 2, 2005, as calculated pursuant to the terms of the credit facility, was $1,171 million, which is $255 million more than the minimum required under the related credit facility covenant.

Borrowings under the revolving credit facility are secured by pledges of stock in certain significant subsidiaries and certain guarantees by significant subsidiaries. The subsidiaries would be required to perform under the guarantees in the event that Vishay failed to make principal or interest payments under the revolving credit facility. Subsequent to the acquisition of the minority interest in Siliconix, Siliconix became a party to our revolving credit agreement. Certain of Vishay's other subsidiaries are also permitted to borrow under the revolving credit facility. Any borrowings of these subsidiaries under the credit facility are guaranteed by Vishay.

While the timing and location of scheduled payments for certain liabilities may require us to draw on our revolving credit facilities from time to time, for the next twelve months, management expects that cash flows from operations will be sufficient to meet our normal operating requirements, to meet our obligations under restructuring and acquisition integration programs, and to fund our research and development and capital expenditure plans. Acquisition activity may require additional borrowing under our revolving credit facilities or may otherwise require us to incur additional debt. Additionally, if the holders of our Liquid Yield Option™ Notes exercise their option to require Vishay to repurchase the notes at their accreted value on June 4, 2006, we expect to be able to utilize our revolving credit facility (or Vishay common stock) to finance the repurchase. The accreted value of all currently outstanding LYONs would be approximately $138 million on June 4, 2006.

Recent Accounting Pronouncements

In November 2004, the FASB issued Statement No. 151, *Inventory Costs—an amendment of ARB No. 43*, *Chapter 4*, which amends and clarifies existing accounting literature regarding abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005, with earlier application permitted. The provisions of this statement are to be applied prospectively. The adoption of this standard is not expected to have a material effect on our financial position, results of operations or liquidity.

In December 2004, the FASB issued Statement No. 123-R ("SFAS No. 123-R"), *Share-Based Payment*. This statement replaces SFAS No. 123, *Accounting for Stock-Based Compensation*, and supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*, which we presently apply. SFAS No. 123-R will require compensation costs related to share-based payment transactions to be recognized in the consolidated financial statements (with limited exceptions). The amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. Compensation cost will be recognized over the period that an employee provides service in exchange for the award. In April 2005, the U.S. Securities and Exchange Commission delayed the compliance date for this standard until the first fiscal year that begins after June 15, 2005.   Accordingly, Vishay will adopt this standard effective January 1, 2006. The adoption of this standard is not expected to have a material effect on our financial position, or liquidity.

In December 2004, the FASB issued Statement No. 153, *Exchanges of Nonmonetary Assets—an amendment of APB Opinion No. 29.* This statement amends APB No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of this statement are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005, with earlier application permitted. The provisions of this statement are to be applied prospectively. The adoption of this standard is not expected to have a material effect on our financial position, results of operations or liquidity.

In May 2005, the FASB issued Statement No. 154, *Accounting Changes and Error Corrections*. This statement replaces APB Opinion No. 20, *Accounting Changes*, and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements*, and changes the requirements of the accounting for and reporting of a change in accounting principle. SFAS No. 154 also provides guidance on the accounting for and reporting of error corrections. The provisions of this statement are applicable for accounting changes and error corrections made in fiscal years beginning after December 15, 2005. The adoption of this standard is not expected to have a material effect on our financial position, results of operations or liquidity.

