As filed with the Securities and Exchange Commission on May 6, 2010

File No. 001-34679

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

Amendment No. 1 to

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or 12(g) of
The Securities Exchange Act of 1934

Vishay Precision Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**27-0986328**
(State or other jurisdiction of incorporation or organization)	(IRS employer identification no.)

3 Great Valley Parkway, Suite 150
Malvern, PA 19355

(Address of principal executive offices)
484-321-5300

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $0.10 par value	**New York Stock Exchange**
(Title of Class)	(Exchange on which registered)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Item 1. Business

The following sections of our information statement, filed as Exhibit 99.1 to this Form 10, are hereby incorporated by reference:

- Summary
- Risk Factors
- Forward-Looking Information
- Description of Our Business
- Management's Discussion and Analysis of Financial Condition and Results of Operations
- Certain Relationships and Related Party Transactions – Agreements with Vishay Intertechnology
- Where You Can Find More Information

Item 1A. Risk Factors

The following sections of our information statement, filed as Exhibit 99.1 to this Form 10, are hereby incorporated by reference:

- Risk Factors
- Forward-Looking Information

Item 2. Financial Information

The following sections of our information statement, filed as Exhibit 99.1 to this Form 10, are hereby incorporated by reference:

- Summary
- Risk Factors
- Capitalization
- Selected Historical Financial Data
- Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Properties

The following section of our information statement, filed as Exhibit 99.1 to this Form 10, is hereby incorporated by reference:

- Description of Our Business—Properties

Item 4. Security Ownership of Certain Beneficial Owners and Management

The following section of our information statement, filed as Exhibit 99.1 to this Form 10, is hereby incorporated by reference:

- Security Ownership of Certain Beneficial Owners

Item 5. Directors and Executive Officers

The following section of our information statement, filed as Exhibit 99.1 to this Form 10, is hereby incorporated by reference:

- Management

Item 6. Executive Compensation

The following sections of our information statement, filed as Exhibit 99.1 to this Form 10, are hereby incorporated by reference:

- Management
- Executive Compensation
- Historical Compensation Tables

Item 7. Certain Relationships and Related Transactions

The following sections of our information statement, filed as Exhibit 99.1 to this Form 10, are hereby incorporated by reference:

- Summary
- Risk Factors
- Management's Discussion and Analysis of Financial Condition and Results of Operations
- Management
- Certain Relationships and Related Transactions

Item 8. Legal Proceedings

The following section of our information statement, filed as Exhibit 99.1 to this Form 10, is hereby incorporated by reference:

- Description of Our Business—Legal Proceedings

Item 9. Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

The following sections of our information statement, filed as Exhibit 99.1 to this Form 10, are hereby incorporated by reference:

- Summary
- The Spin-off
- Risk Factors
- Dividend Policy
- Description of Our Capital Stock

Item 10. Recent Sales of Unregistered Securities

Not applicable

Item 11. Description of Registrant's Securities to be Registered

The following section of our information statement, filed as Exhibit 99.1 to this Form 10, is hereby incorporated by reference:

- Description of Our Capital Stock

Item 12. Indemnification of Directors and Officers

The following section of our information statement, filed as Exhibit 99.1 to this Form 10, is hereby incorporated by reference:

- Description of Our Capital Stock – Limitation on Liability of Directors and Indemnification of Directors and Officers

Item 13. Financial Statements and Supplementary Data

The following sections of our information statement, filed as Exhibit 99.1 to this Form 10, are hereby incorporated by reference:

- Summary
- Selected Historical Financial Data
- Management's Discussion and Analysis of Financial Condition and Results of Operations
- Unaudited Pro Forma Combined and Consolidated Financial Statements
- Index to Combined and Consolidated Financial Statements (and the financial statements referenced therein)

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable

Item 15. Financial Statements and Exhibits

The following section of our information statement, filed as Exhibit 99.1 to this Form 10, is hereby incorporated by reference:

- Index to Combined and Consolidated Financial Statements (and the financial statements referenced therein)

Exhibits

3.1†	Form of Amended and Restated Certificate of Incorporation of the Registrant
3.2†	Form of Amended and Restated Bylaws of the Registrant
10.1	Form of Master Separation and Distribution Agreement between the Registrant and Vishay Intertechnology, Inc. ("Vishay Intertechnology")
10.2	Form of Tax Matters Agreement between the Registrant and Vishay Intertechnology

Exhibits, continued

10.3†	Form of Trademark License Agreement between Registrant and Vishay Intertechnology
10.4	Form of Employee Matters Agreement between the Registrant and Vishay Intertechnology
10.5	Form of Transition Services Agreement between the Registrant and Vishay Intertechnology
10.6*	Form of Supply Agreement between Vishay Advanced Technology, Ltd., a subsidiary of the Registrant as Supplier and Vishay Dale Electronics, Inc., a subsidiary of Vishay Intertechnology as Buyer.
10.7	Form of Secondment Agreement between the Registrant and Vishay Intertechnology
10.8	Form of Patent License Agreement between the Registrant and Vishay Dale Electronics, Inc., a subsidiary of Vishay Intertechnology
10.9†	Form of Real Property Lease Agreement between Vishay Advanced Technology, Ltd., a subsidiary of the Registrant and Dale Israel Electronic Industries Ltd., a subsidiary of Vishay Intertechnology (Be'er Sheva, Israel)
10.10†	Form of Vishay Precision Group, Inc. 2010 Stock Incentive Program
10.11	Form of Warrant Agreement
10.12	Form of Note Instrument
10.13	Form of Put and Call Agreement
10.14*	Form of Supply Agreement between Vishay Dale Electronics, Inc., a subsidiary of Vishay Intertechnology as Supplier and Vishay Advanced Technology, Ltd., a subsidiary of the Registrant as Buyer
10.15*	Form of Supply Agreement between Vishay Measurements Group, Inc., a subsidiary of the Registrant as Supplier and Vishay S.A., a subsidiary of Vishay Intertechnology as Buyer
21†	Subsidiaries of the Registrant
99.1	Preliminary Information Statement, dated as of May 6, 2010

† Previously filed on March 26, 2010.

* Confidential treatment has been requested with respect to certain portions of this Exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this Registration Statement on Form 10 to be signed on its behalf by the undersigned, thereunto duly authorized, in Malvern, Pennsylvania, on May 6, 2010.

Vishay Precision Group, Inc.

By: /s/ Ziv Shoshani

Ziv Shoshani
President
Chief Executive Officer-designate
principal executive officer

By: /s/ William M. Clancy

William M. Clancy
Chief Financial Officer-designate
principal financial officer

FORM OF

MASTER SEPARATION AND DISTRIBUTION AGREEMENT

between

VISHAY INTERTECHNOLOGY, INC.

and

VISHAY PRECISION GROUP, INC.

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FORM OF

MASTER SEPARATION AND DISTRIBUTION AGREEMENT

This Master Separation and Distribution Agreement (this "Agreement") is entered into as of _____ ___, 2010, by and between Vishay Intertechnology, Inc., a corporation organized under the laws of the State of Delaware ("Vishay"), and Vishay Precision Group, Inc., a corporation organized under the laws of the State of Delaware ("VPG").

RECITALS

WHEREAS, the Board of Directors of Vishay (the "Vishay Board") has determined it is appropriate and desirable to separate Vishay and VPG into two publicly-traded companies by separating from Vishay and transferring to VPG Vishay's MGF Business (as defined below), and related assets and liabilities, in a series of transactions on the terms and conditions set forth herein.

WHEREAS, the Vishay Board has determined that it would be advisable and in the best interests of Vishay and its stockholders for Vishay to distribute, on a pro rata basis, (i) to the holders as of the Record Date (as defined below) of the issued and outstanding shares of Vishay's common stock, par value $0.10 per share (the "Vishay common stock"), all of the issued and outstanding shares of VPG's common stock, par value $0.10 per share (the "VPG common stock"), owned by Vishay as of the Distribution Date (as defined below) and (ii) to the holders as of the Record Date of the issued and outstanding shares of Vishay's Class B common stock, par value $0.10 per share (the "Vishay Class B common stock", together with the Vishay common stock, the "Vishay Stock"), all of the issued and outstanding shares of VPG's Class B common stock, par value $0.10 per share (the "VPG Class B common stock", together with VPG common stock, the "VPG Stock"), owned by Vishay as of the Distribution Date, in each case, as further described herein (collectively, the "Distribution");

WHEREAS, Vishay and VPG intend that the Separation (as defined below) and the Distribution will qualify for United States federal income tax purposes as transactions that are generally tax free under, among other provisions, Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code") and hereby adopt this Agreement as a "plan of reorganization"; and

WHEREAS, the parties intend in this Agreement to set forth the principal arrangements between them regarding the Separation and the Distribution and certain other agreements that will govern the relationship of Vishay and VPG following the Distribution.

NOW, THEREFORE, in consideration of the mutual promises, covenants, agreements, representations and warranties contained herein, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereby agree, intending to be legally bound, as follows:

ARTICLE I

DEFINITIONS

Capitalized terms used but not defined herein shall have the meanings set forth in this Article I.

"AAA" has the meaning set forth in Section 8.3(a) of this Agreement.

"Action" means any claim, demand, action, suit, counter suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority and shall include any negotiations in settlement of or in lieu of an Action.

"Actual VPG Net Cash" has the meaning set forth in Section 2.17(a) of this Agreement.

"Affiliate" means, as applied to any Person, any other Person that, directly or indirectly, controls, is controlled by, or is under common control with that Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the distribution agent to be appointed by Vishay to distribute to the stockholders of Vishay pursuant to the Distribution all of the shares of VPG Stock.

"Agreement" has the meaning set forth in the preamble of this Agreement.

"Ancillary Agreements" means the (i) Tax Matters Agreement, (ii) Transition Services Agreements, (iii) Employee Matters Agreement, (iv) License Agreements, (v) Lease Agreements, (vi) RCK Agreements, (vii) Strain Gage Agreements, (viii) Supply Agreements, and (ix) Secondment Agreements, and, in the singular, means any one of them.

"Applicable Law" means any applicable law, statute, rule or regulation of any Governmental Authority, or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"Assets" means assets, properties and rights (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following:

(i) all accounting and other books, records and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form;

(ii) all computers and other electronic data processing equipment, fixtures, machinery, equipment, furniture, office equipment, motor vehicles and other transportation equipment, special and general tools, prototypes and models and other tangible personal property, wherever located that are owned or leased by the Person, together with any express or implied warranty by the manufacturers, sellers or lessors of any item or component part thereof;

(iii) all inventories, wherever located, including all finished goods, (whether or not held at a location or facility or in transit), work in process, raw materials, spare parts and all other materials and supplies to be used or consumed in the production of finished goods;

(iv) all interests in real property of whatever nature, including any Encumbrances thereto, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

(v) all interests in any capital stock or other equity interests of any Subsidiary or any other Person; all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person; all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person; and all other investments in securities of any Person;

(vi) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other contracts, agreements or commitments;

(vii) all deposits and prepaid expenses, letters of credit and performance and surety bonds, claims for refunds and rights of set-off in respect thereof;

(viii) all written technical Information, data, specifications, research and development Information, engineering drawings, operating and maintenance manuals, and materials and analyses whether prepared by Affiliates, by consultants or other third parties;

(ix) all Intellectual Property and licenses from third Persons granting the right to use any Intellectual Property;

(x) all computer applications, programs and other software (whether in source code, object code or other form), including operating software, network software, firmware, middleware, design software, design tools, compilations and data, technology supporting the foregoing, systems documentation, and user and training materials and instructions related to any of the foregoing;

(xi) all cost Information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product literature, artwork, design, development and manufacturing files, vendor and customer drawings, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(xii) all trade accounts and notes receivable and other rights to payment from customers and all security for such accounts or rights to payment, including all trade accounts receivable representing amounts receivable in respect of goods shipped or products sold or otherwise disposed of or services rendered to customers, (b) all other accounts and notes receivable and all security for such accounts or notes, and (c) any claim, remedy or other right relating to any of the foregoing;

(xiii) all rights under Contracts, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

(xiv) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution, including Insurance Proceeds;

(xv) all licenses, permits, approvals and authorizations which have been issued by any Governmental Authority; and

(xvi) cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements.

"Assumed Liabilities" has the meaning set forth in Section 2.5(a) of this Agreement.

"Auditor" has the meaning set forth in Section 2.17(b) of this Agreement.

"Business" means the Vishay Business or the MGF Business, as the context requires.

"Business Day" means any day other than a Saturday, Sunday or a day on which commercial banks are authorized or required to close in New York, New York or in Philadelphia, Pennsylvania.

"Capital Allocation Transactions" means the repayment of outstanding indebtedness owed by one or more members of the VPG Group to one or more members of the Vishay Group or by one or more members of the Vishay Group to one or more members of the VPG Group or any dividend or other distributions by one or more members of the VPG Group to one or more members of the Vishay Group or a capital contribution by one or more members of the Vishay Group to one or more members of the VPG Group, as described in Schedule 1.1, and in the singular means any one such transaction. The Capital Allocation Transactions are intended to proceed in accordance with and pursuant to the steps set forth in the request for a private letter ruling submitted by Vishay to the IRS on December 23, 2009, as amended from time to time.

"Class B Common Stock Distribution Ratio" has the meaning set forth in Section 3.5(c)(iii) of this Agreement.

"Code" has the meaning set forth in the recitals to this Agreement.

"Commission" means the Securities and Exchange Commission.

"Common Stock Distribution Ratio" has the meaning set forth in Section 3.5(c)(iii) of this Agreement.

"Confidential Information" means all proprietary, design or operational Information, data or material including, without limitation: (a) specifications, ideas and concepts for goods and services; (b) manufacturing specifications and procedures; (c) design drawings and models; (d) materials and material specifications; (e) quality assurance policies, procedures and specifications; (f) customer, client, manufacturer and supplier Information; (g) computer software and derivatives thereof relating to design development or manufacture of goods; (h) training materials and Information; (i) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice; (j) all other know-how, methodology, procedures, techniques and Trade Secrets; (k) proprietary earnings reports and forecasts; (l) proprietary macro-economic reports and forecasts; (m) proprietary marketing, advertising and business plans, objectives and strategies; (n) proprietary general market evaluations and surveys; (o) proprietary financing and credit-related Information; (p) other copyrightable or patented works; and (q) all similar and related Information in whatever form; in each case, of one party which, prior to or following the Distribution Date, has been disclosed by Vishay or members of its Group on the one hand, or VPG or members of its Group, on the other hand, in written, oral (including by recording), electronic, or visual form to, or otherwise has come into the possession of, the other Group, including pursuant to the access provisions of Section 4.3 hereof or any other provision of this Agreement.

"Consents" means any consents, waivers or approvals, or notification requirements.

"Contingent Claim Committee" means a committee composed of one representative designated from time to time by each of Vishay and VPG that shall be established in accordance with Section 6.5.

"Contingent Gain" means any claim or right of any member of the Vishay Group or the VPG Group, whenever arising, against any Person, other than a Person released or intended to be released from a claim or other right under Article V; provided, that (i) such claim or right has accrued as of the Distribution Date, and (ii) the existence or scope of the claim or right against such other Person was not acknowledged, fixed or determined in any material respect as of the Distribution Date as a result of a dispute or as a result of any other uncertainty due to the failure of such claim or right to have been discovered or asserted as of the Distribution Date. For purposes of the foregoing, a claim or right shall be deemed to have accrued as of the Distribution Date if all the elements of the claim necessary for its assertion shall have occurred on or prior to the Distribution Date such that the claim or right, were it to have been asserted in an Action on or prior to the Distribution Date, would not be dismissed by a court on ripeness or similar grounds, regardless of whether there was any Action pending, threatened or contemplated as of the Distribution Date with respect thereto.

"Contingent Liability" means any Liability of a member of the Vishay Group or the VPG Group, whenever arising, against any Person unless that Person has been released or the Liability to that Person is intended to be released under Article V; provided, that (i) such Liability has accrued as of the Distribution Date and (ii) the existence or scope of such Liability was not acknowledged, fixed or determined in any material respect as of the Distribution Date as a result of a dispute or as a result of any other uncertainty due to the failure of such Liability to have been discovered or asserted as of the Distribution Date. For purposes of the foregoing, a Liability shall be deemed to have accrued as of the Distribution Date if all the elements necessary for the assertion of a claim with respect to such Liability shall have occurred on or prior to the Distribution Date such that the claim, were it to have been asserted in an Action on or prior to the Distribution Date, would not be dismissed by a court on ripeness or similar grounds.

"Contract" means any contract, agreement, lease, purchase and/or commitment, license, consensual obligation, promise or undertaking (whether written or oral and whether express or implied) that is legally binding on any Person or any part of its property under Applicable Law, including all claims or rights against any Person, choses in action and similar rights, whether accrued or contingent with respect to any such contract, agreement, lease, purchase and/or commitment, license, consensual obligation, promise or undertaking, but excluding this Agreement and any Ancillary Agreement, save as otherwise expressly provided in this Agreement or in any Ancillary Agreement.

"Determination Date" has the meaning set forth in Section 2.17(b) of this Agreement.

"Determination Request" has the meaning set forth in Section 6.5(b) of this Agreement.

"Distribution" has the meaning set forth in the recitals to this Agreement.

"Distribution Date" means the date determined by the Vishay Board as the date on which the Distribution shall be effected.

"Dispute" has the meaning set forth in Section 8.2(a) of this Agreement.

"Dispute Notice" has the meaning set forth in Section 8.2(a) of this Agreement.

"Effective Time" has the meaning set forth in Section 3.5(b) of this Agreement.

"Employee Matters Agreement" means the Employee Matters Agreement substantially in the form attached hereto as Exhibit A. From and after the Distribution Date, the Employee Matters Agreement shall refer to the agreement executed and delivered substantially in the form attached hereto as Exhibit A, as amended and/or modified from time to time in accordance with its terms.

"Encumbrance" means, with respect to any Asset, mortgages, liens, hypothecations, pledges, security interests, easements, encroachments, rights to acquire, use restrictions, transfer restrictions or other encumbrances of any kind in respect of such Asset, whether or not filed, recorded or otherwise perfected under Applicable Law.

"Environmental Law" means any federal, state, local, or foreign law, regulation, order, judgment, decree, permit, authorization, common law or agency requirement whether now existing or hereafter enacted or promulgated relating to: (A) the protection, investigation, or restoration of the environment, health, safety or natural resources; (B) the handling, use, presence, disposal, release or threatened release of any Hazardous Substance; or (C) noise, odor, indoor air, employee exposure, wetlands, pollution, contamination or any injury or threat of injury to persons or property relating to any Hazardous Substance; including but not limited to the Comprehensive Environmental, Compensation and Liability Act of 1980 as amended, the Resource Conservation and Recovery Act, the Clean Air Act as amended, the Toxic Substances Control Act as amended, the Occupational Safety and Health Act of 1970 and comparable local, state and foreign statutes. As used herein, "Hazardous Substance" means any substance that is: (A) listed, classified or regulated pursuant to any Environmental Law; (B) any petroleum product or by-product, asbestos-containing material, lead-containing paint or plumbing, polychlorinated biphenyl, radioactive material or radon; and (C) any other substance which is subject to regulatory Action by any Governmental Authority in connection with any Environmental Law.

"Environmental Liabilities" means all Liabilities relating to, arising out of or resulting from any Environmental Law or Contract relating to environmental, health or safety matters (including all removal, remediation or cleanup costs, investigatory costs, governmental response costs, natural resources damages, property damages, personal injury damages, costs of compliance with any product take back requirements or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Excluded Assets" has the meaning set forth in Section 2.4(b) of this Agreement.

"Excluded Assumed Liabilities" has the meaning set forth in Section 2.5(b) of this Agreement.

"Exclusive Vishay Contingent Gain" means any Contingent Gain other than an Exclusive VPG Contingent Gain or a Shared Contingent Gain.

"Exclusive Vishay Contingent Liability" means any Contingent Liability other than an Exclusive VPG Contingent Liability or a Shared Contingent Liability.

"Exclusive VPG Contingent Gain" means any Contingent Gain if such Contingent Gain relates exclusively to the MGF Business or if such Contingent Gain is expressly assigned to any member of the VPG Group pursuant to this Agreement or any Ancillary Agreement. As of the date of this Agreement, the parties are not aware of the existence of any Exclusive VPG Contingent Gains.

"Exclusive VPG Contingent Liability" means any Contingent Liability if such Contingent Liability relates exclusively to the MGF Business, including the matters listed or described on Schedule 1.2 hereto, or if such Contingent Liability is expressly assigned to any member of the VPG Group pursuant to this Agreement or any Ancillary Agreement.

"final determination" has the meaning set forth in Section 5.8 of this Agreement.

"Form 10 Registration Statement" means the registration statement on Form 10 (including any and all exhibits filed thereto) to be filed under the Exchange Act, pursuant to which the shares of VPG Stock to be issued in VPG Distribution will be registered, together with all amendments thereto.

"GAAP" has the meaning set forth in Section 2.4(a)(v) of this Agreement.

"Governmental Approvals" means any notices, reports or other filings to be made, or any Consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

"Governmental Authority" means any U.S. or non-U.S. federal, state, local, foreign or international court, arbitration or mediation tribunal, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

"Group" means the Vishay Group or the VPG Group, as the context requires.

"Indemnified Party" has the meaning set forth in Section 5.5(a) of this Agreement.

"Indemnifying Party" has the meaning set forth in Section 5.5(a) of this Agreement.

"Indemnity Payment" has the meaning set forth in Section 5.5(a) of this Agreement.

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data, but in any case excluding back-up tapes.

"Information Statement" means the information statement forming a part of the Form 10 Registration Statement.

"Insurance Policy" means any insurance policies and insurance Contracts, including without limitation general liability, property and casualty, workers' compensation, automobile, marine, directors & officers liability, errors and omissions, employee dishonesty and fiduciary liability policies and contracts, but excluding life and other benefits policies or Contracts, whether in the nature of primary, excess, umbrella or self-insurance overage, together with all rights, benefits and privileges thereunder.

"Insurance Proceeds" means those monies (in each case net of any costs or expenses incurred in the collection thereof and net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments)): (a) received by an insured from an insurance carrier; or (b) paid by an insurance carrier on behalf of the insured, net of any applicable premium deductible or self insured retention.

"Intellectual Property" means all domestic and foreign patents and patent applications, together with any continuations, continuations-in-part or divisional applications thereof, and all patents issuing thereon (including reissues, renewals and re-examinations of the foregoing); design patents; invention disclosures; mask works; all domestic and foreign copyrights, whether or not registered, together with all copyright applications and registrations therefor; all domain names, together with any registrations therefor and any goodwill relating thereto; all domestic and foreign trademarks, service marks, trade names, and trade dress, in each case together with any applications and registrations therefor and all goodwill relating thereto; all Trade Secrets, commercial and technical Information, know-how, proprietary or Confidential Information, including engineering, production and other designs, notebooks, processes, drawings, specifications, formulae, and technology; computer and electronic data processing programs and software (object and source code), data bases and documentation thereof; all inventions (whether or not patented); all utility models; all registered designs, certificates of invention and all other intellectual property under the laws of any country throughout the world.

"IP License Agreement" means the IP License Agreement, between VPG, as licensor, and Vishay or a Subsidiary of Vishay, as licensee, for the license of certain Intellectual Property relating to the manufacture of strain gages, substantially in the form of Exhibit B. From and after the Distribution Date, the IP License Agreement shall refer to the agreement executed and delivered substantially in the form attached hereto as Exhibit B, as amended and/or modified from time to time in accordance with its terms.

"IRS" means the Internal Revenue Service.

"Lease Agreements" means the real property lease agreements between one or more members of the Vishay Group, on the one hand, and one or more members of the VPG Group on the other hand, listed on Exhibit C, substantially in the forms attached to such Exhibit. From and after the Distribution Date, the Lease Agreements shall refer to the real property lease agreements substantially in the form attached to Exhibit C, each as amended and/or modified from time to time in accordance with its terms.

"Liability" means, with respect to any Person, any and all losses, claims, charges, debts, demands, Actions, causes of action, suits, damages, obligations, payments, costs and expenses, sums of money, accounts, reckonings, bonds, specialties, indemnities and similar obligations, exoneration covenants, obligations under Contracts, guarantees, make whole agreements and similar obligations, and other liabilities and requirements, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, joint or several, whenever arising, and including those arising under any Applicable Law, Action, threatened or contemplated Action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all costs and expenses, whatsoever reasonably incurred in investigating, preparing or defending against any such Actions or threatened or contemplated Actions) or order of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any Contract, in each case, whether or not recorded or reflected or otherwise disclosed or required to be recorded or reflected or otherwise disclosed, on the books and records or financial statements of any Person, including any Liability for Taxes.

"License Agreements" mean the Trademark License Agreement, the Patent License Agreement, the IP License Agreement and the RCK IP License Agreement.

"MGF Business" means the measurements and foil resistor business owned and operated, indirectly or directly, by Vishay prior to the Distribution, to be owned and operated, directly or indirectly, by VPG after the Distribution.

"NYSE" has the meaning set forth in Section 3.1(e) of this Agreement.

"Option Agreement" means the Option Agreement, between VPG, as optionee, and Vishay or a Subsidiary of Vishay, as optionor relating to VPG's option to purchase assets relating to the strain gage business operated by a Subsidiary of Vishay, substantially in the form of Exhibit D. From and after the Distribution Date, the Option Agreement shall refer to the agreement executed and delivered substantially in the form attached hereto as Exhibit D, as amended and/or modified from time to time in accordance with its terms.

"Party," whether or not capitalized, means Vishay or VPG.

"Patent License Agreement" means the Patent License Agreement, between Vishay or a Subsidiary of Vishay, as licensor, and VPG, as licensee, substantially in the form of Exhibit E. From and after the Distribution Date, the Patent License Agreement shall refer to the agreement executed and delivered substantially in the form attached hereto as Exhibit E, as amended and/or modified from time to time in accordance with its terms.

"Person" (whether or not initially capitalized) means any corporation, limited liability company, partnership, firm, joint venture, entity, natural person, trust, estate, unincorporated organization, association, enterprise, government or political subdivision thereof, or Governmental Authority.

"Privilege" has the meaning set forth in Section 4.6(a) of this Agreement.

"Privileged Information" has the meaning set forth in Section 4.6(a) of this Agreement.

"RCK Agreements" means the RCK IP License Agreement, RCK Manufacturing Agreement and the RCK Supply Agreement.

"RCK IP License Agreement" means the IP License Agreement, between VPG or a Subsidiary of VPG, as licensor, and Vishay or a Subsidiary of Vishay, as licensee, for the license of certain Intellectual Property relating to the manufacture of RCK HR foil resistor products, substantially in the form of in the form of Exhibit F. From and after the Distribution Date, the RCK IP License Agreement shall refer to the agreement executed and delivered substantially in the form attached hereto as Exhibit F, as amended and/or modified from time to time in accordance with its terms.

"RCK Manufacturing Agreement" means the Manufacturing Agreement, between VPG or a Subsidiary of VPG, as buyer, and Vishay or a Subsidiary of Vishay, as manufacturer, relating to the manufacture of specified RCK HR foil resistor products, substantially in the form of Exhibit G. From and after the Distribution Date, the RCK Manufacturing Agreement shall refer to the agreement executed and delivered substantially in the form attached hereto as Exhibit G, as amended and/or modified from time to time in accordance with its terms.

"RCK Supply Agreement" means the Supply Agreement, between VPG or a Subsidiary of VPG, as supplier, and Vishay or a Subsidiary of Vishay, as buyer, relating to the sale and manufacture of specified RCK foil resistor chips, substantially in the form of Exhibit H. From and after the Distribution Date, the RCK Supply Agreement shall refer to the agreement executed and delivered substantially in the form attached hereto as Exhibit H, as amended and/or modified from time to time in accordance with its terms.

"Record Date" means the close of business on the date to be determined by Vishay's Board in its sole and absolute discretion as the record date for determining the stockholders of Vishay entitled to receive shares of VPG Stock in the Distribution.

"Record Holder" mean a holder of record of Vishay Stock as of the close of business on the Record Date.

"Registrar and Transfer Agent" has the meaning set forth in Section 3.5(c)(i) of this Agreement.

"Response" has the meaning set forth in Section 8.2(a) of this Agreement.

"Secondment Agreement" means the secondment agreement between one or more members of the Vishay Group, as the seconding party, on the one hand, and one or more members of the VPG Group on the other hand, listed on Exhibit I, in the substantially in the forms attached to such Exhibit. From and after the Distribution Date, the Secondment Agreement shall refer to the secondment agreement substantially in the form attached to Exhibit I, as amended and/or modified from time to time in accordance with its terms.

"Senior Party Representative" has the meaning set forth in Section 8.2(a) of this Agreement.

"Separated Assets" has the meaning set forth in Section 2.4(a) of this Agreement.

"Separation" means the multi-step process described in Article II, including the Separation Transactions and the Capital Allocation Transactions, by which the MGF Business shall be transferred, directly or indirectly, from Vishay and members of the Vishay Group to VPG and members of the VPG Group.

"Separation Transactions" means the transfers of assets, shares and other equity interests to be performed by Vishay, VPG and members of each respective Group prior to the Distribution, in the manner referred to Schedule 1.3 hereto and, in the singular, means any one such transaction. The Separation Transactions are intended to proceed in accordance with and pursuant to the steps set forth in the request for a private letter ruling submitted by Vishay to the IRS on December 23, 2009, as amended from time to time.

"Shared Contingent Gain" means, without duplication, any Contingent Gain that is not an Exclusive Vishay Contingent Gain or an Exclusive VPG Contingent Gain and shared between the Groups.

"Shared Contracts" means Contracts with a third party providing for rights and obligations of both one or more members of the Vishay Group and one or more members of the VPG Group.

"Shared Contingent Liability" means, without duplication, any Contingent Liability that is not an Exclusive Vishay Contingent Liability or an Exclusive VPG Contingent Liability and shared between the Groups, which Shared Contingent Liabilities shall be allocated as set forth in this Agreement and described on Schedule 1.4.

"Shared VPG Percentage" means the proportion of the Shared Contingent Gain or the Shared Contingent Liability, as applicable, that relates to the MGF Business, provided that, if such Shared Contingent Gain or Shared Contingent Liability, as the case may be, cannot reasonably be allocated, then the Shared VPG Percentage shall be 10%.

"Shared Percentage" means the Shared Vishay Percentage or the Shared VPG Percentage, as the case may be.

"Shared Vishay Percentage" means the proportion of the Shared Contingent Gain or the Shared Contingent Liability, as applicable, that relates to the Vishay Business; provided that if such Shared Contingent Gain or Shared Contingent Liability, as the case may be, cannot reasonably be allocated, then the Shared VPG Percentage shall be 90%.

"Strain Gage Agreements" means the IP License Agreement and the Option Agreement.

"Subsidiary" of any Person means a corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however, that no Person that is not directly or indirectly wholly-owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person.

"Supply Agreements" means the Supply Agreements, between one or more members of the Vishay Group, on the one hand, and one or more members of the VPG Group, on the other hand, listed on Exhibit J, substantially in the form attached to such Exhibit J. From and after the Distribution Date, the Supply Agreement shall refer to the supply agreement substantially in the form attached to Exhibit J, as amended and/or modified from time to time in accordance with its terms.

"Taxes" has the meaning set forth in the Tax Matters Agreement.

"Tax Matters Agreement" means the Tax Matters Agreement substantially in the form attached hereto as Exhibit K. From and after the Distribution Date, the Tax Matters Agreement shall refer to the agreement executed and delivered substantially in the form attached hereto as Exhibit K, as amended and/or modified from time to time in accordance with its terms.

"Third Party Claim" has the meaning set forth in Section 5.6(a) of this Agreement.

"Trade Secrets" means Information, including a formula, program, device, method, technique, process or other Confidential Information that derives independent economic value, actual or potential, from not being generally known to the public or to other Persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable, under the circumstances, to maintain its secrecy.

"Trademark License Agreement" means the Trademark License Agreement, between Vishay, as licensor, and VPG, as licensee, substantially in the form of Exhibit L. From and after the Distribution Date, the Trademark License Agreement shall refer to the agreement executed and delivered substantially in the form attached hereto as Exhibit L, as amended and/or modified from time to time in accordance with its terms.

"Transition Services Agreements" means the transition services agreements between on or more members of the Vishay Group, on the one hand, and one or more members of the VPG Group, on the other hand, listed on Exhibit M, substantially in the forms attached to such Exhibit. From and after the Distribution Date, the Transition Services Agreements shall refer to the transition services agreements substantially in the form attached as Exhibit M, each as amended and/or modified from time to time in accordance with its terms.

"Vishay" has the meaning set forth in the preamble of this Agreement.

"Vishay Board" has the meaning set forth in the recitals to this Agreement.

"Vishay Business" means, collectively, any and all businesses other than the MGF Business owned and operated, directly or indirectly, by Vishay (including without limitation the strain gage business operated by Vishay S.A.).

"Vishay Class B common stock" has the meaning set forth in the recitals to this Agreement.

"Vishay common stock" has the meaning set forth in the recitals to this Agreement.

"Vishay Group" means Vishay and each Subsidiary of Vishay and each other Person that is controlled directly or indirectly by Vishay immediately after the Distribution.

"Vishay Indemnified Parties" has the meaning set forth in Section 5.3 of this Agreement.

"Vishay Stock" has the meaning set forth in the recitals to this Agreement.

"VPG" has the meaning set forth in the preamble of this Agreement.

"VPG Class B common stock" has the meaning set forth in the recitals to this Agreement.

"VPG common stock" has the meaning set forth in the recitals to this Agreement.

"VPG Contracts" means the following Contracts to which Vishay or any member of the Vishay Group is a party or by which it or any of its Assets is bound, whether or not in writing, except for any such Contract that is explicitly retained by Vishay or any member of the Vishay Group pursuant to any provision of this Agreement or any Ancillary Agreement: (i) any Contract entered into in the name of, or expressly on behalf of, the MGF Business; (ii) any Contract that relates exclusively to the MGF Business; (iii) the portion of any Shared Contract to the extent attributable to VPG or the MGF Business; (iv) any Contract that is otherwise expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to VPG or any member of the VPG Group; (v) any guarantee, indemnity, representation, warranty or other Liability of any member of the Vishay Group or the VPG Group in respect of any VPG Contract, any Assumed Liability or the MGF Business (including guarantees of financing incurred by customers or other third parties in connection with purchases of products or services from the MGF Business); and (vi) any other Contract as agreed between the parties.

"VPG Group" means VPG, each Subsidiary of VPG and each other Person that is controlled directly or indirectly by VPG immediately after the Distribution.

"VPG Group Balance Sheet" means the unaudited pro forma combined and consolidated balance sheet of the VPG Group at **[**March 31, 2010], substantially in the form attached as Annex A.

"VPG Indemnified Parties" has the meaning set forth in Section 5.2 of this Agreement.

"VPG Information" has the meaning set forth in Section 4.6(a) of this Agreement.

"VPG Net Cash" means the amount of (i) all cash and cash equivalents less, without duplication, the sum of (ii) all notes payable to banks, (iii) all other indebtedness owed to third parties and (iv) the principal amount of the exchangeable notes due 2102 of Vishay allocated to VPG, in the case of clauses (i), (ii) and (iii) of VPG and its Subsidiaries on a consolidated basis, and in each case as recorded in accordance with GAAP.

"VPG Net Cash Statement" has the meaning set forth in Section 2.17(a) of this Agreement.

"VPG Stock" has the meaning set forth in the recitals to this Agreement.

"Wholly-owned Subsidiary" of a Person means a Subsidiary of that Person substantially all of whose voting securities and outstanding equity interest are owned either directly or indirectly by such Person or one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries.

ARTICLE II

BUSINESS SEPARATION

Section 2.1 Separation. Prior to the Distribution, each of Vishay and VPG shall, and shall cause the applicable members of its Group to, complete the Separation Transactions and the Capital Allocation Transactions and otherwise take all actions necessary to implement the Separation on the terms and subject to the conditions set forth in this Agreement. The parties acknowledge that the Separation is intended to result in VPG, directly or indirectly, operating the MGF Business, owning the Separated Assets and assuming the Assumed Liabilities as set forth in this Article II. As promptly as practicable after the Separation is complete and subject to the conditions set forth in Section 3.2, the parties shall take, or cause to be taken, all actions that are necessary or appropriate to effectuate the Distribution.

Section 2.2 **[**Intentionally omitted**]**

Section 2.3 Transfer of Separated Assets; Assumption of Assumed Liabilities. (a) Without limiting the generality of Section 2.1, on the terms and subject to the conditions set forth in this Agreement, and in furtherance of the Separation, on or prior to the Distribution Date:

(i) Vishay shall, and shall cause its applicable Subsidiaries to, cause the Separated Assets to be contributed, assigned, transferred, conveyed and delivered, directly or indirectly, to VPG and its Subsidiaries, as applicable, and VPG shall, and shall cause its applicable Subsidiaries to, accept from Vishay and its Subsidiaries, all of Vishay's and its Subsidiaries' rights, title and interest in and to all of the Separated Assets, which will result in VPG owning, directly or indirectly, the MGF Business.

(ii) VPG shall, and shall cause its applicable Subsidiaries to, accept, assume and agree to faithfully perform, discharge and fulfill all of the Assumed Liabilities in accordance with their respective terms. VPG shall, directly or indirectly, be responsible for all of the Assumed Liabilities, regardless of when or where such Assumed Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Distribution Date, regardless of where or against whom such Assumed Liabilities are asserted or determined or whether asserted or determined prior to the Distribution Date.

(b) It is the intention of parties that the transfer of the Separated Assets and the assumption of the Assumed Liabilities, as aforesaid, shall be accomplished through the Separation Transactions, subject to the provisions of Sections 2.7, 2.8, 2.9 and 2.10.

Section 2.4 Separated Assets. (a) For purposes of this Agreement, "Separated Assets" means, without duplication, those Assets used or contemplated to be used or held for use exclusively or primarily in the ownership, operation or conduct of the MGF Business or relating exclusively or primarily to the MGF Business, including the following:

(i) all Assets (including VPG Contracts) expressly identified in this Agreement, in any Ancillary Agreement or in any Schedule hereto or thereto, including those referred to on Schedule 1.3, as Assets to be transferred to, or retained by, VPG or any other member of the VPG Group;

(ii) any Exclusive VPG Contingent Gain or any Shared VPG Percentage of a Shared Contingent Gain;

(iii) the outstanding capital stock, units or other equity interests held by VPG in its Subsidiaries and listed on Schedule 2.4(a)(iii) and the Assets owned by such Subsidiaries;

(iv) all Assets properly reflected on the VPG Group Balance Sheet, excluding Assets disposed of by Vishay or any other Subsidiary or entity controlled by Vishay subsequent to the date of the VPG Group Balance Sheet;

(v) all Assets that have been written off, expensed or fully depreciated by Vishay or any Subsidiary or entity controlled by Vishay that, had they not been written off, expensed or fully depreciated, would have been reflected on the VPG Group Balance Sheet in accordance with accounting principles generally accepted in the United States ("GAAP");

(vi) all Assets acquired by Vishay or any Subsidiary or entity controlled by Vishay after the date of the VPG Group Balance Sheet and that would be reflected on the balance sheet of VPG as of the Distribution Date, if such balance sheet were prepared in accordance with GAAP;

(vii) all Assets transferred to VPG or any member of the VPG Group pursuant to Section 4.2; provided, however, that any such transfer shall take effect under Section 4.2 and not under this Section 2.4; and

(viii) any and all Assets owned or held immediately prior to the Distribution Date by Vishay or any other member of the Vishay Group that are used in the MGF Business. The intention of this clause (viii) is only to rectify any inadvertent omission of transfer or conveyance of any Assets that, had the parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as a Separated Asset. No Asset shall be deemed to be a Separated Asset solely as a result of this clause (viii) if such Asset is within the category or type of Asset expressly covered by the subject matter of an Ancillary Agreement. In addition, no Asset shall be deemed a Separated Asset solely as a result of this clause (viii) unless a claim with respect thereto is made by VPG or a member of the VPG Group on or prior to the second anniversary of the Distribution Date.

Notwithstanding anything to the contrary contained in this Section 2.4 or elsewhere in this Agreement, the Separated Assets shall not in any event include the Excluded Assets referred to in Section 2.4(b)(i) below.

(b) The following Assets shall not form part of the Separated Assets and shall remain the exclusive property of Vishay or the relevant member of the Vishay Group on and after the Separation (the "Excluded Assets"):

(i) any Asset expressly identified on Schedule 2.4(b)(i) or Schedule 2.16;

(ii) the rights of any member of the Vishay Group under any Shared Contract;

(iii) any Asset transferred to Vishay or to any other relevant member of the Vishay Group pursuant to Section 4.2; provided, however, that any such transfers shall take effect under Section 4.2 and not under this Section 2.4;

(iv) any Exclusive Vishay Contingent Gain or any Shared Vishay Percentage of a Shared Contingent Gain; and

(v) any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by Vishay or any other member of the Vishay Group.

Section 2.5 Liabilities.

(a) For the purposes of this Agreement, "Assumed Liabilities" shall mean (without duplication):

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by VPG or any member of the VPG Group, and all agreements, obligations and Liabilities of any member of the VPG Group under this Agreement or any of the Ancillary Agreements;

(ii) subject to the terms of Article VI, all Exclusive VPG Contingent Liabilities and the Shared VPG Percentage of any Shared Contingent Liabilities;

(iii) all Liabilities to the extent relating to, arising out of or resulting from any terminated, divested or discontinued businesses and operations of the MGF Business;

(iv) all Liabilities reflected as liabilities or obligations of VPG or its Subsidiaries in the VPG Group Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the VPG Group Balance Sheet;

(v) all Environmental Liabilities (other than the Environmental Liabilities under Section 2.5(b)(v)), whether arising prior to, on or after the Distribution Date, to the extent arising out of or resulting from the use by the MGF Business of any property owned, operated, used or leased in the course of operating the MGF Business at any time or any other property where the MGF Business contracted or arranged for disposal at any time; provided that, notwithstanding such general rule, Environmental Liabilities for the facilities set forth on Schedule 2.5(b)(v) shall be the obligation and Liability of Vishay as specified in such Schedule 2.5(b)(v). With respect to Environmental Liabilities arising from any facility that was jointly used by VPG and Vishay, except as may otherwise agreed between the parties, if one party was the primary user of that property, that party shall be responsible to administer any Action related thereto, including providing any required defense, and the other party shall cooperate in the administration and defense. Liabilities associated with any such Action shall be shared equally by Vishay and VPG unless there is another allocation methodology that more accurately and reasonably reflects the appropriate allocation of responsibility as between Vishay and VPG (including, for the avoidance of doubt, a reasonable estimation of relative fault or cause of the Liabilities);

(vi) all other Liabilities (other than Taxes, which are allocated as set forth in the Tax Matters Agreement and employee-related Liabilities, which are allocated as set forth in the Employee Matters Agreement), in each case to the extent relating to, arising out of or resulting from:

(A) the operation of the MGF Business, as conducted at any time prior to, on or after the Distribution Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority)); or

(B) any Separated Assets;

in any such case whether arising prior to, on or after the Distribution Date; and

(vii) any inadvertent omission of transfer or assumption of Liability that, had the parties given specific consideration to such Liability as of the date hereof, would have otherwise been classified as an Assumed Liability.

Notwithstanding the foregoing, the Assumed Liabilities shall not include the Excluded Assumed Liabilities referred to in Section 2.5(b) below.

(b) For the purposes of this Agreement, "Excluded Assumed Liabilities" shall mean:

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or assumed by Vishay or any other member of the Vishay Group, and all agreements and obligations of any member of the Vishay Group under this Agreement or any of the Ancillary Agreements;

(ii) any Liability which is expressly identified on Schedule 2.5(b)(ii);

(iii) any and all liabilities relating to, arising out of or resulting from any Excluded Assets;

(iv) subject to the terms of Article VI, all Exclusive Vishay Contingent Liabilities and the Shared Vishay Percentage of any Shared Contingent Liabilities;

(v) all Environmental Liabilities for the facilities set forth on Schedule 2.5(b)(v) and all Environmental Liabilities that are not Assumed Liabilities under Section 2.5(a)(v); and

(vi) any inadvertent transfer, conveyance or assumption of any Liability that, had the parties given specific consideration to such Liability as of the date hereof, would have otherwise been classified as an Excluded Assumed Liability.

Section 2.6 Excluded Assumed Liabilities. Vishay shall, or shall cause, as applicable, its Subsidiaries, to be responsible for the Excluded Assumed Liabilities regardless of when or where such Liabilities arose or arise, regardless of where such Liabilities are asserted or determined or regardless of whether asserted or determined prior to the Distribution Date.

Section 2.7 Deferred Separation Transactions.

(a) Misallocated Assets. In the event that at any time or from time to time (whether prior to, on or after the Distribution Date), any member of the Vishay Group or any member of the VPG Group shall receive or otherwise possess any Asset that is allocated to a member of the other Group pursuant to this Agreement, any Ancillary Agreement or the Separation (including any remittances from account debtors), Vishay shall or shall cause such member of the Vishay Group or VPG shall or shall cause such member of the VPG Group, as the case may be, to promptly transfer, or cause to be transferred, such Asset to the Person so entitled thereto. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for any such other Person. Each party shall cooperate with the other party and use its commercially reasonable efforts to set up procedures and notifications as are reasonably necessary or advisable to effectuate the transfers contemplated by this Section 2.7.

(b) Mistaken Assignments and Assumptions. If at anytime there exists (i) Assets that either party discovers were, contrary to the agreements between the parties, by mistake or unintentional omission, transferred to VPG or retained by Vishay or (ii) Liabilities that either party discovers were, contrary to the agreements between the parties, by mistake or unintentional omission, assumed by VPG or not assumed by VPG or retained by the Vishay Group, then the parties shall cooperate in good faith to effect the transfer or retransfer of misallocated Assets, and/or the assumption or reassumption of misallocated Liabilities, to or by the appropriate Person and shall not use the determination that remedial actions need to be taken to alter the original intent of the parties with respect to the Assets to be transferred to or Liabilities to be assumed by VPG or retained by Vishay. Each party shall reimburse the other or make other financial adjustments or other adjustments to remedy any mistakes or omissions relating to any of the Assets transferred hereby or any of the Liabilities assumed or retained hereby.

(c) No Additional Consideration. For the avoidance of doubt, the transfer or assumption of any Assets or Liabilities under this Section 2.7 shall be effected without any additional consideration by either party.

Section 2.8 Consents and Governmental Approvals.

(a) Transfers not Consummated Prior to Separation Date. If the transfer or assignment of any Asset intended to be transferred or assigned hereunder is not consummated prior to or on the Distribution Date, whether as a result of a requisite Consent or Governmental Approval or for any other reason, then the Person retaining such Asset shall thereafter hold such Asset for the use and benefit, insofar as reasonably possible, of the Person entitled thereto until the consummation of the transfer or assignment thereof (or as otherwise determined by Vishay and VPG, as applicable). In addition, the Person retaining such Asset shall take such other actions as may be reasonably requested by the Person to whom such Asset is to be transferred in order to place such Person, insofar as reasonably possible, in the same position as if such Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Asset, are to inure from and after the Distribution Date to the Person to whom such Asset is to be transferred. Notwithstanding the foregoing, any such Asset shall still be considered a Separated Asset or Excluded Asset, as applicable.

(b) Expenses. The Person retaining an Asset due to the deferral of the transfer and assignment of such Asset shall not be obligated, in connection with the foregoing, to expend any money in connection with the maintenance of the Asset or otherwise unless the necessary funds are advanced by the Person to whom such Asset is to be transferred, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Person to whom such Asset is to be transferred; provided, however, that the Person retaining such Asset shall provide prompt notice to the Person to whom such Asset is to be transferred of the amount of all such expenses and fees.

(c) No Additional Consideration. For the avoidance of doubt, the transfer of any Assets under this Section 2.8 shall be effected without any additional consideration by either party.

Section 2.9 Novation of the Assumed Liabilities.

(a) Reasonable Best Efforts. Each of Vishay and VPG, at the request of the other and with the other's reasonable best cooperation, shall use its reasonable best efforts to obtain, or to cause to be obtained, any agreement, instrument, Consent, substitution or amendment required to novate or assign all rights and obligations under Contracts and other obligations or Liabilities of any nature whatsoever that constitute Assumed Liabilities, or to obtain in writing an unconditional release of all parties to such arrangements other than any member of the VPG Group, so that, in any such case, VPG and the other members of the VPG Group will be solely responsible for such Liabilities or, in the case of Shared Contracts, to novate the rights and obligations under each such Contract such that it is replaced with two separate Contracts, one of which provides for the rights and obligations of a member or members of the Vishay Group and the other of which provides for the rights and obligations of a member or members of the VPG Group; provided, however, that neither the Vishay Group nor the VPG Group shall be obligated to pay any consideration or assume any additional obligation therefor to any third party from whom any such Consent, substitution or amendment is requested. Each of Vishay and VPG, at the request of the other and with the other's reasonable best cooperation, shall use its reasonable best efforts to obtain, or to cause to be obtained, any agreement, instrument, Consent, substitution or amendment required to novate or assign all rights and obligations under Contracts and other obligations or Liabilities of any nature whatsoever that constitute Excluded Assumed Liabilities, or to obtain in writing an unconditional release of all parties to such arrangements other than any member of the Vishay Group, so that, in any such case, Vishay and the other members of the Vishay Group will solely be responsible for such Liabilities or, in the case of Shared Contracts, to novate the rights and obligations under each such Contract such that it is replaced with two separate Contracts, one of which provides for the rights and obligations of a member or members of the Vishay Group and the other which provides for the rights and obligations of a member or members of the VPG Group; provided, however, that neither the Vishay Group nor the VPG Group shall be obligated to pay any consideration or assume any additional obligation therefor to any third party from whom any such Consent, substitution or amendment is requested.

(b) Inability to Obtain Novation. If Vishay or VPG is unable to obtain, or to cause to be obtained, any such required agreement, instrument, Consent, release, substitution or amendment with respect to any such Assumed Liability or Excluded Assumed Liability, as applicable, the applicable member of the Vishay Group or the VPG Group, as applicable, shall continue to be bound by such Contracts and other obligations and Liabilities and, unless not permitted by Applicable Law or the terms thereof (except to the extent expressly set forth in this Agreement or any Ancillary Agreement), Vishay, with respect to any Excluded Assumed Liability, and VPG, with respect to any Assumed Liability, shall, as agent or subcontractor for the other or such other Person, as the case may be, pay, perform and discharge fully, or cause to be paid, transferred or discharged all the obligations or other Liabilities of any member of the other's Group thereunder from and after the Distribution Date or, in the case of a Shared Contract, such obligations or other Liabilities as pertain to the member or members of its own Group. Notwithstanding the foregoing, any such Liability shall still be considered an Assumed Liability or Excluded Assumed Liability, as applicable; provided, however, that neither Vishay nor VPG shall (nor shall either permit any member of its respective Group to), amend, renew, change the term of, modify the obligations under, or transfer to a third Person, any such Contract or other obligation or other Liability without the written consent of the other. Each of Vishay and VPG shall each use reasonable best efforts to provide prompt notice to the other of any request they receive from the counterparty to any Contract for any such amendment, renewal, change, modification or transfer. Vishay, with respect to any Assumed Liability and VPG, with respect to any Excluded Assumed Liability, shall, without further consideration, pay and remit, or cause to be paid or remitted, to the other or its appropriate Subsidiary promptly all money, rights and other consideration received by it or any member of its Group in respect of such performance (unless any such consideration is, with respect to consideration received by Vishay or any member of the Vishay Group, an Excluded Asset, or, with respect to consideration received by VPG or any member of the VPG Group, a Separated Asset). If and when any such agreement, instrument, Consent, release, substitution or amendment shall be obtained or such Contract or other obligations and Liabilities shall otherwise become assignable or able to be novated, Vishay, for any Assumed Liability, and VPG, for any Excluded Assumed Liability, shall thereafter assign, or cause to be assigned, all of its rights, obligations and other Liabilities thereunder or any rights or obligations of any member of its respective Group to the other without payment of further consideration and the other shall, without the payment of any further consideration, assume such rights, obligations and Liabilities.

Section 2.10 Documents Relating to Transfers of the Separated Assets and Assumption of the Assumed Liabilities. In furtherance of the Separation and the Distribution, including as contemplated by the Separation Transactions, (i) Vishay shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, such bills of sale, stock powers, certificates of title, assignments of Contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of Vishay's and its Subsidiaries' right, title and interest in and to the Separated Assets to VPG or its Subsidiaries and (ii) VPG shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, to Vishay and its Subsidiaries such assumptions of Contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Assumed Liabilities by VPG. All conveyance and assumption documents and instruments used to effectuate the Separation and the Distribution shall be in form mutually satisfactory to Vishay and VPG.

Section 2.11 Termination of Agreements.

(a) Except as set forth in Section 2.11(b), in furtherance of the releases and other provisions of Section 5.1, VPG and each member of the VPG Group, on the one hand, and Vishay and each member of the Vishay Group, on the other hand, effective as of the Distribution Date, shall terminate, any and all Contracts (including any intercompany accounts payable or accounts receivable accrued as of the Distribution Date that are reflected in the books and records of the parties or otherwise documented in writing in accordance with past practices), whether or not in writing, between or among VPG and/or any member of the VPG Group, on the one hand, and Vishay and/or any member of the Vishay Group, on the other hand, effective as of the Distribution Date. No such terminated Contracts (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Distribution Date. Each party shall, at the reasonable request of any other party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.11(a) shall not apply to any of the following Contracts (or to any of the provisions thereof) in: (i) this Agreement or the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the parties or any of the members of their respective Groups); (ii) any Contracts to which any Person other than the parties and their respective Affiliates is a party (it being understood that to the extent that the rights and obligations of the parties and the members of their respective Groups under any such Contracts constitute Separated Assets or Assumed Liabilities, they shall be assigned or assumed, as the case may be, pursuant to Section 2.3); (iii) any Contracts to which any non-wholly owned Subsidiary of Vishay or VPG, as the case may be, is a party (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned); (iv) intercompany Contracts or accounts receivable entered into or generated in the ordinary course of business; or (v) any other Contracts that this Agreement or any Ancillary Agreement expressly contemplates will survive the Distribution Date.

Section 2.12 Release of Security Interest. Upon VPG's reasonable request, Vishay shall use its reasonable best efforts to obtain from third parties the release of any Security Interest granted by Vishay (or any member of its Group) on any Separated Asset.

Section 2.13 No Representation or Warranty.

(a) No party to this Agreement, any Ancillary Agreement, or any other agreement or document contemplated by this Agreement, any Ancillary Agreement or otherwise, is making any representation as to, warranty of or covenant, express or implied, with respect to: (a) any of the Separated Assets, the MGF Business, the Excluded Assets or the Assumed Liabilities, including any warranty of merchantability or fitness for a particular purpose, or any representation or warranty regarding any Consents or Governmental Approvals required in connection therewith or their transfer, (b) the value or freedom from Encumbrances of, or any other matter concerning, any Separated Asset or Excluded Asset, or regarding the absence of any defense or right of setoff or freedom from counterclaim with respect to any claim or other Separated Asset or Excluded Asset, including any account receivable of either party, or (c) the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any Separated Asset or Excluded Asset upon the execution, delivery and filing hereof or thereof.

(b) EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL ASSETS TO BE TRANSFERRED AS SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED HEREBY OR THEREBY SHALL BE TRANSFERRED "AS IS, WHERE IS" (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE) AND THE TRANSFEREE SHALL BEAR THE ECONOMIC AND LEGAL RISK THAT ANY CONVEYANCE SHALL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, AND CLEAR OF ANY SECURITY INTEREST OR ANY NECESSARY CONSENTS OR GOVERNMENTAL APPROVALS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

Section 2.14 Use of Cash. From the date hereof until the Distribution Date, Vishay shall be entitled to use, retain or otherwise dispose of all cash generated by the MGF Business and the Separated Assets in accordance with the ordinary course of operation of Vishay.

Section 2.15 Plan of Reorganization. This Agreement shall constitute a plan of reorganization for purposes of Section 368 of the Code.

Section 2.16 Assets Transferred to Vishay. In connection with the Separation, VPG shall, or shall cause the applicable members of the VPG Group to, cause those assets identified on Schedule 2.16 (which are intended to be Excluded Assets) to be contributed, assigned, transferred, conveyed and delivered, directly or indirectly, to Vishay and one or more members of the Vishay Group, as applicable, and Vishay shall, and shall cause the applicable members of the Vishay Group to, accept from VPG and the applicable members of the VPG Group all of their rights, title and interest in and to all such assets identified on Schedule 2.16. The terms and provisions of Sections 2.7, 2.8, 2.10, 2.12, 2.13 and 4.2 as such terms and provisions relate to the contribution, assignment, transfer, conveyance or delivery of assets from Vishay or a member of the Vishay Group to VPG or a member of the VPG Group shall apply to any contribution, assignment, transfer, conveyance or delivery of assets contemplated by this Section 2.16, *mutatis mutandis*.

Section 2.17 Net Cash.

(a) No later than fifteen (15) Business Days following the Distribution Date, VPG shall determine the VPG Net Cash as of the opening of business on the Distribution Date (the "Actual VPG Net Cash"). As soon as reasonably practicable, but in no event later than five (5) Business Days after making such determination, VPG shall prepare and deliver to Vishay a calculation of the VPG Net Cash, together with reasonably detailed supporting information (the "VPG Net Cash Statement").

(b) Thereafter, VPG will provide Vishay and its accountants with access to the records and employees of VPG, to the extent reasonably related to Vishay's evaluation of the VPG Net Cash Statement, the calculation of the VPG Net Cash or the resolution of any dispute with respect thereto. Within ten (10) Business Days after Vishay's receipt of the VPG Net Cash Statement, Vishay shall notify VPG in writing as to whether Vishay agrees or disagrees with the VPG Net Cash Statement, which notice, in the case of a disagreement, shall set forth in reasonable detail the particulars of such disagreement. In the event that Vishay does not provide a notice of disagreement within such ten (10) Business Day period, then Vishay shall be deemed to have accepted the calculations and the amounts set forth in the VPG Net Cash Statement delivered by VPG, which shall be final, binding and conclusive for all purposes hereunder. If any notice of disagreement is timely provided in accordance with this Section 2.17, VPG and Vishay shall each use commercially reasonable efforts for a period of ten (10) Business Days thereafter (or such longer period as they may mutually agree) to resolve any disagreements with respect to the calculations in the VPG Net Cash Statement. If, at the end of such period, VPG and Vishay are unable to resolve any disagreements as to items in the VPG Net Cash Statement, then the Parties shall engage KPMG LLP (the "Auditor") to resolve any remaining disagreements. The Auditor shall be charged with determining as promptly as practicable, but in any event within thirty (30) days after the date on which such dispute is referred to the Auditor, whether the Actual VPG Net Cash as set forth in the VPG Net Cash Statement was prepared in accordance with this Agreement whether and to what extent the Actual VPG Net Cash requires adjustment. The fees and expenses of the Auditor shall be shared by VPG and Vishay in inverse proportion to the relative amounts of the disputed amounts determined in favor of VPG and Vishay, respectively. The determination of the Auditor shall be final, binding and conclusive for all purposes hereunder. The date on which the Actual VPG Net Cash is finally determined in accordance with this Section 2.17 is referred to as the "Determination Date."

(c) If the Actual VPG Net Cash, as determined in accordance with this Section 2.17, exceeds $71,500,000, VPG shall make a payment to Vishay in the amount of the excess, which for all purposes shall be deemed a dividend to Vishay from VPG made immediately prior to the Separation. If the Actual VPG Net Cash is less than $58,500,000, Vishay shall make a payment to VPG in the amount of the difference, which for all purposes shall be deemed a capital contribution by Vishay to VPG made immediately prior to the Separation. Such payment by VPG or Vishay, as the case may be, shall be made no later than five (5) Business Days after the Determination Date by wire transfer of immediately available funds.

ARTICLE III

THE DISTRIBUTION AND ACTIONS PENDING THE DISTRIBUTION

Section 3.1 Transactions Prior to the Distribution. Subject to the conditions specified in Section 3.2, Vishay and VPG shall use their reasonable best efforts to consummate the Distribution. Such efforts shall include, without limitation, those specified in this Section 3.1.

(a) Separation Transactions and Capital Allocation Transactions. Vishay and VPG shall cooperate, and shall use their reasonable best efforts, to effect the Separation Transactions and the Capital Allocation Transactions on or prior to the Distribution Date.

(b) Form 10 Registration Statement. Vishay and VPG shall cooperate to cause the Form 10 Registration Statement heretofore filed with the Commission to become and remain effective under Applicable Law, including, without limitation, filing such amendments or supplements to the Form 10 Registration Statement as may be required by the Commission or federal, state or foreign securities laws.

(c) Information Statement; Other Materials. Vishay shall, as soon as practicable after the Form 10 Registration Statement is declared effective under the Exchange Act and the Vishay Board has approved the Distribution, cause the Information Statement to be mailed to the Record Holders. Vishay and VPG shall prepare and mail, on or prior to the Distribution Date, to the holders of Vishay Stock, such other Information concerning VPG, the MGF Business, operations and management, the Separation, the Distribution and such other matters as Vishay in its sole and absolute discretion determines is necessary or desirable or as may be required by Applicable Law.

(d) Other Actions. Vishay and VPG shall take all other actions as Vishay in its sole and absolute discretion determines are necessary or appropriate under applicable federal or state securities or blue sky laws of the United States (and any comparable laws under any foreign jurisdiction) in connection with the Distribution.

(e) NYSE Listing. VPG shall prepare, file and use its reasonable best efforts to obtain approval of, an application for listing of VPG common stock on The New York Stock Exchange ("NYSE"), subject to official notice of distribution.

(f) Accounting Matters. All prepaid items and reserves that have been maintained by Vishay on a consolidated basis but related in part to Separated Assets or Assumed Liabilities shall be allocated between Vishay and VPG as determined by Vishay in its reasonable discretion.

(g) Corporate Matters. Vishay and VPG shall take all necessary action (i) to adopt the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of VPG in the form filed as exhibits to the Form 10 Registration Statement and (ii) to cause the Board of Directors of VPG to consist of the persons identified in the Information Statement as the directors of VPG to be in office following the Separation.

Section 3.2 Conditions Precedent to Consummation of the Distribution. The obligation of Vishay to effect the Distribution is subject to the satisfaction or the waiver by Vishay, in its sole and absolute discretion, of each of the following conditions:

(a) Approval by Vishay's Board. This Agreement and the transactions contemplated hereby, including establishing the Record Date and the declaration of the Distribution, shall have been duly taken and approved by the Vishay Board in accordance with Applicable Law and the certificate of incorporation and bylaws of Vishay.

(b) Form 10 Registration Statement. The Form 10 Registration Statement shall have been declared effective by the Commission, and there shall be no stop-order in effect with respect thereto, and no proceeding for that purpose shall have been instituted by the Commission.

(c) Other Actions. The actions and filings necessary or appropriate under applicable federal and state securities laws and state blue sky laws of the United States (and any comparable laws under any foreign jurisdictions) in connection with the Distribution (including, if applicable, any actions and filings relating to the Form 10 Registration Statement) and any other necessary and applicable Consents shall have been taken, obtained and, where applicable, have become effective or been accepted, each as the case may be.

(d) NYSE Listing. VPG common stock to be distributed pursuant to the Distribution shall have been approved for listing on NYSE, subject to official notice of the Distribution.

(e) No Legal Restraints. No Governmental Authority of competent jurisdiction shall have, after the date of this Agreement, enacted, issued, promulgated, enforced or entered any statute, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent), which is in effect and prohibits or materially restricts or materially adversely affects the consummation of the Separation or the Distribution or any of the other transactions contemplated by this Agreement and the Ancillary Agreements.

(f) Separation. The Separation shall have become effective in accordance with the terms of this Agreement and the Separation Transactions and the Capital Allocation Transactions.

(g) Private Letter Ruling and Opinion of Tax Counsel. Vishay shall have obtained a favorable private letter ruling from the IRS that the Distribution is part of a reorganization within the meaning of Section 368(a)(1)(D) of the Code and that the Distribution generally will not give rise to income or gain to Vishay or, pursuant to Section 355, its shareholders, and such ruling shall continue in effect, and Vishay shall have received an opinion of the law firm of Pepper Hamilton LLP to the same effect.

(h) Approval from Israeli Tax Authorities. Vishay shall have received a ruling from the Israeli taxing authorities that the Separation as it relates to the transfer to the VPG Group of Israeli Companies held by the Vishay Group will not give rise to current Taxes under any Applicable Law in Israel.

(i) Consents and Approvals. Any and all Consents and Governmental Approvals necessary to consummate the Separation and the Distribution shall have been obtained and be in full force and effect, except where the failure to obtain such consents or approvals would not have a material adverse effect on either (A) the ability of the parties to complete the transactions contemplated by this Agreement or any Ancillary Agreement or (B) the business, Assets, Liabilities, condition or results of operations of VPG and its Subsidiaries, or Vishay and its Subsidiaries, in each case, taken as a whole (such Consents and Governmental Approvals, "Material Consents and Approvals"). As of the date of this Agreement, other than the private letter ruling from the IRS and the ruling from the Israeli taxing authorities listed separately above under Sections 3.2(g) and 3.2(h) respectively, the parties are not aware of any Material Consents and Governmental Approvals.

(j) Ancillary Agreements; Performance of Obligations. Vishay shall have received duly executed counterparts of each Ancillary Agreement from the members of the VPG Group party thereto, and VPG (and the applicable members of the VPG Group) shall have fully performed its or their obligations hereunder and thereunder which are required to be performed prior to or at the time of the Distribution.

(k) Other Transactions. The parties shall have consummated any other transactions in connection with the Distribution that are contemplated by the Information Statement to be consummated prior to or at the time of the Distribution and are not specifically referred to in this Agreement or the Ancillary Agreements.

(l) No Other Events. No other events or developments shall have occurred that, in the judgment of the Vishay Board, in its sole and absolute discretion, would result in the Separation or the Distribution having a material adverse effect on Vishay, its stockholders, the Vishay Business or the MGF Business.

The foregoing conditions are for the sole benefit of Vishay and shall not give rise to or create any duty on the part of Vishay or the Vishay Board to waive or not to waive any such conditions or in any way limit Vishay's right to terminate this Agreement as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX. Any determination made by Vishay prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.2 shall be conclusive.

Section 3.3 Documents to be Delivered by Vishay. On or prior to the Distribution Date, Vishay will deliver, or will cause its appropriate Subsidiaries to deliver, to VPG all of the following:

(a) In each case where Vishay or any other member of the Vishay Group is a party to any Ancillary Agreement, a duly executed counterpart of such Ancillary Agreement;

(b) Resignations of each individual listed on Schedule 3.3(b), who is a director and/or officer of any member of the VPG Group;

(c) Any other agreements, documents and instruments necessary to effectuate the Separation; and

(d) Such other agreements, documents or instruments as the parties may agree are necessary or desirable in order to achieve the purposes hereof.

Section 3.4 Documents to be Delivered by VPG. On or prior to the Distribution Date, VPG will deliver, or will cause its appropriate Subsidiaries to deliver, to Vishay all of the following:

(a) In each case where VPG or any other member of the VPG Group is a party to any Ancillary Agreement, a duly executed counterpart of such Ancillary Agreement;

(b) Resignations of each individual listed on Schedule 3.4(b) who is a director and/or officer of any member of the Vishay Group; and

(c) Any other agreements, documents and instruments necessary to effectuate the Separation; and

(d) Such other agreements, documents or instruments as the parties may agree are necessary or desirable in order to achieve the purposes hereof.

Section 3.5 Distribution.

(a) Sole Discretion. Vishay shall, in its sole and absolute discretion, determine whether or not to proceed with all or part of the Distribution, determine the Distribution Date and determine whether to modify or change the terms of the Distribution, including, without limitation, the form, structure and terms of any transaction(s) to effect the Distribution (including the Separation Transactions, the Capital Allocation Transactions and any other transactions provided for in this Agreement) or the timing of and conditions to the consummation of the Distribution. VPG shall cooperate with Vishay in all respects to accomplish the Distribution and shall, at Vishay's direction, promptly take any and all actions reasonably necessary or desirable in Vishay's sole and absolute discretion to effect the Distribution.

(b) Effective Time. The Distribution shall be effective at 12:01 a.m., Eastern Time, on the Distribution Date (the "Effective Time").

(c) Actions in Connection with Distribution. Unless Vishay has previously determined not to proceed with the Separation, Vishay and VPG will cause to be taken the following actions in connection with the Distribution:

(i) VPG shall appoint a registrar and transfer agent (the "Registrar and Transfer Agent") for the purpose of recording the ownership and transfer of record of the holders of VPG common stock and VPG Class B common stock. Such record of ownership and transfer shall be maintained in book entry form only, and no physical certificates evidencing the ownership of the VPG common stock or VPG Class B common stock shall be issued.

(ii) On or prior to the Distribution Date, VPG shall issue to Vishay and Vishay shall deliver to Agent, in each case by appropriate entry on the books and records of the Registrar and Transfer Agent, a sufficient number of shares of VPG common stock and VPG Class B common stock for distribution on the Distribution Date to the Record Holders of Vishay common stock and Vishay Class B common stock, respectively.

(iii) On the Distribution Date, (x) each Record Holder of Vishay common stock will be entitled to receive in the Distribution a number of shares of VPG common stock equal to the number of shares of Vishay common stock held by such Record Holder on the Record Date multiplied by the distribution ratio to be determined by the Vishay Board when it declares the Distribution (the "Common Stock Distribution Ratio"), and (y) each Record Holder of Vishay Class B Common Stock will be entitled to receive in the Distribution a number of shares of VPG Class B Common Stock equal to the number of shares of Vishay Class B Common Stock held by such Record Holder on the Record Date multiplied by the distribution ratio to be determined by the Vishay Board when it declares the Distribution (the "Class B Common Stock Distribution Ratio"). The Vishay Board shall have the right to adjust the Common Stock Distribution Ratio and/or the Class B Common Stock Distribution Ratio at any time prior to the Distribution.

(iv) As promptly as practicable after the Distribution Date, the Registrar and Transfer Agent will send to each Record Holder, at the address of such Record Holder as it appears on the books and records of the registrar and transfer agent for the Vishay common stock and the Vishay Class B common stock, as the case may be, an account statement showing the number of shares of VPG common stock and VPG Class B common stock held by such Record Holder as of the Distribution Date.

(v) Vishay and VPG, as the case may be, will provide to the Agent and the Registrar and Transfer Agent all authorizations and other documentation and any Information required in order to complete the Distribution on the basis set forth in this Section 3.5. No action will be necessary for any Record Holder of Vishay to receive VPG common stock and/or VPG Class B Common Stock, as applicable, or cash in lieu of fractional shares in the Distribution.

(d) Fractional Shares. No fractional shares of VPG common stock or VPG Class B common stock will be issued. Instead, Record Holders will receive cash in lieu of any fractional shares, in accordance with the following procedures.

(i) Vishay shall direct the Agent to determine the number of fractional shares of VPG common stock and VPG Class B Common Stock allocable to each Record Holder of Vishay common stock and Vishay Class B Common Stock, as applicable.

(ii) The Agent shall aggregate all fraction shares of VPG common stock and sell the whole shares obtained thereby in open market transactions or otherwise as soon as practicable on or after the Distribution Date at then prevailing trading prices and shall cause to be distributed to each Record Holder of Vishay common stock, in lieu of any fractional share of VPG common stock, such Record Holder's ratable share of the proceeds of such sale. Solely for purposes of computing fractional share interests pursuant to this Section 3.5(d)(ii), the beneficial owner of Vishay Stock held of record in the name of a nominee in any nominee account, if and to the extent Vishay is advised in writing of such nominee relationship prior to the Distribution Date, shall be treated as the Record Holder with respect to such shares.

(iii) Vishay shall cause to be delivered to the Agent cash in an amount equal to the total of all fractional shares of VPG Class B common stock multiplied by the amount of cash per share of VPG common stock distributed to Record Holders of Vishay common stock in lieu of fractional shares. The Agent shall cause to be distributed to each Record Holder of Vishay Class B common stock, in lieu of any fractional share of VPG Class B common stock, such holder's ratable share of the cash provided by Vishay.

(iv) All cash in lieu of fractional shares shall be delivered to the Record Holders by check delivered to the address of such holder as it appears on the books and records of the registrar and transfer agent for the Vishay common stock and the Vishay Class B common stock, as the case may be, or by such other means as the Record Holder and the Agent shall agree.

ARTICLE IV

ADDITIONAL COVENANTS, FURTHER ASSURANCES AND OTHER MATTERS

Section 4.1 Provision of Corporate Records. Prior to or as promptly as practicable after the Distribution Date, each of Vishay and VPG shall deliver or make available to the other all corporate books and records of the other Group in its possession, and complete and accurate copies of all relevant portions of all corporate books and records of the Vishay Group relating directly and primarily to the other's Business (and, in the case of VPG, relating to the Separated Assets or the Assumed Liabilities), including, in each case, all active agreements, active litigation files, government filings and returns or reports relating to Taxes for all open periods. Subject to Section 4.5 and Section 4.6, each party may retain complete and accurate copies of such books and records. From and after the Distribution Date, all such books, records and copies shall be the property of the other party. The costs and expenses incurred in the provision of records or other Information to a party shall be paid for by the receiving party, or as the parties shall otherwise agree.

Section 4.2 Further Assurance.

(a) In addition to the actions specifically provided for elsewhere in this Agreement (such as Section 2.7 and Section 2.11(a)), Vishay and VPG agree to execute or cause to be executed by the appropriate parties and deliver, as appropriate, such other agreements, instruments and other documents as may be necessary or desirable in order to effect the purposes of this Agreement and the Ancillary Agreements.

(b) Without limiting the generality of the foregoing, at the request of VPG, and without further consideration, Vishay will execute and deliver, and will cause the applicable members of the Vishay Group to execute and deliver, to VPG and the applicable members of the VPG Group such other instruments of transfer, conveyance, assignment, substitution, confirmation or other documents and take such action as VPG may reasonably deem necessary or desirable in order to more effectively transfer, convey and assign to VPG and the applicable members of the VPG Group and confirm VPG's and the applicable members' of the VPG Group title to all of the assets, rights and other things of value contemplated to be transferred to VPG and the applicable members of the VPG Group pursuant to this Agreement, the Ancillary Agreements, and any documents referred to herein or therein, to put VPG and the applicable members of the VPG Group in actual possession and operating control thereof and to permit VPG and the applicable members of the VPG Group to exercise all rights with respect thereto (including, without limitation, rights under Contracts and other arrangements as to which the consent of any third party to the transfer thereof shall not have previously been obtained). Without limiting the generality of the foregoing, at the request of Vishay and without further consideration, VPG will execute and deliver, and will cause the applicable members of the VPG Group to execute and deliver, to Vishay and the applicable members of the Vishay Group all instruments, assumptions, novations, undertakings, substitutions or other documents and take such other action as Vishay may reasonably deem necessary or desirable in order to have VPG and the applicable members of the VPG Group fully and unconditionally assume and discharge the liabilities contemplated to be assumed by VPG and the applicable members of the VPG Group under this Agreement, any Ancillary Agreement or any document in connection herewith or therewith and to relieve the Vishay and the applicable members of the Vishay Group of any liability or obligation with respect thereto and evidence the same to third parties.

(c) Neither Vishay nor VPG shall be obligated, in connection with this Section 4.2, to expend money other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, unless reimbursed by the other party.

(d) Furthermore, each party, at the request of the other party, shall execute and deliver such other instruments and do and perform such other acts and things as may be necessary or desirable for effecting completely the consummation of the transactions contemplated hereby.

Section 4.3 Agreement For Exchange Of Information.

(a) Generally. Each of Vishay and VPG, on behalf of its respective Group, agrees to provide, or cause to be provided, to the other party's Group and its authorized accountants, counsel and other designated representatives, at any time after the Distribution Date, reasonable access during normal business hours and as soon as reasonably practicable after written request therefor, (i) all Information regularly provided by such respective Group to the other Group prior to the Distribution Date, and (ii) any Information in the possession or under the control of such respective Group that the requesting party reasonably needs (A) to comply with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities and tax laws) by a Governmental Authority having jurisdiction over the requesting party, (B) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation or other similar requirements, in each case, other than claims or allegations that one party to this Agreement has against the other, (C) to comply with its obligations under this Agreement or any Ancillary Agreement, (D) to comply with reporting, filing and disclosure obligations, (E) for the preparation of financial statements or completing an audit, (F) for use in compensation, benefit or welfare plan administration or other bona fide business purposes or (G) for the conduct of the ongoing businesses of Vishay or VPG, as the case may be; provided, however, that in the event that either Vishay or VPG determines that any such provision of or access to Information would be commercially detrimental in any material respect, violate any Applicable Law or agreement or waive any Privilege, the parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence and shall comply with the applicable provisions of this Agreement. Each of Vishay and VPG agree to make their respective personnel available during normal business hours to discuss the Information exchanged pursuant to this Section 4.3 provided, that such access does not interfere with the day-to-day operations of the applicable party.

(b) Financial Information. Without limiting the generality of Section 4.3(a), until the end of the first full VPG fiscal year occurring after the Distribution Date (and for a reasonable period of time afterwards as required for each party to prepare consolidated financial statements or complete a financial statement audit for the fiscal year during which the Distribution Date occurs), each party shall use its commercially reasonable efforts, to cooperate with the other party's Information requests to enable the other party to meet its timetable for dissemination (in accordance with applicable securities laws) of its earnings releases and financial statements and to enable such other party's auditors to timely complete their audit of the annual financial statements and review of the quarterly financial statements of such party.

(c) Ownership of Information. Any Information owned by a party that is provided to the other party pursuant to this Section 4.3 shall be deemed to remain the property of the party that owned and provided such Information. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or ownership in any Information owned by one party hereunder to the other party hereunder.

(d) Record Retention. Except with respect to Information for which a different retention policy is specified in an Ancillary Agreement, to facilitate the exchange of Information contemplated by this Section 4.3 and other provisions of this Agreement after the Distribution Date, each party agrees to, and to use its reasonable best efforts to cause the members of its Group to, retain all Information related to the MGF Business in their respective possession or control on the Distribution Date in accordance with the record retention and destruction policies of the applicable Business, as in effect immediately prior to the Distribution Date or such other policies and procedures as may reasonably be adopted by the applicable party after the Distribution Date as provided herein. No party will destroy, or permit any member of its Group to destroy, any Information which the other party may have the right to obtain pursuant to this Agreement without first notifying the other party of the proposed destruction and giving the other party the opportunity to take possession of such Information prior to such destruction; provided, however, that no party will destroy, or permit any member of its Group to destroy, any Information required to be retained by Applicable Law.

(e) Limitation of Liability. Each party will use its reasonable best efforts to ensure that Information provided to the other party is accurate and complete; provided, however, that, except as otherwise provided in any Ancillary Agreement, in the absence of gross negligence or willful misconduct by the party providing such Information, no party shall have any liability to any other party in the event that any Information exchanged or provided pursuant to this Section 4.3 is found to be inaccurate. No party shall have any liability to the other party if any Information is destroyed after commercially reasonable efforts by such party to comply with the provision of this Section 4.3.

(f) Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Section 4.3 are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in this Agreement and any Ancillary Agreement.

(g) Compensation for Providing Information. The party requesting Information agrees to reimburse the other party for the reasonable out-of-pocket costs and expenses, if any, of creating, gathering and copying such Information, to the extent that such costs and expenses are incurred for the benefit of the requesting party.

Section 4.4 Production of Witnesses; Records; Cooperation.

(a) Subject to Section 4.6, after the Distribution Date, except in the case of any Action by one or more members of one Group against one or more members of the other Group, each party shall use its reasonable best efforts to make available to the other party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting party shall reimburse the other party for its reasonable out-of-pocket cost and expenses in connection with requests made under this Section 4.4.

(b) Without limiting the foregoing but subject to Section 4.6, the parties shall cooperate and consult to the extent reasonably necessary with respect to any Action, except in the case of an adversarial Action by one or more members of one Group against one or more members of the other Group.

Section 4.5 Confidentiality.

(a) Subject to Section 4.6, which shall govern Privileged Information, from and after the Distribution Date, Vishay and VPG shall hold and shall cause each member of their respective Groups to hold, and shall each cause their respective directors, officers, employees, agents, consultants, advisors and other representatives to hold, in strict confidence and not to disclose or release without the prior written consent of the other party, any and all Confidential Information of the other party's Group; provided, that each party may disclose, or may permit disclosure of, Confidential Information (i) to its respective auditors, attorneys, financial advisors, bankers and other appropriate consultants and advisors who have a need to know such Confidential Information and are informed of such party's obligation to hold such Information confidential to the same extent as is applicable to the parties and in respect of whose failure to comply with such obligations, VPG or Vishay, as the case may be, will be responsible, (ii) if such party or any of the members of such party's respective Group is compelled to disclose any such Information by judicial or administrative process or, in the opinion of independent legal counsel, by other requirements of Applicable Law, (iii) if any such Information is or becomes generally available to the public other than as a result of a disclosure in violation of this Agreement or (iv) if such Information was or becomes available to either VPG or Vishay or any member of their respective Group on a non-confidential basis and from a source (other than a party to this Agreement or any Affiliate, director, officer, employee, agent, consultant, advisor and other representative of such party) that is not known after actual inquiry to be bound by a confidentiality obligation. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to clause (ii) above, Vishay or VPG, as the case may be, shall promptly notify the other of the existence of such request or demand and shall provide the other a reasonable opportunity to seek an appropriate confidentiality agreement, protective order or other remedy at the reasonable cost and expense of the disclosing party and which both parties will cooperate in obtaining. In the event that such appropriate protective order or other remedy is not obtained, the party whose Confidential Information is required to be disclosed shall, or shall cause to be, furnished, only that portion of the Confidential Information that is legally required to be disclosed.

(b) Notwithstanding anything herein to the contrary, Vishay and the members of its Group, on the one hand, and VPG and the members of its Group, on the other hand, shall be deemed to have satisfied their obligations hereunder with respect to Confidential Information if they exercise the same degree of care (but no less than a reasonable degree of care) as they take to preserve confidentiality for their own similar Information.

(c) Nothing in this Agreement shall be construed to limit or prohibit either party from independently creating or developing (or having created or developed for it), or from acquiring from third parties, any Information similar to or competitive with the Information contemplated by or embodied in the other party's Confidential Information, provided that in connection with such creation, development or acquisition such party does not violate any of its obligations under this Agreement, any Ancillary Agreement or any other agreement with the other party. Notwithstanding the foregoing, neither party shall, nor shall it assist others to, disassemble, decompile, reverse engineer, or otherwise attempt to recreate, the other party's Confidential Information.

Section 4.6 Privileged Matters.

(a) Vishay and VPG agree that their respective rights and obligations to maintain, preserve, assert or waive any or all privileges belonging to either party or the respective members of their respective Group with respect to the Vishay Business or the MGF Business, including but not limited to the attorney-client, work product privileges or any other applicable privileges (individually, a "Privilege"), shall be governed by the provisions of this Section 4.6. With respect to Privileged Information of Vishay, Vishay shall have sole authority in perpetuity to determine whether to assert or waive any or all Privileges, and VPG shall take no action (nor permit any member of its Group to take action) without the prior written consent of Vishay that could result in any waiver of any Privilege that could be asserted by Vishay or any member of its Group under Applicable Law and this Agreement. With respect to Privileged Information of VPG, VPG shall have sole authority in perpetuity to determine whether to assert or waive any or all Privileges, and Vishay shall take no action (nor permit any member of its Group to take action) without the prior written consent of VPG that could result in any waiver of any Privilege that could be asserted by VPG or any member of its Group under Applicable Law and this Agreement. The rights and obligations created by this Section 4.6 shall apply to all Information ("Privileged Information") as to which Vishay or VPG or their respective Groups would be entitled to assert or have asserted a Privilege without regard to the effect, if any, of the Separation and the Distribution. Privileged Information of Vishay and its Group includes but is not limited to (w) any and all Information satisfying the criteria of the preceding sentence regarding the Vishay Business and its Group (other than Information satisfying the criteria of the preceding sentence relating to the MGF Business ("VPG Information")), whether or not such Information (other than VPG Information) is in the possession of VPG or any member of its Group; and (x) all communications subject to a Privilege between counsel for Vishay (including any Person who, at the time of the communication, was an employee of Vishay or its Group in the capacity of in-house counsel, regardless of whether such employee is or becomes an employee of VPG or any member of its Group) and any Person who, at the time of the communication, was an employee of Vishay, regardless of whether such employee is or becomes an employee of VPG or any member of its Group. Privileged Information of VPG and its Group includes but is not limited to (x) any and all VPG Information, whether or not it is in the possession of Vishay or any member of its Group; and (y) all communications subject to a Privilege occurring after the Distribution between counsel for the MGF Business (including in-house counsel and former in-house counsel who are employees of Vishay) and any Person who, at the time of the communication, was an employee of VPG, any member of its Group or the MGF Business regardless of whether such employee was, is or becomes an employee of Vishay or any member of its Group.

(b) Upon receipt by Vishay or VPG, or any of the members of the respective Groups, as the case may be, of any subpoena, discovery or other request from any third party that actually or arguably calls for the production or disclosure of Privileged Information of the other or if Vishay or VPG, or any of members of their respective Groups, as the case may be, obtains knowledge that any current or former employee of Vishay or VPG, as the case may be, receives any subpoena, discovery or other request from any third party that actually or arguably calls for the production or disclosure of Privileged Information of the other, Vishay or VPG, as the case may be, shall promptly notify the other of the existence of the request and shall provide the other a reasonable opportunity to review the Information and to assert any rights it may have under this Section 4.6 or otherwise to prevent the production or disclosure of Privileged Information. Vishay or VPG, as the case may be, will not, and will cause the members of their respective Groups to not, produce or disclose to any third party any of the other's Privileged Information under this Section 4.6 unless (i) the non-disclosing party has provided its express written consent to such production or disclosure or (ii) a court of competent jurisdiction has entered an order not subject to interlocutory appeal or review (or for which the period for appeal or review has lapsed) finding that the Information is not entitled to protection from disclosure under any applicable privilege, doctrine or rule, in which case, such Information shall be subject to Section 4.5.

(c) Vishay's transfer of books and records pertaining to the MGF Business and other Information to VPG, Vishay's agreement to permit VPG to obtain Information existing prior to the Distribution, VPG's transfer of books and records pertaining to the Vishay Business, if any, and other Information to Vishay and VPG's agreement to permit Vishay to obtain Information existing prior to the Distribution are made in reliance on Vishay's and VPG's respective agreements, as set forth in Section 4.5 and this Section 4.6, to maintain the confidentiality of such Information and to take the steps provided herein for the preservation of all Privileges that may belong to or be asserted by Vishay or VPG, as the case may be. The access to Information, witnesses and individuals being granted pursuant to Sections 4.3 and 4.4 and the disclosure to VPG and Vishay of Privileged Information relating to the MGF Business or the Vishay Business pursuant to this Agreement in connection with the Separation and Distribution shall not be asserted by Vishay or VPG to constitute, or otherwise deemed, a waiver of any Privilege that has been or may be asserted under this Section 4.6 or otherwise. Nothing in this Agreement shall operate to reduce, minimize or condition the rights granted to Vishay and VPG in, or the obligations imposed upon Vishay and VPG by, this Section 4.6.

Section 4.7 Cooperation with Respect to Know-how. Neither party shall knowingly utilize or incorporate into its products or services the confidential know-how or other proprietary technical information of the other party without the express, prior written consent of the other party. The parties agree that if a party reasonably believes that the other party has or may have an interest or expectation of ownership in know-how or other technical information that has come to the attention of the personnel of the first party and that the first party proposes to utilize in its products, services or other aspects of its business, the first party shall bring this to the attention of the other party. Thereafter, the parties shall discuss in good faith the use of such know-how or other technical information to determine whether such information is the exclusive property of one of the parties or if it is information in which both parties have an interest or expectation of ownership. If it is determined that the know-how or other technical information is the exclusive property of one of the parties, the other party may request a license to utilize such information for development of or incorporation into its products and services or in other aspects of its business. In such case, the other party shall in good faith consider the request for a license, including the financial arrangements and other terms that the first party proposes for such a license. Nothing, however, shall require a party to enter into such a license or to act against its commercial interests as determined by such party. For the purpose of the discussions contemplated by this Section 4.7, each party shall at all times designate by notice to the other party one or more individuals at a level equal to or above divisional P&L leader who shall be available to engage in such discussions at the request of the other party.

Section 4.8 VPG Exchangeable Notes and VPG Warrants; Registration. VPG agrees to take the following actions:

(a) Issue notes exchangeable for shares of VPG common stock (the "VPG Exchangeable Notes") to such Persons, in such amounts, upon such terms and at such time as required by that certain Put and Call Agreement dated as of December 13, 2002, by and between Vishay and each of the holders of the Notes due December 31, 2102 issued by Vishay.

(b) Issue warrants to acquire VPG common stock (the "VPG Warrants") to such Persons, in such amounts, upon such terms and at such time as required by that certain Warrant Agreement dated as of December 13, 2002, by and between Vishay and American Stock Transfer and Trust Company.

(c) Register the shares of VPG common stock issuable upon (i) exchange of the VPG Exchangeable Notes or (ii) exercise of the VPG Warrants, on a resale registration statement on such terms and within such time periods as required by that certain Securities Investment and Registration Rights Agreement dated as of December 13, 2002, by and among Vishay, Phoenix Acquisition Company S.a.r.l., Phoenix Bermuda, LP and certain other persons as set forth therein.

Section 4.9 Tax Matters. All matters relating to Taxes shall be governed exclusively by the Tax Matters Agreement, except as may be expressly stated herein or therein. In the event of any inconsistency with respect to such matters between the Tax Matters Agreement and this Agreement or any other Ancillary Agreement, the Tax Matters Agreement shall govern to the extent of the inconsistency.

Section 4.10 Employee Matters. All matters relating to or arising out of any employee benefit, compensation or welfare arrangement in respect of any present and former employee of the Vishay Group or the VPG Group shall be governed by the Employee Matters Agreement. In the event of any inconsistency with respect to such matters between the Employee Matters Agreement and this Agreement or any Ancillary Agreement, the Employee Matters Agreement shall govern to the extent of the inconsistency; provided, however, that notwithstanding anything to the contrary herein or in the Employee Matters Agreement, for the period from and after the Distribution Date, Vishay shall have no responsibility for the compensation or benefits of any of the executives or other employees of VPG, including those who were employed by Vishay prior to the Separation.

Section 4.11 Intellectual Property. All matters relating to the ownership and right to use Intellectual Property shall be governed exclusively by the License Agreements, as applicable, except as may be expressly stated herein or therein. In the event of any inconsistency with respect to such matters between a particular License Agreement and this Agreement or any Ancillary Agreement, such particular License Agreement shall govern to the extent of the inconsistency.

Section 4.12 Services Support. All matters relating to the provision of support and other services by one Group to the other Group after the Effective Time, covered by the Transition Services Agreements, shall be governed exclusively by the respective Transition Services Agreements, except as may be expressly stated herein or therein. In the event of any inconsistency with respect to such matters between a particular Transition Services Agreement and this Agreement or any other Ancillary Agreement, such particular Transition Services Agreement shall govern to the extent of the inconsistency.

Section 4.13 Real Property. All matters relating to real property to be leased, subleased, occupied, or shared either Group after the Effective Time shall be governed by the Lease Agreements, except as may be expressly stated herein or therein. In the event of any inconsistency with respect to such matters between a particular Lease Agreements and this Agreement or any Ancillary Agreement, such particular Lease Agreement shall govern to the extent of the inconsistency.

ARTICLE V

SURVIVAL AND INDEMNIFICATION

Section 5.1 Mutual Release.

(a) Effective as of the Distribution Date and except as otherwise specifically set forth in the Ancillary Agreements, each of Vishay, on behalf of itself and each member of the Vishay Group, on the one hand, and VPG, on behalf of itself and each member of the VPG Group, on the other hand, hereby unequivocally, unconditionally and irrevocably releases and forever discharges the other party and the members of such party's Group, and its and their respective current and former directors, officers, managers or other Persons acting in a similar capacity, agents, record and beneficial security holders (including trustees and beneficiaries of trusts holding such securities), advisors, accountants, attorneys and other representatives (in each case, in their respective capacities as such) and their respective heirs, executors, administrators, successors and assigns, of and from, all Liabilities whatsoever of every name and nature, whether at law or in equity (including any right of contribution), whether arising under any Contract, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Date, whether or not known on the Distribution Date, whether fixed or contingent, and whether or not concealed or hidden, including in connection with the transactions and all other activities to implement the Separation and the Distributions.

(b) Nothing contained in Section 5.1(a) shall impair any right of any party (or any of the respective members of such party's Group) to enforce this Agreement, any Ancillary Agreement or any other Contracts that are contemplated by Section 2.11(b) or the applicable Schedules thereto, nor shall anything contained in those sections be interpreted as terminating as of the Distribution Date any rights under any such Contracts. For purposes of clarification, nothing contained in Section 5.1(a) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any member of the Vishay Group or the VPG Group that is specified in Section 2.11(b) or the applicable Schedules thereto as not to terminate as of the Distribution Date, or any other Liability specified in such Section 2.11(b) as not to terminate as of the Distribution Date;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of any other Group prior to the Distribution Date;

(iv) any Liability for unpaid amounts for products or services or refunds owing on products or services due on a value-received basis for work done by a member of one Group at the request or on behalf of a member of another Group;

(v) any Liability that the parties may have with respect to indemnification or contribution pursuant to this Agreement for claims brought against the parties by third Persons, which Liability shall be governed by the provisions of this Article V and Article VI and, if applicable, the appropriate provisions of the Ancillary Agreements; or

(vi) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 5.1.

In addition, nothing contained in Section 5.1(a) shall release any party from honoring its existing obligations to indemnify any director, officer or employee of either Group who was a director, officer or employee of such party on or prior to the Distribution Date, to the extent that such director, officer or employee becomes a named defendant in any litigation involving such party and was entitled to such indemnification pursuant to then existing obligations.

(c) Neither Vishay nor VPG shall make, nor shall either permit any other member of its Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against the other or any member of the other Group or any other Person released pursuant to Section 5.1(a), with respect to any Liabilities released pursuant to Section 5.1(a).

(d) It is the intent of Vishay and VPG by virtue of the provisions of this Section 5.1 to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Distribution Date, between or among Vishay or any member of the Vishay Group, on the one hand, and VPG or any member of the VPG Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Distribution Date), except as expressly set forth in Section 5.1(b). At any time, at the request of any other party, each party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

Section 5.2 Indemnification by Vishay. Vishay shall indemnify, defend and hold harmless VPG, each member of the VPG Group and each of their respective current and former directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "VPG Indemnified Parties"), from and against any and all Liabilities of VPG Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of Vishay or any other member of the Vishay Group or any other Person to pay, perform or otherwise promptly discharge any Liabilities of the Vishay Group other than the Assumed Liabilities whether prior to or after the date hereof;

(b) the conduct of the Vishay Business;

(c) any Liability of the Vishay Group (including the Excluded Assumed Liabilities) other than the Assumed Liabilities;

(d) any Environmental Liabilities under Section 2.5(b)(v);

(e) any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of, this Agreement or any Ancillary Agreements, by Vishay or any member of the Vishay Group; and

(f) any untrue statement or alleged untrue statement of material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent relating to Vishay Group contained in the Form 10 Registration Statement, the Information Statement or any other registration statements filed by VPG or Vishay in connection with the Distribution.

Section 5.3 Indemnification by VPG. VPG shall indemnify defend and hold harmless Vishay, each member of the Vishay Group and each of their respective current and former directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Vishay Indemnified Parties") from and against any and all Liabilities of the Vishay Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of VPG or any other member of the VPG Group or any other Person to pay, perform or otherwise promptly discharge any Assumed Liabilities in accordance with their respective terms, whether prior to or after the date hereof;

(b) the conduct of the MGF Business;

(c) any Assumed Liability;

(d) any Environmental Liabilities under Section 2.5(a)(v);

(e) any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of, this Agreement or any Ancillary Agreements, by VPG or any member of the VPG Group; and

(f) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent relating to the VPG Group contained in the Form 10 Registration Statement, the Information Statement or any other registration statements filed by VPG in connection with the Distribution.

Section 5.4 Tax Indemnification. Notwithstanding anything herein to the contrary, indemnification for matters subject to the Tax Matters Agreement shall be governed by the terms, provisions and procedures of the Tax Matters Agreement and not by this Article V.

Section 5.5 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The parties intend that any Liability subject to indemnification or reimbursement pursuant to this Article V or Article VI will be net of Insurance Proceeds that actually reduce the amount of the Liability. Accordingly, the amount which any party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification hereunder (an "Indemnified Party") will be reduced by any Insurance Proceeds theretofore actually received, realized or recovered by or on behalf of the Indemnified Party in reduction of the related Liability. If an Indemnified Party receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds that actually reduce the amount of the Liability, then the Indemnified Party will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) In the case of any Shared Contingent Liability, any Insurance Proceeds actually received, realized or recovered by any party in respect of the Shared Contingent Liability will be shared among the parties in such manner as may be necessary so that the obligations of the parties for such Shared Contingent Liability, net of such Insurance Proceeds, will remain in proportion to their respective Shared Percentages, regardless of which party or parties may actually receive, realize or recover such Insurance Proceeds.

(c) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "wind-fall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Nothing contained in this Agreement or in any Ancillary Agreement shall obligate any member of any Group to seek to collect or recover any Insurance Proceeds; provided, that such member is capable of fulfilling and meeting any of its obligations as an Indemnifying Party under this Agreement (including, but not limited to the ability to make a full payment on any indemnification obligation).

Section 5.6 Procedures for Indemnification of Third Party Claims.

(a) If an Indemnified Party shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Vishay Group or the VPG Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnified Party pursuant to Section 5.2 or Section 5.3 or any other section of this Agreement or any Ancillary Agreement, such Indemnified Party shall give such Indemnifying Party written notice thereof within twenty (20) days after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. If any Person shall receive notice or otherwise learn of the assertion of a Third Party Claim which may reasonably be determined to be a Shared Contingent Liability, such Person shall give the other party to this Agreement written notice thereof within twenty (20) days after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnified Party or other Person to give notice as provided in this Section 5.6(a) shall not relieve the related Indemnifying Party of its obligations under this Article V, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) If the Indemnifying Party receiving any notice pursuant to Section 5.6(a) or the Indemnified Party believes that the Third Party Claim is or may be a Shared Contingent Liability, such party may make a Determination Request with respect thereto. Vishay shall be entitled (but not obligated) to assume the defense of such Third Party Claim as if it were the Indemnifying Party hereunder until a determination on whether such Third Party Claim is a Shared Contingent Liability. In any such event, Vishay shall be entitled to reimbursement of all the costs and expenses of such defense once a final determination or acknowledgment is made as to the status of the Third Party Claim; provided, that, if such Third Party Claim is determined to be a Shared Contingent Liability, such costs and expenses shall be shared as provided in Section 5.6(c). If it is determined by the parties or the Contingent Claim Committee that the Third Party Claim is a Shared Contingent Liability, the Indemnifying Party determined to have a majority of the Shared Percentage of such Shared Contingent Liability shall assume the defense of such Third Party Claim; provided, that such Indemnifying Party is solvent. If the Indemnifying Party with a majority of the Shared Contingent Liability is insolvent, the Indemnifying Party with less than a majority of the Shared Contingent Liability shall be entitled (but not obligated) to assume the defense of such Third Party Claim.

(c) The costs and expenses of assuming the defense of any Third Party Claim that is a Shared Contingent Liability (subject to Section 5.6(b)), and/or seeking to settle or compromise (subject to Section 5.6(g)) shall be included in the calculation of the amount of the applicable Shared Contingent Liability in determining the reimbursement obligations of the other parties with respect thereto pursuant to Section 6.3. Any Indemnified Party in respect of a Shared Contingent Liability shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but all fees and expenses of such counsel shall be the expense of such Indemnified Party.

(d) Other than in the case of a Shared Contingent Liability, an Indemnifying Party may elect to defend (and, unless the Indemnifying Party has specified any reservations or exceptions, to seek to settle or compromise), at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third Party Claim. Within thirty (30) days after the receipt of notice from an Indemnified Party in accordance with Section 5.6 (a) (or sooner, if the nature of such Third Party Claim so requires), the Indemnifying Party shall notify the Indemnified Party of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions. After notice from an Indemnifying Party to an Indemnified Party of its election to assume the defense of a Third Party Claim, such Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnified Party.

(e) Other than in the case of a Shared Contingent Liability, if an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnified Party of its election as provided in Section 5.6(d), such Indemnified Party may defend such Third Party Claim at the cost and expense of the Indemnifying Party.

(f) Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnified Party may settle or compromise any Third Party Claim that is not a Shared Contingent Liability without the consent of the Indemnifying Party. No Indemnified Party may settle or compromise any Third Party Claim that is a Shared Contingent Liability without the consent of the Indemnifying Party that is entitled to or has assumed the defense of such Third Party Claim.

(g) In the case of a Third Party Claim that is not a Shared Contingent Liability, no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third Party Claim without the consent of the Indemnified Party if the effect thereof is to permit any injunction, declaratory judgment, other order or other nonmonetary relief to be entered, directly or indirectly against any Indemnified Party. In the case of a Third Party Claim that is a Shared Contingent Liability, the Indemnifying Party that has assumed the defense of such Third Party Claim shall not consent to entry of any judgment or enter into any settlement of the Third Party Claim without the consent of the Indemnified Party if the effect thereof is to permit any injunction, declaratory judgment, other order or other nonmonetary relief to be entered, directly or indirectly, against any Indemnified Party; provided, however, the Indemnifying Party shall not need to obtain the consent of the Indemnified Party if the Indemnified Party is insolvent.

Section 5.7 Procedures for Indemnification of Direct Claims. Any claim for indemnification made directly by the Indemnified Party against the Indemnifying Party that does not result from a Third Party Claim shall be asserted by written notice from the Indemnified Party to the Indemnifying Party specifically claiming indemnification hereunder. Such Indemnifying Party shall have a period of forty-five (45) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such forty-five (45) day period, such Indemnifying Party shall be deemed to have accepted responsibility to make payment and shall have no further right to contest the validity of such claim. If such Indemnifying Party does respond within such forty-five (45) day period and rejects such claim in whole or in part, such Indemnified Party shall be free to pursue resolution as provided in Article VIII.

Section 5.8 Payments. The Indemnifying Party shall pay all amounts payable pursuant to this Article V by wire transfer of immediately available funds, promptly following receipt from an Indemnified Party of a statement therefor, together with all accompanying reasonably detailed backup documentation, for a Liability that is the subject of indemnification hereunder, unless the Indemnifying Party in good faith disputes the Liability, in which event it shall so notify the Indemnified Party. In any event, the Indemnifying Party shall pay to the Indemnified Party, by wire transfer of immediately available funds, the amount of any Liability for which it is liable hereunder no later than ten (10) Business Days following any final determination of such Liability and the Indemnifying Party's liability therefor. A "final determination" shall exist when (a) the parties to the dispute have reached an agreement in writing, (b) a court of competent jurisdiction shall have entered a final and non-appealable order or judgment or (c) an arbitration or like panel shall have rendered a final non-appealable determination with respect to disputes the parties have agreed to submit thereto.

Section 5.9 Contribution. If the indemnification provided for in this Article V shall, for any reason, be unavailable or insufficient to hold harmless an Indemnified Party hereunder in respect of any Liability, then the Indemnifying Party shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such Liability, in such proportion as shall be sufficient to place the Indemnified Party in the same position as if such Indemnified Party were indemnified hereunder, the parties intending that their respective contributions hereunder be as close as possible to the indemnification under Section 5.2 and Section 5.3. If the contribution provided for in the previous sentence shall, for any reason, be unavailable or insufficient to put the Indemnified Party in the same position as if it were indemnified under Section 5.2 or Section 5.3, as the case may be, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liability, in such proportion as shall be appropriate to reflect the relative benefits received by and the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other hand with respect to the matter giving rise to the Liability.

Section 5.10 Remedies Cumulative. The rights and remedies provided in this Article V shall be cumulative and, subject to the provisions of Article VIII, shall not preclude assertion by any Indemnified Party of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 5.11 Survival of Indemnities. The rights and obligations of each of Vishay and VPG and their respective Indemnified Parties under this Article V shall survive the distribution, sale or other transfer by any party of any Assets or the delegation or assignment by it of any Liabilities.

ARTICLE VI

CONTINGENT GAINS AND CONTINGENT LIABILITIES

Section 6.1 Contingent Gains.

(a) Each of Vishay and VPG shall have the sole and exclusive right to any benefit received with respect to any Exclusive Vishay Contingent Gain and any Exclusive VPG Contingent Gain, respectively. Each of Vishay and VPG shall have the sole and exclusive authority to commence, prosecute, settle, manage, control, conduct, waive, forego, release, discharge, forgive and otherwise determine all matters whatsoever with respect to any such Exclusive Vishay Contingent Gain or Exclusive VPG Contingent Gain, as the case may be.

(b) Any benefit that may be received from any Shared Contingent Gain shall be shared between Vishay and VPG in proportion to the Shared Vishay Percentage and the Shared VPG Percentage, respectively, and shall be paid in accordance with Section 6.4. If it is determined by the parties or the Contingent Claim Committee that a Contingent Gain is a Shared Contingent Gain, the party determined to have a majority of the Shared Percentage of such Shared Contingent Gain shall have the sole and exclusive authority to commence, prosecute, settle, manage, control, conduct, waive, forgo, release, discharge, forgive and otherwise determine all matters whatsoever with respect to such Shared Contingent Gain. The party with a minority interest in such Shared Contingent Gain shall not take, or permit any member of its Group to take, any action (including commencing any Action) that would interfere with such rights and powers of the other party. The party with a majority of the Shared Percentage of such Shared Contingent Gain shall use its reasonable best efforts to notify the other party in the event that it commences an Action with respect to a Shared Contingent Gain; provided, that the failure to provide such notice shall not give rise to any rights on the part of the other party against such party or affect any other provision of this Section 6.1. The party with a majority of the Shared Percentage of such Shared Contingent Gain may elect not to pursue any Shared Contingent Gain for any reason whatsoever (including a different assessment of the merits of any Action, claim or right than the other party or any business reasons that are in the best interests of such party or a member of such party's Group, without regard to the best interests of any member of the other Group) and no member of the Group with a majority interest in such Shared Contingent Gain shall have any liability to any Person (including any member of the other Group) as a result of any such determination.

(c) In the event of any dispute as to whether any claim or right is a Contingent Gain or whether any Contingent Gain is a Shared Contingent Gain, an Exclusive Vishay Contingent Gain or an Exclusive VPG Contingent Gain, Vishay may, but shall not be obligated to, commence prosecution or other assertion of such claim or right pending resolution of such dispute. In the event that Vishay commences any such prosecution or assertion and, upon resolution of the dispute, it is determined hereunder that VPG has the exclusive right to such claim or right, Vishay shall, promptly upon the request of VPG, discontinue the prosecution or assertion of such right or claim and transfer the control thereof to VPG. In such event, VPG will reimburse Vishay for all costs and expenses, reasonably incurred prior to resolution of such dispute in the prosecution or assertion of such claim or right.

Section 6.2 Exclusive Contingent Liabilities. Each Exclusive Contingent Liability shall constitute a Liability for which indemnification is provided by Vishay or VPG, as the case may be, pursuant to Article V and shall be subject to the procedures set forth in Article V with respect thereto.

Section 6.3 Shared Contingent Liabilities.

(a) As set forth in Section 5.6(c) and subject to Section 5.6(g), any Third Party Claim that is a Shared Contingent Liability, and the costs and expenses thereof, shall be included in the calculation of the amount of the applicable Shared Contingent Liability in determining the reimbursement obligations of the other parties with respect thereto pursuant to this Section 6.3.

(b) Each of Vishay and VPG shall be responsible for its Shared Percentage of any Shared Contingent Liability. It shall not be a defense to any obligation by any party to pay any amount in respect of any Shared Contingent Liability that such party was not consulted in the defense thereof, that such party's views or opinions as to the conduct of such defense were not accepted or adopted, that such party does not approve of the quality or manner of the defense thereof or that such Shared Contingent Liability was incurred by reason of a settlement rather than by a judgment or other determination of liability (even if, subject to Section 5.6(g), such settlement was effected without the consent or over the objection of such party).

Section 6.4 Payments. Any amount owed in respect of (i) any Shared Contingent Liabilities (including reimbursement for the cost or expense of defense of any Third Party Claim that is a Shared Contingent Liability), or (ii) any Shared Contingent Gains (including reimbursement for the costs or expenses to commence, prosecute or settle matters with respect to a Shared Contingent Gain), pursuant to this Article VI shall be remitted promptly after the party entitled to such amount provides an invoice (including reasonable supporting Information with respect thereto) to the party owing such amount.

Section 6.5 Procedures to Determine Status of Contingent Liability or Contingent Gain.

(a) With respect to any other matters not set forth on Schedules to this Agreement (regardless of whether such matters are currently pending but not set forth on such Schedules or are asserted or filed hereafter), Vishay and VPG will form the Contingent Claim Committee for (x) the purpose of resolving whether:

(i) any claim or right is a Contingent Gain;

(ii) any Contingent Gain is a Shared Contingent Gain, an Exclusive Vishay Contingent Gain or an Exclusive VPG Contingent Gain;

(iii) any Liability is a Contingent Liability; or

(iv) any Contingent Liability is a Shared Contingent Liability, an Exclusive Vishay Contingent Liability or an Exclusive VPG Contingent Liability.

and (y) for the purpose of determining the Shared VPG Percentage and the Shared Vishay Percentage in connection with Shared Contingent Gains and Shared Contingent Liabilities.

(b) (i) The parties shall refer any Shared Contingent Gain or Shared Contingent Liability to the Contingent Claim Committee to determine the Shared VPG Percentage and the Shared Vishay Percentage in connection with such Shared Contingent Gain or Shared Contingent Liability and (ii) any of the parties may refer any potential Contingent Gains or Contingent Liabilities to the Contingent Claim Committee for resolution as described in Section 6.5(a) (any such request described in clause (i) or clause (ii), a "Determination Request"). If the Contingent Claim Committee reaches a determination (which shall be made within thirty (30) days of such referral on a matter submitted to the Contingent Claim Committee by any of the parties), then that determination shall be binding on all of the parties and their respective successors and assigns. In the event that the Contingent Claim Committee cannot reach a determination as to (i) the appropriate allocation of Contingent Gains or Contingent Liabilities between the parties in connection with Shared Contingent Gains or Shared Contingent Liabilities, respectively, or (ii) as to the nature or status of any such Contingent Liabilities or Contingent Gains, within thirty (30) days after such referral, then the issue will be submitted to the respective Senior Party Representative of Vishay and VPG for determination. If the Senior Party Representatives cannot reach a determination, then the procedures set forth in Article VIII of this Agreement shall govern.

Section 6.6 Certain Case Allocation Matters. The parties agree that if any Action not set forth on Schedules to this Agreement involves separate and distinct claims that, if not joined in a single Action, would constitute separate Exclusive Contingent Liabilities of two or more parties, they will use their reasonable best efforts to segregate such separate and distinct claims so that the Liabilities associated with each such claim (including all costs and expenses) shall be treated as Exclusive Contingent Liabilities of the appropriate party and so that each party shall have the rights and obligations with respect to each such claim (including pursuant to Article V) as would have been applicable had such claims been commenced as separate Actions. Notwithstanding the foregoing provisions, this Section 6.6 shall not apply to any separate and distinct claim that is de minimis or frivolous in nature.

ARTICLE VII

INSURANCE

Section 7.1 Insurance Matters Generally.

(a) VPG does hereby, for itself and each other member of the VPG Group, agree that no member of the Vishay Group or any Vishay Indemnified Party shall have any liability whatsoever as a result of the insurance policies and practices of Vishay and its Affiliates as in effect at any time prior to the Effective Time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim, the bankruptcy or insolvency of any insurance carrier or otherwise.

(b) The Separated Assets shall include any and all Insurance Policies which are owned or maintained by or on behalf of VPG or any member of the VPG Group or which are owned or maintained by or on behalf of Vishay or any member of the Vishay Group and which relate exclusively to the MGF Business and which are by their terms assignable to VPG or any member of the VPG Group. All other Insurance Policies shall be subject to the provisions of Section 7.2.

Section 7.2 Shared Insurance Policies.

(a) Vishay agrees to use its reasonable best efforts to cause the interest and rights of VPG and the other members of the VPG Group as of the Effective Time as insureds, additional named insureds or beneficiaries or in any other capacity under occurrence-based Insurance Policies of Vishay or any other member of the Vishay Group in respect of periods prior to the Effective Time (and under claims-made policies and programs to the extent a claim has been submitted prior to the Effective Time) to survive the Effective Time for the period for which such interests and rights would have survived without regard to the transactions contemplated hereby to the extent permitted by such Insurance Policies; provided however that Vishay shall be required to maintain tail or extended coverage for the benefit of the VPG Group with respect to certain Insurance Policies in effect prior to the Effective Time as described in Schedule 1.4 and Schedule 2.5(b)(v). For the avoidance of doubt, except as otherwise provided in Schedule 1.4 or Schedule 2.5(b)(v), Vishay shall not be required to maintain any tail or extended coverage for the benefit of the VPG Group with respect to Insurance Policies in effect prior to the Effective Time.

(b) Following the Effective Time, Vishay, at its sole option, cost and expense, shall continue to administer the Insurance Policies, including on behalf of VPG and the other members of the VPG Group. Vishay's retention of the administrative responsibilities for the Insurance Policies shall not relieve VPG or any member of the VPG Group submitting any insurance claim of the responsibility to report such claim accurately, completely and in a timely manner or limit the authority of VPG or such other member of the VPG Group to settle any such insurance claim within the limits of the relevant Insurance Policy. Vishay may discharge its administrative responsibilities under this Section 7.2(b) by contracting for the provision of services by one or more independent parties.

(c) If any insurer does not promptly acknowledge insurance coverage in connection with any insured Assumed Liabilities, then, with respect to such insured Assumed Liabilities, VPG, on an as-incurred basis (i) shall advance all amounts expended by Vishay for or with respect to such insured Assumed Liabilities, including all costs and expenses in connection with the defense and settlement and in satisfaction of any judgment incurred, and amounts sufficient to cover any Liabilities required to be paid by Vishay or any member of the Vishay Group, and (ii) shall pay all costs incurred in connection with pursuing and recovering Insurance Proceeds with respect to the insured Assumed Liabilities, but, in the case of each of clauses (i) and (ii) above, only to the extent Vishay is taking action in respect therewith at the request of VPG, which shall be entitled to direct all such defense, settlement and recovery efforts, subject, however to the provisions of Article V. Any Insurance Proceeds received by Vishay or any other member of the Vishay Group after the Effective Time under such policies and programs in respect of VPG and the other members of the VPG Group shall be for the benefit of and shall promptly be paid over to VPG and the other members of the VPG Group. Notwithstanding anything herein to the contrary, neither Vishay nor any member of the Vishay Group shall be liable for the satisfaction of any claim by VPG or any member of the VPG Group out of any self-insurance program maintained by a member of the Vishay Group to the extent relating to an Assumed Liability.

(d) Except as otherwise provided in Schedule 1.4 or Schedule 2.5(b)(v), Vishay and VPG agree that the aggregate amount of any deductible paid shall be borne by the parties in the same proportion as the Insurance Proceeds received by each such party bears to the total Insurance Proceeds received under the applicable Insurance Policy, and any party that has paid more than its allocable share of the deductible shall be entitled to receive from the other party an amount such that each party will only bear its allocable share.

(e) This Agreement is not intended as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Vishay Group in respect of any insurance policy or any other contract or policy of insurance.

(f) The parties agree to use their reasonable best efforts to cooperate with respect to the insurance matters contemplated by this Agreement. In the event that both parties have insurance claims relating to the same occurrence, the parties shall jointly defend and waive any conflict necessary to the conduct of a joint defense.

(g) Nothing in this Agreement shall be deemed to restrict any member of the VPG Group from acquiring at its own expense any other insurance policy in respect of any Liabilities or covering any period.

Section 7.3 Insurance for VPG Officers & Directors. Vishay shall use its reasonable best efforts to provide insurance to those individuals who at and immediately following the Effective Time are officers, directors, employees, fiduciaries or agents of VPG and who immediately prior to the Effective Time were insured persons under the current Vishay Directors & Officers Liability Insurance Policy (such individuals, the "VPG Officers & Directors") with material terms and conditions no less favorable to the VPG Officers & Directors than is available to the officers, directors, employees, fiduciaries or agents of Vishay under the Vishay Directors & Officers Liability Insurance Policy in effect at such time, except that such insurance shall exclude coverage for wrongful acts, errors or omissions occurring after the Distribution Date.

Section 7.4 Director and Officer Indemnification. For a period of six (6) years from the Effective Time, the provisions of the Amended and Restated Certificate of Incorporation and Amended and Restated By-laws of Vishay to the extent providing for indemnification of persons who were officers, directors, employees, fiduciaries or agents immediately prior to the Effective Time shall not be amended in any manner that would adversely affect the rights of persons who at the Effective Time were directors, officers, employees, fiduciaries or agents of any member of the VPG Group, unless such modification shall be required by, and then only to the minimum extent required by, Applicable Law.

Section 7.5 VPG Insurance. Effective as of the Distribution Date, except as expressly provided herein, Vishay shall not be obligated to maintain insurance coverage with respect to the business, affairs, operations, assets or liabilities of the VPG Group, and VPG shall indemnify and hold the Vishay Group harmless from any Liabilities arising by reason of the failure of the VPG Group to maintain such insurance.

ARTICLE VIII

DISPUTE RESOLUTION

Section 8.1 Agreement to Resolve Disputes. Except as otherwise specifically provided in any Ancillary Agreement, the procedures for discussion, negotiation and dispute resolution set forth in this Article VIII shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may arise out of or relate to or arise under or in connection with this Agreement or any Ancillary Agreement, or the transactions contemplated hereby or thereby (including all actions taken in furtherance of the transactions contemplated hereby or thereby on or prior to the date hereof), or the commercial or economic relationship of the parties relating hereto or thereto, between or among any member of the Vishay Group on the one hand and the VPG Group on the other hand. Each party agrees on behalf of itself and each member of its respective Group that the procedures set forth in this Article VIII shall be the sole and exclusive remedy in connection with any dispute, controversy or claim relating to any of the foregoing matters and irrevocably waives any right to commence any Action in or before any Governmental Authority, except as otherwise required by Applicable Law.

Section 8.2 Dispute Resolution; Mediation.

(a) Either party may commence the dispute resolution process of this Section 8.2 by giving the other party written notice (a "Dispute Notice") of any controversy, claim or dispute of whatever nature arising out of or relating to or in connection with this Agreement, any Ancillary Agreement or the breach, termination, enforceability or validity thereof (a "Dispute") which has not been resolved in the normal course of business or as provided in the relevant Ancillary Agreement. The parties shall attempt in good faith to resolve any Dispute by negotiation between executives of each party ("Senior Party Representatives") who have authority to settle the Dispute and, unless discussions between the parties are already at a senior management level, who are at a higher level of management than the Persons who have direct responsibility for the administration of this Agreement or the relevant Ancillary Agreement. Within fifteen (15) days after delivery of the Dispute Notice, the receiving party shall submit to the other a written response (the "Response"). The Dispute Notice and the Response shall include (i) a statement setting forth the position of the party giving such notice and a summary of arguments supporting such position and (ii) the name and title of such party's Senior Party Representative and any other Persons who will accompany the Senior Party Representative at the meeting at which the parties will attempt to settle the Dispute. Within thirty (30) days after the delivery of the Dispute Notice, the Senior Party Representatives of both parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the Dispute. The parties shall cooperate in good faith with respect to any reasonable requests for exchanges of Information regarding the Dispute or a Response thereto.

(b) If the Dispute has not been resolved within sixty (60) days after delivery of the Dispute Notice, or if the parties fail to meet within thirty (30) days after delivery of the Dispute Notice as hereinabove provided, the parties shall make a good faith attempt to settle the Dispute by mediation pursuant to the provisions of this Section 8.2 before resorting to arbitration contemplated by Section 8.3 or any other dispute resolution procedure that may be agreed by the parties.

(c) All negotiations, conferences and discussions pursuant to this Section 8.2 shall be confidential and shall be treated as compromise and settlement negotiations. Nothing said or disclosed, nor any document produced, in the course of such negotiations, conferences and discussions that is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose in any current or future arbitration.

(d) Unless the parties agree otherwise, the mediation shall be conducted in accordance with the CPR Institute for Dispute Resolution Model Procedure for Mediation of Business Disputes in effect on the date of this Agreement by a mediator mutually selected by the parties.

(e) Within thirty (30) days after the mediator has been selected as provided above, both parties and their respective attorneys shall meet with the mediator for one (1) mediation session, it being agreed that each party representative attending such mediation session shall be a Senior Party Representative with authority to settle the Dispute. If the Dispute cannot be settled at such mediation session or at any mutually agreed continuation thereof, either party may give the other and the mediator a written notice declaring the mediation process at an end.

(f) Costs of the mediation shall be borne equally by the parties involved in the matter, except that each party shall be responsible for its own expenses.

(g) Any Dispute regarding the following matters is not required to be negotiated or mediated prior to seeking relief from an arbitrator or, if applicable, from a court pursuant to Section 10.14: (i) breach of any obligation of confidentiality or waiver of Privilege; and (ii) any other claim where interim relief is sought to prevent serious and irreparable injury to one of the parties. However, the parties to the Dispute shall make a good faith effort to negotiate and mediate such Dispute, according to the above procedures, while such arbitration is pending.

Section 8.3 Arbitration.

(a) Subject to Section 8.3(b), if for any reason a Dispute is not resolved within one hundred eighty (180) days from delivery of the Dispute Notice in accordance with the dispute resolution process described in Section 8.2, the parties agree that such Dispute shall be settled by binding arbitration before a single arbitrator under the auspices of the American Arbitration Association ("AAA") in Philadelphia, Pennsylvania pursuant to the Commercial Rules of the AAA. The arbitrator selected to resolve the Dispute shall be bound exclusively by the laws of the State of New York without regard to its choice of law rules. Any decisions of award of the arbitrator will be final and binding upon the parties and may be entered as a judgment by the parties. Any rights to appeal or review such award by any court or tribunal are hereby waived to the extent permitted by Applicable Law.

(b) Costs of the arbitration shall be borne equally by the parties involved in the matter, except that each party shall be responsible for its own expenses, except as otherwise determined by the arbitrator.

(c) The parties agree to comply and cause the members of their applicable Group to comply with any award made in any arbitration proceeding pursuant to this Section 8.3, and agree to enforcement of or entry of judgment upon such award in any court of competent jurisdiction, including any federal or state court located in Philadelphia, Pennsylvania or the City of New York, Borough of Manhattan. The arbitrator shall be entitled to award any remedy in such proceedings, including monetary damages, specific performance and all other forms of legal and equitable relief; provided, however, that the arbitrator shall not be entitled to award punitive, exemplary, treble or any other form of non-compensatory monetary damages unless in connection with indemnification for a Third Party Claim, to the extent of such claim.

Section 8.4 Continuity of Service and Performance. Unless otherwise agreed in writing, the parties will continue to provide service and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of this Article VIII with respect to all matters not subject to such Dispute.

Section 8.5 Limitation of Liability. In no event shall any member of the Vishay Group or the VPG Group be liable to any member of the other Group for any special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss of any kind, however caused and on any theory of liability (including negligence) arising in any way out of this Agreement, whether or not such Person has been advised of the possibility of any such damages; provided, however, that the foregoing limitations shall not limit either party's indemnification obligations for Liabilities with respect to Third Party Claims as set forth in Article V. The provisions of Article V, Article VIII and Section 10.14 shall be the parties' sole recourse for any breach hereof or any breach of the Ancillary Agreements, except as may be explicitly provided in any Ancillary Agreement.

ARTICLE IX

TERMINATION

Without limiting the generality of Section 3.5(a), (i) this Agreement and the Ancillary Agreements may be terminated, (ii) the Separation may be abandoned and (iii) the Distribution may be abandoned, in each case at any time prior to the Effective Time by and in the sole and absolute discretion of Vishay without the approval of VPG. In the event of such termination, neither party shall have any Liability of any kind to the other party.

ARTICLE X

MISCELLANEOUS

Section 10.1 Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed and delivered or transmitted by facsimile, e-mail or other electronic means, shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. A facsimile or electronic signature is deemed an original signature for all purposes under this Agreement.

Section 10.2 Entire Agreement. This Agreement, the Ancillary Agreements, and any Annexes, Schedules and Exhibits hereto and thereto, as well as any other agreements and documents referred to herein and therein, constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all previous agreements, negotiations, discussions, understandings, writings, commitments and conversations between the parties with respect to such subject matter. No agreements or understandings exist between the parties other than those set forth or referred to herein or therein.

Section 10.3 Construction.

(a) Any uncertainty or ambiguity with respect to any provision of this Agreement shall not be construed for or against any party based on attribution of drafting by either party.

(b) The headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. In this Agreement, unless a clear contrary intention appears:

(i) the singular number includes the plural number and vice versa;

(ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;

(iii) reference to any gender includes each other gender;

(iv) reference to any agreement, document or instrument means such agreement, document or instrument as amended, modified, supplemented or restated, and in effect from time to time in accordance with the terms thereof subject to compliance with the requirements set forth herein;

(v) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision;

(vi) "herein," "hereby," "hereunder," "hereof," "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof or thereof;

(vii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(viii) the Table of Contents and headings are for convenience of reference only and shall not affect the construction or interpretation hereof or thereof;

(ix) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding;" and

(x) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

Section 10.4 Assignability. This Agreement shall be binding upon and inure to the benefit of the parties, and their respective successors and permitted assigns; provided, however, that no party may assign, delegate or transfer (by merger, operation of law or otherwise) its respective rights or delegate its respective obligations under this Agreement without the express prior written consent of the other party. Notwithstanding the foregoing, either party may assign its rights and obligations under this Agreement to any Wholly-owned Subsidiary; provided, however, that each party shall at all times remain liable for the performance of its obligations under this Agreement by any such Wholly-owned Subsidiary. Any attempted assignment or delegation in violation of this Section 10.4 shall be void.

Section 10.5 Third Party Beneficiaries. Except for (x) the indemnification rights under this Agreement of any Vishay Indemnified Party or any VPG Indemnified Party in their respective capacities as such under Article V and for the release under Section 5.1 of any Person provided therein and (y) the rights to insurance of VPG Officers and Directors under Section 7.3: (i) the provisions of this Agreement are solely for the benefit of the parties and their respective successors and permitted assigns, and are not intended to confer upon any Person, except the parties and their respective successors and permitted assigns, any rights or remedies hereunder; (ii) there are no third party beneficiaries of this Agreement; and (iii) this Agreement shall not provide any third party with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 10.6 Governing Law. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws rules thereof to the extent such rules would require the application of the law of another jurisdiction.

Section 10.7 Notices. All notices, demands and other communications required to be given to a Party hereunder shall be in writing and shall be deemed to have been duly given if personally delivered, sent by a nationally recognized overnight courier, transmitted by facsimile, or mailed by registered or certified mail (postage prepaid, return receipt requested) to such Party at the relevant street address or facsimile number set forth below (or at such other street address or facsimile number as such Party may designate from time to time by written notice in accordance with this provision):

If to Vishay, to:

Vishay Intertechnology, Inc.
63 Lancaster Avenue
Malvern, PA 19355-2120
Attention: Dr. Lior E. Yahalomi, Chief Financial Officer
Telephone: 610-644-1300
Facsimile: 610-889-2161

with a copy to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036
Attention: Ernest S. Wechsler, Esq.
Telephone: 212-715-9100
Facsimile: 212-715-8000

If to VPG, to:

Vishay Precision Group, Inc.
3 Great Valley Parkway
Malvern, PA 19355-1307
Attention: William M. Clancy, Chief Financial Officer
Telephone: 484-321-5300
Facsimile: 484-321-5301

with a copy to:

Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, Pennsylvania 19103-2799
Attention: Barry Abelson, Esq.
Telephone: 215-981-4000
Facsimile: 215-981-4750

Any notice, demand or other communication hereunder shall be deemed given upon the first to occur of: (i) the fifth (5th) day after deposit thereof, postage prepaid and addressed correctly, in a receptacle under the control of the United States Postal Service; (ii) transmittal by facsimile transmission to a receiver or other device under the control of the party to whom notice is being given; or (iii) actual delivery to or receipt by the party to whom notice is being given or an employee or agent thereof.

Section 10.8 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

Section 10.9 Nonrecurring Costs and Expenses. Vishay shall pay for all reasonable documented out-of-pocket fees, costs and expenses incurred by the VPG Group prior to the Effective Time in connection with the Separation and the Distribution.

Section 10.10 Press Releases; Public Announcements. Prior to the Distribution Date, Vishay shall be responsible for issuing any press releases or otherwise making public statements with respect to this Agreement, the Ancillary Agreements, the Separation, the Distribution or any of the other transactions contemplated hereby and thereby, and VPG shall not make such statements without the prior written consent of Vishay. Prior to the Distribution Date, Vishay and VPG shall each consult with the other prior to making any filings with any Governmental Authority with respect to any of the foregoing, but no such filing shall be made without the approval of Vishay, and Vishay shall be permitted to make any filings as it deems necessary or appropriate. Following the Effective Time, neither party shall issue any release or make any other public announcement concerning this Agreement or the transactions contemplated hereby without the prior written approval of the other party, which approval shall not be unreasonably withheld, delayed or conditioned; provided, however, that either party shall be permitted to make any release or public announcement that in the opinion of its counsel it is required to make by law or the rules of any national securities exchange of which its securities are listed; provided further that it has made efforts that are reasonable in the circumstances to obtain the prior approval of the other party.

Section 10.11 Survival of Covenants. Except as expressly set forth in this Agreement or any Ancillary Agreement, any covenants, representations or warranties contained in this Agreement or any Ancillary Agreement shall survive the Separation and Distribution and shall remain in full force and effect.

Section 10.12 Waiver of Default.

(a) Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or the parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently given for the purposes of this Agreement if, as to any party, it is in writing signed by an authorized representative of such party.

(b) Waiver by any party of any default by the other party of any provision of this Agreement shall not be construed to be a waiver by the waiving party of any subsequent or other default, nor shall it in any way affect the validity of this Agreement or any party hereof or prejudice the rights of the other party thereafter to enforce each and ever such provision. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 10.13 Amendments. This Agreement may be amended, supplemented, modified or abandoned at any time prior to the Distribution Date by and in the sole and absolute discretion of Vishay without the approval of VPG or of the stockholders of Vishay. After the Effective Time, no provisions of this Agreement shall be deemed amended, modified or supplemented by any party, unless such amendment, supplement or modification is in writing and signed by the authorized representative of the party against whom it is sought to enforce such amendment, supplement or modification.

Section 10.14 Specific Performance. The parties agree that the remedy at law for any breach of this Agreement or any Ancillary Agreement may be inadequate, and that, as between Vishay and VPG, any party by whom this Agreement or any Ancillary Agreement is enforceable shall be entitled to seek temporary, preliminary or permanent injunctive or other equitable relief with respect to the specific enforcement or performance of this Agreement or any Ancillary Agreement. Such party may, in its sole discretion, apply to a court of competent jurisdiction for such injunctive or other equitable relief as such court may deem just and proper in order to enforce this Agreement or any Ancillary Agreement as between Vishay and VPG, or the members of their respective Groups, or prevent any violation hereof, and, to the extent permitted by Applicable Law, as between Vishay and VPG, each party waives any objection to the imposition of such relief.

Section 10.15 Consent to Jurisdiction. Subject to the provisions of Article VIII, each of the parties irrevocably submits to the jurisdiction of the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan for the purposes of any suit, Action or other proceeding to compel arbitration, for the enforcement of any arbitration award or for specific performance or other equitable relief pursuant to Section 10.14. Each of the parties further agrees that service of process, summons or other document by U.S. registered mail to such parties address as provided in Section 10.7 shall be effective service of process for any Action, suit or other proceeding with respect to any matters for which it has submitted to jurisdiction pursuant to this Section 10.15. Each of the parties irrevocably waives any objection to venue in the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan of any Action, suit or proceeding arising out of this Agreement or any Ancillary Agreement, or the transactions contemplated hereby or thereby for which it has submitted to jurisdiction pursuant to this Section 10.15, and waives any claim that any such Action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Section 10.16 Waiver of jury trial. Subject to Article VIII, each of the parties hereby waives to the fullest extent permitted by Applicable Law any right it may have to a trial by jury with respect to any court proceeding directly or indirectly arising out of and permitted under or in connection with this agreement or the transactions contemplated by this agreement. Each of the parties hereby (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it has been induced to enter into this agreement and the transactions contemplated by this agreement, as applicable, by, among other things, the mutual waivers and certifications in this Section 10.16.

[SIGNATURE PAGE FOLLOWS]

WHEREFORE, the parties have signed this Separation Agreement effective as of the date first set forth above.

VISHAY INTERTECHNOLOGY, INC.

Name:
Title:

VISHAY PRECISION GROUP, INC.

Name:
Title:

MASTER SEPARATION AND DISTRIBUTION AGREEMENT

between

VISHAY INTERTECHNOLOGY, INC.

and

VISHAY PRECISION GROUP, INC.

DATED _____, 2010

SCHEDULES

Terms used but not defined in these Schedules shall have the meanings assigned to them in the Master Separation and Distribution Agreement (the "Master Separation Agreement").

Schedule 1.1
Capital Allocation Transactions

Prior to the Separation, the parties will cause the following transactions to occur:

1. All intercompany accounts for money borrowed and non-trade invoicing between Vishay or any other member of the Vishay Group, on the one hand, and VPG or any other member of the VPG Group, on the other, will be settled and eliminated.

2. The extinguishment of notes payable obligations running from members of the VPG Group to members of the Vishay Group will be effected through distribution and contribution transactions of cash and the notes.

3. Vishay will cause the VPG to have Actual VPG Net Cash as of the Distribution Date equal between $58,500,000 and $71,500,000. To the extent Actual VPG Net Cash is less than or exceeds these values, the parties will make an adjustment in accordance with the terms of Section 2.17 of the Master Separation Agreement.

4. VPG will enter into a credit facility.

The foregoing transaction list is qualified by reference to the description of the separation transactions in the Private Letter Ruling Request, dated _____, 2010, as amended from time to time prior to the Separation, submitted by Vishay Intertechnology, Inc. to the Internal Revenue Service (the "Private Letter Ruling Request"). In the case of any inconsistency between this Schedule and the Private Letter Ruling Request, this Schedule shall be deemed amended to conform to the description of the separation transactions as set forth in the Private Letter Ruling Request.

Schedule 1.2
Exclusive VPG Contingent Liabilities

For the avoidance of doubt, this schedule is not necessarily exhaustive of all litigation relating to the MGF Business.

Lawsuits

TAWFIK V. VISHAY INTERTECHNOLOGY, INC.

ARTICLE XIMCMAHON V. VISHAY INTERTECHNOLOGY, INC.

Environmental Matters

See Schedule 2.5(b)(v).

Schedule 1.3
Separation Transactions

The separation transactions shall be as specified in the Private Letter Ruling Request. In the case of any inconsistency between this Schedule and the Private Letter Ruling Request, this Schedule shall be deemed amended to conform to the description of the separation transactions as set forth in the Private letter Ruling Request.

The parties will cause the following miscellaneous asset transfers to occur:

1. Acquisition of intellectual property owned by Vishay S.A. and necessary for manufacturing strain gage products to Vishay Measurements Group, Inc.

2. Acquisition of intellectual property owned by Vishay S.A. and necessary for manufacturing foil resistor chips for Vishay Precision Foil GmbH.

Schedule 1.4
Shared Contingent Liabilities

Product Liability

Product liability refers to third party liability from bodily injury and/or property damage caused by faulty products. With respect to products manufactured in all jurisdictions other than the United States and sold prior to the Separation, it also includes other third party financial loss and the cost of dismantling and refitting any other products manufactured with the faulty product, but does not include the cost of product recall. With respect to products sold in the United States, it includes other third party financial loss only to extent covered by the Errors and Omission (E&O) Insurance Policy of the Vishay Group.

The Vishay Group will be responsible for product liability in respect of any product manufactured by the VPG Group outside the United States and sold prior to the Separation, whether a claim is made with respect thereto before or after the Separation, to the extent of available insurance coverage of the Vishay Group.

The Vishay Group will be responsible for product liability in respect of any product sold by the VPG Group prior to the Separation inside the United States, but only for which a claim has been made with respect thereto before the Separation, to the extent of available insurance coverage of the Vishay Group; provided that to the extent the liability is covered under the Errors & Omission (E&O) Insurance Policy of the Vishay Group, Vishay will be responsible for the liability whether a claim is made with respect thereto before or after the Separation.

The following shall govern deductible amounts under any insurance policies of the Vishay Group for which coverage is sought under the circumstances recited in the two preceding paragraphs. Any deductible for which a liability has been accrued on the books and records of the VPG Group prior to the Separation will be the sole responsibility of the VPG Group. Any policy deductible for which a liability has not been accrued on the books and records of the VPG Group prior to the Separation will be shared equally by the Vishay Group and the VPG Group.

Vishay agrees to (i) obtain tail coverage for a period of five years under the E&O Policy of Vishay (as in effect on the date the Agreement), to the extent it affords coverage for third party loss on account of products manufactured and sold by the VPG Group prior to the Separation; and (ii) purchase or self-insure extended reporting coverage for a period of five years for product liability relating to products of the VPG Group manufactured and sold prior to the Separation, which coverage shall be substantially the same (including deductible amounts and policy limits) as the coverage afforded under the existing policy of Vishay with HDI-Gerling (as in effect on the date the Agreement), but only in respect of products manufactured outside the United States.

Product Recall Liability

Product Recall Liability refers to third party expenses arising in connection with the recall of a faulty product to prevent bodily injury or property damage.

The Vishay Group will be responsible for product recall liability in respect of any product manufactured by the VPG Group outside the United States and sold prior to the Separation, whether a claim is made with respect thereto before or after the Separation, to the extent of available insurance coverage of the Vishay Group.

The following shall govern deductible amounts under any insurance policies of the Vishay Group for which coverage is sought under the circumstances recited in the preceding paragraph. Any deductible for which a liability has been accrued on the books and records of the VPG Group prior to the Separation will be the sole responsibility of the VPG Group. Any policy deductible for which a liability has not been accrued on the books and records of the VPG Group prior to the Separation will be shared equally by the Vishay Group and the VPG Group.

Vishay agrees to purchase or self-insure extended reporting coverage for a period of five years for product recall liability relating to products of the VPG Group manufactured and sold prior to the Separation, which coverage shall be substantially the same (including deductible amounts and policy limits) as the coverage afforded under the existing policy of Vishay with Gerling Insurance (as in effect on the date the Agreement), but only in respect of products manufactured outside the United States.

Liabilities Relating to the Separation

Liabilities relating to the Separation based upon a claim or other assertion that the Separation violated the rights of any Person or constituted a breach of a duty owed by any Person to the stockholders of Vishay or VPG shall be borne by the Vishay Group and the VPG Group as follows:

(i) if covered by an insurance policy of the Vishay Group or an insurance policy of the VPG Group, by the Vishay Group or the VPG Group, as the case may be, but only to the extent of the insurance proceeds;

(ii) each party shall be responsible for the policy deductible under its insurance policy referred to in clause (i); and

(iii) otherwise in the proportion of the Vishay Group 90% and the VPG Group 10%.

Schedule 2.4(a)(iii)
Subsidiaries of VPG

Schedule 2.4(b)(i)
Excluded Assets

1. All assets used exclusively by Vishay S.A. in its strain gage business other than intellectual property.

2. All assets used exclusively by Vishay S.A. in finishing RCK foil resistor products, other than the intellectual property and equipment transferred to Vishay Advanced Technologies Ltd. (see Schedule 1.3).

Schedule 2.5(b)(ii)
Excluded Assumed Liabilities

Excluded Assumed Liabilities other than Excluded Assumed Environmental Liabilities set forth on Schedule 2.5(b)(v).

1. Any Liabilities arising from or related to Nippon Vishay, K.K. to the extent arising from occurrences prior to the Distribution.

Schedule 2.5(b)(v)
Excluded Assumed Environmental Liabilities

The Vishay Group will be responsible for Environmental Liabilities in respect of the manufacturing locations of the VPG Group in existence at or prior to the Separation in the United States, Germany, India and Israel attributable to, and to the extent of, conditions in existence at or prior to the Separation, whether a claim is made with respect thereto before or after the Separation, to the extent of available insurance coverage of the Vishay Group.

The Vishay Group will be responsible for Environmental Liabilities in respect of the manufacturing locations of the VPG Group in existence at or prior to the Separation in all other jurisdictions attributable to, and to the extent of, conditions in existence at or prior to the Separation, whether a claim is made with respect thereto before or after the Separation, to the extent of available insurance coverage of the Vishay Group, but only if the environmental conditions giving rise to the Environmental Liabilities were openly manifest and apparent prior to the Separation.

The following shall govern deductible amounts under any insurance policies of the Vishay Group for which coverage is sought under the circumstances recited in the two preceding paragraphs. Any deductible for which a liability has been accrued on the books and records of the VPG Group prior to the Separation will be the sole responsibility of the VPG Group. Any policy deductible for which a liability has not been accrued on the books and records of the VPG Group prior to the Separation will be shared equally by the Vishay Group and the VPG Group.

Vishay agrees to list as “discontinued locations” (i) for a period of five years for VPG manufacturing locations in the United States, India and Israel in existence at or prior to the Separation and (ii) for a period of three years for VPG manufacturing locations located in Germany in existence at or prior to the Separation, in the insurance policies of Vishay providing coverage for Environmental Liabilities in those jurisdictions, but only in respect of Liabilities attributable to, and to the extent of, environmental conditions in existence at or prior to the Separation.

Schedule 2.16
VPG Assets to be Transferred to Vishay

1. Research & development facility and warehouse historically owned by Vishay Advanced Technologies, Ltd. (to be transferred to Vishay Israel Limited).

2. Certain WSL Assets

Schedule 3.3(b)
Vishay Group Resignations

Effective as of the time of Separation, Mr. Ziv Shoshani will resign as an executive officer of Vishay Intertechnology, Inc., but will remain a director on Vishay Intertechnology Inc.'s board of directors.

Schedule 3.4(b)
VPG Group Resignations

Effective as of the time of the Separation (i) Dr. Lior Yahalomi and Mr. William Clancy will resign as directors of VPG and (ii) Dr. Yahalomi will resign as an officer of VPG.

FORM OF TAX MATTERS AGREEMENT

BY AND AMONG

VISHAY INTERTECHNOLOGY, INC. AND

VISHAY PRECISION GROUP, INC.

[ ], 2010

TAX MATTERS AGREEMENT

WHEREAS, Vishay Intertechnology, Inc. ("VSH") and Vishay Precision Group, Inc. ("VPG"), collectively the "Parties" entered into the Master Separation and Distribution Agreement dated as of [ ], 2010 (the **"Distribution Agreement"**), pursuant to which (i) VSH will distribute to its stockholders all of the stock of VPG (the "Distribution");

WHEREAS, it is the intention of VSH and VPG that the Distribution qualifies as a tax-free transaction described in Section 355 of the Internal Revenue Code of 1986, as amended (the **"Code"**);

WHEREAS, VSH has received a private letter ruling from the IRS regarding certain tax aspects of the Distribution; and

WHEREAS, in contemplation of the Distribution pursuant to which VPG and certain of its direct and indirect Subsidiaries will cease to be members of the VSH Affiliated Group of which VSH is the common parent corporation, the Parties desire to set forth their agreement on the rights and obligations with respect to handling and allocating Taxes and related matters.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants and provisions of this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Defined Terms. Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Distribution Agreement. For purposes of this Agreement, the following terms have the following meanings:

"Affiliated Group" means an affiliated group of corporations (as defined in Section 1504(a) of the Code).

"Final Determination" means any final determination of liability in respect of a Tax that, under Applicable Law, is not subject to further appeal, review or modification through proceedings or otherwise (including the expiration of a statute of limitations or a period for the filing of claims for refunds, amended returns or appeals from adverse determinations), including a "determination" as defined in Section 1313(a) of the Code or execution of an IRS Form 870AD.

"Income Tax" means any U.S. federal, state, local or non-U.S. (i) Tax on or measured by net income or (ii) franchise Tax.

"Interest" means interest at a rate per annum equal to the Prime Rate as published in the *Wall Street Journal*, Eastern *Edition* in effect from time to time during the period such interest accrues.

"IRS" means the United States Internal Revenue Service.

"Israeli Tax Returns" means the Income Tax Returns of VATL, Tedea Huntleigh International, Tedea Huntleigh Technology and Tedea Huntleigh Industrial Properties for 2008 and 2009 that are not filed prior to the Effective Time.

"Post-Closing Tax Period" means any Tax period beginning after the Distribution Date; and, with respect to a Tax period that begins on or before the Distribution Date and ends thereafter, the portion of such Tax period beginning after the Distribution Date.

"Pre-Closing Non-Income Taxes" means any Taxes of a VPG Entity other than Income Taxes that are attributable to a Pre-Closing Tax Period, provided, however, that it shall not include any such Taxes that are accrued as a current liability (net of any prepaid taxes)on the balance sheet of the VPG Entity at the Effective Time.

"Pre-Closing Tax Period" means any Tax period ending on or before the Distribution Date; and, with respect to a Tax period that begins on or before the Distribution Date and ends thereafter, the portion of such Tax period ending on the Distribution Date.

"Proceeding" means any claim, examination, suit, action, litigation, assessment or proceeding (including any Tax audit), whether administrative or judicial.

"Tax" or **"Taxes"** means all U.S. federal, state, local, or non-U.S. net or gross income, gross receipts, net proceeds, sales, use, ad valorem, value added, franchise, , withholding, payroll, employment, excise, property, deed, stamp, alternative or add-on minimum, environmental, profits, windfall profits, , license, lease, service, use, occupation, severance, energy, unemployment, social security, worker's compensation, capital, or other taxes, assessments, , or other similar governmental charges, together with any interest, penalties, additions to tax, or additional amounts with respect thereto.

"Tax Asset" means any net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable deduction or any other credit or tax attribute that could be carried forward or back to reduce Taxes (including without limitation deductions and credits related to alternative minimum Taxes).

"Tax Item" means, with respect to any Income Tax, any item of income, gain, loss, deduction or credit.

"Treasury Regulations" means the U.S. federal income Tax regulations, as amended, including temporary regulations, promulgated under the Code.

"**VATL"** means Vishay Advanced Technologies, Ltd and its Subsidiaries after the Effective Time.

"**VIL Assets"** means the assets of Vishay Israel Limited that are sold to VATL that are described in agreements between the parties that refer to the transfer of the (i) Foil and Thermal Shroud business and (ii) the Bonding business.

"**VIL"** means Vishay Israel Limited

"VPG Capital Stock" means all classes or series of stock of VPG and all options, warrants, derivatives, rights to acquire stock, and other interests and instruments taken into account for purposes of determining a "50-percent or greater interest" within the meaning of Section 355(d)(4) of the Code.

"VPG Entity" means any member of the VPG Group that was also a Subsidiary of VSH prior to the Distribution Date.

"VPG Group" means VPG and its Subsidiaries after the Effective Time.

"VPG Separate Tax Return" means with respect to a VPG Entity, any state or local Income Tax Return for periods that end prior to or on the Distribution Date that are not filed on an affiliated, consolidated, combined or unitary basis with one or more members of the VSH Group.

"VPG Straddle Period Tax Return" means any Income Tax Return required to be filed that includes both a Pre-Closing Tax Period and a Post-Closing Tax Period of any VPG Entity.

"VPG Tax Return" means any Income Tax Return required to be filed by a member of the VPG Group, other than a VSH Income Tax Return.

"VPG Taxes" mean all Taxes of any member of the VPG Group that are attributable to a Post-Closing Tax Period.

"VSH Consolidated Group" means, with respect to U.S. federal Income Taxes, the Affiliated Group of which VSH is a member, and with respect to any other Income Tax, any affiliated, consolidated, combined or unitary group of which any member of the VSH Group is a member.

"**VSH Group**" means VSH and its Subsidiaries other than the VPG Entities.

"VSH Income Tax Return" means (i) any U.S. federal Income Tax Return and any state or local Income Tax Return that has been or will be filed by or with respect to any VSH Consolidated Group on an affiliated, consolidated, combined or unitary basis for a period that ends prior to or on or includes the Distribution Date, and (ii) any VPG Separate Tax Returns.

"VSH Income Taxes" means all Income Taxes of any member of the VSH Group and any VPG Entity attributable to a Pre-Closing Tax Period, including, without limitation, (i) all Income Taxes attributable to the Distribution or any transaction taken to facilitate the Distribution, (ii) all Income Taxes resulting from the removal of the VPG Entities from any consolidated, unitary or combined Income Tax Return pursuant to the Distribution, and (iii) any Income Taxes (after reduction for any foreign tax credit realized with respect to the inclusion) resulting from the inclusion by a VPG Entity of income pursuant to Section 951(a)(1)(A) of the Code for income of a non-U.S. VSH Group member or a VPG Entity that is attributable to a Pre-Closing Tax Period; provided, however, that VSH Income Taxes shall not include any Income Taxes for which there was an accrual for current taxes (net of any prepaid taxes) on the balance sheet of the VPG Entity at the Effective Time; and provided further that for purposes of this definition, the inclusion under Section 951(a)(1)(A) of the Code shall include only those amounts incurred through the normal operations of the business and shall not include amounts attributable to extraordinary events or to material changes in business operations.

ARTICLE II
ADMINISTRATIVE AND COMPLIANCE MATTERS

Section 2.1. Sole Tax Sharing Agreement. Any and all existing Tax Sharing Agreements, whether written or unwritten, between any member of the VSH Group, on the one hand, and any member of the VPG Group, on the other hand, shall be terminated as of the Distribution Date as between such Parties. As of the Distribution Date, neither the members of the VPG Group nor the members of the VSH Group shall have any further rights or liabilities under any such agreement, and this Agreement shall be the sole Tax Matters Agreement between the members of the VPG Group and the members of the VSH Group.

Section 2.2. Designation of Agent. VPG and each member of the VPG Group, in each case with respect to any VSH Consolidated Group of which such Person was a member on or prior to the Distribution Date, hereby irrevocably authorizes VSH to designate a member of VSH Group, or a successor of such member, as its agent, coordinator, and administrator, for the purpose of taking any and all actions (including the execution of waivers of applicable statutes of limitation) with respect to any VSH Income Tax Return which are necessary or incidental to the filing of any Tax Return, any amended Tax Return, or any claim for refund, credit or offset of Tax (even where an item or Tax Asset giving rise to an amended Tax Return or refund claim arises in a Post-Closing Tax Period) or to any Proceedings, and for the purpose of making payments to, or collecting refunds from, any Taxing Authority, in each case relating to any Pre-Closing Tax Period.

Section 2.3. Preparation of VSH Income Tax Returns. VSH and the members of the VSH Group shall prepare or cause to be prepared, with assistance as needed from the members of the VPG Group, and file or cause to be filed all VSH Income Tax Returns. Such Tax Returns shall be prepared in a manner that is consistent with the prior practice of the members of the VSH Group and the VPG Entities, provided that an inconsistent position may be taken if such position would not adversely impact any VPG Entity or is required by law, as reasonably determined by VSH in good faith; provided however, for the avoidance of doubt, the consolidated tax return that includes the Distribution Date shall include a calculation of the overall foreign loss, as that term is defined in Section 904(d)(f), ("OFL") for the group.

(a) VSH shall provide to VPG for its comments a draft of (i) the calculation of the OFL no later than 30 days prior to the due date for filing the 2010 U.S. federal consolidated Tax Return, including any extensions thereof, for the review and comment by VPG, and (ii) all VPG Separate Tax Returns and the portions of each other VSH Income Tax Return that relate to the VPG Entities (or, at VSH's option, a pro forma Tax Return that relates solely to the VPG Entities) no later than 15 days prior to the due date for filing such Tax Return, including any extensions thereof, for the review and comments of VPG, which comments shall be given due regard, provided that any final decision with respect to the reporting of any item on such Tax Return shall be made by VSH.

Section 2.4. General Allocation of VSH and VPG Income. VSH will determine the items of income, gain, loss, deduction and credit of the VPG Entities to be included on each VSH Income Tax Return filed by a VSH Consolidated Group for any taxable year in which any VPG Entity ceases to be a member of the VSH Consolidated Group in good faith in accordance with Treasury Regulations Section 1.1502-76(b) (or any comparable provision of state or local law). VPG its Affiliates shall file their respective Tax Returns for the taxable period beginning on the first day after the Distribution Date consistently with such determinations, except as otherwise required by law.

(a) Transaction Treated as Extraordinary Items. For purposes of preparing any federal, state or local Income Tax Return that is filed on a consolidated, combined or unitary basis for a period that ends on the Distribution Date, or starts on the day after the Distribution Date, in determining the apportionment of income and Taxes between any Pre-Closing Tax Period and Post-Closing Tax Period, any Tax Items relating to the Distributions shall be treated as extraordinary items described in Treasury Regulations Section 1.1502-76(b)(2)(ii)(C) and shall (to the extent occurring on or prior to the Distribution Date) be allocated to Pre-Closing Tax Periods, and any Income Taxes related to such items shall be treated under Treasury Regulations Section 1.1502-76(b)(2)(iv) as relating to such extraordinary item and shall (to the extent occurring on or prior to the Distribution Date) be allocated to Pre-Closing Tax Periods.

(b) Apportionment of Earnings and Profits and Tax Attributes. VSH and VPG shall jointly determine the portion, if any, of any earnings and profits, Tax Asset, or other consolidated, combined or unitary attribute to be allocated or apportioned to the VPG Entities under applicable law and in accordance with the private letter ruling received with respect to the Distribution from the IRS. VPG and all members of the VPG Group shall prepare all Tax Returns in accordance with such determination. In the event that any temporary or final amendments to Treasury Regulations are promulgated after the date of this Agreement that provide for any election to apply such regulations retroactively, then any such election shall be made only to the extent that VSH and VPG collectively agree to make such election.

Section 2.5. VPG Tax Returns. VPG and the members of the VPG Group shall prepare or cause to be prepared, with the assistance of the members of the VSH Group (to the extent necessary) and file or cause to be filed, all VPG Tax Returns. VPG shall provide to VSH a draft of each VPG Straddle Period Tax Return (and any VPG Tax Return with respect to a Pre-Closing Tax Period) (with copies of any relevant schedules, work papers and other documentation then available) no later than 15 days prior to the due date, including extensions, for the filing of such Tax Return, for VSH's review and approval, which approval shall not be unreasonably withheld, delayed or conditioned. Any VPG Straddle Period Tax Return (and any VPG Tax Return with respect to a Pre-Closing Tax Period) shall be prepared in a manner consistent with the prior practice of the VSH Group and the VPG Entities, unless otherwise required by law.

Section 2.6. Preparation of other Tax Returns. Except as limited by Section 2.7 below, any Tax Return required to be filed by VSH or its Subsidiaries, or VPG or its Subsidiaries for which responsibility is not specifically allocated in this Article II shall be prepared and filed by the entity that is required to file the Tax Return; provided, however, that (i) such Tax Returns shall be prepared in a manner consistent with past practice except to the extent otherwise required by law and (ii) at the request of VPG, VSH shall prepare the Israeli Income Tax Returns for filing in a timely manner by VPG as mutually agreed by VSH and VPG (iii) and provided, further however, that, at the request of VSH, VPG shall provide to VSH a copy of each such Tax Return that is prepared by VPG with respect to Taxes for which VSH is liable hereunder (with copies of any relevant schedules, work papers and other documentation then available), and if practically feasible such Tax Return shall be provided to VSH prior to the filing of such Tax Returns.

Section 2.7. Amended Returns. VPG shall not, and shall not permit any of its Subsidiaries to, with respect to any VPG Entity, file an amended Tax Return, or file a Tax Return in a jurisdiction in which the VPG Entity has not previously filed a Tax Return for a Pre-Closing Period without the prior written consent of VSH, which shall not be unreasonably withheld, delayed or conditioned, except as required by law.

ARTICLE III
LIABILITY FOR TAXES

Section 3.1. Responsibility for Income Taxes. Subject to the indemnification provided for in Section 6.1 of this Agreement, VSH shall be liable for and shall timely pay, or cause to be paid, to VPG, or at VPG's request, the applicable Taxing Authority all VSH Income Taxes, whether payable at the time of the filing of the Tax Return, pursuant to an audit, or otherwise. The tax liability for a period that begins before and ends after the Distribution Date~~,~~ shall be apportioned between VPG and VSH in a manner that reasonably reflects the portion of such tax liability attributable to VPG for the Post-Closing Tax Period, and the VPG Entities for the Pre-Closing Tax Period, respectively, as if there had been a closing of the books on the date of the Distribution. With respect to the apportionment of Income Taxes, any amounts that are determined on an annual basis, such as depreciation, Section 951(a)(1)(A) inclusions, etc., shall be apportioned between VSH and VPG based on the number of days in each of the Pre-Closing Tax Periods and the Post Closing Tax Periods, respectively. Within 15 days prior to the filing of a VPG Straddle Period Tax Return, VPG shall provide to VSH for its review and approval (which shall not be unreasonably withheld, delayed or conditioned) written notice of the Taxes allocable to VSH pursuant to this Section 3.1 and VSH shall promptly reimburse VPG for such amounts to the extent the Income Taxes attributable to the Pre-Closing Tax Periods constitute VSH Income Taxes.

Section 3.2. Responsibility for Non-Income Taxes. VPG and VSH will each be responsible for one half of any Pre-Closing Non-Income Taxes that are required to be paid after the Effective Time.

Section 3.3. Responsibility for the Taxes that are Accrued. VPG shall be liable for all Taxes that are accrued as a current liability (net of any prepaid taxes) on the balance sheet of the VPG Entity at the Effective Time.

ARTICLE IV
REFUNDS AND OTHER MATTERS

Section 4.1. Refunds and Tax Benefits for VSH. Except as otherwise provided in Section 4.2, VSH shall be entitled to all refunds and credits of any VSH Income Taxes, and one half of any refund or credit for any Pre-Closing Non-Income Taxes, including any interest thereon, received by a VPG Entity. VPG shall promptly pay or cause to be paid to VSH all such refunds received by a VPG Entity. If in lieu of receiving any such refund a VPG Entity reduces a Tax liability with respect to a Post-Closing Tax Period VPG shall promptly pay or cause to be paid to VSH the amount of such reduction in Tax liability when such reduction occurs. It is agreed that any amounts included as prepaid taxes on the balance sheet of a VPG Entity on the Distribution Date, whether separately stated or included in the accrual for current income taxes, shall not constitute a tax refund or credit or benefit for purposes of this Agreement.

Section 4.2. Carryforwards and Carrybacks. To the extent permitted by Applicable Law, VPG shall (or shall cause or permit the members of the VPG Group to) elect to relinquish any carryback of a Tax Asset to any Pre-Closing Tax Period. No Party shall be obligated to compensate any other Party for the carryforward of Tax Assets from a Pre-Closing Tax Period to a Post-Closing Tax Period or for the carryback of Tax Assets from a Post-Closing Tax Period to a Pre-Closing Tax Period. For the avoidance of doubt, if a Tax Asset arises in a Post-Closing Tax Period on a non-U.S separate company Tax Return, and it is required by law that it be carried back to a Pre-Closing Tax Period, such carryback will be permitted, and any resulting refund, credit or other benefit shall inure to VPG.

ARTICLE V
COVENANTS AND REPRESENTATIONS

Section 5.1. Representations of VSH. VSH represents that as of the date hereof, and covenants that on the Distribution Date, it has no plan or intention to (i) become a controlling shareholder or a ten-percent shareholder of VPG after the Distribution Date within the meaning of Treasury Regulations Sections 1.355-7(d)(7) and (h) or (ii) take any action that would reasonably be expected to prevent the Distribution from qualifying as a transaction described in Section 355(a) of the Code, including any action inconsistent with the information and representations furnished to the IRS in connection with the request for a private letter ruling with respect to the Distributions or to Tax counsel in connection with the preparation of the Tax Opinion.

Section 5.2. Representations of VPG. VPG and the other members of the VPG Group represent that as of the date hereof, and covenants that on the Distribution Date, it has no plan or intention to take any action that would reasonably be expected to prevent the Distribution from qualifying as a transaction described in Section 355(a) of the Code or the VPG Common Stock from being treated as “qualified property” for purposes of Section 355 (c)(2) or Section 361(c)(2) of the Code, including any action inconsistent with the information and representations furnished to the IRS in connection with the request for a private letter ruling with respect to the Distributions or to Tax counsel in connection with the preparation of the Tax Opinion.

Section 5.3. Covenant of VSH. VSH covenants that during the two-year period following the Distribution Date it will not take any action that could prevent the Distribution from qualifying as a transaction described in Section 355(a) of the Code.

Section 5.4. Covenants of VPG Relating to the Distribution.

(a) VPG covenants and agrees that: (i) during the two-year period following the Distribution Date, no member of the VPG Group conducting an active trade or business relied upon in connection with the Distribution and Separation, which members are Tedea-Huntleigh International Ltd. and Vishay PM Onboard Ltd., will liquidate, merge or consolidate with any other Person except for the merger of Tedea-Huntleigh International Ltd. with its two wholly owned subsidiaries in which Tedea-Huntleigh International Ltd. is the surviving entity, (ii) during the two-year period following the Distribution Date, no member of the VPG Group will sell or otherwise dispose of any of its assets, except in the ordinary course of business, (iii) during the two-year period following the Distribution Date, VPG will continue (independently from VSH and with separate employees, officers and directors from VSH) the active conduct of the historic businesses relied upon in connection with the Distribution and Separation that were conducted by VPG throughout the five-year period prior to the Distributions, (iv) it will not take, nor will it permit any member of the VPG Group to take, any action inconsistent with the information and representations furnished to the IRS in connection with the request for a private letter ruling with respect to the Distribution and Separation or to Tax counsel pursuant to Section 4.3 of the Distribution Agreement, (v) during the two-year period following the Distribution Date, it will not, and will not permit any member of the VPG Group, to purchase VPG Capital Stock, (vi) during the two-year period following the Distribution Date, it will not issue VPG Capital Stock to any Person, other than pursuant to the exercise of employee, director or consultant stock options, stock awards, stock purchase rights or other employment related arrangement under any stock incentive plan in existence immediately after the Mergers, provided in each case that such stock issuance meets the requirements for the safe harbor contained in Treasury Regulations Section 1.355-7(d)(8), (vii) it will not enter into any transaction or, to the extent it has the right to prohibit any such transaction, permit such transaction to occur, or enter into negotiations to enter into any transaction that may cause the Distribution or any Separation Transaction to be treated as part of a plan or series of related transactions pursuant to which one or more persons acquire directly or indirectly VPG Capital Stock representing a "50-percent or greater interest" within the meaning of Section 355(d)(4) of the Code, and (viii) it will not take any other action that would reasonably be expected to prevent (i) the Distribution from qualifying as a transaction described in Section 355(a) of the Code or (ii) the VPG Common Stock from being treated as "qualified property" for purposes of Section 355(c)(2) or Section 361(c)(2) of the Code.

(b) Notwithstanding the foregoing, a member of the VPG Group may take actions inconsistent with the covenants contained in Section 5.04 (a), if:

(i) VPG obtains a ruling from the IRS to the effect that such actions will not result in the Distribution being taxable to VSH or their shareholders, or

(ii) VPG obtains an opinion of counsel reasonably acceptable to VSH to the same effect as Section 5.04(b)(i), provided that such opinion is reasonably acceptable to VSH.

Section 5.5. Other Covenants of VPG. VPG covenants and agrees that (i) it will not, and will not cause or permit any member of the VPG Group to (A) take any action on the Distribution Date other than in the ordinary course of business or (B) make or change any Tax election, take any Tax position on any Income Tax Return, or take or omit to take any other action that results in any increased Tax liability or reduction of any Tax Asset of the VSH or the VPG Entities in respect of any Pre-Closing Tax Period or Post-Closing Tax Period.

ARTICLE VI
INDEMNIFICATION

Section 6.1. Indemnification of VSH by VPG. VPG shall indemnify the members of the VSH Group, and hold them harmless from and against any and all damages, losses, liabilities and expenses (including reasonable expenses of investigation and reasonable attorneys' fees and expenses in connection with any action, suit or proceeding) arising out of, without duplication:

(a) Any Tax for which any member of the VPG Group is liable under this Agreement; and

(b) Any Tax attributable to a misrepresentation or a breach of any warranty, covenant or obligation in this Agreement by any member of the VPG Group.

Section 6.2. Indemnification of VPG by VSH. VSH shall indemnify the members of the VPG Group, and hold them harmless from and against any and all damages, losses, liabilities and expenses (including reasonable expenses of investigation and reasonable attorneys' fees and expenses in connection with any action, suit or proceeding) arising out of, without duplication:

(a) Any Tax for which any member of the VSH Group is liable under this Agreement;

(b) any Tax attributable to a misrepresentation or a breach of any warranty, covenant or obligation in this Agreement by any member of the VSH Group.

ARTICLE VII
PAYMENTS

Section 7.1. Payments under this Agreement. Any payment required to be made pursuant to this Agreement by one Party to another Party or Person shall be made according to this Section 7.01.

(a) In General. All payments shall be made within the time prescribed for payment in this Agreement, or if no period is prescribed, within twenty days after delivery of written notice of the payment due and owing (and to the extent applicable, approval of the amount of such payment), together with a schedule calculating in reasonable detail the amounts that are due and owing. Payments shall be deemed made when received. Any payment that is not made when due shall bear Interest, provided, however, to the extent the amount due and owing is Taxes, such amount shall not begin to accrue Interest pursuant to this Section 7.01(a) until the later of the time prescribed for payment pursuant to this Agreement or the time such Taxes are actually paid by the indemnified Party.

(b) Treatment of Payments.

(i) Payments made pursuant to this Agreement by any member of the VPG Group to or on behalf of any member of the VSH Group shall be treated for all Tax purposes as distributions by VPG to VSH occurring immediately before the Distribution, and none of the Parties shall take any position inconsistent with such treatment, except to the extent that a Final Determination with respect to the recipient Party causes any such payment to not be so treated.

(ii) Payments made pursuant to this Agreement by any member of the VSH Group to or on behalf of any member of the VPG Group shall be treated for all Tax purposes as a reduction in the distribution occurring before the Distribution, or a contribution to VPG by VSH immediately prior to the Distribution and none of the Parties shall take any position inconsistent with such treatment, except to the extent that a Final Determination with respect to the recipient Party causes any such payment to not be so treated.

(c) Except as provided in Article 9 of this Agreement, in calculating amounts payable to an indemnified Party, the amount of indemnification payable pursuant to this Agreement shall be computed net of any Tax benefit actually realized by the indemnified Party or any of its Affiliates that is related or attributable to such indemnification.

(d) If any amount paid by an indemnifying Party pursuant to this Agreement results in any increase in Tax liability or any reduction of a Tax Asset of the indemnified Party, the indemnifying Party shall indemnify the indemnified Party and hold it harmless from any interest or penalty attributable to such increased Tax liability or reduced Tax Asset and shall pay to the indemnified Party, in addition to amounts otherwise owed, an additional amount necessary to reflect the Tax consequences of the receipt or accrual of the relevant payment.

ARTICLE VIII
PROCEEDINGS

Section 8.1. Notice. Within ten Business Days after a Party receives a written notice or other information from a Taxing Authority of the existence of a Tax issue relating to the application of Section 355(e) to the Distributions, relating to the qualification of the Distribution as tax-free transactions described in Section 355 of the Code or that may require indemnification pursuant to this Agreement (a "**Tax Claim**") such Party shall notify the other Party to this Agreement of such issue, and thereafter shall promptly forward to the other Parties copies of notices and material communications with any Taxing Authority relating to the Tax Claim. The failure of one Party to notify the other Party of any Tax matter shall not relieve such other Party of any liability and/or obligation which it may have under this Agreement with respect to such Tax matter, except to the extent that the indemnifying Party's rights under this Agreement are materially prejudiced by such failure.

Section 8.2. Proceedings Generally.

(a) Proceedings Relating to Income Taxes for Pre-Closing Tax Periods. VSH, at its expense, shall control the defense and settlement of any Proceeding relating to Income Taxes attributable to a Pre-Closing Tax Period, provided however, that VPG shall be entitled to participate in the defense of such Proceeding at its own cost and expense, including the right to attend (or participate in), any meetings (or material conference calls with respect to which VSH has reasonable advance notice) with Taxing Authorities or before any judicial authorities in connection with such Proceeding; VSH shall in good faith keep VPG informed of all developments relating to such Proceeding on a timely basis, shall in good faith afford VPG the opportunity to review any submissions related to such Proceeding, shall provide VPG with final copies of any submissions, and, to the extent such Proceeding could reasonably result in adverse tax consequences to the VPG Group with respect to Post-Closing Tax Periods, shall not unreasonably reject any suggestions made by VPG with respect to such Proceeding, and VSH shall not settle or compromise such Proceeding without the consent of VPG, which consent shall not be unreasonably withheld, delayed or conditioned. VPG will fully cooperate and assist VSH in a Proceeding that VSH controls pursuant to this Section 8.2(a), including making available personnel and books and records as reasonably requested by VSH. The Parties shall in good faith cooperate with each other in connection with such Proceeding and provide such information to each other as may be necessary or useful with respect to such Proceeding in a timely manner.

(b) Proceedings Relating to Non-Income Taxes for Pre-Closing Periods. VPG, at its expense, shall control the defense and settlement of any Proceeding relating to any Pre-Closing Non-Income Taxes, provided, however, that VSH shall be entitled to participate in the defense of such Proceeding at its own cost and expense including the right to attend (or participate in), any meetings (or material conference calls with respect to which VPG has reasonable advance notice) with Taxing Authorities or before any judicial authorities in connection with such Proceeding; VPG shall keep VSH informed of all developments relating to such Proceeding on a timely basis, shall in good faith afford VSH the opportunity to review any submissions related to such Proceeding, shall not unreasonably reject any suggestions made by VSH with respect to such Proceeding, and shall provide VSH with final copies of any submissions; and VPG shall not settle or compromise such Proceeding without the consent of VSH , which consent shall not be unreasonably withheld, delayed or conditioned. VSH will fully cooperate and assist VPG in a Proceeding that VPG controls pursuant to this Section 8.2(a), including making available personnel and books and records as reasonably requested by VPG. The Parties shall in good faith cooperate with each other in connection with such Proceeding and provide such information to each other as may be necessary or useful with respect to such Proceeding in a timely manner.

(c) If, with respect to any Proceeding described in this Article 8 the Party responsible for controlling the Proceeding (the "Defaulting Party") fails to diligently prosecute, manage and defend the Tax Claim by failing to respond in a timely manner to inquires by a Taxing Authority, or failing to meet a material filing deadline or by a similar action or inaction and either the other Party (the "**Defending Party**") could reasonably be subject to adverse tax consequences if such Tax Claim is not prosecuted, the Defending Party shall thereafter have the right (but not the obligation) to defend or prosecute, at the sole cost, expense and risk of the Defaulting Party, such Tax Claim. The Defending Party shall have full control of such defense or prosecution and such Proceedings, including any settlement or compromise thereof. If requested by the Defending Party, the Defaulting Party shall cooperate in good faith with the Defending Party and its authorized representatives in order to contest effectively such claim. In the case of any claim with respect to Taxes that is defended or prosecuted by the Defending Party pursuant to this Section 8.2(c), the Defending Party shall, from time to time, be entitled to current payment from the Defaulting Party with respect to costs and expenses incurred by the Defending Party in connection with such defense or prosecution (including, without limitation, reasonable attorneys', accountants', and experts' fees and disbursements, settlement costs, court costs, and any other costs or expenses for investigating, defending or prosecuting such claim, in each case on an after tax basis.

ARTICLE IX
SPECIFIC COVENANT WITH RESPECT TO ASSET SALE

Section 9.1. Transaction. It is expected that the sale of the VIL Assets to VATL (the "**VIL Asset Sale**") will not create any cash tax liability for VIL in Israel in the tax year of the sale because of the ability to offset the any gain on the transaction against the existing net operating loss ("**NOL**") in VIL.

Section 9.2. Filing of Tax Return. VSH will actively pursue obtaining an opinion or other acceptable form of advice from its Israeli tax advisors that confirms at a "more likely than note" or higher level of comfort that the NOL may be used by VIL to offset any gain on the sale of the VIL Assets (the "Advice"). Provided that VSH receives such Advice, VSH agrees that the Tax Return for VIL that includes the VIL Asset Sale shall be prepared and filed on the assumption that the NOL of VIL offsets the gain on the VIL Asset Sale and VSH shall not and shall not permit any member of the VSH Group to take a different position on any Tax Return or in any discussion, whether written or oral, with any Tax Authorities.

Section 9.3. Impact of Transaction. If a Final Determination is reached that the NOL cannot be used to offset the gain, (as opposed to a determination that the NOL is not sufficiently large to offset the gain, or some other reason), then VATL shall make a payment to VSH as follows:

(a) To the extent VATL has been able to amortize or depreciate the VIL Assets and realize a reduction in its tax, the aggregate amount of such reduction actually realized by the time of the Final Determination shall be paid by VATL to VSH within 15 days of the Final Determination.

(b) To the extent the VIL Assets at the time of the Final Determination have not been fully amortized or depreciated for tax purposes by VATL, and a deferred tax asset is recorded on the books of VATL for the future tax benefit of the amortization or depreciation of the VIL Assets and there is no valuation allowance or similar impairment taken against the deferred tax asset, within 30 days after the Final Determination VATL shall pay to VSH the net present value of the deferred tax benefit. The net present value shall be determined using a discount rate equal to the rate of Interest in effect on the date of the Final Determination.

(c) In no event shall the amount payable by VPG pursuant to this Section 9.3 exceed the Tax liability of VIL that arises solely by virtue of the inability to apply its NOL to offset the gain recognized on the VIL Asset Sale.

Section 9.4. Advice Not Received If the Israeli tax advisors are unable to render the Advice, and because of that the VIL Tax Return does not offset the gain on the sale of the VIL Assets with the NOL, VATL shall make a payment to VSH as follows:

(a) If a deferred tax asset is recorded on the books of VATL for the future tax benefit of the amortization or depreciation of the VIL Assets and there is no valuation allowance or similar impairment taken against the deferred tax asset, within 30 days after the VSH pays the Taxes due on the VIL Asset Sale VATL shall pay to VSH the net present value of the deferred tax benefit. The net present value shall be determined using a discount rate equal to the rate of Interest in effect on the date of the Final Determination.

(b) In no event shall the amount payable by VPG pursuant to this Section 9.4 exceed the Tax liability of VIL that arises solely by virtue of the inability to apply its NOL to offset the gain recognized on the VIL Asset Sale.

Section 9.5. Audit Management. Notwithstanding anything to the contrary in the this Agreement, if VSH or a VSH Group member receives notice, whether written or otherwise, that the Israeli tax authorities may challenge the ability to offset the gain on the VIL asset sale with the NOL, VSH shall promptly notify VPG. The control of such Proceedings and the settlement shall be handled as provided in section 8.2(a) of this Agreement.

ARTICLE X
MISCELLANEOUS PROVISIONS

Section 10.1. Cooperation. The Parties shall each cooperate fully (and each shall cause its respective Affiliates to cooperate fully) with all reasonable requests from the other Parties, or from an agent, representative or advisor to such Parties, including the delivery of information, documents access to employees etc, in connection with the preparation and filing of Tax Returns, claims for refund, Proceedings, and other matters, in each case, related to Taxes covered by this Agreement, and with respect to the preparation by VPG of a claim for an R&D credit (as provided by Section 41 of the Code) with respect to the first or second Post-Closing Tax Period following the Distribution Date.

if to VSH, to:

Vishay Intertechnology, Inc.
63 Lancaster Avenue
Malvern, PA 19355-2120
Attention: Dr. Lior E. Yahalomi, Chief Financial Officer
Facsimile: 610.889.2161

with a copy (which shall not constitute notice) to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036
Attention: Abbe L. Dienstag, Esq.
Facsimile: 212.715.8000

if to VPG, to:

Vishay Precision Group, Inc.
[Address]
Attention: William M. Clancy, Chief Financial Officer
Telephone: [_____]
Facsimile: [_____]

with a copy (which shall not constitute notice) to:

Pepper Hamilton LLP
3000 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103
Attention: Barry M. Abelson, Esq.
Facsimile No.: 215.689.4803

Section 10.2. Notices. All notices, requests and other communications to any Party hereunder shall be in writing (including facsimile transmission) and shall be given, or to such other address or facsimile number as such Party may hereafter specify for the purpose by notice to the other Parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed to have been received on the next succeeding Business Day in the place of receipt.

Section 10.3. Changes in Law.

(a) Any reference to a provision of the Code, Treasury Regulations, or a law of another jurisdiction shall include a reference to any applicable successor provision or law.

(b) If, due to any change in Applicable Law or regulations or their interpretation by any court of law or other governing body having jurisdiction subsequent to the date hereof, performance of any provision of this Agreement or any transaction contemplated hereby shall become impracticable or impossible, the Parties hereto shall use their commercially reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such provision.

Section 10.4. Binding Effect; Benefit; Assignment.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any Person other than the Parties hereto and their respective successors and assigns.

(b) No Party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other Party hereto.

Section 10.5. Authority. Each of the Parties hereto represents to each of the other Parties that (a) it has the corporate power (corporate or otherwise) and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other action, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

Section 10.6. Entire Agreement. This Agreement, the Distribution Agreement, and the other Ancillary Agreements constitute the entire agreement between the Parties with respect to the subject matter of this Agreement and supersede all prior agreements and understandings, both oral and written, between the Parties with respect to the subject matter of this Agreement.

Section 10.7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflicts of law rules of such state.

Section 10.8. Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each Party hereto shall have received a counterpart hereof signed by all of the other Parties hereto. Until and unless each Party has received a counterpart hereof signed by the other Party hereto, this Agreement shall have no effect and no Party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

Section 10.9. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to affect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the fullest extent possible.

Section 10.10. Waiver and Amendment.

(a) Any provision of this Agreement may be amended or waived prior to the Effective Time if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each Party to this Agreement or, in the case of a waiver, by each Party against whom the waiver is to be effective.

(b) No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Section 10.11. Interpretation.

(a) When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of or to this Agreement unless otherwise indicated.

(b) Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

(c) Unless the context requires otherwise, the terms “hereof,” “herein,” “hereby,” “hereto” and derivative or similar words in this Agreement refer to this entire Agreement.

(d) Unless the context requires otherwise, words in this Agreement using the singular or plural number also include the plural or singular, respectively, and the use of any gender herein shall be deemed to include the other gender.

(e) Except as otherwise specifically provided herein, where any action is required to be taken on a particular day and such day is not a Business Day and, as a result, such action cannot be taken on such day, then this Agreement shall be deemed to provide that such action shall be taken on the first Business Day after such day.

(f) This Agreement was prepared jointly by the Parties and no rule that it be construed against the drafter will have any application in its construction or interpretation.

Section 10.12. Headings. The headings contained in this Agreement are inserted for convenience only and shall not be considered in interpreting or construing any of the provisions contained in this Agreement.

Section 10.13. Exclusivity. Except as otherwise explicitly provided in the Distribution Agreement, all matters related to Taxes or Tax Returns of the Parties shall be governed by this Agreement. In the event of a conflict, this Agreement shall govern and control. Notwithstanding any other provision of this Agreement, in no event shall any Party or any other Person be liable for any Taxes, expenses or any other losses or damages of any kind pursuant to this Agreement or otherwise except as expressly set forth herein or in the Distribution Agreement.

Section 10.14. Dispute Resolution. Any disputes arising under this Agreement shall be resolved by applying Sections 8.2 and 8.3 of the Distribution Agreement, provided however, that to the extent the dispute is to an amount of Tax, or an amount or allocation of a Tax Asset, the mediator referenced in Section 8.2(d) shall, to the extent possible, be a person with a national reputation as an expert in U.S. federal income tax.

Section 10.15. Survival. The covenants and agreements of the Parties hereunder (including indemnification of the Parties) shall survive until 90 days following the expiration of the applicable statute of limitations (taking into account all extensions thereof), if any, of the claim that gave rise to the indemnification. Notwithstanding the foregoing, in the event of notice for indemnification has been given within the applicable survival period, such indemnification shall survive until such time as such claim is finally resolved.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

VISHAY INTERTECHNOLOGY, INC.

Name:
Title:

VISHAY PRECISION GROUP, INC.

Name:
Title:

FORM OF EMPLOYEE MATTERS AGREEMENT

by and between

VISHAY INTERTECHNOLOGY, INC.

and

VISHAY PRECISION GROUP, INC.

Dated _____, 2010

EMPLOYEE MATTERS AGREEMENT

This **EMPLOYEE MATTERS AGREEMENT** (the "Agreement") is entered into _____, 2010, by and between **Vishay Intertechnology, Inc.**, a Delaware corporation ("Vishay"), and **Vishay Precision Group, Inc.**, a Delaware corporation ("VPG") (each a "Party" and together the "Parties").

RECITALS

WHEREAS, the Board of Directors of Vishay has determined that it is appropriate and desirable to separate Vishay and VPG into two publicly-traded companies by separating from Vishay and transferring to VPG Vishay's measurement and foil resistor businesses, and related assets and liabilities;

WHEREAS, to effectuate the distribution, the Parties entered into that certain Master Separation and Distribution Agreement, dated as of _____, 2010 herewith (the "Separation Agreement"); and

WHEREAS, pursuant to the Separation Agreement, Vishay and VPG have agreed to enter into this Agreement for the purpose of allocating between them assets, liabilities and responsibilities with respect to employee compensation and benefit plans and arrangements;

NOW, THEREFORE, in consideration of the foregoing premises, the mutual promises and covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. The following terms shall have the meanings assigned in this Section:

"Account Transfer Date" means, with respect to any Vishay Benefit Plan, the date on which accounts, assets and liabilities of such Vishay Benefit Plan are transferred to the corresponding VPG Benefit Plan.

"Action" means any claim, demand, action, suit, counter-suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority and shall include any negotiations in settlement of or in lieu of an Action.

"Agreement" means this Employee Matters Agreement.

"Applicable Law" means any applicable law, statute, rule or regulation of any Governmental Authority, or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"Benefit Plan" means, with respect to an entity, each plan, program, policy, on-going arrangement, agreement, payroll practice, contract, insurance policy or commitment that is an employment, consulting, non-competition or deferred compensation agreement, or an executive compensation, incentive bonus, pension, profit-sharing, savings, retirement, supplemental retirement, stock option, restricted stock unit, phantom stock, other equity-based compensation, severance pay, life, health, hospitalization, sick leave, vacation pay, disability or accident insurance plan or other employee benefit plan, program, arrangement, agreement or commitment that covers employees sponsored or maintained by such entity.

"COBRA" means the continuation coverage requirements for "group health plans" pursuant to Code Section 4980B and ERISA Sections 601 through 608.

"COBRA Beneficiary" means an individual who is receiving or who is entitled to receive COBRA coverage.

"Code" means the Internal Revenue Code of 1986, as amended, including any proposed, temporary or final regulation and other regulatory guidance in force under that provision.

"Contract" means any contract, agreement, lease, purchase and/or commitment, license, consensual obligation, promise or undertaking (whether written or oral and whether express or implied) that is legally binding on any Person or any part of its property under Applicable Law, including all claims or rights against any Person, choses in action and similar rights, whether accrued or contingent with respect to any such contract, agreement, lease, purchase and/or commitment, license, consensual obligation, promise or undertaking, but excluding this Agreement and the Separation Agreement, save as otherwise expressly provided in this Agreement or in the Separation Agreement.

"Distribution" means the distribution of all of the outstanding shares of VPG Common Stock and VPG Class B Common Stock to the holders of Vishay Common Stock and Vishay Class B Common Stock, respectively.

"Distribution Date" means the date determined by the Board of Directors of Vishay as the date on which the Distribution shall be effected.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, including any proposed, temporary or final regulation and other regulatory guidance in force under that provision.

"Existing VPG Benefit Plans" means the Benefit Plans sponsored or maintained by members of the VPG Group in the United States as of December 31, 2009 which are listed on Schedule A to this Agreement.

"FSA Plan" means a health care flexible spending account plan or dependent care flexible spending account plan.

"Governmental Authority" means any U.S. or non-U.S. federal, state, local, foreign or international court, arbitration or mediation tribunal, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

"Group" means the Vishay Group or the VPG Group, as the context requires.

"Health and Welfare Plans" means benefit plans providing health, life, dental, vision, prescription drug, short-term disability, long-term disability, and/or educational assistance coverage.

"Liability" means, with respect to any Person, any and all losses, claims, charges, debts, demands, actions, causes of action, suits, damages, obligations, payments, costs and expenses, sums of money, accounts, reckonings, bonds, specialties, indemnities and similar obligations, exoneration covenants, obligations under Contracts, controversies, doings, omissions, variances, guarantees, make whole agreements and similar obligations, and other liabilities and requirements, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, joint or several, whenever arising, and including those arising under any Applicable Law, Action, threatened or contemplated Action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all costs and expenses, whatsoever reasonably incurred in investigating, preparing or defending against any such Actions or threatened or contemplated Actions) or order of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any Contract, in each case, whether or not recorded or reflected or otherwise disclosed or required to be recorded or reflected or otherwise disclosed, on the books and records or financial statements of any Person, including any Liability for Taxes.

"Measurement Group" means Vishay Measurements Group, Inc., a Wholly-owned Subsidiary of VPG.

"MGF Business" means the measurements and foil resistor business owned and operated, indirectly or directly, by Vishay prior to the Distribution, to be owned and operated, directly or indirectly, by VPG after the Distribution.

"Parties" shall have the meaning assigned thereto in the preamble to this Agreement.

"Per Share Market Value" has the meaning assigned thereto in Section 5.2.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Authority.

"QDRO" has the meaning assigned thereto in Section 3.1(c).

"Separation" means the multi-step process described in Article II of the Separation Agreement by which the MGF Business shall be transferred, directly or indirectly, from Vishay and members of the Vishay Group to VPG and members of the VPG Group.

"Separation Agreement" has the meaning assigned thereto in the recitals to this Agreement.

"Subsidiary" of any Person means a corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however, that no Person that is not directly or indirectly wholly-owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person.

"Taxes" has the meaning set forth in the Tax Sharing Agreement, substantially in the form set forth as Exhibit E to the Separation Agreement.

"Transfer Date" means, with respect to any Vishay Employee, the date such Vishay Employee becomes a VPG Employee. In the case of employees of the Measurements Group who participated in any Vishay Benefit Plans and who cease to participate in such Vishay Benefit Plans and commence participation in the corresponding VPG Benefit Plans, the date of such transfer to VPG Benefit Plans shall be treated as such individuals' Transfer Date.

"Vishay" has the meaning assigned thereto in the preamble to this Agreement.

"Vishay 401(k) Plan" means the Vishay Employee Savings Plus Plan.

"Vishay Benefit Plan" means, at any relevant time, any Benefit Plan sponsored, maintained or contributed to by any member of the Vishay Group.

"Vishay Class B Common Stock" means the outstanding shares of Class B common stock, $0.10 par value, of Vishay.

"Vishay Common Stock" means the outstanding shares of common stock, $0.10 par value, of Vishay.

"Vishay Employee" means any individual who, at the relevant time, is, or is expected to be, employed by Vishay or any member of the Vishay Group, including active employees and employees on vacation and approved leave of absence (including maternity, paternity, family, sick leave, qualified military service under the Uniformed Services Employment and Reemployment Rights Act of 1994, short- or long-term disability leave, leave under the Family Medical Leave Act and other approved leave).

"Vishay FSA Plan" has the meaning assigned thereto in Section 4.2(a).

"Vishay Group" means Vishay and each Subsidiary of Vishay and each other Person that is or is anticipated to be controlled directly or indirectly by Vishay immediately after the Distribution, provided that the Vishay Group shall not include any member of the VPG Group.

"Vishay KEWAP" means the Vishay Intertechnology, Inc. Deferred Compensation Plan, also referred to as the Vishay Key Employee Wealth Accumulation Plan.

"Vishay NQDB Plan" means the Vishay Non-qualified Retirement Plan.

"Vishay Participant" means a participant in a Vishay Benefit Plan who, at the relevant time, is (i) a Vishay Employee, (ii) a former Vishay Employee who is not a VPG Employee, or (iii) a beneficiary, dependent or alternate payee of any of the foregoing.

"Vishay Retirement Plan" means The Vishay Retirement Plan, a qualified, defined benefit plan.

"Vishay Service Programs/Policies" means, collectively, the Vishay vacation, short-term disability and other Vishay programs and policies to the extent eligibility for or the level of benefits thereunder depends on length of service.

"Vishay Welfare Plan" has the meaning assigned thereto in Section 4.1(a).

"VPG" has the meaning assigned thereto in the preamble to this Agreement.

"VPG 401(k) Plan" has the meaning assigned thereto in Section 3.1(b).

"VPG Benefit Plan" means any Benefit Plan sponsored, maintained or contributed to by any member of the VPG Group.

"VPG Class B Common Stock" means the outstanding shares of Class B common stock, $0.10 par value, of VPG.

"VPG Common Stock" means the outstanding shares of common stock, $0.10 par value, of VPG.

"VPG Employee" means any individual who, at the relevant time, is employed by VPG or any member of the VPG Group, including active employees and employees on vacation and approved leave of absence (including maternity, paternity, family, sick leave, qualified military service under the Uniformed Services Employment and Reemployment Rights Act of 1994, short- or long-term disability leave, leave under the Family Medical Leave Act and other approved leave).

"VPG FSA Plans" has the meaning assigned thereto in Section 4.2(b).

"VPG Group" means VPG and each Subsidiary of VPG and each other Person that is or is anticipated to be controlled directly or indirectly by VPG immediately after the Distribution.

"VPG KEWAP" has the meaning assigned thereto in Section 3.2(b).

"VPG NQDP Plan" has the meaning assigned thereto in Section 3.4(b).

"VPG Participant" means any individual who, at the relevant time, is (i) a VPG Employee or (ii) a beneficiary, dependent or alternate payee of a VPG Employee.

"VPG Service Programs/Policies" means, collectively, the VPG vacation, short-term disability and other VPG programs and policies to the extent eligibility for or the level of benefits thereunder depends on length of service.

"VPG Stock Incentive Program" means the Vishay Precision Group, Inc. 2010 Stock Incentive Program.

"VPG Welfare Plan" has the meaning assigned thereto in Section 4.1(b).

"Wholly-owned Subsidiary" of a Person means a Subsidiary of that Person substantially all of whose voting securities and outstanding equity interest are owned either directly or indirectly by such Person or one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries.

ARTICLE II
GENERAL PRINCIPLES

Section 2.1 Transfer of Employees. Prior to the Distribution Date, to the extent not previously transferred, all Vishay Employees that are or as of the Distribution Date are expected to be, primarily employed in the MGF Business, as well as any other Vishay Employees that Vishay and VPG determine should become VPG Employees, shall be transferred to the VPG Group, it being acknowledged that most such employees who were not previously employed by the VPG Group were transferred effective January 1, 2010. Notwithstanding the foregoing, any such employees who are on an approved leave of absence (including maternity, paternity, family, sick leave, qualified military service under the Uniformed Services Employment and Reemployment Rights Act of 1994, short-term or long-term disability leave, leave under the Family Medical Leave Act and other approved leave) prior to and as of the Distribution Date shall not be transferred to VPG or a member of the VPG Group unless and until they return to work. Such transfer shall not be treated as a separation from service for purposes of any Vishay Benefit Plan or any agreement (or any benefit thereunder) which is subject to the provisions of Section 409A of the Code.

Section 2.2 Assumption and Retention of Liabilities.

(a) As of the Distribution Date, except as otherwise expressly provided for in this Agreement or any other agreement by and between the Parties, and/or their Affiliates, Vishay shall, or shall cause one or more other members of the Vishay Group to, retain and Vishay hereby agrees to pay, perform, fulfill and discharge, in due course in full: (i) all Liabilities under all Vishay Benefit Plans with respect to the Vishay Employees; and (ii) any other Liabilities or obligations expressly assigned to Vishay or any other member of the Vishay Group under this Agreement.

(b) From time to time after the Distribution Date, VPG shall promptly reimburse Vishay, upon Vishay's reasonable request and the presentation by Vishay of such substantiating documentation as VPG shall reasonably request, for the cost of any obligations or Liabilities satisfied or assumed by Vishay or the Vishay Group following the Distribution Date that are, or that have been made pursuant to this Agreement, the responsibility of VPG or the VPG Group. Except as otherwise provided in this Agreement, any such request for reimbursement must be made by Vishay not later than the first anniversary of the Distribution Date, unless the obligations and Liabilities extend beyond the first anniversary.

(c) From time to time after the Distribution Date, Vishay shall promptly reimburse VPG, upon VPG's reasonable request and the presentation by VPG of such substantiating documentation as Vishay shall reasonably request, for the cost of any Liabilities satisfied or assumed following the Distribution Date by VPG or the VPG Group that are, or that have been made pursuant to this Agreement, the responsibility of Vishay or the Vishay Group. Except as otherwise provided in this Agreement, any such request for reimbursement must be made by VPG not later than the first anniversary of the Distribution Date, unless the obligations and Liabilities extend beyond the first anniversary.

Section 2.3 Existing VPG Benefit Plans. Anything to the contrary in this Agreement notwithstanding, if a VPG Employee is a participant in an Existing VPG Benefit Plan, including without limitation any Benefit Plan sponsored or maintained by Measurements Group, then VPG or another member of the VPG Group may either continue the participation of the VPG Employee in such Existing VPG Benefit Plan or transfer participation of the VPG Employee, and the assets attributable to the VPG Employee's participation in such plan, to a comparable VPG Benefit Plan contemplated by this Agreement, provided that the comparable VPG Benefit Plan shall have terms and conditions no less favorable to the VPG Employee than under the Existing VPG Benefit Plan. Except to the extent of transfers of participation contemplated in the previous sentence, all Existing VPG Benefit Plans, including Benefit Plans sponsored or maintained by Measurements Group, shall continue in effect as of the Distribution Date, and no changes in any such Benefit Plans shall be made on account of the Distribution.

Section 2.4 VPG Employee Participation in Vishay Benefit Plans. Except as otherwise expressly provided for in this Agreement or as otherwise expressly agreed to in writing between the Parties, each Vishay Employee who becomes a VPG Employee shall cease to actively participate in, be covered by, accrue benefits under, be eligible to contribute to or have any rights as an active participant under any Vishay Benefit Plan effective as of a date on or after such VPG employee's Transfer Date, but in no event later than the Distribution Date.

Section 2.5 Service Credit. VPG, directly or through one or more other members of the VPG Group, shall cause the VPG Service Programs/Policies and the VPG Benefit Plans to provide each Vishay Employee who becomes a VPG Employee credit for all purposes, including eligibility, vesting, determination of benefit levels, and benefit accruals under the applicable VPG Service Programs/Policies and VPG Benefit Plans for such VPG Employee's service with any member of the Vishay Group to the same extent such service was recognized by the corresponding Vishay Service Programs/Policies and Vishay Benefit Plans; provided that such service shall not be recognized to the extent that such recognition would result in the duplication of benefits.

Section 2.6 Vacation and Other Time-Off Benefits. VPG or another applicable member of the VPG Group shall credit each individual who becomes a VPG Employee on or before the Distribution Date with the amount of accrued but unused vacation time and other time-off benefits as such VPG Employee had with the Vishay Group on the applicable Transfer Date. The VPG Employees for whom VPG provides vacation and other time-off credits as described above shall not have a right to a cash payment for their accrued but unused vacation time (including banked vacation time) or other time-off benefits as a result of their ceasing to be Vishay Employees.

Section 2.7 Measurements Group Employees. Employees of the Measurements Group that participated in any Vishay Benefit Plans will cease to participate in such Vishay Benefit Plans and commence participation in the corresponding VPG Benefit Plans as of or on a date prior to the Distribution Date, and such date shall be treated as such individuals' Transfer Date for the purpose of this transfer to the VPG Benefit Plans.

ARTICLE III
RETIREMENT PLANS

Section 3.1 401(k) Plans.

(a) Vishay 401(k) Plan. Except as provided in Section 3.1(c) below, following the Distribution Date the Vishay Group shall retain all obligations and Liabilities under, or with respect to, the Vishay 401(k) Plan.

(b) VPG 401(k) Plan. Effective on or about March 1, 2010, VPG has, or has caused another member of the VPG Group to, establish a qualified defined contribution retirement plan and trust for the benefit of VPG Participants (the "VPG 401(k) Plan"). VPG shall be responsible for taking all necessary, reasonable and appropriate action to maintain and administer the VPG 401(k) Plan so that it is qualified under Code Section 401(a) and the trust thereunder is and continues to be exempt under Code Section 501(a). VPG (acting directly or through other members of the VPG Group) shall be responsible for any and all Liabilities and other obligations with respect to the VPG 401(k) Plan. As of the date of the establishment of the VPG 401(k) Plan and through the Distribution Date, the VPG 401(k) Plan shall include terms that are substantially the same as the terms of the Vishay 401(k) Plan.

(c) Transfer of Vishay 401(k) Plan Assets. On an Account Transfer Date within a reasonable period of time before the Distribution Date, Vishay shall cause the accounts and underlying assets and Liabilities (including any outstanding loan balances and any qualified domestic relations orders ("QDROs")) in the Vishay 401(k) Plan attributable to VPG Employees who are employed by VPG as of the Account Transfer Date and all of the assets in the Vishay 401(k) Plan trust related thereto to be transferred (based on the investments in place on or as soon as administratively practicable before the Account Transfer Date) to the VPG 401(k) Plan, and VPG shall cause the VPG 401(k) Plan and trust to accept such transfer of accounts and underlying assets, Liabilities, loans and QDROs. Effective as of the date of such transfer, VPG shall cause the VPG 401(k) Plan to assume and to fully perform, pay and discharge all obligations of the Vishay 401(k) Plan relating to the accounts of VPG Participants as of the Account Transfer Date, to the extent the assets, liabilities, loans and QDROs related to those accounts are actually transferred from the Vishay 401(k) Plan to the VPG 401(k) Plan, and the VPG 401(k) Plan shall satisfy all protected benefit requirements under the Code, ERISA and Applicable Law with respect to the transferred accounts. The transfer of assets shall be conducted in accordance with Code Section 414(l), Treasury Regulation Section 1.414(1)-1, and ERISA Section 208. The Vishay 401(k) Plan accounts of individuals who become VPG Employees after the Account Transfer Date shall be governed by the terms of the Vishay 401(k) Plan.

(d) Continuation of Elections. The VPG 401(k) Plan shall recognize and maintain Vishay 401(k) Plan elections or designations, including participant deferral elections, investment elections, beneficiary designations, and the rights of alternate payees under QDROs with respect to VPG Participants, to the extent such elections or designations are available under the VPG 401(k) Plan and continued pursuant to procedures adopted under the VPG 401(k) Plan.

(e) Contributions through the Account Transfer Date. All contributions, including employer matching contributions, payable to the Vishay 401 (k) Plan through the applicable Transfer Date with respect to employee deferrals and contributions for Vishay Employees who become VPG Employees on or before the Account Transfer Date, determined in accordance with the terms and provisions of the Vishay 401(k) Plan, ERISA and the Code, shall be paid by Vishay or another member of the Vishay Group to the Vishay 401(k) Plan prior to the Account Transfer Date.

Section 3.2 KEWAPs.

(a) Vishay Key Employee Wealth Accumulation Plan. Except as provided in Section 3.2(c) below, following the Distribution Date the Vishay Group shall retain all obligations and Liabilities under, or with respect to, the Vishay KEWAP.

(b) VPG Key Employee Wealth Accumulation Plan. Effective on or about January 1, 2010, VPG has, or has caused another member of the VPG Group to, establish a non-qualified deferred compensation plan (the "VPG KEWAP") to benefit, on a prospective basis, VPG Employees who participated in the Vishay KEWAP immediately prior to their transfer to the VPG Group and other eligible VPG Employees. Effective prior to the Distribution Date, VPG will, or will cause another member of the VPG Group to, establish a rabbi trust with respect to the VPG KEWAP.

(c) Transfer of Vishay KEWAP Accounts and Rabbi Trust Amounts. On an Account Transfer Date within a reasonable period of time before the Distribution Date, Vishay shall cause the accounts in the Vishay KEWAP attributable to VPG Employees who are employed as of the Account Transfer Date and the amounts in the Vishay KEWAP rabbi trust related thereto to be transferred (based on the investments in place on or as soon as administratively practicable before the Account Transfer Date) to the VPG KEWAP. VPG shall cause the VPG KEWAP and the VPG KEWAP rabbi trust to accept such transfer of accounts and associated amounts and, effective as of the Account Transfer Date, to assume and to fully perform, pay and discharge all obligations of the Vishay KEWAP relating to the accounts of VPG Participants as of the Account Transfer Date, to the extent the amounts related to those accounts are actually transferred from the Vishay KEWAP to the VPG KEWAP. The account balances in the Vishay KEWAP of any Vishay Employee or former Vishay Employee who becomes a VPG Employee after the Account Transfer Date, shall remain in the Vishay KEWAP, and shall continue to be governed by the terms of the Vishay KEWAP.

(d) Continuation of Elections. The VPG KEWAP will recognize and maintain Vishay KEWAP elections or designations, including participant deferral elections (to the extent possible), investment elections, beneficiary designations, and the rights of alternate payees under QDROs with respect to VPG Employees, to the extent such elections or designations are available under the VPG KEWAP and continued pursuant to procedures adopted under the VPG KEWAP.

(e) Credits and Contributions through the Transfer Date. All amounts scheduled to be credited to the Vishay KEWAP and contributed to the related rabbi trust through the applicable Transfer Date with respect to Vishay Employees who become VPG Employees on or before the Account Transfer Date, determined in accordance with the terms and provisions of the Vishay KEWAP, ERISA and the Code, shall be credited and paid by Vishay or another member of the Vishay Group to the Vishay KEWAP and the related rabbi trust prior to the Account Transfer Date.

Section 3.3 Vishay Retirement Plan. Following the Distribution Date, the Vishay Group shall retain all obligations and Liabilities under, or with respect to, the Vishay Retirement Plan. Any accrued benefits of VPG Employees under Vishay Retirement Plan shall remain with the Vishay Retirement Plan and shall be governed by the terms and conditions of the Vishay Retirement Plan. Vishay Employees who separate from service with the Vishay Group to become VPG Employees shall become eligible for distribution of their benefits under the Vishay Retirement Plan in accordance with that plan's terms and administrative procedures. The Vishay Group shall be responsible for any notices, forms and filings that are required to be furnished to a governmental agency as a result of the Distribution.

Section 3.4 NQDB Plans.

(a) Vishay NQDB Plan. Except as provided in Section 3.4(c) below, following the Distribution Date the Vishay Group shall retain all obligations and Liabilities under, or with respect to, the Vishay NQDB Plan.

(b) VPG NQDB Plan. Effective as of January 1, 2010, VPG established a non-qualified defined benefit retirement plan (the "VPG NQDB Plan") to maintain the accounts of VPG Participants who had accounts in the Vishay NQDB Plan immediately prior to the Distribution Date. Effective prior to the Distribution Date, VPG will, or will cause another member of the VPG Group to, establish a rabbi trust with respect to the VPG NQDB Plan.

(c) Transfer of Vishay NQDB Plan Accounts and Rabbi Trust Amounts. On an Account Transfer Date within a reasonable period of time before the Distribution Date, Vishay shall cause the accounts in the Vishay NQDB Plan attributable to VPG Employees who are employed by the VPG Group as of the Account Transfer Date and the amounts in the Vishay NQDB Plan rabbi trust related thereto to be transferred (based on the investments in place on or as soon as administratively practicable before the Account Transfer Date) to the VPG NQDB Plan. VPG shall cause the VPG NQDB Plan and the VPG NQDB Plan rabbi trust to accept such transfer of accounts and associated amounts and, effective as of the Account Transfer Date, to assume and to fully perform, pay and discharge all obligations of the Vishay NQDB Plan relating to the accounts of VPG Participants as of the Account Transfer Date, to the extent the amounts related to those accounts are actually transferred from the Vishay NQDB Plan to the VPG NQDB Plan. The account balances in the Vishay NQDB Plan of Vishay Employees or former Vishay Employees who become VPG Employees after the Account Transfer Date shall remain in the Vishay NQDB Plan, and shall continue to be governed by the terms of the Vishay NQDB Plan.

ARTICLE IV
HEALTH AND WELFARE PLANS

Section 4.1 VPG Welfare Plans.

(a) Vishay Welfare Plan. Following the Distribution Date, the Vishay Group shall retain all obligations and Liabilities under, or with respect to, the Health and Welfare Benefit Plans maintained for the benefit of Vishay Employees (the "Vishay Welfare Plans").

(b) Establishment of VPG Welfare Plans. Effective as of or before the Distribution Date, VPG will, or will cause or a member of the VPG Group to, establish one or more Health and Welfare Benefit Plans for the benefit of eligible VPG Participants (the "VPG Welfare Plans"), who, as of the date of their transfer to the VPG Group, are participants in the Vishay Welfare Plans. The VPG Welfare Plans shall provide health, life, dental, vision, prescription drug, short-term disability, long-term disability, and educational assistance coverage benefits prior to and as of the Distribution Date on terms substantially the same as are provided under the Vishay Welfare Plans.

(c) Terms of Participation in VPG Welfare Plans. The VPG Welfare Plans shall (i) waive all limitations as to preexisting conditions, exclusions, and service conditions with respect to participation and coverage requirements applicable to VPG Employees, other than limitations that were in effect with respect to participants as of the applicable Transfer Date under the corresponding Vishay Welfare Plan, (ii) waive any waiting period limitation or evidence of insurability requirement that would otherwise be applicable to a VPG Employee following the applicable Transfer Date to the extent such VPG Participant had satisfied any similar limitation under the corresponding Vishay Welfare Plan, and (iii) honor any deductibles, out-of-pocket maximums and co-payments incurred by VPG Employees under the corresponding Vishay Welfare Plan in satisfaction of the applicable deductibles, out-of-pocket expenses or co-payments under such Vishay Welfare Plan for calendar year 2010.

Section 4.2 FSA Plans.

(a) Vishay FSA Plans. Except as provided in Section 4.2(c) below, following the Distribution Date the Vishay Group shall retain all obligations and Liabilities under, or with respect to, the FSA Plans of the Vishay Group (the "Vishay FSA Plans").

(b) VPG FSA Plans. Effective as of January 1, 2010, VPG has, or has caused another member of the VPG Group to, establish one or more health care and dependent care FSA Plans (the "VPG FSA Plans"). The VPG FSA Plans shall provide benefits prior to and as of the Distribution Date that are substantially the same as provided under the Vishay FSA Plans.

(c) To the extent that the Transfer Date of a VPG Employee occurs between January 1, 2010 and the Distribution Date, the VPG FSA Plans shall reimburse medical expenses incurred by the VPG Employees at any time during the Vishay FSA Plans' plan year (including claims incurred but unpaid prior to the Distribution Date), up to the amount of the individual's election and reduced by amounts previously reimbursed by the corresponding Vishay FSA Plan. The debit and credit account balances, if any, of any such VPG Employee under the Vishay FSA Plans shall be transferred within a reasonable period prior to the Distribution Date to the VPG FSA Plans and shall thereafter be administered in accordance with the terms of the VPG FSA Plans. If a VPG Employee whose account is transferred to the VPG FSA Plans receives reimbursements that exceed the amount he or she has contributed under the corresponding Vishay FSA Plan as of the applicable Transfer Date, irrespective of whether such payment was made before or after such Transfer Date, VPG or another member of the VPG Group shall collect that VPG Employee's payroll contributions in accordance with the VPG FSA Plans' procedures and remit them on a monthly basis to Vishay until Vishay has recouped the total reimbursements paid to or for that VPG Employee under the applicable Vishay FSA Plan for the year; provided that such contributions and remittances shall cease upon the VPG Employee's cessation of participation in the applicable VPG FSA Plan. Balances in any Vishay FSA Plan of any Vishay Employee who becomes a VPG Employee after the Distribution Date will not be transferred to the corresponding VPG FSA Plan and will be treated in accordance with the terms and procedures of the Vishay FSA Plans.

Section 4.3 Claims.

(a) General. Vishay, acting directly or through any other member of the Vishay Group, shall cause each Vishay Welfare Plan to fully perform, pay and discharge, within the timeframes applicable under such plan, all claims that arise with respect to VPG Participants under the Vishay Welfare Plan until the applicable Transfer Date and (ii) VPG, acting directly or through any other member of VPG Group, shall cause the corresponding VPG Welfare Plan to fully perform, pay and discharge, within the timeframes applicable under such plan, all claims that arise under such VPG Welfare Plan on and after the applicable Transfer Date.

(b) Claim Arisen Definition. For purposes of this Section 4.3, a claim is deemed to arise (i) with respect to medical, dental and/or vision benefits, upon the rendering of health services giving rise to such claim; (ii) with respect to prescription drug benefits, upon the purchase of the prescription drug; (iii) with respect to disability benefits, upon the date of an individual's disability, as determined by the disability benefit insurance carrier or claim administrator, giving rise to such claim; (iv) with respect to a period of continuous hospitalization, upon the date of admission to the hospital; and (v) with respect to death benefits, on the date of death.

Section 4.4 Advances. VPG shall reimburse Vishay for the amount of any advances made by Vishay or any other member of the Vishay Group prior to the applicable Transfer Date under any Benefit Plan or otherwise to the extent that such advance relates to service on or after the applicable Transfer Date or that under the terms of the Agreement is a Liability of the VPG Group.

Section 4.5 Workers' Compensation Liabilities.

(a) Pre-Transfer Claims. The VPG Group shall be responsible for any workers' compensation Liability up to the amount accrued on its balance sheet on the Transfer Date. The VPG Group shall not assume, retain or otherwise be responsible for any workers' compensation Liability in excess of the amount accrued relating to, arising out of, or resulting from a compensable injury or disease of a VPG employee before the applicable Transfer Date.

(b) Post- Transfer Claims. All workers' compensation Liabilities relating to, arising out of, or resulting from any compensable injury or occupational disease of a VPG Employee occurring on or after the applicable Transfer Date shall be the responsibility of the VPG Group.

(c) General. For purposes of this Section 4.6, a compensable injury shall be deemed to occur upon the occurrence of the event giving rise to eligibility for workers' compensation benefits and an occupation disease shall be deemed to occur when it first becomes manifest. Vishay and VPG shall cooperate in good faith with respect to the notification to appropriate Governmental Authorities in order to facilitate the issuance of new, or the transfer of existing, workers' compensation insurance policies and claims handling contracts occasioned by reason of the separation.

ARTICLE V
EQUITY AWARDS

Section 5.1 Approval of VPG Plan by Vishay as Majority Shareholder. Effective prior to the Distribution Date, VPG shall adopt the VPG Stock Incentive Program. Vishay, as VPG's sole shareholder, shall approve the VPG Stock Incentive Program prior to the Distribution Date. Vishay shall, or shall cause VPG to, register all shares of VPG Common Stock issuable under the VPG Stock Incentive Program on Form S-8 (or any successor form promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended) prior to the Distribution Date.

Section 5.2 Phantom Stock and Restricted Stock Units.

(a) Number of Shares. Effective as of the Separation, Vishay shall amend each outstanding grant of phantom stock granted pursuant to the Vishay Intertechnology Inc. Senior Executive Phantom Stock Plan and each outstanding grant of restricted stock units (both those subject to ordinary vesting and those restricted stock units subject to performance-based vesting, sometimes referred to as performance stock units) granted pursuant to the Vishay Intertechnology, Inc. 2007 Stock Incentive Program, as amended and restated effective April 2008, to increase the number of shares of phantom stock and the number of restricted stock units applicable to such grants. The aggregate number of shares of phantom stock and restricted stock units outstanding following the Separation shall be determined according to the following formula:

$$N_{Vs} = N_V \, x \, [1 + r \, x \, P_{Ms} / P_{Vs}],$$

where

N_{Vs} is the number of shares of Vishay Common Stock underlying the restricted stock units or phantom shares following the Distribution Date;

N_{V} is the number of shares Vishay Common Stock underlying the restricted stock units or phantom shares prior to the Distribution Date;

P_{Ms} is the Per Share Market Value of VPG Common Stock following the Distribution Date;

P_{Vs} is the Per Share Market Value of Vishay Common Stock following the Distribution Date; and

r is the distribution ratio for the Distribution.

"Per Share Market Value" of the VPG Common Stock or the Vishay Common Stock means the average Daily Market Price of the respective security for the first ten (10) consecutive trading days following the Distribution Date. "Daily Market Price" for a security on any trading day means the volume-weighted average of the per share selling prices of the security on the New York Stock Exchange or other principal United States securities exchange or inter-dealer quotation system on which the security is then listed or quoted; or, if there are no reported sales of the security on a trading day, the average of the high bid and low ask price for the security on such trading day; or, if there are no high bid and low ask prices on such trading day, the Daily Market Price shall be the per share fair market value of the security as determined by the board of directors of the issuer of the security in good faith.

(b) Performance Goals. Effective as of the Separation, Vishay shall amend each outstanding grant of performance stock units (restricted stock units that are subject to performance-based vesting) granted pursuant to the Vishay Intertechnology, Inc. 2007 Stock Incentive Program, as amended and restated effective April 2008, to reduce by 10% the numeric value of each applicable performance goal that applies to periods following the Separation.

Section 5.3 Stock Options.

(a) Stock Options Held by Vishay Employees. Effective as of the Distribution Date, Vishay will amend each outstanding grant of stock options made pursuant to the Vishay Intertechnology, Inc. 1998 Stock Option Program, the Vishay Intertechnology, Inc. 2007 Stock Incentive Program, as amended and restated effective April 2008, and the Amended and Restated 1998 Long-Term Incentive Plan of General Semiconductor, Inc. to reduce the exercise price of each of the stock options and increase the number of shares issuable upon exercise of each of the stock options according to the following formulas:

$$E_{Vs} = E_{V} \, x \, P_{Vs} / (P_{Vs} + r \, x \, P_{Ps})$$

and

$$N_{Vs} = N_{V} \, x \, E_{V} / E_{Vs}$$

where

E_{V} is the per share exercise price of the Vishay stock option prior to the Distribution Date;

N_V is the number of shares of Vishay Common Stock issuable upon exercise of the stock option prior to the Distribution Date;

E_{Vs} is the per share exercise price of the Vishay stock option following the Distribution Date;

P_{Vs} is the Per Share Market Value of Vishay Common Stock following the Distribution Date;

N_{Vs} is the number of shares of Vishay Common Stock issuable upon exercise of the stock option following the Distribution Date;

P_{Ps} is the Per Share Market Value of VPG Common Stock following the Distribution Date; and

r is the distribution ratio for the Distribution.

The other terms of the Vishay stock options, including their remaining vesting schedule if any, shall remain the same.

(b) Stock Options Held by VPG Employees. Effective as of the separation, VPG shall issue to VPG Employees who hold unvested Vishay stock options that will be forfeited as a result of the Distribution stock options under the VPG Stock Incentive Program in lieu of their Vishay stock options. In addition, VPG shall offer to VPG Employees who hold vested Vishay stock options the opportunity to replace those options with VPG stock options. In either case, the exercise price of each of the VPG stock options and the number of shares of VPG Common Stock issuable upon exercise of each of the stock options shall be determined according to the following formulas:

$$E_{Ps} = E_V \, x \, P_{Ps} / (P_{Vs} + (r \, x \, P_{Ps}))$$

and

$$N_{Ps} = N_V \, x \, E_V / E_{Ps}$$

where

E_{Ps} is the per share exercise price of the option to purchase VPG Common Stock;

N_{Ps} is the number of shares of VPG Common Stock issuable upon exercise of the stock .option; and

the other symbols have the same values as those assigned above with respect to the formulas for treatment of Vishay stock options.

The other terms of the VPG stock options shall be the same as the Vishay stock options that they are intended to replace. In the case of VPG stock options issued in lieu of forfeited Vishay stock options, the vesting schedule for the VPG stock options shall be the same as the remaining vesting schedule of the forfeited Vishay stock options. If the exercise price of any VPG stock options is less than the market value of VPG Common Stock on the date the stock options are issued, VPG may issue the VPG stock options according to a different formula in order to comply with regulations under Section 409A of the Code.

ARTICLE VI
NON-U.S. EMPLOYEES AND BENEFITS

As of or prior to the Distribution Date, to the extent not previously transferred, all Vishay Employees that are resident outside of the United States or otherwise are subject to non-U.S. law that are or as of the Distribution Date are expected to be primarily employed in the MGF Business, as well as any other such Vishay Employees that Vishay and VPG determine should become VPG Employees shall be transferred to the VPG Group. Such transfers, as well as the transfer of any related liabilities and Benefit Plans or accounts under Benefit Plans, will be accomplished in accordance with applicable law and custom in each location where such Vishay Employees are located. To the extent known as of the date of this Agreement, Schedule B hereto sets forth the actions that shall be taken in furtherance of the provisions of this Section in each applicable jurisdiction.

ARTICLE VII
ADDITIONAL COMPENSATION MATTERS

Section 7.1 Vishay Individual Arrangements. Vishay acknowledges and agrees that, except as otherwise provided herein, Vishay (or another member of the Vishay Group) shall have full responsibility with respect to any Liabilities and the payment or performance of any obligations arising out of or relating to any employment, consulting, non-competition, retention or other compensatory arrangement previously provided by any member of the Vishay Group to any Vishay Participant, including life insurance policies not held in any trust and covering any Vishay Participant. The Parties shall transfer or assign to VPG or another member of VPG Group, and shall use commercially reasonable efforts to cause their respective employees to consent to the transfer or assignment of, the rights and Liabilities arising under any agreements entered into between Vishay or another member of the Vishay Group and VPG Employees who become VPG Employees prior to the Distribution Date and whose agreements are not replaced with agreements with members of the VPG Group.

Section 7.2 Severance Benefits. Vishay and VPG acknowledge and agree that the Separation and any transfer of employment from the Vishay Group to the VPG Group by reason thereof will not constitute a termination of employment for purposes of any policy, plan, program or agreement of Vishay or any member of the Vishay Group that provides for the payment of severance, separation pay, salary continuation or similar benefits in the event of a termination of employment or a change in control. The Parties shall use their reasonable commercial efforts to cause their respective employees to consent to the amendment of any agreements entered into between Vishay or any other member of the Vishay Group and VPG Employees who become VPG Employees prior to the Distribution Date that are inconsistent with the preceding sentence.

Section 7.3 Not a Change in Control. The Parties hereto acknowledge and agree that the Separation will not constitute a “change in control” for purposes of any Vishay Benefit Plan or VPG Benefit Plan.

Section 7.4 COBRA Coverage. Except to the extent provided otherwise on Schedule C:

(a) VPG and the VPG Welfare Plan will assume responsibility for compliance with COBRA with respect to any COBRA Beneficiary who is entitled to COBRA coverage in respect of an individual who is a participant in a VPG Welfare Plan on or before the Distribution Date. VPG and the VPG Welfare Plan will assume the responsibility for such COBRA compliance effective as of the date that the VPG Employee with respect of whom the COBRA Beneficiary is entitled to COBRA coverage becomes covered by the applicable VPG Welfare Plan.

(b) VPG and the VPG Welfare Plan will assume responsibility for compliance with COBRA with respect to any COBRA Beneficiary who is entitled to COBRA coverage in respect of such COBRA Beneficiary's employment with a member of the VPG Group on or before the Distribution Date. VPG and the VPG Welfare Plan will assume the responsibility for such COBRA compliance effective as of the date that the VPG Welfare Plan is established.

(c) Vishay and the Vishay Welfare Plan will retain responsibility for compliance with COBRA with respect to all other individuals who are receiving or who are entitled to receive COBRA coverage.

Section 7.5 Tax Matters.

(a) Tax Deductions in General. Subject to the provisions of Section 7.5(b), the Parties agree to take the actions that are necessary or desirable to enable the Party responsible for any payment under this Agreement to receive, to the extent possible, the benefit of any tax deduction related to such payment. If one Party receives a tax benefit as a result of any payment or benefit funded by the other Party under this Agreement, the first Party shall reimburse the other Party for that tax benefit at the time and to the extent that such tax benefit is realized.

(b) Equity-Based Compensation Deductions. Notwithstanding the provisions of Section 7.5(a), the Parties agree that, to the extent permitted by law, tax deductions for equity-based compensation described in Section 5.3 shall be allocated to and claimed by the member or members of the Vishay Group or the VPG Group, as the case may be, that employed the individual receiving the compensation during the relevant vesting period based on the number of months of such individual's employment with such entity or entities.

(c) The member or members of a Group claiming any tax deduction on account of compensation paid to a VPG Employee shall be responsible for any tax reporting obligations, including but not limited to the filing of any required form W-2, and payment of any taxes imposed upon the employer in respect of the corresponding amounts, in proportion to the amount claimed as a deduction. The Party in control of the payment of any such amounts shall be responsible for effecting the withholding of any applicable income and employment tax withholding required to be effected from any such payment. The Parties shall cooperate with each other to facilitate any required tax reporting obligations, including sharing, as relevant, information regarding amounts withheld from the payments to the employees. To the extent deductions cannot be claimed in the manner referenced in this Section 7.5(c), or are disallowed or adjusted on audit, the entity that receives the tax benefit shall reimburse the entity that would have received such tax benefit pursuant to the preceding sentence as and when realized. To the extent such reimbursement is treated as taxable income, the reimbursing party shall gross-up the reimbursement amount for taxes.

(d) Code Section 409A. Notwithstanding anything in this Agreement to the contrary, the Parties agree to cooperate to minimize the loss of deductions and to utilize commercially reasonable best efforts to have the applicable plans, programs and arrangements comply with Section 409A of the Code.

ARTICLE VIII
INDEMNIFICATION

Section 8.1 Indemnification by Vishay. Vishay shall indemnify, defend and hold harmless VPG, each other member of the Vishay Group and each of their respective current and former directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "VPG Indemnified Parties"), from and against any and all Liabilities of the VPG Indemnified Parties relating to, arising out of or resulting from any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of, this Agreement by Vishay or any other member of the Vishay Group.

Section 8.2 Indemnification by VPG. VPG shall indemnify defend and hold harmless Vishay, each of other member of the Vishay Group and each of their respective current and former directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Vishay Indemnified Parties") from and against any and all Liabilities of the Vishay Indemnified Parties relating to, arising out of or resulting from any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of, this Agreement by VPG or any other member of the VPG Group.

Section 8.3 Procedures for Indemnification of Claims. Indemnification of third party claims shall be governed by the procedures set forth in Section 5.6 of the Separation Agreement. Indemnification for direct claims shall be governed by the procedures set forth in Section 5.7 of the Separation Agreement. Payment shall be made in accordance with the provision of Section 5.8 of the Separation Agreement. For the avoidance of doubt, the provisions of Section 5.5 of the Separation Agreement shall not be applicable to claims under this Article 8.

ARTICLE IX
GENERAL AND ADMINISTRATIVE

Section 9.1 Sharing of Information. Vishay and VPG, and the members of their respective Groups, each shall provide to the other Party and its respective agents and vendors all Information as the other may reasonably request to enable the requesting Party to administer efficiently and accurately each of its Benefit Plans and to determine the scope of, as well as fulfill, its obligations under this Agreement. Such information shall, to the extent reasonably practicable, be provided in the format and at the times and places requested, but in no event shall the Party providing such information be obligated to incur any out-of-pocket expenses not reimbursed by the Party making such request or make such information available outside of its normal business hours and premises. Any information shared or exchanged pursuant to this Agreement shall be subject to the confidentiality requirements set forth in Sections 4.5 and 4.6 of the Separation Agreement. With respect to personal health information ("PHI") as defined in the administrative regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended, the Parties agree to comply with such regulations, including, but not limited to, entering into any business associate agreements that may be required for the sharing of PHI.