Safe Harbor Statement

Statements contained herein that relate to our future performance and outlook, including, without limitation, statements with respect to our anticipated results of operations or level of business for 2005 or any other future period, including anticipated business improvements or continuing business trends, synergies and cost savings, other anticipated benefits of acquisition activity, and expected or perceived improvements in the economy and the electronic component industry generally, are forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements are based on current expectations only, and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Among the factors that could cause actual results to materially differ include: changes in the demand for, or in the mix of, our products and services; business and economic trends, generally or in the specific markets where we sell the bulk of our products; competitive pricing and other competitive pressures; changes in the pricing for new materials used by the Company, particularly tantalum and palladium; cancellation of a material portion of the orders in our backlog; difficulties in expansion, new product development, and/or integration of newly acquired businesses, including capacity constraints and skilled personnel shortages; changes in laws, including trade restrictions or prohibitions and the cancellation or reduction of government grants, tax benefits or other incentives; currency exchange rate fluctuations; labor unrest or strikes; underutilization of plants and factories in high labor cost regions and capacity constraints in low labor cost regions; the availability of acquisition opportunities on terms considered reasonable to us; an inability to attract or retain highly qualified personnel; and such other factors affecting our operations, markets, products, services and prices as are set forth in our Annual Report on Form 10-K for the year ended December 31, 2004 filed with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's cash flows and earnings are subject to fluctuations resulting from changes in foreign currency exchange rates and interest rates. We manage our exposure to these market risks through internally established policies and procedures and, when deemed appropriate, through the use of derivative financial instruments. The Company's policy does not allow speculation in derivative instruments for profit or execution of derivative instrument contracts for which there are no underlying exposures. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives. We monitor our underlying market risk exposures on an ongoing basis and believe that we can modify or adapt our hedging strategies as needed. No derivative financial instruments were utilized to hedge these exposures during the second quarter of 2005.

We are exposed to changes in U.S. dollar LIBOR interest rates on borrowings under our floating rate revolving credit facility. At the end of the second quarter of 2005, there were no amounts outstanding under the revolving credit facility, as compared to $25.7 million outstanding at the end of the first quarter of 2005 and $11.0 million outstanding at December 31, 2004. On a selective basis, from time to time, we enter into interest rate swap or cap agreements to reduce the potential negative impact that increases in interest rates could have on our outstanding variable rate debt. No such instruments were outstanding during the second quarter of 2005.

Item 4. Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including the CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the second quarter of 2005.

In making this evaluation, management considered the "material weakness" (as defined in Public Company Accounting Oversight Board Auditing Standard No. 2) identified and disclosed in our Annual Report on Form 10-K for the year ended December 31, 2004. As more fully described in our Annual Report on Form 10-K, as of December 31, 2004, management determined that certain of our operating locations had insufficient staffing of the accounting and financial reporting function. This inadequate level of staffing resulted in certain accounting processes not being performed on a timely basis. These issues, when combined with an inadequate level of finance staffing at our corporate headquarters, reduced the effectiveness of the corporate finance staff in its monitoring and evaluation of the financial position and operating results of the Company, increasing the risk of a financial statement misstatement. Management, including the CEO and CFO, has dedicated and will dedicate substantial resources to improving the Company's internal control over financial reporting.

During the first quarter of 2005, management instituted interim measures to ensure the accuracy of reported financial results. These interim measures were continued in the second quarter of 2005. These interim measures included: (a) redirecting existing staff resources to focus on accounting for accruals, purchase commitments, fixed asset account reconciliations, and intercompany reconciliations among our wholly owned subsidiaries, which were areas that resulted in the audit adjustments that were identified and recorded as of December 31, 2004; (b) utilizing consultants and temporary employees in certain locations; and (c) requiring local management at all locations to perform enhanced analytical procedures and to report the results of those procedures to corporate management. The results of these procedures were made available to our registered independent public accounting firm, Ernst & Young LLP.

These interim measures do not represent the ideal solution, and management is committed to taking the necessary steps to more permanently address and correct the identified weakness. These additional steps include: (a) hiring additional internal audit personnel worldwide; (b) hiring additional financial managers in certain regions; (c) institutionalizing the analytical procedures performed by local management as part of the first and second quarter closes; (d) streamlining the Company's complex subsidiary structure where possible; and (e) implementing a modified corporate financial consolidation software package.