Section 9.2 Reasonable Efforts/Cooperation. Each of the Parties hereto will use its commercially reasonable efforts to promptly take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under Applicable Law and regulations to consummate the transactions contemplated by this Agreement, including adopting plans or plan amendments. Each of the Parties hereto shall provide reasonable cooperation on any issue relating to the transactions contemplated by this Agreement for which the other Party seeks a determination letter or private letter ruling from the United States Internal Revenue Service, an advisory opinion from the United States Department of Labor or any other filing, consent or approval with respect to or by a Governmental Entity.

Section 9.3 Employer Rights. Nothing in this Agreement shall prohibit VPG or any other member of the VPG Group from amending, modifying or terminating any VPG Benefit Plan at any time after the Distribution Date, within its sole discretion. In addition, nothing in this Agreement shall prohibit Vishay or any other member of the Vishay Group from amending, modifying or terminating any Vishay Benefit Plan at any time, within its sole discretion.

Section 9.4 Effect on Employment. Nothing in this Agreement is intended to confer upon any employee or former employee of Vishay, VPG or any member of their respective Group any right to continued employment, or any recall or similar rights to an individual on layoff or any type of approved leave.

Section 9.5 Consent of Third Parties. If any provision of this Agreement requires the consent of any third party, the Parties shall use their commercially reasonable efforts to obtain such consent. If despite such efforts the consent cannot be obtained, the Parties shall negotiate in good faith to modify the applicable provision so as to effect the purposes and intents of this Agreement to the extent reasonably possible notwithstanding the absence of such consent.

Section 9.6 Beneficiary Designation/Release of Information/Right to Reimbursement. To the extent permitted by Applicable Law and except as otherwise provided for in this Agreement, all beneficiary designations, authorizations for the release of information and rights to reimbursement made by or relating to VPG Employees under Vishay Benefit Plans shall be transferred to, and be in full force and effect under, the corresponding VPG Benefit Plans until such beneficiary designations, authorizations or rights are replaced or revoked by, or no longer apply to, the applicable VPG Employee.

Section 9.7 Fiduciary Matter. Vishay and VPG each acknowledge that the transfer of account balances and assets from the Vishay 401(k) Plan to the VPG 401(k) Plan will be subject to fiduciary duties or standards of conduct under ERISA or other Applicable Law, and no Party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good faith determination (as supported by advice from counsel experienced in such matters) that to do so would violate such a fiduciary duty or standard. Each Party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities.

ARTICLE X
MISCELLANEOUS

Section 10.1 Termination. Notwithstanding anything in this Agreement to the contrary, if the Separation Agreement is not executed on or before December 31, 2010 or if it terminates without the Separation having occurred, this Agreement shall automatically terminate without the action of any Party, and neither Party shall have any Liability or further obligation to the other Party under this Agreement.

Section 10.2 Relationship of Parties. This Agreement shall not be construed to place the Parties in the relationship of legal representatives, partners, joint venturers or agents of or with each other. No Party shall have any power to obligate or bind the other Party in any manner whatsoever, except as specifically provided herein.

Section 10.3 Groups. Each of Vishay and VPG shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by the members of their respective Groups.

Section 10.4 Notices. All notices, demands and other communications required to be given to a Party hereunder shall be in writing and shall be deemed to have been duly given if personally delivered, sent by a nationally recognized overnight courier, transmitted by facsimile, or mailed by registered or certified mail (postage prepaid, return receipt requested) to such Party at the relevant street address, facsimile number or e-mail address set forth below (or at such other street address, facsimile number or e-mail address as such Party may designate from time to time by written notice in accordance with this provision):

If to Vishay, to:

Vishay Intertechnology, Inc.
63 Lancaster Avenue
Malvern, PA 19355-2120
Attention: Dr. Lior E. Yahalomi, Chief Financial Officer
Telephone: 610-644-1300
Facsimile: 610-889-2161

with a copy to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036
Attention: Abbe L. Dienstag, Esq.
Telephone: 212-715-9100
Facsimile: 212-715-8000

If to VPG, to:

Vishay Precision Group, Inc.
3 Great Valley Parkway
Malvern, PA 19355-1307
Attention: William M. Clancy, Chief Financial Officer
Telephone: 484-321-5300
Facsimile: 484-321-5300

with a copy to:

Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, Pennsylvania 19103-2799
Attention: Barry Abelson, Esq.
Telephone: 215-981-4000
Facsimile: 215-981-4750

Any notice, demand or other communication hereunder shall be deemed given upon the first to occur of: (i) the fifth (5^{th}) day after deposit thereof, postage prepaid and addressed correctly, in a receptacle under the control of the United States Postal Service; (ii) transmittal by facsimile transmission to a receiver or other device under the control of the Party to whom notice is being given; or (iii) actual delivery to or receipt by the Party to whom notice is being given or an employee or agent thereof.

Section 10.5 Entire Agreement. This Agreement and the Exhibits hereto, as well as any other agreements and documents referred to herein, constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersede all previous agreements, negotiations, discussions, understandings, writings, commitments and conversations between the Parties with respect to such subject matter. No agreements or understandings exist between the Parties other than those set forth or referred to herein or therein.

Section 10.6 Waiver of Default.

(a) Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the Party or the Parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently given for the purposes of this Agreement if, as to any Party, it is in writing signed by an authorized representative of such Party.

(b) Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be construed to be a waiver by the waiving Party of any subsequent or other default, nor shall it in any way affect the validity of this Agreement or any Party hereof or prejudice the rights of the other Party thereafter to enforce each and ever such provision. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 10.7 Amendments. No provisions of this Agreement shall be deemed amended, modified or supplemented by any Party, unless such amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such amendment, supplement or modification.

Section 10.8 Governing Law. This Agreement and the legal relations between the Parties shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws rules thereof to the extent such rules would require the application of the law of another jurisdiction.

Section 10.9 Dispute Resolution. The procedures set forth in Article VIII of the Separation Agreement shall apply to this resolution of all disputes arising under this Agreement, provided, however, that the dispute resolution procedures set forth in any Benefit Plan shall govern with respect to claims arising under such Benefit Plan.

Section 10.10 Construction. Any uncertainty or ambiguity with respect to any provision of this Agreement shall not be construed for or against any Party based on attribution of drafting by either Party. The headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. In this Agreement, unless a clear contrary intention appears:

(a) the singular number includes the plural number and vice versa;

(b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;

(c) reference to any gender includes each other gender;

(d) reference to any agreement, document or instrument means such agreement, document or instrument as amended, modified, supplemented or restated, and in effect from time to time in accordance with the terms thereof subject to compliance with the requirements set forth herein;

(e) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision;

(f) "herein," "hereby," "hereunder," "hereof," "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof or thereof;

(g) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(h) the headings are for convenience of reference only and shall not affect the construction or interpretation hereof or thereof;

(i) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding;" and

(j) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

Section 10.11 Counterparts. This Agreement may be executed in more than one counterpart, each of which shall be deemed an original instrument and all of which together shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Parties. A facsimile or electronic signature is deemed an original signature for all purposes under this Agreement.

Section 10.12 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties, and their respective successors and permitted assigns; provided, however, that no Party may assign, delegate or transfer (by merger, operation of law or otherwise) its respective rights or delegate its respective obligations under this Agreement without the express prior written consent of the other Party. Notwithstanding the foregoing, either Party may assign its rights and obligations under this Agreement to any Wholly-owned Subsidiary; provided, however, that each Party shall at all times remain liable for the performance of its obligations under this Agreement by any such Wholly-owned Subsidiary. Any attempted assignment or delegation in violation of this Section 10.12 shall be void.

Section 10.13 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 10.14 Specific Performance. The Parties agree that the remedy at law for any breach of this Agreement may be inadequate, and that, as between Vishay and VPG, any Party by whom this Agreement is enforceable shall be entitled to specific performance in addition to any other appropriate relief or remedy. Such Party may, in its sole discretion, apply to a court of competent jurisdiction for specific performance or injunctive or such other relief as such court may deem just and proper in order to enforce this Agreement as between Vishay and VPG, or prevent any violation hereof, and, to the extent permitted by Applicable Law, as between Vishay and VPG, each Party waives any objection to the imposition of such relief.

Section 10.15 Waiver of Jury Trial. Subject to Section 10.9 and Section 10.14, each of the Parties hereby waives to the fullest extent permitted by Applicable Law any right it may have to a trial by jury with respect to any court proceeding directly or indirectly arising out of and permitted under or in connection with this agreement or the transactions contemplated by this agreement. Each of the Parties hereby (a) certifies that no representative, agent or attorney of any other Party has represented, expressly or otherwise, that such other Party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it has been induced to enter into this agreement and the transactions contemplated by this agreement, as applicable, by, among other things, the mutual waivers and certifications in this Section 10.15.

Section 10.16 Consent to Jurisdiction. Subject to the provisions of Section 10.9, each of the Parties irrevocably submits to the jurisdiction of the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan for the purposes of any suit, Action or other proceeding to compel arbitration, for the enforcement of any arbitration award or for specific performance or other equitable relief pursuant to Section 10.14. Each of the Parties further agrees that service of process, summons or other document by U.S. registered mail to such Parties address as provided in Section 10.4 shall be effective service of process for any Action, suit or other proceeding with respect to any matters for which it has submitted to jurisdiction pursuant to this Section 10.16. Each of the Parties irrevocably waives any objection to venue in the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan of any Action, suit or proceeding arising out of this Agreement, or the transactions contemplated hereby for which it has submitted to jurisdiction pursuant to this Section 10.16, and waives any claim that any such Action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Section 10.17 Nonrecurring Costs and Expenses. Notwithstanding anything herein to the contrary, any nonrecurring costs and expenses incurred by the Parties to effect the transactions contemplated hereby which are not allocated pursuant to the terms of this Agreement shall be the responsibility of the Party which incurs such costs and expenses.

Section 10.18 Press Releases; Public Announcements. Neither Party shall issue any release or make any other public announcement concerning this Agreement or the transactions contemplated hereby without the prior written approval of the other Party, which approval shall not be unreasonably withheld, delayed or conditioned; provided, however, that either Party shall be permitted to make any release or public announcement that in the opinion of its counsel it is required to make by law or the rules of any national securities exchange of which its securities are listed; provided further that it has made efforts that are reasonable in the circumstances to obtain the prior approval of the other Party.

Section 10.19 No Third-Party Beneficiaries. Except for the indemnification rights under this Agreement of any Vishay Indemnified Party or any VPG Indemnified Party in their respective capacities as such: (i) the provisions of this Agreement are solely for the benefit of the Parties and their respective successors and permitted assigns, and are not intended to confer upon any Person, except the Parties and their respective successors and permitted assigns, any rights or remedies hereunder; (ii) there are no third party beneficiaries of this Agreement; and (iii) this Agreement shall not provide any third party with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

[SIGNATURE PAGE FOLLOWS]

WHEREFORE, the Parties have signed this Agreement effective as of the date first set forth above.

VISHAY INTERTECHNOLOGY, INC.

By: _____

Name:

Title:

VISHAY PRECISION GROUP, INC.

By: _____

Name:

Title:

SCHEDULE A

Existing VPG Benefit Plans

Measurements Group, Inc. Tax Deferred Savings Plan

SCHEDULE B

A. Israel

Section A.1 Israel. The following provisions apply to employees resident in Israel or that otherwise are subject to Israeli law (an "Israeli Employee")

(a) Transfer of Employees. Prior to the Distribution Date, to the extent not previously transferred, all Vishay Employees that are Israeli Employees that are or as of the Distribution Date are expected to be, primarily employed in the MGF Business, as well as any other Vishay Employees that are Israeli Employees that Vishay and VPG determine should become VPG Employees, including such employees who are on leave, shall be transferred to the VPG Group. Each such employee is referred to as an "Israeli Transferring Employee."

(b) Consent to Transfer. Vishay or the applicable member of the Vishay Group shall obtain from each Israeli Transferring Employee a written consent to such transfer of employment.

(c) Transfer of Liabilities. Each member of the VPG Group which employs an Israeli Transferring Employee will assume all liabilities related to such Israeli Transferring Employee, including all applicable Benefit Plans or applicable accounts under such Benefit Plans, accrued sick and vacation days and will credit each Israeli Transferring Employee with years of service with the Vishay Group. Each member of the Vishay Group that is an employer of one or more Israeli Transferring Employees shall enter into an agreement with the corresponding member of the VPG Group to which such Israeli Transferring Employee transferred employment, under which the member of the VPG Group agrees to assume all liabilities relating to the Israeli Transferring Employee.

B. Europe

Section B.1 The following provisions apply to employees resident in the United Kingdom, France, Spain, Germany or Austria or that otherwise are subject to applicable law of such countries (a "European Employee")

(a) Transfer of Employees. Prior to the Distribution Date, to the extent not previously transferred, all Vishay Employees that are European Employees that are or as of the Distribution Date are expected to be, primarily employed in the MGF Business, as well as any other Vishay Employees that are European Employees that Vishay and VPG determine should become VPG Employees shall be transferred to the VPG Group. Each such employee is referred to as a "European Transferring Employee."

(b) Benefits. All European Transferring Employees will receive the same benefits from the applicable member of the VPG Group as such individual received from the applicable member of the Vishay Group prior to his or her Transfer Date.

C. Asia

Section C.1 The following provisions apply to employees resident in the Japan, Taiwan, China or Singapore that otherwise are subject to applicable law of such countries (an "Asian Employee")

(a) Transfer of Employees. Prior to the Distribution Date, to the extent not previously transferred, all Vishay Employees that are Asian Employees that are or as of the Distribution Date are expected to be, primarily employed in the MGF Business, as well as any other Vishay Employees that are Asian Employees that Vishay and VPG determine should become VPG Employees shall be transferred to the VPG Group. Each such employee is referred to as a "Asian Transferring Employee."

(b) Leased Employees. Prior to the Distribution Date, to the extent not previously transferred, all Individuals are employed by an employment agency and provide services to a member of the Vishay Group and who (i) would be Asian Employees were they directly employed by the entity to which they provide services and (ii) are or as of the Distribution Date are expected to be, primarily providing services to the MGF Business, or (iii) whom Vishay and VPG determine should provide services to the VPG Group, shall be referred to as "Asian Leased Employees." Each Asian Leased Employee, the applicable member of the Vishay Group, the applicable member of the VPG Group and VPG shall enter into an agreement under which the Asian Leased Employee will continue to be employed by the employment agency, shall provide services to the VPG Group.

(c) General. Except as set forth above, all Asian Employees are employed by an entity that will be a member of the VPG Group.

FORM OF TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (this "Services Agreement") is entered into and effective as of the ___ day of _____, 2010 (the "Effective Date"), by and between Vishay Intertechnology, Inc., a corporation organized under the laws of the State of Delaware ("Provider"), and Vishay Precision Group, Inc., a corporation organized under the laws of the State of Delaware ("Recipient"). Provider and Recipient each may be referred to herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Board of Directors of Provider has determined that it is appropriate and desirable to separate Recipient and Provider into two publicly-traded companies by separating Provider from Recipient and transferring to Recipient Provider's measurement group and foil business (the "MGF Business") (such separation, the "Separation");

WHEREAS, Provider and Recipient have entered into that certain Master Separation and Distribution Agreement, dated as of the date hereof (the "Master Separation Agreement"), in order to carry out, effect and consummate the Separation; and

WHEREAS, to facilitate the Separation, Provider and Recipient deem it to be appropriate and in the best interests of Provider and Recipient that Provider provide certain services to Recipient pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises, covenants, agreements, representations and warranties contained herein, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

Article 1
Services

1.1 General. In accordance with the provisions hereof, Provider, through its Subsidiaries (as defined below) and their respective employees, agents or contractors, shall provide to Recipient and its Subsidiaries, and Recipient shall purchase from Provider, the services described in Schedule A (each a "Service" and collectively, the "Services"). In addition to a description of each Service, Schedule A shall set forth, where relevant, the maximum level or amount of each Service, applicable performance times and the pricing parameters for each Service. Schedule A may be amended from time to time by written agreement of the Parties. For purposes of this Services Agreement, "Subsidiary" of any Party means a corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Party or by any one or more of its Subsidiaries, or by such Party and one or more of its Subsidiaries; provided, however, that no person that is not directly or indirectly wholly-owned by the Party shall be a Subsidiary of such Party unless such Party controls, or has the right, power or ability to control, that person.

1.2 Quality of Services. Subject to Section 1.3, Provider shall perform each of the Services (i) in a workmanlike and professional manner, (ii) with the same degree of care as it exercises in performing its own functions of a like or similar nature, (iii) utilizing individuals of suitable experience, training and skill, and (iv) in a timely manner in accordance with the provisions of this Services Agreement.

1.3 Forecasts. Recipient shall provide Provider with a monthly forecast of its requested level of Services not less than fifteen (15) days prior to the beginning of each calendar month, unless no change in the existing service levels are forecast for such calendar month. The Service levels, if any, initially requested by Recipient (the "Initial Service Levels") shall be as set forth on Schedule A. Service levels may be decreased from the Initial Service Levels upon Recipient's delivery to Provider of written notice of such decrease specified in reasonable detail at least sixty (60) days in advance of the month to which the decrease forecast relates. Any increase in the scope of Services, including the addition of any new Services, shall be negotiated in good faith by the Parties; provided that Provider shall not be required to perform additional or enhanced services, except to the extent that it has available resources and receives compensation acceptable in its reasonable discretion. To the extent any Services are mischaracterized in Schedule A, Provider and Recipient shall negotiate in good faith to amend Schedule A as appropriate.

1.4 Third Party Services. Each Party acknowledges and agrees that certain of the Services to be provided under this Services Agreement may have been, and may continue to be, provided to Recipient, by third parties designated by Provider. To the extent so provided, Provider shall use commercially reasonable efforts to (i) cause such third parties to provide such Services in accordance with the provisions of this Services Agreement and/or (ii) enable Recipient and its Subsidiaries to avail itself of such Services; provided, however, that if any such third party is unable or unwilling to provide any such Services, Provider shall use its commercially reasonable efforts to determine the manner in which such Services can best be provided, and, if there is any change to the level or cost of Services provided as a result, Provider and Recipient shall negotiate in good faith to amend Schedule A as appropriate.

1.5 Responsible Personnel. Each Party shall (i) from time to time designate a senior level manager who shall have overall responsibility for the administration and operation of this Services Agreement (each, a "Party Representative") and (ii) upon reasonable request of the other Party, provide such other Party with a list of key management personnel who may be contacted by such other Party with respect to each Service.

1.6 Consultation. At either Party's reasonable request, the Parties shall meet and discuss the nature, quality and level of Services covered by this Services Agreement and any modifications a Party may wish to make to the Services and other matters specified in Schedule A.

1.7 Recovery Procedures. Provider shall maintain, consistent with past practices applicable to the MGF Business immediately prior to the Separation, operational recovery procedures to insure the availability of systems and the integrity of data relating to the Services at all times. In the event of the unavailability of any such system or the loss or destruction of any such data, Provider shall use its commercially reasonable efforts, consistent with past practices applicable to the MGF Business immediately prior to the Separation, to restore such systems and recover or replace such data as quickly and completely as is practicable.

1.8 Monitoring and Reports; Books and Records; Audit Right.

(a) Provider shall maintain books and records in reasonable and customary detail pertaining to the provision of Services pursuant to this Services Agreement. Provider shall make such books and records available for inspection by Recipient or its authorized representatives during normal business hours, upon reasonable notice to Provider, and shall retain such books and records for periods consistent with the retention policies applicable to the MGF Business immediately prior to the Separation.

(b) Upon thirty (30) days' advance notice to Provider, Recipient may audit (or cause an independent third party auditor to audit), during regular business hours and in a manner that complies with the building and security requirements of Provider, the books, records and facilities of Provider pertaining to the provision of Services pursuant to this Services Agreement to the extent necessary to determine Provider's compliance with this Services Agreement. For any given Service, Recipient shall have the right to audit such books, records and facilities of Provider once for each twelve month period during which payment obligations are due. Any audit under this Section 1.8(b) shall not interfere unreasonably with the operations of Provider. Recipient shall pay the costs of conducting such audit, unless the results of an audit reasonably indicate an overpayment by Recipient of ten percent (10%) or more (such percentage to be determined by reference to the Services which are subject to the specific audit), in which case, Provider shall pay the reasonable out-of-pocket costs of Recipient.

(c) Provider shall provide Recipient, at no cost to Recipient, with customary reports concerning the performance of the Services and as Recipient otherwise reasonably requests from time to time.

Article 2
Compensation; Billing

2.1 Service Fees. In consideration of providing the Services, Provider will charge Recipient the monthly fees or time and materials fees indicated for each Service listed on Schedule A (each, a "Service Fee" and collectively, the "Service Fees"). In the event that for any month there shall be an increase or decrease of the level of any Service by 5% or more compared to the Initial Service Levels for any Service described on Schedule A for which there is a monthly fee, if any, the Service Fee for such Service shall be adjusted proportionately.

2.2 Expenses. Provider shall also be entitled to charge Recipient for its reasonable documented, out-of-pocket costs and expenses incurred by Provider in providing the Services, as more particularly provided on Schedule A ("Expenses").

2.3 Invoices. Not later than 30 days after the end of each calendar month, Provider shall send Recipient an invoice that includes in reasonable detail the Service Fees and Expenses due for Services provided to Recipient for such month. Payments of invoices shall be made by wire transfer of immediately available United States funds to one or more accounts specified in writing by Provider. Payment shall be made within 30 days after the date of receipt of Provider's invoice. All amounts payable to Provider hereunder shall be paid without setoff, deduction, abatement or counterclaim.

2.4 Payment Delay. If Recipient fails to make any payment of a material invoice within 60 days from the date such payment was due, Provider shall have the right, at its sole option, upon 10 business days' written notice (a "Suspension Notice"), to suspend performance of the Services until payment has been received.

2.5 Finance Charges. With respect to the unpaid amount of any invoice not paid in full within 30 days of receipt, a finance charge of 1% per month, payable from the date of the invoice to the date payment is received, shall be due and payable to Provider. In addition, Recipient shall indemnify Provider for its costs, including reasonable attorneys' fees and disbursements, incurred to collect any unpaid amount. Recipient shall not be liable for the payment of any finance charges pursuant to this Section 2.5, and Provider shall not be authorized to suspend performance pursuant to Section 2.4, to the extent, but only to the extent, that Recipient in good faith is in the process of disputing the fees or expenses to which such finance charges or performance relates in accordance with Section 13.2.

Article 3
Cooperation and Consents

3.1 General. Each Party shall reasonably cooperate with and provide assistance to the other Party in carrying out the provisions of this Services Agreement. Such cooperation shall include, but not be limited to, exchanging information, providing electronic systems used in connection with the Services, making adjustments and obtaining all consents, licenses, sublicenses or approvals necessary to permit each party to perform its obligations hereunder.

3.2 Transition. At the request of Recipient in contemplation of the termination of any Services hereunder, in whole or in part, Provider shall cooperate with Recipient, at Recipient's expense, in transitioning such Services to Recipient or any third-party service provider designated by Recipient.

3.3 Consents. Provider will obtain any third-party consents necessary to enable it to provide the Services as forth on Schedule 3.3 (the "Consents"), provided that Provider shall not be required to pay any consideration or incur any liability therefor. If any such consent is not obtained, the parties will reasonably cooperate with one another to achieve a reasonable alternative arrangement with respect thereto.

Article 4
Confidentiality

4.1 Generally. In the course of the performance of the Services, each Party may become aware of confidential and proprietary information of the other Party ("Confidential Information"). All Confidential Information disclosed by a Party during the term of this Services Agreement shall remain the property of the disclosing Party and shall be used by the receiving Party only in accordance with the provisions of this Services Agreement.

4.2 Identification; Term. (a) Except in the case of (x) information that is subject to the confidentiality provisions of Section 4.5 of the Master Separation Agreement or (y) information exchanged in furtherance of the performance of the Services hereunder that is of a type that is generally regarded by the Parties to be confidential information (such as pricing, customer and production information), to which this subsection (a) shall not apply, if disclosed in written form, Confidential Information shall be identified as Confidential Information by an appropriate legend. For a period of 5 years from the date of first receipt thereof, the receiving Party shall (i) treat all such information in the same manner as it treats its own confidential information, in any event exercising reasonable precautions to prevent the disclosure of such information to others; (ii) use such information only for the purposes set forth herein; and (iii) disclose such information only to its employees who have a need to know such information in the performance of their duties hereunder.

4.3 Exceptions. The obligations of confidential treatment under this Article 4 shall not apply to any Confidential Information which (i) is or becomes publicly known through no wrongful act, fault or negligence of the receiving Party; (ii) was known by the receiving Party prior to disclosure or is developed by the receiving Party independently of such disclosure; (iii) was disclosed to the receiving Party by a third party who was not under any obligation of confidentiality; (iv) is approved for release by written authorization of the disclosing Party; or (v) is disclosed pursuant to a requirement of law or by court order, provided that the receiving Party has provided the disclosing Party with reasonable opportunity to prevent or limit such legally required disclosure.

4.4 Injunctive Relief. Each Party acknowledges and agrees that it would be difficult to measure the damages that might result from any actual or threatened breach of this Article 4 and that such actual or threatened breach by it may result in immediate, irreparable and continuing injury to the other Party and that a remedy at law for any such actual or threatened breach may be inadequate. Accordingly, the Parties agree that the non-breaching Party, in its sole discretion and in addition to any other remedies it may have at law or in equity, shall be entitled to seek temporary, preliminary and permanent injunctive relief or other equitable relief, issued by a court of competent jurisdiction, in case of any such actual or threatened breach (without the necessity of actual injury being proved and with the necessity of posting bond).

Article 5
Intellectual Property

5.1 Recipient Intellectual Property. Except as otherwise agreed by the Parties, all data, software, or other property or assets owned or created by Recipient shall remain the sole and exclusive property and responsibility of Recipient. Provider shall not acquire any rights in any such data, software or other property or assets pursuant to this Services Agreement.

5.2 Provider Intellectual Property. Except as otherwise agreed by the Parties, all data, software or other property or assets which are owned by Provider, including without limitation derivative works thereof and new data or software created by Provider at Provider's expense pursuant to the provision of Services and all intellectual property rights therein (the "Provider Property"), shall be the sole and exclusive property and responsibility of Provider. Recipient shall not acquire any rights in any Provider Property pursuant to this Services Agreement.

Article 6
Remedies and Limitation of Liability

6.1 In the event that any Service performed by Provider hereunder is not performed in accordance with the provisions of Article 1, Recipient's sole remedy shall be, at the election of Recipient either (i) to require Provider to re-perform such Service in accordance with Article 1 without obligation on the part of Recipient to make payment for such performance, (ii) to provide Recipient with a credit in an equivalent amount towards the future purchase of Services, as contemplated by this Services Agreement, or (iii) to require Provider to pay the cost of replacing such Services with a third-party provider, and Provider shall not be liable for any other loss or damage on account of the performance of any Service.

6.2 IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, COLLATERAL, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS OR FAILURE TO REALIZE EXPECTED SAVINGS OR OTHER COMMERCIAL OR ECONOMIC LOSS OF ANY KIND, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS SERVICES AGREEMENT, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF ANY SUCH DAMAGES; PROVIDED, HOWEVER, THAT THE FOREGOING LIMITATIONS SHALL NOT LIMIT EITHER PARTY'S INDEMNIFICATION OBLIGATIONS FOR LIABILITIES WITH RESPECT TO THIRD PARTY CLAIMS, AS SET FORTH IN ARTICLE 7.

6.3 In no event, whether as a result of breach of contract, indemnity, warranty, tort (including negligence), strict liability, or otherwise, shall either Party's liability to the other Party for any loss or damage arising out of, or resulting from, this Services Agreement or the furnishing of Services hereunder, in any month exceed three times the monthly price of the specific Service which gives rise to the claim for such month.

Article 7
Indemnification

7.1 General. Each Party shall indemnify and hold harmless the other Party from all claims, liabilities, damages and expenses payable to third parties arising out of or relating to (i) a breach of this Services Agreement, (ii) gross negligence, or willful misconduct, or (iii) infringement of third party intellectual property in the performance of any Service, in each case, by the indemnifying Party, except to the extent, but only to the extent, that any such claims, liabilities, damages or expenses are the result of a breach of this Services Agreement, gross negligence or willful misconduct, or infringement of third party intellectual property, on the part of the indemnified Party.

7.2 Special Recipient Indemnity. Notwithstanding anything to the contrary herein, Recipient shall indemnify and hold Provider harmless from and against (i) any tax, penalty, interest, addition to tax, tax surcharge, or other charge payable by Provider as a result of any sales, use or excise taxes levied or based on amounts payable pursuant to this Services Agreement, including privilege or excise taxes based on gross revenues under this Services Agreement or taxes on the Services rendered to Recipient, provided that Recipient shall not be responsible for any taxes levied measured by or based upon the net income of Provider; (ii) claims, liabilities, damages and expenses arising out of or relating to (a) the content of or defects in any inventory, material or other property of the Recipient, or (b) the performance of Services for or on behalf of Recipient hereunder, but only to the extent such Services have been performed in compliance with this Services Agreement or otherwise pursuant to the specific written instructions of Recipient.

7.3 Indemnification Procedures. Indemnification of Third Party Claims (as that term is defined in the Master Separation Agreement) shall be governed by the definitions and procedures set forth in Section 5.6 of the Master Separation Agreement. Indemnification for direct claims shall be governed by the procedures set forth in Section 5.7 of the Master Separation Agreement. Payment shall be made in accordance with the provision of Section 5.8 of the Master Separation Agreement. For the avoidance of doubt, the provisions of Section 5.5 of the Master Separation Agreement shall not be applicable to claims under this Article 7.

Article 8
Excusable Delays

Neither Party shall be held liable for any delay or failure in performance of any part of this Services Agreement by reason of any cause beyond its reasonable control, including, but not limited to, acts of God, acts of civil or military authority, government regulations, embargoes, epidemics, war, terrorist acts, riots, fires, explosions, earthquakes, nuclear accidents, floods, strikes, power blackouts affecting facilities, inability to secure products or services of other persons or transportation facilities, or acts or omissions of transportation common carriers, provided that the Party so affected shall use reasonable commercial efforts to remove such causes of non-performance. Upon the occurrence of any event of force majeure, the Party whose performance is prevented shall promptly give written notice to the other Party and the Parties shall promptly confer in good faith to agree upon reasonable action to minimize the impact of such event on the Parties.

Article 9
Independent Contractor

9.1 Relationship. In its performance of Services hereunder, Provider is an independent contractor to Recipient and nothing in this Services Agreement shall be deemed to make a Party a partner, principal, joint venturer, or fiduciary of the other Party. Neither Provider nor any persons performing any Service on Provider's behalf shall be deemed to be employees, agents or legal representatives of Recipient. Nothing in this Services Agreement shall confer authority upon any Party to enter into any commitment or agreement binding upon the other Party.

9.2 No Assumption of Obligations. Nothing in this Services Agreement shall be construed as an assumption by Provider of any financial obligation of Recipient.

9.3 Compensation of Employees. Provider shall be responsible for payment of compensation to its employees and shall be responsible for payment of all federal, state and local taxes or contributions imposed or required under unemployment insurance, social security and income tax laws with respect to such persons.

Article 10
Compliance With Laws

In the performance of its duties and obligations under this Services Agreement, each Party shall comply with all applicable laws. The Parties shall cooperate fully in obtaining and maintaining in effect all permits and licenses that may be required for the performance of the Services.

Article 11
Term and Termination

11.1 Term. The term of this Services Agreement shall commence on the Effective Date and end on the eighteen (18) month anniversary of the Distribution Date (as defined in the Master Separation Agreement), unless terminated earlier in whole or in part as provided in Section 11.3.

11.2 [Intentionally omitted.]

11.3 Termination of this Services Agreement. This Services Agreement may be terminated:

(a) By written agreement of the Parties;

(b) By Provider in the event an unpaid invoice resulting in delivery to Recipient of a Suspension Notice under Section 2.4 is not satisfied within sixty (60) days of the date of delivery of such notice;

(c) By either Party upon a material breach (other than non-payment of Services Fees or Expenses) by the other that is not cured within thirty (30) days after written notice of such breach from the non-breaching Party, except that where such breach is not capable of being cured within 30 days, the breaching Party shall be accorded thirty (30) additional days to cure such breach if it demonstrates that it is capable of curing such breach within such additional period;

(d) Upon thirty (30) days' advance written notice by either Party to the other where one Party: (i) commences a voluntary case or other proceeding seeking liquidation, reorganization, or similar relief or seeks the appointment of a trustee, receiver, liquidator or other similar official of it or the taking of possession by any such official in any involuntary case or other proceeding commenced against it, or makes a general assignment for the benefit of creditors, or fails generally to pay its debts as they become due; or (ii) has an involuntary case or other proceeding commenced against it seeking liquidation, reorganization or other relief with respect to it or substantially all of its debts or seeks the appointment of a trustee, receiver, liquidator, custodian or other similar official for such Party or any substantial part of its property, and such involuntary case or other proceeding remains undismissed for a period of sixty (60) days; or

(e) By Recipient upon not less than sixty (60) days' advance written notice, with respect to all or any part of any Service provided pursuant to this Services Agreement; provided that neither this Services Agreement nor any Service to performed by Provider hereunder may be terminated earlier than ninety (90) days after the Distribution Date; and provided further that to the extent there are any break-up costs (including commitments made to or in respect of personnel or third parties due to the requirement to provide the Services and prepaid expenses related to the Services, or costs related to terminating such commitments) incurred by Provider as a result of such termination, Recipient shall be solely responsible for such costs. This Section 11.3(e) shall not limit the application of Section 1.3.

11.4 Effect. In the event of termination of this Services Agreement in its entirety pursuant to this Article 11 or upon the expiration of the term (as the same may be extended pursuant to Section 11.2), this Services Agreement shall cease to have further force or effect and neither Party shall have any liability to the other Party with respect to this Services Agreement, provided that:

(a) Termination or expiration of this Services Agreement for any reason shall not release a Party from any liability or obligation which already has accrued as of the effective date of such termination or expiration, and shall not constitute a waiver or release of, or otherwise be deemed to adversely affect, any rights, remedies or claims, which a Party may have hereunder at law, equity or otherwise or which may arise out of or in connection with such termination or expiration.

(b) As promptly as practicable following termination of this Services Agreement in its entirety or with respect to any Service to the extent applicable, and the payment by Recipient of all amounts owing hereunder, Provider shall return all reasonably available material, inventory and other property of Recipient held by Provider and shall deliver copies of all of Recipient's records maintained by Provider with regard to the Services in Provider's standard format and media. Provider shall deliver such property and records to such location or locations as reasonably requested by Recipient. Provider shall be responsible for the packing and preparation for shipping of all such material, inventory and other property. Arrangements for shipping, including the cost of freight and insurance, and the reasonable cost of packing incurred by Provider shall be the responsibility of and shall be paid by Recipient.

(c) Articles 4, 5, 6, 7, 10, 12, 13 and 14 and this Section 11.4 shall survive any termination or expiration of this Services Agreement and remain in full force and effect.

Article 12
Notices

All notices, demands and other communications required to be given to a Party hereunder shall be in writing and shall be deemed to have been duly given if personally delivered, sent by a nationally recognized overnight courier, transmitted by facsimile, or mailed by registered or certified mail (postage prepaid, return receipt requested) to such Party at the relevant street address, facsimile number or e-mail address set forth below (or at such other street address, facsimile number or e-mail address as such Party may designate from time to time by written notice in accordance with this provision):

If to Provider, to:

Vishay Intertechnology, Inc.
63 Lancaster Avenue
Malvern, PA 19355-2120
Attention: Dr. Lior E. Yahalomi, Chief Financial Officer
Telephone: 610-644-1300
Facsimile: 610-889-2161

with a copy to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036
Attention: Abbe L. Dienstag, Esq.
Telephone: 212-715-9100
Facsimile: 212-715-8000

If to Recipient, to:

Vishay Precision Group, Inc.
3 Great Valley Parkway
Malvern, PA 19355-1307
Attention: William M. Clancy, Chief Financial Officer
Telephone: (484)-321-5300
Facsimile: (484)-321-5300
with a copy to:

Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, Pennsylvania 19103-2799
Attention: Barry Abelson, Esq.
Telephone: 215-981-4000
Facsimile: 215-981-4750

Any notice, demand or other communication hereunder shall be deemed given upon the first to occur of: (i) the fifth (5^{th}) day after deposit thereof, postage prepaid and addressed correctly, in a receptacle under the control of the United States Postal Service; (ii) transmittal by facsimile transmission to a receiver or other device under the control of the party to whom notice is being given; or (iii) actual delivery to or receipt by the party to whom notice is being given or an employee or agent thereof.

Article 13
Governing Law and Dispute Resolution

13.1 Governing Law. This Services Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws rules thereof to the extent such rules would require the application of the law of another jurisdiction.

13.2 Dispute Resolution. The procedures for discussion and negotiation set forth in this Section 13.2 shall apply to all disputes, controversies or claims (whether arising in contract, tort or otherwise) (each, a "Dispute") that may arise out of or relate to, or arise under or in connection with this Services Agreement or the transactions contemplated hereby.

(a) It is the intent of the Parties to use their respective reasonable best efforts to resolve expeditiously any Dispute between them with respect to the matters covered hereby that may arise from time to time on a mutually acceptable negotiated basis. In furtherance of the foregoing, if a Dispute arises, the respective Party Representatives shall consider the Dispute for up to seven (7) business days following receipt of a notice from either Party specifying the nature of the Dispute, during which time the Party Representatives shall meet in person at least once, and attempt to resolve the Dispute.

(b) If the Dispute is not resolved by the end of the seven (7) day period referred to in Section 13.2(a), or if the Party Representatives agree that the Dispute can not be resolved by them, either Party may deliver a notice (an "Escalation Notice") demanding an in-person meeting involving appropriate representatives of the Parties at a senior level of management of the Parties (or if the Parties agree, of the appropriate strategic business unit or division within such entity) (collectively, "Senior Executives"). Thereupon, each of the Party Representatives shall promptly prepare a memorandum stating (i) the issues in Dispute and each Party's position thereon, (ii) a summary of the evidence and arguments supporting each Party's positions (attaching all relevant documents), (iii) a summary of the negotiations that have taken place to date, and (iv) the name and title of the Senior Executive who shall represent each Party. The Party Representatives shall each deliver such memorandum to its respective Senior Executive promptly upon receipt of such memorandum from the other Party Representative. The Senior Executives shall meet for negotiations (which may be held telephonically) at a mutually agreed time and place within ten (10) days of the Escalation Notice, and thereafter as often as the Senior Executives deem reasonably necessary to resolve the Dispute.

(c) In the event that the Parties, after complying with the provisions set forth in Sections 13.2(a) and 13.2(b), are unable to resolve a Dispute that arises out of or relates to, arises under or in connection with this Services Agreement or the transactions contemplated hereby, the Parties shall resolve such Dispute in accordance with the provisions set forth in Article VIII of the Master Separation Agreement.

Article 14
Miscellaneous

14.1 Amendment. No provisions of this Services Agreement shall be amended, modified or supplemented by any Party, unless such amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such amendment, supplement or modification.

14.2 Waiver.

(a) Any term or provision of this Services Agreement may be waived, or the time for its performance may be extended, by the Party or the Parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently given for the purposes of this Services Agreement if, as to any Party, it is in writing signed by an authorized representative of such Party.

(b) Waiver by any Party of any default by the other Party of any provision of this Services Agreement shall not be construed to be a waiver by the waiving party of any subsequent or other default, nor shall it in any way affect the validity of this Services Agreement or any Party or prejudice the rights of the other Party thereafter to enforce each and ever such provision. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

14.3 Assignability. This Services Agreement shall be binding upon and inure to the benefit of the Parties, and their respective successors and permitted assigns; provided, however, that no Party may assign, delegate or transfer (by merger, operation of law or otherwise) its respective rights or delegate its respective obligations under this Services Agreement without the express prior written consent of the other Party. Notwithstanding the foregoing, either Party may assign its rights and obligations under this Services Agreement to any Wholly-owned Subsidiary; provided, however, that each Party shall at all times remain liable for the performance of its obligations under this Services Agreement by any such Wholly-owned Subsidiary. Any attempted assignment or delegation in violation of this Section 14.3 shall be void. For purposes of this Services Agreement, "Wholly-owned Subsidiary" of a Party means a Subsidiary of that Party substantially all of whose voting securities and outstanding equity interest are owned either directly or indirectly by such Party or one or more of its Subsidiaries or by such Party and one or more of its Subsidiaries.

14.4 No Subcontracting. Unless otherwise agreed by Recipient, which agreement shall not unreasonably be withheld, and except as provided in Section 1.4, Provider may not subcontract the performances of any Services hereunder.

14.5 Third Parties. Except for the indemnification rights under this Services Agreement of any Party in their respective capacities as such: (i) the provisions of this Services Agreement are solely for the benefit of the Parties and their respective successors and permitted assigns, and are not intended to confer upon any person, except the Parties and their respective successors and permitted assigns, any rights or remedies hereunder; (ii) there are no third party beneficiaries of this Services Agreement; and (iii) this Services Agreement shall not provide any third party with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Services Agreement.

14.6 Severability. If any provision of this Services Agreement or the application thereof to any person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

14.7 Attorneys' Fees. In any action hereunder to enforce the provisions of this Services Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees in addition to any other recovery hereunder.

14.8 Counterparts. This Services Agreement may be executed in one or more counterparts, each of which when so executed and delivered or transmitted by facsimile, e-mail or other electronic means, shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. A facsimile or electronic signature is deemed an original signature for all purposes under this Services Agreement.

14.9 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES. EXCEPT FOR THE REPRESENTATIONS, WARRANTIES AND COVENANTS EXPRESSLY MADE IN THIS SERVICES AGREEMENT, PROVIDER HAS NOT MADE AND DOES NOT HEREBY MAKE ANY EXPRESS OR IMPLIED REPRESENTATIONS, WARRANTIES OR COVENANTS, STATUTORY OR OTHERWISE, OF ANY NATURE, INCLUDING WITH RESPECT TO THE WARRANTIES OF MERCHANTABILITY, QUALITY, QUANTITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR THE RESULTS OBTAINED OF THE CONTINUING BUSINESS. ALL OTHER REPRESENTATIONS, WARRANTIES, AND COVENANTS, EXPRESS OR IMPLIED, STATUTORY, COMMON LAW OR OTHERWISE, OF ANY NATURE, INCLUDING WITH RESPECT TO THE WARRANTIES OF MERCHANTABILITY, QUALITY, QUANTITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR THE RESULTS OBTAINED OF THE CONTINUING BUSINESS ARE HEREBY DISCLAIMED BY PROVIDER.

14.10 Remedies. The rights and remedies provided herein shall be cumulative and not exclusive of any rights or remedies provided by law.

14.11 Specific Performance. The Parties agree that the remedy at law for any breach of this Services Agreement may be inadequate, and that, as between Provider and Recipient, any Party by whom this Services Agreement is enforceable shall be entitled to specific performance in addition to any other appropriate relief or remedy. Such Party may, in its sole discretion, apply to a court of competent jurisdiction for specific performance or injunctive or such other relief as such court may deem just and proper in order to enforce this Services Agreement as between Provider and Recipient, or prevent any violation hereof, and, to the extent permitted by applicable law, as between Provider and Recipient, each Party waives any objection to the imposition of such relief.

14.12 Consent to Jurisdiction. Subject to the provisions of Section 13.2, each of the Parties irrevocably submits to the jurisdiction of the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan for the purposes of any suit, action or other proceeding to compel arbitration, for the enforcement of any arbitration award or for specific performance or other equitable relief pursuant to Section 14.11 Each of the Parties further agrees that service of process, summons or other document by U.S. registered mail to such parties address as provided in Article 12 shall be effective service of process for any action, suit or other proceeding with respect to any matters for which it has submitted to jurisdiction pursuant to this Section 14.12. Each of the Parties irrevocably waives any objection to venue in the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan of any action, suit or proceeding arising out of this Services Agreement or the transactions contemplated hereby for which it has submitted to jurisdiction pursuant to this Section 14.12, and waives any claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

14.13 Waiver of jury trial. Subject to Section 13.2 and Section 14.11, each of the Parties hereby waives to the fullest extent permitted by applicable law any right it may have to a trial by jury with respect to any court proceeding directly or indirectly arising out of and permitted under or in connection with this agreement or the transactions contemplated by this agreement. Each of the Parties hereby (a) certifies that no representative, agent or attorney of any other Party has represented, expressly or otherwise, that such other Party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it has been induced to enter into this agreement and the transactions contemplated by this agreement, as applicable, by, among other things, the mutual waivers and certifications in this Section 14.13.

14.14 Nonrecurring Costs and Expenses. Notwithstanding anything herein to the contrary, any nonrecurring costs and expenses incurred by the Parties to effect the transactions contemplated hereby which are not allocated pursuant to the terms of this Agreement shall be the responsibility of the Party which incurs such costs and expenses.

14.15 Press Releases; Public Announcements. Neither Party shall issue any release or make any other public announcement concerning this Agreement or the transactions contemplated hereby without the prior written approval of the other Party, which approval shall not be unreasonably withheld, delayed or conditioned; provided, however, that either Party shall be permitted to make any release or public announcement that in the opinion of its counsel it is required to make by law or the rules of any national securities exchange of which its securities are listed; provided further that it has made efforts that are reasonable in the circumstances to obtain the prior approval of the other Party.

14.16 Construction. Any uncertainty or ambiguity with respect to any provision of this Agreement shall not be construed for or against any party based on attribution of drafting by either party. The headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. In this Agreement, unless a clear contrary intention appears:

(a) the singular number includes the plural number and vice versa;

(b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;

(c) reference to any gender includes each other gender;

(d) reference to any agreement, document or instrument means such agreement, document or instrument as amended, modified, supplemented or restated, and in effect from time to time in accordance with the terms thereof subject to compliance with the requirements set forth herein;

(e) reference to any applicable law means such applicable law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any applicable law means that provision of such applicable law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision;

(f) "herein," "hereby," "hereunder," "hereof," "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision hereof;

(g) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(h) the Table of Contents and headings are for convenience of reference only and shall not affect the construction or interpretation hereof or thereof;

(i) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding;" and

(j) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

14.17 Entire Agreement. This Services Agreement and the Schedules hereto, as well as any other agreements and documents referred to herein, constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, understandings, writings, commitments and conversations between the Parties with respect to such subject matter. No agreements or understandings exist between the Parties other than those set forth or referred to herein.

{Signatures appear on the following page}

IN WITNESS WHEREOF, the Parties hereto have caused this Amended and Restated Transition Services Agreement to be executed by their duly authorized officers or representatives as of the date first written above.

VISHAY INTERTECHNOLOGY, INC.

By: _____
Name:
Title:

VISHAY PRECISION GROUP, INC.

By: _____
Name:
Title:

SCHEDULE A

TO

TRANSITION SERVICES AGREEMENT

This Schedule A is comprised of Schedule A-1, Schedule A-2 and Schedule A-3. The Services to be provided by Provider under Schedule A-1 are referred to generally as the Corporate Website Services, the EDI Services and the Partners Services. The Services to be provided by Provider under Schedule A-2 are referred to generally as the SAP Services. The Services to be provided by Provider under Schedule A-3 are referred to generally as the Finance Support Services. In accordance with the Services Agreement, the Services to be provided hereunder will be provided by Provider through its Subsidiaries and their respective employees, agents or contractors.

Capitalized terms used but not defined herein have the meaning given to them in that certain Transition Services Agreement, dated the ___ day of _____, 2010, by and between Vishay Intertechnology, Inc., as Provider, and Vishay Precision Group, Inc., as Recipient (the "Services Agreement").

For the avoidance of doubt, any migration services, whether based on a change of provider, a change of application or otherwise, are considered additional services, the terms of which shall be negotiated in good faith by Provider and Recipient; provided that Provider shall not be required to perform such migration services, except to the extent that it has available resources and receives compensation acceptable in its reasonable discretion.

Vishay Precision Group, Inc., as Recipient may terminate any Service under this Schedule A by giving Vishay Intertechnology, Inc., as Provider, at least (30) days' advance written notice.

The parties do not anticipate total payments under the Transition Services Agreement and this Schedule A to exceed $300,000 in the first twelve months or $500,000 in the aggregate.

Schedule A-1

IT SUPPORT SERVICES FOR CORPORATE WEBSITE, EDI AND PARTNERS

I. Terms and IT services provided by Vishay Global Web Services

1. Transition Services for Corporate Website

a. The subject "Corporate Website" comprises the relevant web applications and components of the Provider's website which are applicable to the business units transferred to Recipient.

b. Provider will only provide support for website components and applications developed by Provider IT.

c. Provider will not be responsible to support any modification/enhancement performed by or on behalf of Recipient any time after execution of the Services Agreement.

d. Provider will provide Corporate Website support services ("Corporate Website Services") for a period, not to exceed 18 months, starting on the Distribution Date, subject to extension on the terms set forth in the Services Agreement. Upon expiration or termination of the Services Agreement, all support for the website and related programs will be the sole responsibility of Recipient.

e. The Corporate Website Services cover 80 man-hours per month of maintenance support to include non-core modifications and software bug corrections, constituting the Initial Service Level with respect to the Corporate Website Services. Provider IT will allocate proper programmer resources for the website components turned over to Recipient. Unused hours from the previous month will not be carried over to the succeeding month. In the event the Initial Service Level (i.e. the budgeted 80 man-hours) is exceeded, Recipient will be charged on a time and material basis at the Standard Support Rate set forth in Section III.4 of this Schedule A-1.

f. All of Provider's website custom programs and applications are proprietary to Provider and are provided to Recipient for Recipient's use only. Recipient will not copy these programs and will not provide any copy to any third party, unless it is needed to support Recipient's operation as it and approved in advance in writing by Provider.

2. Transition Services for EDI Services

a. The subject "EDI Services" comprises the electronic data interchange services for FOILS sales operation on Recipient's SAP system hosted in Malvern.

b. The EDI Services will include operational support, setup of new customers on EDI, and setup of new EDI message types.

c. The EDI Services will not include, and Provider will not be responsible to support, any modification or enhancement performed by or on behalf of Recipient any time after execution of the Services Agreement.

d. Provider will provide EDI Services for a period not to exceed 18 months, starting on the Distribution Date, subject to extension on the terms set forth in the Services Agreement. Upon expiration or termination of the Services Agreement, all support for the EDI infrastructure and related programs will be the sole responsibility of Recipient.

e. The EDI Services cover 40 man-hours per month of maintenance support to include non-core modifications and software bug corrections, constituting the Initial Service Level with respect to the EDI Services. Provider IT will allocate proper programmer resources. Unused hours from the previous month will not be carried over to the succeeding month. In the event the Initial Service Level (i.e. the budgeted 40 man-hours) is exceeded, Recipient will be charged on a time and material basis at the Standard Support Rate set forth in Section III.4 of this Schedule A-1.

3. Transition Services for Partners Services

a. The subject "Partners" comprises the web SAP-based Internet Transaction Services for FOILS sales operation on the Recipient's SAP system hosted in Malvern. "Internet Transaction Services" means SAP's method of extending business applications to a web browser.

b. Provider will provide operational support for the seven transactions currently available in Partners (the "Partners Services"). Addition of new transactions other that the seven currently available in Partners is not covered in this Schedule A.

c. The Partners Services will not include, and Provider will not be responsible to support, any modification or enhancement performed by or on behalf of Recipient any time after execution of the Services Agreement. In addition, the Partners Services will not include the setup, migration, or preparation for any similar Partners implementation other than the interface with Recipient's SAP system.

d. Provider will provide Partners Services for a period not to exceed 18 months, starting on the Distribution Date, subject to extension on the terms set forth in the Services Agreement. Upon expiration or termination of the Services Agreement, all support for the Partners infrastructure and related programs will be the sole responsibility of Recipient.

e. The Partners Services cover 40 man-hours per month of maintenance support to include non-core modifications and software bug corrections, constituting the Initial Service Level with respect to the Partners Services. Provider IT will allocate proper programmer resources. Unused hours from the previous month will not be carried over to the succeeding month. In the event the Initial Service Level (i.e. the budgeted 40 man-hours) is exceeded, Recipient will be charged on a time-and-material basis at the Standard Support Rate set forth in Section III.4 of this Schedule A-1.

II. Recipient's Responsibilities

a. Recipient Marcom will be responsible for concept and content of the Recipient's website.

b. Recipient, at its sole cost and expense, shall be responsible for the registration and subsequent renewal of its website and Partners domain.

c. Recipient agrees to adopt a key user support community concept, where all issues are first escalated to the assigned Recipient key user for verification and resolution.

d. Recipient at its sole cost and expense, shall be responsible for all operating expenses associated with the operation of all the systems, including but not limited to, hardware maintenance, software maintenance, communication lines, VAN services and usage charges for EDI mailbox , annual license fees where applicable, system supplies etc. This includes the operating expenses during the system setup and testing period after execution of the Services Agreement.

e. Recipient, at its sole cost and expense, shall be responsible for providing necessary secured network access, whether on-site or remote access, to allow Provider to perform the services set forth herein.

III. Services Fees and Costs

1. Corporate Website Services

USD 4,000 per month for the Corporate Website Services plus any out of pocket expenses for licenses, equipment, hardware, IT infrastructure additions to support additional hardware at Recipient, transportation of hardware to Recipient sites, and travel-related costs (if required for Provider personnel to travel) if not already paid for directly by Recipient.

2. EDI Services

USD 3,200 per month for EDI Services plus any out of pocket expenses for licenses, equipment, hardware, IT infrastructure additions to support additional hardware at Recipient, transportation of hardware to Recipient sites, and travel-related costs (if required for Provider personnel to travel) if not already paid for directly by Recipient.

3. Partners Services

USD 3,200 per month for Partners Services plus any out of pocket expenses for licenses, equipment, hardware, IT infrastructure additions to support additional hardware at Recipient, transportation of hardware to Recipient sites, and travel-related costs (if required for Provider personnel to travel) if not already paid for directly by Recipient.

4. Hourly Support Rates

Standard Website Support Rate – USD 50/hour

Standard EDI/Partners Support Rate – USD 80/hour

The Standard Website Support Rate applies to hours exceeding the Initial Service Level for Corporate Website Services as outlined in III.1.

The Standard EDI/Partners Support Rate applies to hours exceeding the Initial Service Level for EDI Services and Partners Services as outlined in III.2 and III.3 of this Schedule A-1, respectively.

Schedule A-2

IT SUPPORT SERVICES FOR SAP SYSTEMS AND APPLICATIONS

I. Terms and IT services provided by Vishay Global Business Applications Services

1. Transition Services for FOILS Sales operation on SAP

a. Provider will provide operating and application maintenance support, including non-core modifications and bug fixes for FOILS sales operation on SAP system/client co-hosted on the platform (all such support, the "SAP Services"). Operational functions within the SAP Services include:

i. Order Management (three selling companies),

ii. Shipping (three selling companies),

iii. Invoicing (three selling companies),

iv. Finished Goods Inventory Management (one manufacturing company),

v. Accounts Receivable (three selling companies),

vi. General Ledger (three selling companies), and

vii. Warehousing,

as implemented as of the Distribution Date.

b. The SAP Services will be provided during 8 work-hours on 5 work-days EST for routine work. Emergencies will be attended 24 hours per day, 7 days a week, on a reasonable best efforts basis.

c. The SAP Services cover 160 man-hours per month starting from the Distribution Date. Provider IT will allocate the respective qualified resources for the services, constituting the Initial Service Level with respect to the SAP Services. Unused hours from the previous month will not be carried over to the succeeding month. In the event the Initial Service Level (i.e. the budgeted 160 man-hours) is exceeded, Recipient will be charged on a time and material basis at the Standard Support Rate set forth in Section III.2 of this Schedule A-2.

d. Any additional out of pocket costs incurred by providing the SAP Services will be charged to Recipient. Any costs expected to be above 1000 USD will be sent to Recipient for approval before. Provider assumes no responsibility for service failures due to delayed approvals or rejections.

e. Provider will provide the SAP Services for a period, not to exceed 18 months, starting from the Distribution Date, subject to extension on the terms set forth in the Services Agreement. Upon expiration or termination of the Services Agreement, Provider will stop all SAP services.

f. Provider will hand over all business data to Recipient in electronic data files within no later than one week after expiration or termination of the Service Agreement. Recipient shall specify to Provider in writing the business data to be archived within 90 days prior to expiration or termination of the Services Agreement, whichever comes first. In the event Recipient does not so specify the business data to be archived within such 90-day period, Recipient may alternatively receive upon request a complete database copy of the applications listed in Section I.1.g of this Schedule A-2.

g. The application hosting will include a productive and a test environment on non-mirrored IBM servers (ERP instances) and HP servers (warehouse instances) in Vishay corporate datacenter. Backup will be done daily. Service level parameters are:

i. Annual Uptime: 98%

ii. Recovery Time Objective (RTO): 5 work days

iii. Recovery Point Objective (RPO): 24 hours

II. Recipient's Responsibilities

a. Provider will be able to use its own licenses to operate the SAP systems for FOILS. Recipient will pay the respective license depreciation and maintenance costs on a per user basis. Any additional costs that should be incurred by such a solution will also be charged to Recipient.

b. Recipient will pay any costs for additional third party software that is used for the FOILS interim system. This may include, but is not limited to, the WSW Speedi consignment package.

c. Recipient will provide the specification of the business data to be archived to Provider three months before expiration or termination of the Services Agreement. The specification has to list the required business objects and record formats.

III. Services Fees and Costs

1. SAP Services

a. USD 8,000.00 per month for the SAP Services outlined in Section I.1.a.-b of this Schedule A-2.

b. USD 7,400.00 per month for the SAP Services outlined in Section I.1.g of this Schedule A-2.

c. Any time and material and out of pocket expenses as outlined in Section I.1.c.-f of this Schedule A-2.

d. USD 47.00 per month for each active user in FOILS interim system on the first day of such month. Any third party licensing and maintenance costs as outlined in II.a.-b

2. Hourly Support Rates

a. Standard Support Rate: USD 50/hour
For purposes of this Schedule A-2, the Standard Support Rate applies to hours exceeding the Initial Service Level for the SAP Services

b. Development support rate USD 80/hour
The development support rate applies to any development not covered by Section I.1.a of this Schedule A-2. This includes but is not limited to any major application change requests, the migration support to another system within the Provider during the term of the Services Agreement, and the archiving of the business data created in the FOILS interim system.

Schedule A-3

FINANCE SUPPORT SERVICES

I. Terms and Finance Support Services to be Provided

1. Finance Support Services

a. This Schedule A-3 refers to the provision of finance and accounting support from Provider to support the closing of SAP Foil for the VPG four selling entities located in US, Germany, Israel and Japan (the "Selling Entities"). Provider personnel will sit with the Recipient personnel and assist Recipient in closing the books for the new companies and in recording all accounts and transactions in SAP and otherwise will provide additional financial and accounting support services as may be reasonably requested by the Selling Entities (the "Finance Support Services").

b. Provider will provide Finance Support Services to the Recipient until the books of the Selling Entities have been closed for the second quarter ending after the Distribution Date.

II. Services Fees and Costs :

Provider will provide the Finance Support Services at an average of $50 per hour per person, $250 per person for each half-day (i.e. each 4-hour increment) and $500 per person for each full day (i.e. each 8-hour increment), in each case, based upon such person receiving $100,000 in annual compensation, working 200 calendar days per year, or as the parties may otherwise agree. Recipient will reimburse Provider for reasonable business travel expenses incurred by Provider and its personnel in connection with the provision of the Finance Support Services.

Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to an application for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked by [***].

FORM OF SUPPLY AGREEMENT

by and between

Vishay Advanced Technology, Ltd.,
an Israeli company,

as Supplier

and

Vishay Dale Electronics, Inc.,
a Delaware corporation,

as Buyer

Dated as of _____, 2010

This SUPPLY AGREEMENT (this "Agreement") is made as of _____, 2010 by and between Vishay Advanced Technology, Ltd., an Israeli company ("Supplier"), and Vishay Dale Electronics, Inc., a Delaware corporation ("Buyer"). Supplier and Buyer each may be referred to herein as a "Party" and collectively, as the "Parties".

WHEREAS, subject to the terms, conditions, commitments and undertakings herein provided, Supplier is willing to manufacture and sell those products as set forth on Exhibit A hereto (as the same may be modified from time to time pursuant to the provisions hereof, the "Products") to Buyer, and Buyer desires to purchase the Products from Supplier, in such quantities as Buyer shall request , as provided in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings specified in this Article I:

"Affiliate" means, as applied to any Person, any other Person that, directly or indirectly, controls, is controlled by, or is under common control with that Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Applicable Law" means any applicable law, statute, rule or regulation of any Governmental Authority, or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"Buyer" has the meaning set forth in the preamble of this Agreement.

"Confidential Information" means all proprietary, design or operational information, data or material including, without limitation: (a) specifications, ideas and concepts for goods and services; (b) manufacturing specifications and procedures; (c) design drawings and models; (d) materials and material specifications; (e) quality assurance policies, procedures and specifications; (f) customer, client, manufacturer and supplier information; (g) computer software and derivatives thereof relating to design development or manufacture of goods; (h) training materials and information; (i) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice; (j) all other know-how, methodology, procedures, techniques and Trade Secrets; (k) proprietary earnings reports and forecasts; (l) proprietary macro-economic reports and forecasts; (m) proprietary marketing, advertising and business plans, objectives and strategies; (n) proprietary general market evaluations and surveys; (o) proprietary financing and credit-related information; (p) other copyrightable or patented works; (q) the terms of this Agreement; and (r) all similar and related information in whatever form; in each case, of one party which has been disclosed by Supplier or members of its Group on the one hand, or Buyer or members of its Group, on the other hand, in written, oral (including by recording), electronic, or visual form to, or otherwise has come into the possession of, the other Group.

"Firm Order" means Buyer's non-cancelable purchase order for Products to be purchased by Buyer from Supplier pursuant to this Agreement for delivery.

"FOB" has the meaning and usage assigned to such words in the incoterms rules published by the International Chamber of Commerce.

"Forecast" means, with respect to any relevant period, a good faith non-binding forecast, based on information available to Buyer at the time of such forecast (which information, if reduced to writing, shall be made available to Supplier upon reasonable request), of the Firm Order for each Product that Buyer expects to deliver to Supplier for each calendar month during such period.

"Governmental Authority" means any U.S. or non-U.S. federal, state, local, foreign or international court, arbitration or mediation tribunal, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

"Group" means, with respect to any Person, each Subsidiary of such Person and each other Person that is controlled directly or indirectly by such Person.

"Intellectual Property" means all domestic and foreign patents and patent applications, together with any continuations, continuations-in-part or divisional applications thereof, and all patents issuing thereon (including reissues, renewals and re-examinations of the foregoing); design patents; invention disclosures; mask works; all domestic and foreign copyrights, whether or not registered, together with all copyright applications and registrations therefor; all domain names, together with any registrations therefor and any goodwill relating thereto; all domestic and foreign trademarks, service marks, trade names, and trade dress, in each case together with any applications and registrations therefor and all goodwill relating thereto; all Trade Secrets, commercial and technical information, know-how, proprietary or Confidential Information, including engineering, production and other designs, notebooks, processes, drawings, specifications, formulae, and technology; computer and electronic data processing programs and software (object and source code), data bases and documentation thereof; all inventions (whether or not patented); all utility models; all registered designs, certificates of invention and all other intellectual property under the laws of any country throughout the world.

"Last-Time Buy Order" has the meaning set forth in Section 4.5.

"Liability" means, with respect to any Person, any and all losses, claims, charges, debts, demands, Actions, causes of action, suits, damages, obligations, payments, costs and expenses, sums of money, accounts, reckonings, bonds, specialties, indemnities and similar obligations, exoneration covenants, obligations under contracts, guarantees, make whole agreements and similar obligations, and other liabilities and requirements, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, joint or several, whenever arising, and including those arising under any Applicable Law, action, threatened or contemplated action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all costs and expenses, whatsoever reasonably incurred in investigating, preparing or defending against any such actions or threatened or contemplated actions) or order of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any contract, in each case, whether or not recorded or reflected or otherwise disclosed or required to be recorded or reflected or otherwise disclosed, on the books and records or financial statements of any Person, including any Liability for taxes.

"Person" (whether or not initially capitalized) means any corporation, limited liability company, partnership, firm, joint venture, entity, natural person, trust, estate, unincorporated organization, association, enterprise, government or political subdivision thereof, or Governmental Authority.

"Product" has the meaning set forth in the preamble of this Agreement.

"Product Warranty" has the meaning set forth in Section 6.1(a).

"Raw Materials Cost" means the direct cost of material used in a finished Product, including the normal quantity of material wasted in the production process, purchasing costs, inbound freight charges and any applicable subcontractor charges.

"Six-Month Forecast" means a forward-looking Forecast for a period of six consecutive calendar months, beginning on July 1 and January 1 of each calendar year, or, if earlier with respect to any Product, the last day of the Term for such Product.

"Subsidiary" of any Person means a corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however, that no Person that is not directly or indirectly wholly-owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person.

"Supplier" has the meaning set forth in the preamble of this Agreement.

"Supplier's Other Manufacturing Obligations" means the manufacturing obligations and commitments of Supplier to Persons other than Buyer, including Supplier's Affiliates.

"Specifications" means, with respect to any Product, the design, composition, dimensions, other physical characteristics, chemical characteristics, packaging, unit count and trade dress of such Product.

"Term" has the meaning set forth in Section 7.1.

"Trade Secrets" means information, including a formula, program, device, method, technique, process or other Confidential Information that derives independent economic value, actual or potential, from not being generally known to the public or to other Persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable, under the circumstances, to maintain its secrecy.

"Wholly-Owned Subsidiary" of a Person means a Subsidiary of that Person substantially all of whose voting securities and outstanding equity interest are owned either directly or indirectly by such Person or one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries.

The terms "herein", "hereof", "hereunder" and like terms, unless otherwise specified, shall be deemed to refer to this Agreement in its entirety and shall not be limited to any particular section or provision hereof. The term "including" as used herein shall be deemed to mean "including, but not limited to." The term "days" shall refer to calendar days unless specified otherwise. References herein to "Articles", "Sections" and "Exhibits" shall be deemed to mean Articles, Sections of and Exhibits to this Agreement unless otherwise specified.

ARTICLE II
PURCHASE AND SALE OF PRODUCTS

SECTION 2.1 Agreement to Purchase and Sell Products. (a) During the Term, Supplier hereby agrees to manufacture and sell to Buyer, and Buyer hereby agrees to purchase and accept from Supplier, such amounts of Products, as from time to time shall be ordered by Buyer.

(b) All Products to be sold to Buyer pursuant to this Agreement shall be manufactured by Supplier or an Affiliate of Supplier; provided, however, that Supplier may subcontract the manufacture of any Product to a manufacturer that is not an Affiliate of Supplier with Buyer's prior written consent, which consent shall not be unreasonably withheld, provided that any such subcontracting shall not relieve Supplier of its obligations hereunder.

SECTION 2.2 Product Specifications. (a) Supplier shall manufacture all Products according to the Specifications in effect as of the date of this Agreement, with such changes or additions to the Specifications of the Products related thereto as shall be requested by Buyer in accordance with this Section or as otherwise agreed in writing by the Parties. All other Products shall be manufactured with such Specifications as the Parties shall agree in writing.

(b) Buyer may request changed or additional Specifications for any Product by delivering written notice thereof to Supplier not less than one hundred twenty (120) days in advance of the first Firm Order for such Product to be supplied with such changed or additional Specifications. Notwithstanding the foregoing, if additional advance time would reasonably be required in order to implement the manufacturing processes for production of a Product with any changed or additional Specifications, and to commence manufacture and delivery thereof, Supplier shall so notify Buyer, and Supplier shall not be required to commence delivery of such Product until the passage of such additional time.

(c) Supplier shall be required to accommodate any change of, or additions to, the Specifications for any Product, if and only if (i) in Supplier's good faith judgment, such changed or additional Specifications would not require Supplier to violate good manufacturing practice, (ii) the representation and warranty of Buyer deemed made pursuant to Subsection (e) below is true and correct, and (iii) Buyer agrees to reimburse Supplier for the incremental costs and expenses incurred by Supplier in accommodating the changed or additional Specifications, including the costs of acquiring any new machinery and tooling. For the avoidance of doubt, such costs and expenses shall be payable by Buyer separately from the cost of Products at such time or times as Supplier shall request.

(d) Supplier shall notify Buyer in writing within thirty (30) days of its receipt of any request for changed or additional Specifications (i) whether Supplier will honor such changed or additional Specifications, (ii) if Supplier declines to honor such changed or additional Specifications, the basis therefor and (iii) if applicable, the estimated costs and expenses that Buyer will be required to reimburse Supplier in respect of the requested changes or additions, as provided in Subsection (c) above. Buyer shall notify Supplier in writing within fifteen (15) days after receiving notice of any required reimbursement whether Buyer agrees to assume such reimbursement obligation.

(e) By its request for any changed or additional Specifications for any Product, Buyer shall be deemed to represent and warrant to Supplier that the manufacture and sale of the Product incorporating Buyer's changed or additional Specifications, as a result of such incorporation, will not and could not reasonably be expected to (i) violate or conflict with any contract, agreement, arrangement or understanding to which Buyer and/or any of its Affiliates is a party, including this Agreement and any other contract, agreement, arrangement or understanding with Supplier and/or its Affiliates, (ii) infringe on any trademark, service mark, copyright, patent, trade secret or other intellectual property rights of any Person, or (iii) violate any Applicable Law. Buyer shall indemnify and hold Supplier and its Affiliates harmless (including with respect to reasonable attorneys' fees and disbursements) from any breach of this representation and warranty.

SECTION 2.3 New Products. If Buyer shall request in writing that Supplier manufacture and sell to Buyer an item that is not at the time a Product, Supplier shall consider such request in good faith, giving due consideration to Supplier's available manufacturing capacity, Supplier's Other Manufacturing Obligations, existing know-how, technical feasibility, cost, profitability and other relevant factors. Supplier shall inform Buyer within a reasonable time of Supplier's determination in principle whether to manufacture such Product, and if Supplier has determined not to manufacture such Product, the reasons therefor. If Supplier shall inform Buyer that it is willing in principle to manufacture and sell such Product, Buyer and Supplier shall negotiate in good faith with respect to the terms of such manufacture and sale, including pricing and the Exhibits to this Agreement shall be modified accordingly; provided, however, that neither Party shall be bound with respect to the manufacture and sale of any such Product unless the Parties shall have so agreed in writing.

SECTION 2.4 Supplier's Supply Obligations. Supplier shall be obligated to manufacture and sell Products to Buyer, in accordance with Buyer's Firm Orders, to the extent of Supplier's then existing manufacturing capacity, taking into account Supplier's Other Manufacturing Obligations; provided, however, the Supplier shall give equal priority to the orders of Buyer, on the one hand, and Supplier's Other Manufacturing Obligations, on the other.

SECTION 2.5 Product Changes. Supplier shall communicate any change in the Specifications for any Product or its manufacture in accordance with Supplier's product change notification process. Buyer shall be deemed to have accepted such change unless, within thirty (30) days after receipt of notice from Supplier, Buyer informs Supplier that such change is not acceptable. If Buyer informs Supplier that such change is not acceptable, Supplier may by notice to Buyer either (x) continue to supply the Product in accordance with the original Specifications and manufacturing procedures or (y) terminate this Agreement with respect to such Product on a date specified by Supplier in a notice of termination, which date shall not be earlier than the earlier of (I) one (1) year from the date of Buyer's information that it does not accept the change proposed by Supplier and (II) if such notice of termination is delivered more than ninety (90) days before the end of the then current Term, the end of such Term; subject to the right of the Buyer to submit a Last-Time Buy Order in accordance with Section 4.5.

SECTION 2.6 Product Discontinuation. At any time Supplier may notify Buyer that Supplier is discontinuing the manufacture and sale of a Product. Such discontinuation shall take effect on a date specified by Supplier in a notice of discontinuation, which date shall not be earlier than one (1) year from the date of the notice of discontinuation; subject to the right of the Buyer to submit a Last-Time Buy Order in accordance with Section 4.5.

SECTION 2.7 Consultation and Support. At either Party's reasonable request, the Parties shall meet and discuss the nature, quality and level of supply services contemplated by this Agreement. In addition, Supplier will make available on a commercially reasonable basis and at commercially reasonable times qualified personnel to provide knowledgeable support service with respect to the Products. The Parties shall negotiate in good faith with respect to any fees and other charges incurred by Supplier in providing other than routine product support.

ARTICLE III
FORECASTS

SECTION 3.1 Forecasts. (a) As soon as possible, but in no event later than thirty (30) days following the distribution of shares of common stock of Vishay Precision Group, Inc. ("VPG") to the shareholders of Vishay Intertechnology, Inc. ("Vishay Intertechnology") under that certain Master Separation and Distribution Agreement between Vishay Intertechnology and VPG (the "Master Separation Agreement"), Buyer shall provide to Supplier an initial Forecast for the period ending on December 31, 2010. Beginning on December 1, 2010, and thereafter, on May 31 and December 1 of each calendar year, Buyer shall provide to Supplier a Six-Month Forecast for the 6-month period beginning on the immediately following July 1 and January 1, respectively.

(b) If it is commercially impracticable for Buyer to deliver a Six-Month Forecast for a particular Product, Buyer shall deliver Forecasts to Supplier at such intervals and for such periods as reasonable under the circumstances, and Supplier shall in good faith consider such Forecasts delivered by Buyer.

(c) Supplier shall use all Forecasts delivered by Buyer under this Agreement for capacity and raw material planning purposes only, and such Forecasts will not constitute a commitment of any type by Buyer to purchase any Product.

SECTION 3.2 Forecasts in Excess of Capacity. Upon receipt of each Forecast, Supplier shall determine whether it will have the capacity to manufacture and sell to Buyer the Products in the forecasted amounts. If Supplier determines that it will not have the capacity to manufacture and deliver any Product to Buyer as forecasted, Supplier shall so notify Buyer as promptly as practicable. Supplier and Buyer shall thereafter negotiate in good faith in order to match Supplier's manufacturing capacity with Buyer's requirements for the specified Product, such as by advancing or deferring the delivery of the Product to other periods. In the event that Supplier and Buyer shall agree to accommodate Buyer's forecasted requirements in a manner that will require the expenditure by Supplier of unbudgeted costs and expenses in addition to the costs and expenses that Supplier would otherwise be required to expend in order to fulfill its obligations under this Agreement, Buyer shall be obligated to reimburse Supplier for such costs and expenses as have actually been expended by Supplier, notwithstanding that the manufacture and sale of Products in accordance with the Firm Orders subsequently delivered by Buyer for the relevant periods do not require such expenditure.

SECTION 3.3 Firm Orders in Excess of Forecasts. In the event that the Firm Order for any Product shall exceed the Forecast contained in the most recent prior Forecast for such Product (as such Forecast may have been modified by agreement of the Parties in the manner contemplated in Section 3.2; such excess being referred to as the "Excess Order"), Supplier shall notify Buyer, as promptly as reasonably practicable after receipt of such Firm Order, whether Supplier has sufficient available capacity to accommodate the Excess Order, taking into consideration Supplier's manufacturing capacity for such Product and Supplier's Other Manufacturing Obligations. If Supplier shall not have sufficient available capacity to accommodate the Excess Order, Supplier and Buyer shall negotiate in good faith in order to match Supplier's available manufacturing capacity with Buyer's requirements for the specified Product, such as by advancing or deferring the delivery of the Product to other periods.

ARTICLE IV
ORDERS AND PAYMENT

SECTION 4.1 Purchase Orders. (a) Buyer may place a Firm Order for the Products with Supplier at any time and from time to time.

(b) Each Firm Order shall specify (i) number of units of the Product to be purchased and (ii) the requested delivery date, provided that Buyer shall request a delivery date with a lead delivery time that is customary for the particular Product, unless otherwise agreed upon by the Parties. Supplier agrees to provide Buyer prompt notice if it knows it cannot meet a requested delivery date.

(c) If Buyer requires a Product on an emergency basis and so informs Supplier, and Supplier has the Product available in its uncommitted inventory, Supplier agrees to use reasonable commercial efforts to fill the emergency order as promptly as practicable. Buyer agrees to pay reasonable incremental expenses related to any emergency order.

SECTION 4.2 Shipment.

(a) Products will be shipped by Supplier to Buyer FOB shipping point.

(b) Supplier shall package all Products so as to protect them from loss or damage during shipment, in conformity with good commercial practice, the Specifications and Applicable Law. Buyer shall be responsible, at its own cost and expense, for the shipment (including, among other fees, costs and expenses, transit and casualty insurance and third party fees) of all processed materials by Buyer. Supplier shall cooperate with Buyer in assembling and coordinating shipments, as reasonably requested by Buyer.

(c) For the avoidance of doubt, title to and risk of loss or damage will pass to Buyer upon Buyer's pick up for transfer of the Products ordered.

SECTION 4.3 Prices. Pricing for the Products shall be as set forth on Exhibit A, as such Exhibit may be modified from time to time by agreement of the Parties. At least thirty (30) days prior to the beginning of each calendar year, the parties shall negotiate in good faith changes to the pricing of the Products to be applicable in the ensuing year. Such pricing shall take into account changes in the cost of manufacturing the Products, including labor, manufacturing, utility and other direct costs, and other ascertainable market inputs. If the Parties cannot in good faith agree on pricing for the Products, until such time as the Parties do so agree, Supplier shall have no obligation to honor any Firm Orders submitted by Buyer to the extent that such Firm Orders are placed following expiration of the then current calendar year.

SECTION 4.4 Payment Terms. Unless otherwise agreed to by the Parties in writing, Buyer shall make payment separately for each Firm Order. Buyer shall pay the net amount of all invoice amounts within sixty (60) days of the date of Supplier's invoice unless the terms of Supplier's invoice permits later payment or allows for prepayment with a discount. Invoices shall not be sent earlier than the date on which the Products related thereto are delivered to Buyer.

SECTION 4.5 Last-Time Buy Order.

(a) Buyer shall have a right to place a written last-time Firm Order for a Product (a "Last-Time Buy Order") if (i) Supplier delivers to Buyer notice of its intention not to renew the Term pursuant to Section 7.2; (ii) Supplier terminates this Agreement in respect of such Product in connection with Buyer's choice not to accept a change in such Product under Section 2.5; (iii) Supplier delivers to Buyer a notice of discontinuation of such Product; or (iv) Buyer terminates this Agreement in connection with a material breach by Supplier pursuant to Section 7.3. The right of the Buyer to submit a Last-Time Buy Order shall entitle Buyer to purchase the Products at the price in effect for the products as of the time of Buyer's exercise of such right.

(b) A Last-Time Buy Order shall specify (i) number of units of the Product to be purchased and (ii) the requested delivery date or dates for such units. If Supplier informs Buyer that it cannot honor the requested delivery dates because of capacity restraints or otherwise, the Parties shall negotiate in good faith with respect to delivery dates mutually acceptable to Supplier and Buyer.

(c) The Parties hereby agree to use commercially reasonable efforts to coordinate forecasting and ordering during the period between the date the Last-Time Buy Order is delivered to Supplier and the final delivery date to allow for regular supply of Products during such period.

ARTICLE V
CONFIDENTIALITY

SECTION 5.1 Supplier and Buyer shall hold and shall cause each of their respective affiliates, directors, officers, employees, agents, consultants, advisors and other representatives to hold, in strict confidence and not to disclose or release without the prior written consent of the other party, any and all proprietary or confidential information, material or data of the other party that comes into its possession in connection with the performance by the parties of their rights and obligations under this Agreement. The provisions of Section 4.5 of the Master Separation Agreement shall govern, *mutatis mutandis*, the confidentiality obligations of the parties under this Section.

ARTICLE VI
PRODUCT WARRANTY; LIMITATION OF LIABILITY

SECTION 6.1 Product Warranty; Merchantability Warranty. (a) Supplier warrants to Buyer that the Products shall, at the time of delivery to Buyer in accordance with Section 4.2: (i) conform to the Specifications therefor, as provided in Section 2.2; (ii) be free from material defects; and (iii) be manufactured in accordance with good manufacturing practice and Applicable Law (such warranty being referred to as the "Product Warranty").

(b) EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, NO WARRANTIES, OTHER THAN THE PRODUCT WARRANTY, ARE EXPRESSED OR IMPLIED IN RESPECT OF THE PRODUCTS, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

SECTION 6.2 Defective or Non-Conforming Products. (a) Claims by Buyer relating to the quantity of or damage to any Product or the failure of any Product to conform to its Specifications must be made within one (1) year of receipt of such Product and must be in writing, specifying in reasonable detail the nature and basis of the claim and citing relevant control or lot numbers or other information to enable identification of the Product in question. Supplier's Liability to Buyer for damages for any such claim shall be limited to a refund for the price of the defective Product plus shipping costs or, at Buyer's option, prompt replacement thereof with a Product that complies with the Product Warranty. Such refund and shipping costs or a replacement shall constitute Supplier's sole and exclusive Liability for such claims. For the avoidance of doubt, nothing shall limit the obligations of Supplier to Buyer in respect of third party claims against Buyer arising from the failure of any Product to conform to its Specifications.

(b) Any notifications to either Party pursuant to this Section 6.2 shall be subject to the confidentiality provisions of Article V above.

SECTION 6.3 Indemnification. (a) Subject to Section 6.4, Supplier shall indemnify and hold Buyer harmless from and against any Liability, including reasonable attorney's fees and disbursements, arising out of any third party claim for death, injury or damage to property resulting from (i) Supplier's breach of this Agreement; or (ii) any claim that a Product purchased from Supplier infringes any intellectual property right of a third party.

(b) Buyer shall indemnify and hold harmless Supplier from and against any Liability, including reasonable attorneys' fees and disbursements, arising out of any third party claim for death, injury or damage to property resulting from use of any of the Products based upon (i) Buyer's breach of this Agreement; or (ii) any change in condition of the Products caused by Buyer other than any change in Specifications requested by Supplier and deemed accepted by Buyer under Section 2.5.

(c) Any Party seeking indemnification pursuant to this Section 6.3 shall promptly notify the other Party of the claim as to which indemnification is sought, shall afford the other Party, at the other Party's sole expense, the opportunity to defend or settle the claim (in which case the indemnifying Party shall not be responsible for the attorneys' fees of the indemnified Party with respect such claim) and shall cooperate to the extent reasonably requested by the other Party in the investigation and defense of such claim; provided, however, that any settlement of any such claim that would adversely affect the rights of the indemnified Party shall require the written approval of such indemnified Party; and provided further that an indemnified Party shall not settle any such claim without the written approval of the indemnifying Party.

(d) The foregoing indemnification obligations shall survive any termination or expiration of this Agreement, in whole or in part, or the expiration or termination of the Term.

SECTION 6.4 Limitation of Liability. In no event shall any Party be liable for any special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss of any kind, arising out of any breach of this Agreement, including breach of the Product Warranty, or any other obligations of any Party hereunder, or any use of the Products, and each Party hereby knowingly and expressly waives any claims or rights with respect thereto; provided, however, that in the event a Party is required to pay to a third-party claimant any special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss on any claim with respect to which such Party is indemnified by the other Party pursuant to this Agreement, such Party shall be entitled to indemnification from the other Party with respect to such third-party special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss to the extent resulting from the indemnifiable acts or omissions of the other Party.

SECTION 6.5 Insurance. Each of the Parties shall maintain general liability insurance covering their activities under this Agreement in accordance with prudent and customary commercial practices, in such amounts as shall be agreed upon from time to time by the Parties.

ARTICLE VII
TERM OF AGREEMENT; RENEWAL TERM; TERMINATION

SECTION 7.1 Term of Agreement. Unless earlier terminated pursuant to Section 7.3, the term of this Agreement shall be perpetual.

SECTION 7.2 Termination. Either Party may terminate this Agreement at any time upon prior written notice to the other at least one (1) year prior to the requested date of termination.

SECTION 7.3 Rights Upon Termination. Following a termination of this Agreement, all further rights and obligations of the Parties under this Agreement shall terminate. Notwithstanding the foregoing, the termination of this Agreement shall not affect the rights and obligations of the Parties arising prior to such expiration or termination; and provided further that the Parties shall not be relieved of (i) their respective obligations to pay monies due or which become due as of or subsequent to the date of expiration or termination, and (ii) any other respective obligations under this Agreement which specifically survive or are to be performed after the date of such expiration or termination, including the provisions of Article V and 6.3. Any Firm Order, including a Last-Time Buy Order, submitted prior to the expiration or termination of this Agreement shall be filled by Supplier pursuant to the terms hereof even if the delivery date is after expiration or termination.

ARTICLE VIII
DISPUTE RESOLUTION

SECTION 8.1 The terms and provisions of Article VIII of the Master Separation Agreement relating to the procedures for resolution of any disputes between the parties, shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may arise out of or relate to or arise under or in connection with this Agreement, or the transactions contemplated hereby, *mutatis mutandis.*

ARTICLE IX
MISCELLANEOUS

SECTION 9.1 Assignment. This Agreement and the rights and obligations of a Party hereunder shall be assignable or delegable, in whole or in part, (i) by Supplier without the consent of Buyer, to a Wholly-Owned Subsidiary of Supplier that succeeds to the conduct of the foil resistor business responsible for supplying the Products; (ii) by Buyer without the consent of Supplier, to a Wholly-Owned Subsidiary of Buyer; or (iii) by either Party, to any Person who is not a Wholly-Owned Subsidiary of a Party only with the prior written consent of the other Party; provided, however, that no such assignment shall relieve the assigning Party of Liability for its obligations hereunder. The following actions shall not be deemed an assignment of this Agreement: (1) assignment or transfer of the stock of a Party, including by way of a merger, consolidation, or other form of reorganization in which outstanding shares of a Party are exchanged for securities, or (2) any transaction effected primarily for the purpose of (A) changing a Party's state of incorporation or (B) reorganizing a Party into a holding company structure such that, as a result of any such transaction, such Party becomes a Wholly-Owned Subsidiary of a holding company owned by the holders of such Party's securities immediately prior to such transaction. Any attempted assignment other than as provided herein shall be void. The provisions of this Agreement shall be binding upon, and shall inure to the benefit of, the successors and permitted assigns of the Parties.

SECTION 9.2 Force Majeure. The Parties shall not be liable for the failure or delay in performing any obligation under this Agreement (except pursuant to Section 7.4) if and to the extent such failure or delay is due to (i) acts of God; (ii) weather, fire or explosion; (iii) war, invasion, riot or other civil unrest; (iv) governmental laws, orders, restrictions, actions, embargoes or blockages; (v) action by any regulatory authority which prohibits the manufacture, sale or distribution of the Products, except to the extent due to Supplier's breach of its obligations hereunder; (vi) regional, national or foreign emergency; (vii) injunction, strikes, lockouts, labor trouble or other industrial disturbances; (viii) shortage of adequate fuel, power, materials, or transportation facilities; or (ix) any other event which is beyond the reasonable control of the affected Party; provided, however, that the Party affected shall promptly notify the other Party of the force majeure condition and shall exert its reasonable commercial efforts to eliminate, cure or overcome any such causes and to resume performance of its obligations as soon as possible.

SECTION 9.3 Intellectual Property. All Intellectual Property owned or created by a Party shall remain its sole and exclusive property, and the other Party shall not acquire any rights therein by reason of this Agreement.

SECTION 9.4 Entire Agreement. This Agreement and the Exhibits hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersede all previous agreements, negotiations, discussions, understandings, writings, commitments and conversations between the parties with respect to such subject matter. No agreements or understandings exist between the parties other than those set forth or referred to herein or therein. If any provision of this Agreement or the application thereof to any Party or circumstance shall be declared void, illegal or unenforceable, the remainder of this Agreement shall be valid and enforceable to the extent permitted by Applicable Law. In such event, the Parties shall use their best efforts to replace the invalid or unenforceable provision with a provision that, to the extent permitted by Applicable Law, achieves the purposes intended under the invalid or unenforceable provision.

SECTION 9.5 Governing Law. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws rules thereof to the extent such rules would require the application of the law of another jurisdiction.

SECTION 9.6 Consent to Jurisdiction. Subject to the provisions of Article VIII, each of the Parties irrevocably submits to the jurisdiction of the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan for the purposes of any suit, action or other proceeding to compel arbitration, for the enforcement of any arbitration award or for specific performance or other equitable relief pursuant to Section 9.16. Each of the parties further agrees that service of process, summons or other document by U.S. registered mail to such parties address as provided in Section 9.10 shall be effective service of process for any action, suit or other proceeding with respect to any matters for which it has submitted to jurisdiction pursuant to this Section 9.6. Each of the parties irrevocably waives any objection to venue in the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby for which it has submitted to jurisdiction pursuant to this Section 9.6, and waives any claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

SECTION 9.7 Independent Contractor. Nothing contained in this Agreement shall constitute a Party as a partner, employee or agent of the other Party, nor shall any Party hold itself out as such. Neither Party shall have the right or authority to incur, assume or create, in writing or otherwise, any warranty, Liability or other obligation of any kind, express or implied, in the name or on behalf of the other Party, and each Party is and shall remain an independent contractor, responsible for its own actions. Except as otherwise explicitly provided herein, each Party shall be responsible for its own expenses incidental to its performance of this Agreement.

SECTION 9.8 Set-Off. The obligation of Buyer to pay the purchase price for Products shall be unconditional, except as provided in this Agreement, and shall not be subject to any defense, setoff, counterclaim or similar right against Supplier or any of its Affiliates that could be asserted by Buyer or any of its Affiliates under any other contract, agreement, arrangement or understanding or otherwise under Applicable Law.

SECTION 9.9 Waivers. No claim or right arising out of or relating to a breach of any provision of this Agreement can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved Party. Any failure by any Party to enforce at any time any provision under this Agreement shall not be considered a waiver of that Party's right thereafter to enforce each and every provision of this Agreement.

SECTION 9.10 Notices. All notices, demands and other communications required to be given to a Party hereunder shall be in writing and shall be deemed to have been duly given if personally delivered, sent by a nationally recognized overnight courier, transmitted by facsimile, or mailed by registered or certified mail (postage prepaid, return receipt requested) to such Party at the relevant street address or facsimile number set forth below (or at such other street address or facsimile number as such Party may designate from time to time by written notice in accordance with this provision):

If to Supplier, to:

Vishay Advanced Technology, Ltd.
c/o Vishay Precision Group, Inc.
3 Great Valley Parkway
Malvern, PA 19355-1307
Attention: William M. Clancy
Telephone: 484-321-5300
Facsimile: 484-321-5300

with a copy to:

Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets

Philadelphia, Pennsylvania 19103-2799
Attention: Barry Abelson, Esq.
Telephone: 215-981-4000
Facsimile: 215-981-4750

If to Buyer, to:

Vishay Dale Electronics, Inc.
c/o Vishay Intertechnology, Inc.
63 Lancaster Avenue
Malvern, PA 19355-2120
Attention: Dr. Lior E. Yahalomi
Telephone: 610-644-1300
Facsimile: 610-889-2161

with a copy to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036
Attention: Ernest S. Wechsler, Esq.
Telephone: 212-715-9100
Facsimile: 212-715-8000

Any notice, demand or other communication hereunder shall be deemed given upon the first to occur of: (i) the fifth (5th) day after deposit thereof, postage prepaid and addressed correctly, in a receptacle under the control of the United States Postal Service; (ii) transmittal by facsimile transmission to a receiver or other device under the control of the party to whom notice is being given; (iii) actual delivery to or receipt by the party to whom notice is being given or an employee or agent thereof; or (iv) one (1) day after delivery to an overnight carrier.

SECTION 9.11 Headings. The headings contained herein are included for convenience of reference only and do not constitute a part of this Agreement.

SECTION 9.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed and delivered or transmitted by facsimile, e-mail or other electronic means, shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. A facsimile or electronic signature is deemed an original signature for all purposes under this Agreement.

SECTION 9.13 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

SECTION 9.14 Waiver of Default. (a) Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or the parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently given for the purposes of this Agreement if, as to any party, it is in writing signed by an authorized representative of such party.

(b) Waiver by any party of any default by the other party of any provision of this Agreement shall not be construed to be a waiver by the waiving party of any subsequent or other default, nor shall it in any way affect the validity of this Agreement or any party hereof or prejudice the rights of the other party thereafter to enforce each and ever such provision. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

SECTION 9.15 Amendments. No provisions of this Agreement shall be deemed amended, modified or supplemented by any Party, unless such amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such amendment, supplement or modification.

SECTION 9.16 Specific Performance. The Parties agree that the remedy at law for any breach of this Agreement may be inadequate, and that, as between Supplier and Buyer, any Party by whom this Agreement is enforceable shall be entitled to seek temporary, preliminary or permanent injunctive or other equitable relief with respect to the specific enforcement or performance of this Agreement. Such Party may, in its sole discretion, apply to a court of competent jurisdiction for such injunctive or other equitable relief as such court may deem just and proper in order to enforce this Agreement as between Supplier and Buyer, or the members of their respective Groups, or prevent any violation hereof, and, to the extent permitted by Applicable Law, as between Supplier and Buyer, each Party waives any objection to the imposition of such relief.

SECTION 9.17 Waiver of jury trial. Subject to Article VIII, each of the Parties hereby waives to the fullest extent permitted by Applicable Law any right it may have to a trial by jury with respect to any court proceeding directly or indirectly arising out of and permitted under or in connection with this Agreement or the transactions contemplated hereby. Each of the Parties hereby (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it has been induced to enter into this agreement and the transactions contemplated by this agreement, as applicable, by, among other things, the mutual waivers and certifications in this Section 9.17.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the date first written above.

SUPPLIER:

By: _____

Name:

Title:

BUYER:

By: _____

Name:

Title:

EXHIBIT A

TYPE	DESCRIPTION	TOLERANCE	PRICE PER PRODUCT (USD)	MINIMUM ORDER QUANTITY
[***]	[***]	[***]	[***]	[***]

[***]

Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to an application for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked by [***].

FORM OF SECONDMENT AGREEMENT

THIS SECONDMENT AGREEMENT (the "Agreement") is made on _____, 2010 by and between Vishay Intertechnology, Inc., a Delaware corporation ("VSH"), and Vishay Precision Group, Inc., a Delaware corporation ("VPG").

WHEREAS, VSH has agreed that it will supply to VPG assistance by seconding two of its employees, Dr. Felix Zandman and Reuven Katraro (together, the "Secondees") to VPG in accordance with the terms and conditions of this Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. Secondment. VSH shall second the Secondees to VPG for the time periods described in Section 4, in accordance with the terms and conditions of this Agreement (the "Secondment").

2. Commitment to VPG. Subject to the provisions of Section 6, VSH shall be required to make each Secondee available to VPG for the performances of the Services described in Section 3 for up to five percent (5%) of such Secondee's professional working time on a monthly basis**;** provided that in no event shall a Secondee be required to commit more than five (5) hours to the Services for VPG in the course of any given week.

3. Services. Each Secondee will provide VPG with consulting services in research and development and technology (the "Services") pursuant to the terms of this Agreement. Other than the Services, VSH shall not be required to make the Secondees available for the performance of any services to VPG.

4. Term. The term of this Agreement shall commence on the date of this Agreement and shall continue thereafter until *first anniversary*, 2011 (the "Initial Term"), and shall thereafter automatically renew for additional one year periods (each, a "Renewal Term", and the Initial Term or any such Renewal Term, the "Term"), unless sooner terminated in accordance with Section 11 of this Agreement or written notice is given by one party to the other at least 90 days prior to the expiration of the Initial Term or any Renewal Term, as applicable.

5. Scheduling. Subject to the provisions of this Agreement, the Secondees shall perform the Services when and as requested by the Chief Executive Officer of VPG. The Chief Executive Officer of VPG shall consult with the Chief Executive Officer of VSH in good faith in order to schedule the time and place of the Services of each of the Secondees to VPG so as not to unreasonably interfere with the performance of the duties and responsibilities of the Secondee to VSH or impose hardship on the Secondees.

6. Status. The Secondees shall at all times be and remain employees of the VSH, and nothing in this Agreement shall affect the employment relationship between VSH and each of the Secondees. While a Secondee is performing services for VPG, he shall hold himself out as a consultant to VPG, and he shall not, and VPG shall not permit him to, hold himself out as an employee of VSH.

7. Obligations of VSH. VSH shall perform all obligations and discharge all liabilities which may be imposed on it by law or otherwise in its capacity as employer of the Secondees, including, without limitation, paying salary and providing employee benefits.

8. Consideration.

(a) In consideration for VSH seconding the Secondees to VPG, during the Term VPG shall pay to VSH in respect of each Secondee the amount per annum set forth on Exhibit A (the "Secondment Fee"). The Secondment Fee shall be payable in equal monthly installments on or before the first day of each calendar month during the Term (or if such day is not a business day, the next succeeding business day).

(b) VPG shall also be responsible for the payment of any and all reasonable out-of-pocket business expenses incurred by either of VSH or such Secondee in connection with the performance of the Services by the Secondees, including, but not limited to, expenses for business travel and accommodation, in connection with a Secondee's services as contemplated by this Agreement. In its discretion, VSH may reimburse a Secondee for such business expenses, in which case VSH shall be entitled to invoice VPG for amounts incurred by such Secondee. Payment by VPG shall be due within thirty (30) days of the date of invoice, unless otherwise agreed between VPG and the VSH.

(c) All payments by VPG under this Agreement shall be made without set-off or counterclaim or condition, and otherwise in accordance with this Agreement.

9. Liability and Indemnity.

(a) VSH shall have no liability for any loss or damage (whether direct or indirect, physical, economic, consequential or otherwise) arising from or in connection with the provision of the Services to VPG by the Secondees. VPG agrees and acknowledges that it shall bear full and sole responsibility for supervising the Secondees' performance of the Services during the course of the Secondment.

(b) VPG agrees to indemnify and hold VSH fully and effectively harmless in respect of all and any liabilities which VSH may incur to any third party for claims, losses, liabilities or damages or loss of profit, savings, goodwill, business trade or any other economic loss arising in connection with the provision of any Services to VPG by the Secondees.

10. Confidentiality and Intellectual Property Rights.

(a) VSH shall cause each Secondee to enter into agreements as to confidentiality and as to compliance with policies corresponding to those normally obtained by VPG from its employees and consultants.

(b) VSH and VPG each agrees to take all reasonable measures to protect the confidential information and intellectual property of the other that may, directly or indirectly, be disclosed in connection with the Secondment. Neither party will improperly use or disclose any confidential information or intellectual property of the other, without the other party's consent, and each party agrees to promptly notify the other of its possession of any confidential information or intellectual property of the other.

(c) If at any time during the Term either Secondee alone or jointly discovers or acquires any invention, development, improvement, process or design whatsoever or any interests therein which shall relate to or concern the activities of VPG, VSH shall cause each Secondee to be obligated to communicate full details thereof to VPG, and any such invention made or discovered as aforesaid shall belong to and be the absolute property of VPG; provided that no such invention, development, improvement, process or design shall incorporate the proprietary know-how or other intellectual property of VSH without the consent of VSH and, to the extent incorporating such know-how or intellectual property, shall not be the property of VPG unless otherwise agreed by VSH.

11. Termination.

(a) VPG may terminate this Agreement at any time and for any reason upon thirty (30) days advance written notice to VSH.

(b) Either party may terminate this Agreement upon the occurrence of any of the following events, upon written notice to the other party:

(i) with respect to one or both Secondees, in the event that either party commits a breach of this Agreement which in the case of a breach capable of remedy is not remedied within thirty (30) days after written notice has been given to the breaching party;

(ii) with respect to one or both Secondees, if the other party is unable to pay its debts or upon the institution by or against such party of insolvency, receivership or bankruptcy proceedings or any other proceedings for the settlement of such party's debts, upon such party making an assignment for the benefit of creditors, or upon such party's dissolution or ceasing to do business; or

(iii) with respect to either Secondee, if such Secondee is unable to properly perform the Services contemplated to be performed by such Secondee due to such Secondee's death, disability, injury or any other reason, if such inability continues for a period of thirty (30) consecutive working days.

(c) This Agreement shall terminate automatically, without notice to either party, with respect to either Secondee, if such Secondee's employment with VSH is terminated for any reason. In the event such employment with VSH is terminated, VSH shall provide prompt notice of same to VPG.

(d) Termination of this Agreement for any reason shall not affect the rights and obligations of the parties hereunder that have accrued up to the date of or arising out of such termination or expiry, including the right to claim damages as a result of a breach of this Agreement, or any obligations to pay any outstanding payments due to third parties after the termination date.

(e) The following provisions shall survive termination of this Agreement: Section 10 ("Confidentiality and Intellectual Property Rights"); and Section 12 ("Miscellaneous").

12. Miscellaneous.

(a) Notice. Any notice to be served on either of the parties by the other shall be sent by certified first class mail to the business address of the party to whom it is sent, attention Chief Executive Officer of the applicable party.

(b) No Third Party Beneficiaries; Assignability. The provisions of this Agreement are solely for the benefit of the parties hereto and their respective successors and permitted assigns, and are not intended to confer upon any other person, including the Secondees, any third party beneficiary rights under this Agreement. Neither party may assign, delegate or transfer (by merger, operation of law or otherwise) its respective rights or delegate its respective obligations under this Agreement without the express prior written consent of the other party. Notwithstanding the foregoing, either party will have the right to assign this Agreement to any direct or indirect wholly-owned subsidiary of such party subject to such party remaining liable for the fulfillment of its obligations under this Agreement.

(c) Relationship of the Parties. Nothing in this Agreement shall be deemed or construed by the parties, or by any third party, to create the relationship of a partnership, joint venture or similar relationship between the parties hereto, and neither party shall be deemed to be the agent of the other party by virtue of this Agreement, it being understood and agreed that no provision contained herein shall be deemed to create any relationship between the parties hereto other than the relationship of independent parties contracting for services. Neither party has and neither party shall hold itself out as having any authority to enter into any contract or create any obligation or liability on behalf of, in the name of, or binding upon the other party or to transact business in the other party's name or on its behalf, or make any promises or representations on behalf of the other party by virtue of this Agreement.

(d) Governing Law. This Agreement is governed by and shall be construed in accordance with the laws of the State of New York, without regard to the conflict of laws rules thereof to the extent such rules would require the application of the law of another jurisdiction.

(e) Dispute Resolution. The terms and provisions of Article VIII of the Master Separation and Distribution Agreement dated as of the date hereof between VSH and VPG, relating to the procedures for resolution of any disputes between the parties, shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may arise out of or relate to or arise under or in connection with this Agreement, or the transactions contemplated hereby, *mutatis mutandis*; provided that the parties agree that the remedy at law for any breach of this Agreement may be inadequate, and that, as between VSH and VPG, any party by whom this Agreement is enforceable shall be entitled to seek temporary, preliminary or permanent injunctive or other equitable relief with respect to the specific enforcement or performance of this Agreement. Such party may, in its sole discretion, apply to a court of competent jurisdiction for such injunctive or other equitable relief as such court may deem just and proper in order to enforce this Agreement, or prevent any violation hereof, and, to the extent permitted by applicable law, each party waives any objection to the imposition of such relief.

(f) Consent to Jurisdiction. The parties to this Agreement submit to the exclusive jurisdiction of the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan for the purposes of any suit, action or other proceeding to compel arbitration, for the enforcement of any arbitration award or for specific performance or other equitable relief pursuant to Section 11(e). Each of the parties irrevocably waives any objection to venue in the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan of any action, suit or proceeding arising out of this Agreement, or the transactions contemplated hereby for which it has submitted to jurisdiction pursuant to this Section 11.6 and waives any claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(g) Waiver of jury trial. Subject to Section 11(e), each of the parties hereby waives to the fullest extent permitted by applicable law any right it may have to a trial by jury with respect to any court proceeding directly or indirectly arising out of and permitted under or in connection with this agreement or the transactions contemplated by this agreement. Each of the parties hereby (i) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (ii) acknowledges that it has been induced to enter into this agreement and the transactions contemplated by this Agreement, as applicable, by, among other things, the mutual waivers and certifications in this Section 11(g).

(h) Amendment. No provisions of this Agreement shall be deemed amended, modified or supplemented by any party, unless such amendment, supplement or modification is in writing and signed by the authorized representative of the party against whom it is sought to enforce such amendment, supplement or modification.

(i) Severability. If any provision of this Agreement or the application thereof to any person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

(j) Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed and delivered or transmitted by facsimile, e-mail or other electronic means, shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. A facsimile or electronic signature is deemed an original signature for all purposes under this Agreement.

[Signature Page Follows**]**

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto on the date first above written.

VISHAY INTERTECHNOLOGY, INC.

By: _____
Name:
Title:

VISHAY PRECISION GROUP, INC.

By: _____
Name:
Title:

EXHIBIT A

SECONDMENT FEE

VPG will pay to Vishay a Secondment Fee equal to $60,000 in the aggregate per year in exchange for the services to be provided by Dr. Felix Zandman and Mr. Reuven Katraro.

Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to an application for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked by [***].

FORM OF PATENT LICENSE AGREEMENT

This non-exclusive Patent License Agreement ("Agreement") is entered into as of _____, 2010 (the "Effective Date"), by and between Vishay Dale Electronics, Inc., a Delaware corporation ("Licensor"), and Vishay Precision Group, Inc. a Delaware corporation ("Licensee").

RECITALS:

WHEREAS, Licensor is the assignee of record to United States Patent No. RE39,660; and

WHEREAS, in order to effect and consummate the separation (the "Separation") contemplated by that certain Master Separation and Distribution Agreement between Licensee and Licensor's affiliate dated ____, 2010 (the "Master Separation Agreement"), Licensee desires to secure a non-exclusive license under the Licensed Patent (as defined herein) to manufacture, use and sell Licensed Products (as defined herein) worldwide.

NOW, THEREFORE, in consideration of the terms and provisions of this Agreement and the Separation, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the execution and delivery hereof, Licensor and Licensee hereby agree as follows:

1. Definitions.

(a) "Licensed Patent" shall mean United States Patent No. RE39,660 and any reissues, reexaminations, divisionals, continuations, continuations-in-part, extensions, foreign counterparts and any other patents or patent applications claiming priority to any application in the family of filings leading to the issuance of United States Patent No. RE39,660.

(b) "Licensed Products" shall mean articles or assemblies listed on Schedule A, as it may be amended from time to time in accordance with the terms of this Agreement.

2. License Grant. Subject to the terms and conditions set forth in this Agreement, Licensor hereby grants to Licensee, a non-exclusive, royalty-free, worldwide right and license under the Licensed Patent to make, have made, use, sell, offer for sale, export and import Licensed Products.

3. Term. This Agreement shall commence on the Effective Date, and, so long as this Agreement has not been terminated by its terms, continue in full force and effect until the expiration date of the last to expire patent in the family of the Licensed Patent.

4. Sublicensing. The license shall be sublicenseable to direct or indirect wholly-owned subsidiaries of Licensee, provided that Licensee shall be responsible for the compliance by its subsidiaries with the terms of this Agreement. Otherwise, the license shall be non-assignable and non-sublicensable. Any purported license or assignment in violation of this Agreement shall be void.

5. Maintenance. Licensor may in its sole discretion cease the maintenance of any Licensed Patent; provided, however, that if Licensor elects not to pay a maintenance fee on the Licensed Patent, it will provide written notice to that effect to Licensee at least three months before due date of the next maintenance fee payment thereon, and thereafter, Licensee may elect to pay the maintenance fee.

6. Patent Marking. All Licensed Products shall be marked with and display the number of the United States Licensed Patent as described in 35 U.S.C. § 287(a).

7. Enforcement. Licensee shall, at its own reasonable expense, cooperate fully and promptly with Licensor in the protection of Licensor's rights in the Licensed Patent, in such manner and to such extent as Licensor may reasonably request.

   Each party shall promptly notify the other party in writing of any actual or potential infringement, or any other unauthorized use of or violation of the Licensed Patent of which it becomes aware (each an "Infringement"). Licensor may take such action as it, in its sole discretion, deems necessary or advisable to stop any Infringement. Licensee may request in writing that Licensor institute an action to stop an Infringement affecting the Licensed Products. If Licensor receives such a written request and does not institute such action within thirty (30) days, Licensee shall be entitled to institute such action as it deems necessary or advisable to stop such Infringement, in which Licensor shall be entitled to join; provided that Licensee shall not compromise or settle any claim or action regarding the Licensed Patent in any manner that would affect the rights of Licensor without the written consent of Licensor, which consent shall not be unreasonably withheld. The party not taking the lead in any action shall cooperate fully with the other party at the other party's reasonable request and expense, including Licensor joining a suit instituted by Licensee in accordance with this section to the extent necessary for Licensee to have standing.

   Any monetary recovery or sums obtained in settlement of any action to stop an Infringement shall be allocated between Licensor and Licensee as shall be fair and equitable, taking into account their actual out-of-pocket costs and expenses, including reasonable attorneys' fees, and the damages sustained by each of them. Any dispute with respect to the allocation of recoveries shall be resolved in accordance with the resolution procedures referred to in Section 11(p).

8. Warranties of the Parties. Licensor warrants that it has the right and power to enter into this Agreement, and that there are no outstanding assignments, grants, licenses, encumbrances, obligations or agreements, either written or oral or implied, that prevent it from doing so. Licensee warrants that it has the right and power to enter into this Agreement, and that there are no outstanding assignments, grants, licenses, encumbrances, obligations or agreements, either written or oral or implied, that prevent it from doing so.

9. WARRANTY DISCLAIMER. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, LICENSOR MAKES NO OTHER REPRESENTATION, GUARANTEE OR WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHERWISE, UNDER THIS AGREEMENT INCLUDING BUT NOT LIMITED TO REPRESENTATIONS, GUARANTEES OR WARRANTIES AS TO THE RESULTS TO BE EXPECTED FROM USE OF ANY OF THE INVENTION(S) CLAIMED IN THE LICENSED PATENT, OR FROM MANUFACTURE OR SALE OF ANY PRODUCT. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, LICENSOR SHALL HAVE NO RESPONSIBILITY UNDER ANY LEGAL PRINCIPLE TO LICENSEE OR TO OTHERS FOR THE ABILITY OR INABILITY OF LICENSEE TO USE THE LICENSED PATENT; FOR THE QUALITY OR PERFORMANCE OF ANY PRODUCTS MANUFACTURED OR METHODS PRACTICED UNDER THE LICENSED PATENT; FOR THE CLAIMS OF THIRD PARTIES RELATING TO ANY PRODUCTS MANUFACTURED OR SOLD BY LICENSEE; OR FOR ANY FAILURE IN PRODUCTION, DESIGN OR OPERATION OF ANY PRODUCT MANUFACTURED OR SOLD BY LICENSEE. THE LIMITATIONS OF LIABILITY CONTAINED IN THIS AGREEMENT ARE A FUNDAMENTAL PART OF THE BASIS OF EACH PARTY'S BARGAIN HEREUNDER, AND NEITHER PARTY WOULD ENTER INTO THIS AGREEMENT ABSENT SUCH LIMITATIONS.

10. Termination by Licensor.

(a) This Agreement may be terminated by Licensor if:

(i) Licensee shall (x) willfully, intentionally and in bad faith breach any material provision of this Agreement or (y) willfully, intentionally and in bad faith fail to cure any other breach, and (i) under clause (x), such breach is not capable of cure; or (ii) under either clause (x) or (y), such breach is capable of cure, Licensor has given written notice of such breach to Licensee, and such breach has not been cured within sixty (60) days of such notice; or

(ii) Licensee shall willfully and intentionally and in bad faith purport to assign, delegate or otherwise transfer any of its rights, benefits, powers, duties responsibilities or obligations under this Agreement to any person other than a wholly-owned subsidiary of Licensee without the written consent of Licensor; or

(iii) Licensee shall abandon the use of the Licensed Patent; or

(iv) a bankruptcy of Licensee, or any one or more subsidiaries of Licensee holding more than forty percent (40%) of its consolidated assets shall occur and be continuing.

(b) To effect the termination of this Agreement, Licensor shall deliver to Licensee a written notice of termination, which notice shall specify the basis therefor in reasonable detail and an effective date of termination not less than thirty (30) days after the date of delivery to Licensee of the notice. If Licensee in good faith disputes that Licensor has a valid basis for termination, the parties shall resolve such dispute in accordance with the resolution procedures referred to in Section 11(p).

(c) Nothing in this Section shall relieve Licensee of liability for breach of this Agreement, whether or not Licensor is entitled to terminate this Agreement on account of such breach.

(d) Upon the termination of this Agreement, all rights of Licensee granted hereunder shall terminate. Notwithstanding the foregoing, Licensee shall have the right to continue to dispose of its then existing inventory of Licensee Products for a period of up to six (6) months from the date of termination of this Agreement. All costs associated with the foregoing shall be borne by Licensee.

(e) All rights and remedies of the parties in respect of any breach of this Agreement occurring prior to the effective date of its termination shall survive the termination of this Agreement. In addition, the following provisions of this Agreement shall explicitly survive its termination: Section 9 ("WARRANTY DISCLAIMER"); and Section 11 ("Miscellaneous").

11. Miscellaneous.

(a) Notices. All notices, demands and other communications required to be given to a party hereunder shall be in writing and shall be deemed to have been duly given if and when personally delivered; one business day after being sent by a nationally recognized overnight courier; when transmitted by facsimile and actually received; or five (5) days after being mailed by registered or certified mail (postage prepaid, return receipt requested) to such party at the relevant street address or facsimile number set forth below (or at such other street address or facsimile number as such party may designate from time to time by written notice in accordance with this provision):

If to Licensor:

Vishay Dale Electronics, Inc.
[address]
[address]
Attn: Dr. Lior Yahalomi [title]
Facsimile: (610) 889-2161
Confirm: (610) 644-1300

With a copy to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attn: Abbe Dienstag, Esq.
Facsimile: (212) 715-8000
Confirm: (212) 715-9100

If to Licensee:

Vishay Precision Group, Inc.
3 Great Valley Parkway
Malvern, PA 19355-1307
Attn: William M. Clancy, Chief Financial Officer
Facsimile: (484)-321-5300
Confirm: (484)-321-5300

With a copy to:

Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
Attn: Barry Abelson, Esq.
Facsimile: (215) 981-4750
Confirm: (215) 981-4000

(b) Further Assurances. In addition to the actions specifically provided for elsewhere in this Agreement, Licensor and Licensee agree to execute or cause to be executed and to record or cause to be recorded such other agreements, instruments and other documents, and to take such other action, as reasonably necessary or desirable to fully effectuate the intents and purposes of this Agreement.

(c) Relationship of the Parties. This Agreement shall not be construed to place the parties in the relationship of legal representatives, partners, joint venturers or agents of or with each other. No party shall have any power to obligate or bind the other party in any manner whatsoever, except as specifically provided herein.

(d) Third Party Beneficiaries. Except for the indemnification rights under this Agreement of any Indemnified Parties (as hereafter defined), the provisions of this Agreement are solely for the benefit of the parties hereto and their respective successors and permitted assigns, and are not intended to confer upon any person, except the parties hereto and their respective successors and permitted assigns, any rights or remedies hereunder.

(e) Assignability. Subject to Section 4, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

(f) Press Releases; Public Announcements. Neither party shall issue any release or make any other public announcement concerning this Agreement or the transactions contemplated hereby without the prior written approval of the other party, which approval shall not be unreasonably withheld, delayed or conditioned; provided, however, that either party shall be permitted to make any release or public announcement that in the opinion of its counsel it is required to make by law or the rules of any national securities exchange of which its securities are listed; provided further that it has made efforts that are reasonable in the circumstances to obtain the prior approval of the other party.

(g) Waiver of Defaults. Waiver by any party hereto of any default by the other party hereto of any provision of this Agreement shall not be construed to be a waiver by the waiving party of any subsequent or other default, nor shall it in any way affect the validity of this Agreement or prejudice the rights of the other party thereafter to enforce each and every such provision. No failure or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(h) Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby, as the case may be, is not affected in any manner adverse to any party hereto or thereto. Upon such determination, the parties hereto shall negotiate in good faith in an effort to agree upon a suitable and equitable provision to effect the original intent of the parties hereto.

(i) Indemnification. Each of the parties shall indemnify, defend and hold harmless the other party, each of its respective current and former directors, officers and employees, and each of their respective heirs, executors, successors and assigns ("Indemnified Parties"), from and against any and all liabilities relating to, arising out of or resulting from any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of, this Agreement by the indemnifying party. In addition, Licensee shall indemnify, defend and hold harmless Licensor and its other Indemnified Parties from and against any and all liabilities relating to, arising out of or resulting from the manufacture, marketing, sale, offer for sale or other activity of or with respect to the Licensed Products or any other products manufactured, sold, offered for sale or otherwise used by Licensee which incorporate any portion of the Licensed Products but only to the extent caused by such Licensed Products. All indemnification procedures and payments shall be governed by Sections 5.6, 5.7 and 5.8 of the Master Separation Agreement, as applicable.

(j) LIMITATION OF LIABILITY. IN NO EVENT SHALL LICENSOR OR LICENSEE BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, COLLATERAL, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS OR FAILURE TO REALIZE EXPECTED SAVINGS OR OTHER COMMERCIAL OR ECONOMIC LOSS OF ANY KIND, ARISING OUT OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT THE FOREGOING LIMITATIONS SHALL NOT LIMIT EITHER PARTY'S INDEMNIFICATION OBLIGATIONS WITH RESPECT TO THIRD PARTY CLAIMS.

(k) Confidential Information. Licensor and Licensee shall hold and shall cause each of their respective affiliates, directors, officers, employees, agents, consultants, advisors and other representatives to hold, in strict confidence and not to disclose or release without the prior written consent of the other party, any and all proprietary or confidential information, material or data of the other party that comes into its possession in connection with the performance by the parties of their rights and obligations under this Agreement. The provisions of Section 4.6 of the Master Purchase Agreement shall govern, *mutatis mutandis*, the confidentiality obligations of the parties under this Section.

(l) Attorneys' Fees. In any action hereunder to enforce the provisions of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees in addition to any other recovery hereunder.

(m) Governing Law. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws rules thereof to the extent such rules would require the application of the law of another jurisdiction.

(n) Consent to Jurisdiction. Subject to the provisions referenced in Section 11(p), each of the parties irrevocably submits to the jurisdiction of the federal and state courts located in Philadelphia, Pennsylvania for the purposes of any suit, action or other proceeding to compel arbitration, for the enforcement of any arbitration award or for specific performance or other equitable relief pursuant to Section 11(o). Each of the parties further agrees that service of process, summons or other document by U.S. registered mail to such parties address as provided in Section 11(a) shall be effective service of process for any action, suit or other proceeding with respect to any matters for which it has submitted to jurisdiction pursuant to this Section. Each of the parties irrevocably waives any objection to venue in the federal and state courts located in Philadelphia, Pennsylvania of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby.

(o) Specific Performance. The parties hereto agree that the remedy at law for any breach of this Agreement may be inadequate, and that any party hereto shall be entitled to specific performance in addition to any other appropriate relief or remedy. Such party may, in its sole discretion, apply to a court of competent jurisdiction for specific performance or injunctive or such other relief as such court may deem just and proper in order to enforce this Agreement.

(p) Dispute Resolution. The procedures set forth in Article VIII of the Master Separation Agreement shall apply to the resolution of all disputes arising under this Agreement, except that all proceedings provided for therein shall be conducted in Philadelphia, Pennsylvania.

(q) Entire Agreement. This Agreement and the Schedules hereto, as well as any other agreements and documents referred to herein, constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, understandings, writings, commitments and conversations between the parties with respect to such subject matter.

(r) Waiver of Jury Trial. Subject to Section 11(p), EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY COURT PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF AND PERMITTED UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

(s) Amendments. No provisions of this Agreement shall be deemed amended, modified or supplemented by any party hereto, unless such amendment, supplement or modification is in writing and signed by the authorized representative of the party against whom it is sought to enforce such amendment, supplement or modification.

(t) Counterparts. This Agreement may be executed in any number of counterparts, including by facsimile or electronic signature, and each such counterpart shall be deemed an original instrument, and all of such counterparts together shall constitute but one agreement. A facsimile or electronic signature is deemed an original signature for all purposes under this Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement as of the date first above written.

VISHAY DALE ELECTRONICS, INC.

By: _____

Name: _____

Title: _____

VISHAY PRECISION GROUP, INC.

By: _____

Name: _____

Title: _____

SCHEDULE A
LICENSED PRODUCTS

Current Products

[***]

Future Products

[***]

Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to an application for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked by [***].

FORM OF WARRANT AGREEMENT

WARRANT AGREEMENT (this "Agreement") dated as of _____, 2010 between Vishay Precision Group, Inc., a Delaware corporation (the "Company"), and American Stock Transfer & Trust Co., a New York corporation, as warrant agent (the "Warrant Agent").

WHEREAS, Vishay Intertechnology, Inc, a Delaware corporation ("Vishay Intertechnology"), and American Stock Transfer & Trust Co. entered into that certain Warrant Agreement, dated as of December 13, 2002 (the "Vishay Intertechnology Warrant Agreement"); and

WHEREAS, pursuant to the Vishay Intertechnology Warrant Agreement, Vishay Intertechnology agreed that, in case it shall at any time pay a dividend or make a distribution to all holders of its common stock consisting of the capital stock of any class or series, or similar interests, of or relating to a subsidiary or other business entity of Vishay Intertechnology, then each holder of a class A warrant and each holder of a class B warrant issued pursuant to the Vishay Intertechnology Warrant Agreement shall be entitled to a warrant evidencing a right to purchase shares of capital stock of the subsidiary or other business entity whose capital stock was paid as a dividend or distributed by Vishay Intertechnology, with such terms as are specified in the Vishay Intertechnology Warrant Agreement; and

WHEREAS, Vishay Intertechnology and the Company entered into that certain Master Separation Agreement, dated as of _____, 2010 (the "Master Separation Agreement"), providing for the spin-off of the Company by Vishay Intertechnology in the form of a tax free dividend of the common stock of the Company to the holders of the common stock of Vishay Intertechnology and the class B common stock of the Company to the holders of class B common stock of Vishay Intertechnology; and

WHEREAS, the Company has agreed under the terms of the Master Separation Agreement to comply with the obligation under the Vishay Intertechnology Warrant Agreement to issue the Company's warrants to the holders of the Vishay Intertechnology class A warrants and the class B warrants; and

WHEREAS, in furtherance of its obligations under the Vishay Intertechnology Warrant Agreement and the Master Separation Agreement, the Company desires to enter into this Warrant Agreement and to issue (i) to the holders of the Vishay Intertechnology class A warrants, the Company's warrants to purchase up to an aggregate of _____ shares of the Company's common stock, par value $0.__ per share, as evidenced by warrant certificates in the form attached hereto as Exhibit A (the "Class A Warrants") at the Class A Exercise Price and (ii) to the holders of the Vishay Intertechnology class B warrants, the Company's warrants to purchase up to _____ shares of the Company's common stock, par value $0.__ per share, as evidenced by warrant certificates in the form attached hereto as Exhibit B (the "Class B Warrants") at the Class B Exercise Price; and

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in connection with the issuance, exercise, exchange and replacement of the certificates representing the Warrants (as defined herein) (the "Warrant Certificates") and other matters provided herein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

SECTION 1. Definitions. As used in this Agreement, the following terms, when capitalized, shall have the meanings assigned below:

"Affiliate" means, with respect to any Person, any entity which controls such Person, any entity which such Person controls, or any entity which is under common control with such Person.

"Business Day" means any day other than a Saturday, Sunday or legal holiday on which the commercial banks in the City of New York, Borough of Manhattan, are required or permitted by law to remain closed.

"Class A Warrants" has the meaning specified in the preamble.

"Class A Exercise Price" means US$_____, as such price may be modified from time to time in accordance with the provisions herein.

"Class B Warrants" has the meaning specified in the preamble.

"Class B Exercise Price" means US$_____, as such price may be modified from time to time in accordance with the provisions herein.

"Common Stock" means the common stock, par value $0.10 per share, of the Company and any other security exchanged or substituted for such common stock or into which such common stock is converted in any recapitalization, reorganization, merger, consolidation, share exchange or other business combination transaction, including any reclassification consisting of a change in par value or a change from par value to no par value or vice versa.

"Daily Market Price" for any trading day means the volume-weighted average of the per share selling prices on the New York Stock Exchange or other principal United States securities exchange or inter-dealer quotation system on which the relevant security is then listed or quoted or, if there are no reported sales of the relevant equity security on such trading day, the average of the high bid and low ask price for the relevant equity security on the last trading day on which such sale was reported or, if there are no high bid and low ask prices, the Daily Market Price shall be the per share fair market value of the relevant equity security as determined by an investment banking firm of national reputation and standing selected by the Company and reasonably acceptable to a Majority of the Warrant Holders (in which case, only a single determination of value need be made by an investment banking firm, notwithstanding any provision in the Agreement requiring an average over more than one (1) trading day).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

"Exercise Notice" has the meaning specified in Section 5.

"Exercise Price" means the Class A Exercise Price (with respect to the Class A Warrants) or the Class B Exercise Price (with respect to the Class B Warrants).

"Expiration Date" means 5:00 P.M. New York City time, December 13, 2012.

"Holder" means the Initial Holders and their successors and permitted assigns who become holders of Warrants in a manner permitted under this Agreement, in each case until the relevant person ceases to be a Holder of Warrants in accordance with the provisions hereof.

"Initial Holder" means the persons to whom or for whose benefit Warrants are issued under the terms of the Vishay Intertechnology Warrant Agreement and the terms of the Master Separation Agreement and who are listed on Schedule I hereto, in each case until the relevant person ceases to be a Holder of Warrants in accordance with the provisions hereof.

"Issue Date" means the date of this Agreement, which is the date as of which the Warrants are first being issued.

"Majority of the Warrant Holders" means, at any relevant time, the Holders of Warrants that are exercisable for more than 50% of the Warrant Shares for which all outstanding Warrants are exercisable at such time.

"Master Separation Agreement" has the meaning specified in the preamble.

"Person" means any individual, corporation, partnership, limited liability company, trust, foundation, joint venture, association, joint stock company, unincorporated organization, government agency, estate or other entity of any nature.

"Regulation S" means Regulation S under the Securities Act, including any successor rule or regulation.

"Rule 144" means Rule 144 under the Securities Act, including any successor rule or regulation.

"Rule 144A" means Rule 144A under the Securities Act, including any successor rule or regulation.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

"Transfer" means any disposition of any Warrants or of any interest therein, which would constitute a "sale" within the meaning of the Securities Act.

"Transfer Agent" has the meaning specified in Section 10.

"Transfer Document" has the meaning specified in Section 4.

"Vishay Intertechnology Warrant Agreement" has the meaning specified in the preamble.

"Warrants" means Class A Warrants or Class B Warrants, subject to adjustment as specified in this Agreement.

"Warrant Agent" has the meaning specified in the preamble.

"Warrant Certificates" has the meaning specified in the preamble.

"Warrant Register" has the meaning specified in Section 3.

"Warrant Shares" means shares of Common Stock issuable or issued upon exercise of the Warrants, which shall be subject to adjustment as specified in this Agreement.

Where the reference "hereof," "hereby" or "herein" appears in this Agreement, such reference shall be deemed to be a reference to this Agreement as a whole. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Words denoting the singular include the plural, and vice versa, and references to it or its or words denoting any gender shall include all genders.

SECTION 2. Warrant Certificates.

(a) Initial Issuance. Promptly following the execution of this Agreement, the Company shall deliver to the Warrant Agent a list of the names of the Initial Holders and the number and class of Warrants to which each Initial Holder is entitled, totaling, in the aggregate, Warrants to issue _____shares of Common Stock. The Company shall deliver to the Warrant Agent, along with this Agreement, a sufficient number of duly executed Warrant Certificates. The Warrant Agent is hereby authorized by the Company to promptly issue and deliver (i) the Class A Warrants, as evidenced by warrant certificates in the form attached hereto as Exhibit A, to purchase the number of shares of Common Stock of the Company as set forth in the Purchase Agreement and (ii) the Class B Warrants, as evidenced by warrant certificates in the form attached hereto as Exhibit B, to purchase the number of shares of Common Stock of the Company as set forth in the Purchase Agreement. The Warrant Certificates requested by the Company shall be completed and countersigned by the Warrant Agent and promptly delivered to the Company to be mailed or delivered to the Holders pursuant to the terms hereof.

(b) Forms of Warrant Certificates. Each Warrant Certificate to be delivered pursuant to the Vishay Intertechnology Warrant Agreement and the Master Separation Agreement, and any additional Warrant Certificate that may be issued upon partial exercise, replacement or transfer of any Warrant, shall be in registered form only and shall be substantially in the form set forth in Exhibit A hereto (if such Warrant is a Class A Warrant) or Exhibit B (if such Warrant is a Class B Warrant) (including the form of election and the form of assignment). A single Warrant Certificate may evidence the issuance to a holder thereof of more than one Warrant; provided, however, that Class A Warrants and Class B Warrants may not be evidenced together by the same certificate. Warrants may be divided or combined with other Warrants owned by the same Holder upon presentation at the office of the Warrant Agent, together with a written notice specifying the denominations in which new Warrants are to be issued, signed by the Holder thereof or its agent or attorney. As to any such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined.

(c) Execution of Warrant Certificates. Warrant Certificates shall be signed on behalf of the Company by the Chairman or Vice Chairman of the Board or its President or a Vice President and by its Secretary or an Assistant Secretary under its corporate seal, and countersigned by an authorized officer of the Warrant Agent. Each such signature upon the Warrant Certificates may be in the form of a facsimile signature of the present or any future Chairman or Vice Chairman of the Board, President, Vice President, Secretary or Assistant Secretary and may be imprinted or otherwise reproduced on the Warrant Certificates, and for that purpose the Company may adopt and use the facsimile signature of any person who shall have been Chairman or Vice Chairman of the Board, President, Vice President, Secretary or Assistant Secretary, notwithstanding the fact that at the time the Warrant Certificates shall be delivered or disposed of he shall have ceased to hold such office. The seal of the Company may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Warrant Certificates.

In case any officer of the Company who shall have signed any of the Warrant Certificates shall cease to be such officer before the Warrant Certificates so signed shall have been disposed of by the Company, such Warrant Certificates nevertheless may be delivered or disposed of as though such person had not ceased to be such officer of the Company; and any Warrant Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Warrant Certificate, shall be a proper officer of the Company to sign such Warrant Certificate, although at the date of the execution of this Warrant Agreement any such person was not such an officer.

(d) Rights Conferred. Each Class A Warrant shall evidence the right to purchase one share of Common Stock at the Class A Exercise Price of $_____ (subject to adjustment as described herein). Each Class B Warrant shall evidence the right to purchase one share of Common Stock at the Class B Exercise Price of $_____ (subject to adjustment as described herein). Following the Expiration Date, any Warrant not previously exercised shall be null and void.

SECTION 3. Warrant Register. The Warrant Agent shall number and register the Warrant Certificates in a register (the "Warrant Register") as they are issued. The Company may deem and treat such registered Holders of the Warrant Certificates as the absolute owners thereof (notwithstanding any notation of ownership or other writing thereon made by anyone), for all purposes, and shall not be affected by any notice to the contrary.

SECTION 4. Transfers.

(a) Restrictions on Transfer. Each Holder agrees that any proposed Transfer of any Warrant may be effected only (1)(w) inside the United States (I) to a person who the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, (II) in accordance with Rule 144 or (III) pursuant to another exemption from the registration requirements of the Securities Act, (x) to the Company, (y) outside the United States (I) to a non-U.S. person (within the meaning of Regulation S) in a transaction meeting the requirements of Regulation S or (II) pursuant to another exemption from the registration requirements of the Securities Act or (z) pursuant to an effective registration statement and (2) in each case, in accordance with the applicable securities laws of any state of the United States or any other applicable jurisdiction. Each Holder agrees to notify any purchaser of the resale restrictions set forth above.

(b) Requirements Prior to Transfer. Prior to any Transfer or proposed Transfer of any restricted Warrants, the Holder thereof shall deliver written notice, a form of which is attached hereto, to the Company and the Warrant Agent of such holder's intention to effect such transfer. If the Transfer or proposed Transfer is pursuant to clause (1)(w) or (1)(y) of the first sentence of the preceding paragraph, then upon receipt of such notice, the Company may request any or all of the following (each, a "Transfer Document") in a form reasonably acceptable to the Company:

(i) an agreement by such transferee to the impression of the restrictive investment legend set forth below on the Warrant;

(ii) an agreement by such transferee, in form and substance reasonably satisfactory to the Company, to be bound by the provisions of this Section 4 relating to the transfer of such Warrant; and

(iii) an opinion of counsel with expertise in securities law matters reasonably satisfactory to the Company that such Transfer complies with applicable securities laws.

If the Company requests any Transfer Document(s), it shall do so as promptly as practicable following receipt of the Holder's notice of intention to Transfer. The Company shall thereafter cause the Transfer to be recorded and a certificate or other evidence of ownership in the name of the transferee to be delivered as soon as practicable after it has received Transfer Documents complying with the terms of this Section 4(b).

(c) Legend. The Holders agree that each Warrant Certificate shall bear a legend to the following effect:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE SECURITIES LAWS AND HAVE BEEN ISSUED IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH OTHER SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR PURSUANT TO A TRANSACTION THAT IS EXEMPT FROM SUCH REGISTRATION.

The foregoing legend shall be in addition to any other legend required by law.

(d) Termination of Restrictions. The restrictions referenced in Section 4(a), 4(b), and 4(c) of this Agreement, including the legend, shall cease and terminate as to any particular Warrants or Warrant Certificates when (x) such Warrants or Warrant Shares have been transferred in a transaction pursuant to Rule 144 or a registration statement or (y) in the reasonable opinion of counsel for the Company, such restriction is no longer required in order to assure compliance with the Securities Act and applicable state securities laws. Whenever such restrictions shall cease and terminate as to any Warrants, the Holder of such Warrants shall be entitled to receive from the Company, without expense (other than applicable transfer taxes, if any, if such unlegended shares are being delivered and transferred to any person other than the registered Holder thereof), new certificates for a like number of Warrants not bearing the relevant legend(s) set forth in Section 4(c).

(e) Registration of Warrants. The Warrant Agent shall from time to time register the Transfer of any outstanding Warrant Certificates in the Warrant Register upon surrender thereof accompanied by a written instrument or instruments of transfer in the form set forth herein, duly executed by the registered Holder or Holders thereof or by the duly appointed legal representative thereof or by a duly authorized attorney. Upon any such registration of Transfer, the Warrant Agent shall issue a new Warrant Certificate to the transferee(s), and the surrendered Warrant Certificate shall be canceled and disposed of by the Warrant Agent. If less than all of the Warrants represented by a Warrant Certificate are Transferred, the Warrant Agent shall issue to the Holder a Warrant Certificate representing the remaining Warrants.

SECTION 5. Exercise of Warrants.

(a) Exercise. A Warrant may be exercised upon surrender to the Warrant Agent (at its office designated for such purpose, the initial address of such office being listed in Section 15 hereof) of the Warrant Certificate or Certificates evidencing the Warrants to be exercised with the form of election to purchase attached hereto (the “Exercise Notice”) duly filled in and signed, together with any documentation or opinion reasonably required by the Company or the Warrant Agent specified in Section 5(b) below, and (except as provided in Section 5(e)) upon payment to the Company of the applicable Exercise Price for the number of Warrant Shares in respect of which such Warrants are then exercised. Payment of such aggregate Exercise Price shall be made by wire transfer to an account of the Company or by certified or official bank check to the order of the Company. All Warrant Certificates surrendered upon exercise of Warrants shall be canceled and disposed of by the Warrant Agent. Each Warrant initially shall be exercisable for one share of Common Stock, subject to adjustment as provided herein.

(b) Certain Conditions of Exercise. Unless the issuance of Warrant Shares upon exercise of the Warrants shall have been registered under the Securities Act, the Warrants may only be exercised pursuant to an exemption from registration under the Securities Act (which in the case of non-U.S. persons may be pursuant to Regulation S). As a condition of any proposed exercise of the Warrants in these circumstances, if requested by the Company, the Holder shall deliver to the Company (i) an agreement by the Holder (or any transferee of the Holder if the Warrant Shares are to be issued in a name other than the name in which the Warrant Certificate is registered), in form and substance reasonably satisfactory to the Company, to the effect that the Warrant Shares may not be transferred except pursuant to an exemption from registration under the Securities Act and (ii) an opinion of counsel with expertise in securities law matters reasonably satisfactory to the Company that such exercise complies with applicable securities laws. In addition, the Holders agree that each certificate representing the Warrant Shares shall bear a legend to the effect recited in Section 4 (c). If the Warrant Shares are issued without registration, they shall be subject to the same restrictions and have the same rights with respect to termination of restrictions as provided with respect to the Warrants under Section 4.

(c) Exercise in Whole or in Part. The Warrants represented by a Warrant Certificate shall be exercisable, at the election of the Holder thereof, either in full or from time to time in part and, in the event that a Warrant Certificate is exercised in respect of fewer than all of the Warrants represented thereby at any time prior to the date of expiration of the Warrants, a new Warrant Certificate evidencing the remaining Warrant or Warrants will be issued and delivered by the Warrant Agent pursuant to the provisions of this Section and of Section 2 hereof.

(d) Issuance of Warrant Shares. Subject to the provisions of this Agreement (including, but not limited to Section 5(e)), upon such surrender of the Warrant Certificates and receipt of the Exercise Price, the Company shall issue and cause to be delivered to or upon the written order of the Holder and, subject to Section 5(b) above, in such name or names as the Warrant Holder may designate, a certificate or certificates or other evidences of ownership for the aggregate number of fully paid and nonassessable Warrant Shares issuable upon the exercise of such Warrants together with payment of the applicable Exercise Price. The stock certificate or certificates representing such Warrant Shares shall be delivered in such denominations as may be specified in the Exercise Notice received by the Company and shall be registered in the name of such holder or in such other name or names as shall have been designated in the Exercise Notice. Such certificate or certificates shall be deemed to have been issued and any person so designated to be named therein shall be deemed to have become a Holder of record of such Warrant Shares as of the date of the surrender of such Warrant Certificates and payment of the Exercise Price.

(e) Exercise in Connection with Certain Transfers. If a Holder or Holders shall sell Warrant Shares in an underwritten offering, the Company shall cooperate with the Holders and the underwriters for such offering so that the Warrants may be exercised and the Warrant Shares delivered to the underwriters for sale in the offering and, upon consummation of the offering, the underwriters shall deliver the Exercise Price for the Warrants to the Company out of the proceeds of the offering.

SECTION 6. Specific Limitations on the Rights of Warrant Holders. Prior to the exercise of the Warrants, except as may be specifically provided for herein and, without prejudice to Section 11(b)(ii) hereof, (i) no Holder of a Warrant Certificate, as such, shall be entitled to any of the rights of a holder of Common Stock, including, without limitation, the right to vote at or receive any notice of any meetings of stockholders; (ii) the consent of any such Holder shall not be required with respect to any action or proceeding of the Company; (iii) no such Holder, by reason of the ownership or possession of a Warrant or the Warrant Certificate representing the same, shall have any right to receive any cash dividends, stock dividends, allotments or rights or other distributions paid, allotted or distributed or distributable to the stockholders of the Company prior to, or for which the relevant record date preceded, the date of the exercise of such Warrant; and (iv) no such Holder shall have any right not expressly conferred by the Warrant or Warrant Certificate held by such Holder.

SECTION 7. Exercise Period; Expiration.

(a) Exercise Period. Each Warrant shall be exercisable at any time during the period from and after the Issue Date until its respective Expiration Date.

(b) Expiration. Any Warrant not exercised prior to its respective Expiration Date shall become void, and all rights thereunder and all rights in respect thereof under this Agreement shall cease as of such time.

SECTION 8. Payment of Taxes. The Company will pay all documentary stamp taxes attributable to the initial issuance of Warrant Shares upon the exercise of Warrants; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issue of any Warrant Certificates or any certificates for Warrant Shares in a name other than that of the registered Holder of a Warrant Certificate surrendered for registration of transfer or upon the exercise of a Warrant, and the Company shall not be required to issue or deliver such Warrant Certificates unless and until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the reasonable satisfaction of the Company that such tax has been paid.

SECTION 9. Mutilated or Missing Warrant Certificates. In case any of the Warrant Certificates shall be mutilated, lost, stolen or destroyed, the Warrant Agent shall issue, in exchange and substitution for and upon cancellation of the mutilated Warrant Certificate, or in lieu of and substitution for the Warrant Certificate lost, stolen or destroyed, a new Warrant Certificate of like tenor and representing an equivalent number of Warrants, and may in its discretion require evidence reasonably satisfactory to it of such loss, theft or destruction of such Warrant Certificate and indemnity reasonably satisfactory to it. Applicants for such substitute Warrant Certificates shall also comply with such other reasonable regulations and pay such other reasonable charges as the Company may require.

SECTION 10. Covenants of the Company.

(a) Reservation of Warrant Shares. The Company will at all times reserve and keep available, out of the aggregate of its authorized but unissued shares of Common Stock or its authorized and issued shares of Common Stock held in its treasury, for the purpose of enabling it to satisfy any obligation to issue Warrant Shares upon exercise of Warrants, the maximum number of shares of Common Stock which may then be deliverable upon the exercise of all outstanding Warrants. The Company or, if appointed, the transfer agent for the Common Stock (the "Transfer Agent") and every subsequent transfer agent for any shares of the Company's capital stock issuable upon the exercise of any of the Warrants shall be authorized and directed at all times to reserve such number of authorized shares as shall be required for such purpose. The Company shall keep a copy of this Agreement on file with the Transfer Agent and with every subsequent transfer agent for any shares of the Company's capital stock issuable upon the exercise of the Warrants. The Company will furnish such Transfer Agent a copy of all notices of adjustments and certificates related thereto, transmitted to each Holder.

(b) Due Issuance. Warrant Shares, when issued pursuant to the terms and conditions hereof, shall be duly and validly issued and fully-paid and non-assessable, and free from all liens, encumbrances and other charges thereon.

(c) Authorizations. Before taking any action which would result in an adjustment in the number of shares of Common Stock, the Company shall obtain all authorizations or exemptions thereof, or consents thereto, as may be required by law, except where failure to do so would not result in a material adverse effect on the rights of the Holders or the Company.

(d) Listing. The Company will list or cause to have quoted such Common Stock issuable upon exchange of the Warrants on each securities exchange or such other market on which the Common Stock is then listed or quoted.

SECTION 11. Adjustment of Number of Warrant Shares and Exercise Price. The number of Warrant Shares issuable upon the exercise of each Warrant and its Exercise Price are subject to adjustment from time to time upon the occurrence of the events enumerated in this Section 11.

(a) Declaration of Stock Dividend, Splits, Reverse Splits or Reclassification or Reorganization; Other Distributions.

(i) In case the Company shall declare any dividend or other distribution upon its outstanding shares of Common Stock payable in Common Stock or shall subdivide its outstanding shares of Common Stock into a greater number of shares, then the number of shares of Common Stock which may thereafter be purchased upon the exercise of any Warrant shall be increased in proportion to the increase in the number of shares of Common Stock outstanding through such dividend, other distribution, or subdivision and the Exercise Price per share shall be decreased in such proportion such that the amount payable to the Company upon the exercise of a Warrant shall be the same after such adjustment as before such adjustment. In case the Company shall at any time combine the outstanding shares of its Common Stock into a smaller number of shares, the number of shares of Common Stock which may thereafter be purchased upon the exercise of any Warrant shall be decreased in proportion to the decrease in the number of shares of Common Stock outstanding through such combination and the Exercise Price per share shall be increased in such proportion such that the amount payable to the Company upon the exercise of a Warrant shall be the same after such adjustment as before such adjustment. The Company shall cause a notice to be mailed to each Holder at least ten (10) Business Days prior to the applicable record date for the activity covered by this Section 11(a)(i). The Company's failure to give the notice required by this Section 11(a)(i) or any defect therein shall not affect the validity of the activity covered by this Section 11(a)(i). Notwithstanding the foregoing, nothing in this paragraph will prejudice the rights of the Holders pursuant to this Agreement.

(ii) In case the Company shall at any time (including in connection with any merger, consolidation or sale of all or substantially all the assets of the Company in which Section 11(d) hereof is not applicable) (i) issue any evidence of indebtedness, shares of its stock or any other securities to all holders of shares of Common Stock by reclassification of its shares of Common Stock, (ii) distribute any rights, options or warrants to purchase or subscribe for any evidence of indebtedness, shares of its stock (other than distributions for which adjustment may be made pursuant to Section 11(b) or Section 11(e)) or any other securities to all holders of shares of Common Stock, (iii) distribute cash (other than regular quarterly or semi-annual cash dividends) or other property to all holders of shares of Common Stock, or (iv) issue by means of a capital reorganization other securities of the Company in lieu of the Common Stock or in addition to the Common Stock, then the Warrant shall be adjusted so that the Warrant shall be exercisable into the kind and number of shares or other securities of the Company or the successor entity or cash or other property as that the Holder would have owned or have been entitled to receive after the happening of the event described above, had such Warrant been exercised immediately prior to the happening of such event or any record date with respect thereto. The Company shall cause a notice to be mailed to each Holder at least ten (10) Business Days prior to the applicable record date for the activity covered by this Section 11(a)(ii). The Company's failure to give the notice required by this Section 11(a)(ii) or any defect therein shall not affect the validity of the activity covered by this Section 11(a)(ii). Notwithstanding the foregoing, nothing in this paragraph will prejudice the rights of the Holders pursuant to this Agreement.

(iii) An adjustment made pursuant to this Section 11(a) shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

(b) Adjustment for Rights Issuance.

(i) (A) In case the Company shall at any time distribute any rights, options or warrants to all holders of Common Stock entitling them, for a period expiring sixty (60) days or less after the date of determination of the stockholders entitled to receive such rights (the "Record Date") (or any longer period resulting from the extension of the exercise period which is announced following the time that the rights, options or warrants are first issued) for such distribution, to purchase or subscribe for shares of Common Stock at a price per share less than ninety percent (90%) of the Daily Market Price of the Common Stock on the Record Date, then the number of shares issuable upon exercise of each Warrant immediately prior thereto shall be adjusted in accordance with the formula:

$$N = N_o \times (O + A)/ (O + (C/M))$$

where:

N = the adjusted number of Warrant Shares issuable upon exercise of such Warrant.

N_o = the number of Warrant Shares issuable upon exercise of such Warrant prior to such adjustment.

O = the number of shares outstanding immediately prior to the issuance of such rights, options or warrants as referred to in this Section 11 (b)(i)(A).

A = the maximum number of shares issuable pursuant to such rights, options or warrants as referred to in this Section 11(b)(i)(A).

C = the aggregate consideration receivable by the Company for the issuance of Common Stock upon exercise of such rights, options or warrants as referred to in this Section 11(b)(i)(A).

M = the average of the Daily Market Prices of the Common Stock for the ten (10) consecutive trading days immediately preceding the Record Date.

Provided that, in no adjustment shall N be less than N_o.

(B) If any adjustment is made to increase the number of shares issuable upon exercise of any Warrant pursuant to this Section 11(b), the Exercise Price per share of such Warrant shall be correspondingly decreased, such that the amount payable to the Company upon the exercise of a Warrant shall be the same after such adjustment as before such adjustment. The adjustment shall become effective immediately after the Record Date for the determination of shareholders entitled to receive the rights, warrants or options to which this Section 11(b) applies. If less than all of such rights, warrants or options have been exercised when such rights, warrants or options expire, then the number of shares issuable upon the exercise of each Warrant and corresponding adjustment to the Exercise Price of each such Warrant shall promptly be readjusted to the number of shares issuable upon the exercise of each Warrant and the Exercise Price that would then be in effect had the adjustment upon the issuance of such rights, warrants or options been made on the basis of the actual number of shares of Common Stock issued upon the exercise of such rights, warrants or options.

(ii) In case the Company shall at any time distribute any rights, options or warrants to all holders of Common Stock entitling them, for a period expiring more than sixty (60) days after the Record Date therefor (excluding any rights, options or warrants originally issued with an exercise period of sixty (60) days or less, which, by virtue of one or more extensions, expire more than sixty (60) days after the Record Date therefor), to purchase or subscribe for shares of Common Stock at a price per share less than ninety percent (90%) of the Daily Market Price of the Common Stock as of such Record Date, then the Company shall similarly distribute such rights, options or warrants to the Holders on such Record Date (without any exercise of Warrants by Holders) as if such Holders had exercised their Warrants immediately prior to the Record Date.

(c) Liquidation, Dissolution or Winding Up. Notwithstanding any other provisions hereof, in the event of the liquidation, dissolution, or winding up of the affairs of the Company (other than in connection with a consolidation, merger or sale or conveyance of all or substantially all of its assets or a Change or Spin-Off), the right to exercise this Warrant shall terminate and expire at the close of business on the last full business day before the earliest date fixed for the payment of any distributable amount on the Common Stock. The Company shall cause a notice to be mailed to each Holder at least ten (10) Business Days prior to the applicable record date for such payment stating the date on which such liquidation, dissolution or winding up is expected to become effective, and the date on which it is expected that holders of record of shares of Common Stock shall be entitled to exchange their shares of Common Stock for securities or other property or assets (including cash) deliverable upon such liquidation, dissolution or winding up, and that each Holder may exercise outstanding Warrants during such ten (10) Business Day period and, thereby, receive consideration in the liquidation on the same basis as other previously outstanding shares of the same class as the shares acquired upon exercise. The Company's failure to give notice required by this Section 11(c) or any defect therein shall not affect the validity of such liquidation, dissolution or winding up. Notwithstanding the foregoing, nothing in this paragraph will prejudice the rights of the Holders pursuant to this Agreement.

(d) Merger, Consolidation, Etc.

(i) In any event when (A) any person (the "Acquirer") directly or indirectly acquires the Company in a transaction in which the Company is merged with or into or consolidated with another person or (B) the Company sells or conveys all or substantially all of its assets to another person (unless, subsequent to such merger, consolidation or the transaction, the Company is the surviving entity and has reporting obligations under the Exchange Act as a result of having common equity securities outstanding, in which case, this Section shall not apply with respect to such merger, consolidation or other transaction)(such merger, consolidation or other transaction referred to hereinafter as a "Change"), then, upon exercise of each Warrant at any time after the consummation of the Change but prior to the Expiration Date, in lieu of the shares of the Company's Common Stock (or other securities, cash, assets or other property) purchasable upon the exercise of the Warrant prior to such Change, the Holder shall be entitled to receive such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights) which such Holder would have been entitled to receive after the happening of such Change had such Warrant been exercised immediately prior to such Change.

(ii) Notwithstanding the foregoing, but subject to the following sentence, if a Holder of a Warrant so elects by giving written notice thereof to the Company on or before the day immediately preceding the date of the consummation of such Change, the Holder shall not be required to make any payment upon exercise of the Warrant, and shall be entitled to receive from the Company or the Acquirer (in lieu of the adjustment provided for in Section 11(d)(i) above) a cash amount equal to the Black-Scholes Value of the Warrant (the "Cash-Out Option") upon surrender of the Warrant Certificate representing such Warrant. The right of a Holder to elect the Cash-Out Option shall not be available if

(A) the payment or offering of any Cash-Out Option would

(x) in the reasonable opinion of counsel to the Company, prevent a Change from otherwise being treated as a tax-free reorganization; or

(y) in the reasonable opinion of counsel or accountants to the Company, prevent a Change from being accounted for using a pooling of interests accounting method or other similar accounting method, if any, under US GAAP which would otherwise be available; and

(B) the payment of the Cash-Out Option in the form of securities of the Acquirer, as described below, would not preserve such tax or accounting treatment.

If the payment of the Cash-Out Option in the form of Acquirer securities issued to the Company's stockholders in the Change (the "Acquirer Securities") would preserve the tax or accounting treatment of the Change, the Holders shall have the right to elect the Cash-Out Option, but only in the form of Acquirer Securities. In such case,

(1) the Cash-Out Option will be payable in the Acquirer Securities; and

(2) the number of securities payable to the Holder on exercise of the Cash-Out Option will equal (x) the dollar amount of the Cash-Out Option divided by (y) the per share (or other unit) fair market value of the securities in which the Cash-Out Option is payable.

"Fair market value" for this purpose means the average Daily Market Price of the securities of the Acquirer for the first ten (10) consecutive trading days immediately preceding but not including the date of effectiveness of the Change; provided, however, that if the securities of the Acquirer are not listed or traded on an exchange or interdealer quotation system, then the "fair market value" of such securities shall be determined by an investment banking firm of national reputation and standing selected by the Company and reasonably acceptable to a Majority of the Warrant Holders. If the Holders of the Warrants do not have the right to elect the Cash-Out Option provided in Section 11(d)(ii) herein, the adjustment provided for in Section 11(d)(i) above shall apply.

(iii) Notwithstanding the foregoing, in the case of any such Change where,

(A) the Acquirer is a company with reporting obligations under the Exchange Act with respect to common equity securities (such common equity securities being referred to herein as the "Acquirer Shares"), and

(B) the Acquirer is offering as consideration with respect to the Change a combination of Acquirer Shares and cash or other consideration,

if a Holder of a Warrant so elects by giving written notice thereof to the Company on or before the day immediately preceding the effective date of such Change, then, in lieu of the adjustment to the Warrant provided under Section 11(d)(i), upon the consummation of the Change and surrender of the Certificate representing the Warrant, the Holder shall receive (x) a warrant (an "Acquirer Warrant") exercisable for Acquirer Shares, in an amount and for an exercise price calculated as described below, and (y) a cash amount, calculated as described below (the "Adjusted Cash-Out Option"). The terms of the Acquirer Warrants shall be identical to the terms of the Warrants mutatis mutandis, except that the exercise price and the number of securities issuable upon the exercise of the Acquirer Warrants (subject to adjustment as provided therein) shall be determined as provided below:

the Exercise Price of the Acquirer Warrants shall be calculated as follows:

$$E_w = (E_o \times (P_a/P_t))$$

where:

E_w = the adjusted Exercise Price of the Acquirer Warrants.

E_o = the Exercise Price of the Warrants immediately prior to such adjustment.

P_t = the average of the Daily Market Prices of the Common Stock for the ten (10) consecutive trading days immediately preceding the effective date of the Change.

P_a = the fair market value per share of the Acquirer Shares. As used in this formula, "fair market value" shall mean the average Daily Market Price of the Acquirer Shares for the ten (10) consecutive trading days immediately preceding the effective date of the Change.

The number of Acquirer Shares issuable upon exercise of an Acquirer Warrant shall be calculated as follows:

$$N = a \times N_o$$

where:

N = the number of shares issuable by the Acquirer upon exercise of the Acquirer Warrant.

a = the number of Acquirer Shares delivered in the Change to holders of Common Stock for each share of Common Stock.

N_o = the number of Warrant Shares issuable upon exercise of the original Warrant in exchange for which the Acquirer Warrant was issued.

If the Holders of Common Stock may elect to receive in the Change Acquirer Shares, cash or other consideration, or a combination of Acquirer Shares and cash or other consideration as selected by the Holders (whether or not subject to proration), then the number of Acquirer Shares delivered in the Change for each share of Common Stock shall be determined, for purposes of the preceding formula and the determination below of the amount of the Adjusted Cash-Out Option, as follows: a = Nas/Nts

$$a = N_{as}/N_{ts}$$

where

N_{as} = the aggregate number of Acquirer Shares delivered in the Change to holders of Common Stock.

N_{ts} = the total number of shares of Common Stock outstanding immediately prior to the effectiveness of the Change and exchanged for consideration in the Change.

The amount of the Adjusted Cash-Out Option for a Warrant shall be calculated as follows:

$$AC = BS_w \times (1-((a \times P_a)/C))$$

where the symbols previously defined in this Section have their previously defined meanings and:

AC = the amount of the Adjusted Cash-Out Option of the Warrant

BS_w = the Black-Scholes Value of the Warrant, ignoring the effect of the Change, as determined pursuant to (iv) below.

C = the total fair market value of the consideration delivered in the Change to Holders of Common Stock for each share of Common Stock. For purposes of determining this amount—

(A) the fair market value of the component of the consideration consisting of Acquirer Shares shall equal (x) the average Daily Market Price of the Acquirer Shares for the first ten (10) consecutive trading days immediately preceding the effective date of the Change multiplied by (y) the number of Acquirer Shares delivered in the Change for each share of Common Stock;

(B) the fair market value of any cash component shall be the amount of the cash delivered in the Change for each share of Common Stock; and

(C) the fair market value of any other consideration delivered in the Change for each share of Common Stock shall be as determined by an investment banking firm of national reputation and standing selected by the Company and reasonably acceptable to a Majority of the Warrant Holders.

The right to make the election to receive Acquirer Shares and the Adjusted Cash-Out Option as provided in this Section 11(d)(iii) shall be subject to the same limitations as provided in Section 11(d)(ii)(A) and (B) above regarding the right to elect the Cash-Out Option; provided, however, that if the payment of the Adjusted Cash-Out Option in the form of Acquirer Securities would preserve the tax or accounting treatment of the Change, the election may be exercised with the Adjusted Cash-Out Option being paid in Acquirer Securities as provided in clauses (1) and (2) of Section 11 (d)(ii).

(iv) As used herein, "Black-Scholes Value" of the Warrants, shall be determined on the basis of the Black-Scholes methodology by an investment banking firm of national reputation and standing, selected by the Company and reasonably acceptable to a Majority of the Warrant Holders; provided, however, that no Black-Scholes Value of a Warrant shall exceed the Daily Market Price of the Common Stock on the day immediately preceding the Change. For purposes of applying the Black-Scholes methodology, (i) the price per share of the Common Stock shall be deemed to be the average of the Daily Market Prices for the ten (10) full trading days ending ten (10) trading days prior to the first public announcement of the Change, and (ii) the methodology shall be applied as if the relevant Change had not occurred.

(v) The Company shall give written notice of any Change to each Holder, in accordance with Section 15 hereof, at least ten (10) Business Days prior to the effective date of the Change; provided, however, that if either Section 11(d)(ii) or (iii) is applicable, one or more notices shall be given to the Holders sufficiently in advance of the Change to allow for selection of the investment banking firm referred to in the previous paragraph and for notice to the Holders of the Black-Scholes Value at least ten (10) Business Days prior to the effective date of the Change. The Company's failure to give notice required by this Section 11(d) or any defect therein shall not affect the validity of the Change covered by this Section 11(d). However, if the Company fails to give notice, the responsibilities of the Company with respect to this Section 11(d) shall be assumed by the Acquirer and nothing in this paragraph will prejudice the rights of the Holders pursuant to this Agreement.

(e) Spin-Off.

(i) In case the Company shall at any time pay a dividend or make a distribution to all holders of its Common Stock consisting of the capital stock of any class or series, or similar interests, of or relating to a subsidiary or other business unit of the Company (such transaction, a "Spin-Off"; such capital stock or other interests, the "Spin-Off Shares"; and such subsidiary or business unit, the "Spin-Off Company"), then each holder of a Warrant outstanding and unexercised on the date of the Spin Off shall become entitled to a spin-off warrant ("Spin-Off Warrants") evidencing a right to purchase a number of shares of capital stock of the Spin-Off Company that the Holder would have received had the Holder exercised such Warrants immediately prior to the record date for the Spin-Off (the "Spin-Off Record Date"); provided, however, that in the event that the distribution of Spin-Off Shares to the Holders would, in the reasonable opinion of counsel to the Company, (y) prevent the tax-free nature of such Spin-Off or (z) require registration with the SEC in circumstances where registration would not otherwise be required, then at the election of the Company, either (y) the Holders shall not receive Spin-Off Warrants pursuant to this Section 11(e)(i) and the Warrants shall instead be adjusted pursuant to the terms of Section 11(e)(ii) or (z) the Holders shall receive Spin-Off Warrants as contemplated above in this Section 11(e)(i). The terms of the Spin-Off Warrants shall be identical to the terms of the Warrants *mutatis mutandis*, except that the exercise price of a Spin-Off Warrant (subject to adjustment as provided therein) shall be determined by the following formula:

$$E_s = E_o \times P_s / (P_p + (r \times P_s))$$

where:

E_s = the Exercise Price per Spin-Off Share of the Spin-Off Warrants.

E_o = the Exercise Price per share of Common Stock of the relevant Warrant immediately prior to adjustment for the relevant Spin-Off.

P_p = the average of the Daily Market Prices of the Common Stock for the ten (10) full consecutive trading days following the date on which the Spin-Off is consummated.

r = the number of Spin-Off Shares (which may be one or a fraction less than or greater than one) distributed pursuant to the Spin-Off in respect of each share of Common Stock.

P_s = the fair market value per share of the Spin-Off Shares. As used in this section, "fair market value" shall mean the average Daily Market Price of the Spin-Off Shares for the first ten (10) consecutive trading days following the date on which the Spin-Off is consummated; provided, however, that if such distributed securities do not begin trading within two trading days of the consummation of such Spin-Off or do not trade for at least ten (10) consecutive trading days within twenty (20) days after the Spin-Off, then the "fair market value" of such distributed securities shall be determined by an investment banking firm of national reputation and standing selected by the Company and reasonably acceptable to a Majority of the Warrant Holders on the Spin-Off Record Date.

Following the Spin-Off, the Exercise Price of each Warrant shall be adjusted in accordance with the following formula:

$$E_n = E_o \times P_p / (P_p + (r \times P_s))$$

where:

E_n = the adjusted exercise price per share of Common Stock of the Warrants.

(with the other symbols in such formula having the meanings specified in the preceding formula).

(ii) In case the Company shall engage in a Spin-Off, and Section 11(e)(i) shall not be available to the Holders as a result of the proviso in the first paragraph of Section 11(e)(i), then the Holders shall not receive Spin-Off Warrants and instead the number of shares issuable upon the exercise of each Warrant immediately prior thereto shall be adjusted in accordance with the formula:

$$N = N_o \times (P_p + (P_s \times r))/P_p$$

where:

N = the adjusted number of Warrant Shares issuable upon exercise of such Warrant.

N_o = the number of Warrant Shares issuable upon exercise of such Warrant prior to such adjustment.

P_p = the average of the Daily Market Prices of the Common Stock for the ten (10) full consecutive trading days following the date on which the Spin-Off is consummated.

P_s = the average Daily Market Price of the Spin-Off Shares for the first ten (10) full consecutive trading days following the date on which the Spin-Off is consummated; provided, however, that if such distributed securities do not begin trading within two trading days of the consummation of such Spin-Off or do not trade for at least ten (10) consecutive trading days within twenty (20) days after the Spin-Off, then this quantity shall mean the "fair market value" per share of the Spin-Off Shares as of the date the Spin-Off is consummated, determined by an investment banking firm of national reputation and standing selected by the Company and acceptable to a Majority of the Warrant Holders on the Spin-Off Record Date.

r = the number of Spin-Off Shares (which may be one or a fraction less than or greater than one) distributed pursuant to the Spin-Off in respect of each share of Common Stock.

If any adjustment is made to increase the number of Warrant Shares issuable upon exercise of any Warrant pursuant to this Section 11(e)(ii), the Exercise Price per share of such Warrant shall be adjusted in accordance with the following formula.

$$E_n = E_o \times (N_o/N)$$

Where:

E_n = the adjusted exercise price per share of Common Stock of the Warrants.

E_o = the Exercise Price per share of Common Stock of the relevant Warrant immediately prior to adjustment for the relevant Spin-Off.

(with the other symbols in such formula having the meanings specified in the preceding formula).

(iii) An adjustment made pursuant to Section 11(e)(ii) shall become effective immediately after the determination of the adjusted number of Warrant Shares issuable upon exercise of the Warrants, retroactive to the date for the Spin-Off.

(iv) The Company shall give written notice of any Spin-Off, in accordance with Section 15 hereof, at least ten (10) Business Days prior to the Record Date therefor. The Company's failure to give notice required by this Section 11(e)(iv) or any defect therein shall not affect the validity of the Spin-Off covered by this Section 11(e). Notwithstanding the foregoing, nothing in this paragraph will prejudice the rights of the Holders pursuant to this Agreement.

(f) Good Faith Determination.

(i) Subject to the following clause (ii), any determination as to whether an adjustment or limitation of exercise is required pursuant to this Section 11 (and the amount of any adjustment) shall be binding upon the Holders and the Company if made in good faith by the board of directors of the Company.

(ii) If a Majority of the Warrant Holders shall object to any determination of the board of directors of the Company within ten (10) Business Days of receipt of notice of such determination, then such determination shall be referred to a national independent accounting firm in the United States (the "Accounting Firm") selected by the Company and reasonably acceptable to a Majority of the Warrant Holders. The determination of the adjustment made by the Accounting Firm shall be strictly in accordance with the terms of this Agreement and shall be binding upon the Holders and the Company. The Accounting Firm shall be instructed to notify the Company and such Majority of the Warrant Holders of its determination regarding the adjustment within fifteen (15) Business Days of such referral.

(iii) Whenever this Agreement provides for the reasonable approval or acceptance of a Majority of the Warrant Holders of any action or determination, such approval or acceptance shall be deemed to be given if a Majority of the Warrant Holders do not reasonably object to such action or determination by written notice to the Company within ten (10) Business Days of the date on which notice thereof is first given to the Holders. No objection shall be deemed reasonable if the reasons for such objection are not set forth in reasonable detail in the notice of objection given to the Company as aforesaid.

(g) Notice of Adjustment. Whenever the number of shares of Common Stock purchasable upon the exercise of the Warrants or the Exercise Price is adjusted, the Company shall promptly file, in the custody of its Secretary or an Assistant Secretary at its principal office and with the Warrant Agent, an officer's certificate setting forth the number of shares of Common Stock purchasable upon the exercise of the Warrants, the Exercise Price after such adjustment, a statement, in reasonable detail, of the facts requiring such adjustment and the computation by which such adjustment was made. Each such officer's certificate shall be made available during regular business hours for inspection by the Holders at the office of the Warrant Agent.

(h) No Change of Warrant Necessary. Irrespective of any adjustment in the Exercise Price or in the number or kind of shares issuable upon exercise of the Warrants, the Warrant Certificates may continue to express the same price and number and kind of shares as are stated in the Warrant Certificates as initially issued.

(i) Subsequent Adjustments. The adjustment provisions of this Section 11 shall be applied successively and from time to time as the circumstances requiring such adjustments shall occur. If as a result of an adjustment made pursuant to this Section 11 (except as otherwise specifically provided herein) the Holder of any Warrants thereafter surrendered for conversion shall be entitled to receive any securities other than shares of Common Stock, the number and kind of the securities issuable upon exercise of the Warrants and the Exercise Price therefor shall be subject to adjustment, from time to time, in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Stock contained in this Section 11.

SECTION 12. Fractional Interests. The Company shall not be required to issue fractional shares of Common Stock on the exercise of the Warrants. If any fraction of a share of Common Stock would be issuable upon the exercise of the Warrants (or any specified portion thereof), the Company shall pay an amount in cash equal to the product of (x) such fraction and (y) the Daily Market Price of the Common Stock on the trading day prior to the date the Warrant is exercised.

SECTION 13. Appointment of Warrant Agent. The Company hereby appoints the Warrant Agent as its agent to issue the Warrant Certificates, as set forth herein, subject to resignation or replacement of the Warrant Agent as provided herein. The Warrant Agent agrees to accept such appointment, subject to the terms and conditions as set forth herein and to issue, transfer and exchange the Warrant Certificates pursuant to the terms provided for herein and to notify the Company to issue or cause to be issued the certificates or other evidence of ownership representing the appropriate number of shares of Common Stock (or other consideration) upon exercise of the Warrants.

SECTION 14. Duties of the Warrant Agent. The Warrant Agent acts hereunder as agent and in a ministerial capacity for the Company, and its duties shall be determined solely by the provisions hereof. The Warrant Agent shall not by issuing and delivering Warrant Certificates, or by any other act hereunder, be deemed to make any representations (i) as to the validity, value or authorization of the Warrant Certificates or the Warrants represented thereby or of any securities or other property delivered upon exercise of any Warrant, or (ii) whether any stock issued upon exercise of any Warrant is fully paid and nonassessable.

Without prejudice to any liability of any other party hereof, the Warrant Agent shall not at any time be under any duty or responsibility to any Holder of Warrant Certificates to make or cause to be made any adjustment of the Warrant Price provided in this Agreement, or to determine whether any fact exists that may require any such adjustment, or with respect to the nature or extent of any such adjustment, when made, or with respect to the method employed in making the same. The Warrant Agent shall not (i) be liable for any recital or statement of facts contained herein or for any action taken, suffered or omitted by it in reliance on any Warrant Certificate or other document or instrument believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties, (ii) be responsible for any failure on the part of the Company to comply with any of its covenants and obligations contained in this Agreement or in any Warrant Certificate, or (iii) be liable for any act or omission in connection with this Agreement except for its own gross negligence or willful misconduct.

Any notice, statement, instruction, request, direction, order or demand of the Company shall be sufficiently evidenced by an instrument signed by the Company's Chairman or Vice Chairman of the Board, President, any Vice President, its Secretary, or Assistant Secretary (unless other evidence in respect thereof is herein specifically prescribed). Without prejudice to any liability of any other party hereof, the Warrant Agent shall not be liable for any action taken, suffered or omitted by it in accordance with such notice, statement, instruction, request, direction, order or demand believed by it to be genuine.

The Company agrees to pay the Warrant Agent reasonable compensation for its services hereunder and to reimburse it for its reasonable expenses hereunder and further agrees to indemnify the Warrant Agent and save it harmless against any and all losses, expenses and liabilities, including judgments, costs and counsel fees, for anything done or omitted by the Warrant Agent in the execution of its duties and powers hereunder except losses, expenses and liabilities arising as a result of the Warrant Agent's gross negligence or willful misconduct.

The Warrant Agent may resign its duties and be discharged from all further duties and liabilities hereunder (except liabilities arising as a result of the Warrant Agent's own gross negligence or willful misconduct), after giving thirty days' prior written notice to the Company. At least fifteen (15) days prior to the date such resignation is to become effective, the Warrant Agent shall cause a copy of such notice of resignation to be mailed to the Holder of each Warrant Certificate at the Company's expense. Upon such resignation, or any inability of the Warrant Agent to act as such hereunder, the Company shall appoint a new warrant agent in writing. The Company shall have complete discretion in the naming of a new warrant agent, who may be an affiliate, subsidiary or department of the Company, or any person used by the Company as transfer agent for the Common Stock. If the Company shall fail to make such appointment within a period of thirty (30) days after it has been notified in writing of such resignation by the resigning Warrant Agent, then the Holder of any Warrant Certificate may apply to any court of competent jurisdiction for the appointment of a new warrant agent.

The Company may, upon notice to the Holders, remove and replace the Warrant Agent if the Warrant Agent is the transfer agent for the Company's Common Stock and the Warrant Agent ceases to be the transfer agent for the Company's Common Stock for any reason.

After acceptance in writing of an appointment by a new warrant agent is received by the Company, such new warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as the Warrant Agent, without any further assurance, conveyance, act or deed. Any former warrant agent hereby agrees to cooperate with and deliver all records and Warrant Certificates to the new warrant agent at the direction of the new agent and the Company.

Any corporation into which the Warrant Agent or any new warrant agent may be converted or merged or any corporation resulting from any consolidation to which the Warrant Agent or any new warrant agent shall be a party or any corporation succeeding to the trust business of the Warrant Agent shall be a successor warrant agent under this Agreement without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed to the Company and to each Holder.

The Warrant Agent shall perform its duties with all due care and attention. If for any period no person is acting as Warrant Agent, then the Company shall discharge the obligations that would otherwise fall to be discharged by the Warrant Agent during such period.

Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company.

SECTION 15. Notices. Any notice or demand authorized by this Agreement to be given or made to or on the Company or the Warrant Agent shall be sufficiently given or made when and if delivered by a recognized international courier service or hand delivery, or by telecopier with copy sent by first class or registered mail, postage prepaid, to the applicable address set forth below (until the Holders are otherwise notified in accordance with this Section by the Company):

If to the Company, then to:

Vishay Precision Group, Inc.
3 Great Valley Parkway
Malvern, PA 19355-1307
Attn.: Chief Financial Officer
Telecopier No.: (484)-321-5301
Confirm No.: (484)-321-5300

If to the Warrant Agent, then to:

American Stock Transfer & Trust Co.,
59 Maiden Lane
New York, NY 10038
Attn.: Exchange Department
Telecopier No. 718-234-5001
Confirm No. 718-921-8200

Any notice pursuant to this Agreement to be given to any Holder of any Warrant Certificate shall be sufficiently given when and if delivered to such Holder at the address appearing on the Warrant Register of the Company (until the Company and the Warrant Agent are otherwise notified in accordance with this Section by such Holder). Any such notice shall be delivered by overnight or hand delivery, by telecopier with copy sent by first class mail, postage prepaid, or by first class or registered mail, postage prepaid.

SECTION 16. Supplements and Amendments. The Company and the Warrant Agent may from time to time amend or supplement this Agreement in good faith without the approval of any Holders only in order to cure any ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provision herein. Any other amendment or supplement to this Agreement shall require the written consent of a Majority of the Warrant Holders.

SECTION 17. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of its successors and assigns hereunder; provided, however, that any assignment by the Company shall not relieve the Company of any of its obligations hereunder. This Agreement shall be binding upon and inure to the benefit of the successors and registered assigns of the Initial Holders and all subsequent Holders of Warrants.

SECTION 18. Governing Law. THIS AGREEMENT AND EACH WARRANT CERTIFICATE ISSUED HEREUNDER SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF SAID STATE.

SECTION 19. No Third Party Beneficiaries. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Warrant Agent and the Holders of the Warrants or holders of Warrant Shares any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Warrant Agent and the Holders of the Warrants and the holders of Warrant Shares.

SECTION 20. Notification of Delisting. Prior to the occurrence of a Delisting Event, the Company will, at least ten (10) Business Days before the occurrence thereof, notify each Holder of such event. Any notice will be in writing and shall specify the date of such Delisting Event. For these purposes "Delisting Event" means the common stock of the Company being delisted from the principal United States national or regional securities exchange or national quotation system on which the shares of common stock are then listed or traded.

SECTION 21. Headings. The descriptive headings of the several sections and subsections of this Agreement are inserted for convenience only, do not constitute a part of this Agreement and shall not affect in any way the meanings or interpretation of this Agreement.

SECTION 22. Counterparts. This Agreement may be executed in counterparts and all such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

VISHAY PRECISION GROUP, INC.

By: _____

Name: _____

Title: _____

AMERICAN STOCK TRANSFER & TRUST CO.

By: _____

Name:

Title:

EXHIBIT A

[Form of Class A Warrant Certificate]

[Face]

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE SECURITIES LAWS AND HAVE BEEN ISSUED IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH OTHER SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR PURSUANT TO A TRANSACTION THAT IS EXEMPT FROM SUCH REGISTRATION. *

EXERCISABLE ON OR BEFORE 5:00 P.M. NEW YORK CITY TIME ON_____.

No._____ _____Warrants

Class A Warrant Certificate
Vishay Precision Group, Inc.

This Warrant Certificate certifies that _____, or registered assigns, is the registered holder (the "Holder") of _____ Class A Warrants expiring _____ (the "Warrants" or "Class A Warrants") to purchase Common Stock, $0.10 par value per share (the "Common Stock"), of Vishay Precision Group, Inc., a Delaware corporation (the "Company"). Each Class A Warrant entitles the Holder upon exercise to receive from the Company, on or before 5:00 p.m. New York City Time on _____ (the "Expiration Date"), one fully paid and nonassessable share of Common Stock (a "Warrant Share") at the initial exercise price (the "Exercise Price") of $_____ share (subject to adjustment as provided herein), payable in lawful money of the United States of America upon surrender of this Warrant Certificate at the office of the Company designated for such purpose, but only subject to the conditions set forth herein and in the Warrant Agreement, as defined below. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Warrant Agreement.

This Warrant Certificate and each Class A Warrant represented hereby are issued pursuant to and are subject in all respects to the terms and conditions set forth in the Warrant Agreement (the "Warrant Agreement"), dated _____, 2010 by and between the Company and American Stock Transfer & Trust Co.(the "Warrant Agent"), which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the Holders (the words "Holder" or "Holders" meaning the registered holder or registered holders of the Warrants). A copy of the Warrant Agreement may be obtained by the Holder from the Company at 3 Great Valley Parkway, Malvern, PA 19355-1307 by a written request from the Holder hereof and may be inspected by the Holder or his agent at the principal office of the Warrant Agent.

_____

* This legend may be removed if such removal is permitted pursuant to the Warrant Agreement.

This Class A Warrant shall be exercisable at any time during the period from and after the Issue Date until the Expiration Date.

The number of Warrant Shares issuable upon exercise of the Warrants and the Exercise Price are subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.

No Warrant may be exercised after 5:00 p.m., New York City time on the Expiration Date, and to the extent not exercised by such time, such Warrants shall become void.

The Holder of Class A Warrants evidenced by this Warrant Certificate may exercise them by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Exercise Price in cash at the office of the Company designated for such purpose. In the event that upon any exercise of Class A Warrants evidenced hereby the number of Class A Warrants exercised shall be less than the total number of Class A Warrants evidenced hereby, there shall be issued to the Holder hereof or his assignee a new Warrant Certificate evidencing the number of Class A Warrants not exercised.

The Warrant Agreement provides that upon the occurrence of certain events the number of Warrant Shares issuable upon exercise of each Warrant set forth on the face hereof and the Exercise Price thereof shall be adjusted. No fractions of a share of Common Stock will be issued upon the exercise of any Class A Warrant, but the Company will pay the cash value thereof determined as provided in the Warrant Agreement.

Warrant Certificates, when surrendered at the office of the Company by the registered Holder thereof in person or by its legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Class A Warrants.

Upon due presentation for registration of transfer of this Warrant Certificate at the office of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Class A Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company may deem and treat the registered Holder(s) of this Warrant Certificate as the absolute owner(s) thereof (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the Holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary. Neither the Class A Warrants nor this Warrant Certificate entitles any Holder hereof to any rights of a stockholder of the Company.

IN WITNESS WHEREOF, Vishay Precision Group, Inc. has caused this Class A Warrant Certificate to be signed by its President and by its Secretary, each by a facsimile of his signature, and has caused a facsimile of its corporate seal to be affixed hereunto or implied hereon.

Dated: _____, 2010

By: _____

By: _____

AMERICAN STOCK TRANSFER & TRUST CO.

By: _____
Name:
Title:

ASSIGNMENT FORM

If you, the Holder, want to assign this Class A Warrant, fill in the form below: I or we assign and transfer this Class A Warrant to:

_____

_____

_____

(Print or type name, address and zip code and
social security or tax ID number of assignee)

and irrevocably appoint _____ agent to transfer this Class A Warrant on the books of the Company. The agent may substitute another to act for him.

Date: _____ Signed: _____
(Signed exactly as your name appears on the
other side of this Warrant)

In connection with any transfer of this Class A Warrant occurring prior to the date of the declaration by the Securities and Exchange Commission of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), covering resales of this Class A Warrant (which effectiveness shall not have been suspended or terminated at the date of transfer) at all times when such securities are deemed to be "restricted securities" within the meaning of the Securities Act, the undersigned confirms that it has not utilized any general solicitation or general advertising in connection with the transfer and that this Class A Warrant is being transferred:

[Check One]

(1) [ ] to the Company or a subsidiary thereof; or

(2) [ ] pursuant to and in compliance with Rule 144A under the Securities; or

(3) [ ] to an institutional "accredited investor" (as defined in Rule 501(a)(1),(2), (3) or (7) under the Securities Act); or

(4) [ ] outside the United States to a person who is not a "US person," in compliance with Rule 904 of Regulation S under the Securities Act; or

(5) [ ] pursuant to the exemption from registration provided by Rule 144 under the Securities Act; or

(6) [ ] pursuant to another available exemption from the registration requirements of the Securities Act.

Unless one of the boxes is checked, the Company shall not be obligated to register any of the Class A Warrants evidenced by this certificate in the name of any person other than the registered Holder thereof. If box (3), (4), (5) or (6) is checked, the Company may require, upon the terms described in the Warrant Agreement, prior to registering any such transfer of the Warrant Certificate, such legal opinions, certifications and other information as the Company reasonably requests to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Date: _____ Signed: _____
(Sign exactly as your name appears on
the other side of this Warrant Certificate)

ELECTION TO PURCHASE FORM

If you, the Holder, want to exercise the Class A Warrants represented by this Certificate, fill in the form below.

I or we, the registered owner of the Class A Warrants represented by this Certificate irrevocably exercise _____ Class A Warrants for the purchase of _____ shares or other securities or property of Common Stock of Vishay Precision Group, Inc., at the price and on the terms and conditions specified in the Class A Warrants and request that certificates for the shares of Common Stock hereby purchased (and any securities or other property issuable or transferable upon such exercise) be issued in the name of and delivered to:

_____

_____

_____

(Print or type name, address and zip code and
social security or tax ID number of owner)

and, if such Class A Warrants shall not constitute all of the Class A Warrants represented by this Certificate, that a new Class A Warrant Certificate of like tenor and date for the balance of the Class A Warrants represented hereby be delivered to the undersigned.

Number of Class A Warrants represented by this Certificate	_____
Number of Class A Warrants being exercised	_____
Balance	_____

Date: _____ Signed: _____
(Signed exactly as your name appears on
this Warrant)

Note: Each certificate represents a certain number of Warrants. Each Warrant is exercisable for one share, subject to adjustment (which may result in exercisability for other securities on property).

EXHIBIT B

[Form of Class B Warrant Certificate]

[Face]

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE SECURITIES LAWS AND HAVE BEEN ISSUED IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH OTHER SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR PURSUANT TO A TRANSACTION THAT IS EXEMPT FROM SUCH REGISTRATION.*

EXERCISABLE ON OR BEFORE 5:00 P.M. NEW YORK CITY TIME ON _____.

No._____ _____ Class B Warrants

Class B Warrant Certificate
Vishay Precision Group, Inc.

This Warrant Certificate certifies that _____, or registered assigns, is the registered holder (the "Holder") of _____ Class B Warrants expiring _____ (the "Warrants" or "Class B Warrants") to purchase Common Stock, $0.10 par value per share (the "Common Stock"), of Vishay Precision Group, Inc., a Delaware corporation (the "Company"). Each Class B Warrant entitles the Holder upon exercise to receive from the Company, on or before 5:00 p.m. New York City Time on _____ (the "Expiration Date"), one fully paid and nonassessable share of Common Stock (a "Warrant Share") at the initial exercise price (the "Exercise Price") of $_____ per share (subject to adjustment as provided herein), payable in lawful money of the United States of America upon surrender of this Warrant Certificate at the office of the Company designated for such purpose, but only subject to the conditions set forth herein and in the Warrant Agreement, as defined below. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Warrant Agreement.

This Warrant Certificate and each Class B Warrant represented hereby are issued pursuant to and are subject in all respects to the terms and conditions set forth in the Warrant Agreement (the "Warrant Agreement"), dated _____, 2010 by and between the Company and American Stock Transfer & Trust Co.(the "Warrant Agent"), which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the Holders (the words "Holder" or "Holders" meaning the registered holder or registered holders of the Warrants). A copy of the Warrant Agreement may be obtained by the Holder from the Company at 3 Great Valley Parkway, Malvern, PA 19355-1307 by a written request from the Holder hereof and may be inspected by the Holder or his agent at the principal office of the Warrant Agent.

_____

* This legend may be removed if such removal is permitted pursuant to the Warrant Agreement.

This Class B Warrant shall be exercisable at any time during the period from and after the Issue Date until the Expiration Date.

The number of Warrant Shares issuable upon exercise of the Warrants and the Exercise Price are subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.

No Class B Warrant may be exercised after 5:00 p.m., New York City time on the Expiration Date, and to the extent not exercised by such time, such Class B Warrants shall become void.

The Holder of Class B Warrants evidenced by this Warrant Certificate may exercise them by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Exercise Price in cash at the office of the Company designated for such purpose. In the event that upon any exercise of Class B Warrants evidenced hereby the number of Class B Warrants exercised shall be less than the total number of Class B Warrants evidenced hereby, there shall be issued to the Holder hereof or his assignee a new Warrant Certificate evidencing the number of Class B Warrants not exercised.

The Warrant Agreement provides that upon the occurrence of certain events the number of Warrant Shares issuable upon exercise of each Class B Warrant set forth on the face hereof and the Exercise Price thereof shall be adjusted. No fractions of a share of Common Stock will be issued upon the exercise of any Class B Warrant, but the Company will pay the cash value thereof determined as provided in the Warrant Agreement.

Warrant Certificates, when surrendered at the office of the Company by the registered Holder thereof in person or by its legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Class B Warrants.

Upon due presentation for registration of transfer of this Warrant Certificate at the office of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Class B Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company may deem and treat the registered Holder(s) of this Warrant Certificate as the absolute owner(s) thereof (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the Holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary. Neither the Class B Warrants nor this Warrant Certificate entitles any Holder hereof to any rights of a stockholder of the Company.

IN WITNESS WHEREOF, Vishay Precision Group, Inc. has caused this Class B Warrant Certificate to be signed by its President and by its Secretary, each by a facsimile of his signature, and has caused a facsimile of its corporate seal to be affixed hereunto or implied hereon.

Dated: _____, 2010

By:_____

By:_____

AMERICAN STOCK TRANSFER & TRUST CO.

By:_____
Name:
Title:

ASSIGNMENT FORM

If you, the Holder, want to assign this Class B Warrant, fill in the form below:

I or we assign and transfer this Class B Warrant to:

_____

_____

_____

(Print or type name, address and zip code and
social security or tax ID number of assignee)

and irrevocably appoint _____ agent to transfer this Class B Warrant on the books of the Company. The agent may substitute another to act for him.

Date: _____ Signed: _____
(Signed exactly as your name appears on
the other side of this Warrant)

In connection with any transfer of this Class B Warrant occurring prior to the date of the declaration by the Securities and Exchange Commission of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), covering resales of this Class B Warrant (which effectiveness shall not have been suspended or terminated at the date of transfer) at all times when such securities are deemed to be "restricted securities" within the meaning of the Securities Act, the undersigned confirms that it has not utilized any general solicitation or general advertising in connection with the transfer and that this Class B Warrant is being transferred:

[Check One]

(1) [ ] to the Company or a subsidiary thereof; or

(2) [ ] pursuant to and in compliance with Rule 144A under the Securities; or

(3) [ ] to an institutional "accredited investor" (as defined in Rule 501(a)(1),(2), (3) or (7) under the Securities Act); or

(4) [ ] outside the United States to a person who is not a "US person," in compliance with Rule 904 of Regulation S under the Securities Act; or

(5) [ ] pursuant to the exemption from registration provided by Rule 144 under the Securities Act; or

(6) [ ] pursuant to another available exemption from the registration requirements of the Securities Act.

Unless one of the boxes is checked, the Company shall not be obligated to register any of the Class B Warrants evidenced by this certificate in the name of any person other than the registered Holder thereof. If box (3), (4), (5) or (6) is checked, the Company may require, upon the terms described in the Warrant Agreement, prior to registering any such transfer of the Warrant Certificate, such legal opinions, certifications and other information as the Company reasonably requests to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Date: _____ Signed: _____
(Sign exactly as your name appears on
the other side of this Warrant Certificate)

ELECTION TO PURCHASE FORM

If you, the Holder, want to exercise the Class B Warrants represented by this Certificate, fill in the form below.

I or we, the registered owner of the Class B Warrants represented by this Certificate irrevocably exercise _____ Class B Warrants for the purchase of _____ shares or other securities or property of Common Stock of Vishay Precision Group, Inc., at the price and on the terms and conditions specified in the Class B Warrants and request that certificates for the shares of Common Stock hereby purchased (and any securities or other property issuable or transferable upon such exercise) be issued in the name of and delivered to:

_____

_____

_____

(Print or type name, address and zip code and
social security or tax ID number of owner)

and, if such Class B Warrants shall not constitute all of the Class B Warrants represented by this Certificate, that a new Class B Warrant Certificate of like tenor and date for the balance of the Class A Warrants represented hereby be delivered to the undersigned.

Number of Class B Warrants represented by this Certificate	_____
Number of Class B Warrants being exercised	_____
Balance	_____

Date: _____ Signed: _____
(Signed exactly as your name appears on
this Warrant)

Note: Each certificate represents a certain number of Warrants. Each Warrant is exercisable for one share, subject to adjustment (which may result in exercisability for other securities on property).

_____, 2010

VISHAY PRECISION GROUP, INC.
(as Issuer)

FORM OF NOTE INSTRUMENT
constituting
up to $_____
FLOATING RATE
UNSECURED LOAN NOTES 2102

THIS INSTRUMENT is made on the ____ day of _____ 2010 by **VISHAY PRECISION GROUP, INC**. a company incorporated in the State of Delaware USA, (the ***Company***).

WHEREAS

(A) Vishay Intertechnology issued loan notes (the "Vishay Intertechnology Loan Notes") pursuant to that certain Note Instrument dated as of December 13, 2002 (the "Vishay Intertechnology Note Instrument"); and

(B) Vishay Intertechnology, American Stock Transfer & Trust Co. and the holders of the Vishay Intertechnology Loan Notes entered into that certain Put and Call Agreement, dated as of December 13, 2002 (the "Vishay Intertechnology Put and Call Agreement"); and

(C) Pursuant to the Vishay Intertechnology Put and Call Agreement, Vishay Intertechnology agreed that in case it shall at any time pay a dividend or make a distribution to all holders of its common stock consisting of the capital stock of any class or series, or similar interests, of or relating to a subsidiary or other business entity of Vishay Intertechnology, then Vishay Intertechnology shall take such action and shall cause the subsidiary or other business entity whose capital stock was paid as a dividend or distributed by Vishay Intertechnology to take such action so that each of the loan notes issued pursuant to the Vishay Intertechnology Note Instrument shall be deemed exchanged as of the effective date of such transaction, for a combination of new floating rate unsecured Vishay Intertechnology loan notes and floating rate unsecured loan notes of the subsidiary or other business entity whose capital stock was paid as a dividend or distributed by Vishay Intertechnology; and

(D) Vishay Intertechnology and the Company entered into that certain Master Separation Agreement, dated as of _____, 2010 (the "Master Separation Agreement"), providing for the spin-off of the Company by Vishay Intertechnology in the form of a tax free dividend of the common stock of the Company to the holders of the common stock of Vishay Intertechnology and the class B common stock of the Company to the holders of class B common stock of Vishay Intertechnology; and

(E) The Company has agreed under the terms of the Master Separation Agreement to comply with the obligation under the Vishay Intertechnology Put and Call Agreement to issue floating rate unsecured loan notes to the holders of the Vishay Intertechnology Loan Notes; and

(F) Accordingly, the Company has created up to $_____ Floating Rate Unsecured Loan Notes 2102 and has determined to constitute the said Loan Notes as hereinafter provided.

NOW THIS INSTRUMENT WITNESSES AND THE COMPANY HEREBY DECLARES as follows:-

1. In this Instrument and in the Schedules hereto the following expressions shall, where the context permits, have the following meanings:

the ***Conditions*** means the conditions to be endorsed on the Loan Notes in the form or substantially in the form set out in Schedule 2 hereto as the same may from time to time be modified in accordance with the provisions herein contained;

Directors means the Board of Directors for the time being of the Company or a duly authorised committee of the Board of Directors;

Exchange Act means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time;

Instrument means this instrument and the Schedules hereto as from time to time modified in accordance with the provisions herein contained;

LIBOR means, in relation to any amount owed by the Company hereunder and any interest period:

(a) the percentage rate per annum equal to the offered quotation which appears on the page of the Telerate Screen which displays an average British Bankers Association Interest Settlement Rate for US Dollars for such period at or about 11.00 a.m. (London time) on the first day of the relevant interest period; or

(b) if a rate is not available pursuant to (a) above, the percentage rate per annum which is the arithmetic mean of the rates as supplied to the Company at its request quoted by three banks selected by the Company (one of which shall include, if in existence at the time, Barclays Bank plc) to leading banks in the London inter-bank market for three month deposits of similar size and currency.

Loan Notes means up to $_____ Floating Rate Unsecured Loan Notes 2102 of the Company to be issued under this Instrument or (as the context may require) the principal amount thereof for the time being issued and outstanding;

Noteholders means the several persons for the time being entered in the Register;

Put and Call Agreement means the put and call agreement relating to the Loan Notes entered into by the Company and other persons in connection with the transaction contemplated by the Master Separation Agreement on or about the date hereof;

Register means the register of Noteholders referred to in clause 8 hereof;

Registration Rights Agreement means the registration rights agreement entered into by Vishay Intertechnology and other persons in connection with the SPA on or about December 13, 2002;

SPA means the share sale and purchase agreement entered into by Vishay Intertechnology as purchaser and other persons on or about December 13, 2002 pursuant to which the Vishay Intertechnology Loan Notes were issued; and

Vishay Precision Group means the Company (including its successors) and its subsidiaries from time to time.

Words denoting the singular number only shall include the plural number and vice versa. Words denoting persons shall include corporations.

2. The Loan Notes shall be known as the Vishay Precision Group, Inc. Floating Rate Unsecured Loan Notes 2102 and shall be issued in amounts and multiples of $1000 by the Company to such persons at such times and on such terms as the Directors may determine.

3. The aggregate principal amount of the Loan Notes is limited to $_____. The Loan Notes, as and when issued, and all accrued and unpaid interest thereon, shall (except as regards the first payment of interest) rank pari passu equally and rateably without discrimination or preference as an unsecured debt obligation of the Company.

4. As and when the Loan Notes or any part thereof fall to be redeemed or repaid in accordance with the provisions hereof, the Company will pay to the Noteholders entitled thereto the principal amount of the Loan Notes to be repaid together with accrued interest (subject to any requirement to deduct any income tax therefrom).

5. Until such time as the Loan Notes are redeemed or repaid in accordance with the provisions hereof, the Company will pay to the Noteholders interest (subject to any requirement to deduct any income tax therefrom) on the principal amount of the Loan Notes outstanding at the rates and the times and as otherwise provided in the Conditions.

6. Every Noteholder shall be entitled without charge to one certificate for the Loan Notes held by it. However, joint holders of Loan Notes will be entitled only to one Loan Note certificate (provided that the Company shall not be bound to register more than four persons as the joint holders of any Loan Note) and such Loan Note will be sent to that one of the joint holders who is first named in the Register. Every Loan Note certificate shall be issued under the common or securities seal of the Company and shall be substantially in the form set out in Schedule 1 hereto and shall have the Conditions endorsed thereon. The Company shall comply with the provisions of the Loan Notes and the Conditions and the Loan Notes shall be held subject to all such provisions which shall be binding on the Company and the Noteholders and all persons claiming through or under them respectively.

7. Each Noteholder shall be entitled to require all or any part (being $1000 nominal amount or any integral multiple thereof) of the Loan Notes held by it to be repaid at par together with accrued interest (subject to any requirement to deduct any income tax therefrom) if:

(a) any principal or interest on any of the Loan Notes held by that Noteholder due to it shall fail to be paid in full within thirty days after receipt of written demand by the Company, addressed to its financial controller (with a copy to _____ of _____) and made by the relevant Noteholder following failure to pay; or

(b) the Company breaches any of its obligations to issue shares or, if applicable, to pay cash under the Put and Call Agreement and such breach, if capable of remedy, is not remedied within ten days after written notification to the Company addressed to its financial controller (with a copy to _____ of _____); or

(c) any indebtedness of any member or members of the Vishay Precision Group having in aggregate a principal amount in excess of US$50,000,000 is not paid on its due date or within any applicable grace period, and such default in payment is not waived or remedied within a period of one month; or

(d) the Company pursuant to or under or within the meaning of any Bankruptcy Law:

(i) commences a voluntary case or proceeding;

(ii) consents to the entry of an order for relief against it in an involuntary case or proceeding or the commencement of any case against it;

(iii) consents to the appointment of a Custodian of it or for any substantial part of its property;

(iv) makes a general assignment for the benefit of its creditors;

(v) files a petition in bankruptcy or answer or consent seeking reorganization or relief; or

(vi) consents to the filing of such petition or the appointment of or taking possession by a Custodian; or

(e) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Company in an involuntary case or proceeding, or adjudicates the Company insolvent or bankrupt;

(ii) appoints a Custodian of the Company for any substantial part of its property; or

(iii) orders the winding up or liquidation of the Company; and the order or decree remains unstayed and in effect for 60 days; or

(f) any event analogous to (d) or (e) above occurs in any jurisdiction.

In paragraphs (d) and (e) above:

Bankruptcy Law means Title 11, United States Code, or any similar Federal or state law for the relief of debtors.

Custodian means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

The Company shall notify each of the Noteholders forthwith on the occurrence of any of the events described in sub-clause (a) to (f) of this clause 7.

8. A register of the Noteholders will be kept at 3 Great Valley Parkway, Malvern, Pennsylvania 19355-1307 (or at such other place as the Company may from time to time have appointed for the purpose and have notified to the Noteholders) and there shall be entered in the Register:

(a) the names and addresses of the Noteholders;

(b) the telecopier numbers of the Noteholders;

(c) the principal amount of the Loan Notes held by each Noteholder;

(d) the date on which the name of each Noteholder is entered in respect of the Loan Notes standing in its name; and

(e) the serial number of each Loan Note.

9. Any change of name or address on the part of any Noteholder which is notified to the Company at the address set out in clause 8 above shall be entered in the Register.

10. Any Noteholder may at all reasonable times during office hours inspect the Register.

11. The Company hereby covenants with the Noteholders and each of them duly to perform and observe the obligations herein contained and imposed on it to the intent that these presents shall enure for the benefit of all Noteholders, each of whom may sue for the performance or observance of the provisions hereof so far as its holding of Loan Notes is concerned.

12. The Conditions and provisions contained in the Schedules hereto shall have effect in the same manner as if such Conditions and provisions were herein set forth.

13. A memorandum of execution of any instrument supplemental to this Instrument shall be endorsed by the Company on this Instrument.

14. This Instrument and the Loan Notes shall be governed by and construed in accordance with the laws of the State of New York.

15. Each of the parties agrees that the courts of the State of New York are to have exclusive jurisdiction to settle any disputes that may arise in connection with this Agreement.

IN WITNESS WHEREOF this Instrument has been duly executed by the Company the day and year first above written.

The Company

VISHAY PRECISION GROUP, Inc.

By: _____

Name: _____

Title: _____

SCHEDULE 1

Form of Loan Note

No. _____ Amount $_____

VISHAY PRECISION GROUP, INC.

(Incorporated in the State of Delaware)

UP TO $_____ VISHAY PRECISION GROUP, INC. FLOATING RATE UNSECURED LOAN NOTES 2102

THIS IS TO CERTIFY THAT _____ _____ is/are the registered holder(s) of the above principal amount of the Vishay Precision Group, Inc. Unsecured Loan Notes 2102 (the ***Loan Notes***) constituted by an Instrument entered into by the Company on _____, 2010 (together with any instruments supplemental thereto) (the *Instrument*) and issued with the benefit of, and subject to the provisions contained in, the Instrument and the Conditions endorsed hereon. The Loan Notes further take the benefit of certain representations and warranties contained in the Note Purchase Agreement referred to in the Instrument as if made by Company as of ____, 2010, to the extent relating to the Instrument and the Loan Notes.

Interest is payable on the Loan Notes quarterly in arrears on the interest payment dates in each year and at a floating rate determined in accordance with the Conditions endorsed hereon.

The Loan Notes are redeemable in accordance with Condition 8 endorsed hereon.

The Loan Notes are transferable on the terms set out in the Conditions endorsed hereon. This Loan Note certificate must be surrendered before any transfer can be registered or any new Loan Note certificate can be issued in exchange.

The Loan Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended and, accordingly, certain restrictions on ownership and transfer apply to the Loan Notes.[1]

Copies of the Instrument constituting the Loan Notes are available for inspection at the registered office of the Company.

The Loan Notes shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS whereof Vishay Precision Group, Inc. has executed this Loan Note Certificate.

_____

[1] The provisions of the Registration Rights Agreement dated as of December 13, 2002 made between Vishay Intertechnology and the Original Holders (as such term is defined in the Registration Rights Agreement) shall govern whether or not legends in compliance with the United States Securities Act of 1933 appear on the face of the Loan Note certificates.

[EXECUTION BLOCK FOR COMPANY]

Issued on [ ] 20[__]

SCHEDULE 2

The Conditions

1. The Loan Notes are issued in amounts and multiples of $1000 and constitute unsecured obligations of the Company.

2. Interest on the Loan Notes will be calculated on the basis of a 360 day year and will be payable (subject to any requirement to deduct any income tax therefrom) by quarterly instalments in arrears on 31 March, 30 June, 30 September and 31 December in each year (or if such day is not a business day in New York and Frankfurt, on the immediately preceding common business day in such cities) (***interest payment dates***) in respect of the preceding interest period (as defined below) ending on the interest payment date at a rate calculated for each interest period as provided in Condition 3 below, except that the first interest payment on the Loan Notes, which shall be made on _____, 2010 will be in respect of the period from (and including) the first date of issue of any of the Loan Notes to (but excluding) _____, 2010. The period from (and including) the first date of issue of any Loan Notes to (but excluding) _____ 2010 and the period from (and including) _____ 2010 or any subsequent quarter date (where ***quarter date*** means any of 31 March, 30 June, 30 September or 31 December) to (but excluding) the next following quarter date is herein called an ***interest period***.

3. (a) Subject to Condition 3(b), the rate of interest on the Loan Notes for any interest period will be LIBOR for such interest period.

(b) If at any time during the period beginning on the date of issue of the Loan Notes and ending on 31 December 2010, the Common Stock has a Market Value of equal to or more than the Target Price per share for 30 or more consecutive trading days, then the rate of interest on the Loan Notes for all interest periods commencing on or after 1 January 2011 will be the rate per annum equal to fifty per cent. (50%) of LIBOR for such interest period.

In this Condition 3:

Common Stock means the common stock, par value US$0.10, of the Company and any other security exchanged or substituted for such common stock or into which such common stock is converted in any recapitalization, reorganization, merger, consolidation, share exchange or other business combination transaction, including any reclassification consisting of a change in par value or a change from par value to no par value or vice versa;

Majority of the Noteholders means, at any relevant time, the Noteholders of a majority of the principal amount of the Loan Notes that are at any relevant time outstanding;

Market Value for any trading day means the volume-weighted average of the per share selling prices on the New York Stock Exchange or other principal United States securities exchange or inter-dealer quotation system on which the Common Stock is then listed or quoted (or, if there is no sale of the Common Stock reported on such trading day, the average of the low ask and high bid price for the Common Stock reported on the last trading day in which such sale was reported) or, if there are no high bid and low ask prices, the Market Value shall be the per share fair market value of the Common Stock or other security as determined by an investment banking firm of national reputation and standing selected by the Company and reasonably acceptable to the Majority of the Noteholders;

Target Price means $_____ per share of Common Stock, provided that if any event(s) described in Article IV of the Put and Call Agreement shall occur, then the Target Price shall be subject to adjustment in the manner and to the extent applicable to the Target Price (as defined in the Put and Call Agreement);

trading day means any day on which securities are traded or quoted on the principal securities exchange or interdealer quotation system on which the Common Stock is listed for trading or quotation; and

Securities Act means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

4. If the Company fails to pay any amount payable by it under this Instrument or the Loan Notes, it must immediately on demand by the relevant Noteholder pay interest on the overdue amount from its due date up to the date of actual payment, both before, on and after judgement at the rate per annum equal to the ***Relevant Rate*** plus one per cent. (1%). For these purposes the Relevant Rate is the rate for the time being applicable pursuant to Condition 3 above.

5. Each interest payment shall be made (subject to any requirement to deduct any income tax therefrom) to the Noteholder on the register of Noteholders at the close of business on the twenty-eighth day preceding the date for payment of such interest and every such Noteholder shall be deemed, for the purpose of these presents, to be the holder on such interest payment date of the Notes held by it on such preceding date notwithstanding any intermediate transfer or transmission of any such Notes.

6. In circumstances where the Company is required (or would in the absence of any relevant filing be required) to make a deduction or withholding for or on account of any taxes or any other deductions, (and where any Noteholder is entitled to a reduced rate of withholding), the Company shall (to the extent it is entitled or required to do so) co-operate in a timely manner in filing such forms and documents as the Internal Revenue Service and any other taxation authority may require in order to enable the Company to make relevant payments under the Loan Notes without having to make such deduction or withholding, or at the relevant reduced rate of withholding.

7.1 If the Company at any time is subject to a transaction pursuant to which it becomes a subsidiary of any other person, it will thereafter procure that its ultimate parent company from time to time, as soon as practicable after becoming such, provides the Noteholders with a binding, irrevocable and unconditional guarantee of all of the obligations of the Company in respect of the Notes, the Registration Rights Agreement and the Put and Call Agreement in customary form.

7.2 If the Company ceases to be a reporting company under Section 13(d) or 15 of the Exchange Act (a ***Reporting Entity***), then, for so long as it does not have a holding company that has issued a guarantee to the Noteholders as required by Condition 7.1, it will in respect of each of its financial quarters provide each Noteholder promptly after the same is prepared with such quarterly and annual financial statements as it prepares in the ordinary course in respect of itself and its subsidiaries and as is of the type customarily provided to bank creditors.

7.3 If a guarantee of a holding company is in effect as contemplated by Condition 7.1 above but the relevant guarantor is not a Reporting Entity, then the Company shall be obliged to procure that the relevant guarantor for the time being provides to each Noteholder the information referred to in Condition 7.2 above in respect of itself and its subsidiaries within the timeframe contemplated by that Condition.

8. Each Noteholder shall be entitled to require all or any part (being $1000 nominal amount or any integral multiple thereof) of the Loan Notes held by it to be repaid at par together with accrued interest (subject to any requirement to deduct any income tax therefrom) up to (but excluding the date of repayment) in the circumstances specified in clause 7 of the Instrument. Unless previously repaid, redeemed or purchased and cancelled, the Company will redeem the Loan Notes on 31 December, 2102 at par together with accrued interest (subject to any requirement to deduct income tax therefrom) up to (but excluding) the date of repayment.

9. Any Loan Notes repaid, redeemed or purchased pursuant to Condition 8 shall forthwith be cancelled and the Company shall not be at liberty to reissue the same.

10. Every Noteholder any of whose Loan Notes is due to be repaid or redeemed under these Conditions shall, not later than the due date for such repayment or redemption, deliver up to the Company, at the address specified in clause 8 of the Instrument constituting the Loan Notes, the Loan Notes which are due to be repaid or redeemed in order that the same may be cancelled. Upon such delivery and against a receipt for the principal moneys payable in respect of the Loan Notes to be repaid or redeemed, the Company shall pay to the Noteholder the amount payable to it in respect of such repayment or redemption.

11. Interest shall cease to accrue on any Loan Notes becoming liable to repayment or redemption as from the due date for repayment or redemption of such Loan Notes, unless (upon the Noteholder demanding on or after such date and at the address specified in clause 8 of the Instrument payment of the principal moneys payable in respect thereof and tendering the certificate(s) therefor and a receipt for such moneys duly signed and authenticated in such manner as the Company may reasonably require) payment of such moneys shall not be made by the Company, in which case interest will accrue from the date of such demand until (but excluding) the date of payment by the Company.

12. Amounts in respect of interest on any Loan Notes which remain unclaimed by the Noteholder for a period of five years and amounts due in respect of principal which remain unclaimed for a period of ten years, in each case from the date on which the relevant payment first becomes due, shall revert to the Company and the Noteholder shall cease to be entitled thereto.

13. Any Notes acquired by or on behalf of any member of the Vishay Precision Group shall be automatically cancelled.

14. The provisions of the Instrument constituting the Loan Notes and the rights of the Noteholders are subject to modification, abrogation or compromise in any respect but only in accordance with the provisions of Schedule 4 of the said Instrument and with the consent of the Company.

15. The Loan Notes are in registered form, and are transferable in accordance with the provisions of Schedule 3 of the Instrument.

16. All Loan Notes shall form a single series and shall rank pari passu equally and rateably without discrimination or preference as an unsecured debt obligation of the Company.

17. No application has been or is intended to be made to any stock exchange for the Loan Notes to be listed or dealt in.

18. Any notice or other document (including a Loan Note certificate) to be given to a Noteholder may be given or sent to the Noteholder at its registered address for the giving of notice to it by a method permitted pursuant to Condition 19. In the case of joint registered holders of any Loan Notes, a notice given to the Noteholder whose name stands first in the register in respect of such Loan Notes shall be sufficient notice to all joint holders. Notice may be given to the persons entitled to any Loan Notes in consequence of the bankruptcy of any Noteholder by sending the same by a method permitted pursuant to Condition 19 addressed to them by name or by the title of the representative or trustee of such holder at the address (if any) in the United Kingdom supplied for the purpose by such persons or (until such address is supplied) by giving notice in the manner in which it would have been given if the bankruptcy had not occurred.

19. Any notice required to be given to the Company under the Instrument shall be sent in writing to the address specified in clause 8 of the Instrument and shall be sufficiently given or made when and if delivered by a recognized international courier service or hand delivery, or by telecopier with in each case a copy sent by first class or registered mail, post prepaid.

20. Words and expressions defined in the Instrument shall have the same respective meanings whenever used in these Conditions.

SCHEDULE 3

Provisions as to Registration, Transfer and Other Matters

1. Except as required by law or as ordered by a court of competent jurisdiction, the Company will recognise the registered holder of any Loan Notes as the absolute owner thereof and shall not be bound to take notice or see to the execution of any trust, whether express, implied or constructive, to which any Loan Notes may be subject. The receipt of the registered holder for the time being of any Loan Notes or, in the case of joint registered holders, the receipt of any of them for the interest from time to time accruing due in respect thereof or any other moneys payable in respect thereof shall be a good discharge to the Company, notwithstanding any notice it may have, whether express or otherwise, of the right, title, interest or claim of any other person to or in such Loan Notes, interest or moneys. The Company shall not be bound to enter notice of any trust, whether express, implied or constructive, on the register in respect of any Loan Notes.

2. Every Noteholder will be recognised by the Company as entitled to its Loan Notes free from any equity, set-off or counter-claim on the part of the Company against the original or any intermediate holder of the Loan Notes.

3. The Loan Notes are transferable:

(a) in whole or in part (but in the case of a transfer of part in a minimum principal amount of at least $2,000,000 and such that the transferor's holding of Loan Notes after such transfer would not be less than $2,000,000) (and for these purposes a transfer of less than $2,000,000 shall not be a transfer in whole if it does not relate to all of the Loan Notes held by a transferor and its affiliates);

(b) subject to compliance with the restrictions set out in Schedule 6; and

(c) in whole or in part to any affiliate of a Noteholder provided that, in the case of a transfer in part, the transferor and the transferee have entered into such documentation as the Company may reasonably require to provide that:

    (i) one member of the transferor's group shall act as administrative agent for all Noteholders who are members of such group, with the effect that the Company will only be required to deal with one member of the transferor's group in relation to the Loan Notes; and

    (ii) if the transferee ceases to be an affiliate of the transferor, the Company will be notified and able to require the relevant Loan Notes promptly to be transferred back to the transferor.

For these purposes, an ***affiliate*** of any person is (i) any other person that is a holding company or subsidiary of the first, or a subsidiary of any such holding company; (ii) in the case of a transferor that is a fund management company, investment company, or venture capital or private equity company, any fund, limited partnership or similar entity that is advised or managed by that transferor; and (iii) in the case of a transferor that is a fund, limited partnership or similar entity, any other such entity that is under common management with the transferor.

No assignment, transfer, sale or other disposal of any holding of Loan Notes will be registered except in accordance with paragraphs 4 and 5 below.

4. Every instrument of transfer shall be substantially in the form set out in Schedule 5 and must be signed by the transferor and the transferor shall be deemed to remain the owner of the Loan Notes to be transferred until the name of the transferee is entered in the register in respect thereof and until the transferee shall have executed an assignment substantially in the form set out in Annex I to the Put and Call Agreement.

5. Every instrument of transfer must be left for registration with the Company at the address specified in clause 8 of the Instrument accompanied by the certificate for the Loan Notes to be transferred together with any certificates required and such other evidence as the Directors may require to prove the title of the transferor or its right to transfer the Loan Notes, and, if the instrument of transfer is executed by some other person on its behalf, the authority of that person to do so. The transfer will then (subject to paragraphs 3 and 4 above) be registered and a note of such registration will be entered in the Register and a new certificate for Loan Notes issued accordingly.

6. All instruments of transfer that are registered shall be retained by the Company.

7. No fee shall be charged for the registration of any transfer or other document relating to or affecting the title to any Loan Notes.

8. Any person becoming entitled to Loan Notes in consequence of the bankruptcy of a holder of Loan Notes or of any other event giving rise to the transmission of such Loan Notes by operation of law may, upon producing such evidence that it sustains the character in respect of which it proposes to act under this Condition or of its title as the Company shall think sufficient be registered itself as the holder of such Loan Notes.

9. The interest or other moneys payable in respect of the Loan Notes and the principal amount of the Loan Notes or any part thereof may be paid by electronic transfer to the bank account notified for such purpose by the relevant Noteholder to the Company no less than 14 days prior to the relevant date for payment; or if no such account is so satisfied, by cheque sent through the post at the risk of the holder or holders to the registered address of the holder or, in the case of joint registered holders, to the registered address of that one of the joint registered holders who is first named on the register in respect of such holding, or to such person and to such address as the registered holder or the joint registered holders may in writing direct. Every such cheque shall be made payable to the order of the person to whom it is sent and payment of the cheque shall be a satisfaction of the moneys represented thereby.

10. If any Loan Note certificate is defaced, lost or destroyed, it may be replaced on such terms (if any) as to evidence and indemnity as the Company may require but so that, in the case of defacement, the defaced Loan Note certificate shall be surrendered before the new Loan Note certificate is issued.

SCHEDULE 4

Amendments, Supplements and Waivers

Except as described below the Company may amend the terms of the Loan Notes with the written consent of Noteholders holding 66% of the aggregate principal amount of the then outstanding Loan Notes. Noteholders holding a 66% of the aggregate principal amount of the outstanding Loan Notes may waive compliance by the Company with any provision of the Loan Notes. However, without the consent of each affected Noteholder, an amendment, supplement or waiver may not:

(a) change the maturity of the principal of or any instalment of interest on any Loan Note in a manner adverse to the Noteholders;

(b) reduce the principal amount of any Loan Note;

(c) reduce the rate of or extend the time for payment of interest on any Loan Note;

(d) change the place or currency of payment of principal of or interest on any Loan Note;

(e) modify any provision of the Loan Notes relating to the waiver of past defaults or the right of the Noteholders to institute suit for the enforcement of any payment on or with respect to any Loan Notes or the modification and amendment provisions of the Loan Notes;

(f) reduce the percentage of the principal amount of outstanding Loan Notes necessary for amendment to or waiver of compliance with any provision of the Loan Notes or for waiver of any breach of the terms thereof;

(g) waive a default in the payment of principal of, interest on, or redemption payment with respect to, the Loan Notes;

(h) modify the ranking or priority of any Loan Note in any manner adverse to the Noteholders;

It shall not be necessary for the consent of the Noteholders under this Schedule 4 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Schedule 4 becomes effective, the Company shall notify the Noteholders affected thereby with a notice briefly describing the amendment; supplement or waiver. Any failure by the Company to send such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver.

SCHEDULE 5

Form of Transfer Certificate

To: Vishay Precision Group, Inc. (the Company)

TRANSFER CERTIFICATE

This Transfer Certificate relates to the Instrument constituting up to $_____ Vishay Precision Group, Inc. Floating Rate Loan Notes 2102 dated _____, 2010 of Vishay Precision Group, Inc. (the ***Instrument***). Capitalised terms defined in the Instrument shall have, unless otherwise defined in this Transfer Certificate, the same meanings when used in this Transfer Certificate.

1. *[Transferor]* (the ***Transferring Holder***) confirms that the principal outstanding amount of Notes that it holds is $[_____] (the ***Transferring Holder's*** Notes).

2. The Transferring Holder requests:

(a) [_____] [Transferee] (the ***Transferee***) to accept and procure the transfer to the Transferee of [the Transferring Holder's Notes//[_____] principal amount of the Transferring Holder's Notes, being a principal amount greater than $2,000,000] as further specified in the Appendix (the ***Transfer Notes***) by countersigning and delivering this Transfer Certificate to the Company at its address for the service of notices specified in the Instrument; [and

(b) the Company to issue a certificate in its name in relation to that portion of the Transferring Holder's Notes not comprising the Transfer Notes (the ***Retained Notes***) in accordance with clause 6 of the Instrument. For the avoidance of doubt, the Transferor acknowledges that this Transfer Certificate shall not affect its rights, undertakings, liabilities and obligations in respect of the Retained Notes.]

3. The Transferring Holder makes no representation or warranty and assumes no responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of the Instrument or any document relating thereto and assumes no responsibility for the financial condition of the Company or for the performance and observance by the Company of any of its respective undertakings, liabilities and obligations under the Instrument or any document relating thereto, and any and all such conditions and warranties, whether express or implied by law or otherwise, are hereby excluded.

4. In connection with the transfer of the Transfer Notes, the Transferring Holder confirms that it has not utilised any general solicitation or general advertising in connection with the Transfer Notes or the transfer of the Transfer Notes.

5. Unless, either (i), one of the boxes below is checked by the Transferring Holder or (ii) the Loan Notes are transferred pursuant to an effective registration statement under the Securities Act, the Company shall not be obliged to register any of the Loan Notes evidenced in the name of any person other than the Transferring Holder.

6. By checking the box checked below, the Transferring Holder confirms that the Transfer Notes are being transferred[2]:

(i) [_____] to the Company or a subsidiary thereof; or

(ii) [_____] pursuant to and in compliance with Rule 144A under the Securities Act; or

(iii) [_____] to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act); or

(iv) [_____] outside the United States to a "foreign person" in compliance with Rule 904 of Regulation S under the Securities Act; or

(v) [_____] pursuant to the exemption from registration provided by Rule 144 under the Securities Act; or

(vi) [_____] pursuant to another available exemption from the registration requirements of the Securities Act.

7. The Transferee hereby requests the Company:

(a) to accept this Transfer Certificate as being delivered to it pursuant to, and for the purposes of, paragraph 5 of Schedule 3 to the Instrument in relation to the Transfer Notes; and

(b) to register it in the Register as the Noteholder in respect of the Transfer Notes; and

(c) to issue a certificate in its name in relation to the Transfer Notes in accordance with clause 6 of the Instrument.

8. The Transferee confirms that it has acceded to the Put and Call Agreement in accordance with paragraph 4 of Schedule 3 to the Instrument and encloses herewith:

(i) a copy of the form of assignment prescribed by the Put Call Agreement duly executed by it; and

(ii) the certificate that evidences the Transferring Holder's title to the Transfer Notes.

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[2] If box (iii), (iv), (v) or (vi) is checked, the Company may require, prior to registering any such transfer of the Transfer Notes such legal opinions, as the Company reasonably requests to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

9. The Transferee warrants that it has received a copy of the Instrument together with such other information as it has required in connection with this transaction and that it has not relied, and will not hereafter rely, on the Transferring Holder to check or enquire on its behalf into the legality, validity, effectiveness, adequacy, accuracy or completeness of any such information and further agrees that it has not relied, and will not rely, on the Transferring Holder to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Company.

10. The Transferee hereby undertakes with the Transferring Holder and each of the other parties to the Instrument that it will perform in accordance with their terms all those undertakings, liabilities and obligations that by the terms of the Instrument will be assumed by it after delivery of this Transfer Certificate to the Company and satisfaction of the conditions subject to which this Transfer Certificate is expressed to take effect.

11. This Transfer Certificate is not assignable or otherwise negotiable (without prejudice to the provisions of Schedule 3 to the Instrument which shall be applicable to the Transferring Holder in respect of the Retained Notes and to the Transferee in relation to any transfer or assignment of the rights, undertakings, liabilities and obligations assumed by it pursuant hereto).

12. This Transfer Certificate and the rights, undertakings, liabilities and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of New York.

13. Each of the Transferor and the Transferee agrees that the courts of the State of New York are to have exclusive jurisdiction to settle any disputes that may arise in connection with this Agreement.

APPENDIX

[Insert details of Transfer Notes.]

For and on behalf of the Transferring Holder

For and on behalf of the Transferee

SCHEDULE 6

Restrictions on Transfer of Loan Notes

(a) Each Noteholder agrees that any proposed transfer of any Loan Notes, or any shares of Common Stock issuable upon conversion or exchange thereof, may be effected only (1)(w) inside the United States of America (I) to a person who the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, (II) in accordance with Rule 144 or (III) pursuant to another exemption from the registration requirements of the Securities Act, (x) to the Company, (y) outside the United States of America (A) to a non-U.S. person (within the meaning of Regulation S) in a transaction meeting the requirements of Regulation S or (B) pursuant to another exemption from the registration requirements of the Securities Act or (z) pursuant to an effective registration statement and (2) in each case, in accordance with the application securities laws of any state of the United States of America or any other application jurisdiction. Each Noteholder agrees to notify any purchaser of the resale restrictions set forth above.

(b) Prior to any Transfer or proposed Transfer of any Loan Notes, the Noteholder thereof shall deliver written notice to the Company in the form set out in Schedule 5 of such Noteholder's intention to effect such transfer. If the transfer or proposed transfer is pursuant to clause (1)(w) or (1)(y) of the first sentence of the preceding paragraph, then upon receipt of such notice, the Company may request any or all of the following (each a ***Transfer Document***) in a form reasonably acceptable to the Company:

(i) an agreement by such transferee to the impression of the restrictive investment legend set forth below on the Loan Note certificates, or any shares of Common Stock issuable upon conversion or exchange thereof;

(ii) an agreement by such transferee, in form and substance reasonably satisfactory to the Company, to be bound by the provisions of this Schedule 6 relating to the transfer of such Loan Notes, or any shares of Common Stock issuable upon conversion or exchange thereof; and

(iii) an opinion of counsel with expertise in securities law matters reasonably satisfactory to the Company that such transfer complies with applicable securities laws.

If the Company requests any Transfer Document(s), it shall do so as promptly as practicable following receipt of the Holder's notice of intention to Transfer. The Company shall thereafter cause the Transfer to be recorded and a certificate or other evidence of ownership in the name of the transferee to be delivered as soon as practicable after it has received Transfer Documents complying with the terms of this Schedule.

(c) The Noteholders agree that each certificate issued to evidence Loan Notes, or any shares of Common Stock issuable upon conversion of exchange thereof shall bear a legend to the following effect:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE ACT), OR ANY OTHER APPLICABLE SECURITIES LAWS AND HAVE BEEN ISSUED IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH OTHER SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR PURSUANT TO A TRANSACTION THAT IS EXEMPT FROM SUCH REGISTRATION.

The foregoing legend shall be in addition to any other legend required by law.

(d) The restrictions referenced in this Schedule, including the legend, shall cease and terminate as to any particular Loan Notes, or any shares Common Stock issuable upon conversion or exchange thereof when (x) such Loan Notes, or any shares Common Stock issuable upon conversion or exchange thereof have been transferred in a transaction pursuant to Rule 144 or a registration statement or (y) in the reasonable opinion of counsel for the Company, such restriction is no longer required in order to assure compliance with the Securities Act and applicable state securities laws. Whenever such restrictions shall cease and terminate as to any Notes, the Noteholder shall be entitled to received from the Company, without expense (other than applicable transfer taxes, if any, if such unlegended shares are being delivered and transferred to any person other than the registered Noteholder thereof), new certificates for a like number of Notes not bearing the relevant legend(s) set forth in this Schedule.