Each of the initiatives to more permanently address and correct the identified weakness is presently in progress. During the second quarter, the Company interviewed several candidates for various internal audit and financial manager positions which resulted in the hiring of additional full-time finance employees. The acquisition of the minority interest in Siliconix during the second quarter, while largely a business decision, is also consistent with our goal to streamline the Company's complex subsidiary structure. Siliconix becoming a wholly-owned subsidiary will significantly reduce the amount of external financial reporting and cumbersome record-keeping of transactions with Vishay affiliates, which was necessary when Siliconix was a separate SEC registrant. This allows for further redirection of existing staff resources to focus on other risk areas.

Management believes that the interim measures discussed above ensure that the financial data included in this Quarterly Report on Form 10-Q are fairly stated in all material respects.

Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures are effective as of the end of the second quarter of 2005, including for purposes of ensuring that all material information required to be filed in this report has been made known to our management, including the CEO and CFO, in a timely fashion.

Except as described above, there were no changes in our internal control over financial reporting during the second quarter of 2005 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Siliconix Stockholder Matters

Proctor Litigation

In January 2005, an amended class action complaint was filed on behalf of all non-Vishay stockholders of Siliconix against Vishay, Ernst & Young LLP (the independent registered public accounting firm that audits the Company's financial statements), Dr. Felix Zandman, Chairman and Chief Technical and Business Development Officer of Vishay, and, as a nominal defendant, Siliconix. The suit purports to state various derivative and class claims against the defendants including the purported taking by Vishay of Siliconix sales subsidiaries and the profits of those subsidiaries; the purported taking by Vishay of Siliconix's SAP software system without compensation to Siliconix; the alleged use by Vishay of Siliconix's assets as security for Vishay loans without compensation to Siliconix; the purported misappropriation by Vishay of Siliconix's identity; the alleged taking by Vishay of Siliconix testing equipment; the alleged use by Vishay of Siliconix to save Vishay certain credits made available by an Israeli business development agency; the alleged misuse by Vishay of Siliconix's patents to help Vishay acquire General Semiconductor; and the allegedly improper identification of Dr. Zandman as a co-inventor on certain Siliconix patents. The action seeks injunctive relief and unspecified damages.

On April 1, 2005, Vishay (i) demurred to the class action claim in the amended complaint, on the ground that plaintiffs lack standing to bring a direct claim, (ii) moved to strike some of the allegations in the derivative cause of action as barred by the applicable statutes of limitation, and (iii) moved to dismiss the complaint on the ground that plaintiffs failed to prosecute their claims in a timely manner. Also on April 1, 2005, defendant Ernst & Young moved to dismiss the claims against it and, in the alternative, for a stay of the litigation so that the causes of action asserted against Ernst & Young may first be arbitrated. On June 10, 2005, Vishay and Ernst & Young separately demurred to the derivative claim on the ground that as a consequence of the merger of Siliconix with a subsidiary of Vishay, plaintiffs no longer had standing to pursue a derivative claim. At a hearing on August 2, 2005, the Court sustained the parties' demurrers to the direct and the derivative claims and granted plaintiffs leave to replead both claims.

Tender Offer Litigation

As further described in Note 2 to our consolidated condensed financial statements, on May 12, 2005, Vishay successfully completed a tender offer for shares of Siliconix not owned by Vishay. Following the announcement in March 2005 of Vishay's intention to make this tender offer, several purported class-action complaints were filed in the Delaware Chancery Court against Vishay, Siliconix, and the Siliconix directors, alleging, among other things, that the intended offer was unfair and a breach of fiduciary duty, and seeking, among other things, to enjoin the transaction. These actions were consolidated into a single class action, and the plaintiffs filed an amended complaint on April 18, 2005 further alleging that defendants failed to disclose or misrepresented material information relating to the tender offer. On April 28, 2005, the parties to the Delaware consolidated action executed a memorandum of understanding providing for the settlement of all claims relating to the tender offer. The settlement agreement reached with the plaintiffs is pending court approval.