FORM OF PUT AND CALL AGREEMENT

PUT AND CALL AGREEMENT (this "Agreement") dated as of _____, 2010 between Vishay Precision Group, Inc., a Delaware corporation (the "Company"), the Put/Call Agent (as defined herein) and each of the holders of the Notes due December 13, 2102 (the "Notes") issued by the Company.

WHEREAS, Vishay Intertechnology issued notes (the "Vishay Intertechnology Notes") pursuant to that certain Note Instrument dated as of December 13, 2002 (the "Vishay Intertechnology Note Instrument"); and

WHEREAS, Vishay Intertechnology, American Stock Transfer & Trust Co. and the holders of the Vishay Intertechnology Notes entered into that certain Put and Call Agreement, dated as of December 13, 2002 (the "Vishay Intertechnology Put and Call Agreement"); and

WHEREAS, pursuant to the Vishay Intertechnology Put and Call Agreement, Vishay Intertechnology agreed that in case it shall at any time pay a dividend or make a distribution to all holders of its common stock consisting of the capital stock of any class or series, or similar interests, of or relating to a subsidiary or other business entity of Vishay Intertechnology, then Vishay Intertechnology shall take such action and shall cause the subsidiary or other business entity whose capital stock was paid as a dividend or distributed by Vishay Intertechnology to take such action so that each of the notes issued pursuant to the Vishay Intertechnology Note Instrument shall be deemed exchanged as of the effective date of such transaction, for a combination of new floating rate unsecured Vishay Intertechnology loan notes and floating rate unsecured loan notes of the subsidiary or other business entity whose capital stock was paid as a dividend or distributed by Vishay Intertechnology; and

WHEREAS, Vishay Intertechnology and the Company entered into that certain Master Separation Agreement, dated as of _____, 2010 (the "Master Separation Agreement"), providing for the spin-off of the Company by Vishay Intertechnology in the form of a tax free dividend of the common stock of the Company to the holders of the common stock of Vishay Intertechnology and the class B common stock of the Company to the holders of class B common stock of Vishay Intertechnology; and

WHEREAS, the Company has agreed under the terms of the Master Separation Agreement to comply with the obligation under the Vishay Intertechnology Put and Call Agreement to issue floating rate unsecured loan notes to the holders of the Vishay Intertechnology Notes; and

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. Definitions. As used in this Agreement, the following terms, when capitalized, shall have the meanings assigned below:

"Assignment Form" means an assignment form substantially in the form attached hereto as Annex I.

"Business Day" means any day other than a Saturday, Sunday or legal holiday on which the commercial banks in the City of New York, Borough of Manhattan, are required or permitted by law to remain closed.

"Call" means the right of the Company to call all of the Notes in exchange for the issuance of shares of Common Stock or cash in accordance with the provisions of Article III.

"Call Exercise Notice" has the meaning described in Section 3.02.

"Call Period" means the period beginning on January 2, 2018 and ending on the date that is 30 days prior to the Maturity Date.

"Call Target Price" means $_____ per share of Common Stock, which price shall be appropriately adjusted in the event of any stock dividend, stock split, reverse stock split, combination, recapitalization, reclassification, exchange or similar transaction with respect to the shares of Common Stock.

"Common Stock" means the common stock, par value US$.10 per share, of the Company and any other security exchanged or substituted for such common stock or into which such common stock is converted in any recapitalization, reorganization, merger, consolidation, share exchange or other business combination transaction, including any reclassification consisting of a change in par value or a change from par value to no par value or vice versa.

"Company" has the meaning set forth in the introduction to this Agreement.

"Daily Market Price" for any trading day means the volume-weighted average of the per share selling prices on the New York Stock Exchange or other principal United States securities exchange or inter-dealer quotation system on which the relevant equity security is then listed or quoted or, if there are no reported sales of the relevant equity security on such trading day, the average of the high bid and low ask price for the relevant equity security on the last trading day on which such sale was reported or, if there are no high bid and low ask prices, the Daily Market Price shall be the per share fair market value of the relevant equity security as determined by an investment banking firm of national reputation and standing selected by the Company and reasonably acceptable to a Majority of the Holders (in which case, only a single determination of value need be made by an investment banking firm, notwithstanding any provision in the Agreement requiring an average over more than one (1) trading day).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

"Holder" means the Initial Holders and their successors and permitted assigns who become holders of Notes in a manner permitted thereunder, in each case until the relevant person ceases to be a holder of Notes in accordance with the provisions of the Notes and this Agreement.

"Initial Holder" means the persons to whom or for whose benefit the Notes are issued under the terms of the Vishay Intertechnology Put and Call Agreement and the terms of the Master Separation Agreement and whose names appear on the signature page to this Agreement, in each case until the relevant person ceases to be a Holder of Notes in accordance with the provisions hereof.

"Interest Rate Hurdle" means the "Target Price" (initially $__ per Common Share), as defined in Schedule 2 of the Notes which may be adjusted pursuant to the provisions herein, and whereby (pursuant to Schedule 2, Item 3(c) of the Notes) the interest rate on the Notes is adjusted for the period commencing on or after January 1, 2011 based upon certain performance parameters of the shares of Common Stock.

"Issue Date" means the date of this Agreement, which is the date as of which the Notes are first issued.

"Majority of the Holders" means, at any relevant time, the Holders of a majority of the nominal amount of the Notes that are at any relevant time outstanding.

"Maturity Date" means December 31, 2102, the final maturity date of the Notes. "Notes" has the meaning set forth in the introduction to this Agreement.

"person" means any individual, corporation, partnership, limited liability company, trust, foundation, joint venture, association, joint stock company, unincorporated organization, government agency, estate or other entity of any nature.

"Put" means the right of a Holder to require the Company to exchange the Notes, in whole or in part (as permitted herein), for shares of Common Stock in accordance with the provisions of Article II.

"Put/Call Agent" means American Stock Transfer & Trust Co., a New York corporation, or any successor as provided in Article V.

"Put/Call Rate" means $_____ per share, subject to adjustment pursuant to Article IV herein.

"Put Exercise Notice" means the notice of intention to exercise the Put in the form attached to this Agreement in the form of Annex II.

"Put Period" means the period during which the Notes are outstanding, ending on the Maturity Date.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

Where the reference "hereof," "hereby" or "herein" appears in this Agreement, such reference shall be deemed to be a reference to this Agreement as a whole. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Words denoting the singular include the plural, and vice versa, and references to it or its or words denoting any gender shall include all genders.

ARTICLE II
THE PUT

SECTION 2.01. Put Exercise Generally. At any time during the Put Period, a Holder may exercise the Put with respect to (i) the aggregate nominal amount of all Notes held by such Holder or (ii) a portion of the nominal amount of any Note in integral multiples of US$2,000,000. The number of shares of Common Stock issuable upon exercise of the Put shall equal (i) the nominal amount of the Notes for which the Put is being exercised by the Holders, divided by (ii) the Put/Call Rate as of the Put Date (as defined below). No adjustment to the Put/Call Rate shall be made in respect of any accrued but unpaid interest on the Notes, whether before or after the record date for payment of any such interest.

SECTION 2.02. Put Exercise Procedure. To exercise the Put, the Holder must (i) surrender to the Put/Call Agent (at its office designated for such purpose, the initial address of such office being listed in Section 6.01 hereof) the certificate or certificates representing the Notes to be exchanged together with the Put Exercise Notice duly completed and executed, (ii) deliver a form of transfer in the form specified by the Notes executed by the Holder with the name of the transferee left blank and (iii) pay any transfer or similar tax required to be paid by the Holder pursuant to Section 2.04.

The date on which the Holder satisfies all the requirements for exercise of the Put is referred to as the "Put Date." As soon as practicable after the Put Date, the Company will cause the Put/Call Agent to deliver to the Holder in exchange for the Notes (or, pursuant to this Section 2.02, a portion thereof) as to which the Put has been exercised a certificate (or other evidence of ownership) ,for the number of full shares of Common Stock issuable upon the exercise of the Put and cash in lieu of any fractional share determined pursuant to Section 2.03. The person in whose name the certificate is registered shall be treated as a stockholder of record on and after the Put Date, and such person, following the exchange of the relevant Note or part thereof in accordance herewith, shall no longer be a Holder of the Notes as to which the Put has been exercised as of such date.

If the Holder exercises the Put for more than one Note at the same time, the number of shares of Common Stock issuable upon exchange of the Notes shall be based on the total nominal amount of the Notes exchanged.

Upon surrender of a Note that is exchanged in part, the Company will execute and deliver to the Holder a Note certificate in an authorized denomination equal in nominal amount to the unexchanged portion of the Note surrendered.

SECTION 2.03. Fractional Shares. The Company will not issue a fractional share of Common Stock upon exchange of a Note. Instead, the Company will deliver cash for the fractional share, to the nearest 1/10,000th of a share, equal to an amount determined by multiplying (i) such fractional share by (ii) the closing sale price of the Common Stock on the principal exchange or quotation system on which the Common Stock is then traded (or if there is no sale of the Common Stock reported on such trading day, the average of the low ask and high bid prices for the Common Stock on such trading day) on the last trading day prior to the Put Date and rounding the product to the nearest whole cent.

SECTION 2.04. Taxes on Conversion. If a Holder exercises the Put, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon exchange. However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Put/Call Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Put/Call Agent receives a sum sufficient to pay any tax which will be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulations by the Company.

SECTION 2.05. Reservation of Stock, Validity of Shares; Listing. The Company will at all times reserve and keep available, out of the aggregate of its authorized but unissued shares of Common Stock or its authorized and issued shares of Common Stock held in its treasury, for the purpose of enabling it to satisfy any obligation to issue shares of Common Stock upon exchange of the Notes following exercise of the Put, the maximum number of shares of Common Stock which may then be deliverable upon the exchange of all outstanding Notes upon the exercise of the Put. The Company may in its discretion use such shares of Common Stock reserved for the Put pursuant to this Section with respect to any Call. The Company or, if appointed, the transfer agent for the Common Stock (the "Transfer Agent") and every subsequent transfer agent for any shares of the Company's capital stock issuable upon the exchange of any of the Notes upon exercise of the Put shall be authorized and directed at all times to reserve such number of authorized 'shares as shall be required for such purpose. The Company shall keep a copy of this Agreement on file with the Transfer Agent and with every subsequent transfer agent for any shares of the Company's capital stock issuable upon the exchange of the Notes. The Company will furnish such Transfer Agent a copy of all notices of adjustments and certificates related thereto, transmitted to each Holder.

All shares of Common Stock delivered upon exchange of the Notes following exercise of the Put shall be newly issued shares or treasury shares, shall be duly and validly issued and fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Company will list or cause to have quoted such shares of Common Stock issuable upon exercise of the Put on each securities exchange or such other market on which the Common Stock is then listed or quoted.

ARTICLE III
THE CALL

SECTION 3.01. Call Exercise Generally. At any time during the Call Period, the Company, at its option, may exercise the Call with respect to all of the Notes, as provided herein. Upon exercise of the Call,

(i) if the Common Stock has had a Daily Market Price at or above the Call Target Price then in effect for 20 or more out of 30 consecutive trading days at any time after the Issue Date, the Company shall issue to the Holders that number of shares of Common Stock equal to (x) the nominal amount of the Notes exchanged divided by (y) the Put/Call Rate as of the Call Date (as defined below) and pay to the Holders an amount in cash equal to accrued but unpaid interest on the Notes to the Call Date or;

(ii) if the Common Stock has not had a Market Value at or above the Call Target Price for 20 or more out of 30 consecutive trading days at any time after the Issue Date, at the election of the Company, the Company shall either-

(1) issue to the Holders that number of shares of Common Stock equal to (x) the nominal amount of the Notes exchanged divided by (y) the average of the Daily Market Prices for the ten trading days ending two trading days prior to the date that the Call Exercise Notice is first sent to Holders, and pay to the Holders an amount in cash equal to accrued but unpaid interest on the Notes to the Call Date; or

(2) pay to the Holders $1.00 for each $1.00 nominal amount of Notes subject to the Call, plus an amount in cash equal to any accrued but unpaid interest on the Notes to the Call Date.

No adjustment to the Put/Call Rate shall be made in respect of any accrued but unpaid interest on the Notes, whether before or after the record date for payment of any such interest.

The date that the Company specifies for the exchange of the Notes pursuant to exercise of the Call as specified herein is referred to as the "Call Date."

The Company shall give the notice of a Call to the Put/Call Agent at least thirty (30) days but not more than sixty (60) days before the Call Date (unless a shorter notice shall be satisfactory to the Put/Call Agent). The Company shall accompany such notice with a copy of the register of the record owners of the Notes then outstanding and shall promptly furnish the Put/Call Agent with any changes in such register prior to the Call Date.

SECTION 3.02. Call Exercise Notice. At least thirty (30) days but not more than sixty (60) days before a Call Date, the Company shall send a notice of redemption ("Call Exercise Notice"), by a method permitted for the delivery of a notice to the Holders pursuant to Section 6.1 below, to each Holder of Notes at its registered address.

The Call Exercise Notice shall state:

(1) the Call Date;

(2) whether the Call is for shares or cash;

(3) if the call is for shares, the Put/Call Rate (as subject to adjustment pursuant to Article IV prior to the Call Date) or, in the case of a Call exercised pursuant to clause (ii) (1) of Section 3.01, the number of shares of Common Stock exchangeable for each $1,000 nominal amount of Notes;

(4) if the Call is for cash, that the Company will pay to the Holders $1.00 for each $1.00 nominal amount of Notes subject to the Call;

(5) the accrued but unpaid interest to the Call Date, to the extent it can be determined;

(6) the name and address of the Put/Call Agent;

(7) that the Notes must be surrendered to the Put/Call Agent to receive the cash or shares of Common Stock issuable in exchange for the Notes, as applicable; and

(8) that, unless the Company defaults in issuing the shares of Common Stock or to pay the cash as the case may be, in exchange for the Notes called for exchange, such Notes will cease to accrue interest on and after the Call Date.

At the Company's request, the Put/Call Agent shall give the notice of exercise of the Call in the Company's name and at the Company's expense, provided that the Company makes such request at least fifteen (15) days (unless a shorter period shall be acceptable to the Put/Call Agent) prior to the date such notice of redemption must be mailed.

SECTION 3.03. Competing Notices/Effect of Notice of Redemption. If, following service of a Call Exercise Notice and prior to the date falling five (5) days before the relevant Call Date, a Put Exercise Notice is served by any Holder pursuant to Article II above, then that Call Exercise Notice shall cease to have effect in relation to the Notes subject to the Put Exercise Notice. Subject thereto and provided the relevant Notes remain outstanding on the Call Date, once notice of exercise of the Call is given pursuant to Section 3.02, the Notes will become mandatorily exchangeable on the Call Date. Upon surrender to the Put/Call Agent, the Notes shall be exchanged for shares of Common Stock or cash in accordance with Section 3.01.

SECTION 3.04. Call Date. Subject only to Section 3.03 above and Section 3.05 below, on the Call Date, -upon surrender by a Holder to the Put/Call Agent of, and provision to the Put/Call Agent of a duly executed form of transfer in relation to, the Notes, the Notes of any Holder shall be exchanged on the Call Date by the Put/Call Agent for the appropriate number of shares of Common Stock or cash as provided in Section 3.01 above, and the Put/Call Agent shall in addition pay to each Holder its entitlement of cash in lieu of any fractional share determined pursuant to Section 3.06 herein and any interest accrued but unpaid.

SECTION 3.05. Deposit of Redemption Price. The Company shall make available to the Put/Call Agent sufficient Common Stock to exchange the Notes on the Call Date, together with cash in lieu of fractional shares as provided in Section 3.06 and in respect of accrued but unpaid interest.

SECTION 3.06. Fractional Shares. The Company will not issue a fractional share of Common Stock upon exchange of a Note. Instead, the Company will deliver cash for the fractional share, to the nearest 1/10,000th of a share, equal to an amount determined by multiplying (i) such fractional share by (ii) the closing sale price of the Common Stock on the principal exchange or quotation system on which the Common Stock is then traded (or if there is no sale of the Common Stock reported on such trading day, the average of the low ask and high bid prices for the Common Stock on such trading day) on the last trading day prior to the Call Date and rounding the product to the nearest whole cent.

SECTION 3.07. Taxes on Conversion. If the Company exercises the Call, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon exchange. However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Put/Call Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Put/Call Agent receives a sum sufficient to pay any tax which will be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulations by the Company.

SECTION 3.08. Validity of Shares, Listing.

All shares of Common Stock delivered upon exchange of the Notes following exercise of the Call shall be newly issued shares or treasury shares, shall be duly and validly issued and fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Company will list or cause to have quoted such shares of Common Stock issuable upon exercise of the Call on each securities exchange or such other market on which the Common Stock is then listed or quoted.

ARTICLE IV
ADJUSTMENTS TO THE PUT/CALL RATE

SECTION 4.01. Adjustments to the Put/Call Rate. The Put/Call Rate is subject to adjustment from time to time upon the occurrence of the events enumerated in this Section 4.01.

(a) Declaration of Stock Dividend, Splits, Reverse Splits or Reclassification or Reorganization: other Distributions.

(i) In case the Company shall declare any dividend or other distribution upon its outstanding shares of Common Stock payable in Common Stock or shall subdivide its outstanding shares of Common Stock into a greater number of shares, then the Put/Call Rate, the Call Target Price and the Interest Rate Hurdle shall be decreased in inverse proportion to the increase in the number of shares of Common Stock outstanding through such dividend, other distribution, or subdivision. In case the Company shall at any time combine the outstanding shares of its Common Stock into a smaller number of shares, the Put/Call Rate, the Call Target Price and the Interest Rate Hurdle shall be increased in inverse proportion to the decrease in the number of shares of Common Stock outstanding through such combination. The Company shall cause a notice to be mailed to each Holder at least ten (10) days prior to the applicable record date for the activity covered by this Section 4.01(a)(i). The Company's failure to give the notice required by this Section 4.01(a)(i) or any defect therein shall not affect the validity of the activity covered by this Section 4.01(a)(i). Notwithstanding the foregoing, nothing in this paragraph will prejudice the rights of the Holders pursuant to this Agreement.

(ii) In case the Company shall at any time (including in connection with any merger, consolidation or sale of all or substantially all the assets of the Company in which Section 4.01(d) hereof is not applicable) (i) issue any evidence of indebtedness, shares of its stock or any other securities to all holders of shares of Common Stock by reclassification of its shares of Common Stock, (ii) distribute any rights, options or warrants to purchase or subscribe for any evidence of indebtedness, shares of its stock (other than distributions for which adjustment may be made pursuant to Section 4.01(b) or Section 4.01(e)) or any other securities to all holders of shares of Common Stock, (iii) distribute cash (other than regular quarterly or semi-annual cash dividends) or other property to all holders of shares of Common Stock, or (iv) issue by means of a capital reorganization other securities of the Company in lieu of the Common Stock or in addition to the Common Stock, then the Note shall be adjusted as is determined to be appropriate so that the Holder of each Note shall be entitled to receive the kind and number of shares or other securities of the Company or the successor entity or cash or other property that the Holder would have owned or have been entitled to receive after the happening of the event described above, had such Note been converted immediately prior to the happening of such event or any record date with respect thereto. The Company shall cause a notice to be mailed to each Holder at least ten (10) days prior to the applicable record date for the activity covered by this Section 4.01(a)(ii). The Company's failure to give the notice required by this Section 4.01(a)(ii) or any defect therein shall not affect the validity of the activity covered by this Section 4.01(a)(ii). Notwithstanding the foregoing, nothing in this paragraph will prejudice the rights of the Holders pursuant to this Agreement.

(iii) An adjustment made pursuant to this Section 4.01(a) shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

(b) Adjustment for Rights Issuance.

(i) (A) In case the Company shall at any time distribute any rights, options or warrants to all holders of Common Stock entitling them, for a period expiring within sixty (60) days after the date of determination of the stockholders entitled to receive such rights (the "Record Date") (or any longer period resulting from the extension of the exercise period which is announced following the time that the rights, options or warrants are first issued) for such distribution, to purchase or subscribe for shares of Common Stock at a price per share less than ninety percent (90%) of the Daily Market Price of the Common Stock on the Record Date, then the Put/Call Rate, the Call Target Price and the Interest Rate Hurdle in effect immediately prior thereto shall be adjusted as provided below:

Put Call Rate Adjustment. The Put Call Rate Adjustment shall be determined by the following formula:

$$R = R_o \, x \, \frac{(O + C/M)}{(O + A)}$$

where:

R = the adjusted Put/Call Rate;

R_o = the Put/Call Rate immediately prior to such adjustment;

0 = the number of shares outstanding immediately prior to the issuance of such rights, options or warrants as referred to in this Section 4.01(b)(i)(A);

A = the maximum number of shares issuable pursuant to such rights, options or warrants as referred to in this Section 4.01(b)(i)(A);

C = the aggregate consideration receivable by the Company for the issuance of Common Stock upon exercise of such rights, options or warrants as referred to in this Section 4.01(b)(i)(A); and

M = the average of the Daily Market Prices of the Common Stock for the ten (10) consecutive trading days immediately preceding the Record Date;

Call Target Price Adjustment. The Call Target Price shall be determined in accordance with the following formula:

$$T = T_o \, x \, \frac{(O + C/M)}{(O + A)}$$

where:

T = the adjusted Call Target Price;

T_o = the Call Target Price immediately prior to such adjustment;

and the other symbols in such formula have the meanings specified under "Put/Call Rate Adjustment" above and the preceding paragraph.

Interest Rate Hurdle Adjustment. The Interest Rate Hurdle applicable shall be determined in accordance with the following formula:

$$I = I_o \, x \, \frac{(O + C/M)}{(O + A)}$$

where:

I = the adjusted Interest Rate Hurdle;

I_o = the Interest Rate Hurdle immediately prior to such adjustment;

and the other symbols in such formula have the meanings specified under "Put/Call Rate Adjustment" above and the preceding paragraph; provided that no adjustments shall be made in the event that R would exceed Ro.

(B) The adjustments shall become effective immediately after the Record Date for the determination of shareholders entitled to receive the rights, warrants or options to which this Section 4.01(b)(i) applies. If less than all of such rights, warrants or options have been exercised when such rights, warrants or options expire, then the Put/Call Rate, the Call Target Price and the Interest Rate Hurdle shall promptly be readjusted to the Put/Call Rate, the Call Target Price and the Interest Rate Hurdle that would then be in effect had the adjustment upon the issuance of such rights, warrants or options been made on the basis of the actual number of shares of Common Stock issued upon the exercise of such rights, warrants or options.

(ii) In case the Company shall at any time distribute any rights, options or warrants to all holders of Common Stock entitling them, for a period expiring more than sixty (60) days after the Record Date therefor (excluding any rights, options or warrants originally issued with an exercise period of sixty (60) days or less, which, by virtue of one or more extensions, expire more than sixty (60) days after the Record Date therefor), to purchase or subscribe for shares of Common Stock at a price per share less than ninety percent (90%) of the Market Price of the Common Stock as of such Record Date, then the Company shall similarly distribute such rights, options or warrants to the Holders on such Record Date (without any exercise of the Put by Holders) as if such Holders had exercised their Put immediately prior to the Record Date.

(c) Liquidation, Dissolution or Winding Up. Notwithstanding any other provisions hereof, in the event of the liquidation, dissolution, or winding up of the affairs of the Company (other than in connection with a consolidation, merger or sale or conveyance of all or substantially all of its assets or a Change or Spin-Off), the right to exchange the Notes shall terminate and expire at the close of business on the last full Business Day before the earliest date fixed for the payment of any distributable amount on the Common Stock. The Company shall cause a notice to be mailed to each Holder at least ten (10) Business Days prior to the applicable record date for such payment stating the date on which such liquidation, dissolution or winding up is expected to become effective, and the date on which it is expected that holders of record of shares of Common Stock shall be entitled to exchange their shares of Common Stock for securities or other property or assets (including cash) deliverable upon such liquidation, dissolution or winding up, and that each Holder may exercise the Put during such ten (10) Business Day period and, thereby, receive consideration in the liquidation on the same basis as other previously outstanding shares of the same class as the shares acquired upon exercise. The Company's failure to give notice required by this Section 4.01(c) or any defect therein shall not affect the validity of such liquidation, dissolution or winding up. Notwithstanding the foregoing, nothing in this paragraph will prejudice the rights of the Holders pursuant to this Agreement.

(d) Merger, Consolidation, etc. In any event when (A) any person (the "Acquirer") directly or indirectly acquires the Company in a transaction in which the Company is merged with or into or consolidated with another person or (B) the Company sells or conveys all or substantially all of its assets to another person (unless, subsequent to such merger, consolidation or other transaction, the Company is the surviving entity and has reporting obligations under the Exchange Act as a result of having common equity securities outstanding, in which case, this Section shall not apply with respect to such merger, consolidation or other transaction) (such merger, consolidation or other transaction referred to hereinafter as a "Change")), then, in the case of each such Change, the following shall occur:

(i) The Company shall give written notice of any Change to each Holder, in accordance with Section 6.01 hereof, at least ten (10) Business Days immediately preceding but not including the date of effectiveness of the Change and shall also include in such written notice whether the Acquirer is effecting Section 4.01(d)(ii) or Section 4.01(d)(iii) below. The Company's failure to give notice required by this Section 4.01(d) or any defect therein shall not affect the validity of the Change covered by this Section 4.01(d). Notwithstanding the foregoing, nothing in this paragraph will prejudice the rights of the Holders pursuant to this Agreement.

In addition, at the option of the Acquirer, the Acquirer will effect either Section 4.01(d)(ii) or Section 4.01(d)(iii) below, with respect to the rights provided to the Holders pursuant to the Notes and the Put and Call (provided that, if Section 4.01(d)(ii) below is not available for whatever reason, the Acquirer will effect Section 4.01(d)(iii) below). Notwithstanding the foregoing, if the Acquirer is not a public company with reporting obligations under the Exchange Act (or is a continuing public company only by virtue of securities which are not common equity securities under the Exchange Act), then the Acquirer will effect the steps described in Section 4.01(d)(iii)(A),(B), (C) and (D) below (and shall result in the automatic election of Section 3.01(ii)(2).

(ii) *The Roll-Over Option.*

(A) The Notes shall remain the outstanding obligations of the Company.

(B) The Company shall procure that the Acquirer provides a full and unconditional guarantee on terms reasonably satisfactory to a Majority of the Holders, which shall inure for the benefit of all holders of the Notes (the "Guarantee") of the prompt payment when due by the Company of principal and interest under or arising out of the Notes. Such Guarantee shall rank pari passu equally and ratably without discrimination, subordination or preference as an unsecured debt obligation of the Acquirer.

(C) The Company shall procure that the Acquirer executes an agreement supplemental hereto that provides that the Acquirer will be bound by this Agreement;

(D) In the case of each such Change, thereafter each Holder shall receive, upon such Holder's exercise of the Put pursuant to this Agreement, shares of the Acquirer (the "Acquirer Shares") as opposed to shares of the Company, as provided for prior to such Change. In addition, the Put/Call Rate, the Call Target Price, and the Interest Rate Hurdle on the Notes shall be determined by the following formulae:

Put/Call Rate Adjustment. After the Change, the Put/Call Rate shall be adjusted in the following manner:

$$PC = PC_o \; x \; (M/M_o)$$

where:

PC = the adjusted Put/Call Rate.

PC_o = the Put/Call Rate immediately prior to such adjustment.

M_o = the average of the Daily Market Prices of the Common Stock for the first ten (10) consecutive trading days-immediately preceding but not including the date of effectiveness of the Change.

M = the fair market value per share of the Acquirer Shares. As used in this formula, "fair market value" shall mean the average Daily Market Price of the Acquirer Shares for the ten (10) consecutive trading days immediately preceding but not including the date of effectiveness of the Change.

Call Target Price Adjustment. After the Change, the Call Target Price shall be adjusted in the following manner:

$$T = T_o \; x \; (M/M_o)$$

Where:

T = the adjusted Call Target Price.

T_o = the Call Target Price immediately prior to such adjustment.

and the other symbols in such formula have the meanings specified under "Put/Call Rate Adjustment" above and the preceding paragraph.

Interest Rate Hurdle Adjustment. After the Change, the Interest Rate Hurdle applicable to the Notes shall be adjusted in the following manner:

$$I = I_o \times (M/M_o)$$

Where:

I = the adjusted Interest Rate Hurdle;

I_o = the Interest Rate Hurdle immediately prior to such adjustment.

and the other symbols in such formula have the meanings specified under "Put/Call Rate Adjustment" above and the preceding paragraph.

(iii) *The Acceleration Option*. If the Acquirer chooses, or if Section 4.01(d)(ii) above is not available, or if the Acquirer is required to do so pursuant to Section 4.01(d)(i) above, the Acquirer shall provide a notice to the Company to such effect at least ten (10) Business Days immediately preceding but not including the date of effectiveness of the Change, and the Company shall inform the Holders as soon as reasonably practicable thereafter, but in any event not later than five (5) Business Days immediately preceding but not including the effective date of the Change. In any such case, the following shall occur:

(A) The Call Date shall be accelerated to be immediately prior to the effectiveness of the Change;

(B) Except as provided in (C) below, the terms and conditions under Section 3.01 shall apply without the adjustments provided for in Section 4.01(d)(ii) above; provided, however, that if the Change is not effected, the provisions of this Section 4.01(d)(iii) shall not apply;

(C) If, with respect to this Section 4.01(d)(iii), Section 3.01(ii) is applicable, in no event will the payment made or fair market value of shares of Common Stock issued by the Company to the Holders be less than the fair market value of the Notes. As used herein, the "fair market value" of the Notes shall be determined by an investment banking firm of national reputation and standing selected by the Company and reasonably acceptable to a Majority of the Holders. The fair market value shall be determined as of the day immediately preceding the first public announcement of the Change, and if payment for purposes of this Section 4.01(d)(iii) is in Common Stock, the Common Stock shall be valued at the closing price for the Common Stock on the effective date of the Change; and

(D) Notwithstanding the provisions of Section 3.02, the Call Notice shall be sent as soon as practicable following notice of the Acquirer as described above.

(e) Spin-Off.

(i) In case the Company shall at any time pay a dividend or make a distribution to all holders of its Common Stock consisting of the capital stock of any class or series, or similar interests, of or relating to a subsidiary or other business unit of the Company (such transaction, a "Spin-Off"; such capital stock or other interests, the "Spin-Off Shares"; and such subsidiary or business unit, the "Spin-Off Company"), then the Company shall take such action, and shall cause the Spin- Off Company to take such action, so that the Notes shall be deemed exchanged as of the effective date of the Spin-Off, without action by any Holder, for a combination of new floating rate unsecured loan notes of the Company (the "New Notes") and floating rate unsecured loan notes of the Spin-Off Company ("Spin-Off Notes"), as provided in this Section 4.01(e); provided, however, that in the event that the distribution of Spin-Off Notes to the Holders would, in the reasonable opinion of counsel to the Company, (i) jeopardize the tax-free nature of such Spin-Off or (ii) require registration with the SEC in circumstances where registration would not otherwise be required, then, at the election of the Company, either (y) the Holders shall not receive New Notes and Spin-Off Notes pursuant to this Section 4.01(e)(i) and the Put/Call Rate shall instead be adjusted pursuant to the terms of Section 4.01(e)(ii) or (z) the Holders shall receive New Notes and Spin-Off Notes as contemplated above in this Section 4.01(e)(i). The terms of the New Notes and the Spin-Off Notes shall be identical to the terms of the Notes mutatis mutandis, except that the Put/Call Rates, the nominal amounts, the Call Target Prices and the Interest Rate Hurdles (subject to adjustment as provided therein) of the New Notes and the Spin-Off Notes shall be determined as follows:

Put/Call Rate Adjustment. The Put/Call Rate of the Spin-Off Notes shall be determined in accordance with the following formula:

$$R_s = R_o \times P_s / (P_p + (r \times P_s))$$

where:

R_s = the Put/Call Rate of the Spin-Off Notes;

R_o = the Put/Call Rate of the Notes immediately prior to adjustment for the Spin-Off pursuant to this Section 4.01(e)(i);

P_p = the average of the Daily Market Prices of the Common Stock for the ten (10) consecutive trading days following the date on which the Spin-Off is consummated;

r = the number of Spin-Off Shares (which may be one or a fraction less than or greater than one) distributed pursuant to the Spin-Off in respect of each share of Common Stock; and

P_s = the fair market value per share of the Spin-Off Shares. As used in this section, "fair market value" shall mean the average Daily Market Price of the Spin-Off shares for the first ten (10) consecutive trading days following the date on which the Spin-Off is consummated; provided, however, that if such distributed securities do not begin trading within two trading days of the consummation of such Spin-Off or if the Spin-Off Shares do not trade for at least ten (10) consecutive trading days within twenty (20) days after the Spin-Off, then the "fair market value" of such distributed securities shall be determined by an investment banking firm of national reputation and standing selected by the Company and acceptable to a Majority of the Holders on the record date of the Spin-Off.

The Put/Call Rate of the New Notes shall be determined in accordance with the following formula:

$$R_n = R_o \times P_s / (P_p + (r \times P_s))$$

where

Rn = the Put/Call Rate of the New Notes,

and the other symbols in such formula have the meanings specified in the preceding paragraph of this Section 4.01(e)(i).

Nominal Amount Adjustment. The nominal amount of each Spin-Off Note shall be determined in accordance with the following formula:

$$A_s = A_o \times (P_s \times r)/(P_p + (P_s \times r))$$

where:

A_s = the nominal amount of the Spin-Off Note issued in exchange for any Note;

A_o = the nominal amount of the Note for which the Spin-Off Note is exchanged;

and the other symbols in such formula have the meanings specified under "Put/Call Rate Adjustment" above in this Section 4.01(e)(i).

The nominal amount of each New Note shall be determined in accordance with the following formula:

$$A_n = x\ A_o\ x\ P_p / (P_p + (r\ x\ P_s))$$

where:

A_n = the nominal amount of the New Note issued in exchange for any Note;

and the other symbols in such formula have the meanings specified under "Put/Call Rate Adjustment" above and the preceding paragraph, in each case in this Section 4.01(e)(i).

Call Target Price Adjustment. The Call Target Price for the Spin-Off Notes shall be determined in accordance with the following formula:

$$T_s = T_o\ x\ P_s / (P_p + (r\ x\ Ps))$$

Where:

T_S = the adjusted Call Target Price for the Spin-Off Notes.

T_o = the Call Target Price immediately prior to such adjustment.

and the other symbols in such formula have the meanings specified under "Put/Call Rate Adjustment" above and the preceding paragraph, in each case in this Section 4.01(e)(i).

The Call Target Price for the New Notes shall be determined in accordance with the following formula:

$$T_n = T_o\ x\ P_p / (P_p + (r\ x\ P_s))$$

Where:

T_o = the adjusted Call Target Price for the New Notes**.**

and the other symbols in such formula have the meanings specified under "Put/Call Rate Adjustment" above and the preceding paragraph, in each case in this Section 4.01(e)(i).

Interest Rate Hurdle Adjustment. The Interest Rate Hurdle applicable on the Spin-Off Notes shall be determined in accordance with the following formula:

$$I_s = I_o\ x\ P_s / (P_p + (r\ x\ P_s))$$

Where:

I_S = the adjusted Interest Rate Hurdle;

I_o = the Interest Rate Hurdle immediately prior to such adjustment.

and the other symbols in such formula have the meanings specified under "Put/Call Rate Adjustment" above and the preceding paragraph, in each case in this Section 4.01(e)(i).

The Interest Rate Hurdle applicable on the New Notes shall be determined in accordance with the following formula:

$$I_s = I_o \times P_p / (P_p + (r \times P_s))$$

Where:

I_n = the adjusted Interest Rate Hurdle

I_o = the Interest Rate Hurdle immediately prior to such adjustment.

and the other symbols in such formula have the meanings specified under "Put/Call Rate Adjustment" above and the preceding paragraph, in each case in this Section 4.01(e)(i).

(ii) In case the Company shall engage in a Spin-Off, and Section 4.01(e)(i) shall not be available to the Holders as a result of the proviso in the first paragraph of Section 4.01(e)(i), then the Holders shall not receive New Notes and Spin-Off Notes and immediately prior thereto the following shall be adjusted in accordance with the following formulae:

Put/Call Rate Adjustment. The Put/Call Rate of the Notes shall be determined in accordance with the following formula:

$$Rx = R_o \times P_p / (P_p + (r \times P_s))$$

where:

R_x = the adjusted Put/Call Rate.

R_o = the Put/Call Rate immediately prior to adjustment pursuant to this Section 4.01(e)(ii).

P_p = the average of the Daily Market Prices of the Common Stock for the ten (10) consecutive trading days following the date on which the Spin-Off is consummated.

P_s = the fair market value per share of the Spin-Off Shares. As used in this section, "fair market value" shall mean the average Daily Market Price of the Spin-Off shares for the first ten (10) consecutive trading days following the date on which the Spin-Off is consummated; provided, however, that if such distributed securities do not begin trading within two trading days of the consummation of such Spin-Off or if the Spin-Off Shares do not trade for at least ten (10) consecutive trading days within twenty (20) days after the Spin-Off, then the "fair market value" of such distributed securities shall be determined by an investment banking firm of national reputation and standing selected by the Company and acceptable to a Majority of the Holders on the record date of the Spin-Off.

r = the number of Spin-Off Shares (which may be one or a fraction less than or greater than one) distributed pursuant to the Spin-Off in respect of each share of Common Stock.

Call Target Price Adjustment. The Call Target Price for the Notes shall be determined in accordance with the following formula:

$$T_x = T_o \times P_p / (P_p + (r \times P_s))$$

Where:

T_x = the adjusted Call Target Price for the Notes.

T_o = the Call Target Price for the Notes immediately prior to such adjustment.

and the other symbols in such formula have the meanings specified immediately above under "Put/Call Rate Adjustment".

Interest Rate Hurdle Adjustment. The Interest Rate Hurdle applicable on the Notes shall be determined in accordance with the following formula:

$$I_x = I_o \times P_p / (P_p + (r \times P_s))$$

Where:

I_x = the adjusted Interest Rate Hurdle.

I_o = the Interest Rate Hurdle immediately prior to such adjustment

and the other symbols in such formula have the meanings specified immediately above under "Put/Call Rate Adjustment".

An adjustment made pursuant to this Section 4.01(e)(ii) shall become effective immediately after the determination of the adjustments referred to in this Section 4.01(e), retroactive to the date for the Spin-Off.

(iii) The Company shall give written notice of any Spin-Off, in accordance with Section 6.01 hereof, at least ten (10) Business Days prior to the record date therefor. The Company's failure to give notice required by this Section 4.01(e)(iii) or any defect therein shall not affect the validity of the Spin-Off covered by this Section 4.01(e). Notwithstanding the foregoing, nothing in this paragraph will prejudice the rights of the Holders pursuant to this Agreement.

SECTION 4.02. General Adjustment Provisions.

(a) Notice of Adjustment. Whenever the Put/Call Rate is adjusted, or the type of securities for which the Notes are exchangeable pursuant to the Put and the Call is changed, the Company shall promptly file, in the custody of its Secretary or an Assistant Secretary at its principal office and with the Put/Call Agent, an officer's certificate setting forth the adjusted Put/Call Rate, Call Target Price and Interest Rate Hurdle, and, if applicable, Nominal Amount and the kind or nature of any other securities or assets for which the Notes shall become exchangeable, a statement, in reasonable detail, of the facts requiring such adjustment and the computation by which such adjustment was made. Each such officer's certificate shall be made available at all reasonable times for inspection by the Holders at the office of the Put/Call Agent.

(b) Good Faith Determination.

(i) Subject to the following clause (ii), any determination as to whether an adjustment or limitation of exercise is required pursuant to this Section 4.01 (and the amount of any adjustment), shall be binding upon the Holders and the Company if made in good faith by the board of directors of the Company.

(ii) If a Majority of the Holders shall object to any determination of the board of directors of the Company within ten (10) Business Days of receipt of notice of such determination, then such determination shall be referred to a national independent accounting firm in the United States (the "Accounting Firm") selected by the Company and reasonably acceptable to a Majority of the Holders. The determination of the adjustment made by the Accounting Firm shall be strictly in accordance with the terms of this Agreement and shall be binding upon the Holders and the Company. The Accounting Firm shall be instructed to notify the Company and the Holders of its determination regarding the adjustment within fifteen (15) Business Days of such referral.

(iii) Whenever this Agreement provides for the reasonable approval of a Majority of the Holders of any action or determination, such approval shall be deemed to be given if a Majority of the Holders do not reasonably object to such action or determination by written notice to the Company within ten (10) Business Days of the date on which notice thereof is first given to the Holders. No objection shall be deemed reasonable if the reasons for such objection are not set forth in reasonable detail in the notice of objection given to the Company as aforesaid.

(c) Subsequent Adjustments. The adjustment provisions of this Article IV shall be applied successively and from time to time as the circumstances requiring such adjustments shall occur. If as a result of an adjustment made pursuant to this Article IV (except as otherwise specifically provided herein) the Holder of any Notes thereafter surrendered for conversion shall be entitled to receive any securities other than shares of Common Stock into which the Notes were originally convertible, the Put/Call Rate, the Call Target Price and the Interest Rate Hurdle shall be subject to adjustment, from time to time, in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Stock contained in this Article IV.

ARTICLE V
THE PUT/CALL AGENT

SECTION 5.01. Appointment. The Company hereby appoints the Put/Call Agent as its agent to act as set forth herein, subject to resignation or replacement of the Put/Call Agent as provided herein. The Put/Call Agent agrees to accept such appointment, subject to the terms and conditions as set forth herein.

SECTION 5.02. Duties of the Put/Call Agent. The Put/Call Agent acts hereunder as agent and in a ministerial capacity for the Company, and its duties shall be determined solely by the provisions hereof. The Put/Call Agent shall not by any act hereunder be deemed to make any representations as to the validity, value or authorization of any securities or other property delivered upon exercise of the Put or the Call.

Without prejudice to any liability of any other party hereof, the Put/Call Agent shall not (i) be liable for any recital or statement of facts contained herein or for any action taken, suffered or omitted by it in reliance on any document or instrument believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties, (ii) be responsible for any failure on the part of the Company to comply with any of its covenants and obligations contained in this Agreement or in any Note or (iii) be liable for any act or omission in connection with this Agreement except for its own gross negligence or willful misconduct.

Any notice, statement, instruction, request, direction, order or demand of the Company shall be sufficiently evidenced by an instrument signed by the Company's Chairman or Vice Chairman of the Board, President, any Vice President, its Secretary, or Assistant Secretary (unless other evidence in respect thereof is herein specifically prescribed). Without prejudice to any liability of any other party hereof, the Put/Call Agent shall not be liable for any action taken, suffered or omitted by it in accordance with such notice, statement, instruction, request, direction, order or demand believed by it to be genuine.

The Company agrees to pay the Put/Call Agent reasonable compensation for its services hereunder and to reimburse it for its reasonable expenses hereunder and further agrees to indemnify the Put/Call Agent and save it harmless against any and all losses, expenses and liabilities, including judgments, costs and counsel fees, for anything done or omitted by the Put/Call Agent in the execution of its duties and powers hereunder, except losses, expenses and liabilities arising as a result of the Put/Call Agent's gross negligence or willful misconduct.

The Put/Call Agent may resign its duties and be discharged from all further duties and liabilities hereunder (except liabilities arising as a result of the Put/Call Agent's own gross negligence or willful misconduct), after giving thirty (30) days' prior written notice to the Company. At least fifteen (15) days prior to the date such resignation is to become effective, the Put/Call Agent shall cause a copy of such notice of resignation to be mailed to the Holder of each Note at the Company's expense. Upon such resignation, or any inability of the Put/Call Agent to act as such hereunder, the Company shall appoint a new Put/Call Agent in writing. The Company shall have complete discretion in the naming of a new Put/Call Agent, who may be an affiliate, subsidiary or department of the Company, or any person used by the Company as transfer agent for the Common Stock. If the Company shall fail to make such appointment within a period of thirty (30) days after it has been notified in writing of such resignation by the resigning Put/Call Agent, then the Holder of any Note may apply to any court of competent jurisdiction for the appointment of a new Put/Call Agent.

The Company may, upon notice to the Holders, remove and replace the Put/Call Agent if the Put/Call Agent is the transfer agent for the Company's Common Stock and the Put/Call Agent ceases to be the transfer agent for the Company's Common Stock for any reason. If for any period no person is acting as Put/Call Agent, then the Company shall discharge the obligations that would otherwise fail to be discharged by the Put/Call Agent during such period.

After acceptance in writing of an appointment by a new Put/Call Agent is received by the Company, such new Put/Call Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as the Put/Call Agent, without any further assurance, conveyance, act or deed. Any former Put/Call Agent hereby agrees to cooperate with and deliver all records to the new Put/Call Agent at the direction of the new agent and the Company.

Any corporation into which the Put/Call Agent or any new Put/Call Agent may be converted or merged or any corporation resulting from any consolidation to which the Put/Call Agent or any new Put/Call Agent shall be a party or any corporation succeeding to the trust business of the Put/Call Agent shall be a successor Put/Call Agent under this Agreement without any further act. Any such successor Put/Call Agent shall promptly cause notice of its succession as Put/Call Agent to be mailed to the Company and to each Holder.

Nothing herein shall preclude the Put/Call Agent from acting in any other capacity for the Company.

ARTICLE VI
MISCELLANEOUS PROVISIONS

SECTION 6.01. Notices. Any notice or demand authorized by this Agreement to be given or made to or on the Company or the Put/Call Agent shall be sufficiently given or made when and if delivered by a recognized international courier service or hand delivery, or by telecopier with copy sent by first class or registered mail, postage prepaid, to the applicable address set forth below (until the Holders are otherwise notified in accordance with this Section by the Company):

If to the Company, then to:

Vishay Precision Group, Inc.
3 Great Valley Parkway
Malvern, PA 19355-1307
Attn.: Chief Financial Officer
Telecopier No.: (484)-321-5301
Confirm No.: (484)-321-5300

If to the Put/Call Agent, then to:

American Stock Transfer & Trust Co.
59 Maiden Lane
New York, NY 10038
Attn.: Exchange Department
Telecopier No: 718-234-5001
Confirm No: 718-921-8200

Any notice pursuant to this Agreement to be given to any Holder of Notes shall be sufficiently given when and if delivered to such Holder at the address appearing on the register maintained for that purpose by the Company (until the Company and the Put/Call Agent are otherwise notified in accordance with this Section by such Holder). Any such notice shall be delivered, by overnight or hand delivery, by telecopier with copy sent by first class mail, postage prepaid, or by first class or registered mail, postage prepaid.

SECTION 6.02. Supplements and Amendments. The Company and the Put/Call Agent may from time to time amend or supplement this Agreement in good faith without the approval of any Holders only in order to cure any ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provision herein. Any other amendment or supplement to this Agreement shall require the written consent of the Holders of two-thirds (2/3) in nominal amount of the Notes then outstanding.

SECTION 6.03. Assignments/Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Put/Call Agent shall bind and inure to the benefit of its successors and assigns hereunder; provided, however, that any assignment by the Company shall not relieve the Company of any of its obligations hereunder; provided, further, that no Holder may assign its rights and obligations except to an assignee who has executed and delivered to the Company an Assignment Form, which Assignment Form, when executed by the transferor and transferee thereunder, shall inure to the benefit of and be binding upon, the Company, the Put/Call Agent and each of the other Holders. This Agreement shall be binding upon and inure to the benefit of the successors and registered assigns of the Initial Holders and all subsequent Holders of Notes.

SECTION 6.04. Governing Law. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF SAID STATE.

SECTION 6.05. No Third Party Beneficiaries. Nothing in this Agreement shall be construed to give to any person other than the Company, the Put/Call Agent and the Holders of the Notes any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Put/Call Agent and the Holders of the Notes.

SECTION 6.06. Registered Holders. The Company and the Put/Call Agent shall be entitled to treat as the Holders of the Notes solely those persons in whose names the Notes are registered in the register maintained for that purpose by the Company.

SECTION 6.07. Securities Laws. It is the intention of the parties that the issuance of the shares of Common Stock upon exercise of the Put or the Call shall be exempt from registration under the United States securities laws pursuant to Section 3(a)(9) of the Securities Act or any successor statute. If and to the extent that this exemption is not available, the parties will take such action as may be required to permit the delivery of the shares of Common Stock in exchange for the Notes in compliance with the United States securities laws and the rules and regulations of the SEC then in effect.

SECTION 6.08. Notification of Delisting. Prior to the occurrence of a Delisting Event, the Company will, at least ten (10) Business Days before the occurrence thereof, notify each holder of such event. Any notice will be in writing and shall specify the date of such Delisting Event. For these purposes "Delisting Event" means the common stock of the Company being delisted from the principal United States national or regional securities exchange or national quotation system on which the shares of common stock are then listed or traded.

SECTION 6.09. Headings. The descriptive headings of the several sections and subsections of this. Agreement are inserted for convenience only, do not constitute a part of this Agreement and shall not affect in any way the meanings or interpretation of this Agreement.

SECTION 6.10. Counterparts. This Agreement may be executed in counterparts and all such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

[Remainder of this page left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

VISHAY PRECISION GROUP, INC

By: _____
Name:
Title:

AMERICAN STOCK TRANSFER &
TRUST COMPANY

By: _____
Name:
Title:

[Signatures of Initial Holders]

_____

By: _____

By: _____

Name:

Title:

[Signature page to Put and Call Agreement dated as of ____, 2010]

ANNEX I

Form of Assignment

THIS ASSIGNMENT dated [_____ 20_____] is supplemental to a Put and Call Agreement (the "Agreement") dated _____, 2010 (as amended and restated from time to time) between Vishay Precision Group, Inc., a Delaware corporation (the "Company"), [_____], [_____] and [_____] each an "Initial Holder") and _____, a _____the ("Put/Call Agent").

Unless otherwise defined in this Assignment, words and expressions defined in the Agreement shall have the same meaning when used in this Assignment.

Whereas:

(A) [_____] (the "Transferor") is a Holder of [_____] nominal amount of Notes (the "Transferred Notes").

(B) The Transferor proposes to transfer the Transferred Notes [(being all the Notes held by it)] to [_____] (the "Transferee").

[(C) The Transferor proposes to retain [_____] nominal amount of Notes (the "Retained Notes").]

Assignment

With effect from the date on which the transfer of the transferred Notes takes effect in accordance with the terms of the Notes, in respect of the Agreement and the Transferred Notes only:

(a) the Transferor shall be released from further undertakings, liabilities and obligations to the Company and the Put/Call Agent and each of the other Holders (the "Non-transferring Parties"), and each of the Non-transferring Parties shall be released from further undertakings, liabilities and obligations to the Transferor, and their respective rights shall be cancelled (the ***discharged rights and obligations***); and

(b) the Transferee shall assume such undertakings, liabilities and obligations towards, and acquire rights against, each of the Non-transferring Parties and each of the Non-transferring Parties shall assume such undertakings, liabilities and obligations towards, and acquire rights against, the Transferee that differ from such discharged rights and obligations only insofar as each such Non-transferring Party and the Transferee have assumed and acquired the same in place of each such Non-transferring Party and the Transferor.

[For the avoidance of doubt, this Assignment shall not affect the rights, undertakings, liabilities and obligations of the Transferor in respect of the Retained Notes.]

The Transferee hereby notifies the Company that its address for notices for the purposes of Section 6.01 of the Agreement is:

[_____]

Fax No: [_____]

Attention: [_____]

This Assignment is governed by the [laws of the State of New York].

Signed by

_____

Transferor

_____

Transferee

ANNEX II

PUT EXERCISE NOTICE

If you, the Holder, want to exercise the Put, fill in the form below.

I or we, the registered owner of Notes, irrevocably Put to the Company Notes in the nominal amount of

$_____
(if less than the aggregate nominal amount of all Notes held by the Holder, must be in $2,000,000 denominations)

at the Put/Call Rate and on the terms and conditions specified in that certain Put and Call Agreement, dated as of _____, 2010 by and among the parties thereto, and request that certificates for the shares of Common Stock hereby exchanged for the indicated nominal amount being put to the Company (and any securities or other property issuable or transferable upon such exercise) be issued in the name of and delivered to:

_____

_____

_____

(Print or type name, address and zip code and
social security or tax ID number of owner)

and, if such nominal amount listed above shall be less than the full nominal amount of the Note(s) of which I am the Holder, that a new Note of like tenor and date for the balance of the nominal amount thereunder be delivered to the undersigned.

Nominal amount of Note held immediately prior to exercise of the Put _____

Nominal amount of Note for which this Put is being exercised _____

Balance in nominal amount to be issued as a new Note _____

Date: _____ Signed: _____
(Signed exactly as your name appears on the Note)

Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to an application for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked by [***].

FORM OF SUPPLY AGREEMENT

by and between

Vishay Dale Electronics, Inc.,
a Delaware corporation,

as Supplier

and

Vishay Advanced Technology, Ltd.,
an Israeli company,

as Buyer

Dated as of _____, 2010

This SUPPLY AGREEMENT (this "Agreement") is made as of _____, 2010 by and between Vishay Dale Electronics, Inc., a Delaware corporation ("Supplier"), and Vishay Advanced Technology, Ltd., an Israeli company ("Buyer"). Supplier and Buyer each may be referred to herein as a "Party" and collectively, as the "Parties".

WHEREAS, subject to the terms, conditions, commitments and undertakings herein provided, Supplier is willing to manufacture and sell those products as set forth on Exhibit A hereto (as the same may be modified from time to time pursuant to the provisions hereof, the "Products") to Buyer, and Buyer desires to purchase the Products from Supplier, in such quantities as Buyer shall request , as provided in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings specified in this Article I:

"Affiliate" means, as applied to any Person, any other Person that, directly or indirectly, controls, is controlled by, or is under common control with that Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Applicable Law" means any applicable law, statute, rule or regulation of any Governmental Authority, or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"Buyer" has the meaning set forth in the preamble of this Agreement.

"Confidential Information" means all proprietary, design or operational information, data or material including, without limitation: (a) specifications, ideas and concepts for goods and services; (b) manufacturing specifications and procedures; (c) design drawings and models; (d) materials and material specifications; (e) quality assurance policies, procedures and specifications; (f) customer, client, manufacturer and supplier information; (g) computer software and derivatives thereof relating to design development or manufacture of goods; (h) training materials and information; (i) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice; (j) all other know-how, methodology, procedures, techniques and Trade Secrets; (k) proprietary earnings reports and forecasts; (l) proprietary macro-economic reports and forecasts; (m) proprietary marketing, advertising and business plans, objectives and strategies; (n) proprietary general market evaluations and surveys; (o) proprietary financing and credit-related information; (p) other copyrightable or patented works; (q) the terms of this Agreement; and (r) all similar and related information in whatever form; in each case, of one party which has been disclosed by Supplier or members of its Group on the one hand, or Buyer or members of its Group, on the other hand, in written, oral (including by recording), electronic, or visual form to, or otherwise has come into the possession of, the other Group.

"Firm Order" means Buyer's non-cancelable purchase order for Products to be purchased by Buyer from Supplier pursuant to this Agreement for delivery.

"FOB" has the meaning and usage assigned to such words in the incoterms rules published by the International Chamber of Commerce.

"Forecast" means, with respect to any relevant period, a good faith non-binding forecast, based on information available to Buyer at the time of such forecast (which information, if reduced to writing, shall be made available to Supplier upon reasonable request), of the Firm Order for each Product that Buyer expects to deliver to Supplier for each calendar month during such period.

"Governmental Authority" means any U.S. or non-U.S. federal, state, local, foreign or international court, arbitration or mediation tribunal, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

"Group" means, with respect to any Person, each Subsidiary of such Person and each other Person that is controlled directly or indirectly by such Person.

"Intellectual Property" means all domestic and foreign patents and patent applications, together with any continuations, continuations-in-part or divisional applications thereof, and all patents issuing thereon (including reissues, renewals and re-examinations of the foregoing); design patents; invention disclosures; mask works; all domestic and foreign copyrights, whether or not registered, together with all copyright applications and registrations therefor; all domain names, together with any registrations therefor and any goodwill relating thereto; all domestic and foreign trademarks, service marks, trade names, and trade dress, in each case together with any applications and registrations therefor and all goodwill relating thereto; all Trade Secrets, commercial and technical information, know-how, proprietary or Confidential Information, including engineering, production and other designs, notebooks, processes, drawings, specifications, formulae, and technology; computer and electronic data processing programs and software (object and source code), data bases and documentation thereof; all inventions (whether or not patented); all utility models; all registered designs, certificates of invention and all other intellectual property under the laws of any country throughout the world.

"Last-Time Buy Order" has the meaning set forth in Section 4.5.

"Liability" means, with respect to any Person, any and all losses, claims, charges, debts, demands, Actions, causes of action, suits, damages, obligations, payments, costs and expenses, sums of money, accounts, reckonings, bonds, specialties, indemnities and similar obligations, exoneration covenants, obligations under contracts, guarantees, make whole agreements and similar obligations, and other liabilities and requirements, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, joint or several, whenever arising, and including those arising under any Applicable Law, action, threatened or contemplated action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all costs and expenses, whatsoever reasonably incurred in investigating, preparing or defending against any such actions or threatened or contemplated actions) or order of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any contract, in each case, whether or not recorded or reflected or otherwise disclosed or required to be recorded or reflected or otherwise disclosed, on the books and records or financial statements of any Person, including any Liability for taxes.

"Person" (whether or not initially capitalized) means any corporation, limited liability company, partnership, firm, joint venture, entity, natural person, trust, estate, unincorporated organization, association, enterprise, government or political subdivision thereof, or Governmental Authority.

"Product" has the meaning set forth in the preamble of this Agreement.

"Product Warranty" has the meaning set forth in Section 6.1(a).

"Raw Materials Cost" means the direct cost of material used in a finished Product, including the normal quantity of material wasted in the production process, purchasing costs, inbound freight charges and any applicable subcontractor charges.

"Six-Month Forecast" means a forward-looking Forecast for a period of six consecutive calendar months, beginning on July 1 and January 1 of each calendar year, or, if earlier with respect to any Product, the last day of the Term for such Product.

"Subsidiary" of any Person means a corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however, that no Person that is not directly or indirectly wholly-owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person.

"Supplier" has the meaning set forth in the preamble of this Agreement.

"Supplier's Other Manufacturing Obligations" means the manufacturing obligations and commitments of Supplier to Persons other than Buyer, including Supplier's Affiliates.

"Specifications" means, with respect to any Product, the design, composition, dimensions, other physical characteristics, chemical characteristics, packaging, unit count and trade dress of such Product.

"Term" has the meaning set forth in Section 7.1.

"Trade Secrets" means information, including a formula, program, device, method, technique, process or other Confidential Information that derives independent economic value, actual or potential, from not being generally known to the public or to other Persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable, under the circumstances, to maintain its secrecy.

"Wholly-Owned Subsidiary" of a Person means a Subsidiary of that Person substantially all of whose voting securities and outstanding equity interest are owned either directly or indirectly by such Person or one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries.

The terms "herein", "hereof", "hereunder" and like terms, unless otherwise specified, shall be deemed to refer to this Agreement in its entirety and shall not be limited to any particular section or provision hereof. The term "including" as used herein shall be deemed to mean "including, but not limited to." The term "days" shall refer to calendar days unless specified otherwise. References herein to "Articles", "Sections" and "Exhibits" shall be deemed to mean Articles, Sections of and Exhibits to this Agreement unless otherwise specified.

ARTICLE II
PURCHASE AND SALE OF PRODUCTS

SECTION 2.1 Agreement to Purchase and Sell Products. (a) During the Term, Supplier hereby agrees to manufacture and sell to Buyer, and Buyer hereby agrees to purchase and accept from Supplier, such amounts of Products, as from time to time shall be ordered by Buyer.

(b) All Products to be sold to Buyer pursuant to this Agreement shall be manufactured by Supplier or an Affiliate of Supplier; provided, however, that Supplier may subcontract the manufacture of any Product to a manufacturer that is not an Affiliate of Supplier with Buyer's prior written consent, which consent shall not be unreasonably withheld, provided that any such subcontracting shall not relieve Supplier of its obligations hereunder.

SECTION 2.2 Product Specifications. (a) Supplier shall manufacture all Products according to the Specifications in effect as of the date of this Agreement, with such changes or additions to the Specifications of the Products related thereto as shall be requested by Buyer in accordance with this Section or as otherwise agreed in writing by the Parties. All other Products shall be manufactured with such Specifications as the Parties shall agree in writing.

(b) Buyer may request changed or additional Specifications for any Product by delivering written notice thereof to Supplier not less than one hundred twenty (120) days in advance of the first Firm Order for such Product to be supplied with such changed or additional Specifications. Notwithstanding the foregoing, if additional advance time would reasonably be required in order to implement the manufacturing processes for production of a Product with any changed or additional Specifications, and to commence manufacture and delivery thereof, Supplier shall so notify Buyer, and Supplier shall not be required to commence delivery of such Product until the passage of such additional time.

(c) Supplier shall be required to accommodate any change of, or additions to, the Specifications for any Product, if and only if (i) in Supplier's good faith judgment, such changed or additional Specifications would not require Supplier to violate good manufacturing practice, (ii) the representation and warranty of Buyer deemed made pursuant to Subsection (e) below is true and correct, and (iii) Buyer agrees to reimburse Supplier for the incremental costs and expenses incurred by Supplier in accommodating the changed or additional Specifications, including the costs of acquiring any new machinery and tooling. For the avoidance of doubt, such costs and expenses shall be payable by Buyer separately from the cost of Products at such time or times as Supplier shall request.

(d) Supplier shall notify Buyer in writing within thirty (30) days of its receipt of any request for changed or additional Specifications (i) whether Supplier will honor such changed or additional Specifications, (ii) if Supplier declines to honor such changed or additional Specifications, the basis therefor and (iii) if applicable, the estimated costs and expenses that Buyer will be required to reimburse Supplier in respect of the requested changes or additions, as provided in Subsection (c) above. Buyer shall notify Supplier in writing within fifteen (15) days after receiving notice of any required reimbursement whether Buyer agrees to assume such reimbursement obligation.

(e) By its request for any changed or additional Specifications for any Product, Buyer shall be deemed to represent and warrant to Supplier that the manufacture and sale of the Product incorporating Buyer's changed or additional Specifications, as a result of such incorporation, will not and could not reasonably be expected to (i) violate or conflict with any contract, agreement, arrangement or understanding to which Buyer and/or any of its Affiliates is a party, including this Agreement and any other contract, agreement, arrangement or understanding with Supplier and/or its Affiliates, (ii) infringe on any trademark, service mark, copyright, patent, trade secret or other intellectual property rights of any Person, or (iii) violate any Applicable Law. Buyer shall indemnify and hold Supplier and its Affiliates harmless (including with respect to reasonable attorneys' fees and disbursements) from any breach of this representation and warranty.

SECTION 2.3 New Products. If Buyer shall request in writing that Supplier manufacture and sell to Buyer an item that is not at the time a Product, Supplier shall consider such request in good faith, giving due consideration to Supplier's available manufacturing capacity, Supplier's Other Manufacturing Obligations, existing know-how, technical feasibility, cost, profitability and other relevant factors. Supplier shall inform Buyer within a reasonable time of Supplier's determination in principle whether to manufacture such Product, and if Supplier has determined not to manufacture such Product, the reasons therefor. If Supplier shall inform Buyer that it is willing in principle to manufacture and sell such Product, Buyer and Supplier shall negotiate in good faith with respect to the terms of such manufacture and sale, including pricing and the Exhibits to this Agreement shall be modified accordingly; provided, however, that neither Party shall be bound with respect to the manufacture and sale of any such Product unless the Parties shall have so agreed in writing.

SECTION 2.4 Supplier's Supply Obligations. Supplier shall be obligated to manufacture and sell Products to Buyer, in accordance with Buyer's Firm Orders, to the extent of Supplier's then existing manufacturing capacity, taking into account Supplier's Other Manufacturing Obligations; provided, however, the Supplier shall give equal priority to the orders of Buyer, on the one hand, and Supplier's Other Manufacturing Obligations, on the other.

SECTION 2.5 Product Changes. Supplier shall communicate any change in the Specifications for any Product or its manufacture in accordance with Supplier's product change notification process. Buyer shall be deemed to have accepted such change unless, within thirty (30) days after receipt of notice from Supplier, Buyer informs Supplier that such change is not acceptable. If Buyer informs Supplier that such change is not acceptable, Supplier may by notice to Buyer either (x) continue to supply the Product in accordance with the original Specifications and manufacturing procedures or (y) terminate this Agreement with respect to such Product on a date specified by Supplier in a notice of termination, which date shall not be earlier than the earlier of (I) one (1) year from the date of Buyer's information that it does not accept the change proposed by Supplier and (II) if such notice of termination is delivered more than ninety (90) days before the end of the then current Term, the end of such Term; subject to the right of the Buyer to submit a Last-Time Buy Order in accordance with Section 4.5.

SECTION 2.6 Product Discontinuation. At any time Supplier may notify Buyer that Supplier is discontinuing the manufacture and sale of a Product. Such discontinuation shall take effect on a date specified by Supplier in a notice of discontinuation, which date shall not be earlier than one (1) year from the date of the notice of discontinuation; subject to the right of the Buyer to submit a Last-Time Buy Order in accordance with Section 4.5.

SECTION 2.7 Consultation and Support. At either Party's reasonable request, the Parties shall meet and discuss the nature, quality and level of supply services contemplated by this Agreement. In addition, Supplier will make available on a commercially reasonable basis and at commercially reasonable times qualified personnel to provide knowledgeable support service with respect to the Products. The Parties shall negotiate in good faith with respect to any fees and other charges incurred by Supplier in providing other than routine product support.

ARTICLE III
FORECASTS

SECTION 3.1 Forecasts. (a) As soon as possible, but in no event later than thirty (30) days following the distribution of shares of common stock of Vishay Precision Group, Inc. ("VPG") to the shareholders of Vishay Intertechnology, Inc. ("Vishay Intertechnology") under that certain Master Separation and Distribution Agreement between Vishay Intertechnology and VPG (the "Master Separation Agreement"), Buyer shall provide to Supplier an initial Forecast for the period ending on December 31, 2010. Beginning on December 1, 2010, and thereafter, on May 31 and December 1 of each calendar year, Buyer shall provide to Supplier a Six-Month Forecast for the 6-month period beginning on the immediately following July 1 and January 1, respectively.

(b) If it is commercially impracticable for Buyer to deliver a Six-Month Forecast for a particular Product, Buyer shall deliver Forecasts to Supplier at such intervals and for such periods as reasonable under the circumstances, and Supplier shall in good faith consider such Forecasts delivered by Buyer.

(c) Supplier shall use all Forecasts delivered by Buyer under this Agreement for capacity and raw material planning purposes only, and such Forecasts will not constitute a commitment of any type by Buyer to purchase any Product.

SECTION 3.2 Forecasts in Excess of Capacity. Upon receipt of each Forecast, Supplier shall determine whether it will have the capacity to manufacture and sell to Buyer the Products in the forecasted amounts. If Supplier determines that it will not have the capacity to manufacture and deliver any Product to Buyer as forecasted, Supplier shall so notify Buyer as promptly as practicable. Supplier and Buyer shall thereafter negotiate in good faith in order to match Supplier's manufacturing capacity with Buyer's requirements for the specified Product, such as by advancing or deferring the delivery of the Product to other periods. In the event that Supplier and Buyer shall agree to accommodate Buyer's forecasted requirements in a manner that will require the expenditure by Supplier of unbudgeted costs and expenses in addition to the costs and expenses that Supplier would otherwise be required to expend in order to fulfill its obligations under this Agreement, Buyer shall be obligated to reimburse Supplier for such costs and expenses as have actually been expended by Supplier, notwithstanding that the manufacture and sale of Products in accordance with the Firm Orders subsequently delivered by Buyer for the relevant periods do not require such expenditure.

SECTION 3.3 Firm Orders in Excess of Forecasts. In the event that the Firm Order for any Product shall exceed the Forecast contained in the most recent prior Forecast for such Product (as such Forecast may have been modified by agreement of the Parties in the manner contemplated in Section 3.2; such excess being referred to as the "Excess Order"), Supplier shall notify Buyer, as promptly as reasonably practicable after receipt of such Firm Order, whether Supplier has sufficient available capacity to accommodate the Excess Order, taking into consideration Supplier's manufacturing capacity for such Product and Supplier's Other Manufacturing Obligations. If Supplier shall not have sufficient available capacity to accommodate the Excess Order, Supplier and Buyer shall negotiate in good faith in order to match Supplier's available manufacturing capacity with Buyer's requirements for the specified Product, such as by advancing or deferring the delivery of the Product to other periods.

ARTICLE IV
ORDERS AND PAYMENT

SECTION 4.1 Purchase Orders. (a) Buyer may place a Firm Order for the Products with Supplier at any time and from time to time.

(b) Each Firm Order shall specify (i) number of units of the Product to be purchased and (ii) the requested delivery date, provided that Buyer shall request a delivery date with a lead delivery time that is customary for the particular Product, unless otherwise agreed upon by the Parties. Supplier agrees to provide Buyer prompt notice if it knows it cannot meet a requested delivery date.

(c) If Buyer requires a Product on an emergency basis and so informs Supplier, and Supplier has the Product available in its uncommitted inventory, Supplier agrees to use reasonable commercial efforts to fill the emergency order as promptly as practicable. Buyer agrees to pay reasonable incremental expenses related to any emergency order.

SECTION 4.2 Shipment.

(a) Products will be shipped by Supplier to Buyer FOB shipping point.

(b) Supplier shall package all Products so as to protect them from loss or damage during shipment, in conformity with good commercial practice, the Specifications and Applicable Law. Buyer shall be responsible, at its own cost and expense, for the shipment (including, among other fees, costs and expenses, transit and casualty insurance and third party fees) of all processed materials by Buyer. Supplier shall cooperate with Buyer in assembling and coordinating shipments, as reasonably requested by Buyer.

(c) For the avoidance of doubt, title to and risk of loss or damage will pass to Buyer upon Buyer's pick up for transfer of the Products ordered.

SECTION 4.3 Prices. Pricing for the Products shall be as set forth on Exhibit A, as such Exhibit may be modified from time to time by agreement of the Parties. At least thirty (30) days prior to the beginning of each calendar year, the parties shall negotiate in good faith changes to the pricing of the Products to be applicable in the ensuing year. Such pricing shall take into account changes in the cost of manufacturing the Products, including labor, manufacturing, utility and other direct costs, and other ascertainable market inputs. If the Parties cannot in good faith agree on pricing for the Products, until such time as the Parties do so agree, Supplier shall have no obligation to honor any Firm Orders submitted by Buyer to the extent that such Firm Orders are placed following expiration of the then current calendar year.

SECTION 4.4 Payment Terms. Unless otherwise agreed to by the Parties in writing, Buyer shall make payment separately for each Firm Order. Buyer shall pay the net amount of all invoice amounts within sixty (60) days of the date of Supplier's invoice unless the terms of Supplier's invoice permits later payment or allows for prepayment with a discount. Invoices shall not be sent earlier than the date on which the Products related thereto are delivered to Buyer.

SECTION 4.5 Last-Time Buy Order.

(a) Buyer shall have a right to place a written last-time Firm Order for a Product (a "Last-Time Buy Order") if (i) Supplier delivers to Buyer notice of its intention not to renew the Term pursuant to Section 7.2; (ii) Supplier terminates this Agreement in respect of such Product in connection with Buyer's choice not to accept a change in such Product under Section 2.5; (iii) Supplier delivers to Buyer a notice of discontinuation of such Product; or (iv) Buyer terminates this Agreement in connection with a material breach by Supplier pursuant to Section 7.3. The right of the Buyer to submit a Last-Time Buy Order shall entitle Buyer to purchase the Products at the price in effect for the products as of the time of Buyer's exercise of such right.

(b) A Last-Time Buy Order shall specify (i) number of units of the Product to be purchased and (ii) the requested delivery date or dates for such units. If Supplier informs Buyer that it cannot honor the requested delivery dates because of capacity restraints or otherwise, the Parties shall negotiate in good faith with respect to delivery dates mutually acceptable to Supplier and Buyer.

(c) The Parties hereby agree to use commercially reasonable efforts to coordinate forecasting and ordering during the period between the date the Last-Time Buy Order is delivered to Supplier and the final delivery date to allow for regular supply of Products during such period.

ARTICLE V
CONFIDENTIALITY

SECTION 5.1 Supplier and Buyer shall hold and shall cause each of their respective affiliates, directors, officers, employees, agents, consultants, advisors and other representatives to hold, in strict confidence and not to disclose or release without the prior written consent of the other party, any and all proprietary or confidential information, material or data of the other party that comes into its possession in connection with the performance by the parties of their rights and obligations under this Agreement. The provisions of Section 4.5 of the Master Separation Agreement shall govern, *mutatis mutandis*, the confidentiality obligations of the parties under this Section.

ARTICLE VI
PRODUCT WARRANTY; LIMITATION OF LIABILITY

SECTION 6.1 Product Warranty; Merchantability Warranty. (a) Supplier warrants to Buyer that the Products shall, at the time of delivery to Buyer in accordance with Section 4.2: (i) conform to the Specifications therefor, as provided in Section 2.2; (ii) be free from material defects; and (iii) be manufactured in accordance with good manufacturing practice and Applicable Law (such warranty being referred to as the "Product Warranty").

(b) EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, NO WARRANTIES, OTHER THAN THE PRODUCT WARRANTY, ARE EXPRESSED OR IMPLIED IN RESPECT OF THE PRODUCTS, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

SECTION 6.2 Defective or Non-Conforming Products. (a) Claims by Buyer relating to the quantity of or damage to any Product or the failure of any Product to conform to its Specifications must be made within one (1) year of receipt of such Product and must be in writing, specifying in reasonable detail the nature and basis of the claim and citing relevant control or lot numbers or other information to enable identification of the Product in question. Supplier's Liability to Buyer for damages for any such claim shall be limited to a refund for the price of the defective Product plus shipping costs or, at Buyer's option, prompt replacement thereof with a Product that complies with the Product Warranty. Such refund and shipping costs or a replacement shall constitute Supplier's sole and exclusive Liability for such claims. For the avoidance of doubt, nothing shall limit the obligations of Supplier to Buyer in respect of third party claims against Buyer arising from the failure of any Product to conform to its Specifications.

(b) Any notifications to either Party pursuant to this Section 6.2 shall be subject to the confidentiality provisions of Article V above.

SECTION 6.3 Indemnification. (a) Subject to Section 6.4, Supplier shall indemnify and hold Buyer harmless from and against any Liability, including reasonable attorney's fees and disbursements, arising out of any third party claim for death, injury or damage to property resulting from (i) Supplier's breach of this Agreement; or (ii) any claim that a Product purchased from Supplier infringes any intellectual property right of a third party.

(b) Buyer shall indemnify and hold harmless Supplier from and against any Liability, including reasonable attorneys' fees and disbursements, arising out of any third party claim for death, injury or damage to property resulting from use of any of the Products based upon (i) Buyer's breach of this Agreement; or (ii) any change in condition of the Products caused by Buyer other than any change in Specifications requested by Supplier and deemed accepted by Buyer under Section 2.5.

(c) Any Party seeking indemnification pursuant to this Section 6.3 shall promptly notify the other Party of the claim as to which indemnification is sought, shall afford the other Party, at the other Party's sole expense, the opportunity to defend or settle the claim (in which case the indemnifying Party shall not be responsible for the attorneys' fees of the indemnified Party with respect such claim) and shall cooperate to the extent reasonably requested by the other Party in the investigation and defense of such claim; provided, however, that any settlement of any such claim that would adversely affect the rights of the indemnified Party shall require the written approval of such indemnified Party; and provided further that an indemnified Party shall not settle any such claim without the written approval of the indemnifying Party.

(d) The foregoing indemnification obligations shall survive any termination or expiration of this Agreement, in whole or in part, or the expiration or termination of the Term.

SECTION 6.4 Limitation of Liability. In no event shall any Party be liable for any special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss of any kind, arising out of any breach of this Agreement, including breach of the Product Warranty, or any other obligations of any Party hereunder, or any use of the Products, and each Party hereby knowingly and expressly waives any claims or rights with respect thereto; provided, however, that in the event a Party is required to pay to a third-party claimant any special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss on any claim with respect to which such Party is indemnified by the other Party pursuant to this Agreement, such Party shall be entitled to indemnification from the other Party with respect to such third-party special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss to the extent resulting from the indemnifiable acts or omissions of the other Party.

SECTION 6.5 Insurance. Each of the Parties shall maintain general liability insurance covering their activities under this Agreement in accordance with prudent and customary commercial practices, in such amounts as shall be agreed upon from time to time by the Parties.

ARTICLE VII
TERM OF AGREEMENT; RENEWAL TERM; TERMINATION

SECTION 7.1 Term of Agreement. Unless earlier terminated pursuant to Section 7.3, the term of this Agreement shall be perpetual.

SECTION 7.2 Termination. Either Party may terminate this Agreement at any time upon prior written notice to the other at least one (1) year prior to the requested date of termination.

SECTION 7.3 Rights Upon Termination. Following a termination of this Agreement, all further rights and obligations of the Parties under this Agreement shall terminate. Notwithstanding the foregoing, the termination of this Agreement shall not affect the rights and obligations of the Parties arising prior to such expiration or termination; and provided further that the Parties shall not be relieved of (i) their respective obligations to pay monies due or which become due as of or subsequent to the date of expiration or termination, and (ii) any other respective obligations under this Agreement which specifically survive or are to be performed after the date of such expiration or termination, including the provisions of Article V and 6.3. Any Firm Order, including a Last-Time Buy Order, submitted prior to the expiration or termination of this Agreement shall be filled by Supplier pursuant to the terms hereof even if the delivery date is after expiration or termination.

ARTICLE VIII
DISPUTE RESOLUTION

SECTION 8.1 The terms and provisions of Article VIII of the Master Separation Agreement relating to the procedures for resolution of any disputes between the parties, shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may arise out of or relate to or arise under or in connection with this Agreement, or the transactions contemplated hereby, *mutatis mutandis.*

ARTICLE IX
MISCELLANEOUS

SECTION 9.1 Assignment. This Agreement and the rights and obligations of a Party hereunder shall be assignable or delegable, in whole or in part, (i) by Supplier without the consent of Buyer, to a Wholly-Owned Subsidiary of Supplier that succeeds to the conduct of the foil resistor business responsible for supplying the Products; (ii) by Buyer without the consent of Supplier, to a Wholly-Owned Subsidiary of Buyer; or (iii) by either Party, to any Person who is not a Wholly-Owned Subsidiary of a Party only with the prior written consent of the other Party; provided, however, that no such assignment shall relieve the assigning Party of Liability for its obligations hereunder. The following actions shall not be deemed an assignment of this Agreement: (1) assignment or transfer of the stock of a Party, including by way of a merger, consolidation, or other form of reorganization in which outstanding shares of a Party are exchanged for securities, or (2) any transaction effected primarily for the purpose of (A) changing a Party's state of incorporation or (B) reorganizing a Party into a holding company structure such that, as a result of any such transaction, such Party becomes a Wholly-Owned Subsidiary of a holding company owned by the holders of such Party's securities immediately prior to such transaction. Any attempted assignment other than as provided herein shall be void. The provisions of this Agreement shall be binding upon, and shall inure to the benefit of, the successors and permitted assigns of the Parties.

SECTION 9.2 Force Majeure. The Parties shall not be liable for the failure or delay in performing any obligation under this Agreement (except pursuant to Section 7.4) if and to the extent such failure or delay is due to (i) acts of God; (ii) weather, fire or explosion; (iii) war, invasion, riot or other civil unrest; (iv) governmental laws, orders, restrictions, actions, embargoes or blockages; (v) action by any regulatory authority which prohibits the manufacture, sale or distribution of the Products, except to the extent due to Supplier's breach of its obligations hereunder; (vi) regional, national or foreign emergency; (vii) injunction, strikes, lockouts, labor trouble or other industrial disturbances; (viii) shortage of adequate fuel, power, materials, or transportation facilities; or (ix) any other event which is beyond the reasonable control of the affected Party; provided, however, that the Party affected shall promptly notify the other Party of the force majeure condition and shall exert its reasonable commercial efforts to eliminate, cure or overcome any such causes and to resume performance of its obligations as soon as possible.

SECTION 9.3 Intellectual Property. All Intellectual Property owned or created by a Party shall remain its sole and exclusive property, and the other Party shall not acquire any rights therein by reason of this Agreement.

SECTION 9.4 Entire Agreement. This Agreement and the Exhibits hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersede all previous agreements, negotiations, discussions, understandings, writings, commitments and conversations between the parties with respect to such subject matter. No agreements or understandings exist between the parties other than those set forth or referred to herein or therein. If any provision of this Agreement or the application thereof to any Party or circumstance shall be declared void, illegal or unenforceable, the remainder of this Agreement shall be valid and enforceable to the extent permitted by Applicable Law. In such event, the Parties shall use their best efforts to replace the invalid or unenforceable provision with a provision that, to the extent permitted by Applicable Law, achieves the purposes intended under the invalid or unenforceable provision.

SECTION 9.5 Governing Law. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws rules thereof to the extent such rules would require the application of the law of another jurisdiction.

SECTION 9.6 Consent to Jurisdiction. Subject to the provisions of Article VIII, each of the Parties irrevocably submits to the jurisdiction of the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan for the purposes of any suit, action or other proceeding to compel arbitration, for the enforcement of any arbitration award or for specific performance or other equitable relief pursuant to Section 9.16. Each of the parties further agrees that service of process, summons or other document by U.S. registered mail to such parties address as provided in Section 9.10 shall be effective service of process for any action, suit or other proceeding with respect to any matters for which it has submitted to jurisdiction pursuant to this Section 9.6. Each of the parties irrevocably waives any objection to venue in the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby for which it has submitted to jurisdiction pursuant to this Section 9.6, and waives any claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

SECTION 9.7 Independent Contractor. Nothing contained in this Agreement shall constitute a Party as a partner, employee or agent of the other Party, nor shall any Party hold itself out as such. Neither Party shall have the right or authority to incur, assume or create, in writing or otherwise, any warranty, Liability or other obligation of any kind, express or implied, in the name or on behalf of the other Party, and each Party is and shall remain an independent contractor, responsible for its own actions. Except as otherwise explicitly provided herein, each Party shall be responsible for its own expenses incidental to its performance of this Agreement.

SECTION 9.8 Set-Off. The obligation of Buyer to pay the purchase price for Products shall be unconditional, except as provided in this Agreement, and shall not be subject to any defense, setoff, counterclaim or similar right against Supplier or any of its Affiliates that could be asserted by Buyer or any of its Affiliates under any other contract, agreement, arrangement or understanding or otherwise under Applicable Law.

SECTION 9.9 Waivers. No claim or right arising out of or relating to a breach of any provision of this Agreement can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved Party. Any failure by any Party to enforce at any time any provision under this Agreement shall not be considered a waiver of that Party's right thereafter to enforce each and every provision of this Agreement.

SECTION 9.10 Notices. All notices, demands and other communications required to be given to a Party hereunder shall be in writing and shall be deemed to have been duly given if personally delivered, sent by a nationally recognized overnight courier, transmitted by facsimile, or mailed by registered or certified mail (postage prepaid, return receipt requested) to such Party at the relevant street address or facsimile number set forth below (or at such other street address or facsimile number as such Party may designate from time to time by written notice in accordance with this provision):

If to Supplier, to:

Vishay Dale Electronics, Inc.
c/o Vishay Intertechnology, Inc.
63 Lancaster Avenue
Malvern, PA 19355-2120
Attention: Dr. Lior E. Yahalomi
Telephone: 610-644-1300
Facsimile: 610-889-2161

with a copy to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036

Attention: Ernest S. Wechsler, Esq.
Telephone: 212-715-9100
Facsimile: 212-715-8000

If to Buyer, to:

Vishay Advanced Technology, Ltd.
c/o Vishay Precision Group, Inc.
3 Great Valley Parkway
Malvern, PA 19355-1307
Attention: William M. Clancy
Telephone: 484-321-5300
Facsimile: 484-321-5300

with a copy to:

Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, Pennsylvania 19103-2799
Attention: Barry Abelson, Esq.
Telephone: 215-981-4000
Facsimile: 215-981-4750

Any notice, demand or other communication hereunder shall be deemed given upon the first to occur of: (i) the fifth (5^{th}) day after deposit thereof, postage prepaid and addressed correctly, in a receptacle under the control of the United States Postal Service; (ii) transmittal by facsimile transmission to a receiver or other device under the control of the party to whom notice is being given; (iii) actual delivery to or receipt by the party to whom notice is being given or an employee or agent thereof; or (iv) one (1) day after delivery to an overnight carrier.

SECTION 9.11 Headings. The headings contained herein are included for convenience of reference only and do not constitute a part of this Agreement.

SECTION 9.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed and delivered or transmitted by facsimile, e-mail or other electronic means, shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. A facsimile or electronic signature is deemed an original signature for all purposes under this Agreement.

SECTION 9.13 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

SECTION 9.14 Waiver of Default. (a) Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or the parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently given for the purposes of this Agreement if, as to any party, it is in writing signed by an authorized representative of such party.

(b) Waiver by any party of any default by the other party of any provision of this Agreement shall not be construed to be a waiver by the waiving party of any subsequent or other default, nor shall it in any way affect the validity of this Agreement or any party hereof or prejudice the rights of the other party thereafter to enforce each and ever such provision. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

SECTION 9.15 Amendments. No provisions of this Agreement shall be deemed amended, modified or supplemented by any Party, unless such amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such amendment, supplement or modification.

SECTION 9.16 Specific Performance. The Parties agree that the remedy at law for any breach of this Agreement may be inadequate, and that, as between Supplier and Buyer, any Party by whom this Agreement is enforceable shall be entitled to seek temporary, preliminary or permanent injunctive or other equitable relief with respect to the specific enforcement or performance of this Agreement. Such Party may, in its sole discretion, apply to a court of competent jurisdiction for such injunctive or other equitable relief as such court may deem just and proper in order to enforce this Agreement as between Supplier and Buyer, or the members of their respective Groups, or prevent any violation hereof, and, to the extent permitted by Applicable Law, as between Supplier and Buyer, each Party waives any objection to the imposition of such relief.

SECTION 9.17 Waiver of jury trial. Subject to Article VIII, each of the Parties hereby waives to the fullest extent permitted by Applicable Law any right it may have to a trial by jury with respect to any court proceeding directly or indirectly arising out of and permitted under or in connection with this Agreement or the transactions contemplated hereby. Each of the Parties hereby (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it has been induced to enter into this agreement and the transactions contemplated by this agreement, as applicable, by, among other things, the mutual waivers and certifications in this Section 9.17.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the date first written above.

SUPPLIER:

By: _____

Name:

Title:

BUYER:

By: _____

Name:

Title:

EXHIBIT A

REF P/N	DESCRIPTION	MODEL	VALUE	TOL	PRICE PER QUANTITY (USD)	
					All Qty	Minimum Order Qty
[***]	[***]	[***]	[***]	[***]	[***]	[***]

[***]

Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to an application for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked by [***].

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FORM OF SUPPLY AGREEMENT

by and between

Vishay Measurements Group, Inc.,
a Delaware corporation,

as Supplier

and

Vishay S.A.,
a French company,

as Buyer

Dated as of _____, 2010

This SUPPLY AGREEMENT (this "Agreement") is made as of _____, 2010 by and between Vishay Measurements Group, Inc., a Delaware corporation ("Supplier"), and Vishay S.A., a French company ("Buyer"). Supplier and Buyer each may be referred to herein as a "Party" and collectively, as the "Parties".

WHEREAS, subject to the terms, conditions, commitments and undertakings herein provided, Supplier is willing to manufacture and sell those products as set forth on Exhibit A hereto (as the same may be modified from time to time pursuant to the provisions hereof, the "Products") to Buyer, and Buyer desires to purchase the Products from Supplier, in such quantities as Buyer shall request , as provided in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings specified in this Article I:

"Affiliate" means, as applied to any Person, any other Person that, directly or indirectly, controls, is controlled by, or is under common control with that Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Applicable Law" means any applicable law, statute, rule or regulation of any Governmental Authority, or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"Buyer" has the meaning set forth in the preamble of this Agreement.

"Confidential Information" means all proprietary, design or operational information, data or material including, without limitation: (a) specifications, ideas and concepts for goods and services; (b) manufacturing specifications and procedures; (c) design drawings and models; (d) materials and material specifications; (e) quality assurance policies, procedures and specifications; (f) customer, client, manufacturer and supplier information; (g) computer software and derivatives thereof relating to design development or manufacture of goods; (h) training materials and information; (i) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice; (j) all other know-how, methodology, procedures, techniques and Trade Secrets; (k) proprietary earnings reports and forecasts; (l) proprietary macro-economic reports and forecasts; (m) proprietary marketing, advertising and business plans, objectives and strategies; (n) proprietary general market evaluations and surveys; (o) proprietary financing and credit-related information; (p) other copyrightable or patented works; (q) the terms of this Agreement; and (r) all similar and related information in whatever form; in each case, of one party which has been disclosed by Supplier or members of its Group on the one hand, or Buyer or members of its Group, on the other hand, in written, oral (including by recording), electronic, or visual form to, or otherwise has come into the possession of, the other Group.

"Firm Order" means Buyer's non-cancelable purchase order for Products to be purchased by Buyer from Supplier pursuant to this Agreement for delivery.

"FOB" has the meaning and usage assigned to such words in the incoterms rules published by the International Chamber of Commerce.

"Forecast" means, with respect to any relevant period, a good faith non-binding forecast, based on information available to Buyer at the time of such forecast (which information, if reduced to writing, shall be made available to Supplier upon reasonable request), of the Firm Order for each Product that Buyer expects to deliver to Supplier for each calendar month during such period.

"Governmental Authority" means any U.S. or non-U.S. federal, state, local, foreign or international court, arbitration or mediation tribunal, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

"Group" means, with respect to any Person, each Subsidiary of such Person and each other Person that is controlled directly or indirectly by such Person.

"Intellectual Property" means all domestic and foreign patents and patent applications, together with any continuations, continuations-in-part or divisional applications thereof, and all patents issuing thereon (including reissues, renewals and re-examinations of the foregoing); design patents; invention disclosures; mask works; all domestic and foreign copyrights, whether or not registered, together with all copyright applications and registrations therefor; all domain names, together with any registrations therefor and any goodwill relating thereto; all domestic and foreign trademarks, service marks, trade names, and trade dress, in each case together with any applications and registrations therefor and all goodwill relating thereto; all Trade Secrets, commercial and technical information, know-how, proprietary or Confidential Information, including engineering, production and other designs, notebooks, processes, drawings, specifications, formulae, and technology; computer and electronic data processing programs and software (object and source code), data bases and documentation thereof; all inventions (whether or not patented); all utility models; all registered designs, certificates of invention and all other intellectual property under the laws of any country throughout the world.

"Last-Time Buy Order" has the meaning set forth in Section 4.5.

"Liability" means, with respect to any Person, any and all losses, claims, charges, debts, demands, Actions, causes of action, suits, damages, obligations, payments, costs and expenses, sums of money, accounts, reckonings, bonds, specialties, indemnities and similar obligations, exoneration covenants, obligations under contracts, guarantees, make whole agreements and similar obligations, and other liabilities and requirements, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, joint or several, whenever arising, and including those arising under any Applicable Law, action, threatened or contemplated action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all costs and expenses, whatsoever reasonably incurred in investigating, preparing or defending against any such actions or threatened or contemplated actions) or order of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any contract, in each case, whether or not recorded or reflected or otherwise disclosed or required to be recorded or reflected or otherwise disclosed, on the books and records or financial statements of any Person, including any Liability for taxes.

"Person" (whether or not initially capitalized) means any corporation, limited liability company, partnership, firm, joint venture, entity, natural person, trust, estate, unincorporated organization, association, enterprise, government or political subdivision thereof, or Governmental Authority.

"Product" has the meaning set forth in the preamble of this Agreement.

"Product Warranty" has the meaning set forth in Section 6.1(a).

"Raw Materials Cost" means the direct cost of material used in a finished Product, including the normal quantity of material wasted in the production process, purchasing costs, inbound freight charges and any applicable subcontractor charges.

"Six-Month Forecast" means a forward-looking Forecast for a period of six consecutive calendar months, beginning on July 1 and January 1 of each calendar year, or, if earlier with respect to any Product, the last day of the Term for such Product.

"Subsidiary" of any Person means a corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however, that no Person that is not directly or indirectly wholly-owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person.

"Supplier" has the meaning set forth in the preamble of this Agreement.

"Supplier's Other Manufacturing Obligations" means the manufacturing obligations and commitments of Supplier to Persons other than Buyer, including Supplier's Affiliates.

"Specifications" means, with respect to any Product, the design, composition, dimensions, other physical characteristics, chemical characteristics, packaging, unit count and trade dress of such Product.

"Term" has the meaning set forth in Section 7.1.

"Trade Secrets" means information, including a formula, program, device, method, technique, process or other Confidential Information that derives independent economic value, actual or potential, from not being generally known to the public or to other Persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable, under the circumstances, to maintain its secrecy.

"Wholly-Owned Subsidiary" of a Person means a Subsidiary of that Person substantially all of whose voting securities and outstanding equity interest are owned either directly or indirectly by such Person or one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries.

The terms "herein", "hereof", "hereunder" and like terms, unless otherwise specified, shall be deemed to refer to this Agreement in its entirety and shall not be limited to any particular section or provision hereof. The term "including" as used herein shall be deemed to mean "including, but not limited to." The term "days" shall refer to calendar days unless specified otherwise. References herein to "Articles", "Sections" and "Exhibits" shall be deemed to mean Articles, Sections of and Exhibits to this Agreement unless otherwise specified.

ARTICLE II
PURCHASE AND SALE OF PRODUCTS

SECTION 2.1 Agreement to Purchase and Sell Products. (a) During the Term, Supplier hereby agrees to manufacture and sell to Buyer, and Buyer hereby agrees to purchase and accept from Supplier, such amounts of Products, as from time to time shall be ordered by Buyer.

(b) All Products to be sold to Buyer pursuant to this Agreement shall be manufactured by Supplier or an Affiliate of Supplier; provided, however, that Supplier may subcontract the manufacture of any Product to a manufacturer that is not an Affiliate of Supplier with Buyer's prior written consent, which consent shall not be unreasonably withheld, provided that any such subcontracting shall not relieve Supplier of its obligations hereunder.

SECTION 2.2 Product Specifications. (a) Supplier shall manufacture all Products according to the Specifications in effect as of the date of this Agreement, with such changes or additions to the Specifications of the Products related thereto as shall be requested by Buyer in accordance with this Section or as otherwise agreed in writing by the Parties. All other Products shall be manufactured with such Specifications as the Parties shall agree in writing.

(b) Buyer may request changed or additional Specifications for any Product by delivering written notice thereof to Supplier not less than one hundred twenty (120) days in advance of the first Firm Order for such Product to be supplied with such changed or additional Specifications. Notwithstanding the foregoing, if additional advance time would reasonably be required in order to implement the manufacturing processes for production of a Product with any changed or additional Specifications, and to commence manufacture and delivery thereof, Supplier shall so notify Buyer, and Supplier shall not be required to commence delivery of such Product until the passage of such additional time.

(c) Supplier shall be required to accommodate any change of, or additions to, the Specifications for any Product, if and only if (i) in Supplier's good faith judgment, such changed or additional Specifications would not require Supplier to violate good manufacturing practice, (ii) the representation and warranty of Buyer deemed made pursuant to Subsection (e) below is true and correct, and (iii) Buyer agrees to reimburse Supplier for the incremental costs and expenses incurred by Supplier in accommodating the changed or additional Specifications, including the costs of acquiring any new machinery and tooling. For the avoidance of doubt, such costs and expenses shall be payable by Buyer separately from the cost of Products at such time or times as Supplier shall request.

(d) Supplier shall notify Buyer in writing within thirty (30) days of its receipt of any request for changed or additional Specifications (i) whether Supplier will honor such changed or additional Specifications, (ii) if Supplier declines to honor such changed or additional Specifications, the basis therefor and (iii) if applicable, the estimated costs and expenses that Buyer will be required to reimburse Supplier in respect of the requested changes or additions, as provided in Subsection (c) above. Buyer shall notify Supplier in writing within fifteen (15) days after receiving notice of any required reimbursement whether Buyer agrees to assume such reimbursement obligation.

(e) By its request for any changed or additional Specifications for any Product, Buyer shall be deemed to represent and warrant to Supplier that the manufacture and sale of the Product incorporating Buyer's changed or additional Specifications, as a result of such incorporation, will not and could not reasonably be expected to (i) violate or conflict with any contract, agreement, arrangement or understanding to which Buyer and/or any of its Affiliates is a party, including this Agreement and any other contract, agreement, arrangement or understanding with Supplier and/or its Affiliates, (ii) infringe on any trademark, service mark, copyright, patent, trade secret or other intellectual property rights of any Person, or (iii) violate any Applicable Law. Buyer shall indemnify and hold Supplier and its Affiliates harmless (including with respect to reasonable attorneys' fees and disbursements) from any breach of this representation and warranty.

SECTION 2.3 New Products. If Buyer shall request in writing that Supplier manufacture and sell to Buyer an item that is not at the time a Product, Supplier shall consider such request in good faith, giving due consideration to Supplier's available manufacturing capacity, Supplier's Other Manufacturing Obligations, existing know-how, technical feasibility, cost, profitability and other relevant factors. Supplier shall inform Buyer within a reasonable time of Supplier's determination in principle whether to manufacture such Product, and if Supplier has determined not to manufacture such Product, the reasons therefor. If Supplier shall inform Buyer that it is willing in principle to manufacture and sell such Product, Buyer and Supplier shall negotiate in good faith with respect to the terms of such manufacture and sale, including pricing and the Exhibits to this Agreement shall be modified accordingly; provided, however, that neither Party shall be bound with respect to the manufacture and sale of any such Product unless the Parties shall have so agreed in writing.

SECTION 2.4 Supplier's Supply Obligations. Supplier shall be obligated to manufacture and sell Products to Buyer, in accordance with Buyer's Firm Orders, to the extent of Supplier's then existing manufacturing capacity, taking into account Supplier's Other Manufacturing Obligations; provided, however, the Supplier shall give equal priority to the orders of Buyer, on the one hand, and Supplier's Other Manufacturing Obligations, on the other.

SECTION 2.5 Product Changes. Supplier shall communicate any change in the Specifications for any Product or its manufacture in accordance with Supplier's product change notification process. Buyer shall be deemed to have accepted such change unless, within thirty (30) days after receipt of notice from Supplier, Buyer informs Supplier that such change is not acceptable. If Buyer informs Supplier that such change is not acceptable, Supplier may by notice to Buyer either (x) continue to supply the Product in accordance with the original Specifications and manufacturing procedures or (y) terminate this Agreement with respect to such Product on a date specified by Supplier in a notice of termination, which date shall not be earlier than the earlier of (I) one (1) year from the date of Buyer's information that it does not accept the change proposed by Supplier and (II) if such notice of termination is delivered more than ninety (90) days before the end of the then current Term, the end of such Term; subject to the right of the Buyer to submit a Last-Time Buy Order in accordance with Section 4.5.

SECTION 2.6 Product Discontinuation. At any time Supplier may notify Buyer that Supplier is discontinuing the manufacture and sale of a Product. Such discontinuation shall take effect on a date specified by Supplier in a notice of discontinuation, which date shall not be earlier than one (1) year from the date of the notice of discontinuation; subject to the right of the Buyer to submit a Last-Time Buy Order in accordance with Section 4.5.

SECTION 2.7 Consultation and Support. At either Party's reasonable request, the Parties shall meet and discuss the nature, quality and level of supply services contemplated by this Agreement. In addition, Supplier will make available on a commercially reasonable basis and at commercially reasonable times qualified personnel to provide knowledgeable support service with respect to the Products. The Parties shall negotiate in good faith with respect to any fees and other charges incurred by Supplier in providing other than routine product support.

ARTICLE III
FORECASTS

SECTION 3.1 Forecasts. (a) As soon as possible, but in no event later than thirty (30) days following the distribution of shares of common stock of Vishay Precision Group, Inc. ("VPG") to the shareholders of Vishay Intertechnology, Inc. ("Vishay Intertechnology") under that certain Master Separation and Distribution Agreement between Vishay Intertechnology and VPG (the "Master Separation Agreement"), Buyer shall provide to Supplier an initial Forecast for the period ending on December 31, 2010. Beginning on December 1, 2010, and thereafter, on May 31 and December 1 of each calendar year, Buyer shall provide to Supplier a Six-Month Forecast for the 6-month period beginning on the immediately following July 1 and January 1, respectively.

(b) If it is commercially impracticable for Buyer to deliver a Six-Month Forecast for a particular Product, Buyer shall deliver Forecasts to Supplier at such intervals and for such periods as reasonable under the circumstances, and Supplier shall in good faith consider such Forecasts delivered by Buyer.

(c) Supplier shall use all Forecasts delivered by Buyer under this Agreement for capacity and raw material planning purposes only, and such Forecasts will not constitute a commitment of any type by Buyer to purchase any Product.

SECTION 3.2 Forecasts in Excess of Capacity. Upon receipt of each Forecast, Supplier shall determine whether it will have the capacity to manufacture and sell to Buyer the Products in the forecasted amounts. If Supplier determines that it will not have the capacity to manufacture and deliver any Product to Buyer as forecasted, Supplier shall so notify Buyer as promptly as practicable. Supplier and Buyer shall thereafter negotiate in good faith in order to match Supplier's manufacturing capacity with Buyer's requirements for the specified Product, such as by advancing or deferring the delivery of the Product to other periods. In the event that Supplier and Buyer shall agree to accommodate Buyer's forecasted requirements in a manner that will require the expenditure by Supplier of unbudgeted costs and expenses in addition to the costs and expenses that Supplier would otherwise be required to expend in order to fulfill its obligations under this Agreement, Buyer shall be obligated to reimburse Supplier for such costs and expenses as have actually been expended by Supplier, notwithstanding that the manufacture and sale of Products in accordance with the Firm Orders subsequently delivered by Buyer for the relevant periods do not require such expenditure.

SECTION 3.3 Firm Orders in Excess of Forecasts. In the event that the Firm Order for any Product shall exceed the Forecast contained in the most recent prior Forecast for such Product (as such Forecast may have been modified by agreement of the Parties in the manner contemplated in Section 3.2; such excess being referred to as the "Excess Order"), Supplier shall notify Buyer, as promptly as reasonably practicable after receipt of such Firm Order, whether Supplier has sufficient available capacity to accommodate the Excess Order, taking into consideration Supplier's manufacturing capacity for such Product and Supplier's Other Manufacturing Obligations. If Supplier shall not have sufficient available capacity to accommodate the Excess Order, Supplier and Buyer shall negotiate in good faith in order to match Supplier's available manufacturing capacity with Buyer's requirements for the specified Product, such as by advancing or deferring the delivery of the Product to other periods.

ARTICLE IV
ORDERS AND PAYMENT

SECTION 4.1 Purchase Orders. (a) Buyer may place a Firm Order for the Products with Supplier at any time and from time to time.

(b) Each Firm Order shall specify (i) number of units of the Product to be purchased and (ii) the requested delivery date, provided that Buyer shall request a delivery date with a lead delivery time that is customary for the particular Product, unless otherwise agreed upon by the Parties. Supplier agrees to provide Buyer prompt notice if it knows it cannot meet a requested delivery date.

(c) If Buyer requires a Product on an emergency basis and so informs Supplier, and Supplier has the Product available in its uncommitted inventory, Supplier agrees to use reasonable commercial efforts to fill the emergency order as promptly as practicable. Buyer agrees to pay reasonable incremental expenses related to any emergency order.

SECTION 4.2 Shipment.

(a) Products will be shipped by Supplier to Buyer FOB shipping point.

(b) Supplier shall package all Products so as to protect them from loss or damage during shipment, in conformity with good commercial practice, the Specifications and Applicable Law. Buyer shall be responsible, at its own cost and expense, for the shipment (including, among other fees, costs and expenses, transit and casualty insurance and third party fees) of all processed materials by Buyer. Supplier shall cooperate with Buyer in assembling and coordinating shipments, as reasonably requested by Buyer.

(c) For the avoidance of doubt, title to and risk of loss or damage will pass to Buyer upon Buyer's pick up for transfer of the Products ordered.

SECTION 4.3 Prices. Pricing for the Products shall be as set forth on Exhibit A, as such Exhibit may be modified from time to time by agreement of the Parties. At least thirty (30) days prior to the beginning of each calendar year, the parties shall negotiate in good faith changes to the pricing of the Products to be applicable in the ensuing year. Such pricing shall take into account changes in the cost of manufacturing the Products, including labor, manufacturing, utility and other direct costs, and other ascertainable market inputs. If the Parties cannot in good faith agree on pricing for the Products, until such time as the Parties do so agree, Supplier shall have no obligation to honor any Firm Orders submitted by Buyer to the extent that such Firm Orders are placed following expiration of the then current calendar year.

SECTION 4.4 Payment Terms. Unless otherwise agreed to by the Parties in writing, Buyer shall make payment separately for each Firm Order. Buyer shall pay the net amount of all invoice amounts within sixty (60) days of the date of Supplier's invoice unless the terms of Supplier's invoice permits later payment or allows for prepayment with a discount. Invoices shall not be sent earlier than the date on which the Products related thereto are delivered to Buyer.

SECTION 4.5 Last-Time Buy Order.

(a) Buyer shall have a right to place a written last-time Firm Order for a Product (a "Last-Time Buy Order") if (i) Supplier delivers to Buyer notice of its intention not to renew the Term pursuant to Section 7.2; (ii) Supplier terminates this Agreement in respect of such Product in connection with Buyer's choice not to accept a change in such Product under Section 2.5; (iii) Supplier delivers to Buyer a notice of discontinuation of such Product; or (iv) Buyer terminates this Agreement in connection with a material breach by Supplier pursuant to Section 7.3. The right of the Buyer to submit a Last-Time Buy Order shall entitle Buyer to purchase the Products at the price in effect for the products as of the time of Buyer's exercise of such right.

(b) A Last-Time Buy Order shall specify (i) number of units of the Product to be purchased and (ii) the requested delivery date or dates for such units. If Supplier informs Buyer that it cannot honor the requested delivery dates because of capacity restraints or otherwise, the Parties shall negotiate in good faith with respect to delivery dates mutually acceptable to Supplier and Buyer.

(c) The Parties hereby agree to use commercially reasonable efforts to coordinate forecasting and ordering during the period between the date the Last-Time Buy Order is delivered to Supplier and the final delivery date to allow for regular supply of Products during such period.

ARTICLE V
CONFIDENTIALITY

SECTION 5.1 Supplier and Buyer shall hold and shall cause each of their respective affiliates, directors, officers, employees, agents, consultants, advisors and other representatives to hold, in strict confidence and not to disclose or release without the prior written consent of the other party, any and all proprietary or confidential information, material or data of the other party that comes into its possession in connection with the performance by the parties of their rights and obligations under this Agreement. The provisions of Section 4.5 of the Master Separation Agreement shall govern, *mutatis mutandis*, the confidentiality obligations of the parties under this Section.

ARTICLE VI
PRODUCT WARRANTY; LIMITATION OF LIABILITY

SECTION 6.1 Product Warranty; Merchantability Warranty. (a) Supplier warrants to Buyer that the Products shall, at the time of delivery to Buyer in accordance with Section 4.2: (i) conform to the Specifications therefor, as provided in Section 2.2; (ii) be free from material defects; and (iii) be manufactured in accordance with good manufacturing practice and Applicable Law (such warranty being referred to as the "Product Warranty").

(b) EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, NO WARRANTIES, OTHER THAN THE PRODUCT WARRANTY, ARE EXPRESSED OR IMPLIED IN RESPECT OF THE PRODUCTS, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

SECTION 6.2 Defective or Non-Conforming Products. (a) Claims by Buyer relating to the quantity of or damage to any Product or the failure of any Product to conform to its Specifications must be made within one (1) year of receipt of such Product and must be in writing, specifying in reasonable detail the nature and basis of the claim and citing relevant control or lot numbers or other information to enable identification of the Product in question. Supplier's Liability to Buyer for damages for any such claim shall be limited to a refund for the price of the defective Product plus shipping costs or, at Buyer's option, prompt replacement thereof with a Product that complies with the Product Warranty. Such refund and shipping costs or a replacement shall constitute Supplier's sole and exclusive Liability for such claims. For the avoidance of doubt, nothing shall limit the obligations of Supplier to Buyer in respect of third party claims against Buyer arising from the failure of any Product to conform to its Specifications.

(b) Any notifications to either Party pursuant to this Section 6.2 shall be subject to the confidentiality provisions of Article V above.

SECTION 6.3 Indemnification. (a) Subject to Section 6.4, Supplier shall indemnify and hold Buyer harmless from and against any Liability, including reasonable attorney's fees and disbursements, arising out of any third party claim for death, injury or damage to property resulting from (i) Supplier's breach of this Agreement; or (ii) any claim that a Product purchased from Supplier infringes any intellectual property right of a third party.

(b) Buyer shall indemnify and hold harmless Supplier from and against any Liability, including reasonable attorneys' fees and disbursements, arising out of any third party claim for death, injury or damage to property resulting from use of any of the Products based upon (i) Buyer's breach of this Agreement; or (ii) any change in condition of the Products caused by Buyer other than any change in Specifications requested by Supplier and deemed accepted by Buyer under Section 2.5.

(c) Any Party seeking indemnification pursuant to this Section 6.3 shall promptly notify the other Party of the claim as to which indemnification is sought, shall afford the other Party, at the other Party's sole expense, the opportunity to defend or settle the claim (in which case the indemnifying Party shall not be responsible for the attorneys' fees of the indemnified Party with respect such claim) and shall cooperate to the extent reasonably requested by the other Party in the investigation and defense of such claim; provided, however, that any settlement of any such claim that would adversely affect the rights of the indemnified Party shall require the written approval of such indemnified Party; and provided further that an indemnified Party shall not settle any such claim without the written approval of the indemnifying Party.

(d) The foregoing indemnification obligations shall survive any termination or expiration of this Agreement, in whole or in part, or the expiration or termination of the Term.

SECTION 6.4 Limitation of Liability. In no event shall any Party be liable for any special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss of any kind, arising out of any breach of this Agreement, including breach of the Product Warranty, or any other obligations of any Party hereunder, or any use of the Products, and each Party hereby knowingly and expressly waives any claims or rights with respect thereto; provided, however, that in the event a Party is required to pay to a third-party claimant any special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss on any claim with respect to which such Party is indemnified by the other Party pursuant to this Agreement, such Party shall be entitled to indemnification from the other Party with respect to such third-party special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss to the extent resulting from the indemnifiable acts or omissions of the other Party.

SECTION 6.5 Insurance. Each of the Parties shall maintain general liability insurance covering their activities under this Agreement in accordance with prudent and customary commercial practices, in such amounts as shall be agreed upon from time to time by the Parties.

ARTICLE VII
TERM OF AGREEMENT; RENEWAL TERM; TERMINATION

SECTION 7.1 Term of Agreement. Unless earlier terminated pursuant to Section 7.3, the term of this Agreement shall be perpetual.

SECTION 7.2 Termination. Either Party may terminate this Agreement at any time upon prior written notice to the other at least one (1) year prior to the requested date of termination.

SECTION 7.3 Rights Upon Termination. Following a termination of this Agreement, all further rights and obligations of the Parties under this Agreement shall terminate. Notwithstanding the foregoing, the termination of this Agreement shall not affect the rights and obligations of the Parties arising prior to such expiration or termination; and provided further that the Parties shall not be relieved of (i) their respective obligations to pay monies due or which become due as of or subsequent to the date of expiration or termination, and (ii) any other respective obligations under this Agreement which specifically survive or are to be performed after the date of such expiration or termination, including the provisions of Article V and 6.3. Any Firm Order, including a Last-Time Buy Order, submitted prior to the expiration or termination of this Agreement shall be filled by Supplier pursuant to the terms hereof even if the delivery date is after expiration or termination.