A single stockholder class action also was filed in California state court challenging the tender offer. On April 26, 2005, the California Superior Court granted Vishay's motion to stay the purported class action filed in California challenging the offer.

Stockholders Seeking Appraisal Rights

On May 16, 2005, Vishay effected a merger of a subsidiary of Vishay with and into Siliconix, as a result of which Siliconix became a wholly owned subsidiary of Vishay. In the merger, each share of Siliconix stock, other than those owned by Vishay and its subsidiaries, was converted into the right to receive 3.075 shares of Vishay common stock, subject to the rights of Siliconix's remaining stockholders to seek appraisal under Delaware law. The notification period to assert appraisal rights under Delaware law expired on June 10, 2005. Holders representing approximately 158,000 Siliconix shares have validly communicated their intent to assert their appraisal rights under Delaware law. Pending the outcome of the appraisal, Vishay may be required to pay these former Siliconix stockholders in cash, at which time the approximately 486,000 shares of Vishay common stock held in escrow for these former Siliconix stockholders would be cancelled.

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

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

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

(a) The Company held its Annual Meeting of Stockholders on May 10, 2005.

(b) Proxies for the meeting were solicited pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended. There was no solicitation in opposition to management's nominees for the directors as listed in the definitive proxy statement of the Company dated April 8, 2005, and all such nominees were elected.

(c) Briefly described below is each matter voted upon at the Annual Meeting of Stockholders.

(1) Election of the following individuals to hold office as Directors of the Company for terms of three years.

Total common stock voted was 138,214,890.

	For	Withheld
Eliyahu Hurvitz	125,850,240	12,364,650
Dr. Abraham Ludomirski	128,862,897	9,351,993
Mark I. Solomon	125,826,812	12,388,078

Total Class B common stock voted was 14,631,883. Class B common stock voted in favor of each candidate was 14,631,881; Class B common stock voted to withhold election for each candidate was 2.

(2) Ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2005. Total common stock voted was 135,310,711 in favor, 1,795,843 against, 1,108,336 abstentions, and 0 broker non-votes. Total Class B common stock voted was 14,595,635 in favor, 36,246 against, and 2 abstentions.

Each share of common stock is entitled to one vote and each share of Class B common stock is entitled to 10 votes on matters voted upon by stockholders.

Item 5. Other Information

On August 4, 2005, the Board of Directors adopted amended and restated bylaws of the Company to align the wording of the bylaws with the wording of the Company's certificate of incorporation. The amended and restated bylaws are included as Exhibit 3.2 to this Quarterly Report on Form 10-Q.

Item 6. Exhibits

3.2	Amended and Restated Bylaws of Registrant.
31.1	Certification pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Dr. Gerald Paul, Chief Executive Officer.
31.2	Certification pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Richard N. Grubb, Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Dr. Gerald Paul, Chief Executive Officer.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Richard N. Grubb, Chief Financial Officer.

SIGNATURES

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

VISHAY INTERTECHNOLOGY, INC.

/s/ RICHARD N. GRUBB

Richard N. Grubb, Executive Vice President,
Treasurer, and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: August 9, 2005

Exhibit 3.2

AMENDED AND RESTATED

BY-LAWS

OF

VISHAY INTERTECHNOLOGY, INC.
(A Delaware Corporation)

as of August 4, 2005

ARTICLE I

STOCKHOLDERS

1. CERTIFICATES REPRESENTING STOCK. Every holder of stock in the corporation shall be entitled to have a certificate signed by, or in the name of, the corporation by the Chairman or Vice-Chairman of the Board of Directors, if any, or by the President or a Vice-President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the corporation certifying the number of shares owned by him in the corporation. If such certificate is countersigned by a transfer agent other than the corporation or its employee, or by a registrar other than the corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Whenever the corporation shall be authorized to issue more than one class of stock or more than one series of any class of stock and whenever the corporation shall issue any shares of its stock as partly paid stock, the certificates representing shares of any such class or series or of any such partly paid stock shall set forth thereon the statements prescribed by the General Corporation Law. Any restrictions on the transfer or registration of transfer of any shares of stock of any class or series shall be noted conspicuously on the certificate representing such shares.

The corporation may issue a new certificate of stock in place of any certificate theretofore issued by it, alleged to have been lost, stolen, or destroyed, and the Board of Directors may require the owner of any lost, stolen, or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnity the corporation against any claim that may be made against it on account of the alleged loss, theft, or destruction of any such certificate or the issuance of any such new certificate.

2. FRACTIONAL SHARE INTERESTS. The corporation may, but shall not be required to, issue fractions of a share. In lieu thereof it shall either pay in cash the fair value of fractions of a share, as determined by the Board of Directors, to those entitled thereto or issue scrip or fractional warrants in registered or bearer form over the manual or facsimile signature of an officer of the corporation or of its agent, exchangeable as therein provided for full shares, but such scrip or fractional warrants shall not entitle the holder to any rights or a shareholder except as therein provided. Such scrip or fractional warrants may be issued subject to the condition that the same shall become void if not

exchanged for certificates representing full shares of stock before a specified date, or subject to the condition that the shares of stock for which such scrip or fractional warrants are exchangeable may be sold by the corporation and the proceeds thereof distributed to the holders of such scrip or fractional warrants, or subject to any other conditions which the Board of Directors may determine.

3. STOCK TRANSFERS. Upon compliance with provisions restricting the transfer or registration of transfer of shares of stock, if any, transfers or registration of transfers of shares of stock of the corporation shall be made only on the stock ledger of the corporation by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation or with a transfer agent or a registrar, if any, and on surrender of the certificate or certificates for such shares of stock properly endorsed and the payment of all taxes due thereon.

4. RECORD DATE FOR STOCKHOLDERS. For the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to or dissent from any corporate action in writing without a meeting, or for the purpose of determining stockholders entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, or exchange of stock, or for the purpose of any other lawful action, the directors may fix, in advance, a date as the record date for any such determination of stockholders. Such date shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed, the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. When a determination of stockholders of record entitled to notice or to vote at any meeting of stockholders has been made as provided in this paragraph, such determination shall apply to any adjournment thereof; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

5. MEANING OF CERTAIN TERMS. As used herein in respect of the right to notice of a meeting of stockholders or a waiver thereof or to participate or vote thereat or to consent or dissent in writing in lieu of a meeting, as the case may be, the term “share” or “shares” or “share of stock” or “shares of stock” or “stockholder” or “stockholders” refers to an outstanding share or shares of stock and to a holder or holders of record of outstanding shares of stock when the corporation is authorized to issue only one class of shares of stock, and said reference is also intended to include any outstanding share or shares of stock and any holder or holders of record of outstanding shares of stock of any class upon which or upon whom the certificate of incorporation confers such rights where there are two or more classes or series of shares of stock or upon which or upon whom the General Corporation Law confers such rights notwithstanding that the certificate of incorporation may provide for more than one class or series of shares of stock, one or more of which are limited or denied such rights thereunder; provided, however, that no such right shall vest in the event of an increase or a decrease in the authorized number of shares of stock of any class or series which is otherwise denied voting rights under the provisions of the certificate of incorporation, including any Preferred Stock which is denied voting rights under the provisions of the resolution or resolutions adopted by the Board of Directors with respect to the issuance thereof.

6. STOCKHOLDERS MEETINGS.

- TIME. The annual meeting shall be held on the date and at the time fixed, from time to time, by the directors, provided, that the first annual meeting shall be held on a date within thirteen months after the organization of the corporation, and each successive annual meeting shall be held on a date within thirteen months after the date of the preceding annual meeting. A special meeting shall be held on the date and at the time fixed by the directors.

- PLACE. Annual meetings and special meetings shall be held at such place, within or without the State of Delaware, as the directors may, from time to time, fix. Whenever the directors shall fail to fix such place, the meeting shall be held at the registered office of the corporation in the State of Delaware.