ARTICLE VIII
DISPUTE RESOLUTION

SECTION 8.1 The terms and provisions of Article VIII of the Master Separation Agreement relating to the procedures for resolution of any disputes between the parties, shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may arise out of or relate to or arise under or in connection with this Agreement, or the transactions contemplated hereby, *mutatis mutandis.*

ARTICLE IX
MISCELLANEOUS

SECTION 9.1 Assignment. This Agreement and the rights and obligations of a Party hereunder shall be assignable or delegable, in whole or in part, (i) by Supplier without the consent of Buyer, to a Wholly-Owned Subsidiary of Supplier that succeeds to the conduct of the foil resistor business responsible for supplying the Products; (ii) by Buyer without the consent of Supplier, to a Wholly-Owned Subsidiary of Buyer; or (iii) by either Party, to any Person who is not a Wholly-Owned Subsidiary of a Party only with the prior written consent of the other Party; provided, however, that no such assignment shall relieve the assigning Party of Liability for its obligations hereunder. The following actions shall not be deemed an assignment of this Agreement: (1) assignment or transfer of the stock of a Party, including by way of a merger, consolidation, or other form of reorganization in which outstanding shares of a Party are exchanged for securities, or (2) any transaction effected primarily for the purpose of (A) changing a Party's state of incorporation or (B) reorganizing a Party into a holding company structure such that, as a result of any such transaction, such Party becomes a Wholly-Owned Subsidiary of a holding company owned by the holders of such Party's securities immediately prior to such transaction. Any attempted assignment other than as provided herein shall be void. The provisions of this Agreement shall be binding upon, and shall inure to the benefit of, the successors and permitted assigns of the Parties.

SECTION 9.2 Force Majeure. The Parties shall not be liable for the failure or delay in performing any obligation under this Agreement (except pursuant to Section 7.4) if and to the extent such failure or delay is due to (i) acts of God; (ii) weather, fire or explosion; (iii) war, invasion, riot or other civil unrest; (iv) governmental laws, orders, restrictions, actions, embargoes or blockages; (v) action by any regulatory authority which prohibits the manufacture, sale or distribution of the Products, except to the extent due to Supplier's breach of its obligations hereunder; (vi) regional, national or foreign emergency; (vii) injunction, strikes, lockouts, labor trouble or other industrial disturbances; (viii) shortage of adequate fuel, power, materials, or transportation facilities; or (ix) any other event which is beyond the reasonable control of the affected Party; provided, however, that the Party affected shall promptly notify the other Party of the force majeure condition and shall exert its reasonable commercial efforts to eliminate, cure or overcome any such causes and to resume performance of its obligations as soon as possible.

SECTION 9.3 Intellectual Property. All Intellectual Property owned or created by a Party shall remain its sole and exclusive property, and the other Party shall not acquire any rights therein by reason of this Agreement.

SECTION 9.4 Entire Agreement. This Agreement and the Exhibits hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersede all previous agreements, negotiations, discussions, understandings, writings, commitments and conversations between the parties with respect to such subject matter. No agreements or understandings exist between the parties other than those set forth or referred to herein or therein. If any provision of this Agreement or the application thereof to any Party or circumstance shall be declared void, illegal or unenforceable, the remainder of this Agreement shall be valid and enforceable to the extent permitted by Applicable Law. In such event, the Parties shall use their best efforts to replace the invalid or unenforceable provision with a provision that, to the extent permitted by Applicable Law, achieves the purposes intended under the invalid or unenforceable provision.

SECTION 9.5 Governing Law. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws rules thereof to the extent such rules would require the application of the law of another jurisdiction.

SECTION 9.6 Consent to Jurisdiction. Subject to the provisions of Article VIII, each of the Parties irrevocably submits to the jurisdiction of the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan for the purposes of any suit, action or other proceeding to compel arbitration, for the enforcement of any arbitration award or for specific performance or other equitable relief pursuant to Section 9.16. Each of the parties further agrees that service of process, summons or other document by U.S. registered mail to such parties address as provided in Section 9.10 shall be effective service of process for any action, suit or other proceeding with respect to any matters for which it has submitted to jurisdiction pursuant to this Section 9.6. Each of the parties irrevocably waives any objection to venue in the federal and state courts located in Philadelphia, Pennsylvania and the City of New York, Borough of Manhattan of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby for which it has submitted to jurisdiction pursuant to this Section 9.6, and waives any claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

SECTION 9.7 Independent Contractor. Nothing contained in this Agreement shall constitute a Party as a partner, employee or agent of the other Party, nor shall any Party hold itself out as such. Neither Party shall have the right or authority to incur, assume or create, in writing or otherwise, any warranty, Liability or other obligation of any kind, express or implied, in the name or on behalf of the other Party, and each Party is and shall remain an independent contractor, responsible for its own actions. Except as otherwise explicitly provided herein, each Party shall be responsible for its own expenses incidental to its performance of this Agreement.

SECTION 9.8 Set-Off. The obligation of Buyer to pay the purchase price for Products shall be unconditional, except as provided in this Agreement, and shall not be subject to any defense, setoff, counterclaim or similar right against Supplier or any of its Affiliates that could be asserted by Buyer or any of its Affiliates under any other contract, agreement, arrangement or understanding or otherwise under Applicable Law.

SECTION 9.9 Waivers. No claim or right arising out of or relating to a breach of any provision of this Agreement can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved Party. Any failure by any Party to enforce at any time any provision under this Agreement shall not be considered a waiver of that Party's right thereafter to enforce each and every provision of this Agreement.

SECTION 9.10 Notices. All notices, demands and other communications required to be given to a Party hereunder shall be in writing and shall be deemed to have been duly given if personally delivered, sent by a nationally recognized overnight courier, transmitted by facsimile, or mailed by registered or certified mail (postage prepaid, return receipt requested) to such Party at the relevant street address or facsimile number set forth below (or at such other street address or facsimile number as such Party may designate from time to time by written notice in accordance with this provision):

If to Supplier, to:

Vishay Measurements Group Inc.
c/o Vishay Precision Group, Inc.
3 Great Valley Parkway
Malvern, PA 19355-1307
Attention: William M. Clancy
Telephone: 484-321-5300
Facsimile: 484-321-5300

with a copy to:

Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth and Arch Streets

Philadelphia, Pennsylvania 19103-2799
Attention: Barry Abelson, Esq.
Telephone: 215-981-4000
Facsimile: 215-981-4750

If to Buyer, to:

Vishay S.A.
c/o Vishay Intertechnology, Inc.
63 Lancaster Avenue
Malvern, PA 19355-2120
Attention: Dr. Lior E. Yahalomi
Telephone: 610-644-1300
Facsimile: 610-889-2161

with a copy to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036
Attention: Ernest S. Wechsler, Esq.
Telephone: 212-715-9100
Facsimile: 212-715-8000

Any notice, demand or other communication hereunder shall be deemed given upon the first to occur of: (i) the fifth (5th) day after deposit thereof, postage prepaid and addressed correctly, in a receptacle under the control of the United States Postal Service; (ii) transmittal by facsimile transmission to a receiver or other device under the control of the party to whom notice is being given; (iii) actual delivery to or receipt by the party to whom notice is being given or an employee or agent thereof; or (iv) one (1) day after delivery to an overnight carrier.

SECTION 9.11 Headings. The headings contained herein are included for convenience of reference only and do not constitute a part of this Agreement.

SECTION 9.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed and delivered or transmitted by facsimile, e-mail or other electronic means, shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. A facsimile or electronic signature is deemed an original signature for all purposes under this Agreement.

SECTION 9.13 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

SECTION 9.14 Waiver of Default. (a) Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or the parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently given for the purposes of this Agreement if, as to any party, it is in writing signed by an authorized representative of such party.

(b) Waiver by any party of any default by the other party of any provision of this Agreement shall not be construed to be a waiver by the waiving party of any subsequent or other default, nor shall it in any way affect the validity of this Agreement or any party hereof or prejudice the rights of the other party thereafter to enforce each and ever such provision. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

SECTION 9.15 Amendments. No provisions of this Agreement shall be deemed amended, modified or supplemented by any Party, unless such amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such amendment, supplement or modification.

SECTION 9.16 Specific Performance. The Parties agree that the remedy at law for any breach of this Agreement may be inadequate, and that, as between Supplier and Buyer, any Party by whom this Agreement is enforceable shall be entitled to seek temporary, preliminary or permanent injunctive or other equitable relief with respect to the specific enforcement or performance of this Agreement. Such Party may, in its sole discretion, apply to a court of competent jurisdiction for such injunctive or other equitable relief as such court may deem just and proper in order to enforce this Agreement as between Supplier and Buyer, or the members of their respective Groups, or prevent any violation hereof, and, to the extent permitted by Applicable Law, as between Supplier and Buyer, each Party waives any objection to the imposition of such relief.

SECTION 9.17 Waiver of jury trial. Subject to Article VIII, each of the Parties hereby waives to the fullest extent permitted by Applicable Law any right it may have to a trial by jury with respect to any court proceeding directly or indirectly arising out of and permitted under or in connection with this Agreement or the transactions contemplated hereby. Each of the Parties hereby (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it has been induced to enter into this agreement and the transactions contemplated by this agreement, as applicable, by, among other things, the mutual waivers and certifications in this Section 9.17.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the date first written above.

SUPPLIER:

By: _____

Name:

Title:

BUYER:

By: _____

Name:

Title:

EXHIBIT A

Product	DESCRIPTION	PRICE[(c)] (USD)	MINIMUM ORDER QUANTITY
[***]	[***]	[***]	[***]

[***]

Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to an application for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked by [***].

[ ], 2010

Dear Vishay Intertechnology, Inc. Stockholder:

We are pleased to inform you that on [approval date], the board of directors of Vishay Intertechnology, Inc. approved the spin-off of Vishay Precision Group, Inc., our wholly-owned subsidiary that operates our precision measurement and foil resistor businesses.

The spin-off will separate the ownership and management of our business and that of Vishay Precision Group, which we think will better enable both companies to focus on their core businesses. Vishay Intertechnology is expected to be a more competitive, pure-play discrete electronic components company.

We will effect the spin-off by way of a pro rata stock dividend to our stockholders as of [record date]. Each holder of a share of Vishay Intertechnology common stock will receive [ratio] shares of common stock of Vishay Precision Group for each share of Vishay Intertechnology common stock held, and each holder of a share of Vishay Intertechnology Class B common stock will receive [ratio] shares of Class B common stock of Vishay Precision Group for each share of Vishay Intertechnology Class B common stock held. The dividend will represent 100% of the equity of Vishay Precision Group outstanding at the time of the spin-off. We expect to distribute shares of Vishay Precision Group on or about [spin-off date]. Cash will be paid in lieu of fractional shares.

Stockholder approval for the spin-off is not required, and you are not required to take any action to participate in the spin-off. You do not need to pay any consideration or surrender or exchange your shares of Vishay Intertechnology common stock. Holders who sell their shares of Vishay Intertechnology common stock in the "regular way" after the record date but prior to the distribution date will not receive shares of Vishay Precision Group. Following the spin-off, Vishay Intertechnology common stock will continue to trade on the New York Stock Exchange under the symbol "VSH," and we expect that Vishay Precision Group common stock will trade on the New York Stock Exchange under the symbol "VPG." The shares of Vishay Precision Group common stock will be issued by book-entry with our transfer agent, which means that no physical certificates will be issued. Physical certificates will be issued only to holders of Vishay Precision Group Class B common stock.

We intend for the spin-off to be tax-free for stockholders for U.S. federal income tax purposes. To that end, based on representations made by Vishay Intertechnology, we [expect to obtain] a favorable ruling regarding the spin-off from the U.S. Internal Revenue Service.

The enclosed information statement, which is being provided to all Vishay Intertechnology stockholders, describes the spin-off in detail and contains important business and financial information about Vishay Precision Group.

We look forward to your continued support as a stockholder of Vishay Intertechnology.

Sincerely,

Dr. Felix Zandman
Executive Chairman of the Board of Directors
Vishay Intertechnology, Inc.

Dr. Gerald Paul
President and Chief Executive Officer
Vishay Intertechnology, Inc.

[ ], 2010

Dear Vishay Precision Group, Inc. Stockholder:

It is our pleasure to welcome you as a stockholder of our new company. Although we are a newly independent company, we have a strong history. We are a designer, manufacturer, and marketer of resistive foil technology products such as resistive sensors, weighing modules, and weighing systems for a wide variety of applications. In 2009, we generated $172 million in net revenue, had net earnings of $1.7 million, and generated cash flows from operations of $29.2 million. Our mission is to create value for you, our stockholders, and for our customers through our "vertical product integration" strategy and growing our business of manufacturing and marketing precision sensors, weighing systems, sophisticated digital weighing modules and other precision measurement products. We expect that our common stock will be listed on the New York Stock Exchange under the symbol "VPG."

Our management team is excited about our spin-off from Vishay Intertechnology, and is committed to realizing the potential that exists for us as an independent company focused on precision measurement. We invite you to learn more about our company by reading the enclosed information statement and we look forward to updating you on our progress in realizing our vision and mission. We would like to thank you in advance for your support as a stockholder in our new company.

Sincerely,

Marc Zandman
Chairman of the Board of Directors
Vishay Precision Group, Inc.

Ziv Shoshani
President and Chief Executive Officer
Vishay Precision Group, Inc.

Subject to Completion, dated May 6, 2010

INFORMATION STATEMENT
Vishay Precision Group, Inc.
Common Stock
(Par Value $0.10)

Vishay Intertechnology, Inc. is furnishing this information statement to its stockholders in connection with the spin-off of our company. In the spin-off, Vishay Intertechnology will transfer to us the assets and businesses which Vishay Intertechnology attributes to its precision measurement and foil resistor businesses and distribute on a pro rata basis to its stockholders all of our outstanding equity.

If you are a holder of record of Vishay Intertechnology common stock as of 5:00 p.m. New York City time on [record date], the record date for the distribution, you will receive [ratio] shares of our common stock for each share of Vishay Intertechnology common stock that you own. If you are a holder of record of Vishay Intertechnology Class B common stock on the record date, you will receive [ratio] shares of our Class B common stock for each share of Vishay Intertechnology Class B common stock that you own. You will receive cash in lieu of any fractional shares which you would have received after application of the above ratio. As discussed under "The Spin-off—Trading of Vishay Intertechnology Common Stock Between the Record Date and Distribution Date," if you sell your shares of Vishay Intertechnology common stock in the "regular way" market after the record date and before the spin-off, you also will be selling your right to receive shares of our common stock in connection with the spin-off. We expect the shares of our common stock and our Class B common stock to be distributed by Vishay Intertechnology on or about [spin-off date]. We refer to the date of the distribution as the "distribution date."

_____

No vote of Vishay Intertechnology's stockholders is required, and therefore you are not being asked for a proxy in connection with the spin-off. You do not need to pay any consideration, exchange or surrender your existing shares of Vishay Intertechnology common stock or take any other action to receive your shares of our common stock.

There is no current trading market for our common stock, although we expect that a limited market, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution, and we expect regular way trading of our common stock to begin on the first trading day following the completion of the spin-off. We expect that our common stock will be listed on the New York Stock Exchange under the symbol "VPG." Our Class B common stock generally will not be transferable except in certain very limited instances, and we do not anticipate a market for the Class B common stock.

In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 17.

_____

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

_____

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is May 6, 2010

Table of Contents

SUMMARY

The following is a summary of material information discussed in this information statement. This summary may not contain all the details concerning the spin-off or other information that may be important to you. To better understand the spin-off and our business and financial position, you should carefully review this entire information statement. Unless the context otherwise requires, references in this information statement to "Vishay Precision Group," "we," "our" and "us" mean the Vishay precision measurement and foil resistor businesses which will be contributed in the spin-off to Vishay Precision Group, Inc., a Delaware corporation, and its subsidiaries. References in this information statement to "Vishay Intertechnology" mean Vishay Intertechnology, Inc., a Delaware corporation, and its subsidiaries, unless the context otherwise requires.

We describe in this information statement the precision measurement and foil resistor businesses of Vishay Intertechnology as if they were our business for all historical periods described. References in this information statement to our historical assets, liabilities, products, businesses or activities of our business are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the transferred businesses as the businesses were conducted as part of Vishay Intertechnology and its subsidiaries prior to the spin-off.

We were incorporated in Delaware on August 28, 2009. Our principal executive offices are located at 3 Great Valley Parkway, Suite 150, Malvern, PA 19355. Our main telephone number is 484-321-5300.

Our Business

We are a designer, manufacturer and marketer of Foil Technology Products (strain gages, ultra-precision foil resistors, and current sensors) and Weighing Modules and Control Systems (transducers/load cells, instruments, weigh modules, and control systems) for a wide variety of applications.

Our business is currently part of Vishay Intertechnology and our assets and liabilities consist of those that Vishay Intertechnology attributes to its precision measurement and foil resistor businesses. Following the spin-off, we will be an independent, publicly traded company, and Vishay Intertechnology will not retain any ownership interest in us.

Resistors are basic components used in all forms of electronic circuitry to adjust and regulate levels of voltage and current. They vary widely in precision and cost, and are manufactured from numerous materials and in many forms. Foil resistors are the most precise and stable type of resistors available. A strain gage is a special type of resistive sensor for measurement of weights and stress.

Innovations in the fields of foil technology were the foundation of the Vishay Precision Group business. The subsequent advancement of foil resistance and strain gage technology opened the door for us to numerous commercial applications such as for weighing modules and control systems on a vertical market basis.

Our growth and acquisition strategy focuses on vertical product integration, using our foil resistance strain gages in our load cell products and incorporating our load cells, electronic measurement instrumentation (containing foil resistors) and software into our modules and measurement systems. Current sensing foil resistor products are also part of certain control systems that we manufacture. Many of our acquisitions in recent years have been directed towards furthering our vertical integration strategy, and we expect to continue to focus our acquisition program in this direction.

In January 2002, we acquired the load cell and strain gage business of Sensortronics, Inc. As part of the transaction, we acquired manufacturing facilities in Covina, California (which we subsequently consolidated) and a 49% interest in a joint venture in India.

In June 2002, we acquired Tedea-Huntleigh BV, a manufacturer of load cells used in digital scales by the weighing industry. With the Tedea-Huntleigh acquisition, we acquired two manufacturing facilities in Israel—in Netanya and Carmiel—and facilities in the People's Republic of China and France.

In July 2002, we purchased the BLH and Nobel businesses from Thermo Electron Corporation, which produce load cell based process weighing systems, weighing and batching instruments, web tension transducers, weighing scales, servo control systems, and components relating to load cells, including foil strain gages. In October 2002, we acquired Celtron Technologies, another company engaged in the production and sale of load cells used in digital scales for the weighing industry. We completed our load cell acquisitions with the purchase of SI Technologies, Inc., which had been a publicly traded company on the NASDAQ. SI Technologies designs, manufactures, and markets high-performance industrial load cells, weighing and factory automation systems, and related products.

In November 2005, we acquired Alpha Electronics Corporation KK, a Japanese manufacturer of foil resistors. As part of our acquisition of Alpha Electronics, we acquired our manufacturing facility in Akita, Japan.

In April 2007, we completed a tender offer to acquire PM Group PLC, which had been a publicly traded company traded on the London Stock Exchange. PM Group, through its PM On-board business, is an advanced designer and manufacturer of systems used in the weighing and process control industries, located in the United Kingdom.

In June 2008, we acquired our partner's 51% interest in the transducers manufacturing joint venture in India (which we became involved in after our January 2002 acquisition of Sensortronics, Inc.). Concurrent with this transaction, we moved into a new leased manufacturing facility in Chennai, India, which we plan to expand.

In July 2008, we acquired Powertron GmbH, a manufacturer of specialty precision resistors. As part of our acquisition of Powertron, we acquired leased manufacturing facilities near Berlin, Germany.

In connection with the spin-off, we and Vishay Intertechnology will enter into a number of agreements that provide for an orderly separation and transition of the business and to govern our relationship following the spin-off. These include a Master Separation Agreement setting forth the terms of the separation of our business from Vishay Intertechnology and the implementation of the distribution for the spin-off, a Tax Matters Agreement governing the allocation of tax liabilities and related matters between the companies, a Trademark License Agreement under which we will have certain rights to use the name "Vishay" related to our business, an Employee Matters Agreement that provides for the transition of employee benefits arrangements and allocates responsibilities for certain employee matters after the spin-off, and certain transition agreements, such as a Transition Services Agreement and a Supply Agreement, under which one party will provide certain services or supplies to the other party for a period subsequent to the spin-off. For a more detailed description of these agreements see "Certain Relationships and Related Party Transactions – Agreements with Vishay Intertechnology."

Our Competitive Strengths

Strong Product Portfolio

Foil resistors and sensors are based on a specialty technology which we invented. We manufacture and sell high precision foil resistors, foil resistance strain gages and strain gage instruments containing foil resistors. Through our vertical integration strategy, we have added products such as transducers/load cells—a combination of strain gages and the metallic structures to which they are bonded, load cell modules that include electronic instrumentation (which include foil resistors) and software for measuring the load cell output, and complete systems for process control and on-board weighing applications.

Competition in the markets where we sell the bulk of our precision measurement products is extremely fragmented both geographically and by application.

Research and Development Capabilities

Many of our products and manufacturing techniques and technologies have been invented, designed, and developed by our engineers and scientists. Special proprietary resistive metallic foil is the most important material in both our foil resistors and our foil resistance strain gages, and our research and development activities related to foil materials are an important linkage between these two products. We maintain strategically placed design centers where proximity to customers enables us to more easily gauge and satisfy the needs of local markets. We also maintain research and development staffs and promote programs at a number of our production facilities to develop new products and new applications of existing products, and to improve manufacturing techniques.

Diversified Customer Base

Our customer base is diversified in terms of industry, geographic region, and range of product needs. No single customer accounts for more than 5% of our net revenues. Within the broad industrial market, our products serve a wide variety of applications in the waste management, bulk hauling, logging, scale, engineering systems, pharmaceutical, oil, chemical, steel, paper, and food industries. Our products also have uses in military/aerospace, automotive, and to a much lesser extent, consumer product applications. Our reach is global, with approximately 40% of our net revenues attributable to customers in the Americas, approximately 40% of our revenues attributable to customers in Europe, and approximately 20% of our revenues attributable to customers in Asia. We also sell through a variety of sales channels, including original equipment manufacturers ("OEMs"), electronic manufacturing services companies (which manufacture for OEMs on an outsourcing basis), independent distributors, and for our weighing modules and control systems products, end-use customers.

Significant Cash Flow Generation

Due to our strong product portfolio and market position, our business has historically generated significant cash flow. In 2009, 2008, and 2007, we generated $29.2 million, $22.5 million, and $32.1 million, respectively, of cash from operating activities. We expect that, as an independent public company, our strong cash flow will enable us to build stockholder value through investment in our infrastructure, maintenance of a vibrant research and product development program and the pursuit of suitable acquisition opportunities, while maintaining a prudent capital structure.

Our Key Challenges

Increased Competition

We face varying degrees and types of competition in our different businesses, and some of our competitors are located in China and other countries that have significantly different regulatory environments than we do in the U.S. and in the other countries within which we have substantial operations. In order to continue to grow our business successfully, we will need to compete effectively in the markets in which we operate.

Implementation of Acquisition Strategy

Our acquisition strategy promotes the acquisition of businesses that facilitate our vertical integration. In order for that strategy to be successful, we will need to continue to identify attractive acquisition candidates, complete acquisitions on favorable terms and integrate new businesses, manufacturing processes, employees, and logistical arrangements into our evolving chain of products.

Economic Environment

The global economic downturn has had a significant impact on all industries, and our industry is no exception to this trend. Commencing in the second half of 2009, we have been seeing signs of economic recovery, including sequential increases in quarterly revenues and gross margins. Our continued success depends on the stability or improvement in the global economy and in the local economies in which we and our customers operate.

For a more detailed discussion of the risks and uncertainties inherent in our business, which could materially and adversely affect our business, results of operations or financial condition and could also adversely effect the trading price of our common stock, see "Risk Factors" commencing on page 17.

Key Business Strategies

Historically, we have operated as part of Vishay Intertechnology, sharing services and capital with Vishay Intertechnology's discrete semiconductor and passive components businesses. Following our spin-off from Vishay Intertechnology, we intend to advance resistive foil technology by vertically integrating strain gages and current sensors into process control systems. As an independent publicly traded company, we believe we will be better positioned to compete in the precision measurement industry and to invest in and grow our business. Specifically, we intend to focus on the following strategic initiatives:

Vertical Integration

We have implemented a strategy of vertical product integration by growing our weighing and process control systems business and by promoting our sophisticated electronic weighing modules and other products that integrate the precision measurement components that we design and produce. We are targeting the market for sophisticated load cell modules and turnkey weighing and force measurement systems as a primary driver of our future growth.

Acquisitions

We expect to continue our program of strategic acquisitions, particularly where opportunities present themselves to grow our control systems business. Upon completion of acquisitions, we seek to reduce selling, general, and administrative expenses through the integration or elimination of redundant sales offices and administrative functions at acquired companies.

Enhance Cost Structure

We seek to achieve significant production cost savings through the transfer and expansion of manufacturing operations to countries such as Costa Rica, India, Israel, the People's Republic of China, and the Republic of China (Taiwan), where we can benefit from lower labor costs or available tax and other government-sponsored incentives.

Invest in Innovation to Drive Growth

Our product portfolio is focused to a significant extent on specialty products that require us to form long-term relationships with our customers. We expect to continue to use our research and development, engineering, and product marketing resources to roll out new and innovative products. Our ability to react to changing customer needs and industry trends will continue to be key to our success. Our design, research, and product development teams, in partnership with our marketing teams, drive our efforts to bring innovations to market. We intend to leverage our insights into customer demand to continually develop and roll out new innovative products within our existing lines and to modify our existing core products in ways that make them more appealing, addressing changing customer needs and industry trends.

Risk Factors

We face various risks and uncertainties relating to our business, our transition to an independent, publicly traded company and our intended capital structure. These include risks related to increased competition, challenges related to our acquisition strategy such as integration of acquisitions and our ability to finance such acquisitions, our ability to successfully innovate and in a timely manner, our ability to leverage and protect the success of our business through effective intellectual property rights, and other commercial, market, legal, political and internal factors and constraints. See "Risk Factors" beginning on page 17 of this information statement.

Summary of the Spin-off

The following is a brief summary of the terms of the spin-off:

Distributing Company	Vishay Intertechnology, Inc., a Delaware company. After the distribution, Vishay Intertechnology, Inc. will not own any equity of Vishay Precision Group, Inc.
Separated Company	Vishay Precision Group, Inc., a Delaware company and a wholly owned subsidiary of Vishay Intertechnology, Inc. After the spin-off, Vishay Precision Group, Inc. will be an independent, publicly traded company.
Primary purposes of the spin-off	The following potential benefits were considered by Vishay Intertechnology's board of directors in making the determination to approve the spin-off: • making Vishay Intertechnology a pure-play electronic components company; • allowing management of Vishay Intertechnology and us to focus on the disparate and non-overlapping products, technology, manufacturing processes, markets and customers of their respective companies; • optimizing resource allocation at each of the two companies for capital improvements, marketing, research and development and acquisition activity; • promoting independent market recognition for our business, with the expectation that the markets will value us with favorable metrics; • enhancing the compensation programs of Vishay Intertechnology and us, enabling both companies to incentivize management and key employees with cash bonuses and equity awards whose value is more closely tied to their performance; and • making available our own publicly traded equity with which to pursue opportunistic acquisitions.

Conditions to the spin-off	As provided in the master separation agreement, the spin-off is subject to the satisfaction or, if permitted under the agreement, the waiver, of the following conditions: • The Securities and Exchange Commission having allowed our registration statement on Form 10, of which this information statement forms a part, to become effective, no stop order relating to the registration statement being in effect and this information statement having been mailed to stockholders of Vishay Intertechnology. • All permits, registrations and consents required under the securities laws of all relevant U.S. and non-U.S. jurisdictions required in connection with the spin-off having been received. • A private letter ruling having been received from the Internal Revenue Service confirming that distribution of our stock will be tax-free to Vishay Intertechnology and the Vishay Intertechnology stockholders for U.S. federal income tax purposes. • Vishay Intertechnology having received the opinion of Pepper Hamilton LLP confirming that the distribution of our stock will be tax-free to Vishay Intertechnology and the Vishay Intertechnology stockholders for U.S. federal income tax purposes. • Vishay Intertechnology having received a ruling from the Israeli taxing authorities that the transfer of the Israeli companies into Vishay Precision Group will not give rise to current Israeli tax. • The listing of our common stock on the New York Stock Exchange having been approved, subject to official notice of issuance. • All material governmental approvals and other consents necessary to consummate the distribution having been received. • No order, injunction or decree having been issued by any court of competent jurisdiction preventing consummation of the spin-off or any of the other transactions contemplated by the master separation agreement or any of the related agreements. The fulfillment of the forgoing conditions will not create any obligation on Vishay Intertechnology's part to effect the spin-off. Vishay Intertechnology has the right not to complete the spin-off if, at any time, Vishay Intertechnology's board of directors determines, in its sole discretion, that the spin-off is not in the best interests of Vishay Intertechnology or its stockholders or that market conditions are such that it is not advisable to separate Vishay Precision Group, Inc. from Vishay Intertechnology, Inc.

Indebtedness	We will assume the liability for a portion of Vishay Intertechnology's outstanding exchangeable unsecured notes due 2102 (92 years), in accordance with the terms of that instrument, based on the relative trading values of Vishay Intertechnology and our common stock following the separation. The exact amount of the liability under the exchangeable notes will not be known until ten trading days after the spin-off. See note (h) to our unaudited pro forma financial statements on page 54 for additional information. Also, our Japanese subsidiary will continue to have debt of approximately $1.7 million outstanding. Otherwise, we do not expect to have outstanding indebtedness at the time of the spin-off. We expect to enter into a revolving credit facility with a consortium of banks to provide us with flexibility and additional liquidity, effective as of the separation. We historically have had significant amounts payable to Vishay Intertechnology affiliates. During 2009, we repaid a large portion of this liability, and the remaining balance of $18.5 million will be repaid at or prior to the spin-off. However, if our net cash position is less than $58.5 million as of the spin-off date, Vishay Intertechnology will make a capital contribution to us pursuant to the master separation agreement. For more information, see "Description of Certain Indebtedness" beginning on page 147.
Capital stock to be distributed	Approximately [ ] million shares of our common stock and [ ] million shares of our Class B common stock will be distributed in the spin-off, based upon the number of shares of Vishay Intertechnology common stock and Vishay Intertechnology Class B common stock outstanding on [date]. The shares of our common stock and Class B common stock to be distributed by Vishay Intertechnology will constitute all of the issued and outstanding shares of our capital stock immediately after the spin-off.
Warrants to be distributed	In connection with an acquisition, on December 13, 2002, Vishay Intertechnology issued Class A warrants to acquire 7,000,000 shares of Vishay Intertechnology common stock at an exercise price of $20.00 per share and Class B warrants to acquire 1,823,529 shares of Vishay Intertechnology common stock at an exercise price of $30.30 per share. With the exception of the exercise price, the Class A warrants and the Class B warrants have identical terms and provisions. The exercise price of the warrants will be determined ten trading days after the spin-off based upon a formula included in the warrant agreement, described on page 141. Under the terms of these warrants, on the date of the spin-off, each holder of an outstanding and unexercised warrant is entitled to a warrant evidencing a right to purchase a number of shares of our capital stock that the holder would have received had the holder exercised the Vishay Intertechnology warrants immediately prior to the record date for the spin-off. For more information, see "Description of our Capital Stock – Warrants" beginning on page 141.
Distribution ratio	Each holder of Vishay Intertechnology common stock will receive [ratio] shares of common stock of Vishay Precision Group for every share of Vishay Intertechnology common stock owned, and each holder of Vishay Intertechnology Class B common stock will receive [ratio] shares of Class B common stock of Vishay Precision Group for every share of Vishay Intertechnology Class B common stock owned.

No fractional shares	Vishay Intertechnology will not distribute fractional shares of our common stock or Class B common stock in the spin-off. The distribution agent will aggregate all of the fractional shares of common stock and sell them in the open market at then-prevailing prices on behalf of our stockholders. You will then receive a cash payment in the amount of your proportionate share of the net sale proceeds, based on the average gross selling price per share of our common stock after making appropriate deductions for any required tax withholdings. Holders of Class B common stock will be compensated by us for fractional shares based upon the same price used to cash out the fractional shares of common stock.
Record date	[record date]
Distribution date	[spin-off date]
Trading market and symbol	We expect that our common stock will be listed on the New York Stock Exchange under the symbol "VPG."
Tax consequences	Other than with respect to fractional shares of our common stock, no gain or loss will be recognized by, and no amount will be included in the income of, a holder of Vishay Intertechnology stock upon the receipt of shares of our stock pursuant to the spin-off for U.S. federal income tax purposes.
Risk factors	We face various risks and uncertainties relating to our business, our transition to an independent, publicly traded company and our intended capital structure. See "Risk Factors" beginning on page 17 of this information statement.
Relationship with Vishay Intertechnology, Inc. after the spin-off	After the spin-off, we and Vishay Intertechnology will be independent, publicly traded companies, and Vishay Intertechnology will no longer have any ownership interest in us. We will, however, be parties to agreements that will define our ongoing relationship after the spin-off. For example, we will be permitted to use the Vishay name under a perpetual, worldwide, royalty-free trademark license from Vishay Intertechnology. Under the terms of a transition services agreement that we expect to enter into with Vishay Intertechnology prior to the consummation of the spin-off, Vishay Intertechnology will provide us, for a fee, for a period of 18 months after the spin-off, specified support services. Furthermore, Vishay Intertechnology will lease portions of certain buildings to us; and we will lease portions of certain buildings to Vishay Intertechnology. For more information, see "Certain Relationships and Related Party Transactions" beginning on page 121.
Dividend policy	We do not expect to pay regular cash dividends. Our board of directors is free to change our dividend policy at any time, although the revolving credit facility that we expect to enter concurrent with the spin-off would prohibit the payment of cash dividends.

Questions and Answers Relating to the Spin-off

The following is a brief summary of the terms of the spin-off. Please see "The Spin-off" for a more detailed description of the matters described below.

Q: What is the spin-off?

A: The spin-off is the method through which Vishay Intertechnology will separate its existing businesses into two independent, publicly traded companies. In the spin-off, Vishay Intertechnology will distribute to its stockholders all of the outstanding shares of our common stock and our Class B common stock. Following the spin-off, we will be a separate company from Vishay Intertechnology, and Vishay Intertechnology will not retain any ownership interest in us. The number of shares of Vishay Intertechnology common stock you own will not change as a result of the spin-off, although the value of shares of Vishay Intertechnology common stock may initially decline as a result of the spin-off because the value of our business will no longer be part of the value of Vishay Intertechnology.

Q: How will Vishay Intertechnology's dual-class capital structure impact the spin-off?

A: We will adopt a capital structure that is congruent with Vishay Intertechnology's dual-class capital structure. Accordingly, Vishay Intertechnology common stockholders will receive shares of our common stock, which entitle the holder to one vote per share; and Vishay Intertechnology Class B common stockholders will receive shares of our Class B common stock, which will entitle the holder to ten votes per share. For more information on the shares being distributed in the spin-off, see "Description of Our Capital Stock—Common Stock."

Q: What is being distributed in the spin-off?

A: Approximately [ ] million shares of our common stock and [ ] million shares of our Class B common stock will be distributed in the spin-off, based upon the number of shares of Vishay Intertechnology common stock and Vishay Intertechnology Class B common stock outstanding on [date]. The shares of our common stock and Class B common stock to be distributed by Vishay Intertechnology will constitute all of the issued and outstanding shares of our capital stock immediately after the spin-off. For more information on the shares being distributed in the spin-off, see "Description of Our Capital Stock—Common Stock."

In connection with an acquisition, on December 13, 2002, Vishay Intertechnology issued Class A warrants to acquire 7,000,000 shares of Vishay Intertechnology common stock at an exercise price of $20.00 per share and Class B warrants to acquire 1,823,529 shares of Vishay Intertechnology common stock at an exercise price of $30.30 per share. With the exception of the exercise price, the Class A warrants and the Class B warrants have identical terms and provisions. Under the terms of these warrants, on the date of the spin-off, each holder of an outstanding and unexercised warrant is entitled to a warrant evidencing a right to purchase a number of shares of our capital stock that the holder would have received had the holder exercised the Vishay Intertechnology warrants immediately prior to the record date for the spin-off. As a result, we expect to issue Class A warrants to acquire [ ] shares of our common stock and Class B warrants to acquire [ ] shares of our common stock. The exercise prices of these warrants will be based on the relative trading values of Vishay Intertechnology and our common stock following the separation, based on a formula included in the warrant agreement. For more information, see "Description of our Capital Stock – Warrants."

Q: What will I receive in the spin-off?

A: Holders of Vishay Intertechnology common stock will receive a pro rata dividend of [ratio] shares of our common stock for every share of Vishay Intertechnology common stock held by them on the record date and not subsequently sold in the "regular way" market. Holders of Vishay Intertechnology Class B common stock will receive a pro rata dividend of [ratio] shares of our Class B common stock for every share of Vishay Intertechnology common stock held by them on the record date. For more information on the shares being distributed in the spin-off, see "Description of Our Capital Stock—Common Stock."

Q: What is the reason for the spin-off?

A: The following potential benefits were considered by Vishay Intertechnology's board of directors in making the determination to approve the spin-off:

- making Vishay Intertechnology a pure-play electronic components company;
- allowing management of Vishay Intertechnology and us to focus on the disparate and non-overlapping products, technology, manufacturing processes, markets and customers of their respective companies;
- optimizing resource allocation at each of the two companies for capital improvements, marketing, research and development and acquisition activity;
- promoting independent market recognition for our business, with the expectation that the markets will value us with favorable metrics;
- enhancing the compensation programs of Vishay Intertechnology and us, enabling both companies to incentivize management and key employees with cash bonuses and equity awards whose value is more closely tied to their performance; and
- making available our own publicly traded equity with which to pursue opportunistic acquisitions.

For more information on the reasons for the spin-off, see "The Spin-off—Reasons for the Spin-off."

Q: What do I have to do to participate in the spin-off?

A: Nothing. If you are a holder of record of Vishay Intertechnology common stock on the record date for the spin-off you will not be required to pay any cash or deliver any other consideration, including any shares of Vishay Intertechnology common stock, in order to receive shares of our common stock in the spin-off. You are not being asked to provide a proxy with respect to any of your shares of Vishay Intertechnology common stock in connection with the spin-off.

Q: How will Vishay Intertechnology distribute shares of Vishay Precision Group?

A: Vishay Intertechnology has appointed American Stock Transfer & Trust Company as the distribution agent to distribute shares of common stock of Vishay Precision Group to holders of the corresponding class of Vishay Intertechnology common stock on the record date. Vishay Intertechnology will distribute directly the shares of Vishay Precision Group Class B common stock to holders of Vishay Intertechnology Class B common stock.

Q: Will I receive physical certificates representing my shares of Vishay Precision Group?

A: Holders of shares of Vishay Intertechnology common stock on the record date will receive shares of our common stock through the transfer agent's book-entry registration system. These shares will not be in certificated form. As such, instead of a share certificate, Vishay Intertechnology stockholders will receive a statement from our transfer agent that details their ownership interest and the method by which they may access their account. Physical certificates will be issued to holders of Vishay Precision Group Class B common stock. For more information, see "The Spin-off—Manner of Effecting the Spin-off."

Q: If I sell, on or before the distribution date, shares of Vishay Intertechnology common stock that I held on the record date, am I still entitled to receive shares of Vishay Precision Group common stock distributable with respect to the shares of Vishay Intertechnology common stock I sold?

A: Shortly before the record date for the spin-off, Vishay Intertechnology's common stock will begin to trade in two markets on the New York Stock Exchange: a "regular way" market and an "ex-distribution" market. If you are a holder of record of shares of Vishay Intertechnology common stock as of the record date for the spin-off and sell those shares in the "regular way" market after the record date for the spin-off and before the spin-off, you also will be selling the right to receive the shares of our common stock in connection with the spin-off. If you are a holder of record of shares of Vishay Intertechnology common stock as of the record date for the spin-off and sell those shares in the "ex-distribution" market after the record date for the spin-off and before the spin-off, you will still receive the shares of our common stock in the spin-off.

Our Class B common stock generally will not be transferable except in certain very limited instances, and we do not anticipate a market for the Class B common stock.

Q: How will fractional shares be treated in the spin-off?

A: Vishay Intertechnology will not distribute fractional shares of our common stock or Class B common stock in the spin-off. The distribution agent will aggregate all of the fractional shares of common stock and sell them in the open market at then-prevailing prices on behalf of our stockholders. You will then receive a cash payment in the amount of your proportionate share of the net sale proceeds, based on the average gross selling price per share of our common stock after making appropriate deductions for any required tax withholdings. Holders of Class B common stock will be compensated by us for fractional shares based upon the same price used to cash out the fractional shares of common stock. For more information on fractional shares, see "The Spin-off—Treatment of Fractional Shares."

Q: What is the distribution date for the spin-off?

A: Shares of our common stock will be distributed by the distribution agent, on behalf of Vishay Intertechnology, on or about [spin-off date]. Vishay Intertechnology will distribute our Class B common stock on the same date.

Q: What are the U.S. federal income tax consequences to me of the spin-off?

A: Other than with respect to fractional shares of our common stock, no gain or loss will be recognized by, and no amount will be included in the income of, a holder of Vishay Intertechnology stock upon the receipt of shares of our stock pursuant to the spin-off.

If you receive cash in lieu of a fractional share of our stock as part of the spin-off, you will be treated as though you first received a distribution of the fractional share in the spin-off and then sold it for the amount of such cash. You generally will recognize capital gain or loss, provided that the fractional share is considered to be held as a capital asset, measured by the difference between the cash you receive for such fractional share and your tax basis in that fractional share. Such capital gain or loss will be a long-term capital gain or loss if your holding period for such fractional share is more than one year on the distribution date.

Please see "The Spin-off—Material U.S. Federal Income Tax Consequences of the Spin-off" for more detail.

Q: Does Vishay Precision Group intend to pay cash dividends?

A: We do not expect to pay regular cash dividends. Our board of directors is free to change our dividend policy at any time, although the revolving credit facility that we expect to enter concurrent with the spin-off would prohibit the payment of cash dividends. For more information about our dividend policy, see "Dividend Policy."

Q: Will Vishay Precision Group have any debt?

A: We will assume the liability for a portion of Vishay Intertechnology's outstanding exchangeable notes due 2102, in accordance with the terms of that instrument, based on the relative trading values of Vishay Intertechnology and our common stock following the separation. Also, our Japanese subsidiary will continue to have debt of approximately $1.7 million outstanding. Otherwise, we do not expect to have outstanding indebtedness at the time of the spin-off. We expect to enter into a revolving credit facility with a consortium of banks to provide us with flexibility and additional liquidity, effective as of the separation.

We historically have had significant amounts payable to Vishay Intertechnology affiliates. During 2009, we repaid a large portion of this liability, and the remaining balance of $18.5 million will be repaid at or prior to the spin-off. However, if our net cash position is less than $58.5 million as of the spin-off date, Vishay Intertechnology will make a capital contribution to us pursuant to the master separation agreement.

Q: Who will pay the separation costs?

A: We and Vishay Intertechnology have entered into various agreements regarding the allocation of separation costs, consisting largely of tax restructuring, debt refinancing, professional services and employee-related costs. Substantially all of these costs prior to the spin-off have been paid for by Vishay Intertechnology. Costs incurred after the spin-off will be borne by the party incurring such costs. Separately, we have been incurring and will continue to incur costs as we implement organizational changes and prepare to operate as an independent, publicly traded company. These costs are being paid for by us.

Q: Who will manage Vishay Precision Group after the spin-off?

A: Our management team will be led by Ziv Shoshani, currently President of Vishay Precision Group, Inc. and an executive officer of Vishay Intertechnology, who will serve as our Chief Executive Officer, and William Clancy, the Senior Vice President and Corporate Controller of Vishay Intertechnology from 1993 to 2009, who will serve as our Chief Financial Officer. Mr. Shoshani has had senior management responsibility for our business for the past several years. He has extensive experience with our product portfolio and the vertical product integration which forms the basis for our competitive strategy. Mr. Clancy has had over 20 years' experience with Vishay Intertechnology's financial management team, and is similarly familiar with our company. For more information on our management, see "Management."

Q: What will the relationship be between Vishay Intertechnology, Inc. and Vishay Precision Group, Inc. following the spin-off?

A: After the spin-off, we and Vishay Intertechnology will be independent, publicly traded companies, with independent boards of directors, and Vishay Intertechnology will no longer have any ownership interest in us. We will, however, be parties to agreements that will define our ongoing relationship after the spin-off. For example, we will be permitted to use the Vishay name under a perpetual, worldwide, royalty-free trademark license from Vishay Intertechnology. Under the terms of a transition services agreement that we expect to enter into with Vishay Intertechnology prior to the consummation of the spin-off, Vishay Intertechnology will provide us, for a fee, for a period of 18 months after the spin-off, specified support services. Furthermore, Vishay Intertechnology will lease portions of certain buildings to Vishay Precision Group; and Vishay Precision Group will lease portions of certain buildings to Vishay Intertechnology. For more information on our relationship with Vishay Intertechnology after the spin-off, see "Certain Relationships and Related Party Transactions – Agreements with Vishay Intertechnology."

Q: Where will Vishay Precision Group common stock trade?

A: Currently, there is no public market for our common stock. We expect that our common stock will be listed on the New York Stock Exchange under the symbol "VPG."

We anticipate that trading in our common stock will commence on a "when-issued" basis on or shortly before the record date. If trading begins on a "when-issued" basis, you may purchase or sell shares of our common stock up to and including the distribution date, but your transaction will not settle until after the distribution date. On the first trading day following the distribution date, any "when-issued" trading in respect of our common stock will end and regular way trading will begin. Regular way trading refers to trades that are settled through the regular settlement cycle, typically for securities such as our common stock on the third full trading day following the trade date. Shares of our common stock generally will be freely tradable after the spin-off. We cannot predict the trading prices for our common stock before or after the distribution date. Our Class B common stock generally will not be transferable except in certain very limited instances, and we do not anticipate a market for the Class B common stock.

For more information on the trading market for our shares, see "The Spin-off—Listing and Trading of Our Common Stock."

Q: Do I have appraisal rights?

A: No. Holders of Vishay Intertechnology common stock have no appraisal rights in connection with the spin-off.

Q: Who is the transfer agent for your common stock?

A: American Stock Transfer & Trust is the transfer agent for our common stock.

SUMMARY FINANCIAL AND OTHER DATA

The following table presents summary historical and pro forma financial data, as well as other data. The statements of operations data for each of the years in the three years ended December 31, 2009 have been derived from our audited combined and consolidated financial statements included elsewhere in this information statement.

The historical financial data should be read in conjunction with our historical financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Unaudited Pro Forma Combined and Consolidated Financial Statements" included elsewhere in this information statement.

The unaudited pro forma financial data have been derived from our historical financial statements and adjusted to give effect to the spin-off. These adjustments are described under "Unaudited Pro Forma Combined and Consolidated Financial Statements." Our historical and unaudited pro forma financial data are not necessarily indicative of our future performance or of what our financial position and results of operations would have been if we had operated as a separate, stand-alone entity during the periods shown.

in thousands, except per share	As of and for the years ended December 31,			
	Pro Forma 2009	**2009**	**2008** (c)	**2007** (d)
Statement of Operations Data:				
Net revenues	$ 171,991	$ 171,991	$ 241,700	$ 239,036
Costs of products sold	119,286	119,286	161,804	154,525
Gross profit	52,705	52,705	79,896	84,511
Selling, general, and administrative expenses	47,956	43,356	51,714	48,017
Restructuring and severance costs	2,048	2,048	6,349	356
Impairment of goodwill	-	-	93,465	-
Operating income (loss)	2,701	7,301	(71,632)	36,138
Other income (expense):				
Interest expense	(369)	(1,237)	(1,574)	(2,294)
Other	814	714	4,780	2,788
Other income (expense) - net	445	(523)	3,206	494
Income (loss) before taxes	3,146	6,778	(68,426)	36,632
Income tax expense	3,786	5,057	5,689	8,829
Net earnings (loss)	(640)	1,721	(74,115)	27,803
Less: net earnings (loss) attributable to noncontrolling interests	17	17	15	111
Net earnings (loss) attributable to Parent	$ (657)	$ 1,704	$ (74,130)	$ 27,692
Pro Forma earnings (loss) per share data:				
Basic (a)				
Diluted (b)				
Wt. avg. shares outstanding – basic (a)				
Wt. avg. shares outstanding – diluted (b)				
Balance Sheet Data:				
Cash and cash equivalents	$ 73,244	$ 63,192	$ 70,381	$ 56,803
Total assets	219,831	209,779	254,863	319,981
Net payable to affiliates	-	18,495	47,436	29,477
Long-term debt, less current portion	14,551	1,551	1,761	2,237
Working capital	131,036	102,489	145,363	127,667
Total Stockholders' / Parent equity	163,637	148,090	150,158	229,420

(a) The number of shares used to compute basic earnings per share is [ ], which is the number of shares of our common stock and Class B common stock assumed to be outstanding on the distribution date, based on a distribution ratio of [ratio] shares of our common stock for every share of Vishay Intertechnology common stock and [ratio] shares of our Class B common stock for every share of Vishay Intertechnology Class B common stock that was outstanding at [date].

(b) The number of shares used to compute diluted earnings per share [will be based] on the number of shares of our common stock described in (a) above used to compute basic earnings per share, plus the potential dilution that could occur if restricted stock units and other equity instruments granted under the equity-based compensation arrangements or exchangeable notes were exercised or converted into common stock. There will be no potentially dilutive securities outstanding on the distribution date; however, potentially dilutive securities will be outstanding shortly after the distribution date, and any resulting dilution could be significant. We will assume the liability for a portion of Vishay Intertechnology's outstanding exchangeable notes due 2102, in accordance with the terms of that instrument, based on the relative trading values of Vishay Intertechnology and our common stock following the separation. Also, we have approved certain initial equity compensation awards to our executive officers and directors.

(c) Includes the results of Vishay Transducers India Limited from June 30, 2008 and of Powertron GmbH from July 23, 2008, the respective dates of acquisition.

(d) Includes the results of PM Group from April 19, 2007, the date of acquisition.

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating our company and common stock. Any of the following risks, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our business, results of operations or financial condition and could also adversely effect the trading price of our common stock.

Risks Related to Our Business

We face intense competition in our business.

We face various degrees and types of competition in our different businesses directly and, because we are vertically integrated, in certain instances these may each pose a threat us as a whole.

We have a significant market position in foil resistance strain gages and foil resistors. Foil resistance strain gages and foil resistors are also produced by competitors, principally competitors in China. We believe that our foil technology products provide superior performance relative to our competitors, but that could change if our competitors succeed in developing and introducing innovative competitive offerings. Also, our foil resistance strain gages compete with other types of strain gages such as semiconductor strain gages which we do not manufacture. We believe that other types of strain gages are not as reliable or stable as our foil resistance strain gages, but that could change as the technology for these other products continues to evolve. The ability of these competitors to improve the competitiveness or pricing of their products relative to our offering could adversely affect us.

The market for transducers/load cells products is highly fragmented and very competitive. Our load cell modules and systems face competition from numerous other system manufacturers. Competition for modules and systems is most often based on customer relationships, product reliability, technical performance, and the ability to anticipate and satisfy customer needs for specific design configurations. Many other manufacturers have more experience in particular geographic markets and specific applications than we do, and may be better positioned to compete in these areas. We cannot assure you that we will be able to successfully grow our business in the face of these competitive challenges.

Our strategy of vertical product integration exposes us to certain risks.

Our growth and acquisition strategy largely focuses on vertical product integration, for example, using our strain gages in our load cell products and incorporating our load cells and our electronic measurement instrumentation and software into our systems. Our load cell business is our second largest customer for our strain gages. Our systems business is exclusively using our load cells, although we also sell our load cells to third-party customers. Many of our acquisitions in recent years have been directed towards furthering our vertical integration strategy, and we expect to continue to focus our acquisition program in this direction. While we believe this has been and will continue to be a sound business strategy, vertical product integration and the resulting interdependencies of our divisions exposes us to certain risks. As a consequence of our vertical integration, we compete with certain of our customers and potential customers for strain gages and load cells, who for that reason may elect not to do business with us. Also, acquisitions that we pursue for purposes of promoting vertical integration may fail to be successfully combined with our existing businesses or may otherwise not succeed as we anticipate. Any of these outcomes could materially and adversely affect our company.

In the past we have grown through successful integration of acquired businesses, but this may not continue.

Our long-term historical growth in revenues and net earnings has resulted in large part from our strategy of expansion through acquisitions. We cannot assure you, however, that we will identify, have the financial capabilities to acquire, or successfully complete transactions with suitable acquisition candidates in the future. We also cannot assure you that acquisitions that we will complete in the future will be successful.

Such acquisitions or investments involve a number of risks, including the risks in assimilating the operations and personnel of acquired companies, realizing the value of the acquired assets relative to the price paid, distraction of management from our ongoing businesses and potential product disruptions associated with the sale of the acquired companies' products. These factors could have a material adverse effect on our business, financial condition and operating results.

Future acquisitions could require us to incur or issue additional indebtedness or issue additional equity.

If we were to undertake a substantial acquisition for cash, the acquisition would likely need to be financed in part through bank borrowings or the issuance of public or private debt. This acquisition financing would likely decrease our ratio of earnings to fixed charges and adversely affect other credit metrics. We expect that our revolving credit facility will require us to obtain the lenders' consent for certain additional debt financing and to comply with other covenants including the application of specific financial ratios. We cannot assure you that the necessary acquisition financing would be available to us on acceptable terms if and when required. If we were to make an acquisition with equity, the acquisition may have a dilutive effect on the interests of the holders of our common stock.

We might require additional capital to support business growth, and this capital might not be available.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges or opportunities, including the need to develop new offerings or enhance our existing offerings, enhance our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

To remain successful, we must continue to innovate, and our investments in new technologies may not prove successful.

Our future operating results depend on our ability to continually develop, introduce and market new and innovative products, to modify existing products, to respond to technological change, and to customize certain products to meet customer requirements. There are numerous risks inherent in this process, including the risks that we will be unable to anticipate the direction of technological change or that we will be unable to develop and market new products and applications in a timely fashion to satisfy customer demands. If this occurs, we could lose customers and experience adverse effects on our financial condition and results of operations.

Our success is dependent upon our ability to protect our proprietary technology and other intellectual property.

We rely on a combination of the protections provided by applicable patent, trademark, copyright and trade secret laws, as well as on confidentiality procedures and other contractual arrangements, to establish and protect our rights in our technology and related materials and information. We enter into agreements with each of our customers and distributors. These agreements contain confidentiality and non-disclosure provisions, a limited warranty covering our products and indemnification for the customer from infringement actions related to our products.

Despite our efforts, it may be possible for others to copy portions of our products, reverse engineer them or obtain and use information that we regard as proprietary, all of which could adversely affect our competitive position. Furthermore, there can be no assurance that our competitors will not independently develop technology similar to ours. In addition, the laws of certain countries do not protect our proprietary rights to the same extent as the laws of the United States, which may make it possible for others to use our proprietary technology without us having the ability to enforce our rights in those countries.

The success of our business is highly dependent on maintenance of intellectual property rights.

The unauthorized use of our intellectual property rights may increase the cost of protecting these rights or reduce our revenues. We may initiate, or be subject to, claims or litigation for infringement of proprietary rights or to establish the validity of our proprietary rights, which could result in significant expense to us, cause product shipment delays, require us to enter royalty or licensing agreements and divert the efforts of our technical and management personnel from productive tasks, whether or not such litigation were determined in our favor.

We may be exposed to product liability claims.

While our agreements with our customers and distributors typically contain provisions designed to limit our exposure to potential material product liability claims, including appropriate warranty, indemnification, waiver and limitation of liability provisions, it is possible that such provisions may not be effective under the laws of some jurisdictions, thus exposing us to substantial liability. Moreover, defending a suit, regardless of its merits, could entail substantial expense and require the time and attention of key management personnel.

We must expend significant resources to obtain design wins without assurance that we will be successful.

We are targeting the market for sophisticated load cell modules and turnkey weighing and force measurement systems as a primary driver of our future growth. In many cases, we must initiate communication with our customers, and convince the customer that our products and systems will offer solutions for its business that are technically superior and more cost effective compared to their existing arrangements. To do so we must often expend significant resources, in terms of both cost and personnel, to develop technologically compelling products or systems with no guarantee that they will be adopted by our customers. The non-recurring engineering ("NRE") costs for product development in these cases may be substantial. Also, customers will often require a lengthy period of onsite testing before committing to purchase our module product or custom system, during which period we will not be receiving material revenue from the customer. While a design win for our custom module products and systems may result in a long period of recurring revenue during which we hope to recover our costs, we must often internally finance our development costs over significant time periods. If our custom-designed products or systems fail to gain acceptance with our customers, we will likely be forced to absorb substantial NRE costs, which could adversely affect our business.

The long development times for certain of our products and systems may result in unpredictable fluctuations in revenue and results of operations.

Our sophisticated load cell modules and custom weighing and force measurement systems often involve long product development cycles, both to develop the product or system and to secure customer acceptance following what may be a lengthy onsite testing period. During product development and testing, we may incur substantial costs without corresponding revenues. If our custom product or system is ultimately accepted by the customer, we may then begin to realize substantial revenues from our development efforts. In particular, our precision weighing and force measurement systems can be priced for several hundred thousand dollars per unit, so that a contract to acquire one or more units can materially contribute to our revenues during the period or periods that we are permitted to recognize the contract revenues for accounting purposes. The nature of our custom product and system business may therefore result in substantial fluctuations in our operating results, including revenues and profitability, from period to period, even though there has been no fundamental change in our business or its prospects. This may make it difficult for investors to undertake period-to-period comparisons of our performance. Also, the fluctuating nature of key components of our revenues may limit the visibility of our management regarding performance in future periods and make it more difficult for our management to provide guidance to our investors.

We may not have adequate facilities to satisfy future increases in demand for our products.

Our business is cyclical and in periods of a rising economy, we may experience intense demand for our products. During such periods, we may have difficulty expanding our manufacturing to satisfy demand. Factors which could limit such expansion include delays in procurement of manufacturing equipment, shortages of skilled personnel, and physical constraints on expansion at our facilities. If we are unable to meet our customers' requirements and our competitors sufficiently expand production, we could lose customers and/or market share. These losses could have an adverse effect on our financial condition and results of operations. Also, capacity that we add during upturns in the business cycle may result in excess capacity during periods when demand for our products recedes, resulting in inefficient use of capital which could also adversely affect us.

The nature of the market for our load cell modules and foil technology products may render them particularly susceptible to downturns in the economic environment.

Our load cell modules and foil technology products businesses are designed to replace and provide superior functionality over existing product infrastructure utilized by our customers. Often, it is only after introductory demonstrations by our sales and engineering teams that our customers come to appreciate the advantages of our products and systems and the long-term benefits of their adoption. Market factors, such as the recession that we have recently experienced, may make customers less receptive to adopting new technological solutions at our suggestion, even ones with demonstrated operational and financial advantages. During these periods, customers may defer or even cancel orders for products and systems for which they have previously contracted or given indications of interest. Also, since our business is concentrated largely in the industrial sector, we do not benefit from countervailing fluctuations in consumer demand. As a result, our business may be more significantly affected by the consequences of a general economic slowdown than other segments of our industry and may also take longer to recover from the effects of a slowdown.

Our backlog is subject to customer cancellation.

Many of the orders that comprise our backlog may be canceled by our customers without penalty. Our customers, particularly for our foil technology products, often cancel orders when business is weak and inventories are excessive, a situation that we have experienced during periods of economic slowdown. Therefore, we cannot be certain that the amount of our backlog does not exceed the level of orders that will ultimately be delivered. Our results of operations could be adversely impacted if customers cancel a material portion of orders in our backlog.

The complexity of our sophisticated measurement systems may require costly corrections if design flaws are found.

Our custom measurement systems combine sophisticated electronic hardware and computer software. We believe that the sophistication of our systems contributes to their competitive advantage over similar products offered by other system integrators. We go to substantial lengths to assure that our system products are free of design flaws when they are delivered to our customers for installation and testing. However, sometimes due to the systems' complexity, design flaws may occur and require correction. If the corrections are substantial or difficult to implement due to the system's complexity, we may not be able to recover the costs of correction and retesting, with the result that our profit margins on these systems could be substantially reduced, or even result in losses, and our results of operations could be materially and adversely affected.

Our results are sensitive to raw material availability, quality, and cost.

Although most materials incorporated in our products are available from a number of sources, certain materials are available only from a relatively limited number of suppliers.

The materials that are only available from a limited number of sources include certain molding compound, metal package suppliers, low resistance switches, polyimide film and laminating adhesives. We maintain a two year supply of strategic raw materials for continuity and risk assessment. Our customers would need significant advance notification to qualify alternative materials, if we had to use them. Alternative suppliers are available worldwide for most of our raw materials, but significant time would be required to qualify new suppliers and establish efficient production scheduling.

Certain metals used in the manufacture of our products are traded on active markets, and can be subject to significant price volatility.

Our results of operations may be materially and adversely affected if we have difficulty obtaining these raw materials, the quality of available raw materials deteriorates, or there are significant price changes for these raw materials. For periods in which the prices of these raw materials are rising, we may be unable to pass on the increased cost to our customers, which would result in decreased margins for the products in which they are used. For periods in which the prices are declining, we may be required to write down our inventory carrying cost of these raw materials, since we record our inventory at the lower of cost or market. Depending on the extent of the difference between market price and our carrying cost, this write-down could have a material adverse effect on our net earnings. We also may need to record losses for adverse purchase commitments for these materials in periods of declining prices.

Our product sales may be adversely affected by changes in product classification levels under various qualification and specification standards.

Certain of our products must be qualified or approved under various military and aerospace specifications and other standards.

We have qualified certain of our foil resistor and sensor products under various military specifications approved and monitored by the United States Defense Electronic Supply Center ("DESC"), and under certain European military specifications, and various aerospace standards approved by the U.S. National Aeronautics and Space Administration ("NASA") and the European Space Agency ("ESA").

Certain of our load cell products are approved by the National Type Evaluation ("NTEP") and International Organization of Legal Metrology ("OIML"). Our on-board weighing systems must meet approved standards to make them "legal for trade."

Qualification and specification levels are based in part upon product failure rate. We must continuously perform tests on our products, and for products that are qualified, the results of these tests must be reported to the qualifying organization. If a product fails to meet the requirements for the applicable classification level, the product's classification may be suspended or reduced to a lower level. During the time that the classification is suspended or reduced to a lower level, net revenues and earnings attributable to that product may be adversely affected.

Our future success is substantially dependent on our ability to attract and retain highly qualified technical, managerial, marketing, finance, and administrative personnel.

The competitive environment of our business requires us to attract and retain highly qualified personnel to develop technological innovations and bring them to market on a timely basis. Our complex operations also require us to attract and retain highly qualified administrative personnel in functions such as legal, tax, accounting, financial reporting, auditing, and treasury. The market for personnel with such qualifications is highly competitive. We have not entered into employment agreements with many of our key personnel.

The loss of the services of or the failure to effectively recruit qualified personnel could have a material adverse effect on our business.

Failure to maintain effective internal controls could adversely affect our ability to meet our reporting requirements.

Effective internal controls are necessary for us to provide reasonable assurance with respect to our financial reports and to effectively prevent fraud. Beginning with the year ending December 31, 2011, we will be required to furnish a report by management on internal control over financial reporting, including management's assessment of the effectiveness of such control. Internal controls over financial reporting may not prevent or detect misstatements because of inherent limitations, including the possibility of human error, the circumvention or overriding of controls or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we cannot provide reasonable assurance with respect to our financial reports and effectively prevent fraud, our operating results could be harmed. In addition, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that the control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If we fail to maintain the effectiveness of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business and operating results could be harmed, we could fail to meet our reporting obligations, and there could be a material adverse effect on our stock price.

Future changes in our environmental liability and compliance obligations may harm our ability to operate or increase costs.

Our manufacturing operations, products and/or product packaging are subject to environmental laws and regulations governing air emissions, wastewater discharges, the handling, disposal and remediation of hazardous substances, wastes and certain chemicals used or generated in our manufacturing processes, employee health and safety labeling or other notifications with respect to the content or other aspects of our processes, products or packaging, restrictions on the use of certain materials in or on design aspects of our products or product packaging, and responsibility for disposal of products or product packaging. We establish reserves for specifically identified potential environmental liabilities which we believe are adequate. Nevertheless, new liabilities could arise, and we may have unavoidably inherited certain pre-existing environmental liabilities, generally based on successor liability doctrines. Although we have never been involved in any environmental matter that has had a material adverse impact on our overall operations, there can be no assurance that in connection with any past or future operation, acquisition or otherwise, we will not be obligated to address environmental matters that could have a material adverse impact on our operations. In addition, more stringent environmental regulations may be enacted in the future, and we cannot presently determine the modifications, if any, in our operations that any such future regulations might require, or the cost of compliance with these regulations.

The integration of our information technology systems is complex, and any delay or problem with this integration may cause serious disruption or harm to our business.

As a result of the spin-off, we are in the process of integrating currently unrelated information technology systems across our company. We are subject to risk that we will not be able to absorb the level of systems change, commit or acquire the necessary resources, and focus the management attention necessary for the implementation to succeed. Many key strategic initiatives of major business functions depend on information technology systems, and if we fail to properly execute or if we miss critical deadlines in the implementation of this initiative, we could experience disruption and harm to our business, such as adversely affecting our ability to process orders, invoice, report our results, and manage our business.

Our credit facility will subject us to financial and operating restrictions.

We anticipate entering into a revolving credit agreement with a consortium of banks at the time of the separation from Vishay Intertechnology, which we expect to use for working capital and other purposes. The credit agreement will subject us to certain restrictions. These restrictions may affect, and in some cases significantly limit or prohibit, among other things, our ability to:

- borrow funds;
- pay dividends or make other distributions;
- make investments, including capital expenditures;
- complete acquisitions;
- engage in transactions with affiliates or subsidiaries; or
- create liens on our assets.

The credit agreement will also require us to maintain certain financial ratios. If we fail to comply with the covenant restrictions contained in the credit agreement, that failure could result in a default that accelerates the maturity of the indebtedness under the agreement.

Risks relating to our operations outside the United States

We obtain substantial benefits by operating in Israel, but these benefits may not continue.

We have substantial operations in Israel. The low tax rates in Israel applicable to earnings of our operations in that country, compared to the rates in the United States, have the general effect of increasing our net earnings. There can also be no assurance that in the future the Israeli government will continue to offer new tax incentive programs applicable to us or that, if it does, such programs will provide the same level of benefits we have historically received or that we will continue to be eligible to benefit from them. Any significant increase in the Israeli tax rates could have an adverse impact on our results of operations.

Also, we have benefited from employment incentive grants made by the Israeli government in the past. There can be no assurance that the Israeli government will continue to offer new grant programs applicable to us, and the lack of such grants may adversely affect the costs of our business in Israel in the future.

We attempt to improve profitability by operating in countries in which labor costs are low, but the shift of operations to these regions may entail considerable expense.

Our strategy is aimed at achieving significant production cost savings through the transfer and expansion of manufacturing operations to and in countries with lower production costs or other incentives, such as Costa Rica, India, Israel, the People's Republic of China, and the Republic of China (Taiwan). During this process, we may experience under-utilization of certain plants and factories in high-labor-cost regions and capacity constraints in plants and factories located in low-labor-cost regions. This under-utilization may result initially in production inefficiencies and higher costs. These costs include those associated with compensation in connection with workforce reductions and plant closings in the higher-labor-cost regions, and start-up expenses, manufacturing and construction delays, and increased depreciation costs in connection with the initiation or expansion of production in lower-labor-cost regions. In addition, as we implement transfers of certain of our operations we may experience strikes or other types of labor unrest as a result of layoffs or termination of our employees in high-labor-cost countries.

We are subject to the risks of political, economic, and military instability in countries outside the United States in which we operate.

Some of our products are produced in Israel, India, China, and other countries which are particularly subject to risks of political, economic, and military instability. This instability could result in wars, riots, nationalization of industry, currency fluctuations, and labor unrest. These conditions could have an adverse impact on our ability to operate in these regions and, depending on the extent and severity of these conditions, could materially and adversely affect our overall financial condition and operating results.

Our business has been in operation in Israel for 39 years. We have never experienced any material interruption in our operations attributable to these factors, in spite of several Middle East crises, including wars. However, we might be adversely affected if events were to occur in the Middle East that interfered with our operations in Israel.

We are subject to foreign currency exchange rate risks which may impact our results of operations.

We are exposed to foreign currency exchange rate risks, particularly due to market values of transactions in currencies other than the functional currencies of certain subsidiaries. From time to time, as part of Vishay Intertechnology, we utilized forward contracts to hedge a portion of projected cash flows from these exposures. As of December 31, 2009, we did not have any outstanding foreign currency forward exchange contracts, and after the spin-off, we will evaluate our own currency risk management approach.

Our significant foreign subsidiaries are located in the United Kingdom, Germany, Israel, Japan, and India. We finance our operations in Europe and certain locations in Asia in local currencies. Our operations in Israel and certain locations in Asia are largely financed in U.S. dollars, but these subsidiaries also have significant transactions in local currencies. Our exposure to foreign currency risk is mitigated to the extent that the costs incurred and the revenues earned in a particular currency offset one another. Our exposure to foreign currency risk is more pronounced in situations where, for example, production labor costs are predominantly paid in local currencies while the sales revenue for those products is denominated in U.S. dollars. This situation in particular applies to our operations in Israel and China.

A change in the mix of the currencies in which we transact our business could have a material effect on results of operations. Furthermore, the timing of cash receipts and disbursements could have a material effect on our results of operations, particularly if there are significant changes in exchange rates in a short period of time.

Risks Related to the Spin-off

If the IRS determines that the spin-off does not qualify as a "tax-free" distribution or a "tax-free" reorganization, we and Vishay Intertechnology stockholders may be subject to substantial liability.

Vishay Intertechnology [expects to receive] a private letter ruling from the IRS to the effect that, among other things, the spin-off will qualify as a tax-free distribution for U.S. federal income tax purposes under Section 355 of the Internal Revenue Code of 1986, as amended, or the "Code," and as part of a tax-free reorganization under Section 368(a)(1)(D) of the Code, and the transfer to us of assets and the assumption by us of liabilities in connection with the spin-off will not result in the recognition of any gain or loss for U.S. federal income tax purposes to Vishay Intertechnology. See "The Spin-off—Material U.S. Federal Income Tax Consequences of the Spin-off."

Although the private letter ruling relating to the qualification of the spin-off under Sections 355 and 368(a)(1)(D) of the Code is generally binding on the IRS, the continuing validity of the ruling is subject to the accuracy of factual representations and assumptions made in connection with obtaining such private letter ruling. Also, as part of the IRS's general policy with respect to rulings on spin-off transactions under Section 355 of the Code, the private letter ruling obtained by Vishay Intertechnology is based upon representations by Vishay Intertechnology that certain conditions which are necessary to obtain tax-free treatment under Section 355 and Section 368(a)(1)(D) of the Code have been satisfied, rather than a determination by the IRS that these conditions have been satisfied. Any inaccuracy in these representations could invalidate the ruling.

If the spin-off does not qualify for tax-free treatment for U.S. federal income tax purposes, then, in general, Vishay Intertechnology would be subject to tax as if it has sold the common stock of our company in a taxable sale for its fair market value. Vishay Intertechnology's stockholders would be subject to tax as if they had received a taxable distribution equal to the fair market value of our common stock that was distributed to them, taxed as a dividend (without reduction for any portion of a Vishay Intertechnology stockholder's basis in its shares of Vishay Intertechnology common stock) for U.S. federal income tax purposes and possibly for purposes of state and local tax law, to the extent of a Vishay Intertechnology's stockholder's pro rata share of Vishay Intertechnology's current and accumulated earnings and profits (including any arising from the taxable gain to Vishay Intertechnology with respect to the spin-off). It is expected that the amount of any such taxes to Vishay Intertechnology's stockholders and to Vishay Intertechnology would be substantial.

In the tax matters agreement with Vishay Intertechnology, we will agree to indemnify Vishay Intertechnology and its affiliates for any liability for taxes of Vishay Intertechnology resulting from: (1) any action or failure to act by us or any of our affiliates following the completion of the spin-off that would be inconsistent with or prohibit the spin-off from qualifying as a tax-free transaction to Vishay Intertechnology and to you under Sections 355 and 368(a)(1)(D) of the Code, or (2) any action or failure to act by us or any of our affiliates following the completion of the spin-off that would be inconsistent with or cause to be untrue any material information, covenant, or representation made in connection with the private letter ruling obtained by Vishay Intertechnology from the IRS relating to, among other things, the qualification of the spin-off as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Code. For a more detailed discussion, see "Certain Relationships and Related Party Transactions – Agreements with Vishay Intertechnology—Tax Matters Agreement." Our indemnification obligations to Vishay Intertechnology and its affiliates are not limited in amount or subject to any cap. It is expected that the amount of any such indemnification to Vishay Intertechnology would be substantial.

We have no operating history as an independent company upon which you can evaluate our performance and, accordingly, our prospects must be considered in light of the risks that any newly independent company encounters.

Prior to the consummation of this distribution, we have operated as part of Vishay Intertechnology. Accordingly, we have no experience operating as an independent company and performing various corporate functions, including human resources, tax administration, legal (including compliance with the Sarbanes-Oxley Act of 2002 and with the periodic reporting obligations of the Securities Exchange Act of 1934), treasury administration, investor relations, internal audit, insurance, information technology and telecommunications services, as well as the accounting for many items such as equity compensation, income taxes, derivatives, intangible assets and pensions. Our prospects must be considered in light of the risks, expenses and difficulties encountered by companies in the early stages of independent business operations, all of which could have a material adverse effect on our business.

We historically have obtained benefits of being part of Vishay Intertechnology, but those benefits will not continue.

While we believe the benefits of being an independent company outweigh the drawbacks, we have historically received certain benefits from being part of a larger organization, including access to certain resources and certain economies of scale. We may be unable to replace these benefits as an independent company, or only be able to do so at significant expense, which may adversely affect our business.

Our historical and pro forma financial information is not necessarily indicative of our results as a separate company and therefore may not be reliable as an indicator of our future financial results.

Our historical financial statements and unaudited pro forma combined and consolidated financial statements have been created from Vishay Intertechnology's financial statements using our historical results of operations and historical bases of assets and liabilities as part of Vishay Intertechnology. Accordingly, the historical financial information we have included in this information statement is not necessarily indicative of what our financial position, results of operations and cash flows would have been if we had been a separate, stand-alone entity during the periods presented.

The historical financial information is not necessarily indicative of what our results of operations, financial position and cash flows will be in the future and does not reflect many significant changes that will occur in our cost structure, funding, and operations as a result of the spin-off. While our historical results of operations include all costs of Vishay Intertechnology's precision measurement and foil resistor businesses, our historical costs and expenses do not include all of the costs that would have been or will be incurred by us as an independent company. In addition, we have not made adjustments to our historical financial information to reflect changes, many of which are significant, that will occur in our cost structure, financing and operations as a result of the spin-off. These changes include potentially increased costs associated with reduced access to resources, economies of scale, and purchasing power.

While our combined and consolidated financial statements are calculated on a separate tax return basis, our effective income tax rate as reflected in our historical financial statements and pro forma financial information also may not be indicative of our future effective income tax rate. Among other things, the rate may be materially impacted by changes in the mix of our earnings from the various jurisdictions in which we operate, the tax characteristics of our earnings, the timing and amount of earnings of foreign subsidiaries that we repatriate to the United States, which may increase our tax expense and taxes paid, the timing and results of any reviews of our income tax filing positions in the jurisdictions in which we transact business, and the expiration of the tax incentives for manufacturing operations in Israel.

We may not be successful in establishing an independent identity.

We have historically conducted our business under the Vishay trade name and trade names acquired as part of our vertical product integration. We believe our customers, suppliers, and potential employees recognize the value of those brand names, and accordingly, we have entered into an agreement with Vishay Intertechnology to continue to use the Vishay trade name and trademarks as part of our marketing effort. As part of our separation from Vishay Intertechnology, we are now investing time, effort and resources to establish our independent identity in the marketplace. The shared use of the Vishay trade names may cause confusion in the marketplace and inappropriately link the two companies despite the spin-off. We do not know whether our effort to establish our independent identity will be successful, the cost of doing so may be substantial, and any resulting confusion could cause us substantial harm.

Vishay Intertechnology will provide a number of services to us pursuant to a transition services agreement. When the transition services agreement terminates, we will be required to replace Vishay Intertechnology's services internally or through third parties on terms that may be less favorable to us.

Under the terms of a transition services agreement that we expect to enter into with Vishay Intertechnology prior to the spin-off, Vishay Intertechnology will provide to us, for a fee, specified support services related to information technology for a period of up to 18 months following the spin-off. When the transition services agreement terminates, Vishay Intertechnology will no longer be obligated to provide any of these services to us, and we will be required to assume the responsibility for these functions ourselves. While we anticipate being prepared to perform these functions on our own at or before the expiration of the transition services agreement, there is no assurance of our ability to do so. If we cannot perform these services for ourselves, we may be required to retain an outside service provider at rates in excess of the fees that we will pay under the transition services agreement, which could adversely affect us.

We will agree to certain restrictions in order to comply with U.S. federal income tax requirements for a tax-free spin-off and may not be able to engage in acquisitions with related parties and other strategic transactions that may otherwise be in our best interests.

Current U.S. federal tax law that applies to spin-offs generally creates a presumption that the spin-off would be taxable to Vishay Intertechnology but not to its stockholders if we engage in, or enter into an agreement to engage in, a plan or series of related transactions that would result in the acquisition of a 50% or greater interest (by vote or by value) in our stock ownership during the four-year period beginning on the date that begins two years before the spin-off, unless it is established that the transaction is not pursuant to a plan related to the spin-off. United States Treasury Regulations generally provide that whether an acquisition of our stock and a spin-off are part of a plan is determined based on all of the facts and circumstances, including specific factors listed in the regulations. In addition, the regulations provide certain "safe harbors" for acquisitions of our stock that are not considered to be part of a plan related to the spin-off.

There are other restrictions imposed on us under current U.S. federal tax law for spin-offs and with which we will need to comply in order to preserve the favorable tax treatment of the distribution, such as limitations on sales or redemptions of our common stock for cash or other property following the distribution.

In the tax matters agreement with Vishay Intertechnology, we will agree that, among other things, we will not take any actions that would result in any tax being imposed on Vishay Intertechnology as a result of the spin-off. Further, for the two-year period following the spin-off, we will agree not to: (1) repurchase any of our stock except in certain circumstances permitted by the IRS guidelines, (2) voluntarily dissolve or liquidate or engage in any merger (except certain cash acquisition mergers), consolidation, or other reorganizations except for certain mergers of our wholly-owned subsidiaries to the extent not inconsistent with the tax-free status of the spin-off, or (3) sell, transfer, or otherwise dispose of more than 50% of our assets, excluding any sales conducted in the ordinary course of business.

We will, however, be permitted to take certain actions otherwise prohibited by the tax matters agreement if we provide Vishay Intertechnology with an opinion of tax counsel or private letter ruling from the IRS, reasonably acceptable to Vishay Intertechnology, to the effect that these actions will not affect the tax-free nature of the spin-off. These restrictions could substantially limit our strategic and operational flexibility, including our ability to finance our operations by issuing equity securities, make acquisitions using equity securities, repurchase our equity securities, raise money by selling assets, or enter into business combination transactions.

Substantial sales of our common stock following the distribution may have an adverse impact on the trading price of our common stock.

Some of the Vishay Intertechnology's stockholders who receive our shares of common stock may decide that their investment objectives do not include ownership of our shares, and may sell their shares of common stock following the distribution. In particular, certain Vishay Intertechnology stockholders that are institutional investors have investment parameters that depend on their portfolio companies maintaining a minimum market capitalization that we may not achieve after the distribution. We cannot predict whether other stockholders will resell large numbers of our shares of common stock in the public market following the distribution or how quickly they may resell these shares. If our stockholders sell large numbers of our shares of common stock over a short period of time, or if investors anticipate large sales of our shares of common stock over a short period of time, this could adversely affect the trading price of our shares of common stock.

Dr. Felix Zandman, who founded our business and continues to be active in technical developments, will be a consultant to us but will not be devoting any substantial time to us.

Our business was begun by Dr. Felix Zandman, and his inventions form the basis for many of our core products. Dr. Zandman has been active in the technical side of our business and has also been involved in the search for complementary technologies and businesses to promote our strategy of vertical integration. Following the spin-off, Dr. Zandman is expected to serve as an R&D consultant to our company. However, Dr. Zandman will continue to serve as executive chairman of the board and chief technical and business development officer of Vishay Intertechnology and therefore can be expected to devote the substantial majority of his time following the spin-off to Vishay Intertechnology and its businesses. The time that he will be able to devote as a consultant to our business will be limited to 5% of his working time, which could adversely affect us.

Especially in the current environment, our smaller size may make it difficult for us to raise debt financing if we need to do so.

We anticipate that upon consummation of the spin-off, we will have in place a revolving credit facility that will allow us to borrow up to $40 million to fund our working capital requirements and for other operational uses. We also anticipate that we will have at that time cash in the amount of approximately $70 to $80 million. While we expect that the combination of our cash and availability under the revolving credit facility will be sufficient to fund our liquidity needs for the foreseeable future, if we do require additional cash, for example for the purposes of financing acquisitions, we may have difficulty obtaining additional borrowings in the credit markets, on terms that we find commercially acceptable or at all. Since the beginning of the recent economic downturn, banks have tightened their lending standards. Our smaller size and the absence of a history of operations as a stand-alone company could make lenders reluctant to lend to us, especially in the current environment.

The terms of our spin-off from Vishay Intertechnology may reduce the likelihood of any potential change of control or unsolicited acquisition proposal that you might consider favorable.

The terms of our spin-off from Vishay Intertechnology could delay or prevent a change of control that you may favor. An acquisition or issuance of our common stock could trigger the application of Section 355(e) of the Code. For a discussion of Section 355(e) of the Code, please see "The Spin-off—Material U.S. Federal Income Tax Consequences of the Spin-off." Under the tax matters agreement we will enter into with Vishay Intertechnology, we would be required to indemnify Vishay Intertechnology for the resulting tax in connection with such an acquisition or issuance and this indemnity obligation might discourage, delay or prevent a change of control that you may consider favorable.

See "Certain Relationships and Related Party Transactions – Agreements with Vishay Intertechnology—Tax Matters Agreement" and "Description of Our Capital Stock" for a more detailed description of these agreements and of these provisions of Delaware law, our charter and bylaws.

Until the distribution occurs, Vishay Intertechnology has the sole discretion to change the terms of the spin-off in ways which may be unfavorable to us.

Until the distribution occurs, Vishay Intertechnology will have the sole and absolute discretion to determine and change the terms of, and whether to proceed with, the distribution, including the establishment of the record date and distribution date. These changes could be unfavorable to us. In addition, Vishay Intertechnology may decide at any time not to proceed with the spin-off.

We will be using the mark Vishay *under license from Vishay Intertechnology, Inc, which could result in product and market confusion.*

Although we will be an independent company following the spin-off, we will continue to use the mark *Vishay* as part of our name and in connection with many of our products. Our use of the *Vishay* mark will be governed by an agreement between us and Vishay Intertechnology, giving us a perpetual, royalty-free, worldwide license for the use of the mark. We believe that it is important that we continue the use of the *Vishay* name in order to benefit from the reputation of the *Vishay* brand, which was first used in connection with our foil resistors and strain gages when Vishay Intertechnology was founded over 40 years ago. There are risks associated with our use of the *Vishay* mark, however, both for us and for Vishay Intertechnology. Because both we and Vishay Intertechnology will be using the *Vishay* mark, confusion could arise in the market regarding the products offered by the two companies, and there could be a misplaced perception of our continuing to be associated with Vishay Intertechnology. Also, any negative publicity associated with one of the two companies in the future could adversely affect the public image of the other. Finally, Vishay Intertechnology will have the right to terminate the license agreement in certain extreme circumstances if we are in material and repeated breach of the terms of the agreement, which would likely have an adverse effect on us and our business.

Risks Relating to Our Common Stock

There is no existing market for our common stock and a trading market that will provide you with adequate liquidity may not develop.

There currently is no public market for our common stock. We have applied for listing of our shares on the New York Stock Exchange and anticipate that our shares will be traded there under the symbol "VPG." We anticipate that, on or shortly before the record date for the distribution, trading of our common shares will begin on a "when-issued" basis and will continue through the distribution date. Beginning on the first trading date after the distribution date, we anticipate that our shares will begin trading "regular way" on the New York Stock Exchange. However, we cannot assure you that an active trading market for our common shares will develop as a result of the distribution or be sustained in the future. If a liquid trading market for our shares does not develop, you may have difficulty disposing of your shares of our common stock, at prices that are attractive to you or at all.

We cannot predict the prices at which our common stock may trade, and the trading prices may fluctuate widely.

We cannot predict the prices at which our common stock may trade after the distribution. The market price of our common stock may fluctuate widely, depending upon many factors, including:

- our business profile and market capitalization, which may not fit the investment objectives of Vishay Intertechnology stockholders;
- changes in our investor base;
- our quarterly or annual earnings;
- actual or anticipated fluctuations in our operating results;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant acquisitions or dispositions;
- the extent to which securities analysts provide coverage for our common shares after the distribution;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies; and
- overall market fluctuations and general economic conditions.

There can be no assurance that the combined trading prices of our common stock and Vishay Intertechnology common stock after the spin-off will be greater than the trading price for Vishay Intertechnology common stock prior to the spin-off, and the combined trading prices may be lower.

Our smaller size may affect the trading market for our shares.

We will be a substantially smaller company than Vishay Intertechnology. Our revenues for 2009 were only about 8.4% of the revenues of Vishay Intertechnology for the same year, and our assets as of December 31, 2009 were only about 7.7% of the assets of Vishay Intertechnology at the same date. At least initially we will be considered a "microcap" company. Our trading volume, once it has stabilized following the distribution of our shares, is likely to be much lower than the historical trading volume for Vishay Intertechnology. Also, it is possible that there will be less market and institutional interest in our shares, and that we will not attract substantial coverage in the analyst community. As a result, the trading market for our shares may be less liquid, making it more difficult for investors to dispose of their shares at favorable prices, and investors may have less independent information and analysis available to them concerning our company.

Investors may be unable to accurately value our common stock based upon comparable companies.

Investors often value companies based on the stock prices and results of operations of other comparable companies. Currently, no public company exists that is directly comparable to our size, scale and product offerings. Therefore, investors may find it difficult to accurately value our common shares, which may cause our common shares to trade at a lower value.

The holders of Class B common stock will have effective voting control of our company.

Similar to the capital structure of Vishay Intertechnology, we will have two classes of common stock: common stock and Class B common stock. The holders of common stock are entitled to one vote for each share held, while the holders of Class B common stock are entitled to 10 votes for each share held. Currently, the holders of Vishay Intertechnology Class B common stock hold approximately 45% of the voting power of that company, and they are expected to have similar voting power in our company following the spin-off. Directly, through family trusts, and as voting trustee under a voting trust agreement, Dr. Felix Zandman, executive chairman and chief technical and business development officer of Vishay Intertechnology who will serve as an R&D consultant to our company, is expected to have sole or shared voting power over substantially all of the outstanding Class B common stock. The holders of Class B common stock will effectively be able to cause the election of directors and approve other actions as stockholders without the approval of other stockholders of our company, including the sale, merger, or other transactions involving our company. This may adversely affect the market value of our stock.

We may be reluctant to issue substantial additional shares in order not to dilute the interests of our existing stockholders, which could impede growth.

The strategy of the Vishay Intertechnology measurements business has included a strong focus on acquisitions. Historically, these acquisitions were financed with Vishay Intertechnology's cash on hand. One of the factors that the board of directors of Vishay Intertechnology considered in approving the spin-off was our ability, as a stand-alone public company, to use shares of our common stock as currency for future acquisition activity. If acquisition opportunities were to arise in which it would be advisable to issue our shares, our board of directors would need to consider the potentially dilutive effect on the interests and voting power of our existing stockholders. Any reluctance to issue additional shares could impede our future growth.

Your percentage ownership of our common stock may be diluted in the future.

Your percentage ownership of our common stock may be diluted in the future because of equity awards that we expect will be granted to our directors, officers and employees. Prior to the record date for the distribution, we expect that Vishay Intertechnology will approve the Vishay Precision Group, Inc. 2010 Stock Incentive Program, which will provide for the grant of equity-based awards, including restricted stock, restricted stock units, stock options, and other equity-based awards to our directors, officers and other employees, advisors and consultants.

Certain provisions of our certificate of incorporation and bylaws may reduce the likelihood of any unsolicited acquisition proposal or potential change of control that you might consider favorable.

Our bylaws contain provisions that could be considered "anti-takeover" provisions because they make it harder for a third party to acquire us without the consent of our incumbent board of directors. Under these by-law provisions:

- stockholders may not change the size of the board of directors or, except in limited circumstances, fill vacancies on the board of directors;
- stockholders may not call special meetings of stockholders;
- stockholders must comply with advance notice provisions for nominating directors or presenting other proposals at stockholder meetings; and
- our board of directors may without stockholder approval issue preferred shares and determine their rights and terms, including voting rights, or adopt a stockholder rights plan.

These provisions could have the effect of discouraging an unsolicited acquisition proposal or delaying, deferring or preventing a change of control transaction that might involve a premium price or otherwise be considered favorably by our stockholders.

FORWARD-LOOKING INFORMATION

Certain statements contained in or incorporated by reference into this document are “forward-looking statements.” These forward-looking statements generally can be identified by use of statements that include phrases such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “foresee,” “likely,” “will” or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements. All forward-looking statements involve risks and uncertainties. In particular, any statements regarding the benefits of the spin-off, as well as expectations with respect to future business performance, operating efficiencies and cost savings, are subject to known and unknown risks, uncertainties and contingencies, many of which are beyond our control, which may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. Factors that might affect such forward-looking statements include, among other things:

- overall economic and business conditions,
- the demand for our products,
- competitive factors in the industries in which we compete,
- changes in government regulation,
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations,
- changes in United States generally accepted accounting principles or interpretations of those principles by governmental agencies and self-regulatory groups,
- interest rate fluctuations, foreign currency rate fluctuations, and other capital market conditions,
- economic and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders,
- changes in the cost of raw materials used in our business,
- successful research and development and product development activity,
- the timing, impact, and other uncertainties of pending and future acquisitions by us, and
- the ability to achieve anticipated synergies and other cost savings in connection with such future acquisitions.

These factors and the risk factors described in the previous section are those of which we are currently aware. However, they are not necessarily all of the important factors that could cause actual results, performance or achievements to differ materially from those expressed in any of our forward-looking statements. We operate in a continually changing business environment, and new risk factors emerge from time to time. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. The forward-looking statements included in this document are made only as of the date of this document, and we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances. We cannot assure you that projected results or events reflected in the forward-looking statements will be achieved or will occur.

THE SPIN-OFF

Background

Vishay Intertechnology began its business as a manufacturer of foil resistors and foil resistance strain gages. Through a series of acquisitions over the course of 40 years, Vishay Intertechnology has transformed itself into primarily a manufacturer and supplier of discrete semiconductors and passive electronic components. At the same time, Vishay Intertechnology expanded its measurements business through acquisitions, moving the business from its initial focus on precision foil resistors and foil strain gages to include load cells, instrumentation and integrated measurement systems. Because the core components of the measurements business are foil strain gages—resistors that are sensitive to various forms of stress—Vishay Intertechnology included the measurements business in its Passive Components segment, along with other types of resistors, capacitors, and inductors.

In recent years, the measurements business has pursued a strategy of vertical integration, alongside its sales of strain gages and load cells. In vertically integrated production, strain gages are used to manufacture load cells, and the load cells, along with instrumentation and software, are integrated into load cell modules and complete measurement systems. The approach of vertical integration differs from the horizontal strategy of Vishay Intertechnology's discrete semiconductor and passive component businesses, which is to offer a broad product line of components to equipment manufacturers, directly and through independent distribution channels.

Along with the divergence in strategy, management has concluded that the measurements business is not a core component of Vishay Intertechnology's operations in terms of products, technology, manufacturing processes, markets and customers. In March 2009, management suggested to the Vishay Intertechnology board that the company consider a separation of the measurements business through a tax-free spin-off to Vishay Intertechnology stockholders. The board at the time authorized management to pursue consideration of a spin-off and also authorized the Strategic Affairs Committee of the Vishay Intertechnology board to advise with respect to the possibility of such a transaction. The Strategic Affairs Committee consists of three members of the Vishay Intertechnology board, each of whom qualifies as an independent director under the rules of the New York Stock Exchange, and is separately represented by independent counsel.

Following board authorization, Vishay Intertechnology management began an intensive period of investigation of the business, tax and legal aspects of the spin-off, together with Vishay Intertechnology's financial, accounting and legal advisors.

Since August 2009, J.P. Morgan has been acting as financial advisor to Vishay Intertechnology on the potential spin-off of Vishay Precision Group. Among other things, J.P. Morgan has assisted Vishay Intertechnology in reviewing and analyzing the financial aspects and potential capital markets implications of the potential spin-off.

After receiving management's recommendation to proceed with the spin-off, the Strategic Affairs Committee conducted interviews with key members of management, held meetings with the company's advisors and reviewed materials concerning the proposed spin-off. The Committee and its independent advisors and counsel also met on their own on multiple occasions to consider the recommendations of management and the company's advisors and, based on these recommendations and its own investigation, determined to advise the full board in favor of the spin-off.

Upon the advice of the Strategic Affairs Committee, and after considering various alternatives (including the possible sale of the businesses), the board of directors of Vishay Intertechnology authorized the announcement of the company's intention to spin off its precision measurement and foil resistor businesses into an independent publicly traded company, with Vishay Intertechnology's common stockholders receiving common stock of the spin-off company and Vishay Intertechnology's Class B common stockholders receiving shares of Class B common stock of the spin-off company. The announcement was made on October 27, 2009. Since that time, the board of directors of Vishay Intertechnology and its Strategic Affairs Committee have continued to monitor the progress of the spin-off, and based on the current existing circumstances, they continue to believe that the spin-off represents the best opportunity at the present time for Vishay Intertechnology stockholders to realize value from Vishay Intertechnology's precision measurement and foil resistor businesses, as well as to enhance the focus of Vishay Intertechnology's remaining core businesses.

The spin-off will be accomplished through the distribution of stock of our company to stockholders of record of Vishay Intertechnology as of the record date of [record date]. The distribution will occur on the distribution date of [spin-off date]. On that date, each holder of Vishay Intertechnology common stock will receive [ratio] shares of our common stock for each share of Vishay Intertechnology common stock held, and each holder of Vishay Intertechnology Class B common stock will receive [ratio] shares of our Class B common stock for each share of Vishay Intertechnology Class B common stock held. The distribution is subject to the satisfaction or waiver of certain conditions, which are described in this information statement under "Conditions to the Spin-off."

Following the spin-off, Vishay Intertechnology will cease to own any equity interest in our company, and we will be an independent, publicly traded company. No vote of Vishay Intertechnology's stockholders is required or being sought in connection with the spin-off, and Vishay Intertechnology's stockholders have no appraisal rights in connection with the spin-off.

Reasons for the Spin-off

Among other things, the board of directors of Vishay Intertechnology considered the following potential benefits in making its determination to approve the spin-off:

- *Sharpening the management focus of each of our company and Vishay Intertechnology*. The businesses of each of Vishay Intertechnology and us are different and require different focus. While our company's business is based upon foil resistor technology and therefore has some connection to Vishay Intertechnology's passive components business, overall the two businesses are distinct in a number of important ways. Our products are different from those of Vishay Intertechnology. We do not share common technologies or manufacturing facilities. Our ultimate customer base has limited overlap with the customers of Vishay Intertechnology. We do not utilize a common sales force and our products are marketed through different distribution channels with the current exception of our foil resistors which we manufacture but sell through distribution channels that are common to Vishay Intertechnology. We also have disparate business and operational strategies. Vishay Intertechnology's customers typically purchase a variety of discrete electronic components of the types manufactured by Vishay Intertechnology. Vishay Intertechnology pursues a horizontal business strategy, in which it offers its customers the broadest line of products, encourages "one-stop shopping" for their component needs and urges customers to design-in Vishay Intertechnology components into their products. Vishay Intertechnology competes primarily on the basis of the product quality, price, availability and breadth of its product offerings, with very little vertical integration of its product lines. In contrast, we provide our customers specific product solutions, particularly in our systems business. Our load cell modules and precision measurement systems businesses, which we are targeting for growth, involve multiple integrated components of our design and manufacture, which are often custom-designed. We compete based on our anticipation of customer needs—often in advance of the customers themselves—sophisticated design, customer relations and service. Our separation from Vishay Intertechnology will allow our management to focus on the distinct needs and challenges of our business. It should also make Vishay Intertechnology a more competitive, pure-play electronic components company.

- *Allowing our company and Vishay Intertechnology to each optimize allocation of resources*. The spin-off will allow both us and Vishay Intertechnology to optimize allocation of resources in its own best interests. We require financial resources for capital improvements, research and development, marketing and acquisition activity, as does Vishay Intertechnology, but criteria for application of these resources may differ at the two companies. For example, some of our important development projects are more complex and have a longer time horizon than many of the research and development projects in other parts of Vishay Intertechnology's business. Frequently, we do not expect our systems projects to produce returns for a period of 18 to 24 months, while many of the R&D projects at Vishay Intertechnology are expected to come to market in a 12-month time frame. In the recent recessionary environment, where management was focused on managing the risks associated with projects that have longer payback periods, some of our projects were deferred. Following the spin-off, we will be able to make decisions regarding use of capital and other financial resources in accordance with what is best for our company, based on our own business strategy.

- *Enabling the financial markets to appropriately value our company*. Because of our small size relative to the rest of Vishay Intertechnology, the financial markets do not appear to have given Vishay Intertechnology credit for investments made in our business. Also, financial analysts who follow Vishay Intertechnology do not generally discuss our business or its contribution to Vishay Intertechnology's performance. Following the separation, the markets will be able to value our company separately from Vishay Intertechnology and provide us with independent coverage. It is expected that as a stand-alone public company, our business will support favorable market metrics consistent with other companies in our industry and our operational performance, strong cash flow, and prospects for growth, particularly in modules and systems, thereby creating value for stockholders.

- *Enhancing the effectiveness of the compensation programs of our company and Vishay Intertechnology*. Both we and Vishay Intertechnology seek to attract the best personnel and incentivize them with cash and equity compensation that is tied to their performance. At Vishay Intertechnology, cash bonus compensation is typically tied to individual performance targets and overall company performance. Equity compensation has taken the form of stock options, restricted stock and restricted stock units. As a result of the spin-off, both the cash bonus and equity compensation that we will be able to offer to our management team will be tied solely to the performance of our business. It should therefore more accurately reward the efforts of management and key employees on behalf of our company and thus be more effective in promoting our strategic direction and goals. The compensation structure of Vishay Intertechnology following the spin-off will similarly be more focused on its core business.

- *Providing us with the potential of equity currency to pursue our acquisition strategy*. Since 2002, we have made numerous acquisitions, particularly in support of our strategy of vertical product integration. We expect to continue to pursue an acquisition strategy on an opportunistic basis, which we view as a key element in the growth of our measurement systems business. Vishay Intertechnology has in the past used stock as acquisition currency, but because of the small size of the acquisitions in the measurements and foil area relative to Vishay Intertechnology as a whole, the use of Vishay Intertechnology stock to fund acquisitions in this area was not compelling either to Vishay Intertechnology or to the owners of the acquisition targets. Accordingly, in the past, the acquisitions that Vishay Intertechnology effected in the precision measurement and foil resistor businesses were made with cash. As a stand-alone public company, we will be able to consider using our stock as currency for acquisitions where the circumstances warrant. Our stock may be more attractive to our acquisition targets, who will be better able to understand and value our business than if we were offering stock in a much larger entity such as Vishay Intertechnology with substantial unrelated businesses. Depending on the valuation our stock achieves, we may be able to issue our equity to the owners of acquisition targets on favorable terms that will minimize dilution to our own stockholders.

Neither we nor Vishay Intertechnology can assure you that, following the spin-off, any of these benefits will be realized to the extent anticipated or at all.

The board of directors of Vishay Intertechnology and its Strategic Affairs Committee, with the assistance of the company's and the Committee's advisors, considered various potential risks and other negative factors in determining whether to proceed with the spin-off. These included the loss by Vishay Intertechnology of our earnings and cash flow following the spin-off, the possibility that the anticipated value creation for stockholders as a result of the spin-off would not materialize, the possible negative effects of the spin-off on the credit ratings of Vishay Intertechnology, the possible negative market reaction to our dual-class capital structure, the possibility that as a significantly smaller company than Vishay Intertechnology our economic viability and the market for our shares could be compromised, the risk that our management would not be able to execute our business plan so as to achieve the anticipated benefits of the spin-off and the risk that general business, economic and market conditions would similarly interfere with the realization of the operational and strategic advantages that we expect to achieve as an independent public company. The Vishay Intertechnology board of directors concluded that the potential benefits of the spin-off outweighed these negative factors.

The Vishay Intertechnology board also considered alternatives to the spin-off transaction, including a possible sale of the precision measurement and foil resistor businesses. The Vishay Intertechnology board concluded that, in the current economic and business climate, none of the alternatives was likely to create value for stockholders equal to the anticipated benefits of the spin-off. The Vishay Intertechnology board also determined that it was advisable not to delay or defer consummation of the spin-off. With the acquisitions consummated in the last several years having been fully assimilated, our company now has the elements necessary to operate on a stand-alone basis as a vertically integrated producer of precision measurement products.

The Vishay Intertechnology board also considered the risk that the combined trading prices of our common stock and Vishay Intertechnology common stock after the spin-off may be lower than the trading price for Vishay Intertechnology common stock prior to the spin-off.

In view of the wide variety of complex factors that it took into account, the Vishay Intertechnology board did not attempt to quantify, rank or assign relative weights to the factors that it considered in determining to proceed with the spin-off.

Manner of Effecting the Spin-off

On the distribution date, Vishay Intertechnology will effect the spin-off by distributing to holders of record of its common stock (or their designees) as of the record date a dividend of [ratio] shares of our common stock for every share of Vishay Intertechnology common stock held by them on the record date and not subsequently sold in the "regular way" market. Holders of record of Vishay Intertechnology Class B common stock as of the record date will receive a dividend of [ratio] shares of our Class B common stock for every share of Vishay Intertechnology Class B common stock held by them.

Prior to the spin-off, Vishay Intertechnology will deliver all of the issued and outstanding shares of our common stock to the distribution agent. On or about the distribution date, the distribution agent will effect delivery of the shares of our common stock issuable in the spin-off through the transfer agent's book-entry registration system by mailing to each record holder a statement of holdings detailing the record holder's ownership interest in our company and the method by which the record holder may access its account and, if desired, trade its shares of our common stock.

Many Vishay Intertechnology stockholders hold their Vishay Intertechnology common stock through a bank, brokerage firm, or other financial nominee. The nominee is said to hold the shares in "street name," and the stockholder's beneficial ownership of the shares is recorded on the books and records of the nominee. If you hold your Vishay Intertechnology shares through a nominee, your nominee will credit your account with the Vishay Precision Group common stock that you are entitled to receive in the spinoff. If you have any questions concerning the mechanics of having your shares of Vishay Precision Group common stock held in "street name," you should contact your nominee.

Please note that if any stockholder of Vishay Intertechnology on the record date sells shares of Vishay Intertechnology common stock after the record date but on or before the distribution date in the "regular-way" market, the buyer of those shares, and not the seller, will become entitled to receive the shares of our common stock issuable in respect of the shares sold. See "—Trading of Vishay Intertechnology Common Stock Between the Record Date and the Distribution Date" below for more information.

Vishay Intertechnology will deliver shares of our Class B common stock directly to the holders of the Vishay Intertechnology Class B common stock.

You are not being asked to take any action in connection with the spin-off. You also are not being asked for a proxy or to surrender any of your shares of Vishay Intertechnology common stock for shares of our common stock. The number of outstanding shares of Vishay Intertechnology common stock will not change as a result of the spin-off, although the value of shares of Vishay Intertechnology common stock may be affected.

Warrants

In connection with an acquisition, on December 13, 2002, Vishay Intertechnology issued Class A warrants to acquire 7,000,000 shares of Vishay Intertechnology common stock at an exercise price of $20.00 per share and Class B warrants to acquire 1,823,529 shares of Vishay Intertechnology common stock at an exercise price of $30.30 per share. With the exception of the exercise price, the Class A warrants and the Class B warrants have identical terms and provisions. Under the terms of these warrants, on the date of the spin-off, each holder of an outstanding and unexercised warrant is entitled to a warrant evidencing a right to purchase a number of shares of our capital stock that the holder would have received had the holder exercised the Vishay Intertechnology warrants immediately prior to the record date for the spin-off. The terms of the warrants to acquire our common stock will be the same as the terms of the Vishay Intertechnology warrants, except that the exercise price will be determined ten trading days after the spin-off based upon a formula included in the warrant agreement, described on page 141. Additional information regarding the warrants to be issued is included in "Description of our Capital Stock – Warrants" beginning on page 141.

Exchangeable Notes

In connection with the same acquisition in which Vishay Intertechnology issued its warrants, on December 13, 2002, Vishay Intertechnology issued $105,000,000 in nominal (or principal) amount of its floating rate unsecured exchangeable notes due 2102. The notes are governed by a note instrument, made by Vishay Intertechnology on December 13, 2002, and a put and call agreement, dated as of December 13, 2002. The notes may be put to Vishay Intertechnology in exchange for shares of its common stock and, under certain circumstances, may be called by Vishay Intertechnology for similar consideration. The put/call rate is currently $17.00 of nominal amount of the notes per share of Vishay Intertechnology common stock.

Under the terms of the put and call agreement, by reason of the spin-off, Vishay Intertechnology is required to take action, and cause us to take action, so that the existing notes are deemed exchanged as of the date of the spin-off, for a combination of new notes of Vishay Intertechnology and notes issued by us. The exact amount of the liability to be assumed by us under the exchangeable notes will not be known until ten trading days after the spin-off.

The terms of the new Vishay Intertechnology notes and our notes will be identical to the terms of the existing notes, except for adjustments to the put/call rate, the nominal amounts of the notes and certain other stock price-dependent parameters, which will be based on formulae included in the note instrument and the put and call agreement.

Additional information is included in "Description of Certain Indebtedness" beginning on page 147.

Treatment of Fractional Shares

Fractional shares of our common stock will not be issued to Vishay Intertechnology stockholders as part of the distribution nor credited to book-entry accounts. Instead, the distribution agent will aggregate all of the fractional shares and sell them in the open market at then-prevailing prices and distribute the aggregate net cash proceeds from the sale to each stockholder who would otherwise have been entitled to receive a fractional share of common stock in the distribution, based upon the fractional share that such holder would have been entitled to receive, after making appropriate deductions for any required withholdings for U.S. federal income tax purposes. See "—Material U.S. Federal Income Tax Consequences of the Spin-off" for a discussion of the U.S. federal income tax treatment of the proceeds received from the sale of fractional shares. We will bear the cost of brokerage fees incurred in connection with these sales. We anticipate that these sales will occur within one to two business days, or as soon after the date of the spin-off as practicable as determined by the distribution agent. No interest will be paid from the distribution date. None of Vishay Intertechnology, us or the distribution agent will guarantee any minimum sale price for the fractional shares. The distribution agent will have the sole discretion to select the broker-dealer(s) through which to sell the shares and to determine when, how and at what price to sell the shares. Further, neither the distribution agent nor the selected broker-dealer(s) will be our affiliate or an affiliate of Vishay Intertechnology.

Fractional shares of our Class B common stock will not be issued. Instead, Vishay Intertechnology will pay each stockholder who would otherwise have been entitled to receive a fractional share of Class B common stock in the distribution an amount in cash that such stockholder would have received from the distribution agent had such fractional share been a fractional share of common stock.

Material U.S. Federal Income Tax Consequences of the Spin-off

The following discussion summarizes the material U.S. federal income tax consequences of the spin-offs of our common stock to a U.S. holder (as defined below) of Vishay Intertechnology that holds such stock as a capital asset for tax purposes. This discussion is based upon the Code, the Treasury regulations promulgated thereunder, which we refer to as the Treasury Regulations, administrative interpretations and court decisions as in effect as of the date of this prospectus, all of which may change, possibly with retroactive effect. For purposes of this discussion, a "U.S. holder" is a beneficial owner of Vishay Intertechnology stock is for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

This summary is of a general nature and does not purport to deal with all tax considerations that may be relevant to a holder in light of that holder's particular circumstances or to a holder subject to special rules, such as:

- a financial institution or insurance company;
- a tax-exempt organization;
- a dealer or broker in securities;
- a holder who holds Vishay Intertechnology stock as part of a hedge, appreciated financial position, straddle, or conversion or integrated transaction; or
- a holder who acquired Vishay Intertechnology stock pursuant to the exercise of compensatory options or otherwise as compensation.

If a partnership holds the shares of Vishay Intertechnology stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding shares of Vishay Intertechnology stock should consult its tax advisor.

This discussion of material U.S. federal income tax consequences is not a complete analysis or description of all potential U.S. federal income tax consequences of the transaction and does not constitute tax advice. This discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address any non-income tax or any foreign, state or local tax consequences of the transaction. Accordingly, we strongly urge each holder to consult his or her own tax advisor to determine the particular U.S. federal, state or local or foreign income or other tax consequences to him or her of the transaction.

General

It is a condition to closing that Vishay Intertechnology receive a private letter ruling from the IRS that concludes, based upon the facts, representations, assumptions and undertakings in the ruling, that the spinoff will qualify for tax-free treatment to Vishay Intertechnology and its stockholders under Section 355 and related provisions of the Code. Vishay Intertechnology has not yet received this private letter ruling.

The IRS ruling will not address all of the issues that are relevant to determining whether the spin-off will qualify for tax-free treatment. The issues not addressed by the ruling consist primarily of issues on which the IRS customarily declines to rule. It is, however, also a condition to closing that Vishay Intertechnology receive an opinion from its special tax counsel, Pepper Hamilton LLP, that the spin-off will generally qualify for tax-free treatment to you and Vishay Intertechnology for U.S. federal income tax purposes. The opinions are expected to address those issues that are not addressed by the IRS rulings.

As a result of such tax-free treatment:

- No gain or loss will be recognized by U.S. holders of Vishay Intertechnology stock and no amount will be included in the income of a holder of Vishay Intertechnology stock as a result of the spin-off, except for any gain or loss recognized with respect to cash received in lieu of a fractional share of our stock.

- A U.S. holder will recognize gain or loss on any cash received in lieu of a fractional share of our stock equal to the difference between the amount of cash received in lieu of the fractional share and the holder's tax basis in the fractional share of our stock (determined in the manner described in the next bullet point). Such gain or loss generally will be long-term capital gain or loss if the U.S. holder's holding period for all of its stock is more than one year as of the closing date of the spin-off.

- A Vishay Intertechnology stockholder who receives shares of our stock in the spin-off will have an aggregate adjusted basis in its shares of our stock (including any fractional share in respect of which cash is received) and its shares of Vishay Intertechnology stock immediately after the spin-off equal to the aggregate adjusted basis of the stockholder's Vishay Intertechnology stock held prior to the spin-off, which will be allocated in proportion to their relative fair market values; and

- The holding period of the shares of our stock received in the spin-off by a Vishay Intertechnology stockholder will include the holding period of its shares of Vishay Intertechnology stock, provided that such shares of Vishay Intertechnology stock were held as a capital asset on the distribution date.

Although a private letter ruling is generally binding on the IRS with respect to the party for which it was obtained, if the facts, representations, assumptions or undertakings set forth in the ruling request are incorrect or violated in any material respect, the ruling may be retroactively modified or revoked by the IRS. An opinion of counsel represents counsel's best legal judgment but is not binding on the IRS or any court.

If the spin-off were not to qualify as a tax-free transaction, Vishay Intertechnology would have taxable gain equal to the excess of the fair market value of our stock and its tax basis therein. In addition, if the spin-off were not to qualify as a tax-free transaction, a U.S. holder would be treated as receiving a taxable distribution equal to the fair market value of our stock received in the spin-off, which would be taxed (i) as a dividend to the extent of the holder's pro rata share of Vishay Intertechnology's current and accumulated earnings and profits (including the gain to Vishay Intertechnology triggered by the spin-off), then (ii) as a nontaxable return of capital to the extent of the holder's tax basis in Vishay Intertechnology's stock with respect to which the distribution was made, and finally (iii) as capital gain with respect to the remaining value.

Even if the spin-off otherwise constitutes a tax-free transaction to you under Section 355, and related provisions of the Code, it would be taxable to Vishay Intertechnology if we engage in or enter into an agreement to engage in a plan of series of related transactions that would result in 50% or greater change (by vote or by value) in our stock ownership during the four-year period beginning on the date that begins two years before the spin-off, unless it is established that the transaction is not pursuant to a plan related to the spin-off. United States Treasury Regulations generally provide that whether an acquisition of our stock and a spin-off are part of a plan is determined based on all of the facts and circumstances, including specific factors listed in the regulations. In addition, the regulations provide certain "safe harbors" for acquisitions of our stock that are not considered to be part of a plan related to the spin-off.

There are other restrictions imposed on us under current U.S. federal tax law for spin-offs and with which we will need to comply in order to preserve the favorable tax treatment of the distribution, such as limitations on sales or redemptions of our capital stock for cash or other property following the distribution.

In the tax matters agreement with Vishay Intertechnology, we will agree that, among other things, we will not take any actions that would result in any tax being imposed on the spin-off. Please see "Certain Relationships and Related Party Transactions – Agreements with Vishay Intertechnology – Tax Matters Agreement" for more detail.

Treasury Regulations under Section 355 of the Code require that Vishay Intertechnology stockholders who own 5% or more, by vote or value, of the outstanding stock of Vishay Intertechnology prior to the spin-off attach statements to their U.S. federal income tax returns for the taxable year in which the spin-off occurs that show the application of Section 355 of the Code to the receipt of our stock in the spin-off. A holder of a Vishay Intertechnology exchangeable note due 2102 who receives an exchangeable note from us in the spin-off has similar reporting obligations if the holder had a tax basis in the Vishay Intertechnology exchangeable notes due 2102 of $1,000,000 or more before the spin-off.

Vishay Intertechnology will make available to the Vishay Intertechnology stockholders who may be subject to this requirement any information known to Vishay Intertechnology and that is necessary to comply with this requirement.

Results of the Spin-off

After the spin-off, we will be an independent public company owning and operating what had previously been Vishay Intertechnology's precision measurement and foil resistor businesses. Immediately following the spin-off, we expect to have outstanding approximately [ ] million shares of our common stock and approximately [ ] holders of record of shares of our common stock, based upon the number of shares of Vishay Intertechnology common stock outstanding and the number of record holders of Vishay Intertechnology common stock on [date]. We also expect to have outstanding [ ] shares of our Class B common stock and [ ] holders of record of our Class B common stock, based upon the number of shares of Vishay Intertechnology Class B common stock and the number of holders of record of Vishay Intertechnology Class B common stock on the [date].

The spin-off will not affect the number of outstanding Vishay Intertechnology shares or any rights of Vishay Intertechnology stockholders, although it may affect the market value of the outstanding Vishay Intertechnology common stock. After the spin-off, Vishay Intertechnology common stock will continue to be listed on the New York Stock Exchange under the symbol "VSH."

All of our capital stock is currently owned by Vishay Intertechnology. There currently is no trading market for our common stock. We have applied for listing of our common stock on the New York Stock Exchange and anticipate that it will trade on this exchange following the spin-off under the symbol "VPG." We expect that a limited market, commonly known as a "when-issued" trading market, will develop for our common stock on or shortly before the record date for the distribution. If trading begins on a "when-issued" basis, you may purchase or sell shares of our common stock up to and including the distribution date, but your transaction will not settle until after the distribution date. We expect regular way trading of our common stock will begin on the first trading day after the completion of the spin-off. "Regular way" trading refers to trades that are settled through the regular settlement cycle, typically for securities such as our common stock on the third full trading day following the trade date. Neither we nor Vishay Intertechnology can assure you as to the trading price of our common stock after the spin-off or whether the combined trading prices of our common stock and Vishay Intertechnology's common stock after the spinoff will be less than, equal to or greater than the trading prices of Vishay Intertechnology's common stock prior to the spin-off. The trading price of our common stock is likely to fluctuate significantly, particularly until an orderly market develops. See "Risk Factors—Risks Related to the Spin-off."

The shares of our common stock distributed to Vishay Intertechnology's stockholders will be freely transferable, except for shares received by individuals who are our affiliates. Individuals who may be considered our affiliates after the spin-off include individuals who control, are controlled by or are under common control with us, as those terms generally are interpreted for federal securities law purposes. This may include some or all of our executive officers and directors. Individuals who are our affiliates will be permitted to sell their shares of common stock received in the spin-off only pursuant to an effective registration statement under the Securities Act of 1933, an appropriate exemption from registration, including pursuant to Rule 144 under the Securities Act.

Rule 144 will generally be available for the resale of our common stock by affiliates once 90 days have elapsed from the date we become subject to the reporting requirements of the Securities Exchange Act of 1934, which is the date when the registration statement of which this information statement forms a part becomes effective. Under Rule 144, provided certain conditions are satisfied, an affiliate may sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the then-outstanding shares of common stock; or
- the average weekly trading volume of the common stock during the four calendar weeks preceding the date on which the notice of the sale is filed with the Securities and Exchange Commission.

Sales under Rule 144 are also subject to provisions relating to notice, manner of sale, and the availability of current public information about us. Vishay Intertechnology currently owns all of our outstanding shares of common stock. Upon completion of the spin-off, Vishay Intertechnology will not beneficially own any shares of our common stock. None of our directors or executive officers currently owns any shares of our common stock, but those who own shares of Vishay Intertechnology will be treated the same as other holders of Vishay Intertechnology common stock in any distribution by Vishay Intertechnology and, accordingly, will receive shares of our common stock in the distribution. As of the distribution date, based on their holdings of Vishay Intertechnology common stock as of [record date], we estimate that our executive officers and directors will collectively hold [ ] shares of our common stock that may be sold under Rule 144.

Our Class B common stock generally will not be transferable except in certain very limited instances, and we do not anticipate a market for the Class B common stock.

Our Relationship with Vishay Intertechnology following the Spin-off

Prior to the spin-off, we will enter into a master separation agreement with Vishay Intertechnology that will include the detailed terms of the spin-off and will provide a framework for the relationship between Vishay Intertechnology and us following the spin-off. Among other things, this agreement will allocate assets, liabilities and obligations between Vishay Intertechnology and us, will require cooperation between the parties to fulfill the terms of the spin-off and will specify the conditions to the spin-off. The parties will also enter into various ancillary agreements, including a tax matters agreement, a license agreement pursuant to which we will be licensing the *Vishay* mark from Vishay Intertechnology, an agreement providing for treatment of our employees and their benefits, certain real property leases, transition services agreements, supply agreements and certain other agreements.

For a more detailed description of these agreements, see "Certain Relationships and Related Party Transactions – Agreements with Vishay Intertechnology."

Conditions to the Spin-off

We expect that the spin-off will be effective on [spin-off date]. As provided in the master separation agreement, the spin-off is subject to the satisfaction or, if permitted under the agreement, the waiver, of the following conditions:

- The Securities and Exchange Commission having allowed our registration statement on Form 10, of which this information statement forms a part, to become effective, no stop order relating to the registration statement being in effect and this information statement having been mailed to stockholders of Vishay Intertechnology.

- All permits, registrations and consents required under the securities laws of all relevant U.S. and non-U.S. jurisdictions required in connection with the spin-off having been received.

- A private letter ruling having been received from the Internal Revenue Service confirming that distribution of our stock will be tax-free to Vishay Intertechnology and the Vishay Intertechnology stockholders for U.S. federal income tax purposes.

- Vishay Intertechnology having received the opinion of Pepper Hamilton LLP confirming that the distribution of our stock will be tax-free to Vishay Intertechnology and the Vishay Intertechnology stockholders for U.S. federal income tax purposes.

- Vishay Intertechnology having received a ruling from the Israeli taxing authorities that the transfer of the Israeli companies into Vishay Precision Group will not give rise to current Israeli tax.

- The listing of our common stock on the New York Stock Exchange having been approved, subject to official notice of issuance.

- No order, injunction or decree having been issued by any court of competent jurisdiction preventing consummation of the spin-off or any of the other transactions contemplated by the master separation agreement or any of the related agreements.

- Having received all governmental approvals and other consents necessary to consummate the distribution, except where the failure to obtain such approvals or consents would not have a material adverse effect on the ability of the parties to complete the spin-off or on the business, assets, liabilities, condition or results of operations of VPG, Vishay Intertechnology, or its respective subsidiaries, taken as a whole.

Other than described above, we are not aware that any governmental approvals or other consents are necessary to consummate the distribution, except where the failure to obtain such approvals or consents would not have a material adverse effect as described above.

The fulfillment of the foregoing conditions will not create any obligation on Vishay Intertechnology's part to effect the spin-off. Vishay Intertechnology has the right not to complete the spin-off if, at any time, Vishay Intertechnology's board of directors determines, in its sole discretion, that the spin-off is not in the best interests of Vishay Intertechnology or its stockholders or that market conditions are such that it is not advisable to separate us from Vishay Intertechnology.

Trading of Vishay Intertechnology Common Stock Between the Record Date and Distribution Date

Shortly before the record date for the spin-off, Vishay Intertechnology's common stock will begin to trade in two markets on the New York Stock Exchange: a "regular way" market and an "ex-distribution" market. Between this time and the consummation of the spin-off, shares of Vishay Intertechnology common stock that are sold on the regular way market will include an entitlement to receive shares of our common stock distributable in the spin-off. Conversely, shares sold in the "ex-distribution" market will not include an entitlement to receive shares of our common stock distributable in the spin-off, as the entitlement will remain with the original holder. Therefore, if you own shares of Vishay Intertechnology common stock on the record date and thereafter sell those shares in the regular way market on or prior to the distribution date, you also will be selling the shares of our common stock that would have been distributed to you in the spinoff with respect to the shares of Vishay Intertechnology common stock you sell. If you own shares of Vishay Intertechnology common stock on the record date and thereafter sell those shares in the "ex-distribution" market on or prior to the distribution date, you will still receive the shares of our common stock in the spin-off. On the first trading day following the distribution date, shares of Vishay Intertechnology common stock will begin regular way trading without any entitlement to receive shares of our common stock.

Material Changes to the Terms of the Spin-off

Whether or not the conditions to the spin-off are satisfied, until the distribution date, the board of directors of Vishay Intertechnology retains the discretion to abandon the spin-off or to modify its terms, including the record date and the distribution date. If the Vishay Intertechnology board determines to abandon the spin-off or make any material changes to the terms of the spin-off, Vishay Intertechnology will notify Vishay Intertechnology stockholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to this information statement.

Reasons for Furnishing this Information Statement

This information statement is being furnished solely to provide information about us and about the spin-off to Vishay Intertechnology stockholders who will receive shares of our common stock in the spin-off. It is not and should not be construed as an inducement or encouragement to buy or sell any of our securities or any securities of Vishay Intertechnology. We believe that the information contained in this information statement is accurate as of the date set forth on the cover. Changes to the information contained in this information statement may occur after that date, and neither we nor Vishay Intertechnology undertake any obligation to update the information except in the normal course of our respective public disclosure obligations and practices.

DIVIDEND POLICY

We do not expect to pay regular cash dividends during the period following the spin-off, and we may be precluded from doing so under the terms of our anticipated revolving credit facility.

Subject to any restrictions under our anticipated credit facility, the declaration of any future dividends and, if declared, the amount of any such dividends, will be subject to our actual future earnings, capital requirements, regulatory restrictions, debt covenants, other contractual restrictions and to the discretion of our board of directors. Our board of directors may take into account such matters as general business conditions, our financial condition and results of operations, our capital requirements, our prospects and such other factors as our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our capitalization on a historical basis as of December 31, 2009, and pro forma to give effect to the spin-off and as adjusted to give effect to the repayment of intercompany indebtedness to Vishay Intertechnology.

This table should be read in conjunction with "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Combined and Consolidated Financial Statements" and our unaudited interim condensed combined and consolidated financial statements and corresponding notes included elsewhere in this information statement. *(Amounts in thousands)*

	December 31, 2009	
	Actual	**Pro Forma (a)**
Third-party debt, including current and long-term		
Revolving credit facility	$ -	$ -
Third-party debt held by Japanese subsidiary	1,735	1,735
Exchangeable notes due 2102 (b)	-	13,000
Notes payable to banks	9	9
Total third-party debt	1,744	14,744
Net payable to affiliates (c)	18,495	-
Parent net investment / Paid-in capital	157,258	172,805
Total capitalization	$ 177,497	$ 187,549

(a) Assumes that the spin-off occurred as of December 31, 2009.

(b) We will assume the liability for a portion of Vishay Intertechnology's outstanding exchangeable notes due 2102, in accordance with the terms of that instrument, based on the relative trading values of Vishay Intertechnology and our common stock following the separation. The capitalization table shows an approximation based on Vishay Intertechnology estimates.

(c) Net payable to affiliates represents amounts payable to Vishay Intertechnology subsidiaries excluding Vishay Precision Group and its subsidiaries. The net payable to affiliates will be settled at or prior to the spin-off date.

SELECTED HISTORICAL FINANCIAL DATA

The following table presents our selected historical and pro forma financial data. The statements of operations data for each of the years in the three years ended December 31, 2009 and the balance sheet data as of December 31, 2009 and 2008 have been derived from our audited combined and consolidated financial statements included elsewhere in this information statement.

The financial data as of December 31, 2006 and 2005 and for the years ended December 31, 2007, 2006 and 2005 have been derived from our unaudited financial statements not included in this information statement.

Our historical financial data are not necessarily indicative of our future performance or what our financial position and results of operations would have been if we had operated as a separate, stand-alone entity during the periods shown. The data should be read in conjunction with our historical financial statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Unaudited Pro Forma Combined and Consolidated Financial Statements" included elsewhere in this information statement.

in thousands, except per share	As of and for the years ended December 31,				
	2009	**2008** (c)	**2007** (d)	**2006**	**2005** (e)
Statement of Operations Data:					
Net revenues	$ 171,991	$ 241,700	$ 239,036	$ 206,757	$ 174,892
Costs of products sold	119,286	161,804	154,525	128,227	112,597
Gross profit	52,705	79,896	84,511	78,530	62,295
Selling, general, and administrative expenses	43,356	51,714	48,017	44,510	42,933
Restructuring and severance costs	2,048	6,349	356	1,619	3,157
Impairment of goodwill	-	93,465	-	-	-
Operating income (loss)	7,301	(71,632)	36,138	32,401	16,205
Other income (expense):					
Interest expense	(1,237)	(1,574)	(2,294)	(2,946)	(2,220)
Other	714	4,780	2,788	1,012	(547)
Other income (expense) - net	(523)	3,206	494	(1,934)	(2,767)
Income (loss) before taxes	6,778	(68,426)	36,632	30,467	13,438
Income tax expense	5,057	5,689	8,829	7,663	3,494
Net earnings (loss)	1,721	(74,115)	27,803	22,804	9,944
Less: net earnings (loss) attributable to noncontrolling interests	17	15	111	56	-
Net earnings (loss) attributable to Parent	$ 1,704	$ (74,130)	$ 27,692	$ 22,748	$ 9,944
Pro Forma earnings (loss) per share data:					
Basic (a)					
Diluted (b)					
Wt. avg. shares outstanding – basic (a)					
Wt. avg. shares outstanding – diluted (b)					
Balance Sheet Data:					
Cash and cash equivalents	$ 63,192	$ 70,381	$ 56,803	$ 30,138	$ 19,633
Total assets	209,779	254,863	319,981	250,411	227,279
Net payable to affiliates	18,495	47,436	29,477	38,658	43,329
Long-term debt, less current portion	1,551	1,761	2,237	3,262	6,458
Working capital	102,489	145,363	127,667	92,401	76,993
Total Parent equity	148,090	150,158	229,420	154,116	130,273

(a) The number of shares used to compute basic earnings per share is [ ], which is the number of shares of our common stock assumed to be outstanding on the distribution date, based on a distribution ratio of one share of our common stock for every [ratio] shares of Vishay Intertechnology common stock and [ratio] shares of our Class B common stock for every share of Vishay Intertechnology Class B common stock that was outstanding at [date].

(b) The number of shares used to compute diluted earnings per share [will be based] on the number of shares of our common stock described in (a) above used to compute basic earnings per share, plus the potential dilution that could occur if restricted stock units and other equity instruments granted under the equity-based compensation arrangements or exchangeable notes were exercised or converted into common stock. There will be no potentially dilutive securities outstanding on the distribution date; however, potentially dilutive securities will be outstanding shortly after the distribution date, and any resulting dilution could be significant. We will assume the liability for a portion of Vishay Intertechnology's outstanding exchangeable notes due 2102, in accordance with the terms of that instrument, based on the relative trading values of Vishay Intertechnology and our common stock following the separation. Also, we have approved certain initial equity compensation awards to our executive officers and directors.

(c) Includes the results of Vishay Transducers India Limited from June 30, 2008 and of Powertron GmbH from July 23, 2008, the respective dates of acquisition.

(d) Includes the results of PM Group from April 19, 2007, the date of acquisition.

(e) Includes the results of SI Technologies from April 28, 2005 and Alpha Electronics K.K. from November 30, 2005, the respective dates of acquisition.

UNAUDITED PRO FORMA COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma combined and consolidated financial statements consist of unaudited pro forma combined and consolidated statements of operations for the year ended December 31, 2009 and an unaudited pro forma combined and consolidated balance sheet as of December 31, 2009. The unaudited pro forma combined and consolidated financial statements should be read in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our combined and consolidated financial statements and the corresponding notes included elsewhere in this information statement.

The unaudited pro forma combined and consolidated financial statements included in this information statement have been derived from our historical financial statements included elsewhere in this information statement and do not necessarily reflect what our financial position and results of operations would have been if we had operated as a separate stand-alone entity during the periods shown.

The unaudited pro forma combined and consolidated statements of operations reflect our combined and consolidated results as if the spin-off and related transactions described below had occurred as of January 1, 2009, the beginning of the most recent year for which audited financial statements are available. The unaudited pro forma combined and consolidated balance sheet reflects our combined and consolidated results as if the spin-off and related transactions described below had occurred as of December 31, 2009.

The pro forma adjustments give effect to the following transactions:

- Cash contribution effective as of the spin-off date to achieve the target net cash balance pursuant to the master separation agreement.
- The cash settlement of net amounts payable to Vishay Intertechnology, and related effects on interest expense and interest income. These net amounts payable to Vishay Intertechnology are expected to be repaid at or prior to the spin-off.
- The distribution of [ ] million shares of our common stock and Class B common stock to holders of Vishay Intertechnology common stock and Vishay Intertechnology Class B common stock.
- Estimated incremental costs associated with operating as a stand-alone company.

Our unaudited pro forma combined and consolidated statements of operations do not give effect to initial expenses directly attributable to the spin-off because of their non-recurring nature. A significant portion of these non-recurring charges to effect the separation will be incurred by Vishay Intertechnology, such as investment banker fees, outside legal and accounting fees relating to the spin-off, costs to separate information systems and temporary consulting costs. The only significant non-recurring transaction borne by us is Mr. Shoshani's sign-on bonus described in "Executive Compensation 2010 Compensation from Vishay Precision Group – Employment Terms – Ziv Shoshani – Special Bonuses." We will incur costs that have a future benefit to our company such as recruiting and relocation expenses associated with hiring key management positions new to our company and other employee compensation expenses. See "Certain Relationships and Related Party Transactions – Agreements with Vishay Intertechnology."

The pro forma adjustments are based upon available information and assumptions that management believes are reasonable based on our current plans and expectations; however, such adjustments are subject to change based on the finalization of the terms of the spin-off.

Vishay Precision Group, Inc.
Unaudited Pro Forma Combined and Consolidated Statement of Operations
Year Ended December 31, 2009
(dollars in thousands, except per share amounts)

	Historical	Pro Forma Adjustments		Pro Forma
Net revenues	$ 171,991			$ 171,991
Costs of products sold	119,286			119,286
Gross profit	52,705			52,705
Selling, general, and administrative expenses	43,356	4,600	(a)	47,956
Restructuring and severance costs	2,048			2,048
Operating income	7,301	(4,600)		2,701
Other income (expense):				
Interest expense	(1,237)	868	(b)	(369)
Other	714	100	(c)	814
Other income (expense) - net	(523)	968		445
Income before taxes	6,778	(3,632)		3,146
Income tax expense	5,057	(1,271)	(d)	3,786
Net earnings (loss)	1,721	(2,361)		(640)
Less: net earnings (loss) attributable to noncontrolling interests	17			17
Net earnings (loss) attributable to Parent	$ 1,704	$ (2,361)		$ (657)
Unaudited pro forma earnings per share:				
Basic (e)				
Diluted (e)				
Wt. avg. shares used in calculated earnings per share:				
Basic (e)				
Diluted (e)				

See accompanying notes to Unaudited Pro Forma Combined and Consolidated Financial Statements.

Vishay Precision Group, Inc.
Unaudited Pro Forma Combined and Consolidated Balance Sheet
as of December 31, 2009
(in thousands)

	Historical	Pro Forma Adjustments		Pro Forma
Assets				
Current assets:				
Cash and cash equivalents	$ 63,192	$ 10,052	(f), (g)	$ 73,244
Accounts receivable, net	23,345			23,345
Net inventories	43,802			43,802
Deferred income taxes	4,960			4,960
Prepaid expenses and other current assets	4,522			4,522
Total current assets	139,821	10,052		149,873
Property and equipment, net	44,599			44,599
Intangible assets, net	17,217			17,217
Other assets	8,142			8,142
Total assets	$ 209,779	$ 10,052		$ 219,831
Liabilities and Equity				
Current liabilities:				
Notes payable to banks	$ 9			$ 9
Trade accounts payable	5,805			5,805
Net payable to affiliates	18,495	(18,495)	(f)	-
Payroll and related expenses	6,619			6,619
Other accrued expenses	4,573			4,573
Income taxes	1,647			1,647
Current portion of long-term debt	184			184
Total current liabilities	37,332	(18,495)		18,837
Long-term debt, less current portion	1,551	13,000	(h)	14,551
Deferred income taxes	5,993			5,993
Other liabilities	6,141			6,141
Accrued pension and other postretirement costs	10,549			10,549
Total liabilities	61,566	(5,495)		56,071
Commitments and contingencies				
Equity:				
Common stock			(i)	-
Class B common stock			(i)	-
Paid-in capital in excess of par		172,805	(i)	172,805
Parent net investment	157,258	(157,258)	(i), (g), (h)	-
Accumulated other comprehensive income	(9,168)			(9,168)
Total stockholders' equity	148,090	15,547		163,637
Noncontrolling interests	123			123
Total equity	148,213	15,547		163,760
Total liabilities and equity	$ 209,779	$ 10,052		$ 219,831

See accompanying notes to Unaudited Pro Forma Combined and Consolidated Financial Statements.

(a) Represents the estimated incremental costs associated with operating as a stand-alone company ($6,400,000 for the year ended December 31, 2009, partially offset by the elimination of related corporate overhead allocated by Vishay Intertechnology of $1,800,000 for the year ended December 31, 2009 resulting in an adjustment to our unaudited pro forma combined statements of income of $4,600,000 for the year ended December 31, 2009). The estimated costs associated with operating as a stand-alone company for the year ended December 31, 2009 include:

(1) $3,500,000 related to staff additions and increases in salaries to replace Vishay Intertechnology support and to function as an independent, publicly–traded company, which were calculated based on approved headcounts, expected compensation plans and current market compensation assumptions;

(2) $1,900,000 related to corporate governance, including board of directors compensation and expenses, insurance costs, audit fees, annual report and proxy printing and filing fees, stock exchange fees, corporate compliance fees, and tax advisory fees, which were estimated using Vishay Intertechnology historical costs, and adjusted for expected variations as applicable, or, in the case of insurance costs, from insurance premium cost projections received from our insurance broker based on current market conditions;

(3) $200,000 related to increased rent expense based on the terms of new executed lease agreements and anticipated lease agreements to be entered into with Vishay Intertechnology;

(4) $100,000 related to increased depreciation, amortization and maintenance costs in connection with information technology infrastructure investments resulting from the spin-off, which were calculated from a plan approved by management using vendor quotes as a basis;

(5) $100,000 related to the administration of our benefit plans and payroll functions, which were estimated based upon written quotes received from potential providers; and

(6) $600,000 related to equity-based compensation that we plan to issue to certain employees and directors of our company after the spin-off , which was estimated based on compensation arrangements for our executive officers that were approved by the Vishay Intertechnology board of directors.

The information provided in the pro forma adjustment described in this footnote is forward-looking information based on our current plans and expectations and is subject to uncertainties that could cause actual amounts to differ materially from those anticipated. See “Forward-Looking Information” on page 33 for further information.

(b) Reflects a net decrease in interest expense of $868,000. Adjustments totaling $300,000 are attributable to the allocation of a portion of the principal amount of the exchangeable notes due 2102 of Vishay Intertechnology, in accordance with the terms of that instrument (at LIBOR, as stated in the note instrument), plus commitment fees associated with the revolving credit facility we expect to enter effective as of the separation, based on draft term sheets provided by a consortium of banks. The revolving credit facility is directly related to the spin-off in that it is necessary to replace Vishay Intertechnology-based sources of back-up liquidity. This adjustment is offset by an adjustment to eliminate interest on net amounts payable to Vishay Intertechnology of $1,168,000. Interest on net amounts payable to Vishay Intertechnology are based on the prevailing rate under the Vishay Intertechnology revolving credit agreement (currently LIBOR plus 1.40%). These net amounts payable to Vishay Intertechnology are expected to be repaid at or prior to the spin-off pursuant to the master separation agreement.

(c) Reflects an adjustment to increase interest income due to the increased cash balance. The adjustment assumes a weighted average interest rate of less than 1%, based on current rates earned at our banks.

(d) Represents the tax effect of pro forma adjustments based on the U.S. statutory tax rate of 35.0% for United States transactions (which represent the majority of the pro forma adjustments), and the applicable international tax rate for the international portion of the pro forma adjustments.

(e) The number of shares used to compute basic earnings per share is [ ], which is the number of shares of our common stock and Class B common stock assumed to be outstanding on the spin-off date, based on a distribution ratio of [ratio] shares of our common stock for every share of Vishay Intertechnology common stock outstanding and [ratio] shares of our Class B common stock for every share of Vishay Intertechnology Class B common stock. Diluted earnings per share reflects the potential dilution that could occur if restricted stock units and other equity instruments granted under equity-based compensation arrangements or exchangeable notes were exercised or converted into common stock. There will be no potentially dilutive securities outstanding on the distribution date; however, potentially dilutive securities will be outstanding shortly after the distribution date, and any resulting dilution could be significant. We will assume the liability for a portion of Vishay Intertechnology's outstanding exchangeable notes due 2102, in accordance with the terms of that instrument, based on the relative trading values of Vishay Intertechnology and our common stock following the separation. Also, we have approved certain initial equity compensation awards to our executive officers and directors.

(f) Represents the cash settlement of net amounts payable to Vishay Intertechnology of $18,495,000. These net amounts payable to Vishay Intertechnology are expected to be repaid at or prior to the spin-off.

(g) Represents cash contribution pursuant to the master separation agreement. Pursuant to the master separation agreement, the target net cash balance at the spin-off date is $65.0 million. “Net cash” for these purposes is defined as cash and cash equivalents less third-party indebtedness less notes payable to banks less the book value of the exchangeable notes allocated to us. Amounts greater than 110% of the target net cash balance ($71.5 million) will be distributed to Vishay Intertechnology in the form of a dividend effective as of the spin-off date; amounts less than 90% of the target net cash balance ($58.5 million) will be contributed to us by Vishay Intertechnology effective as of the spin-off date. The adjustment assumes a gross cash contribution by Vishay Intertechnology of $28.5 million as of the spin-off date, to arrive at the target pro forma net cash balance of $58.5 million.

(h) Represents allocation of a portion of the principal amount of the exchangeable notes due 2102 of Vishay Intertechnology, in accordance with the terms of that instrument, based on the relative trading values of Vishay Intertechnology and our common stock following the separation. The pro forma adjustment is an approximation based on Vishay Intertechnology management estimates. Based on discussions with financial consultants, Vishay Intertechnology management estimates that our relative market capitalization is between 10% and 15% of the total Vishay Intertechnology market capitalization. This implies that we will be allocated between $10.5 million and $15.8 million of the exchangeable notes. The pro forma adjustment represents the approximate mid-point of that range, rounded to the nearest whole million.

(i) Represents the reclassification of “Parent Net Investment” into “Common Stock,” “Class B Common Stock,” and “Paid-in capital in excess of par.”

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

Overview

We are a designer, manufacturer and marketer of resistive foil technology products such as resistive sensors, weighing modules, and control systems for a wide variety of applications. Our business is currently part of Vishay Intertechnology, Inc., and our assets and liabilities consist of those that Vishay Intertechnology attributes to its precision measurement and foil resistor businesses. Following the spin-off, we will be an independent, publicly traded company, and Vishay Intertechnology will not retain any ownership interest in us.

We operate in two product segments: Foil Technology Products, which include strain gages, ultra-precision foil resistors, and current sensors, and Weighing Modules and Control Systems, which include transducers/load cells, instruments, weighing modules, and complete systems for process control or onboard weighing applications.

Due to our primarily specialized products, our business historically has been relatively less influenced by macro economic factors. Nevertheless, we did experience significant impacts of the global economic recession beginning in the second quarter of 2008 and continuing into 2009.

Net revenues for the year ended December 31, 2009 were $172.0 million, compared to net revenues of $241.7 million for the year ended December 31, 2008 and $239.0 million for the year ended December 31, 2007.

Net earnings for the year ended December 31, 2009 were $1.7 million, compared to a net loss of $74.1 million for the year ended December 31, 2008 and net earnings of $27.7 million for the year ended December 31, 2007.

Net earnings for the year ended December 31, 2009 were negatively impacted by pretax charges of $2.0 million for restructuring and severance costs.

The net loss realized in 2008 was primarily due to a noncash goodwill impairment charge of $93.5 million ($92.5 million after tax), and also due to pretax charges of $6.3 million for restructuring and severance costs.

Net earnings for the year ended December 31, 2007 were negatively impacted by pretax charges of $0.4 million for restructuring and severance costs.

Our business historically has been a strong generator of cash flows from operations. Despite lower revenues and earnings, we continued to generate cash flows from operations during the deep economic recession experienced in 2008 and 2009.

In the second half of 2009, we began to see signs of economic recovery, including sequential increases in quarterly revenues and gross margins. Our book-to-bill ratio for both the third and fourth quarters of 2009 were greater than one for our business as a whole for the first time since the third quarter of 2008. While revenue levels have not yet returned to pre-recession levels, we remain confident for the long-term prospects of our business.

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, the book-to-bill ratio, and inventory turnover.

Gross profit margin is computed as gross profit as a percentage of net revenues. Gross profit is generally net revenues less costs of products sold, but could also include certain other period costs. Gross profit margin is clearly a function of net revenues, but also reflects our cost-cutting programs and our ability to contain fixed costs.

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

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 potentially will generate 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 costs of products sold for the four fiscal quarters ending on the last day of the reporting period divided by our average inventory (computed using each quarter-end balance) for this same period. A higher level of inventory turnover reflects more efficient use of our capital.

The quarter-to-quarter trends in these financial metrics can also be an important indicator of the likely direction of our business. The following table shows net revenues, gross profit margin, the end-of-period backlog, the book-to-bill ratio, and the inventory turnover for our business as a whole during the five quarters beginning with the fourth quarter of 2008 and through the fourth quarter of 2009 *(dollars in thousands)*:

	4th Quarter 2008	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009
Net revenues	$ 53,816	$ 43,705	$ 41,333	$ 40,105	$ 46,848
Gross profit margin	27.9%	32.1%	26.6%	31.6%	32.0%
End-of-period backlog	$ 37,200	$ 33,000	$ 27,500	$ 30,100	$ 32,700
Book-to-bill ratio	0.83	0.92	0.85	1.05	1.06
Inventory turnover	2.69	2.04	2.17	2.11	2.60

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

Our revenues and operating results were significantly impacted by global economic recession experienced during 2008 and 2009. In the second half of 2009, we began to see signs of economic recovery, with increasing orders which should translate into increased revenues in future periods.

Financial Metrics by Segment

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

	4th Quarter 2008	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009
Foil Technology Products					
Net revenues	$ 21,019	$ 19,268	$ 16,884	$ 16,018	$ 19,701
Book-to-bill ratio	0.93	0.92	0.84	1.14	1.24
Gross profit margin	36.6%	41.4%	38.7%	40.3%	48.0%
Weighing Modules and Control Systems					
Net revenues	$ 32,797	$ 24,437	$ 24,449	$ 24,087	$ 27,147
Book-to-bill ratio	0.77	0.92	0.86	0.99	0.93
Gross profit margin	22.3%	24.8%	18.2%	25.8%	20.4%

Acquisition Strategy

Since 2002, we have implemented a strategy of vertical product integration, by growing our weighing systems business and by promoting our sophisticated electronic weighing modules and other products that integrate the precision measurement components that we design and produce.

As part of our growth strategy, we seek to expand through acquisition of other manufacturers of products that are similar or complementary to our existing product portfolio, particularly manufacturers who 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 explore opportunities to acquire smaller targets to gain market share, effectively penetrate different geographic markets, enhance new product development, or grow our high margin niche market businesses.

We expect to continue our program of strategic acquisitions, particularly where opportunities present themselves to grow our systems business. Upon completion of acquisitions, we seek to reduce selling, general, and administrative expenses through the integration or elimination of redundant sales offices and administrative functions at acquired companies.

2008 Activities

During 2008, we made two acquisitions. On June 30, 2008, we acquired Sanmar Group's 51% interest in Vishay Sanmar Limited, a transducers manufacturing joint venture in India for approximately $9.6 million, making the renamed Vishay Transducers Limited a wholly owned subsidiary. Sanmar Group is a major industrial company based in Chennai India, which has no affiliation with Vishay other than its former co-ownership of the joint venture. Vishay initially acquired its interest in this joint venture as part of the acquisition of Sensortronics in 2002. The transaction was funded using cash on-hand.

On July 23, 2008, we acquired Powertron GmbH, a manufacturer of specialty precision resistors, for approximately $14.7 million, including the repayment of certain debt of Powertron. The transaction was funded using cash provided by Vishay Intertechnology.

2007 Activities

On April 19, 2007, we declared our cash tender offer for all shares of PM Group PLC wholly unconditional, and assumed ownership of PM Group. PM Group is an advanced designer and manufacturer of systems used in the weighing and process control industries, located in the United Kingdom. The aggregate cash paid for all shares of PM Group was approximately $45.7 million. The transaction was funded using cash provided by Vishay Intertechnology. We immediately sold PM Group's electrical contracting subsidiary for approximately $16.1 million.

Cost Management

We place a strong emphasis on controlling our costs. Over the past several years, we have invested substantial resources to increase capacity and to maximize automation in our plants, which we believe will further reduce production costs.

To maintain our cost competitiveness, we also pursue a strategy to shift manufacturing emphasis to more advanced automation in higher-labor-cost regions and to relocate production to regions with skilled workforces and relatively lower labor costs.

A primary tenet of our business strategy is expansion through acquisitions. In addition to the primary objective of enhancing our strategy of vertical product integration, our acquisition strategy includes a focus on reducing selling, general, and administrative expenses through the integration or elimination of redundant sales offices and administrative functions at acquired companies, and achieving significant production cost savings through the transfer of manufacturing operations to countries where we can benefit from lower labor costs and available tax and other government-sponsored incentives. These plant closure and employee termination costs subsequent to acquisitions are also integral to our cost reduction programs.

Under previous accounting standards, plant closure and employee termination costs that we incurred in connection with our acquisition activities were included in the costs of our acquisitions and did not affect earnings or losses on our statement of operations. ASC Topic 805, which we adopted effective January 1, 2009, requires such costs to be recorded as expenses in our statement of operations, as such expenses are incurred.

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

These production transfers, facility consolidations, and other long-term cost-cutting measures require us to initially incur significant severance and other exit costs. We anticipate that we will realize the benefits of our restructuring through lower labor costs and other operating expenses in future periods. However, these programs to improve our profitability also involve certain risks which could materially impact our future operating results, as further detailed in "Risk Factors" beginning on page 17 of this information statement.

During 2007, we transferred significant load cell manufacturing operations from our City of Industry, California facility to existing facilities in the People's Republic of China, the Republic of China (Taiwan), and Israel. This resulted in a significant reduction in the number of employees in City of Industry, which today is principally a warehouse and distribution center with only minor manufacturing operations. We incurred $0.2 million of restructuring and severance costs associated with the downsizing of our City of Industry, California facility. We also incurred $0.1 million of other restructuring and severance costs during 2007.

As part of our acquisition of PM Group in 2007, we transferred certain manufacturing operations from Bradford, United Kingdom to the People's Republic of China and the Republic of China (Taiwan). The costs associated with these transfers, which aggregated $0.3 million, were included in the cost of acquisition of PM Group under then-applicable accounting standards.

During 2008, we announced the closure of our load cell manufacturing facility in Breda, the Netherlands, and transferred all manufacturing operations to Israel. We incurred $5.7 million of restructuring and severance costs associated with the closure of our Breda, the Netherlands facility.

In response to the economic downturn, during the latter half of 2008 and continuing into 2009, we undertook significant measures to cut costs. This included a temporary idling of manufacturing capacity to adapt to sellable volume and limiting the building of product for inventory. It also included permanent employee terminations, and temporary layoffs and shutdowns. We incurred restructuring and severance costs of $0.6 million and $2.0 million in 2008 and 2009, respectively, as a result of these programs in response to the global recession.

We are presently evaluating plans to further reduce our costs by consolidating additional manufacturing operations by expanding our newly acquired facility in India. These plans will require us to incur restructuring and severance costs in future periods. However, after implementing these plans, we do not anticipate significant restructuring and severance costs for our business except in the context of acquisition integration.

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.

Israeli Government Incentives

We have substantial manufacturing operations in Israel, where we benefit from the government's tax incentive and employment programs. These benefits take the form of reduced tax rates that are lower than those in the United States and government grants. These programs have contributed substantially, predominantly in prior years, to our growth and profitability.

Foreign Currency

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

U.S. generally accepted accounting principles ("GAAP") require that entities identify the "functional currency" of each of their subsidiaries and measure all elements of the financial statements in that functional currency. A subsidiary's functional currency is the currency of the primary economic environment in which it operates. In cases where a subsidiary is relatively self-contained within a particular country, the local currency is generally deemed to be the functional currency. However, a foreign subsidiary that is a direct and integral component or extension of the parent company's operations generally would have the parent company's currency as its functional currency. We have both situations among our subsidiaries.

Foreign Subsidiaries which use the Local Currency as the Functional Currency

We finance our operations in Europe and certain locations in Asia in local currencies, and accordingly, these subsidiaries utilize the local currency as their functional currency. For those subsidiaries where the local currency is the functional currency, assets and liabilities in the consolidated balance sheets have been translated at the rate of exchange as of the balance sheet date. Translation adjustments do not impact the results of operations and are reported as a separate component of equity. With the general weakening of the U.S. dollar during 2007 and 2008, this translation of these subsidiaries' financial statements into U.S. dollars has resulted in a significant increase in the translation adjustment recorded in accumulated other comprehensive income on our balance sheet. See Note 9 to our combined and consolidated financial statements.

For those subsidiaries where the local currency is the functional currency, revenues and expenses are translated at the average exchange rate for the year. While the translation of revenues and expenses into U.S. dollars does not directly impact the consolidated statement of operations, the translation effectively increases or decreases the U.S. dollar equivalent of revenues generated and expenses incurred in those foreign currencies. As a result of the general weakening of the U.S. dollar versus several foreign currencies, the translation of foreign currency revenues and expenses into U.S. dollars significantly increased reported revenues and expenses during the year ended December 31, 2008 as compared to the year ended December 31, 2007. The dollar generally was stronger in the year ended December 31, 2009 compared to the prior year, with the translation of foreign currency revenues and expenses into U.S. dollars decreasing reported revenues and expenses versus the comparable prior year periods. This was particularly evident in our transactions denominated in British pounds.

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

Our operations in Israel and certain locations in Asia are largely financed in U.S. dollars, and accordingly, these subsidiaries utilize the U.S. dollar as their functional currency. For those foreign subsidiaries where the U.S. dollar is the functional currency, all foreign currency financial statement amounts are remeasured into U.S. dollars. Exchange gains and losses arising from remeasurement of foreign currency-denominated monetary assets and liabilities are included in the results of operations. While these subsidiaries transact most business in U.S. dollars, they may have significant costs, particularly payroll-related, which are incurred in the local currency. The cost of products sold and selling, general, and administrative expense for the year ended December 31, 2008 (compared to the prior year) have been significantly increased by local currency transactions of subsidiaries which use the U.S. dollar as their functional currency, particularly our subsidiaries in Israel. The cost of products sold and selling, general, and administrative expense for year ended December 31, 2009 have been favorably impacted (compared to the prior year) by local currency transactions of subsidiaries which use the U.S. dollar as their functional currency, particularly our subsidiaries in Israel. However, most of the favorable impact was realized during the first quarter of 2009.

Off-Balance Sheet Arrangements

As of December 31, 2009 and 2008, we do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our significant accounting policies are summarized in Note 2 to our combined and consolidated financial statements. We identify here a number of policies that entail significant judgments or estimates.

Revenue Recognition

We recognize revenue on product sales during the period when the sales process is complete. This generally occurs when products are shipped to the customer in accordance with terms of an agreement of sale, title and risk of loss have been transferred, collectibility is reasonably assured, and pricing is fixed or determinable. For a small percentage of sales where title and risk of loss passes at point of delivery, we recognize revenue upon delivery to the customer, assuming all other criteria for revenue recognition are met.

Some of our larger systems products have post-shipment obligations, such as customer acceptance, training, or installation. In such circumstances, revenue is deferred until the obligation has been completed unless such obligation is deemed inconsequential and perfunctory.

Given the specialized nature of our products, we generally do not allow product returns except for quality issues.

Accounts Receivable

Our receivables represent a significant portion of our current assets. We are required to estimate the collectibility of our receivables and to establish allowances for the amount of receivables that will prove uncollectible. We base these allowances on our historical collection experience, the length of time our receivables are outstanding, the financial circumstances of individual customers, and general business and economic conditions.

Inventories

We value our inventories at the lower of cost or market, with cost determined under the first-in, first-out method and market based upon net realizable value. The valuation of our inventories requires our management to make market estimates. For work in process goods, we are required to estimate the cost to completion of the products and the prices at which we will be able to sell the products. For finished goods, we must assess the prices at which we believe the inventory can be sold. Inventories are also adjusted for estimated obsolescence and written down to net realizable value based upon estimates of future demand, technology developments and market conditions.

Estimates of Restructuring and Severance Costs and Purchase-Related Restructuring Costs

To maintain our cost competitiveness, we pursue a strategy to shift manufacturing emphasis to more advanced automation in higher-labor-cost regions and to relocate production to regions with skilled workforces and relatively lower labor costs. We also incur similar costs associated with acquired companies.

These production transfers, facility consolidations, and other long-term cost-cutting measures require us to initially incur significant severance and other exit costs. We anticipate that we will realize the benefits of our restructuring through lower labor costs and other operating expenses in future periods.

Restructuring and severance costs are expensed during the period in which we become obligated to pay those costs, and all other requirements for accrual are met. Because transfers of manufacturing operations sometimes occur incrementally over a period, the expense initially recorded is often based on estimates.

Because these costs are recorded based on estimates, our actual expenditures for restructuring activities may differ from the initially recorded costs. If this happens, we will need to adjust our estimates in future periods, either by recording additional expenses in future periods, if our initial estimates were too low, or by reversing part of the charges that we recorded initially, if our initial estimates were too high.

Under previous accounting standards, plant closure and employee termination costs that we incurred in connection with our acquisition activities were included in the costs of our acquisitions and did not affect earnings or losses on our statement of operations. ASC Topic 805, which we adopted effective January 1, 2009, now requires such costs to be recorded as expenses in our statement of operations, as such expenses are incurred.

Goodwill

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

ASC Topic 350, *Intangibles - Goodwill and Other*, prescribes a two-step method for determining goodwill impairment. In the first step, we determine the fair value of the reporting unit and compare that fair value to the net book value of the reporting unit. The fair value of the reporting unit is determined using various valuation techniques, including a discounted cash flow analysis (an income approach) and a comparable companies market multiple approach.

To measure the amount of the impairment, ASC Topic 350 prescribes that we determine the implied fair value of goodwill in the same manner as if we had acquired those reporting units. Specifically, we must allocate the fair value of the reporting unit to all of the assets of that unit, including any unrecognized intangible assets, in a hypothetical calculation that would yield the implied fair value of goodwill. The impairment loss is measured as the difference between the book value of the goodwill and the implied fair value of the goodwill computed in step two.

Vishay Intertechnology evaluated the goodwill associated with our business as a separate reporting unit for ASC Topic 350 evaluation purposes. For the purposes of the combined and consolidated financial statements presented on a stand-alone basis, we have evaluated our goodwill using our operating segments, namely, Foil Technology Products and Weighing Modules and Control Systems, as its reporting units.

In light of a sustained decline in market capitalization for Vishay Intertechnology and its peer group companies, and other factors, Vishay Intertechnology determined that an interim impairment test was necessary as of the end of the second, third, and fourth fiscal quarters of 2008.

Based on Vishay Intertechnology's interim impairment tests performed as of the end of the second, third, and fourth quarters of 2008, we performed retrospective goodwill impairment tests for our reporting units as of the end of the second, third, and fourth quarters of 2008.

After completing step one of the impairment tests as of June 28, 2008 and as of September 27, 2008, we determined that the estimated fair values of our reporting units were greater than the book values of those units, and accordingly, no second step was required as of those dates.

Given the further deterioration of market conditions in the fourth quarter of 2008, an additional impairment test was performed as of December 31, 2008 (the end of the fourth fiscal quarter). After completing step one of the impairment test as of December 31, 2008, we determined that the estimated fair value of each of its reporting units was less than the net book values of those reporting units. This required the completion of the second step of the impairment evaluation. Upon completion of the step two analysis, we recorded impairment charges. Subsequent to recording these impairment charges, there was no remaining goodwill recorded on the combined and consolidated balance sheet.

The determination of the fair value of the reporting units and the allocation of that value to individual assets and liabilities within those reporting units requires us to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to: the selection of appropriate comparable companies; control premiums appropriate for acquisitions in the industries in which we compete; the discount rate; terminal growth rates; and forecasts of revenue, operating income, depreciation and amortization, and capital expenditures. The allocation requires several analyses to determine fair value of assets and liabilities including, among others, completed technology, trade names, in-process research and development, customer relationships, and certain property and equipment (valued at replacement costs).

Due to the inherent uncertainty involved in making these estimates, actual financial results could differ from those estimates. Changes in assumptions concerning future financial results or other underlying assumptions could have a significant impact on either the fair value of the reporting unit or the amount of the goodwill impairment charge.

The goodwill impairment charge is noncash in nature and does not affect our liquidity, cash flows from operating activities, and will not have a material impact on future operations.

We perform our annual impairment test as of the first day of the fiscal fourth quarter. The interim impairment test performed as of September 27, 2008, the last day of our fiscal third quarter, was effectively our annual impairment test for 2008. There was no impairment identified through the annual impairment test completed in 2007.

Impairment of Long-Lived Assets

We assess the impairment of our long-lived assets other than goodwill, including property and equipment and identifiable intangible assets subject to amortization, whenever events or changes in circumstances indicate the carrying value may not be recoverable. Factors we consider important, which could trigger an impairment review, include significant changes in the manner of our use of the asset, changes in historical or projected operating performance, and significant negative economic trends.

Pension and Other Postretirement Benefits

Accounting for defined benefit pension and other postretirement plans involves numerous assumptions and estimates. The discount rate at which obligations could effectively be settled and the expected long-term rate of return on plan assets are two critical assumptions in measuring the cost and benefit obligations of our pension and other postretirement benefit plans. Other important assumptions include the anticipated rate of future increases in compensation levels, estimated mortality, and for postretirement medical plans, increases or trends in health care costs. Management reviews these assumptions at least annually. We use independent actuaries to assist us in formulating assumptions and making estimates. These assumptions are updated periodically to reflect the actual experience and expectations on a plan-specific basis as appropriate.

Our defined benefit plans are concentrated in the United States and the United Kingdom. Plans in these countries comprise approximately 96% of our retirement obligations at December 31, 2009. We utilize published long-term high-quality bond indices to determine the discount rate at the measurement date. We utilize bond yields at various maturity dates to reflect the timing of expected future benefit payments. We believe the discount rates selected are the rates at which these obligations could effectively be settled.

For benefit plans which are funded, we establish strategic asset allocation percentage targets and appropriate benchmarks for significant asset classes with the aim of achieving a prudent balance between return and risk. We set the expected long-term rate of return based on the expected long-term average rates of return to be achieved by the underlying investment portfolios. In establishing this rate, we consider historical and expected returns for the asset classes in which the plans are invested, advice from pension consultants and investment advisors, and current economic and capital market conditions. The expected return on plan assets is incorporated into the computation of pension expense. The difference between this expected return and the actual return on plan assets is deferred. The net deferral of past asset losses (gains) affects the calculated value of plan assets and, ultimately, future pension expense (income).

We believe that the current assumptions used to estimate plan obligations and annual expense are appropriate in the current economic environment. However, if economic conditions change, we may be inclined to change some of our assumptions, and the resulting change could have a material impact on the combined and consolidated statements of operations and on the combined and consolidated balance sheet.

Income Taxes

At or prior to the spin-off, we will enter a tax matters agreement with Vishay Intertechnology under which Vishay Intertechnology will be responsible for all income taxes for periods before the date of the spin-off other than taxes for which a liability is recorded on our books at the spin-off. Vishay Intertechnology is also principally responsible for managing any income tax audits by the various tax jurisdictions for pre-spin-off periods.

Income taxes as presented in the combined and consolidated financial statements are calculated on a separate tax return basis, although our operations have historically been included in Vishay Intertechnology's U.S. federal and certain state tax returns, and United Kingdom "group relief" has been claimed. Vishay Intertechnology's global tax model has been developed based on its entire portfolio of businesses. Accordingly, our tax results are not necessarily indicative of future performance and do not necessarily reflect the results that we would have generated as an independent, publicly traded company for the periods presented.

We have recorded deferred tax assets representing future tax benefits, but may not be able to realize these future tax benefits in certain jurisdictions. Significant judgment is required in determining the expected future realizability of these deferred tax assets. We periodically evaluate the realizability of our deferred tax assets by assessing the valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization include our forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets.

Earnings generated by our non-U.S. subsidiaries are deemed to be reinvested outside of the United States indefinitely. Accordingly, generally no provision has been made for U.S. federal and state income taxes on these foreign earnings. Upon distribution of those earnings in the form of dividends or otherwise, we would be subject to U.S. income taxes (subject to an adjustment for foreign tax credits), state income taxes, incremental foreign income taxes, and withholding taxes payable to various foreign countries.

We are or will be subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgment is required in evaluating our tax positions and determining our provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. We establish reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when we believe that certain positions might be challenged despite our belief that our tax return positions are fully supportable. We adjust these reserves in light of changing facts and circumstances and the provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate. At December 31, 2009 and 2008, there are no reserves because we have been indemnified by Vishay Intertechnology.

Results of Operations

Statement of operations' captions as a percentage of sales and the effective tax rates were as follows:

	Years ended December 31,		
	2009	**2008**	**2007**
Costs of products sold	69.4%	66.9%	64.6%
Gross profit	30.6%	33.1%	35.4%
Selling, general, and administrative expenses	25.2%	21.4%	20.1%
Operating income (loss)	4.2%	-29.6%	15.1%
Income (loss) before taxes	3.9%	-28.3%	15.3%
Net earnings (loss)	1.0%	-30.7%	11.6%
Net earnings (loss) attributable to Parent	1.0%	-30.7%	11.6%
Effective tax rate	74.6%	-8.3%	24.1%

Net Revenues

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

	Years ended December 31,		
	2009	**2008**	**2007**
Net revenues	$ 171,991	$ 241,700	$ 239,036
Change versus prior year	$ (69,709)	$ 2,664	
Percentage change versus prior year	-28.8%	1.1%	

Changes in net revenues were attributable to the following:

	2009 vs. 2008	**2008 vs. 2007**
Change attributable to:		
Change in volume	-28.4%	-4.7%
Change in average selling prices	1.1%	-0.3%
Foreign currency effects	-2.8%	1.9%
Acquisitions	0.9%	4.3%
Other	0.4%	-0.1%
Net change	-28.8%	1.1%

Our revenues were negatively impacted by the recession, with a significant reduction in volumes across both of our segments and across all geographies and sales channels.

Gross Profit and Margins

Gross profit margin for the year ended December 31, 2009 was 30.6%, as compared to 33.1% for the year ended December 31, 2008. The decrease in gross profit margin reflects significantly lower volume, partially offset by our fixed cost reduction programs and favorable currency impacts.

Gross profit margin for the year ended December 31, 2008 was 33.1%, as compared to 35.4% for the year ended December 31, 2007. The decrease in gross profit margin reflects negative foreign currency effects and generally higher raw materials costs.

Segments

Analysis of revenues and gross profit margins for our reportable segments is provided below.

Foil Technology Products

Net revenues of the Foil Technology Products segment were as follows *(dollars in thousands):*

	Years ended December 31,		
	2009	**2008**	**2007**
Net revenues	$ 71,871	$ 92,904	$ 94,300
Change versus prior year	$ (21,033)	$ (1,396)	
Percentage change versus prior year	-22.6%	-1.5%	

Changes in Foil Technology Products segment net revenues were attributable to the following:

	2009 vs. 2008	**2008 vs. 2007**
Change attributable to:		
Change in volume	-23.9%	-5.2%
Change in average selling prices	1.0%	-0.6%
Foreign currency effects	-7.3%	3.2%
Acquisitions	1.2%	1.2%
Other	6.4%	-0.1%
Net change	-22.6%	-1.5%

Gross profit as a percentage of net revenues for the Foil Technology Products segment were as follows:

	Years ended December 31,		
	2009	**2008**	**2007**
Gross margin percentage	42.3%	45.8%	49.0%

Weighing Modules and Control Systems

Net revenues of the Weighing Modules and Control Systems segment were as follows *(dollars in thousands):*

	Years ended December 31,		
	2009	**2008**	**2007**
Net revenues	$ 100,120	$ 148,796	$ 144,736
Change versus prior year	$ (48,676)	$ 4,060	
Percentage change versus prior year	-32.7%	2.8%	

Changes in Weighing Modules and Control Systems segment net revenues were attributable to the following:

	2009 vs. 2008	**2008 vs. 2007**
Change attributable to:		
Change in volume	-31.3%	-4.5%
Change in average selling prices	1.2%	-0.1%
Foreign currency effects	-3.2%	1.0%
Acquisitions	0.7%	6.4%
Other	-0.1%	0.0%
Net change	-32.7%	2.8%

Gross profit as a percentage of net revenues for the Weighing Modules and Control Systems segment were as follows:

	Years ended December 31,		
	2009	**2008**	**2007**
Gross margin percentage	22.3%	25.1%	26.5%

Selling, General, and Administrative Expenses

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

	Years ended December 31,		
	2009	**2008**	**2007**
Total SG&A expenses	$ 43,356	$ 51,714	$ 48,017
as a percentage of sales	25.2%	21.4%	20.1%

Given the specialized nature of our products and our direct sales approach, we incur significant selling, general, and administrative costs.

The overall decrease in SG&A expenses for 2009 as compared to 2008 is primarily attributable to lower sales and our cost containment initiatives. The increase in SG&A as a percentage of revenues is primarily due to the decrease in revenues.

The overall increase in SG&A expenses for 2008 as compared to 2007 is primarily attributable to acquisitions.

Several items included in SG&A expenses impact the comparability of these amounts, as summarized below *(in thousands):*

	Years ended December 31,		
	2009	**2008**	**2007**
Allocation of corporate overhead costs	$ 1,813	$ 2,771	$ 2,449
Amortization of intangible assets	3,019	2,441	1,667
Net loss (gain) on sales of assets	34	(1,189)	(1,155)

The increases in amortization expense are generally due to the acquisitions. We acquired PM Group during the second quarter of 2007, and we acquired our partner's 51% interest in the Indian transducers joint venture and Powertron GmbH during the third quarter of 2008.

Throughout the periods described above, we had significant agreements, transactions, and relationships with Vishay Intertechnology operations outside the defined scope of our business. While these transactions are not necessarily indicative of the terms we would have achieved had we been a separate entity, management believes they are reasonable. A description of these transactions and allocations are included in Note 3 to our historical combined and consolidated financial statements.

As discussed elsewhere in this information statement, historically, we have used the corporate services of Vishay Intertechnology for a variety of functions including treasury, tax, legal, internal audit, human resources, and risk management. After the spin-off, we will be an independent, publicly traded company. We expect to incur additional SG&A costs associated with being an independent, publicly traded company. These additional anticipated costs are not reflected in its historical combined and consolidated financial statements, but are reflected in our unaudited pro forma financial statements presented beginning on page 50.

Restructuring and Severance Costs and Related Asset Write-Downs

We recorded restructuring and severance costs of $2.0 million, $6.3 million, and $0.4 million during 2009, 2008, and 2007, respectively. These costs were incurred as part of our cost reduction initiatives and/or in response to the global economic recession.

During 2007, we transferred significant load cell manufacturing operations from our City of Industry, California facility to existing facilities in the People's Republic of China, the Republic of China (Taiwan), and Israel. This resulted in a significant reduction in the number of employees in City of Industry, which today is principally a warehouse and distribution center with only minor manufacturing operations. We incurred $0.2 million of restructuring and severance costs associated with the downsizing of our City of Industry, California facility. We also incurred $0.1 million of other restructuring and severance costs during 2007.

As part of our acquisition of PM Group in 2007, we transferred certain manufacturing operations from Bradford, United Kingdom to the People's Republic of China and the Republic of China (Taiwan). The costs associated with these transfers, which aggregated $0.3 million, were included in the cost of acquisition of PM Group under then-applicable accounting standards.

During 2008, we announced the closure of our load cell manufacturing facility in Breda, the Netherlands, and transferred all manufacturing operations to Israel. We incurred $5.7 million of restructuring and severance costs associated with the closure of our Breda, the Netherlands, facility.

In response to the economic downturn during the latter half of 2008 and 2009, we undertook significant measures to cut costs. This included a strict adaptation of manufacturing capacity to sellable volume and limiting the building of product for inventory. It also included permanent employee terminations, and temporary layoffs and shutdowns. We incurred restructuring and severance costs of $0.6 million and $2.0 million in 2008 and 2009, respectively, as a result of these programs in response to the global recession.

Other Income (Expense)

2009 Compared to 2008

Total interest expense for the year ended December 31, 2009 decreased by $0.3 million compared to the prior year, primarily attributable to lower interest rates and a lower balance of net payable to Vishay Intertechnology. Interest expense on the net payable to Vishay Intertechnology is included in the combined and consolidated financial statements based on the prevailing interest rate of Vishay Intertechnology's revolving credit facility, or if greater, an interest rate required by local tax authorities.

The following table analyzes the components of the line "Other" on the combined and consolidated statement of operations *(in thousands):*

	Years ended December 31,		
	2009	**2008**	**Change**
Foreign exchange gain (loss)	$ 122	$ 2,470	$(2,348)
Interest income	725	1,902	(1,177)
Income recognized on the equity method	-	444	(444)
Other	(133)	(36)	(97)
	$ 714	$ 4,780	$(4,066)

2008 Compared to 2007

Total interest expense for the year ended December 31, 2008 decreased by $0.7 million compared to the prior year, primarily attributable to lower interest rates and a lower balance of third-party debt. Interest expense on the net payable to Vishay Intertechnology is included in the combined and consolidated financial statements based on the prevailing interest rate of Vishay Intertechnology's revolving credit facility, or if greater, an interest rate required by local tax authorities.

The following table analyzes the components of the line "Other" on the combined and consolidated statement of operations *(in thousands):*

	Years ended December 31,		
	2008	**2007**	**Change**
Foreign exchange gain (loss)	$ 2,470	$ 872	$ 1,598
Interest income	1,902	1,550	352
Income recognized on the equity method	444	489	(45)
Other	(36)	(123)	87
	$ 4,780	$ 2,788	$ 1,992

Income Taxes

The effective tax rate for the year ended December 31, 2009 was 74.6%, as compared to -8.3% for the year ended December 31, 2008, and 24.1% for the year ended December 31, 2007.

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

The high effective tax rate for the year ended December 31, 2009 is principally due to losses in tax jurisdictions where we could not record a deferred tax benefit.

The negative tax rate for the year ended December 31, 2008 was principally attributable to the goodwill impairment charge recorded in 2008. The vast majority of our goodwill was not deductible for income tax purposes. We recognized tax benefits of $1.0 million during 2008, associated with the goodwill impairment charge.

The income taxes presented in the combined and consolidated financial statements are calculated on a separate tax return basis, although our operations have historically been included in Vishay Intertechnology's U.S. federal and state tax returns or certain non-U.S. jurisdictions tax returns. Vishay Intertechnology's global tax model has been developed based on its entire portfolio of businesses. Accordingly, our tax expense as presented in the combined and consolidated financial statements is not necessarily indicative of future performance and does not necessarily reflect the results that we would have generated as an independent, publicly traded company for the periods presented.

We operate 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 our earnings and the applicable tax rates in the various locations where we operate. Part of our strategy is to achieve cost savings through the transfer and expansion of manufacturing operations to countries where we can benefit from lower labor costs and available tax and other government-sponsored incentives. Changes in the effective tax rate are largely attributable to changes in the mix of pretax income among our various taxing jurisdictions.

Additional information about income taxes is included in Note 7 to our combined and consolidated financial statements.

Financial Condition, Liquidity, and Capital Resources

At December 31, 2009, we had significant cash balances and limited third-party debt. We historically have had significant amounts payable to Vishay Intertechnology affiliates. During 2009, we repaid a large portion of this liability, and the remaining balance of $18.5 million will be repaid at or prior to the spin-off.

Pursuant to the master separation agreement, the target net cash balance at the spin-off date is $65.0 million. “Net cash” for these purposes is defined as cash and cash equivalents less third-party indebtedness less notes payable to banks less the book value of the exchangeable notes allocated to us. Amounts greater than 110% of the target net cash balance ($71.5 million) will be distributed to Vishay Intertechnology in the form of a dividend effective as of the spin-off date; amounts less than 90% of the target net cash balance ($58.5 million) will be contributed to us by Vishay Intertechnology effective as of the spin-off date.

Due to our strong product portfolio and market position, our business has historically generated significant cash flow. In 2009, 2008, and 2007, we generated $29.2 million, $22.5 million, and $32.1 million, respectively, of cash from operating activities. Our cash flow gives us the flexibility to create stockholder value by investing in our business.

We focus on our ability to generate cash flows from operations. The cash generated from operations is used to fund our capital expenditure plans, and cash in excess of our capital expenditure needs is available to fund our acquisition strategy.

We refer to the amount of cash generated from operations in excess of our capital expenditure needs and net of proceeds from the sale of assets as “free cash,” a measure which management uses to evaluate our ability to fund acquisitions. We historically have generated positive “free cash,” even in the current recession, and we expect to continue to be able to do so. There is no assurance, however, that we will be able to continue to generate free cash after the spin-off.

We will assume the liability for a portion of Vishay Intertechnology's outstanding exchangeable notes due 2102, in accordance with the terms of that instrument, based on the relative trading values of Vishay Intertechnology and our common stock following the separation. Also, our Japanese subsidiary will continue to have debt of approximately $1.7 million outstanding. Otherwise, we do not expect to have outstanding indebtedness at the time of the spin-off. We expect to enter into a revolving credit facility with a consortium of banks to provide us with flexibility and additional liquidity, effective as of the spin-off date.

The following table summarizes the components of net cash (debt) at December 31, 2009 on an actual and pro forma basis (assuming the spin-off had occurred on December 31, 2009) *(in thousands):*

	Actual	Pro Forma
Third-party debt, including current and long-term		
Revolving credit facility	$ -	$ -
Third-party debt held by Japanese subsidiary	1,735	1,735
Exchangeable notes due 2102	-	13,000
Notes payable to banks	9	9
Total third-party debt	1,744	14,744
Net payable to affiliates	18,495	-
Total debt	20,239	14,744
Cash and cash equivalents	$ 63,192	$ 73,244
Net cash (debt) position	$ 42,953	$ 58,500

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

At December 31, 2009, approximately 98% of our cash and cash equivalents balance was held by our non-U.S. subsidiaries. If cash is repatriated to the United States, we would be subject to additional U.S. income taxes (subject to an adjustment for foreign tax credits), state income taxes, incremental foreign income taxes, and withholding taxes payable to various foreign countries. Any amounts contributed to us by Vishay Intertechnology on the spin-off date pursuant to the master separation agreement will be contributed in the United States.

Our financial condition as of December 31, 2009 is strong, with a current ratio (current assets to current liabilities) of 3.7 to 1, as compared to a ratio of 6.2 to 1 at December 31, 2008 and a ratio of 5.1 to 1 at December 31, 2007. The decrease in this ratio in 2009 is primarily attributable to the settlement of various amounts payable to affiliates in preparation for the spin-off. On a pro forma basis, assuming the repayment of the net payable to affiliates from cash on-hand, our current ratio at December 31, 2009, 2008, and 2007 would be 6.4 to 1, 4.5 to 1, and 4.2 to 1, respectively. The increases in the pro forma current ratio are primarily due to changes in working capital.

Our business is not particularly capital intensive. Cash paid for property and equipment for the years ended December 31, 2009, 2008, and 2007 were $2.2 million, $7.4 million, and $8.3 million, respectively. We limited our capital expenditures in the latter half of 2008 and 2009 as a result of the economic uncertainty. This reduced level of annual capital spending is temporary and not sustainable. Capital expenditures for 2010 are expected to be approximately $9.5 million, to expand our business.

Cash paid for acquisitions for the year ended December 31, 2008 totaled $24.3 million for the acquisitions of our partner's 51% interest in a transducers manufacturing joint venture and Powertron GmbH. Cash paid for acquisitions for the year ended December 31, 2007 was $46.8 million, representing the purchase price of PM Group, net of cash acquired. The sale of PM Group's electrical contracting business generated proceeds of $16.1 million during the year ended December 31, 2007. "Other investing activities" on the combined and consolidated statements of cash flows principally represent principal payments on a long-term note related to the sale of AeroGo, a business acquired as part of the acquisition of SI Technologies and divested in 2005. At December 31, 2009, the note receivable related to the disposition of the AeroGo business has been fully repaid.

Contractual Commitments

As of December 31, 2009, we had contractual obligations as follows *(in thousands)*:

		Payments due by period			
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	$ 1,735	$ 184	$ -	$ 905	$ 646
Interest payments on long-term debt	175	35	62	26	52
Net payable to affiliates	18,495	18,495	-	-	-
Operating leases	5,210	2,339	2,650	221	-
Non-competition agreements	2,298	543	780	780	195
Expected pension and postretirement plan funding	7,304	390	1,030	1,363	4,521
Total contractual cash obligations	$ 35,217	$ 21,986	$ 4,522	$ 3,295	$ 5,414

Effective as of the spin-off date, we will assume the liability for a portion of Vishay Intertechnology's outstanding exchangeable notes due 2102, in accordance with the terms of that instrument, based on the relative trading values of Vishay Intertechnology and our common stock following the separation. The table above does not reflect this future allocation of debt.

For a further discussion of our long-term debt, amounts payable to Vishay Intertechnology and affiliates, leases, non-competition agreement payment liabilities, and pensions and other postretirement benefits, see Notes 3, 5, 8, and 10 to our combined and consolidated financial statements.

Inflation

Normally, inflation does not have a significant impact on our operations as our products are not generally sold on long-term contracts. Consequently, we can adjust our selling prices, to the extent permitted by competition, to reflect cost increases caused by inflation.

Recent Accounting Pronouncements

See Note 2 to our combined and consolidated financial statements for a discussion of recent accounting pronouncements.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain financial risks, including fluctuations in foreign currency exchange rates, interest rates, and commodity prices. 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. Our policies do 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 we 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 strategies as needed.

Interest Rate Risk

We are exposed to changes in interest rates as a result of our borrowing activities and our cash balances.

We historically have had significant amounts payable to Vishay Intertechnology affiliates. During 2009, we repaid a large portion of this liability, and the remaining balance of $18.5 million will be repaid at or prior to the spin-off.

These intercompany borrowings bear interest based on the prevailing interest rate on Vishay Intertechnology's revolving credit facility, which is based on a LIBOR spread (currently LIBOR plus 1.4%).

We expect to enter into a revolving credit facility with a consortium of banks to provide us with flexibility and additional liquidity, effective as of the separation. We expect that our revolving credit facility will bear interest based on a variable rate.

At December 31, 2009, we have $63.2 million of cash and cash equivalents, which accrues interest at various variable rates.

Based on the debt and cash positions at December 31, 2009, we would expect a 50 basis point increase or decrease in interest rates to increase or decrease our annualized net earnings by approximately $0.2 million.

See Notes 3 and 8 to our combined and consolidated financial statements for additional information about our long-term debt, including net payable to affiliates.

Foreign Exchange Risk

We are exposed to foreign currency exchange rate risks, particularly due to market values of transactions in currencies other than the functional currencies of certain subsidiaries. As of December 31, 2009 and 2008, we did not have any outstanding foreign currency forward exchange contracts.

Our significant foreign currency exposures are to the British pound, Israeli shekel, Euro, Indian rupee, Japanese yen, Swedish krona, Taiwanese dollar, and Chinese renminbi.

We finance our operations in Europe and certain locations in Asia in local currencies. Our operations in Israel and certain locations in Asia are largely financed in U.S. dollars, but these subsidiaries also have significant transactions in local currencies. Our exposure to foreign currency risk is mitigated to the extent that the costs incurred and the revenues earned in a particular currency offset one another. Our exposure to foreign currency risk is more pronounced in Israel and China because the percentage of expenses denominated in Israeli shekels and Chinese renminbi to total expenses is much greater than the percentage of sales denominated in Israeli shekels and Chinese renminbi to total sales. Therefore, if the Israeli shekel and Chinese renminbi strengthen against all or most of our other major currencies, our operating profit is reduced. We also have a higher percentage of British pound-denominated sales than expenses. Therefore, when the British pound strengthens against all or most of our other major currencies, our operating profit is increased. Accordingly, we monitor several important cross-rates.

We have performed a sensitivity analysis as of December 31, 2009, using a model that measures the change in the values arising from a hypothetical 10% adverse movement in foreign currency exchange rates relative to the U.S. dollar, with all other variables held constant. The foreign currency exchange rates we used were based on market rates in effect at December 31, 2009. The sensitivity analyses indicated that a hypothetical 10% adverse movement in foreign currency exchange rates would impact our net earnings by approximately $1.2 million at December 31, 2009, although individual line items in our combined and consolidated statement of operations would be materially affected. For example, a 10% weakening in all foreign currencies would increase the U.S. dollar equivalent of operating income generated in foreign currencies, which would be offset by foreign exchange losses of our foreign subsidiaries that have significant transactions in U.S. dollars or have the U.S. dollar as their functional currency.

A change in the mix of the currencies in which we transact our business could have a material effect on the estimated impact of the hypothetical 10% movement in the value of the U.S. dollar. Furthermore, the timing of cash receipts and disbursements could result in materially different actual results versus the hypothetical 10% movement in the value of the U.S. dollar, particularly if there are significant changes in exchange rates in a short period of time.

Commodity Price Risk

Although most materials incorporated in our products are available from a number of sources, certain materials are available only from a relatively limited number of suppliers.

Some of the most highly specialized materials for our sensors are sourced from a single vendor. We maintain a safety stock inventory of critical materials, and have entered into consignment arrangements with certain vendors to assure the availability of critical materials at our facilities.

Certain metals used in the manufacture of our products are traded on active markets, and can be subject to significant price volatility.

Our results of operations may be materially and adversely affected if we have difficulty obtaining these raw materials, the quality of available raw materials deteriorates, or there are significant price changes for these raw materials. For periods in which the prices of these raw materials are rising, we may be unable to pass on the increased cost to our customers which would result in decreased margins for the products in which they are used. For periods in which the prices are declining, we may be required to write down our inventory carrying cost of these raw materials, since we record our inventory at the lower of cost or market. Depending on the extent of the difference between market price and our carrying cost, this write-down could have a material adverse effect on our net earnings. We also may need to record losses for adverse purchase commitments for these materials in periods of declining prices.

We estimate that a 10% increase or decrease in the costs of raw materials subject to commodity price risk would decrease or increase our net earnings by $0.3 million, assuming that such changes in our costs have no impact on the selling prices of our products and that we have no pending commitments to purchase metals at fixed prices.

DESCRIPTION OF OUR BUSINESS

Our Business

We are a designer, manufacturer and marketer of resistive foil technology products such as resistive sensors, weighing modules, and control systems for a wide variety of applications.

Our business is currently part of Vishay Intertechnology and our assets and liabilities consist of those that Vishay Intertechnology attributes to its precision measurement and foil resistor businesses. Following the spin-off, we will be an independent, publicly traded company, and Vishay Intertechnology will not retain any ownership interest in us.

Resistors are basic components used in all forms of electronic circuitry to adjust and regulate levels of voltage and current. They vary widely in precision and cost, and are manufactured from numerous materials and in many forms. Foil resistors are the most precise and stable type of resistors available. A strain gage is a special type of resistive sensor for measurement of weights and other types of stress.

In the 1950's, Dr. Felix Zandman was issued patents for PhotoStress® coatings and instruments, used to reveal and measure the distribution of stresses in structures such as airplanes and cars under live load conditions. His research in this area led him to develop Bulk Metal® foil resistors and resistive current sensors with performance beyond any other resistor available in the global market.

In 1962, Dr. Zandman, with the financial help of the late Alfred P. Slaner, founded Vishay Intertechnology to develop and manufacture Bulk Metal® foil resistors. Concurrently, J.E. Starr, a colleague of Dr. Zandman, started to produce foil resistance strain gages, which also became part of Vishay Intertechnology.

These innovations were the genesis of the foil technology business that is the foundation of the Vishay Precision Group business. The subsequent advancement of foil resistance and strain gage technology opened the door to numerous commercial applications such as for weighing modules and control systems on a vertical market basis.

Meanwhile, the Vishay Intertechnology business strategy diverged into a much more broad based horizontal market approach to the electrical components business. Through a series of acquisitions beginning in 1985, Vishay Intertechnology transformed itself into a broad-line manufacturer and supplier of discrete semiconductors and passive electronic components. The foil technology and strain gage business no longer formed an integral element of the Vishay Intertechnology business strategy.

In the last decade, Vishay Intertechnology attempted to renew focus on the foil technology-based business through a series of acquisitions that expanded its measurements business to form what is now Vishay Precision Group. Areas of focus included transducers/load cells - a combination of strain gages and the metallic structures to which they are bonded; load cell modules that include electronic instrumentation and software for measuring the load cell output; measurement instrumentation; and complete systems for process control and on-board weighing.

Our growth and acquisition strategy largely focuses on vertical product integration, using our foil resistance strain gages in our load cell products and incorporating our load cells and electronic measurement instrumentation (containing foil resistors) and software into our modules and measurement systems. Current sensing foil resistor products are also part of certain control systems that we manufacture. Many of our acquisitions in recent years have been directed towards furthering our vertical integration strategy, and we expect to continue to focus our acquisition program in this direction.

The following describes our acquisitions since 2002:

- In January 2002, we acquired the load cell and strain gage business of Sensortronics, Inc. As part of our acquisition of Sensortronics, we obtained manufacturing facilities in Covina, California (which we subsequently consolidated) and a 49% interest in a joint venture in India.

- In June 2002, we acquired Tedea-Huntleigh BV, a manufacturer of load cells used in digital scales by the weighing industry. With the Tedea-Huntleigh acquisition, we acquired two manufacturing facilities in Israel, in Netanya and Carmiel, and facilities in the People's Republic of China and France.

- In July 2002, we purchased the BLH and Nobel businesses from Thermo Electron Corporation. The BLH and Nobel businesses produce load cell based process weighing systems, weighing and batching instruments, web tension transducers, weighing scales, servo control systems, and components relating to load cells, including foil strain gages. As part of our acquisition of these businesses, we acquired our manufacturing facilities in Sweden and Costa Rica.

- In October 2002, we acquired Celtron Technologies, another company engaged in the production and sale of load cells used in digital scales for the weighing industry. As part of our acquisition of Celtron, we acquired leased manufacturing facilities in the Republic of China (Taiwan) and the People's Republic of China.

- In April 2005, we acquired all of the capital stock of SI Technologies, Inc., which had been a publicly traded company on the NASDAQ. SI Technologies designs, manufactures, and markets high-performance industrial load cells, weighing and factory automation systems, and related products. As part of our acquisition of SI Technologies, we acquired facilities in Tustin, California (which we subsequently consolidated) and Breda, the Netherlands (which we subsequently closed).

- In November 2005, we acquired Alpha Electronics Corporation KK, a Japanese manufacturer of foil resistors. As part of our acquisition of Alpha Electronics, we acquired our manufacturing facility in Akita, Japan.

- In April 2007, we completed a tender offer to acquire PM Group PLC, which had been a publicly traded company traded on the London Stock Exchange. PM Group, through its PM On-board business, is an advanced designer and manufacturer of systems used in the weighing and process control industries, located in the United Kingdom.

- In June 2008, we acquired our partner's 51% interest in the transducers manufacturing joint venture in India. Concurrent with this transaction, we moved into a new leased manufacturing facility in Chennai, India, which we plan to expand.

- In July 2008, we acquired Powertron GmbH, a manufacturer of specialty precision resistors. As part of our acquisition of Powertron, we acquired leased manufacturing facilities near Berlin, Germany.

We also have manufacturing facilities in North Carolina, Be'er Sheva, Israel, and Holon, Israel.

Our business is subject to risks. These include risks related to increased competition, challenges related to our acquisition strategy such as integration of acquisitions and our ability to finance such acquisitions, our ability to successfully innovate and in a timely manner, our ability to leverage and protect the success of our business through effective intellectual property rights, and other commercial, market, legal, political and internal factors and constraints. For a more detailed description of these risks, see "Risk Factors."

We were incorporated in Delaware on August 28, 2009. Our principal executive offices are located at 3 Great Valley Parkway, Suite 150, Malvern, PA 19355. Our main telephone number is 484-321-5300.

Our Competitive Strengths

Strong Product Portfolio

Foil resistors and sensors are based on a specialty technology, which we invented. We manufacture and sell high precision foil resistors, foil resistance strain gages and strain gage instruments containing foil resistors. Through our vertical integration strategy, we have added products such as transducers/load cells—a combination of strain gages and the metallic structures to which they are bonded; load cell modules that include electronic instrumentation (which include foil resistors) and software for measuring the load cell output; and complete systems for process control and on-board weighing applications.

Competition in the markets where we sell the bulk of our precision measurement products is extremely fragmented both geographically and by application.

Research and Development Capabilities

Many of our products and manufacturing techniques and technologies have been invented, designed, and developed by our engineers and scientists. Special proprietary resistive metallic foil is the most important material in both our foil resistors and our foil resistance strain gages, and our research and development activities related to foil materials is an important linkage between these two products. We maintain strategically placed design centers where proximity to customers enables us to more easily gauge and satisfy the needs of local markets. We also maintain research and development staffs and promote programs at a number of our production facilities to develop new products and new applications of existing products, and to improve manufacturing techniques.

A Successful Track Record in Acquiring and Integrating Companies

Since 2002, we have implemented a strategy of vertical product integration, growing through acquisition from a manufacturer of strain gages to a producer of load cells that incorporate these strain gages, to a designer of sophisticated weighing and process control modules combining load cells with software and electronics, to a provider of complete systems that integrate load cells and load cell modules with comprehensive, real-time measurement, tracking and reporting capabilities.

Diversified Customer Base

Our customer base is diversified in terms of industry, geographic region, and range of product needs. No single customer accounts for more than 5% of our net revenues. Within the broad industrial market, our products serve a wide variety of applications in the waste management, bulk hauling, logging, scale, engineering systems, pharmaceutical, oil, chemical, steel, paper, and food industries. Our products also have uses in military/aerospace, automotive, and to a much lesser extent, consumer product applications. Our reach is global, with approximately 40% of our net revenues attributable to customers in the Americas, approximately 40% of our revenues attributable to customers in Europe, and approximately 20% of our revenues attributable to customers in Asia. We also sell through a variety of sales channels, including original equipment manufacturers (“OEMs”), electronic manufacturing services companies (which manufacture for OEMs on an outsourcing basis), independent distributors, and for our weighing modules and control systems products, end-use customers.

Significant Cash Flow Generation

Due to our strong product portfolio and market position, our business has historically generated significant cash flow. In 2009, 2008, and 2007, we generated $29.2 million, $22.5 million, and $32.1 million, respectively, of cash from operating activities. We expect that, as an independent public company, our strong cash flow will enable us to build stockholder value through investment in our infrastructure, maintenance of a vibrant research and product development program and the pursuit of suitable acquisition opportunities, while maintaining a prudent capital structure.

Key Business Strategies

Historically, we have operated as part of Vishay Intertechnology, sharing services and capital with Vishay Intertechnology's discrete semiconductor and passive components businesses. Following our spin-off from Vishay Intertechnology, we intend to advance resistive foil technology by vertically integrating strain gages and current sensors into process control systems. As an independent publicly traded company, we believe we will be better positioned to compete in the precision measurement industry and to invest in and grow our business. Specifically, we intend to focus on the following strategic initiatives:

Vertical Integration

Since 2002, we have implemented a strategy of vertical product integration, by growing our weighing and process control systems business and by promoting our sophisticated electronic weighing modules and other products that integrate the precision measurement components that we design and produce. We are targeting the market for sophisticated load cell modules and turnkey weighing and force measurement systems as a primary driver of our future growth.

Acquisitions

We expect to continue our program of strategic acquisitions, particularly where opportunities present themselves to grow our systems business. Upon completion of acquisitions, we seek to reduce selling, general, and administrative expenses through the integration or elimination of redundant sales offices and administrative functions at acquired companies. In addition, we will benefit from our current global manufacturing footprint and distribution channels.

Enhance Cost Structure

We seek to achieve significant production cost savings through the transfer and expansion of manufacturing operations to countries such as Costa Rica, India, Israel, the People's Republic of China, and the Republic of China (Taiwan), where we can benefit from lower labor costs or available tax and other government-sponsored incentives.

Invest in Innovation to Drive Growth

Our product portfolio is focused to a significant extent on specialty products that require us to form long-term relationships with our customers. We expect to continue to use our research and development, engineering, and product marketing resources to roll out new and innovative products. Our ability to react to changing customer needs and industry trends will continue to be key to our success. Our design, research, and product development teams, in partnership with our marketing teams, drive our efforts to bring innovations to market. We intend to leverage our insights into customer demand to continually develop and roll out new innovative products within our existing lines and to modify our existing core products in ways that make them more appealing, addressing changing customer needs and industry trends.

Products

Our product portfolio includes:

- *Bulk Metal® foil resistors and resistor current sensors* – Foil resistors are the most precise and stable type of resistors available. Resistors are basic components used in all forms of electronic circuitry to adjust and regulate levels of voltage and current. A resistor can also be used to detect current, by measuring the voltage drop across its path. Our foil resistors and current sensors are used in applications requiring a high degree of precision and stability, such as in medical applications, testing equipment, high-performance audio equipment, and aerospace and military applications.

- *Foil strain gages* – Strain gages are electronic sensors used to detect weight and other forms of stress. They are widely used in structural stress analysis, for example in aircraft and automobiles, and in weighing, process control, and other forms of force measurement.

- *PhotoStress® products* – PhotoStress coatings and instruments use a unique optical process to reveal and measure the distribution of stresses in structures under live load conditions. They are used to improve structural design in aerospace, automotive, military, civil engineering, industrial, and mechanical applications.

- *Transducers / Load cells* – Foil strain gage transducers consist of one or more strain gages bonded to a metallic support. The term “load cell” is primarily used to describe transducers used in weighing applications. A transducer is mounted on a structure subject to weight or other stress, such as the platform of an industrial scale. The change in resistance of the strain gages in response to deformation of the transducer by the applied load is detected by electronic instrumentation. Transducers are manufactured with different designs and configurations depending on their application and the type of stress or strain to be measured, for example weight or tension. We produce both analog and digital transducers.

- *Modules* – Modules are transducers combined with a mounting and with external features such as instruments and cables and are used for weighing and control applications.

- *Instruments* – Instruments measure, process, digitize, display, and record the output of our strain gages, transducers, and control systems.

- *Control systems* – Control systems are integrated systems for the detection and measurement of weight and other types of stress or strain, primarily in industrial processes. These include systems to control process weighing in food, chemical, and pharmaceutical plants; force measurement systems used to control web tension in paper mills, roller force in steel mills, and cable tension in winch controls; on-board weighing systems installed in logging and waste-handling trucks; and special scale systems used for aircraft weighing and portable truck weighing.

Product Segments

Our products are primarily based on resistive foil technology which was originated and developed by Vishay Intertechnology. This technology evolved and continues to evolve for different applications used in many markets.

Our products can be divided into two general classes: Foil Technology Products and Weighing Modules and Control Systems. Foil Technology Products include our strain gages, ultra-precision foil resistors, current sensors and PhotoStress products. Weighing Modules and Control Systems segment products include transducers/load cells, modules, instruments, and control systems. These broad categories are also the basis used to determine our operating segments for financial reporting purposes. See Note 13 to our combined and consolidated financial statements for additional information on revenues, income, and total assets by segment and by region.

Qualifications and Specifications

Certain of our products must be qualified or approved under various military and aerospace specifications and other standards.

We have qualified certain of our foil resistor and sensor products under various military specifications approved and monitored by the United States Defense Electronic Supply Center ("DESC"), and under certain European military specifications, and various aerospace standards approved by the U.S. National Aeronautics and Space Administration ("NASA") and the European Space Agency ("ESA").

Certain of our load cell products are approved by the National Type Evaluation ("NTEP") and International Organization of Legal Metrology ("OIML"). Our on-board weighing systems must meet approved standards to make them "legal for trade." Our reputation for quality is based on a commitment to the newest and most effective design, manufacturing, testing, and, management procedures and practices. The Company maintains extensive testing laboratories at its facilities. As a result, we are well equipped to maintain qualifications to a wide range of specifications vital to the automotive, commercial, defense, and aerospace markets, including Military Specifications (MIL), Establish Reliability (ER), British Standards (BS), National Aeronautics and Space Administrative Standards (NASA), European Space Agency (ESA) and ISO 9001 and 14001 standards.

Qualification and specification levels are based in part upon the rate of failure of products. We must continuously perform tests on our products, and for products that are qualified, the results of these tests must be reported to the qualifying organization. If a product fails to meet the requirements for the applicable classification level, the product's classification may be suspended or reduced to a lower level. During the time that the classification is suspended or reduced to a lower level, net revenues and earnings attributable to that product may be adversely affected.

Manufacturing Operations

Our principal manufacturing facilities are located in the United States (North Carolina), Israel, India, Sweden, the United Kingdom, the People's Republic of China, the Republic of China (Taiwan), and Japan. We also have manufacturing facilities in Costa Rica, France, and Germany. Over the past several years, we have invested substantial resources to increase capacity and to maximize automation in our plants, which we believe will further reduce production costs. From 2002 through 2008, we also owned a 49% interest in a transducers manufacturer in India. In 2008, we acquired our partner's interest in this joint venture and plan to expand our operations in India.

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

Holon, Israel
Wendell, North Carolina
Carmiel, Israel
Beijing, People's Republic of China
Chennai, India
Degerfors, Sweden
Tianjin, People's Republic of China
Be'er Sheva, Israel
Basingstoke, United Kingdom
Taipei, Republic of China (Taiwan)

The ISO 9001-approved operations at these facilities comprise approximately 85% of VPG's overall manufacturing operations.

To maintain our cost competitiveness, we also pursue a strategy to shift manufacturing emphasis to more advanced automation in higher-labor-cost regions and to relocate production to regions with skilled workforces and relatively lower labor costs. See Note 6 to our combined and consolidated financial statements for further information related to our restructuring efforts, as well as additional information in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Cost Management."

Sources of Supplies

Although most materials incorporated in our products are available from a number of sources, certain materials are available only from a relatively limited number of suppliers. The principal materials used in our products include metallic foil, aluminum, stainless steel, tool steel, plastics, and for a few products, gold. Some of the most highly specialized materials for our sensors are sourced from a single vendor. We maintain a safety stock inventory of critical materials, and have entered into consignment arrangements with certain vendors to assure the availability of critical materials at our facilities.

Due to our vertical product integration strategy, our Weighing Modules and Control Systems segment products are based principally on strain gages produced by us.

Israeli Government Incentives

We have substantial manufacturing operations in Israel, where we benefit from the government's tax incentive and employment programs. These benefits take the form of reduced tax rates that are lower than those in the United States and government grants.

We might be materially adversely affected if events were to occur in the Middle East that interfered with our operations in Israel. However, we have never experienced any material interruption in our Israeli operations in our 39 years of operations there, in spite of several Middle East crises, including wars.

Inventory and Backlog

We manufacture both standardized products and those designed and produced to meet customer specifications. We maintain an inventory of standardized components, and monitor the backlog of outstanding orders for our products.

We include in our backlog only open orders that have been released by the customer for shipment in the next twelve months. Many of our customers for strain gages, load cells, and foil resistors encounter uncertain and changing demand for their products. They typically order products from us based on their forecasts. 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 at any point in time is not necessarily indicative of the results to be expected for future periods.

Customers and Marketing

We sell our products to original equipment manufacturers ("OEMs"), electronic manufacturing services ("EMS") companies, which manufacture for OEMs on an outsourcing basis, independent distributors that maintain large inventories of electronic components for resale to OEMs, and end-use customers.

For our Foil Technology Products segment products, during 2009, approximately 65% of our sales were to OEMs, approximately 5% of our sales were to EMS companies, and approximately 30% of our sales were to distributors. For our Weighing Modules and Control Systems segment products, during 2009, approximately 30% of our sales were to OEMs, approximately 45% of our sales were to distributors, and approximately 25% of our sales were to end-users.

Many of our products have historically been sold by dedicated sales forces consisting mainly of field application engineers ("FAEs") focusing on specific market segments or specific customers. The FAEs can help meet the needs of our customers for technical and applications support. Their in-depth knowledge of customer needs is a key factor in future research and development initiatives.

A portion of our strain gages and foil resistors and a majority of our load cell products are sold through distributors. A small amount of our foil resistors are sold through the Vishay Intertechnology worldwide sales organization, but we expect that these sales will be transitioned to our dedicated sales forces shortly after the spin-off.

Our customer base is highly fragmented. Sales to our top 40 customers represent approximately only 25% of our total revenues. No single customer comprises more than 5% of our total sales.

During 2009, approximately 40% of our net revenues were attributable to customers in the Americas, approximately 40% were attributable to customers in Europe, and approximately 20% were attributable to customers in Asia.

The vast majority of our products are used in the broad industrial market, with selected uses in military/aerospace, automotive, and to a much lesser extent, consumer products. Within the industrial segment, our products serve a wide variety of applications in the waste management, bulk hauling, logging, scale, engineering systems, pharmaceutical, oil, chemical, steel, paper, and food industries.

Competition

Our markets are highly competitive. Competition in the markets where we sell the bulk of our products is extremely fragmented both geographically and by application. As a result, we face numerous regional and niche product competitors, many of which are well established in their markets. To our knowledge, there are no competitors with the same product mix as us. Our direct competitors (competing head-to-head with similar products) normally compete on a single product line and are smaller and may have less financial resources than us. General industry-wide competitors (competing with alternative conventional products) range from very small, local companies to large, international companies with greater financial resources than us.

Our sensors and our foil resistors are based on a specialty technology which we invented. Competitors often compete in this area with functionally equivalent but alternative products.

Our competitive position depends on our ability to maintain a competitive advantage on the basis of product quality, know-how, proprietary data, market knowledge, service capability, business reputation, and price competitiveness. Our sales and marketing programs aim to offer our customers a broad range of world-class technologies, superior global sales and support.

Research and Development

Many of our products and manufacturing techniques, technologies, and packaging methods have been invented, designed, and developed by our engineers and scientists. We maintain strategically placed design centers where proximity to customers enables us to more easily gauge and satisfy the needs of local markets. These design centers are located in the United States, Germany, Israel, the People’s Republic of China, India, the Republic of China (Taiwan), Sweden, Japan, and the United Kingdom.

We also maintain research and development staff and promote programs at a number of our production facilities to develop new products and new applications of existing products, and to improve manufacturing techniques. This decentralized system encourages individualized product development at specific manufacturing facilities that occasionally has applications at other facilities.

Our research and development staff and our sales force are linked. Many of our products have historically been sold by dedicated sales forces consisting mainly of field application engineers (“FAEs”) focusing on specific market segments or specific customers. Being an FAE requires a technical background in order to identify the application and communicate to the engineering department for existing product portfolio capabilities and can help meet the needs of our customers for technical and applications support. Their in-depth knowledge of customer needs is a key factor in future research and development initiatives. The research and development department will review the special requirements for products not in the current portfolio and communicate this to the sales force.

Patents and Licenses

We have made a significant investment in securing intellectual property protection for our technology and products. We seek to protect our technology by, among other things, filing patent applications for technology considered important to the development of our business. Although we have numerous United States and foreign patents covering certain of our products and manufacturing processes, no particular patent is considered individually material to our business. We also rely upon trade secrets, unpatented know-how, and continuing technological innovation.

Our ability to compete effectively with other companies depends, in part, on our ability to maintain the proprietary nature of our technology. Although we have been awarded, have filed applications for, or obtained numerous patents in the United States and other countries, there can be no assurance concerning the degree of protection afforded by these patents or the likelihood that pending patents will be issued.

We require all of our technical, research and development, sales and marketing, and management employees and most consultants and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information developed or made known to the entity or individual during the course of the entity's or individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. Substantially all of our technical, research and development, sales and marketing, and management employees have entered into agreements providing for the assignment to us of rights to inventions made by them while employed by us.

We have observed that in the current business environment, companies have become more aggressive in asserting and defending patent claims against competitors. We will continue to defend our intellectual property rights, and we may become party to disputes regarding patent licensing. An unfavorable outcome regarding one of these intellectual property matters could have a material adverse effect on our business and operating results.

Environment, Health and Safety

Vishay Intertechnology has, and we expect to adopt, an Environmental Health and Safety Policy that commits us to achieve and maintain compliance with applicable environmental laws, to promote proper management of hazardous materials for the safety of our employees and the protection of the environment, and to minimize the hazardous materials generated in the course of our operations. This policy is expected to be implemented with accountability directly to the board of directors. In addition, our manufacturing operations are subject to various federal, state, and local laws restricting discharge of materials into the environment.

While we attempt to identify potential environmental concerns and to minimize, or obtain indemnification for, environmental matters associated with our acquisitions, we often unavoidably inherit pre-existing environmental obligations, generally based on successor liability doctrines. At December 31, 2009, we are not aware of any material unresolved environmental remediation obligations related to our manufacturing sites, and we have no liabilities accrued for such matters. Although we have never been involved in any environmental matter that has had a material adverse impact on our overall operations, there can be no assurance that in connection with any past or future acquisition we will not be obligated to address environmental matters that could have a material adverse impact on our operations.

Under the terms of our master separation agreement with Vishay Intertechnology, each of we and Vishay Intertechnology have agreed to indemnify the other in respect of liabilities relating to its business, including environmental liability. See "Certain Relationships and Related Party Transactions – Agreements with Vishay Intertechnology."

We are not involved in any pending or threatened proceedings that would require curtailment of our operations. We continually expend funds to ensure that our facilities comply with applicable environmental regulations. We believe that we are in compliance with applicable environmental laws. However, we cannot accurately predict future developments and do not necessarily have knowledge of all past occurrences on sites that we currently occupy. More stringent environmental regulations may be enacted in the future, and we cannot determine the modifications, if any, in our operations that any such future regulations might require, or the cost of compliance with such regulations. Moreover, the risk of environmental liability and remediation costs is inherent in the nature of our business and, therefore, there can be no assurance that material environmental costs, including remediation costs, will not arise in the future.

Employees

As of December 31, 2009, we employed approximately 1,900 full-time employees, of whom approximately 88% were located outside the United States. In preparation for the spin-off, certain employees of Vishay Intertechnology who have been instrumental in the growth and development of our business have transferred to our company. Our future success is substantially dependent on our ability to attract and retain highly qualified technical and administrative personnel. Some of our employees outside the United States are members of trade unions. Our relationship with our employees is generally good. However, no assurance can be given that labor unrest or strikes will not occur.

Properties

Our business has approximately 17 manufacturing locations. Our manufacturing facilities include owned locations, third-party leased locations, and locations leased from Vishay Intertechnology (shared locations). The principal locations of our manufacturing facilities, along with available space including administrative offices, are listed below:

	Product segment	Approx. Available Space (Square Feet)
Owned Locations		
Holon, Israel (a)	Foil Technology Products	118,000
Wendell, North Carolina USA	Foil Technology Products	106,000
Carmiel, Israel	Weighing Modules and Control Systems	90,000
Bradford, United Kingdom	Weighing Modules and Control Systems	86,000
Akita, Japan (b)	Foil Technology Products	45,000
Chartres, France	Foil Technology Products	11,000
Basingstoke, United Kingdom	Weighing Modules and Control Systems	11,000
Alajuela, Costa Rica	Weighing Modules and Control Systems	4,000
Third-Party Leased Locations		
Beijing, People's Republic of China	Weighing Modules and Control Systems	46,000
Chennai, India	Weighing Modules and Control Systems	35,000
Degerfors, Sweden	Weighing Modules and Control Systems	30,000
Netanya, Israel	Weighing Modules and Control Systems	24,000
Tianjin, People's Republic of China	Weighing Modules and Control Systems	17,000
Taipei, Republic of China (Taiwan)	Weighing Modules and Control Systems	8,000
Teltow, Germany	Foil Technology Products	5,000
Locations Leased from Vishay Intertechnology (shared locations)		
Nice, France	Foil Technology Products	(c)
Be'er Sheva, Israel	Foil Technology Products	14,000

(a) Within one year from the spin-off, all Vishay Intertechnology personnel and property will be removed from the Holon facilities. Approximate available space reported above assumes that the departure has occurred.

(b) A facility on the campus will be leased to Vishay Intertechnology after the spin-off. Approximate available space reported above excludes the area to be leased.

(c) We will own certain equipment at this facility, which will be consigned to Vishay Intertechnology as a subcontractor manufacturing certain products for us.

In the opinion of management, our properties and equipment generally are in good operating condition and are adequate for our present needs. We do not anticipate difficulty in renewing leases as they expire or in finding alternative facilities.

Our corporate headquarters is located at 3 Great Valley Parkway, Suite 150, Malvern, PA 19355.

Legal Proceedings

From time to time we are involved in routine litigation incidental to our business. Management believes that such matters, either individually or in the aggregate, should not have a material adverse effect on our business or financial condition.

MANAGEMENT

Executive Officers

The persons identified in the following table, who will constitute our executive officers following the spinoff, have been employees of Vishay Intertechnology. After the spin-off, none of the executive officers will continue to be employees of Vishay Intertechnology, and they will resign any executive officer positions held with Vishay Intertechnology.

Name	Age	Positions to be held
Ziv Shoshani	43	Chief Executive Officer, President, and Director
William M. Clancy	47	Executive Vice President and Chief Financial Officer
Thomas P. Kieffer	57	Sr. Vice President – Chief Technical Officer

Ziv Shoshani will be our Chief Executive Officer and President, and will also serve on the board of directors. Mr. Shoshani was Chief Operating Officer of Vishay Intertechnology, Inc. from January 1, 2007 to November 1, 2009. During 2006, he was Deputy Chief Operating Officer. Mr. Shoshani has been Executive Vice President of Vishay Intertechnology since 2000 with various areas of responsibility, including Executive Vice President of the Capacitors and the Resistors businesses, as well as heading the Measurements Group and Foil Divisions. Mr. Shoshani has been employed by Vishay Intertechnology since 1995 and has been a member of the Vishay Intertechnology Board of Directors since 2001. Mr. Shoshani is a nephew of Dr. Felix Zandman, the founder and executive chairman of Vishay Intertechnology who is expected to control approximately 45% of the voting power of our company following the spin-off.

William M. Clancy will be our Executive Vice President and Chief Financial Officer. Mr. Clancy was Corporate Controller of Vishay Intertechnology from 1993 to November 1, 2009. He became a Vice President of Vishay Intertechnology in 2001 and a Senior Vice President of Vishay Intertechnology in 2005. Mr. Clancy also has served as Corporate Secretary of Vishay Intertechnology since 2006 and was Assistant Corporate Secretary of Vishay Intertechnology from 2002 to 2006. From June 16, 2000 until May 16, 2005 (the date Vishay Intertechnology acquired the noncontrolling interest in Siliconix incorporated), Mr. Clancy served as the principal accounting officer of Siliconix. Mr. Clancy has been employed by Vishay Intertechnology since 1988.

Thomas P. Kieffer will be our Senior Vice President – Chief Technical Officer. Mr. Kieffer was promoted to the position of Senior Vice President – Corporate R&D for Vishay Intertechnology's Measurements Group and Foil Resistors Division on January 1, 2008. Prior to that, Mr. Kieffer was Senior Vice President of Vishay Intertechnology's Micro-Measurements and Load Cells Divisions. He became Division Head of Vishay Intertechnology's Measurements Group Division in 2000 and from 2002 through 2005 was involved in several acquisitions of measurements businesses. Mr. Kieffer has been employed by Vishay Intertechnology since 1984.

Other Members of the Management Team

In addition to our executive officers, we depend on certain key management employees who, as employees of Vishay Intertechnology, were instrumental in the growth and development of our business. Information about these important members of our management team is set forth below.

Name	Age	Positions to be held
Dubi Zandman	58	Vice President – Systems
Rafi Uzan	44	Vice President – Load Cells
Yaron Kadim	45	Vice President – Foil
Steven Klausner	52	Vice President – Treasurer

Dubi Zandman will be our Vice President responsible for Systems division operations. He has held a similar position at Vishay Intertechnology since 2004. During 2002, Mr. Dubi Zandman was actively involved in five acquisitions for Vishay, which formed the new Vishay Transducers business. He served as Senior Sales Director of the new group until 2004. From 2004 until 2006, he served as Vice President, leading the Vishay Transducers division, and executed the acquisition of SI Technologies. Since 2006, Mr. Dubi Zandman served as Vice President – Division Head of Vishay Systems, during which time he executed the acquisition of PM Group. Mr. Dubi Zandman has been employed by Vishay since 2000, and has previously also served as Director of Vishay Intertechnology's Electro-Films division and Sales Director of Vishay Measurements Group. Mr. Dubi Zandman is a cousin of Dr. Felix Zandman.

Rafi Uzan will be our Vice President responsible for Load Cells division operations. He has held a similar position at Vishay Intertechnology since 2008. From 2004 to 2008, Mr. Uzan was operations manager for Israel and for the Load Cells division within Vishay Intertechnology. From 1999 to 2003, Mr. Uzan served as VP Operations and Operations Israel for Vishay Intertechnology's Multi-Layer Ceramic Capacitor ("MLCC") Division. He also held the position of Production Manager for Vishay Intertechnology's Inductors division from 1995 to 1998. Mr. Uzan has been employed by Vishay Intertechnology since 1994, where he started his career in Vishay as a Process Engineer.

Yaron Kadim will be our Vice President responsible for Foil Resistors operations. He has held a similar position at Vishay Intertechnology since 2005. During 2004, he was Deputy VP Precision Resistors Division Head. From 2000 until 2004, Mr. Kadim was Director of R&D and Engineering in Vishay Intertechnology's Draloric/Beyschlag resistors division. In 1998, Mr. Kadim served as Engineering Manager for Vishay Intertechnology's plant in Be'er Sheva, Israel. From 1993 until 1998, Mr. Kadim served as the Production Manager of Vishay Intertechnology's tantalum capacitors plant in Dimona, Israel. Mr. Kadim has been employed by Vishay Intertechnology since 1993.

Steven Klausner will be our Vice President – Treasurer. He has held a similar position at Vishay Intertechnology since 2007. From 2003 to 2007, Mr. Klausner was Vice President – Assistant Treasurer of Vishay Intertechnology. Mr. Klausner has been employed by Vishay Intertechnology since 1992. Mr. Klausner is the brother-in-law of Marc Zandman, who, following the spin-off will become the non-executive chairman of our board of directors, and the son-in-law of Dr. Felix Zandman.

Board of Directors

Our board of directors presently consists of Ziv Shoshani, William Clancy, and Dr. Lior Yahalomi. For information concerning Messrs. Shoshani and Clancy, see "Executive Officers" above. Dr. Yahalomi is the executive vice president and chief financial officer of Vishay Intertechnology. Mr. Clancy and Dr. Yahalomi are expected to resign from our board shortly before separation. The persons identified in the following table are expected to serve on our board of directors following the completion of the spin-off and will be elected to a one-year term by Vishay Intertechnology as our sole stockholder shortly, with the effective date of their election deferred until immediately following the spin-off.

Name	Age
Marc Zandman	48
Ziv Shoshani	43
Samuel Broydo	73
Saul V. Reibstein	61
Timothy V. Talbert	63

Marc Zandman. is expected to serve as the non-executive Chairman of our board of directors. Mr. Marc Zandman has been Vice Chairman of the board of directors of Vishay Intertechnology since 2003, a Director of Vishay Intertechnology since 2001, and President of Vishay Intertechnology Israel Ltd. since 1998. Mr. Marc Zandman was appointed Chief Administration Officer of Vishay Intertechnology as of January 1, 2007. Mr. Marc Zandman was Group Vice President of Vishay Intertechnology Measurements Group from 2002 to 2004. Mr. Marc Zandman has served in various other capacities with Vishay Intertechnology since 1984. He is the son of Dr. Felix Zandman, the founder and executive chairman of Vishay Intertechnology who is expected to control approximately 45% of the voting power of our company following the spin-off. Mr. Marc Zandman's dedicated service to Vishay Intertechnology and extensive knowledge of our business give him valuable experience facing issues relevant to our company.

Ziv Shoshani. For biographical information concerning Mr. Shoshani, see "Executive Officers." Mr. Shoshani's long-standing dedication to our company, exemplified in his extensive management experience and experience on the Vishay Intertechnology Board of Directors, provide him with valuable insight into the business and the operation of our company making him a valuable advisor on the Board.

Samuel Broydo. In January 2004, Dr. Broydo retired as the Managing Director of Technology at Applied Materials Inc., a leading manufacturer of semiconductor manufacturing equipment. Prior to joining Applied Materials, he served as the Vice President of Technology at ZyMOS Corporation, a semiconductor manufacturer that pioneered Application Specific Integrated Circuits (ASIC) design methodology, from March 1984 to May 1990. Before Zymos, Dr. Broydo served as the VLSI Technology Manager for the Xerox Palo Alto Research Center, a computer technology innovator, from August 1979 to September 1983. Dr. Broydo was also the VLSI Technology Group Supervisor at Bell Telephone Laboratories (Bell Labs), which was then a leading communications and electronics research company, from May 1966 to August 1979. Dr. Broydo studied at the Leningrad Polytechnic Institute and received Masters Degree in Electrical Engineering from Warsaw Polytechnic Institute; he later earned a Ph.D in Electronics and Electrical Engineering from the University of Birmingham, England. Dr. Broydo's expertise in electronics and semiconductor technology enables him to understand our business and identify growth opportunities. Dr. Broydo also brings to our board the benefit of relevant management and infrastructure experience in solid state electronic research, design, engineering, manufacturing and problem solving.

Saul V. Reibstein. Since 2004, Mr. Reibstein has served as a member of the senior management team of CBIZ, Inc., a New York Stock Exchange-listed professional services company, where, as Executive Managing Director, he manages nine business units in CBIZ's Financial Services Group and is responsible for acquisitions of accounting firms for CBIZ on a national basis. Mr. Reibstein has over 35 years of public accounting experience, including 11 years serving as a partner in BDO Seidman, a national accounting services firm, where he was the partner in charge of the Philadelphia office from June 1997 to December 2001 and Regional Business Line Leader from December 2001 until September 2004. Mr. Reibstein is a licensed CPA in Pennsylvania and received a Bachelor of Business Administration from Temple University. Mr. Reibstein qualifies as an audit committee financial expert satisfying the rules of the SEC. Mr. Reibstein's qualification as an audit committee financial expert as well as his extensive experience as a public accounting partner make him highly qualified to serve both as a director of our company and a financial expert on the Audit Committee. Mr. Reibstein also has relevant, long-standing experience as a manager of an NYSE-listed company that he will draw upon in advising us with respect to our listing and filing compliance.

Timothy V. Talbert. Mr. Talbert has served as Senior Vice President of Credit and Originations for Lease Corporation of America ("LCA"), a national equipment lessor, since July 2000, and President of the LCA Bank Corporation, a bank that augments LCA's funding capacity, since December 2004. Previously, Mr. Talbert was Senior Vice President and Director of Asset Based Lending and Equipment Leasing of Huntington National Bank from 1997 to 2000; and prior to that, served in a variety of positions with Comerica Bank for more than 20 years. Mr. Talbert previously served on the board of directors and was a member of the audit committee of Siliconix incorporated, a NASDAQ-listed manufacturer of power semiconductors of which Vishay Intertechnology owned an 80.4% interest, from 2001 until Vishay Intertechnology acquired the non-controlling interests in 2005. Mr. Talbert received a Bachelor's Degree in Economics from University of the Pacific and an MBA from the University of Notre Dame. Mr. Talbert's service as a director and member of the audit and compensation committees of a publicly traded company allows him to bring an important perspective to the Board. Additionally, Mr. Talbert's service as the president of a federally regulated institution gives him relevant understanding of compliance with complex regulations and current accounting rules adding invaluable expertise to our Board.

All directors other than Mr. Marc Zandman and Mr. Shoshani are expected to meet the New York Stock Exchange listing standards for independence.

Committees of the Board of Directors

Effective upon the separation, our board of directors will have three committees of independent directors immediately: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each of our committees will be governed by a written charter, which will be approved by our board of directors.

Audit Committee

The functions of the Audit Committee will include overseeing our accounting and financial reporting processes; overseeing the audits of our consolidated financial statements and the effectiveness of our internal control over financial reporting; assisting the board in its oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, the independence and qualifications of our independent registered public accounting firm, and the performance of our internal audit function and independent registered public accounting firm; and performing other related functions specified in the Committee's charter.

The Audit Committee is expected to consist of Mr. Reibstein, Dr. Broydo, and Mr. Talbert, each of whom satisfies the independence requirements of the rules of the Securities and Exchange Commission and the governance listing requirements of the New York Stock Exchange. All of the members of the Committee also satisfy the financial literacy requirements of the New York Stock Exchange and Mr. Reibstein, who is expected to serve as the chairman of the Committee, qualifies as an audit committee financial expert under the rules of the SEC.