- CALL. Annual meetings and special meetings may be called by the directors or by any officer instructed by the directors to call the meeting.

- NOTICE OR WAIVER OF NOTICE. Written notice of all meetings shall be given, stating the place, date and hour of the meeting. The notice of an annual meeting shall state that the meeting is called for the election of directors and for the transaction of other business which may properly come before the meeting, and shall (if any other action which could be taken at a special meeting is to be taken at such annual meeting), state such other action or actions as are known at the time of such notice. The notice of a special meeting shall in all instances state the purpose or purposes for which the meeting is called. If any action is proposed to be taken which would, if taken, entitle stockholders to receive payment for their shares of stock, the notice shall include a statement of that purpose and to that effect. Except as otherwise provided by the General Corporation Law, a copy of the notice of any meeting shall be given, personally or by mail, not less than ten days nor more than sixty days before the date of the meeting, unless the lapse of the prescribed period of time shall have been waived, and directed to each stockholder at his record address or at such other address which he may have furnished for such purpose in writing to the Secretary of the corporation. Notice by mail shall be deemed to be given when deposited, with postage thereon prepaid, in the United States mail. If a meeting is adjourned to another time, not more than thirty days hence, and/or to another place, and if an announcement of the adjourned time and/or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the directors, after adjournment, fix a new record date for the adjourned meeting. Notice need not be given to any stockholder who submits a written waiver of notice by him before or after the time stated therein. Attendance of a person at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

- STOCKHOLDER LIST. There shall be prepared and made, at least ten days before every meeting of stockholders, a complete list of the stockholders, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting either at a place within the city or other municipality or community where the meeting is to be held, which place shall be specified in the notice of the meting, or if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this section or the books of the corporation, or to vote at any meeting of stockholders.

- CONDUCT OF MEETING. Meetings of the stockholders shall be presided over by one of the following officers in the order of seniority and if present and acting — the Chairman of the Board, if any, the Vice-Chairman of the Board, if any, the President, a Vice-President, a chairman for the meeting chosen by the Board of Directors, or, if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders. The Secretary of the corporation, or in his absence, an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present the Chairman for the meeting shall appoint a secretary of the meeting.

- PROXY REPRESENTATION. Every stockholder may authorize another person or persons to act for him by proxy in all matters in which a stockholder is entitled to participate, whether by waiving notice of any meeting, voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the stockholder or by his attorney-in-fact. No proxy shall be voted or acted upon after three years from its date unless such proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and, if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally.

- INSPECTORS AND JUDGES. The directors, in advance of any meeting, may, but need not, appoint one or more inspectors of election or judges of the vote, as the case may be, to act at the meeting or any adjournment thereof. If an inspector or inspectors or judge or judges are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors or judges. In case any person who may be appointed as an inspector or judge fails to appear or act, the vacancy may be filled by appointment made by the directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector or judge, if any, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector or judge at such meeting with strict impartiality and according to the best of his ability. The inspectors or judges, if any, shall determine the number of shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the results, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting, the inspector or inspectors or judge or judges, if any, shall make a report in writing of any challenge, question or matter determined by him or them and execute a certificate of any fact found by him or them.

- QUORUM. Except as the General Corporation Law or these By-Laws may otherwise provide, the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum at a meeting of stockholders for the transaction of any business. The stockholders present may adjourn the meeting despite the absence of a quorum. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.

- VOTING. Each stockholder entitled to vote in accordance with the terms of the Certificate of Incorporation and of these By-Laws, or, with respect to the issuance of Preferred Stock, in accordance with the terms of a resolution or resolutions of the Board of Directors, shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such stockholder. In the election of directors, a plurality of the votes cast shall elect. Any other action shall be authorized by a majority of the votes cast except where the Certificate of Incorporation or the General Corporation Law prescribes a different percentage of votes and/or a different exercise of voting power. In the election of directors, voting need not be by ballot. Voting by ballot shall not be required for any other corporate action except as otherwise provided by the General Corporation Law.

7. STOCKHOLDER ACTION WITHOUT MEETING. Any action required to be taken, or any action which may be taken, at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of the outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon where present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE II

DIRECTORS

1. FUNCTIONS AND DEFINITION. The business of the corporation shall be managed by the Board of Directors of the corporation. The use of the phrase "whole board" herein refers to the total number of directors which the corporation would have if there were no vacancies.

2. QUALIFICATIONS AND NUMBER. A director need not be a stockholder, a citizen of the United States, or a resident of the State of Delaware. The number of directors constituting the whole board shall be not less than three nor more than fifteen, except that, where all the shares of stock of the corporation are owned beneficially and of record by less than three stockholders, the number of directors may be less than three but not less than the number of such stockholders. Subject to the foregoing limitation and except for the first Board of Directors, such number may be fixed from time to time by action of the stockholders or of the directors, or, if the number is not fixed, the number shall be three. The number of directors may be increased or decreased by action of the directors.

3. ELECTION AND TERM. Directors shall be divided into three classes and shall be elected to staggered terms in the manner provided in the Certificate of Incorporation. Any director may resign at any time upon written notice to the corporation. In the interim between annual meetings of stockholders or special meetings of stockholders called for the election of directors and/or for the removal of one or more directors and for the filling of any vacancies in the Board of Directors, including vacancies resulting from the removal of directors for cause, any vacancy in the Board of Directors may be filled by the vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director.

4. MEETINGS.

- TIME. Meetings shall be held at such times as the Board shall fix.

- FIRST MEETING. The first meeting of each newly elected Board may be held immediately after each annual meeting of the stockholders at the same place at which the meeting is held, and no notice of such meeting shall be necessary to the meeting, provided a quorum shall be present. In the event such meeting is not so held immediately after the annual meeting of the stockholders, it may be held at such time and place as shall be specified in the notice given as hereinafter provided for special meetings of the Board of Directors, or at such time and place as shall be fixed by the consent in writing of all of the Directors.

- PLACE. Meetings, both regular and special, shall be held at such place within or without the State of Delaware as shall be fixed by the Board.

- CALL. No call shall be required for regular meetings for which the time and place have been fixed. Special meetings may be called by or at the direction of the Chairman of the Board, if any, the Vice-Chairman of the Board, if any, or the President, or of a majority of the directors in office.

- NOTICE OR ACTUAL OR CONSTRUCTIVE WAIVER. No notice shall be required for regular meetings for which the time and place have been fixed. Written, oral or any other mode of notice of the time and place shall be given for special meetings in sufficient time for the convenient assembly of the directors thereat. The notice of any meeting need not specify the purpose of the meeting. Any requirement of furnishing a notice shall be waived by any director who signs a written waiver of such notice before or after the time stated therein.

Attendance of a Director at a meeting of the Board shall constitute a waiver of notice of such meeting, except when the Director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

- QUORUM AND ACTION. A majority of the whole Board shall constitute a quorum except when a vacancy or vacancies prevents such majority, whereupon a majority of the directors in office shall constitute a quorum, provided that such majority shall constitute at least one-third (1/3) of the whole Board. Any director may participate in a meeting of the Board by means of a conference telephone or similar communications equipment by means of which all directors participating in the meeting can hear each other, and such participation in a meeting of the Board shall constitute presence in person at such meeting. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting to another time and place. Except as otherwise provided, and except as otherwise provided by the General Corporation Law, the act of the Board shall be the act by vote of a majority of the directors present at a meeting, a quorum being present. The quorum and voting provisions herein stated shall not be construed as conflicting with any provisions of the General Corporation Law and these By-Laws which govern a meeting of directors held to fill vacancies and newly created directorships in the Board.

- CHAIRMAN OF THE MEETING. The Chairman of the Board, if any and if present and acting, shall preside at all meetings. Otherwise, the Vice-Chairman of the Board, if any and if present and acting, or the President, if present and acting, or any other director chosen by the Board, shall preside.

5. REMOVAL OF DIRECTORS. Any or all of the directors may be removed only for cause by the stockholders.

6. COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees of the whole Board, each committee to consist of two or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. In the absence or disqualification of any member of any such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

7. ACTION IN WRITING. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

ARTICLE III

OFFICERS

1. EXECUTIVE OFFICERS. The directors may elect or appoint a Chairman of the Board of Directors, a President, one or more Vice Presidents (one or more of whom may be denominated “Executive Vice President” or “Senior Vice President”), a Secretary, one or more Assistant Secretaries, a Treasurer, one or more Assistant Treasurers, and such other officers as they may determine. Any number of offices may be held by the same person.

2. TERM OF OFFICE; REMOVAL. Unless otherwise provided in the resolution of election or appointment, each officer shall hold office until the meeting of the Board of Directors following the next meeting of shareholders and until his successor has been elected and qualified. The Board of Directors may remove any officer for cause or without cause.

3. AUTHORITY AND DUTIES. All officers, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be provided in these By-Laws, or, to the extent not so provided, by the Board of Directors.

4. THE CHAIRMAN OF THE BOARD OF DIRECTORS. The Chairman of the Board of Directors, if present and acting, shall preside at all meetings of the Board of Directors; otherwise, the President, if present, shall preside, or if the President does not so preside, any other Director chosen by the Board shall preside.

5. THE PRESIDENT. The President shall be the chief executive officer of the corporation.

6. VICE PRESIDENT. Any Vice President that may have been appointed, in the absence or disability of the President, shall perform the duties and exercise the powers of the President, in the order of their seniority, and shall perform such other duties as the Board of Directors shall prescribe.

7. THE SECRETARY. The Secretary shall keep in safe custody the seal of the corporation and affix it to any instrument when authorized by the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors.

8. THE TREASURER. The Treasurer shall have the care and custody of the corporate funds, and other valuable effects, including securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the corporation. If required by the Board of Directors, the Treasurer shall give the corporation a bond for such term, in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

ARTICLE IV

CORPORATE SEAL
AND
CORPORATE BOOKS

The corporate seal shall be in such form as the Board of Directors shall prescribe.

The books of the corporation may be kept within or without the State of Delaware, at such place or places as the Board of Directors may, from time to time, determine.

ARTICLE V

FISCAL YEAR

The fiscal year of the corporation shall be fixed, and shall be subject to change, by the Board of Directors.

ARTICLE VI

CONTROL OVER BY-LAWS

The power to amend, alter and repeal these By-Laws and to adopt new By-Laws shall be vested in the Board of Directors; provided, that the Board of Directors may delegate such power, in whole or in part, to the stockholders; and provided, further, that any By-Law, other than an initial By-Law, which provides for the election of directors by classes for staggered terms shall be adopted by the stockholders.

Exhibit 31.1

CERTIFICATIONS

I, Dr. Gerald Paul, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 9, 2005

/s/ DR. GERALD PAUL

Dr. Gerald Paul
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Richard N. Grubb, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 9, 2005

/s/ RICHARD N. GRUBB

Richard N. Grubb
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Vishay Intertechnology, Inc. (the “Company”) on Form 10-Q for the fiscal quarter ended July 2, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dr. Gerald Paul, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ DR. GERALD PAUL

Dr. Gerald Paul
Chief Executive Officer
August 9, 2005

Exhibit 32.2

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

In connection with the Quarterly Report of Vishay Intertechnology, Inc. (the “Company”) on Form 10-Q for the fiscal quarter ended July 2, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard N. Grubb, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ RICHARD N. GRUBB

Richard N. Grubb
Chief Financial Officer
August 9, 2005