Compensation Committee

The functions of the Compensation Committee will include evaluating the performance of the Chief Executive Officer and our other executive officers and, based on this evaluation, determining and approving the compensation of the Chief Executive Officer and our other executive officers; making recommendations to the board with respect to compensation of directors; making recommendations to the board with respect to, and administering, our incentive compensation plans and equity-based plans; and performing other related functions specified in the Committee's charter. Also see "Executive Compensation."

The Compensation Committee is expected to consist of Dr. Broydo and Messrs. Reibstein and Talbert. The Compensation Committee will select its chairman at its first meeting. These directors will be "non-employee directors" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code.

Nominating and Corporate Governance Committee

The functions of the Nominating and Corporate Governance Committee will include identifying individuals qualified to become members of the board; selecting, or recommending that the board of directors select, the director nominees for the next annual meeting of stockholders; developing and recommending to the board a set of corporate governance principles and a code of ethics for our company; overseeing the evaluation of our board and management; administering our Related Party Transactions Policy; and performing other related functions specified in the Committee's charter.

The chairman of the Nominating and Corporate Governance Committee will be designated under our Corporate Governance Principles to preside at the executive sessions of the board's non-management directors.

The Nominating and Corporate Governance Committee is expected to consist of Dr. Broydo and Messrs. Reibstein and Talbert. The Nominating and Corporate Governance Committee will select its chairman at its first meeting.

Corporate Governance

General

Following the spin-off, our day-to-day business activities will be carried out by our employees under the direction and supervision of our Chief Executive Officer. The board of directors will oversee these activities. In doing so, each director is required to use business judgment in the best interests of our company and its stockholders. The board's primary responsibilities include:

- Review of our performance, strategies, and major decisions;
- Oversight of our compliance with legal and regulatory requirements and the integrity of our financial statements;
- Oversight of management, including review of the CEO's performance and succession planning for key management roles; and
- Oversight of compensation for the CEO, key executives and the board, as well as oversight of compensation policies and programs for all employees.

Additional description of the board's responsibilities will be included in our Corporate Governance Principles document, described below.

Corporate Governance Principles

Our board of directors is expected to adopt a set of Corporate Governance Principles in connection with the spin-off to assist them in guiding our governance practices. These practices will be regularly re-evaluated by the Nominating and Governance Committee in light of changing circumstances in order to continue serving the best interests of our company and our stockholders. The Corporate Governance Principles document will be available to stockholders following the separation on our website and in print upon request.

Codes of Conduct

To assure the honest and ethical conduct of our employees and officers, our board of directors will adopt the following codes of conduct, which will be posted on our website and available to stockholders upon written request following the separation.

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics will contain standards of ethical business practices applicable to all our employees, including our officers. Among other things, this code will address corporate records, conflicts of interest, gifts and gratuities, corrupt practices, corporate opportunities, trading in company securities, contacts with the media, compliance with law, proper business and marketing practices, political contributions, discrimination and harassment, government proceedings, communications with employees and procedures for dealing with violations.

Code of Ethics

Our board will also adopt a Code of Ethics Applicable to the Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer or Controller and Financial Managers. This code is intended to promote the honest and ethical conduct of senior management; avoidance of conflicts of interest; full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with the SEC and other public communications; compliance with laws; prompt internal reporting of violations of the code; and accountability for adherence to the code. We intend to post any amendments to or any waivers from a provision of this code on our website.

Director Qualifications, Nominations and Communications

We expect that our board or the Nominating and Corporate Governance Committee will adopt policies and procedures regarding director qualifications, nominations and communications that will take effect once we are a public company. These policies will be posted to our website and will be available to stockholders upon written request following the separation.

Director qualifications

We expect that our policy on director qualification will generally require that candidates for director be persons of integrity and sound ethical character; be able to represent all stockholders fairly; have no material conflicts of interest; have demonstrated professional achievement; have meaningful management, advisory or policy-making experience; have an appreciation of the major business issues facing our company and the industry in which we operate; and have adequate time to devote to service on our board. It will also require that our board have directors who can satisfy the independence and financial literacy and expertise standards required of us by the rules of the SEC and the New York Stock Exchange and that the benefits of board diversity be considered in the nominations process.

Stockholder recommendations of director nominees

We expect our Nominating and Corporate Governance Committee to adopt procedures regarding stockholder recommendation of nominees for election to our board of directors. Under these procedures the Committee will only consider candidates who satisfy our minimum qualifications for directors, and will take into account other factors, such as the size and duration of the recommending stockholder's ownership interest in our company. It is also expected that the Committee will adopt a general policy to re-nominate qualified incumbent directors and that, absent special circumstances, the Committee will not consider other candidates when a qualified incumbent director consents to stand for re-election.

Stockholder nominations of director candidates and stockholder proposals

Stockholders may nominate director candidates and make proposals to be considered at the annual meeting of stockholders. As used in this section, the term "stockholder proposal" refers to a proposal by a stockholder to be presented to stockholders for a vote at a meeting of stockholders, not including a stockholder nomination of a candidate for election to the board of directors. In accordance with our bylaws, any stockholder nominations of one or more candidates for election as directors at an annual meeting or any other proposal for consideration at an annual meeting must be received by us at least 60 days and not more than 90 days prior to the first anniversary of the preceding annual meeting of stockholders. The nomination or proposal must be accompanied by certain information, including:

- information concerning the nominating or proposing stockholder, any beneficial owners of our company's securities held by the nominating or proposing stockholder, and each nominee;
- disclosure of any interest in our company's securities held by the nominating or proposing stockholder and any such beneficial holder, including any long or short derivative or similar positions relating to our company's securities;
- in the case of a nomination, a description of any compensatory or other monetary relationships between nominating stockholder and any such beneficial holder, on the one hand, and each nominee, on the other hand; in the case of a proposal for business other than a nomination, a brief description of the proposal and the reasons for making the proposal at the meeting, as well as a description of all agreements, arrangements and understandings between the proposing stockholder and any beneficial owner, on the one hand, and any other person, on the other hand, in connection with the proposal;
- in the case of a nomination, any additional information we may reasonably required in order to determine the eligibility of the nominee to serve as an independent director or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of the nominee; and
- information relating to the proposing or nominating stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the proposal and/or for the election of directors in a contested election in accordance with the SEC's proxy rules.

In addition, each nominee is required to complete and submit a questionnaire to us with respect to the background and qualification of the nominee and the background of any other person or entity on whose behalf the nomination is being made, together with a written representation and agreement that the nominee (A) is not and will not become a party to any agreement or understanding as to how the nominee, if elected as a director, will act or vote on any issue or question that has not been disclosed to us or that could limit or interfere with the nominee's ability to comply with his or her fiduciary duties as a director under applicable law, (B) is not and will not become a party to any agreement or understanding with anyone other than our company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to us, and (C) would be in compliance, if elected as a director, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of our company.

In addition to being able to present proposals for consideration at an annual meeting of stockholders, stockholders may also be able to have their proposals included in our proxy statement and form of proxy for an annual meeting. In order to have a stockholder proposal included in the proxy statement and form of proxy, the proposal must be delivered to us at the address set forth below not later than 120 days before the date of our company's proxy statement released to stockholders in connection with the preceding annual meeting of stockholders, and the stockholder must otherwise comply with applicable SEC requirements. If the stockholder complies with these requirements for inclusion of a proposal in our proxy statement and form of proxy, the stockholder need not comply with the timing and information requirements included in our bylaws, as described above, although we will request that the stockholder do so.

Communications with the Board

We also expect to adopt procedures for security holder communications with directors and interested party communication with non-management directors. Under these procedures, our stockholders will be able to communicate with the board of directors, any committee of the board or any individual director, and any interested party will be able to communicate with the non-management directors of the board as a group, by delivering communications either in writing addressed to our corporate secretary at our headquarters address or by e-mail to an address to be designated.

Other Policies and Procedures

We expect that our board or its committees will adopt other policies and procedures as required by law or the rules of the New York Stock Exchange or as appropriate to promote good corporate governance. Among these are—

- whistleblower and ethics hotline procedures to be adopted by our Audit Committee for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters and to allow for the confidential, anonymous submission by employees and others of concerns regarding questionable accounting or auditing matters; and

- a related party transaction policy, which will govern transactions between our company and our directors and executive officers and their families; stockholders owning in excess of 5% of any class of our securities; and certain affiliates of these persons.

Director Compensation

Cash and Equity-Based Compensation

We intend to compensate each non-employee director for service on the board with an annual retainer fee. The amount of the annual retainer is expected to be $75,000 for the non-executive chairman of the board and $30,000 for each other non-employee director. In addition, we intend to provide each non-employee director with a one-time grant of restricted stock units ("RSUs") for our company's common stock. The one-time grant would be made upon election to the board, and the RSUs would vest ratably over three years. The RSU grant to the non-executive chairman of the board will be valued at $75,000 and the RSU grant to each other non-employee director will be valued at $30,000.

No separate compensation will be paid to non-employee directors for their attendance at board or committee meetings or for serving on a board committee or as the chairman of a board committee.

EXECUTIVE COMPENSATION

Introduction

This section presents information concerning the compensation arrangements for our executive officers. Our company was formed to conduct the precision measurement and foil resistor business of Vishay Intertechnology. Historically, this business was conducted as part of the passive components segment of Vishay Intertechnology through various direct and indirect subsidiaries and not as part of a single subsidiary holding company. With the formation of Vishay Precision Group in the latter part of 2009, Vishay Intertechnology began the process of moving its precision measurement and foil resistor business to the company and its subsidiaries, a process that will be completed prior to the spin-off date. Ziv Shoshani, who has been functioning as our principal executive officer, will be our President and Chief Executive Officer, and William Clancy, who has been functioning as our principal financial officer, will be our Executive Vice President and Chief Financial Officer. Both Messrs. Shoshani and Clancy have served as officers of various wholly-owned subsidiaries of Vishay Intertechnology, including Vishay Precision Group, Inc., and are at present our only executive officers.

Mr. Shoshani has been an executive officer of Vishay Intertechnology since 2003 but will step down from that position on the distribution date. Mr. Clancy has been an employee of Vishay Intertechnology since 1988 but did not serve as an executive officer of Vishay Intertechnology. We anticipate that Mr. Thomas Kieffer, who will be our Chief Technology Officer, will become an executive officer of our company effective as of the distribution date. Mr. Kieffer is presently employed in one of Vishay Precision Group's subsidiaries.

We present historical financial information concerning the compensation of Messrs. Shoshani, Clancy and Kieffer for 2009. This information reflects compensation received for all of 2009 and includes compensation received from Vishay Intertechnology prior to the time they became executive officers of our company. This historical compensation may not be directly relevant to the compensation that Messrs. Shoshani and Clancy will receive from us.

We also present information concerning the future compensation of Messrs. Shoshani, Clancy, and Kieffer under "2010 Compensation from Vishay Precision Group." These compensation arrangements have been negotiated between the respective officers and the strategic affairs and compensation committees of Vishay Intertechnology with the advice of management and approved by the Vishay Intertechnology board of directors. We anticipate that following the distribution date, Mr. Shoshani will enter into an employment agreement with us, consistent with the terms set forth below, which will be negotiated between Mr. Shoshani and our compensation committee.

Messrs. Shoshani and Clancy hold certain equity-based long-term incentive awards that were granted to them by Vishay Intertechnology. The treatment of these awards in the spin-off is described under "Certain Relationships and Related Party Transactions – Agreements with Vishay Intertechnology – Employee Matters Agreement – Equity Awards."

Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes certain elements of the compensation arrangements for the named executive officers of Vishay Intertechnology, and its compensation philosophy, particularly as they relate to Mr. Shoshani. We believe that certain of the compensation arrangements and elements of compensation philosophy at Vishay Intertechnology have relevance for understanding the initial compensation arrangements for our executive officers, because the strategic affairs and compensation committees of Vishay Intertechnology were responsible in part for determining the initial compensation of Messrs. Shoshani, Clancy, and Kieffer, our executive officers. In addition, we expect that certain elements of the compensation for our executive officers will be similar to the elements of the executive compensation at Vishay Intertechnology.

We note, however, that following the distribution date, our board of directors will establish a compensation committee that will be responsible for our company's executive compensation. We anticipate that the compensation committee will review all aspects of the compensation of our executive officers, and the compensation philosophy of our compensation committee following the distribution date could differ from the historical compensation philosophy of Vishay Intertechnology. While we anticipate that, at least initially, the compensation committee will leave intact the arrangements with our executive officers described below, the committee could determine to make changes, either in the short- or long-term. The compensation committee of our board will also be responsible for entering into an employment agreement with Mr. Shoshani, in his intended role as our Chief Executive Officer.

Compensation Philosophy Generally

The compensation programs of Vishay Intertechnology were historically designed to support its business goals and promote its short- and long-term profitable growth. The equity plans of Vishay Intertechnology are designed to ensure that executive compensation programs and practices are aligned with the long-term interests of the Vishay Intertechnology stockholders. The total compensation of each individual varies with individual performance and Vishay Intertechnology's overall performance in achieving financial and non-financial objectives.

The compensation committee and management of Vishay Intertechnology believe that compensation should help to recruit, retain, and motivate key employees who can function effectively both in periods of recession and economic upturn. Ordinarily an executive officer's total compensation should consist of a combination of cash payments and equity awards, to achieve the right balance between short- and long-term performance. Equity-based compensation should serve to align the interests of management with those of stockholders. Severance protection should provide executives with an appropriate level of job security, commensurate with their contributions to the company and their tenure.

The compensation committee of Vishay Intertechnology, in consultation with the company's chief executive officer, undertakes an annual review of the compensation arrangements of the executive officers of Vishay Intertechnology.

Vishay Intertechnology historically has taken into account what it terms "adjusted net income," among other things, in setting bonuses for its most senior executive officers. Vishay Intertechnology uses this term to mean net income determined in accordance with U.S. generally accepted accounting principles ("GAAP") adjusted for various items that management believes are not indicative of the intrinsic operating performance of its business. The bonuses for the other executive officers of Vishay Intertechnology, including Mr. Shoshani, have been tailored to their specific responsibilities, although reflecting in part certain aspects of the overall performance of Vishay Intertechnology as well.

The compensation committee and management of Vishay Intertechnology have always believed that the elements of compensation for the company's senior executives reward intrinsically sound management decisions and do not encourage risk-taking to enhance short-term profitability at the expense of the long-term health and viability of the enterprise.

The Compensation Committee considers various factors in its compensation process to discourage inappropriate risk taking. These factors are designed to not incentivize excessive risk taking by the company's executive officers, by providing an appropriate mix of compensation components, such that no portion is too heavily weighted towards the achievement of performance objectives.

Employment Agreements

In 2004, under the direction of its compensation committee and with the advice of a compensation consultant, Vishay Intertechnology engaged in a major review and overhaul of the compensation practices for its named executive officers. As a consequence of this review, Vishay Intertechnology entered into comprehensive employment agreements and other arrangements with each of its named executive officers at the time, including Mr. Shoshani. The agreement and other arrangements with Mr. Shoshani, except for base salary, have remained unchanged since that time.

The compensation arrangements embodied in the agreements with each of the executive officers at the time, including the agreement with Mr. Shoshani, were based upon the expectation that they would remain in place for a period of time. The agreements have an evergreen feature, whereby at the end of each year another year is added, so that effectively the agreements always have three remaining years in their term. An evergreen term is essentially similar to the right of an executive to receive severance if the company does not renew his employment agreement at the end of its stated term. As a consequence, the compensation arrangements can only be modified with the respective executive's consent, without which the executive would otherwise have the right to terminate employment and receive severance pay.

Response to the Global Recession

The nearly unprecedented disruption in the global economy that began in the summer of 2008 and that continued into late 2009 had a substantial impact on the compensation policies of Vishay Intertechnology in 2009. Conservation of cash and generating free cash, which Vishay Intertechnology defines as cash flow from operations less cash used for capital expenditures, net of proceeds from sale of fixed assets, became central to the company's short-term management objectives. Among the measures that Vishay Intertechnology undertook to conserve cash was the imposition of a freeze on compensation, where possible, and the elimination of bonuses for 2009. Although contractually entitled to cash bonus compensation, the executive officers of Vishay Intertechnology agreed to forgo these bonuses in 2009 unless conditions improved. Also, the compensation committee of Vishay Intertechnology determined not to make any discretionary award of equity-based compensation for 2009, in part because of the unsettled market environment and because of the depressed price of the company's stock to historically low levels at the time. With the improvement in the worldwide economy and the business of Vishay Intertechnology beginning in late 2009 and carrying forward into the first half of 2010, Vishay Intertechnology expects that its compensation committee will resume its historical compensation packages for 2010.

Compensation Components

The components of the compensation packages for the named executive officers of Vishay Intertechnology, as prescribed by their employment agreements, include base salary, commensurate with the roles and responsibility of the executives; annual performance-based bonuses; deferred compensation; and customary welfare and retirement benefits. The compensation committee also considers the award of extra-contractual equity-based compensation on a year-by-year basis. In making its compensation determinations, the compensation committee of Vishay Intertechnology reviews data on compensation practices of 47 public companies that are similar to Vishay Intertechnology in terms of revenues, number of employees, market capitalization, geographic location and/or scope of international operations, and that are found in the Fortune 1000 listing and the S&P MidCap 400 Index. These companies include several active in the semiconductor and electronic components industry, and others in different industries. However, the Committee did not perform a quantitative benchmarking analysis.

The compensation packages for the senior executives of Vishay Intertechnology also include severance benefits that the compensation committee believes are consistent with severance programs for similarly situated senior executives at comparable public companies.

Ziv Shoshani

Although Mr. Shoshani assumed the role of principal executive officer of our company effective November 1, 2009, he continues to be compensated as an executive officer of Vishay Intertechnology, in accordance with his existing employment arrangements, until the distribution date.

General. The compensation package of Mr. Shoshani has been somewhat lower than the compensation of executive officers of his rank at other, comparable public companies in consideration of his transitional status in the management structure of Vishay Intertechnology, prior to his assuming chief executive responsibilities for our company. This was part of the succession program of Vishay Intertechnology, whereby Mr. Shoshani was in preparation to assume more senior executive responsibilities.

Base salary. The minimum base salary level for Mr. Shoshani was fixed in his 2004 employment agreement. The compensation committee of Vishay Intertechnology reviews the base salary level each year to determine whether an increase would be appropriate, considering individual performance, prior years' compensation level, recent operating results, operating results of competitors, projections for the future, other components of the executive pay packages, perceived salary trends in executive base salary among the peer group of Vishay Intertechnology and input on executive performance from the chief executive officer. Individual performance, projections of future individual performance, perceived salary trends among peer group companies, and the input on executive performance by the chief executive officer generally are given more weight.

The base salary for Mr. Shoshani remained the same through 2005, but was increased in each of 2006, 2007, and 2008. Also, because the base salary of Mr. Shoshani has been denominated in Israeli shekels beginning in 2007, a portion of the increase in his salary since then, expressed in terms of U.S. dollars, reflects the significant weakening of the dollar against the shekel. Mr. Shoshani's base salary, as denominated in Israeli shekels, remained unchanged in 2009 from the prior year, in response to the unprecedented global recession consistent with all of the executive officers of Vishay Intertechnology.

Performance bonus. Under his employment contract, Mr. Shoshani is eligible for a performance bonus of up to 42.5% of his base salary, as determined by the Vishay Intertechnology compensation committee, based on his individual performance and the company's overall performance. The individual performance goals are established by the chief executive officer of Vishay Intertechnology in consultation with the executive at the beginning of each calendar year and include both a quantitative and qualitative component. The performance of the executive is reviewed by the chief executive officer and the compensation committee following the end of the year, and the executive is assigned a performance score for each of several categories. The total maximum score that Mr. Shoshani could achieve is 42.5, which would entitle him to a performance bonus of 42.5% of his base salary. As noted above, Mr. Shoshani, along with the other executive officers of Vishay Intertechnology, agreed to forgo any performance bonus to which he otherwise would be entitled for 2009, in consideration of the challenging business environment during the year. As a result, although Mr. Shoshani would have been eligible for a bonus based on the achievement of his individual performance goal, no calculation of his "performance score" was made to determine the amount of the bonus that he would have received for 2009 had he not foregone his entitlement.

Incentive compensation. The compensation committee of Vishay Intertechnology makes an annual determination whether to award extra-contractual equity-based compensation to the executive officers of Vishay Intertechnology on a year-by-year basis. As noted above, the committee determined not to make any such awards for 2009, again in consideration of the challenging business environment during the year. Mr. Shoshani was eligible for extra-contractual Restricted Stock Units ("RSUs") in 2008, however, Vishay Intertechnology had to make certain regulatory filings in Israel before such grant could be made. These approvals were received in 2009, and the grant was made accordingly.

Deferred compensation. Vishay Intertechnology executives are eligible to participate in a nonqualified deferred compensation plan, which is available to all employees who meet certain criteria under the Internal Revenue Code. Vishay Intertechnology annually contributes $100,000 to this plan on behalf of Mr. Shoshani, pursuant to his employment agreement, similar to the contributions for other of its senior executives. Mr. Shoshani, along with other senior executives of Vishay Intertechnology, has elected to defer all eligible amounts of compensation until retirement or termination of employment, at which time the amounts would be paid in a lump sum. To the extent required to avoid tax penalties, the deferred amounts are not paid until six months after the termination of employment. Mr. Shoshani, like most other senior executives of Vishay Intertechnology has a long-standing relationship with the company. At the suggestion of management, the Vishay Intertechnology compensation committee therefore considered this deferred compensation in the nature of a retirement benefit and an anticipatory reward for loyalty to Vishay Intertechnology over time. While deferred, amounts are credited with "earnings" based on the performance of notional investment options available under the plan. No portion of the earnings credited during 2009 was "above market" or "preferential."

Phantom stock units. Pursuant to his employment agreement, Mr. Shoshani receives annual grants of phantom stock units, similar to the grants for other senior executives of Vishay Intertechnology. The grants are made under the stockholder-approved Vishay Intertechnology Senior Executive Phantom Stock Plan. Similar to the deferred cash compensation described above, the Vishay Intertechnology compensation committee considers the grant of phantom stock units in the nature of a retirement benefit and an anticipatory reward for loyalty to Vishay Intertechnology over time. The cumulative increase in the number of phantom stock units held by the executives over time also is intended to strengthen the alignment of executive and stockholder interests in the long-term appreciation of the equity value of Vishay Intertechnology. The deferred equity compensation consists of 5,000 phantom stock units awarded to each executive on the first business day of each calendar year and was fixed by contract in 2004.

Severance. The Vishay Intertechnology compensation committee believes that severance payments in the event of an involuntary termination of employment are part of a standard compensation package for senior executives. Consequently, in 2004, the compensation committee included severance provisions for Vishay Intertechnology executive officers in their employment contracts.

Mr. Shoshani's employment contract with Vishay Intertechnology contains severance provisions providing generally for three years of compensation in the case of a termination without cause or a voluntary termination by the executive for "good reason" (as defined in the employment agreement). Specifically, severance items include:

- salary continuation for three years, payable over three years;
- 5,000 shares of common stock annually for three years. Because these shares are granted after termination of employment, actual shares – rather than phantom stock units – are granted;
- bonus for the year of termination;
- $1,500,000 lump sum cash payment. This payment replaces the annual deferred compensation credits and the annual bonus for the 3-year severance period;
- lifetime continuation of executive's life insurance benefit; and
- continuation of the executive's medical benefit for a maximum of three years if the termination occurs before attaining age 62 and lifetime continuation up to $15,000 annual premium value if the termination occurs after attaining age 62.

The following table sets forth the compensation that would have been received by Mr. Shoshani had he been terminated as of December 31, 2009.

Salary continuation (1)	Bonus (2)	Stock grants (3)	Lump sum termination payment	Life insurance / medical benefit (4)	Nonqualified deferred compensation (5)
$ 916,077	$ -	$ 125,250	$ 1,500,000	$ 36,569	$ 636,957

(1) Equals 3 times U.S. dollar value of 2009 salary, paid over three years.

(2) Consists of bonus and non-equity incentive plan compensation as reflected in the "Summary Compensation Table," which is zero for 2009 due to a decision by the executive officers of Vishay Intertechnology to voluntarily forgo bonuses in response to the global recession.

(3) Equals 15,000 shares multiplied by $8.35, which was the closing price of Vishay Intertechnology's common stock on December 31, 2009. The shares are to be paid out over three years.

(4) Present value of accumulated benefit reflected in the "Pension Benefits" table, paid annually until death.

(5) Aggregate balance at year end as reflected in the "Nonqualified Deferred Compensation" table.

Retirement benefits. The Vishay Intertechnology compensation committee believes that providing an adequate retirement benefit commensurate with position is essential to retaining qualified individuals for long-term employment. The retirement benefits for Mr. Shoshani are not materially preferential to those of other employees of Vishay Intertechnology.

Perquisites. Vishay Intertechnology provides executive officers, including Mr. Shoshani with perquisites and other personal benefits that the company and its compensation committee believe are reasonable and consistent with our overall compensation program. These perquisites are not intended, however, to constitute a material portion of the executive's compensation packages. In general, the perquisites, while not integral to the performance of an executive's duties, must bear some relationship to the executive's employment and be of perceived benefit to Vishay Intertechnology. The Vishay Intertechnology compensation committee periodically reviews the levels of perquisites and other personal benefits provided to the company's executive officers, including Mr. Shoshani.

Israeli benefits. Mr. Shoshani is a resident of Israel. As a result, he is entitled to certain benefits that are generally available to employees in Israel on a non-discriminatory basis, including:

- advanced training fund, 7.5% of base salary;
- severance fund, 8.33% of base salary;
- disability insurance, 2.5% of base salary; and
- pension fund, 5% of base salary.

These benefits are required by Israeli law and employment practices generally, and were taken into account by the Vishay Intertechnology compensation committee in formulating the overall compensation package for Mr. Shoshani.

2010 compensation. Until the distribution date, Mr. Shoshani will be compensated under the terms of his existing employment contract with Vishay Intertechnology and as otherwise determined by the compensation committee of Vishay Intertechnology. The compensation committee, with advice from management, has determined, in light of the pending spin-off, to maintain Mr. Shoshani's base compensation through the distribution date at the same level for 2010 as in 2009 and not to award any discretionary long-term compensation of Vishay Intertechnology equity to Mr. Shoshani in 2010. Mr. Shoshani's bonus for 2010 is limited to the successful completion of the spin-off.

William M. Clancy

Historical compensation. Mr. Clancy served as senior vice president and corporate controller of Vishay Intertechnology from 2005 until he began functioning as our principal financial officer on November 1, 2009. While serving with Vishay Intertechnology, he was not an executive officer, and his compensation was determined in a manner similar to other members of the non-executive management of Vishay Intertechnology. Non-executive management compensation packages at Vishay Intertechnology have historically been developed to provide a competitive base salary and incentive compensation based on personal objectives and the results of the company. Mr. Clancy does not have an employment contract with Vishay Intertechnology. In accordance with the policy of Vishay Intertechnology described above and implemented to contend with the 2008-2009 recessionary environment, Mr. Clancy's base salary remained the same in 2009 as in 2008, and he was not awarded a performance bonus in 2009. Mr. Clancy was not awarded any long-term compensation in the form of Vishay Intertechnology equity in 2009. Mr. Clancy's compensation was unchanged after he began functioning as our principal financial officer on November 1, 2009.

Mr. Clancy participates in the Vishay Intertechnology nonqualified deferred compensation plan to which Vishay Intertechnology contributed on his behalf and receives certain customary perquisites related to his employment.

Mr. Clancy also participated in the Vishay Intertechnology Nonqualified Retirement Plan, which provides defined benefits to U.S. employees whose benefits under the qualified pension plan would be limited by the Employee Retirement Income Security Act of 1974 ("ERISA") and the Internal Revenue Code. This plan was contributory and, other than the fact that it is nonqualified under ERISA, provides substantially the same benefits that are available under Vishay Intertechnology's qualified retirement plan. Effective January 1, 2009, the U.S. pension plans have been frozen. Benefits accumulated as of December 31, 2008 will be paid to employees upon retirement, but no further benefits will accrue beyond that date.

Under the standard severance practice of Vishay Intertechnology in the United States for employees of Mr. Clancy's rank, upon termination without cause, Mr. Clancy would be entitled to receive twelve weeks' severance in exchange for executing a release and non-disparagement agreement, plus one week of severance for each year of service with Vishay Intertechnology. If Mr. Clancy were to have been terminated at December 31, 2009, he would have been entitled to receive approximately $134,000 in severance. Mr. Clancy would also receive accrued benefits under the Vishay Nonqualified Retirement Plan (present value of $185,719 at December 31, 2009) in the event of a termination for any reason, as well as his accumulated balance in the nonqualified deferred compensation plan ($150,921 at December 31, 2009).

2010 compensation. Until the distribution date, Mr. Clancy will be compensated in accordance with current practice at Vishay Intertechnology. In light of the pending spin-off, Mr. Clancy's base compensation through the distribution date will be paid at the same level for 2010 as in 2009.

Thomas P. Kieffer

Historical compensation. Mr. Kieffer has served as senior vice president for corporate research and development for Vishay Intertechnology's Measurements Group and Foil Resistors Division since January 1, 2008. Prior to that, Mr. Kieffer was senior vice president of Vishay Intertechnology's Micro-Measurements and Load Cells Divisions. While serving with Vishay Intertechnology, he was not an executive officer, and his compensation was determined in a manner similar to other members of the non-executive management of Vishay Intertechnology. Non-executive management compensation packages at Vishay Intertechnology have historically been developed to provide a competitive base salary and incentive compensation based on personal objectives and the results of the company. Mr. Kieffer does not have an employment contract with Vishay Intertechnology. In accordance with the policy of Vishay Intertechnology described above and implemented to contend with the 2008-2009 recessionary environment, Mr. Kieffer's base salary remained the same in 2009 as in 2008, and he was not awarded a performance bonus in 2009. Mr. Kieffer was not awarded any long-term compensation in the form of Vishay Intertechnology equity in 2009.

Mr. Kieffer participates in the Vishay Intertechnology nonqualified deferred compensation plan and receives certain customary perquisites related to his employment.

Under the standard severance practice of Vishay Intertechnology in the United States for employees of Mr. Kieffer's rank, upon termination without cause, Mr. Kieffer would be entitled to receive twelve weeks' severance in exchange for executing a release and non-disparagement agreement, plus one week of severance for each year of service with Vishay Intertechnology. If Mr. Kieffer were to have been terminated at December 31, 2009, he would have been entitled to receive approximately $138,000 in severance. Mr. Kieffer would also receive his accumulated balance in the nonqualified deferred compensation plan ($856,040 at December 31, 2009) in the event of a termination for any reason.

2010 compensation. Until the distribution date, Mr. Kieffer will be compensated in accordance with current practice at Vishay Intertechnology. In light of the pending spin-off, Mr. Kieffer's base compensation through the distribution date will be paid at the same level for 2010 as in 2009.

HISTORICAL COMPENSATION TABLES

The information set forth in the following tables reflects compensation earned by Mr. Ziv Shoshani, Mr. William Clancy, and Mr. Thomas Kieffer based upon services rendered to Vishay Intertechnology through October 31, 2009 and services rendered to our company from November 1, 2009 to December 31, 2009. The services rendered to Vishay Intertechnology by the Named Executive Officers through October 31, 2009 were different than the services being rendered to our company in their current positions as executive officers. The information below is not indicative of the compensation that the Named Executive Officers will receive as executive officers of our company following the distribution date. See "2010 Compensation from Vishay Precision Group."

The information included in the table should be read in conjunction with the footnotes which follow, the descriptions of the employment agreements with Mr. Shoshani described in "Compensation Discussion and Analysis," and the "Grants of Plan Based Awards," "Outstanding Equity Awards," "Option Exercises and Stock Vested," "Pension Benefits," and "Nonqualified Deferred Compensation" tables on the pages which follow.

Name and Principal Position	Year	Salary (1)	Bonus (2)	Stock Awards (3)	Option Awards (4)	Change in Pension Value and Nonqualified Deferred Comp. Earnings (5) (6)	All Other Comp. (7)	Total
(a)	(b)	($) (c)	($) (d)	($) (e)	($) (f)	($) (h)	($) (i)	($) (j)
Ziv Shoshani	2009	$ 305,359	$ -	$ 69,700	$ -	$ 8,957	$ 222,385	$ 606,401
President and Chief Executive	2008	334,819	39,341	57,100	-	3,664	297,824	732,748
Officer designee	2007	281,724	69,586	68,750	356,250	-	206,563	982,873
William M. Clancy	2009	204,516	-	-	-	30,855	48,661	284,032
Executive Vice President and Chief	2008	204,516	39,144	-	-	23,940	37,692	305,292
Financial Officer designee	2007	197,600	40,014	-	-	46,112	35,430	319,156
Thomas P. Kieffer	2009	188,455	-	-	-	-	33,598	222,053
Sr. Vice President and Chief	2008	188,455	28,348	-	-	-	31,940	248,743
Technical Officer designee	2007	182,109	29,143	-	-	-	35,039	246,291

(1) Column (c) reflects base salary earned during each year and, for Messrs. Clancy and Kieffer, includes amounts deferred in accordance with the provisions of Vishay Intertechnology's 401(k) and deferred compensation plans. The employment agreement for Mr. Shoshani specifies that his salary be denominated and paid in foreign currency (Israeli shekel). The amounts presented above have been converted into U.S. dollars at the weighted-average exchange rate for the year.

(2) Column (d) represents bonuses paid to the named executive officers. No bonuses were paid for 2009 due to the temporary suspension of the bonus program in response to the unprecedented global recession.

(3) Column (e) represents the grant-date fair value of 5,000 phantom stock units awarded annually to Mr. Shoshani pursuant to the terms of his employment agreement, and the grant-date fair value of restricted stock units awarded to Mr. Shoshani. No amounts are included for performance-based restricted stock units for which performance objectives were not achieved. Note that for financial statement reporting purposes, the amount of compensation expense for restricted stock units is recognized ratably over the vesting period of the respective awards. The grant-date fair value does not necessarily reflect the value of shares actually received or which may be received in the future with respect to these awards. There can be no assurance that the grant-date fair value of these awards will ever be realized.

(4) Column (f) represents the grant-date fair value of stock options granted to Mr. Shoshani during 2007. The grant-date fair value is recognized over the vesting periods of the respective awards. There can be no assurance that the grant-date fair value of these awards will ever be realized. The assumptions used in computing the grant-date fair value are detailed in Note 11 to our combined and consolidated financial statements, included in this information statement. No stock options were exercised in 2009.

(5) Column (h) reflects the change in the actuarial present value of the named executive officer's pension and other postemployment benefits under respective defined benefit retirement plans, from the plan measurement date used in preparing the prior year combined and consolidated financial statements to the plan measurement date used in preparing the current year combined and consolidated financial statements, determined using the same interest rate, mortality, and other actuarial assumptions used in our consolidated financial statements. See the "Pension Benefits" table for more information on the benefits payable to the named executive officers under their respective pension plans. No amounts are presented for Mr. Shoshani for 2007 because changes in actuarial assumptions reduced the present value of his accumulated benefit by $222.

(6) The named executive officers also participate in the Vishay Intertechnology nonqualified deferred compensation plan under which amounts deferred are credited with earnings based on the performance of notional investment options available under the plan. No portion of the earnings credited during the years presented was "above market" or "preferential." Consequently, no deferred compensation plan earnings are included in the amounts reported in Column (h). See the "Nonqualified Deferred Compensation" table for more information on the benefits payable under the nonqualified deferred compensation plan.

(7) All other compensation includes amounts deposited on behalf of each named executive officer into Vishay Intertechnology's nonqualified deferred compensation plan pursuant to the employment agreements with each named executive officer, personal use of company car, company match on 401(k) contributions, benefits generally available to employees in Israel, and other perquisites, as described below (asterisk denotes amounts paid in foreign currency and translated at average exchange rates for the year):

	2009	2008	2007	
Ziv Shoshani	$100,000	$100,000	$100,000	Company contribution to nonqualified deferred compensation plan
	15,638	12,871	9,537	Personal use of Company car*
	79,700	157,906	70,892	Israeli employment benefits*
	27,047	27,047	26,134	Medical and prescription drug insurance premiums
	$222,385	$297,824	$206,563	
William M. Clancy	$ 4,697	$ 387	$ 432	Company contribution to nonqualified deferred compensation plan
	13,855	13,828	12,300	Personal use of Company car
	9,346	4,213	4,057	Company match to 401(k) plan
	20,763	19,264	18,641	Medical and prescription drug insurance premiums
	$ 48,661	$ 37,692	$ 35,430	
Thomas P. Kieffer	$ 6,063	$ 5,070	$ 6,467	Personal use of Company car
	11,307	11,307	13,489	Company match to 401(k) plan
	16,228	15,563	15,083	Medical and prescription drug insurance premiums
	$ 33,598	$ 31,940	$ 35,039	

Grants of Plan Based Awards

The following table provides information with regard to plan based awards granted to each named executive officer in 2009. The information included in the table should be read in conjunction with the footnotes which follow and the description of Vishay Intertechnology's Senior Executive Phantom Stock Plan described in "Compensation Discussion and Analysis."

Name	Grant Date	Stock Awards: Number of Shares of Stock or Units (1)	Grant-date Fair Value of Stock and Option Awards
Ziv Shoshani	1/2/2009	5,000	$ 18,500
	4/23/2009	10,000	$ 51,200

(1) Includes awards of fully vested phantom stock granted effective January 2, 2009 and awards of restricted stock units granted effective April 23, 2009, which vest over time as described in the footnotes to the "Outstanding Equity Awards at Year End" table below.

Outstanding Equity Awards at Year End

The following table provides information regarding unexercised stock options and unvested stock awards held by our named executive officers as of December 31, 2009:

	Option Awards						Stock Awards	
Name	Grant Date (1)	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Ziv Shoshani	10/12/2000	12,000	-	-	$ 25.13	10/12/2010	-	-
	2/27/2007	8,334	16,666	-	$ 14.25	2/27/2017	-	-
	4/23/2009	-	-	-			6,668	$ 55,678
Total		**20,334**	**16,666**	-			**6,668**	**55,678**
William M. Clancy	10/12/2000	12,000	-	-	$ 25.13	10/12/2010	-	-
Total		**12,000**	-	-			-	-
Thomas P. Kieffer	10/12/2000	6,000	6,000	-	$ 25.13	10/12/2010	-	-
Total		**6,000**						

(1) Options granted on February 27, 2007 vest in six equal annual installments beginning on February 27, 2008. Options granted on October 12, 2000 vested in six equal annual installments beginning on October 12, 2001.

(2) Of the 10,000 RSUs granted on April 23, 2009, 1,665 vested immediately, and the remainder will vest in five consecutive annual installments, as nearly equal in size as possible, beginning on May 28, 2009.

Option Exercises and Stock Vested

The following table provides information with regard to amounts paid to or received by our named executive officers during 2009 as a result of the exercise of stock options and vesting of restricted stock units.

	Stock Awards	
Name (a)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting (e)
Ziv Shoshani	3,332	$ 17,693

Pension Benefits

Vishay Intertechnology maintains various retirement benefit plans and arrangements.

As part of his employment agreement, Mr. Shoshani and his surviving spouse are entitled to receive medical coverage up to a $15,000 annual premium value for life. These benefits are fully vested.

In the United States, Vishay Intertechnology maintained a pension plan which provides defined benefits to U.S. employees whose benefits under the qualified pension plan would be limited by the Employee Retirement Income Security Act of 1974 (“ERISA”) and the Internal Revenue Code. This plan was contributory and, other than the fact that it is nonqualified under ERISA, provides substantially the same benefits that are available under Vishay Intertechnology’s qualified retirement plan. Employees with five or more years of service were entitled to annual pension benefits beginning at normal retirement age on the first day of the month following the participant’s 65th birthday equal to the sum of 2.1% of the first $10,000 of earnings plus 2.64% of the annual earnings in excess of $10,000 with a new pension unit earned each year. The final pension is the sum of all units earned during the employee’s career. The plan permits early retirement if the participant is at least age 55 and has at least five years of service. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity or other contingent annuities. Employees are 100% vested immediately in their contributions. If employees terminate before rendering five years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to Vishay Intertechnology’s contributions. Employees receive their benefits as a life annuity payable monthly from retirement. Payments will not be less than the greater of (a) the employee’s accumulated contributions plus interest or (b) an annuity for five years. Effective January 1, 2009, the U.S. pension plans have been frozen. Benefits accumulated as of December 31, 2008 will be paid to employees upon retirement, but no further benefits will accrue beyond that date. To mitigate the loss in benefits of these employees, effective January 1, 2009, Vishay Intertechnology increased the company-match portion of its 401(k) defined contribution savings plan for employees impacted by the pension freeze. Mr. Clancy is the only executive officer that participates in this plan.

The following table provides information regarding the present value of benefits accrued under these retirement benefit plans and arrangements:

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit (1) ($) (d)	Payments During Last Fiscal Year ($) (e)
Ziv Shoshani	Individual contractual postemployment medical arrangement	n/a	$ 36,569	$ -
William M. Clancy	Vishay Nonqualified Retirement Plan (2)	13.5	$ 185,719	$ -

(1) These amounts have been calculated using interest rate, mortality, and other actuarial assumptions consistent with those used for financial reporting purposes set forth in Note 10 to our combined and consolidated financial statements included in this information statement.

(2) Mr. Clancy elected to begin participating in this plan effective July 1, 1995, and received no credit for prior service. The Vishay Nonqualified Retirement Plan was frozen effective January 1, 2009, such that participants accrued no additional benefits.

Nonqualified Deferred Compensation

The named executive officers participate in a nonqualified deferred compensation plan, which is available to all employees which meet certain criteria under the Internal Revenue Code. Mr. Shoshani is entitled under his employment agreement to annual contributions by Vishay Intertechnology to this plan. The named executive officers are also eligible to elect to defer additional amounts of compensation, subject to certain limitations.

While deferred, amounts are credited with "earnings" based on the performance of notional investment options available under the plan. No portion of the earnings credited during 2009 was "above market" or "preferential."

The following table sets forth information relating to the activity in the nonqualified deferred compensation plan accounts of the named executive officers during 2009 and the aggregate balance of the accounts as of December 31, 2009:

Name (a)	Executive Contributions in Last Fiscal Year ($) (b)	Registrant Contributions in Last Fiscal Year (1) ($) (c)	Aggregate Earnings in Last Fiscal Year ($) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last Fiscal Year End ($) (f)
Ziv Shoshani	$ -	$ 100,000	$ 23,310	-	$ 636,957
William M. Clancy	1,166	4,697	31,322	-	150,921
Thomas P. Kieffer	6,000	-	192	-	856,040

(1) These amounts are included in Column (i) of the "Summary Compensation Table" as a component of "All Other Compensation." No portion of the earnings credited during 2009 was "above market" or "preferential." Accordingly, no amounts related to earnings on deferred compensation have been included in the "Summary Compensation Table."

2010 Compensation from Vishay Precision Group

The strategic affairs and compensation committees of Vishay Intertechnology, with input from management of Vishay Intertechnology and the advice of independent compensation consultants referred to below, took the lead in crafting the initial compensation arrangements with our executive officers. The committees negotiated with Mr. Shoshani and his counsel and counsel for our company regarding his arrangements, and Mr. Shoshani, in his capacity as our principal executive officer, also had substantial input on the compensation of our other two executive officers. The strategic affairs committee was involved in these compensation matters because of the potential conflicts of interest in setting the compensation principally of Mr. Shoshani. Mr. Shoshani is related to Dr. Felix Zandman, the executive chairman of the board of directors of Vishay Intertechnology, who will control approximately 45% of the outstanding voting power of our company following the separation. We anticipate that, prior to the distribution date, each of our executive officers will execute a letter of understanding with us and Vishay Intertechnology regarding their compensation as described in this section. The terms of the employment of the executive officers will be finalized as soon as practicable following the distribution date with the compensation committee of our board of directors. We anticipate that at that time Mr. Shoshani will enter into an employment agreement that he will negotiate with the committee. Until the distribution date, each of the executive officers will remain subject to his existing employment arrangements with Vishay Intertechnology or its subsidiaries. Upon entering into an employment agreement with our company, Mr. Shoshani's existing employment agreement will terminate on the spin-off date.

Compensation Consultants

To assist in formulating the initial compensation arrangements of our executive officers, the strategic affairs and compensation committees of Vishay Intertechnology retained the services of two compensation consulting firms, PricewaterhouseCoopers LLP ("PwC") and Farient Advisors LLC. These compensation consultants were engaged directly by the committees, although in the course of their engagement they also met with Mr. Shoshani and members of the management of Vishay Intertechnology to obtain their input and views. The consultants' assignment included assisting the committees in the formulation of the compensation arrangements for our executive officers, particularly for Mr. Shoshani, assessing the reasonableness and interrelation of the individual elements of the compensation packages and providing input to the committees with respect to current compensation practices among comparable public companies and in comparable transactions. PwC has been previously engaged by the Vishay Intertechnology compensation committee to assist it in executive compensation matters, including the 2009 amendment to Dr. Zandman's employment agreement. Farient was recommended to the committees by management of Vishay Intertechnology.

Compensation Philosophy

In formulating the compensation arrangements for our executive officers, the strategic affairs and compensation committees of Vishay Intertechnology were guided generally by the executive compensation philosophy employed by the Vishay Intertechnology compensation committee with respect to the executive compensation of that company. The committees believed that the compensation packages should combine base salary with an opportunity for annual cash bonuses and also include long-term equity awards designed to align the interests of senior management with the long-term interests of the company's stockholders. In crafting the compensation of our executive officers, however, the committees also took account of the fact that at the time of the distribution we will be a substantially smaller company than our current parent. The committees, with advice from management, also believed that the executives should receive recognition for the substantial efforts that they invested in preparation for the spin-off, in the form of founder's equity grants that align executive interests with those of stockholders in achieving long-term growth in our company's equity value. Finally, in the case of Mr. Shoshani, in order to induce him to join our company, the committees felt that it was appropriate to compensate Mr. Shoshani in part in respect of the future opportunities with Vishay Intertechnology that he will forgo when he joins our company. The committees believe that the elements of compensation negotiated with our executives will reward intrinsically sound management decisions and will not encourage risk-taking to enhance short-term profitability at the expense of the long-term health and viability of our company.

Employment Terms

The following terms of employment have been agreed to among our executive officers and Vishay Intertechnology and us. Vishay Intertechnology acted in each case upon the recommendations of its strategic affairs and compensation committees. At this time, none of our executive officers have entered into employment contracts with us, although Mr. Shoshani is expected to enter into a three-year employment agreement as soon as practicable following the distribution date. Accordingly, the arrangements described below are subject to review by the compensation committee of our board of directors following the distribution date, and the terms described could change. However, we do not anticipate that any changes, if made, will be material.

Ziv Shoshani

Mr. Shoshani will be employed as the President and Chief Executive Officer of our company and, following the distribution date, will enter into an employment contract for a term of three years.

Cash compensation. Mr. Shoshani will receive a base salary of $420,000, payable in Israeli currency based on the average exchange rate during the preceding calendar year. In addition, he will be eligible for an annual cash performance bonus. His target bonus will be 75% of base salary with no minimum and a maximum bonus of 200% of base salary. Performance goals for purposes of the annual bonus award will be established each year by our compensation committee.

Equity compensation. Mr. Shoshani will be eligible for an annual long-term equity incentive award with a target value equal to 100% of base salary. The form of the annual equity award will be as determined by our compensation committee. Mr. Shoshani will also receive a founder's equity grant having a total value of $800,000. The grant will take the form of restricted stock units (RSUs), all of which will vest three years from the distribution date. The RSUs will also vest on a change of control and in certain other circumstances to be determined by our compensation committee.

Special bonuses. Mr. Shoshani will receive from us a cash sign-on bonus of $400,000 upon consummation of the spin-off. Mr. Shoshani will be obligated to repay this bonus if he terminates his employment with us during the initial three-year term of his employment contract, other than termination for good reason, death or disability. Mr. Shoshani will also receive a one-time cash bonus from Vishay Intertechnology in the amount of $600,000 upon the successful completion of the spin-off.

Severance. If Mr. Shoshani's employment is terminated without cause or if he terminates his employment with us for good reason, he will be entitled to receive cash severance in an amount equal to two years' base salary plus a prorated amount of this target bonus for the year of termination. Mr. Shoshani will also be entitled to a customary continuation of benefits. Mr. Shoshani will not be entitled to a tax gross-up in respect of any parachute payment tax imposed on his severance benefits, and, if a tax of this nature would otherwise be imposed, the severance payments will be cut back to the extent necessary to avoid this tax.

Other. Mr. Shoshani will be entitled to such other benefits, including retirement benefits, as may be approved by our compensation committee following the distribution date. He will also be subject to a customary non-competition agreement for a period of two years following termination of his employment with us. "Cause," "good reason" and "change of control" will be as defined in Mr. Shoshani's employment agreement.

Mr. Shoshani will also be entitled to receive certain benefits generally available to employees in Israel on a non-discriminatory basis. For a description of these benefits, see "Compensation Discussion and Analysis—Ziv Shoshani" above.

William M. Clancy

Mr. Clancy will be employed as our Executive Vice President and Chief Financial Officer.

Cash compensation. Mr. Clancy will receive a base salary of $250,000. In addition, he will be eligible for an annual cash performance bonus. His target bonus will be 40% of base salary with no minimum and a maximum bonus of 80% of base salary. Performance goals for purposes of the annual bonus award will be established each year by our compensation committee upon recommendation of our chief executive officer.

Equity compensation. Mr. Clancy will be eligible for an annual long-term equity incentive award with a target value equal to 40% of base salary. The form of the annual equity award will be as determined by our compensation committee. Mr. Clancy will also receive a founder's equity grant having a total value of $100,000. The grant will take the form of RSUs, all of which will vest three years from the distribution date.

Thomas P. Kieffer

Mr. Kieffer will be employed as our Executive Vice President and Chief Technology Officer.

Cash compensation. Mr. Kieffer will receive a base salary of $225,000. In addition, he will be eligible for an annual cash performance bonus. His target bonus will be 30% of base salary with no minimum and a maximum bonus of 60% of base salary. Performance goals for purposes of the annual bonus award will be established each year by our compensation committee upon recommendation of our chief executive officer.

Equity compensation. Mr. Kieffer will be eligible for an annual long-term equity incentive award with a target value equal to 30% of base salary. The form of the annual equity award will be as determined by our compensation committee. Mr. Kieffer will also receive a founder's equity grant having a total value of $100,000. The grant will take the form of RSUs, all of which will vest three years from the distribution date.

Other Compensation Considerations

Tax deductibility of executive compensation

Section 162(m) of the Internal Revenue Code limits to $1 million the annual tax deduction for compensation paid to each of the chief executive officer and any of the other three highest paid executive officers. However, compensation that qualifies as performance-based compensation is deductible even in excess of $1 million. In connection with the formulation of the compensation arrangements for our executive officers, the strategic affairs and compensation committees of Vishay Intertechnology reviewed and considered the deductibility of executive compensation under Section 162(m) of the Code, and we anticipate that our compensation committee will do the same after it is established.

In certain situations, our compensation committee may approve compensation that will not satisfy the requirements of Section 162(m), in order to ensure competitive levels of total compensation for its executive officers. Some of Mr. Shoshani's compensation for 2010 may not satisfy the requirements of Section 162(m).

Nonqualified deferred compensation

On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, adding Section 409A to the Internal Revenue Code, which changed the tax rules applicable to nonqualified deferred compensation arrangements. A violation of these new rules could result in the imposition of a 20% penalty tax on the affected executives. We believe that we are operating in compliance with Section 409A. We anticipate that our compensation committee will monitor compliance with Section 409A.

Perquisites

Our compensation committee is expected to follow a policy on providing perquisites to our executive officers similar to the policy of Vishay Intertechnology. See "Compensation Discussion and Analysis—Compensation Components" above.

Equity Awards

Vishay Precision Group, Inc. 2010 Stock Incentive Program

As discussed, we anticipate that equity compensation will be a component of our executive compensation structure. We are therefore adopting with the approval of Vishay Intertechnology, as our sole stockholder, the Vishay Precision Group, Inc. 2010 Stock Incentive Program (the "2010 Program"). The following is a summary of certain aspects of the 2010 Program, but it is qualified by reference to the full text of the program which is filed with the SEC as an exhibit to the registration statement of which this information statement is a part.

Administration

The 2010 Program will be administered by the compensation committee of our board of directors. It is intended that the members of our compensation committee always will be "non-employee directors" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code, but no award under the program will be invalidated if the compensation committee is not so constituted. If our board of directors so determines, the board may act as the compensation committee for purposes of administering the 2010 Program. Also, the board of directors will administer the 2010 Program with respect to awards granted to non-employee directors. The compensation committee will have the authority to determine the individuals to whom awards will be granted and the terms and provisions of the awards; to exercise all of the powers granted to it under the 2010 Program; to construe, interpret and implement the 2010 Program and all related agreements; to prescribe, amend, and rescind rules and regulations relating to the 2010 Program, including rules governing its own operations; to make all determinations necessary or advisable in administering the 2010 Program; to correct any defect or omission and reconcile any inconsistency in the 2010 Program; and to amend the 2010 Program to reflect changes in applicable law.

Eligibility

Officers and other employees of Vishay Precision Group or a majority-owned subsidiary who are responsible for or contribute to the management, growth, and profitability of the business of our company are eligible to receive grants under the 2010 Program.

Maximum number of shares

Awards representing up to [ ] shares of our common stock may be granted under the 2010 Program. The number of shares authorized for grant under the 2010 Program will approximate 3% of the outstanding shares of our common stock on the spin-off date. This number will be adjusted for changes in our capital structure, such as a stock split or stock dividend. Awards that are forfeited by a holder may be re-granted to others, subject to the overall limit. No individual may be granted awards in any one year representing more than [ ] shares of our common stock.

Type of Awards

The 2010 Program permits the granting of—

- nonqualified stock options and, in the case of employees who are nonresident foreign nationals, stock appreciation rights that are payable in cash;
- unrestricted stock;
- restricted stock; and
- stock units, including restricted stock units (RSUs) and phantom stock units.

Stock options. Stock options will be exercisable at such times and for such prices as determined by the compensation committee. However, the exercise price of a stock option may not be less than the fair market value of the common stock on the date of the grant. Options will expire on a date determined by our compensation committee at the time of grant but in no event later than ten years from the date of grant. Upon holder's termination of employment, generally, unvested stock options will expire immediately and vested options will expire shortly after the termination of employment.

Unrestricted stock. The compensation committee may grant (or sell at a purchase price at least equal to par value) shares of common stock free of restrictions. Unrestricted stock may be granted as part of another award, for example as an immediately vested component of a restricted stock or stock unit grant.

Restricted stock. Restricted stock is subject to vesting based on continued employment with our company and/or upon the achievement of specific performance goals. Prior to vesting, the shares of restricted stock, are not transferable and are forfeitable. The compensation committee may at the time that shares of restricted stock are granted impose additional conditions to the vesting of the shares. Generally, unvested shares of restricted stock and any dividends paid on those shares are automatically and immediately forfeited upon the grant recipient's termination of employment for any reason.

Stock units. A stock unit entitles the recipient to receive a share of common stock on a specified date or the occurrence of a specified event such as termination of employment. Stock units may be subject to vesting, in which case they are commonly referred to as restricted stock units or RSUs, or they may be fully vested at the time of grant, in which case they are sometimes referred to as phantom stock. Vesting of stock units may be based on continued employment with the company and/or upon the achievement of specific performance goals. The compensation committee may at the time that stock units are granted impose additional conditions to the vesting of the stock units. Generally, unvested stock units are forfeited upon the grant recipient's termination of employment for any reason.

Performance goals

The compensation committee may provide that the grant or vesting schedule of an award of stock options, unrestricted stock, phantom stock, restricted stock or stock units is based or partially based on the achievement of specified performance goals. Stock units whose vesting depends on the achievement of performance goals are sometimes referred to as performance stock units or PSUs.

The performance goals may be expressed in terms of one or more of the following criteria: earnings; adjusted net income; gross or net sales; cash flow; financial return ratios; total stockholder return; stockholder return based on growth measures or the attainment by our common stock of a specified value for a specified period of time; share price or share price appreciation; value of assets, return or net return on assets, net assets or capital; adjusted pretax margin; margins, profits and expense levels; dividends; market share, market penetration or other performance measures with respect to specific designated products or product groups and/or specific geographic areas; reduction of losses, loss ratios or expense ratios; reduction in fixed costs; operating cost management; cost of capital; debt reduction; productivity improvements; inventory turnover measurements; or customer satisfaction, based on specified objective goals or a company-sponsored customer survey.

Performance goals may be expressed with respect to the company as a whole or with respect to one or more divisions or business units; on a pretax or after-tax basis; and on an absolute per share and/or relative basis. In addition, performance goals may employ comparisons with past performance of our company and/or the current or past performance of other companies, and in the case of earnings-based measures, may employ comparisons to capital, stockholders' equity and shares outstanding.

Treatment of Outstanding Vishay Intertechnology Equity Awards

For a discussion of the treatment in the spin-off of outstanding equity awards of Vishay Intertechnology held by our officers and employees, see "Certain Relationships and Related Party Transactions – Agreements with Vishay Intertechnology – Employee Matters Agreement – Equity Awards" below.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Vishay Intertechnology currently owns all of our outstanding shares of common stock. Upon completion of the spin-off, Vishay Intertechnology will not beneficially own any shares of our common stock. None of our directors or executive officers currently owns any shares of our common stock, but those who own shares of Vishay Intertechnology will be treated the same as other holders of Vishay Intertechnology common stock in any distribution by Vishay Intertechnology and, accordingly, will receive shares of our common stock in the distribution.

The following table sets forth the anticipated beneficial ownership of our common stock and Class B common stock by each of our current directors and our directors following the spin-off; each of our executive officers following the spin-off; all of our directors and executive officers following the spin-off as a group; and each of our stockholders who we believe (based on the assumptions described below) will beneficially own more than 5% of our outstanding common stock or Class B common stock. Except as otherwise noted below, we based the share amounts on each person's beneficial ownership of Vishay Intertechnology common stock and Vishay Intertechnology Class B common stock on [date], giving effect to a distribution ratio of one share of our common stock for every [ratio] shares of Vishay Intertechnology common stock and one share of our Class B common stock for every [ratio] shares of Vishay Intertechnology Class B common stock held by such person. In general, "beneficial ownership" includes those shares a director, director nominee or executive officer has the power to vote, acquire or dispose within 60 days. Except as otherwise noted, the persons named in the table below have sole voting and investment power with respect to all of the shares shown as beneficially owned by them.

Immediately following the spin-off, we estimate that [ ] million shares of our common stock and [ ] of our Class B common stock will be issued and outstanding, based on the number of shares of Vishay Intertechnology common stock and Vishay Intertechnology Class B common stock expected to be outstanding as of the record date. The actual number of shares of our common stock outstanding following the spin-off will be determined on [record date], the record date for the spin-off.

	Common Stock			Class B Common Stock		
Name	Shares of Stock	Right to Acquire Ownership Under Options Exercisable within 60 days	Percent of Class	Amount and Nature of Beneficial Ownership	Percent of Class	Voting Power
Directors and Executive Officers						
Marc Zandman (1)			*		*	*
Ziv Shoshani			*	-	-	*
Samuel Broydo			*	-	-	*
Saul V. Reibstein			*	-	-	*
Timothy V. Talbert			*	-	-	*
William M. Clancy			*	-	-	*
Thomas P. Kieffer			*	-	-	*
Dr. Lior Yahalomi (2)			*	-	-	*
All Directors and Executive Officers as a group (8 Persons) c/o Vishay Precision Group, Inc. 3 Great Valley Parkway, Suite 150 Malvern, PA 19355			*		*	*
Dr. Felix Zandman (3) c/o Vishay Intertechnology, Inc. 63 Lancaster Avenue Malvern, PA 19355			*		99.4%	45.2%
LSV Asset Management (4) 1 N. Wacker Drive, Suite 4000 Chicago, IL 60606			5.5%	-	-	3.0%
BlackRock Inc. (5) 40 East 52nd Street New York, NY 10022			10.6%	-	-	5.8%
The Bank of New York Mellon Corporation (6) One Wall Street, 31st Floor New York, NY 10286			9.1%	-	-	5.0%

* Represents less than 1% of the outstanding shares of such class or the total voting power, as the case may be.

(1) Includes [ ] shares of our Class B common stock anticipated to be directly owned by Marc Zandman and [ ] shares of our Class B common stock anticipated to be owned by Marc Zandman's minor child.

(2) Dr. Yahalomi will resign from our board of directors immediately prior to the spin-off.

(3) Includes [ ] shares of our Class B common stock anticipated to be directly owned by Dr. Felix Zandman; [ ] shares anticipated to be held in family trusts, of which Dr. Zandman is the trustee and over which Dr. Zandman shares voting and dispositive control with his wife, Mrs. Ruta Zandman; and [ ] shares anticipated to be held in a voting trust, of which Dr. Zandman is the trustee and over which Dr. Zandman has sole voting control. The shares held in the voting trust consist of [ ] shares anticipated to be deposited by the Estate of Mrs. Luella B. Slaner and [ ] shares anticipated to be deposited by Mrs. Slaner's children and various trusts for the benefit of Mrs. Slaner's children and grandchildren. The voting trust agreement that governs the voting trust will remain in effect until the earlier of (x) February 1, 2050 or (y) the death or resignation or inability to act of Dr. Zandman, but will terminate at any earlier time upon the due execution and acknowledgment by the trustee of a deed of termination, duly filed with the registered office of Vishay Intertechnology.

(4) Based on information provided in a Schedule 13G filed on February 11, 2010 by LSV Asset Management. According to the Schedule 13G, LSV Asset Management is expected to have sole power to vote or direct the vote with respect to [ ] shares of common stock; and sole power to dispose or direct the disposition with respect to [ ] shares.

(5) Based on information provided in a Schedule 13G filed on January 7, 2010 by BlackRock, Inc.. According to the Schedule 13G, BlackRock, Inc. is expected to have sole power to vote or direct the vote with respect to [ ] shares of common stock; sole power to dispose or direct the disposition with respect to [ ] shares.

(6) Based on information provided in a Schedule 13G filed on February 4, 2010 by The Bank of New York Mellon Corporation. According to the Schedule 13G, The Bank of New York Mellon Corporation is expected to have sole power to vote or direct the vote with respect to [ ] shares of common stock, and shared power to vote or direct the vote with respect to [ ] shares; and sole power to dispose or direct the disposition with respect to [ ] shares, and shared power to dispose or direct the disposition with respect to [ ] shares.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreements with Vishay Intertechnology

Following the spin-off, our company and Vishay Intertechnology will operate separately, each as independent public companies. In order to govern the relationship between our company and Vishay Intertechnology after the spin-off and to provide mechanisms for an orderly transition, we and Vishay Intertechnology are entering into certain agreements which will facilitate the spin-off, govern our relationship with Vishay Intertechnology after the spin-off and provide for the allocation of employee benefits, tax and other liabilities and obligations. The following is a summary of the terms of the material agreements we are entering into with Vishay Intertechnology prior to the spin-off.

Master Separation Agreement

The master separation agreement will govern our separation from Vishay Intertechnology, the distribution of shares of our common stock and Class B common stock to Vishay Intertechnology stockholders and other matters related to Vishay Intertechnology's relationship with us. References in this section to Vishay Intertechnology and us include the parties' respective subsidiaries as they will exist following the separation. References in this section to ancillary agreements refer to the tax matters agreement, the trademark license agreement, the employee matters agreement, the lease agreements, the transition services agreements, the secondment agreement, the patent license agreement, and the supply agreements, each of which is described below, as well as other agreements between us and Vishay Intertechnology.

The Separation

In a series of transactions, Vishay Intertechnology has moved and is continuing to move to us its precision measurement and foil resistor businesses, including assets and equity interests of certain subsidiaries of Vishay Intertechnology, and we have moved and are continuing to move a small amount of assets that we hold and that do not constitute part of our business to Vishay Intertechnology. The master separation agreement provides that the parties will complete these transactions, will effect certain capital allocation transactions whereby our debt and equity capital upon closing of the separation will be as set forth in this information statement, and will otherwise take all actions necessary to implement our separation from Vishay Intertechnology as described in this information statement. We will agree to accept the assets and equity interests transferred to us. Except as specified in the master separation agreement, we will assume and perform all of the liabilities (including contingent liabilities) and obligations arising under or relating to the operation of the precision measurement and foil resistor businesses or the assets and equity interests that are transferred to us as part of the separation, whether incurred before or after the separation.

If either we or Vishay Intertechnology receives any asset that according to the master separation agreement or any ancillary agreement was allocated to the other party, the parties will cooperate to cause the asset to be transferred to the party that is entitled to it. If by mistake or omission any assets are transferred or retained by a party, or if by mistake or omission any liabilities were assumed by us or we failed to assume any liabilities, the parties will cooperate in good faith to transfer or retransfer the misallocated assets or to effect the assumption or reassumption of the misallocated liabilities to the appropriate party. The parties will reimburse each other or make another financial adjustment to remedy any such mistakes or omissions.

If any asset intended to be transferred to us under the master separation agreement cannot be transferred for any reason prior to the separation, for example because of any required consent or governmental approval, the party retaining the asset will hold it for the benefit of the other party insofar as possible, and the parties will take action insofar as reasonably possible so that the benefit and burdens relating to the asset will inure to the appropriate party, until such time as the asset can be transferred.

Each party, with the other's reasonable best cooperation, will use reasonable efforts to obtain novation of, or assign all rights and obligations under, all contracts and other obligations or liabilities that such party has agreed to assume under the master separation agreement, so that the party that has agreed to assume such obligations and liabilities is solely responsible for them. If there is any contract that is shared by Vishay Intertechnology and us, each party, with the reasonable best cooperation of the other, will take action to replace the contract with two separate contracts. However, neither we nor Vishay Intertechnology will be under any obligation to pay any consideration or assume additional liabilities for these purposes.

The parties will agree to execute all necessary documentation to evidence the transfer of assets and the assumption of liabilities in accordance with the separation.

The master separation agreement also provides that we and Vishay Intertechnology will terminate, as of the closing of the separation, all contracts between us, including all accounts payable and receivable, except as specified in the agreement.

Upon our reasonable request, Vishay Intertechnology will use its reasonable best efforts to obtain from third parties the release of any security interest granted by Vishay Intertechnology on any of our assets. Borrowings under the Vishay Intertechnology credit facility are secured by certain of our assets in the United States, and pledges of stock of certain of our subsidiaries. Vishay Intertechnology will enter into an amended credit facility prior to the spin-off which would release this collateral. We have not evaluated any specific alternatives if Vishay Intertechnology is unable to obtain a release related to the credit facility or any other security interest, because we have no reason to believe that Vishay Intertechnology will be unable to obtain such releases.

Neither we nor Vishay Intertechnology will make any representation or warranty as to the assets or liabilities transferred or assumed, the value or freedom from any lien or other security interest of any assets transferred, the absence of any defenses relating to any claim of either party or the legal sufficiency of any conveyance documents or as to any consents or governmental approvals which may be required in connection with the transfers. Except as expressly set forth in the master separation agreement or in any ancillary agreement, all assets will be transferred on an "as is," "where is" basis. The absence of representations and warranties and the "as is, where is" nature of the spin-off is customary for transactions of this nature, in which we are acquiring all of our assets, subject to specified liabilities being assumed, without paying a fair market value purchase price. These characteristics of the spin-off may be considered to be unfavorable to us in comparison to the types of contractual protections we might be expected to receive from a seller if we were instead purchasing all of our assets from Vishay Intertechnology in an arms-length negotiated transaction.

Shortly following the distribution date, we will deliver to Vishay Intertechnology a statement setting forth our calculation of our net cash. We will provide Vishay Intertechnology with access to our records and employees to permit Vishay Intertechnology to evaluate such calculation. Disagreements as to our calculation of net cash will be referred to KPMG LLP for final and binding resolution. Depending on whether our net cash is less than or exceeds specified thresholds set forth in the master separation agreement, an adjustment will be made following the distribution date pursuant to which one party will make a payment to the other in the amount of the difference.

The Distribution

We and Vishay Intertechnology will agree to use reasonable best efforts to consummate the distribution. Among other things, the master separation agreement will require the parties to cooperate in respect of the separation and capital allocation transactions described above; cause the Form 10 registration statement of which this information statement forms a part to become and continue to be effective; distribute this information statement to Vishay Intertechnology stockholders; take any necessary action under state securities laws; list our common stock on the New York Stock Exchange; effect appropriate accounting allocations; and take various actions relating to our corporate governance following the separation. The obligations of the parties to effect the separation and distribution are subject to various conditions set forth in the master separation agreement and summarized elsewhere in this information statement.

The master separation agreement provides that Vishay Intertechnology will have sole discretion whether to proceed with the distribution, whether to modify any of its terms, including the terms described in this information statement, and to determine the timing and conditions of the distribution.

In accordance with the terms of the master separation agreement, we will appoint a registrar and transfer agent for the purpose of recording the ownership of our common stock and Class B common stock. On or prior to the distribution date, we will issue to Vishay Intertechnology, and Vishay Intertechnology will electronically deliver to the distribution agent, a sufficient number of shares of our common stock and Class B common stock for distribution to Vishay Intertechnology stockholders on the distribution date. On the distribution date, the record holders of Vishay Intertechnology common stock and Class B common stock as of the record date will be entitled to receive shares of our common stock and Class B common stock, respectively, in accordance with the respective distribution ratios. Promptly following the distribution date, the registrar and transfer agent will send to each of our stockholders of record an account statement showing the number of shares that they hold as of the distribution date. Fractional shares will not be issued, and instead, holders will receive cash, as described elsewhere in this information statement.

Additional Covenants

We and Vishay Intertechnology each will agree to provide each other after the separation with corporate books and records of the other in its possession. We and Vishay Intertechnology will also provide further assurance of execution and delivery of other documentation as necessary or desirable to effect the purposes of the master separation agreement.

We and Vishay Intertechnology will provide each other with information reasonably needed to comply with reporting, disclosure or filing requirements of governmental authorities; for use in judicial, regulatory, administrative and other proceedings or to satisfy audit, accounting, claims, regulatory litigation or similar requirements (other than claims or allegations that one party has against the other); to comply with obligations under the master separation agreement and ancillary agreements; for the preparation of required financial statements or completing an audit; for use in compensation, benefit or welfare plan administration or other bona fide business purposes; or to conduct ongoing business. The parties will agree to make their respective personnel available during normal business hours to discuss information that is exchanged. Each party will use commercially reasonable efforts to cooperate with respect to the other's financial reporting and audit obligations. Further, each party also will agree to use reasonable best efforts to retain information related to the precision measurement and foil resistor businesses in its possession or control in accordance with its retention policies as in effect immediately prior to the distribution date and other such policies.

Except in the case of adversarial actions by the parties against each other, each party will agree to use its reasonable best efforts to make available to the other party its current, former and future directors, officers, employees and other personnel or agents who may be used as witnesses and books, records and other documents which may reasonably be required in connection with legal actions.

Subject to customary exceptions, the parties will agree to hold in strict confidence and not to disclose without the other party's written consent, the confidential information of the other party. Each party will have sole authority to determine whether to assert or waive attorney-client, work product or other privileges with respect to its own information.

Cooperation with Respect to Know-how

We and Vishay Intertechnology will agree that if one party reasonably believes that the other may have an expectation of ownership in know-how or other technical information that has come to the attention of the personnel of the first party and that the first party proposes to utilize in its business, the first party will be required to bring this to the attention of the other. We and Vishay Intertechnology will agree to each designate at least one individual at a level equal to or above divisional P&L leader to discuss our respective rights to such know-how or information and to discuss requests from one party to the other for a license to utilize such information. Such license requests must be considered in good faith by the other party; however, nothing will require either party to enter into such a license.

Exchangeable Notes and Warrants

We will further agree to issue notes exchangeable for shares of our common stock to such persons, in such amounts, upon such terms and at such time as required by the put and call agreement between Vishay Intertechnology and the holders of the notes due December 13, 2102, to issue warrants to acquire our common stock to such persons, in such amounts, upon such terms and at such time as required by the warrant agreement between Vishay Intertechnology and American Stock Transfer and Trust Company; and to register the shares of VPG common stock issuable upon exchange of the exchangeable notes or exercise of the warrants on a resale registration statement on such terms and within such time periods as required by a securities investment and registration rights agreement to which Vishay Intertechnology is subject.

Release of Claims and Indemnification

We and Vishay Intertechnology each will agree to release each other and each other's respective current and former directors, officers, managers, agents, security holders, advisors, accountants, attorneys and other representatives from all liabilities existing or arising from any acts or events occurring or failing to occur on or before the distribution date. These releases will be subject to certain exceptions, including claims arising under the master separation agreement and the ancillary agreements; any specified liabilities; any liability assumed by a party pursuant to the master separation agreement; liability for goods and services in the ordinary course of business; and liability for claims of third parties for which indemnification or contribution is available under the master separation agreement.

Each of Vishay Intertechnology and we will agree to indemnify the other party and the other party's respective current and former directors, officers, and employees against liabilities arising out of or resulting from the failure of the indemnifying party to perform or discharge liabilities for which it is responsible under the master separation agreement; the business of such party; any liability contemplated to be assumed or retained by such party; any environmental liabilities for which such party is liable under the master separation agreement; any breach or failure to perform by such party of its obligations under the master separation agreement or ancillary agreements; or any material misstatement or omission of such party in this information statement or the Form 10 registration statement of which it forms a part. The amount of each party's indemnification obligations will be subject to reduction by any insurance proceeds received by the party being indemnified.

The master separation agreement will also specify procedures with respect to claims subject to indemnification and related matters. If indemnification is for any reason unavailable or insufficient to hold harmless the indemnified party, then the indemnifying party will contribute to the amount payable by the indemnified party in such proportion to place the indemnified party in the same position as if indemnification were available or, if that is not available or sufficient, in such proportion as reflects the parties' relative benefits and fault.

Contingent Gains and Liabilities

A contingent gain means a claim or right that has accrued as of the distribution date whose existence or scope was not acknowledged, fixed or determined as of the distribution date in any material respect. A contingent liability is a liability accrued as of the distribution date whose existence or scope was not acknowledged, fixed or determined as of the distribution date in any material respect. The master separation agreement will provide that each party will have the exclusive right to any contingent gain, and will indemnify the other party for any contingent liability, that relates exclusively to such party's business. The parties will share all other contingent gains, and will be responsible for all other contingent liabilities, in such manner and in such percentages as are set forth in the master separation agreement.

Insurance and Director and Officer Indemnification

Vishay Intertechnology will agree to use reasonable best efforts to cause our interests and rights as insureds or beneficiaries under any occurrence-based insurance policies of Vishay Intertechnology in respect of periods prior to the separation, or under any claims-made policies to the extent a claim has been submitted prior to the separation, to survive the separation. However, except as specifically provided, Vishay Intertechnology will not be required to maintain any tail or extended coverage for our benefit with respect to insurance policies in effect prior to the separation. Vishay Intertechnology will further agree to administer insurance policies on our behalf, but this will not relieve us of the obligation to file claims or limit our authority to settle any claim within the limits of the relevant insurance policy. If any insurer does not acknowledge insurance coverage with respect to any liabilities that we have assumed, at our expense and direction Vishay Intertechnology will pursue and recover insurance proceeds under the relevant policy on our behalf. We and Vishay Intertechnology will agree to use reasonable best efforts to cooperate with respect to the insurance matters contemplated by the master separation agreement. We will agree that Vishay Intertechnology will have no liability to us as a result of the insurance practices and policies of Vishay Intertechnology at any time prior to the separation.

Vishay Intertechnology will also use its reasonable best efforts to provide insurance (excluding insurance for any occurrences after the distribution) to those individuals who will be our officers, directors, employees, fiduciaries or agents at the time of the separation and who immediately prior to the separation were insured persons under the current directors and officers liability insurance policy of Vishay Intertechnology, with material terms and conditions no less favorable than those given to the officers, directors, employees, fiduciaries or agents of Vishay Intertechnology at such time, except that the insurance will exclude coverage for wrongful acts, errors or omissions occurring after the distribution date.

For a period of six years from the time of the separation, the amended and restated certificate of incorporation of Vishay Intertechnology and its amended and restated bylaws, to the extent they provide for indemnification of officers, directors, employees, fiduciaries or agents immediately prior to the separation, will not be amended in a manner that would adversely affect the rights of persons who at the time of the separation were our officers, directors, employees, fiduciaries or agents, except as required by law.

Except as otherwise expressly provided in the master separation agreement, as of the distribution date, Vishay Intertechnology will not be obligated to maintain insurance coverage with respect to our business, affairs, operations, assets or liabilities, and we will indemnify and hold Vishay Intertechnology harmless from any liabilities arising by reason of our failure to maintain such insurance.

Dispute Resolution

The dispute resolution procedures set forth in the master separation agreement will apply to all disputes, controversies and claims arising out of the master separation agreement, the ancillary agreements, the transactions that any of these agreements contemplate and the parties' commercial or economic relationship relating to the master separation agreement or any ancillary agreement.

Either party may commence the dispute resolution process by notice to the other party. The dispute notice, and the required written response of the other party, will set forth the position of the respective parties and a summary of their arguments. The parties will then attempt in good faith to resolve the dispute by negotiation between executives of each party who have authority to settle the dispute.

If the dispute has not been resolved within 60 days or if the parties fail to meet within 30 days after delivery of the dispute notice, the parties will make a good faith attempt to settle the dispute by mediation in accordance with the procedures set forth in the master separation agreement. If for any reason the dispute is not resolved through mediation within 180 days of delivery of the dispute notice, then the dispute will be submitted to binding arbitration under the auspices of the American Arbitration Association in Philadelphia, Pennsylvania.

The parties are not required to negotiate or mediate a dispute before seeking relief from an arbitrator or from a court regarding a breach of any obligation of confidentiality or any claim where interim relief is sought to prevent serious and irreparable injury. However, the parties are required to make a good faith effort to negotiate and mediate the dispute while the arbitration or court proceeding is pending.

Termination

The master separation agreement and any of the ancillary agreements may be terminated or the terms of the separation and distribution may be amended, modified or abandoned, in each case, at any time prior to the effective time by and in the sole and absolute discretion of Vishay Intertechnology, without our approval. In the event of such termination, neither party will have any liability of any kind to the other party.

Tax Matters Agreement

In connection with the master separation agreement, we will enter into a tax matters agreement with Vishay Intertechnology. This agreement will (1) govern the allocation of U.S. federal, state, local, and foreign tax liability between us and Vishay Intertechnology, (2) provide for certain restrictions and indemnities in connection with the tax treatment of the distribution, and (3) address certain other tax-related matters.

Allocation of Tax Liability

Until the distribution occurs, we will be included in Vishay Intertechnology's consolidated federal income tax returns and will be included with Vishay Intertechnology and/or certain Vishay Intertechnology subsidiaries in applicable combined or unitary state and local income tax returns.

- Under the tax matters agreement, Vishay Intertechnology generally will be liable for all U.S. federal, state, local, and foreign income taxes attributable to us with respect to taxable periods ending on or before the distribution date except to the extent that we have a liability for such taxes on our books at the time of the spin-off. Vishay Intertechnology also will be liable for income taxes attributable to us with respect to taxable periods beginning before the distribution date and ending after the distribution date, but only to the extent those taxes are allocable (using a closing of the books method) to the portion of the taxable period ending on the distribution date.

- With respect to non-income taxes that are attributable to a tax period prior to the spin-off, except the extent we have a liability on our books for such taxes at the time of the spin-off, Vishay Intertechnology will be responsible for one half of taxes.

- Vishay Intertechnology will prepare and file the U.S. consolidated federal income tax returns for all periods, including the taxable period in which we are included, and any Vishay Intertechnology combined, unitary, or consolidated state income tax returns for all periods, including those in which we are included. At our request, Vishay Intertechnology will prepare certain non-U.S. income tax returns for years that ended prior to 2010 that have not yet been filed. We will generally prepare and file all other tax returns attributable to us. Generally, Vishay Intertechnology will principally control any income tax audits for which they may need to indemnify us, and we will principally control any other tax audit for taxes attributable to us.

- Under the tax matters agreement, we have agreed to reimburse Vishay Intertechnology if it incurs a cash tax in one of the transactions leading up to the spin-off. Our obligation is limited by the tax benefit we receive as a result of the transaction.

Restrictions and Indemnities in Connection with the Tax Treatment of the Distribution

The tax matters agreement also will provide that we are liable for taxes incurred by Vishay Intertechnology that arise as a result of our taking or failing to take certain actions that result in the distribution failing to meet the requirements of a tax-free distribution under Sections 355 and 368(a)(1)(D) of the Code. We therefore have agreed that, among other things, we will not take any actions that would result in any tax being imposed on the spin-off. Specifically:

- During the two-year period following the spin-off, we will not liquidate, merge or consolidate with any other person, specific subsidiaries that conduct an active trade or business relied upon in connection with the request for a private letter ruling.

- During the two-year period following the spin-off, we will not dispose of any of our assets, except in the ordinary course of business.

- During the two-year period following the spin-off, we will continue (independently from Vishay Intertechnology, and with separate employees, officers, and directors from Vishay Intertechnology) the active conduct of the historic businesses relied upon in connection with the request for a private letter ruling that were conducted by us throughout the five-year period prior to the spin-off.

- We will not take, nor will we permit any of our subsidiaries to take, any action inconsistent with the information and representations furnished to the IRS in connection with the request for a private letter ruling with respect to the spin-off or to tax counsel pursuant to Section 4.3 of the master separation agreement.

- During the two-year period following the spin-off, we will not, and will not permit any of our subsidiaries, to purchase our capital stock.

- During the two-year period following the spin-off, we will not issue our capital stock to any person, other than pursuant to the exercise of employee, director, or consultant stock options, stock awards, stock purchase rights or other employment related arrangement under any stock incentive plan in existence immediately after the spin-off, provided in each case that such stock issuance meets the requirements for the safe harbor contained in Treasury Regulations Section 1.355-7(d)(8).

- We will not enter into any transaction or, to the extent we have the right to prohibit any such transaction, permit such transaction to occur, or enter into negotiations to enter into any transaction that may cause the spin-off to be treated as part of a plan or series of related transactions pursuant to which one or more persons acquire directly or indirectly our capital stock representing a “50-percent or greater interest” within the meaning of Section 355(d)(4) of the Code.

- We will not take any other action that would reasonably be expected to prevent the spin-off from qualifying as a transaction described in Section 355(a) of the Code.

In addition, we have agreed not to engage in certain of the actions described above, whether before or after the two-year period following the spin-off, if it is pursuant to an arrangement negotiated (in whole or in part) prior to the first anniversary of the spin-off.

We may, however, take certain actions prohibited by the tax matters agreement if we provide Vishay Intertechnology with a reasonably acceptable opinion of tax counsel or Vishay Intertechnology receives a supplemental private letter ruling from the IRS, to the effect that these actions will not affect the tax-free nature of the spin-off.

Trademark License Agreement

At or prior to the separation, we and Vishay Intertechnology will enter a trademark license agreement pursuant to which Vishay Intertechnology will grant us the license to use certain trademarks, trade names and domain names which include the term "Vishay."

License of Rights and Limitations

Vishay Intertechnology will grant to us the limited, exclusive, royalty-free right and license to use certain marks incorporating the name "VISHAY" in connection with the design, development, manufacture, marketing, provision and performance of foil resistors, foil resistor current sensors, strain gages, load cells, instrumentation for precision measurement, modules and systems incorporating these products, as well as other products and services. The license will be for our use in perpetuity throughout the world, unless the license is terminated in accordance with the terms of the trademark license agreement. Unless and until the trademark license is terminated, and for 24 months thereafter, we will also be allowed to use the name "Vishay Precision Group, Inc." as our corporate name.

We will agree that Vishay Intertechnology is making no representation or warranty to us regarding its right, title and interest in the licensed marks, the absence of any action relating to the licensed marks or the absence of any claim that use of the licensed marks violates the rights of any person.

While the trademark license agreement remains in effect, Vishay Intertechnology will agree that it will not use any of the licensed marks with respect to the design, development, manufacture, marketing, provision or performance of any goods or services, except that nothing precludes Vishay Intertechnology from identifying any of its goods and services with the corporate name Vishay Intertechnology, Inc.

Further, we will be prohibited from using certain document numbers on materials posted to the internet if a licensed mark appears anywhere in the materials or such materials would be accessible through an internet search using the licensed marks as search terms. We refer to these as the internet accessible materials. Notwithstanding the foregoing, for a period of 18 months following the separation, we will be permitted to use certain of such document numbers on internet accessible materials, which document numbers will be considered licensed marks for purposes of the trademark license agreement.

We also cannot use SKU numbers, part numbers, or any other number and/or letter sequence identified with any part designed, developed, manufactured, marketed or provided by Vishay Intertechnology, or likely to cause confusion with any part number used by Vishay Intertechnology without prior consent of Vishay Intertechnology.

Use Standards

All products and services that we manufacture, market, provide or perform under the licensed marks must be of high quality, free of material defects and performed with integrity and in a professional manner and must be in compliance with applicable law. We refer to these requirements as the applicable standards.

We will maintain appropriate process and quality controls with respect to the products and services using the licensed marks to assure compliance with the applicable standards. Vishay Intertechnology will have the right from time to time at reasonable intervals to receive from us at Vishay Intertechnology's sole expense, representative samples of our products and copies of all marketing materials using the licensed marks. We will work together with Vishay Intertechnology in order to remedy any failure to conform to the terms of the trademark license agreement or to comply with the applicable standards. Any dispute will be resolved in the manner provided in the master separation agreement.

Additional Marks; Registration; Enforcement

If we propose to use any additional marks containing the name "VISHAY," we will notify Vishay Intertechnology in advance in writing. If Vishay Intertechnology does not object in writing within thirty business days, it will be deemed to have approved the use of such mark. Notwithstanding the foregoing, no consent will be required in order for us to use any additional marks containing the name "VISHAY PRECISION" as long as the mark does not contain the name "INTERTECHNOLOGY."

At our reasonable request and expense, Vishay Intertechnology will procure and maintain the registration of any of the licensed marks. We will not register any of the licensed marks or any similar marks, unless authorized by Vishay Intertechnology in writing.

Vishay Intertechnology will license to us the use of certain internet domain names containing the name "VISHAY." If we propose to register an additional domain name containing the name "VISHAY," we will notify Vishay Intertechnology in writing, subject to an exception for domain names including the name "VISHAY PRECISION" and not including the name "INTERTECHNOLOGY." If Vishay Intertechnology does not object in writing within thirty business days, it will be deemed to have approved the additional domain name.

We and Vishay Intertechnology will cooperate so that the licensed marks will appear distinctive from marks utilized by Vishay Intertechnology.

We agree that unless otherwise specified in the trademark license agreement, we will not use the word "Vishay" unless it is immediately followed by the word "Precision."

Any dispute concerning our request to use additional marks, additional domain names or the appearances of our or Vishay Intertechnology's marks will be resolved in the manner provided in the master separation agreement.

We will agree to cooperate with Vishay Intertechnology in the protection of Vishay Intertechnology's rights in the licensed marks, as Vishay Intertechnology reasonably requests. Each party shall promptly advise the other party in writing of any actual or potential infringement, or any other unauthorized use of or violation of any of the licensed marks, of which it becomes aware. Vishay Intertechnology may take such action as it deems necessary or advisable to stop any infringement. We may request in writing that Vishay Intertechnology institute an action to stop an infringement. If Vishay Intertechnology does not institute an action within 30 days, we will be entitled to do so. Any monetary recovery or sums obtained in settlement of any action to stop an infringement will be allocated between the parties in a fair and equitable manner.

Termination

Vishay Intertechnology may terminate the trademark license agreement if:

- we willfully, intentionally and in bad faith breach any material provision of the agreement or willfully, intentionally and in bad faith fail to cure any other breach, with Vishay Intertechnology having given us 60 days notice to cure any breach that can be cured; or
- we, without the consent of Vishay Intertechnology, willfully and intentionally and in bad faith purport to assign our rights and obligations under the trademark license agreement in violation of the trademark license agreement; or
- we abandon the use of the licensed marks; or
- we file a petition under Chapter 7 of the U.S. Bankruptcy Code, or a petition under Chapter 7 is involuntarily filed against us and is not dismissed within 90 days of our receipt of notice of the filing.

If we in good faith dispute that Vishay Intertechnology has a valid basis for termination, the dispute will be resolved in the manner provided in the master separation agreement and the trademark license agreement will remain in effect until resolution of such dispute.

Any termination will not be effective less than 90 days after delivery to us of a notice of termination. If we in good faith dispute that Vishay Intertechnology has a valid basis for termination, the dispute will be resolved in the manner provided in the master separation agreement. Termination of the trademark license agreement will not relieve us of liability for breach.

Notwithstanding a termination, we will be entitled to continue to use the licensed marks and licensed domain names for a period of up to one year from the date of termination for the purpose of disposing of our then-existing inventory of products and/or promotional materials bearing the licensed marks, and for transitioning us to the use of other marks.

Assignment and Sublicense

The license will be assignable or sublicenseable to any majority owned subsidiary, provided that we remain responsible for the compliance by any such majority owned subsidiary with the terms of the trademark license agreement. We define a "majority owned subsidiary" as a subsidiary of ours (i) of which over 50% of the voting securities and over 50% of the outstanding equity interests, whether voting or non-voting, are owned by either us, one or more of such subsidiaries, or us and one or more of such subsidiaries, and (ii) which is engaged in the design, development, manufacture, marketing, provision and performance of products and services as part of a business under our management and control. If we transfer our business in the design, development, manufacture, marketing, provision and performance of products and services substantially as an entirety to a single purchaser or other single transferee, and thereafter we cease to be engaged in such business, the transferee will succeed to our rights and obligations. The following actions are not considered an assignment under the trademark license agreement: (1) assignment or transfer of our stock, including by way of a merger, consolidation, or other form of reorganization in which our outstanding shares are exchanged for securities, or (2) any transaction effected primarily for the purpose of (A) changing our state of incorporation or (B) reorganizing ourselves into a holding company structure such that, as a result of any such transaction, we become a wholly-owned subsidiary of a holding company owned by the holders of our securities immediately prior to such transaction.

Other Provisions

The trademark license agreement will also contain customary provisions with respect to confidentiality and indemnification.

Employee Matters Agreement

At or before the separation, we will enter into an employee matters agreement with Vishay Intertechnology that provides for the transition of employee benefits arrangements and allocates responsibility for certain employee benefit matters on and after the spin-off, including the treatment of existing welfare benefit plans, savings plans, equity-based plans and deferred compensation plans and our establishment of new plans. Some of the transactions to be addressed in the employee matters agreement have been effected as of January 1, 2010, to avoid a mid-year transition between plans.

References in this section to Vishay Intertechnology and us include the parties' respective subsidiaries as they will exist following the separation.

General Principles

The employee matters agreement will provide that, prior to the distribution date, to the extent not previously transferred, all employees of Vishay Intertechnology that are expected to be employed primarily in our business will be transferred to us.

Except as provided in the employee matters agreement, Vishay Intertechnology will retain as of the distribution date all liabilities under the Vishay Intertechnology benefit plans. Following the distribution date, we will reimburse Vishay Intertechnology for the cost of any liabilities satisfied or assumed by Vishay Intertechnology that are our responsibility, and Vishay Intertechnology will reimburse us for the cost of any liabilities that we satisfy or assume and that are the responsibility of Vishay Intertechnology.

Our employees who participate in an existing benefit plan of ours may either continue participation in that plan after the separation or transfer participation to a comparable plan that we will establish as contemplated by the employee matters agreement.

Except as otherwise agreed in writing between the parties, each employee of Vishay Intertechnology who becomes our employee will cease participation in the benefit plans of Vishay Intertechnology, effective as of a date on or after such employee's transfer to us but in no event later than the distribution date. We will provide employees of Vishay Intertechnology who become our employees with credit for all purposes, including eligibility, vesting, determination of benefit levels and benefit accruals, under our benefit programs, policies and plans to the same extent as was recognized by Vishay Intertechnology. We will also credit these employees with the amount of accrued but unused vacation time and other time-off benefits.

Retirement Plans

Vishay Intertechnology maintains various retirement plans, including a 401(k) plan (referred to as the Vishay Employee Savings Plus Plan) and a nonqualified deferred compensation plan for senior employees (referred to as the Vishay Key Employee Wealth Accumulation Plan or KEWAP). We have established or will establish similar plans for the benefit of our employees. Vishay Intertechnology has caused or will cause the accounts and underlying assets and liabilities under the Vishay Intertechnology plans for our employees who were participating in these plans to be transferred to our corresponding plans or, in the case of KEWAP assets, from a rabbi trust established by Vishay Intertechnology to one that we have established or will establish.

Vishay Intertechnology also maintains a defined benefit pension plan and a nonqualified defined benefit pension plan. Both of these plans are frozen, which means that participants retain their benefits, but do not accrue new benefits, and no new participants are admitted to the plan. We are not establishing a defined benefit plan, and our employees who participate in the Vishay Intertechnology plan will be treated the same as any other participant who terminates employment. We have established or will establish a nonqualified defined benefit plan, which will be frozen, and the accounts of our employees who participated in the corresponding Vishay Intertechnology plan will be transferred to our plan similar to the transfer of accounts under the 401(k) and KEWAP plans.

Health and Welfare Plans

Effective as of or before the distribution date, we have established health and welfare plans for the benefit of our employees, which provide the same type of benefits as do the corresponding plans of Vishay Intertechnology. These include health, life, dental, vision, prescription drug, short-term disability, long-term disability, and educational assistance coverage benefits. Our plans have waived and will waive preexisting condition and other limitations and exclusions, other than those that were in effect under the corresponding Vishay Intertechnology plan; waive any waiting period limitation or evidence of insurability requirement to the extent satisfied under the corresponding Vishay Intertechnology plan; and honor any deductibles, out-of-pocket maximums and co-payments incurred under the corresponding Vishay Intertechnology plan.

We have also established effective as of January 1, 2010, health care and dependent care flexible spending account plans for the benefit of our employees. To the extent an employee is transferred to us after that date and before the distribution date, the employee's accounts with the corresponding Vishay Intertechnology plans will be transferred to our plans.

We will be responsible for any workers' compensation liability up to the amount accrued on our balance sheet on the date such worker became our employee, and for any such liabilities resulting from a compensable injury or occupational disease of our employees on or after such date.

Equity Awards Generally

Outstanding equity awards of Vishay Intertechnology in the form of stock options, restricted stock units (RSUs) and phantom stock will be adjusted as a consequence of the spin-off.

Stock options. Effective as of the separation, Vishay Intertechnology will amend each outstanding grant of stock options made pursuant to the Vishay Intertechnology, Inc. 1998 Stock Option Program, Vishay Intertechnology 2007 Stock Incentive Program and the Amended and Restated 1998 Long-Term Incentive Plan of General Semiconductor, Inc. to reduce the exercise price of each of the options and increase the number of shares issuable upon exercise of each of the options according to the following formulas:

$$E_{Vs} = E_V \, x \, P_{Vs} / (P_{Vs} + r \, x \, P_{Ps})$$

and

$$N_{Vs} = N_V \, x \, E_V / E_{Vs}$$

where—

E_V	is the per share exercise price of the Vishay Intertechnology option prior to the spin-off
N_V	is the number of shares of common stock of Vishay Intertechnology issuable upon exercise of the option prior to the spin-off
E_{Vs}	is the per share exercise price of the Vishay Intertechnology option following the spin-off
P_{Vs}	is the per share market value of the common stock of Vishay Intertechnology following the spin-off
N_{Vs}	is the number of shares of Vishay Intertechnology issuable upon exercise of the option following the spin-off
P_{Ps}	is the per share market value of the common stock of Vishay Precision Group following the spin-off
r	is the distribution ratio for the spin-off.

Per share market value is a volume weighted-average of selling prices for the 10 trading days following the distribution date. The other terms of the Vishay Intertechnology stock options, including their remaining vesting schedule if any, will remain the same.

Phantom stock and restricted stock units. Effective as of the separation, Vishay Intertechnology will amend each outstanding grant of phantom stock awarded pursuant to the Vishay Intertechnology Senior Executive Phantom Stock Plan and each outstanding grant of restricted stock units (RSUs) (both those subject to ordinary vesting and those restricted stock units subject to performance-based vesting, sometimes referred to as performance share units or PSUs) awarded pursuant to the Vishay Intertechnology, Inc. 2007 Stock Incentive Program, to increase the number of shares of phantom stock and the number of RSUs applicable to such grants, according to the following formula:

$$N_{Vs} = N_V \, x \, [1 + r \, x \, P_{Ps} / P_{Vs}]$$

where "N_V" and "N_{Vs}" are the number of shares of Vishay Intertechnology common stock underlying the restricted stock units or phantom shares before and following the distribution date, respectively; and the other symbols have the same values as those assigned above with respect to the formulas for treatment of stock options.

Effective as of the separation, Vishay Intertechnology will also amend each outstanding grant of PSUs awarded pursuant to the Vishay Intertechnology, Inc. 2007 Stock Incentive Program to reduce by 10% the numeric value of each applicable performance goal that applies to periods following the separation.

The other terms of the Vishay Intertechnology phantom stock and RSUs, including the remaining vesting schedule of the RSUs, will remain the same.

Equity Awards Held by Employees of Vishay Precision Group

As described below, we expect to replace or offer to replace outstanding equity awards of Vishay Intertechnology held by our employees with similar awards of our own following the separation. These awards will be issued pursuant to the Vishay Precision Group, Inc. 2010 Stock Incentive Program, whose terms will be substantially similar to 2007 Vishay Intertechnology Stock Incentive Program. We will adopt the 2010 Program prior to the distribution date, and Vishay Intertechnology will cause the shares of our common stock issuable under the program to be registered on Form S-8. For a description of the terms of the 2010 Program, see "Executive Compensation—Equity Awards—Vishay Precision Group, Inc. 2010 Stock Incentive Program."

Stock options. All unvested awards of stock options held by employees of Vishay Precision Group will expire by their terms upon consummation of the spin-off. Vested but unexercised stock options held by employees of Vishay Precision Group will generally expire 60 days after consummation of the spin-off. All or the substantial majority of these options are expected to have an exercise price, as adjusted for the spin-off, that will be above the market price for Vishay Intertechnology common stock immediately following the distribution date.

Effective as of the separation, we will issue to our employees who hold unvested stock options of Vishay Intertechnology that will be forfeited as a result of the spin-off stock options under the 2010 Program in lieu of their Vishay Intertechnology stock options. We will also offer our employees who hold vested stock options of Vishay Intertechnology the opportunity to replace those options with options to acquire our common stock. In either case, the exercise price of each of the options that we will issue under the 2010 Program and the number of shares of our common stock issuable upon exercise of each of the options will be determined according to the following formulas:

$$E_{Ps} = E_V \, x \, P_{Ps} / (P_{Vs} + (r \, x \, P_{Ps}))$$

and

$$N_{Ps} = N_V \, x \, E_V / E_{Ps}$$

where—

E_{Ps} is the per share exercise price of the option to purchase our common stock.

N_{Ps} is the number of shares of our common stock issuable upon exercise of the option,

and the other symbols have the same values as those assigned above with respect to the formulas for treatment of stock options of Vishay Intertechnology. The other terms of the options to acquire our common stock will be the same as the options to acquire Vishay Intertechnology that they are intended to replace. In the case of our stock options issued in lieu of forfeited Vishay Intertechnology stock options, the vesting schedule for the options that we issue will be the same as the remaining vesting schedule of the forfeited Vishay Intertechnology options. If the exercise price of any options to acquire our common stock is less than the market value of our common stock on the date we issue the options, we may issue the options according to a different formula in order to comply with certain regulations under Section 409A of the Internal Revenue Code.

Restricted stock units and phantom stock units. The only one of our employees who holds RSUs and phantom stock of Vishay Intertechnology is Ziv Shoshani, who is expected to serve as our Chief Executive Officer. Phantom stock units are fully vested on issuance. The phantom stock units of Mr. Shoshani will be converted into shares of common stock of Vishay Intertechnology upon Mr. Shoshani's termination of his executive officer position with Vishay Intertechnology on the distribution date, and these shares will be treated in the spin-off the same as all other shares of Vishay Intertechnology common stock.

The unvested Vishay Intertechnology RSUs held by Mr. Shoshani will expire upon consummation of the spin-off. In lieu of the expiring Vishay Intertechnology RSUs, we will issue to Mr. Shoshani as of the distribution date our RSUs according to the following formula:

$$N_{Ps} = N_V \, x \, (r + P_{Vs} / P_{Ps})$$

where "N_V" is the number of shares of Vishay Intertechnology common stock underlying the Vishay Intertechnology RSUs before the distribution date and "N_{Ps}" is the number of shares of our common stock underlying our RSUs following the distribution date; and the other symbols have the same values as those assigned above with respect to the formulas for treatment of stock options. The other terms of our RSUs will be the same as the Vishay Intertechnology RSUs that they are intended to replace.

Non-U.S. Employees and Benefits

Approximately 88% of our employees are located outside of the United States. We intend to comply with local law and custom in each jurisdiction outside the United States in which we operate with respect to any consequences of the spin-off regarding employee rights and benefits. While many of our employees will be employed by the same legal entity irrespective of the separation, in some cases employees are being transferred from a Vishay Intertechnology entity to one of our entities. This transfer may affect the rights and benefits of the transferred employees. For example, in Israel we will be required to obtain the consent of transferred employees and assume certain employment related liabilities in order that the transfer will not be deemed a termination of employment. Any transfers in other jurisdictions may have similar requirements. We intend to observe all such requirements, as applicable.

Additional Matters

Vishay Intertechnology will acknowledge that, except as provided in the employee matters agreement, it will remain responsible for any compensatory arrangements previously provided by Vishay Intertechnology to our employees. Vishay Intertechnology and we will agree to assign to us, and cause our employees to consent to the assignment of, any agreement between Vishay Intertechnology and any of our employees, which are not replaced with agreements between us and the employees.

Vishay Intertechnology and we will acknowledge that, with certain exceptions, the separation and transfer of employment from Vishay Intertechnology to us will not constitute a termination of employment for purposes of any policy, plan, program or agreement of Vishay Intertechnology or a change of control for purposes of any benefit plan of Vishay Intertechnology or us.

The employee matters agreement will also address certain other matters, such as responsibility for COBRA coverage, compensation-related tax deductions and customary indemnification. The dispute resolution provisions of the master separation agreement will apply to disputes arising under the employee matters agreement.

Transition Services Agreement

On the distribution date, we and Vishay Intertechnology will enter into a transition services agreement pursuant to which Vishay Intertechnology, in its capacity as the provider, will provide us, in our capacity as the recipient, with certain information technology and other services for a limited time to help ensure an orderly transition following the separation. We do not expect total payments under the transition services agreement to exceed $500,000 in the aggregate. The substantial majority of such expense will be incurred under the transition services agreement. Unless otherwise indicated, in this section, references to the provider refer to the provider of services under each agreement and references to the recipient refer to the recipient of services under each agreement.

Services

Pursuant to the transition services agreement, Vishay Intertechnology, through its subsidiaries, will provide to us certain information technology support services for our foil resistor business at costs set forth in the transition services agreement.

The cost of the services to be provided may not necessarily be reflective of prices that could have been obtained for similar services from an independent third-party.

The provider will agree to perform its services in a workmanlike and professional manner, with the same degree of care as it exercises in performing its own functions of a like nature, utilizing individuals of suitable experience, training and skill, and in a timely manner in accordance with the terms of the agreement.

Service levels, if any, may be decreased from the initial service levels upon the recipient's delivery to the provider of advance written notice of such decrease. Any increase in the scope of services, including the addition of any new services, will be negotiated in good faith by the parties. The parties will acknowledge that certain services may be provided by third parties designated by the provider.

The transition services agreement will provide that the provider will maintain books and records in reasonable and customary detail pertaining to the provision of services. The recipient will have the right to inspect and audit such books and records. The provider will agree to provide the recipient with customary reports concerning the performance of the services and as the recipient reasonably requests from time to time.

Cooperation and Consents

Each party will agree to reasonably cooperate with the other in carrying out the provisions of the agreement, including, but not limited to, exchanging information, providing electronic systems used in connection with the services, making adjustments and obtaining all consents, licenses, sublicenses or approvals necessary to permit each party to perform its obligations under the agreement. In contemplation of termination of any services, the provider will agree to cooperate with the recipient at the recipient's expense in transitioning such services.

Confidentiality and Intellectual Property

Subject to customary exceptions, for a period of five years from receipt of confidential information of the other party, each party will agree to exercise reasonable precautions to prevent disclosure of confidential information to others; use such information only as provided in the agreement; and disclose such information only to its employees with a need to know such information.

Each party's data, software or other property or assets owned by such party will remain the sole and exclusive property and responsibility of such party.

Remedies

The recipient's sole remedy under the agreement will be either, at the election of the recipient, to require the provider to re-perform the service without payment by recipient; to provide recipient with a credit in an equivalent amount towards future purchase; or to require the provider to pay the cost or replacing such services with a third-party provider. Neither party's liability to the other for any loss arising out of or resulting from the agreement or the furnishing of services will, in any month, exceed three times the monthly price of the specific service which gives rise to the claim for such month.

Indemnification

Each party will indemnify the other from all liabilities to third parties relating to a breach of the agreement; gross negligence or willful misconduct; or infringement of third-party intellectual property in the performance of any service, in each case, by the indemnifying party, except to the extent that any such liabilities are caused by the indemnified party. The recipient will further agree to indemnify the provider for any sales, use or excise taxes, and for liabilities relating to the content of or defects in any of the recipient's inventory, material or other property, or the recipient's performance of services as agreed with the provider. The procedures with respect to claims subject to indemnification will be governed by the master separation agreement.

Term and Termination

The term of the agreement will end on the 18-month anniversary of the distribution date unless terminated earlier.

The provider will be permitted to terminate the agreement in the event an invoice remains unpaid for 60 days. Either party will be permitted to terminate the agreement if the other party materially breaches any of its obligations under the agreement and does not cure such breach within 30 days of receiving written notice from the non-defaulting party, or upon 30 days' written notice in the event of a bankruptcy, liquidation or similar occurrence. The recipient will be permitted to terminate the agreement upon 60 days' written notice, except that the recipient may not terminate the agreement earlier than 90 days after the distribution date.

Dispute Resolution

The parties will agree to use their respective reasonable best efforts to resolve expeditiously any disputes between them with respect to the matters covered by the agreement. In the event that the parties are unable to resolve a dispute, the dispute will be resolved in accordance with the procedures set forth in the master separation agreement.

Secondment Agreement

Vishay Intertechnology has agreed to second to us two of its employees, Dr. Felix Zandman and Reuven Katraro, in accordance with the terms of the secondment agreement. We refer to each of Dr. Zandman and Mr. Katraro as a secondee. Pursuant to the secondment agreement, Vishay Intertechnology is required to make each secondee available to us for the services specified in the secondment agreement for up to 5% of the secondee's professional working time on a monthly basis. The initial term of the secondment agreement will expire on the first anniversary of its execution and will thereafter automatically renew for additional one year periods unless sooner terminated.

The secondees are required to perform the services requested by our CEO, who is required to consult with the CEO of Vishay Intertechnology with respect to scheduling of the provision of the services. The secondees will at all times remain employees of Vishay Intertechnology. In consideration for the secondees' services to us, we will pay to Vishay Intertechnology an annual fee specified in the secondment agreement in monthly installments. We will be responsible for reasonable out-of-pocket business expenses incurred by Vishay Intertechnology or either secondee in connection with the services provided. Any invention, development, improvement, process, or design relating to our activities will be our absolute property, except that the same cannot incorporate the intellectual property of Vishay Intertechnology without its consent. We may terminate the secondment agreement at any time upon 30 days written notice. Either party is permitted to terminate the agreement upon breach; bankruptcy; or inability of a secondee to perform the required services. The secondment agreement will also contain customary provisions with respect to confidentiality and indemnification.

Supply Agreements

After the distribution, we and Vishay Intertechnology each will require certain products manufactured by the other for manufacture and sale of our respective products. Accordingly, we and Vishay Intertechnology or one or more of our respective subsidiaries, will enter into multiple supply agreements pursuant to which one party will be obligated to supply to the other certain products described in the supply agreements, up to a maximum aggregate quantity for each product, at pricing set forth in the supply agreements. The term of each supply agreement shall be perpetual unless sooner terminated. However, either party may terminate any of the supply agreements at any time upon written notice to the other party at least one year prior to the requested date of termination. The parties will negotiate in good faith as to the pricing for each product on an annual basis taking into account ascertainable market inputs.

The supplier will be required to notify the buyer of any change in a product or its manufacture and the buyer will be required to accept the change or notify the supplier that the change is unacceptable, in which case the product will be treated as a discontinued product. At any time the supplier may notify the buyer that the supplier is discontinuing the manufacture and sale of a product and the buyer will have the opportunity to place a written last time buy order at the purchase price in effect as of the discontinuation notice. The buyer will be obligated to provide forecasts as to quantity needed to the supplier in accordance with the supply agreements. The supplier will warrant that the products conform to the specifications set forth in the supply agreement, will be free from material defects and will be manufactured in accordance with good manufacturing practice and applicable law. The buyer will be required to make any claims regarding any non-conforming product within 1 year of shipment and the supplier's liability for such claims will be limited to refund or replacement. Nothing, however, will limit the obligations of the supplier in respect of third party claims arising from non-conforming products. The supply agreement will also provide for customary covenants and indemnification provisions. Any disputes between the parties will be resolved in accordance with the procedures set forth in the master separation agreement.

Patent License Agreement

In connection with the separation and distribution, we and Vishay Dale Electronics, Inc., a subsidiary of Vishay Intertechnology, will enter into a patent license agreement pursuant to which Vishay Dale Electronics will grant us a non-exclusive, royalty-free, worldwide license under a U.S. patent covering a surface mounted foil resistor to make, have made, use, sell, offer for sale, export and import products until the expiration of the patent, subject to certain termination rights. The license will be sublicenseable by us to direct or indirect wholly-owned subsidiaries, so long as we remain responsible for compliance with the terms of the patent license agreement by our subsidiaries. Vishay Dale Electronics will make customary warranties and the patent license agreement will contain customary disclaimer and indemnification provisions. In addition, we will indemnify Vishay Dale Electronics in any action arising by reason of the manufacture, marketing, sale, or other activity with respect to the products we manufacture under the patent or which incorporate a portion of such a product. Any disputes between the parties will be resolved in accordance with the procedures set forth in the master separation agreement, except that all proceedings provided for in the master separation agreement must be conducted in Philadelphia, Pennsylvania.

Lease Agreements

We and Vishay Intertechnology, or our respective subsidiaries, will enter into lease agreements for space in Be’er Sheva, Israel; Malvern, Pennsylvania; Akita, Japan; and Holon, Israel. In each case, the lease will be at a market rate and on customary terms for a lease of its nature.

Be’er Sheva Lease

Vishay Intertechnology will lease to us approximately 14,000 square feet of space in Be’er Sheva, Israel for a term of 5 years, for purposes of manufacturing foil technology products. We will have the option to extend the term for 5 periods of 1 year each on the terms of the lease agreement. We will also be allowed to use certain common areas of the building. In addition to rent, we will pay our proportionate share of all taxes and insurance costs, including our use of the leased space and the common areas.

Other Leases

Vishay Intertechnology will lease to us or one of our affiliates 2 rooms in its facility located in Malvern, Pennsylvania for a term of 5 years, to provide a quality assurance laboratory and a demonstration kit laboratory for 2 of our personnel.

We will lease to Vishay Intertechnology approximately 2,000 square feet of space in Akita, Japan for a term of 5 years, for quality assurance operations. The term will be automatically renewed for successive five-year terms unless either party notifies the other in writing of termination at least 6 months prior to expiration of the term. In addition to rent, Vishay Intertechnology will be responsible for certain costs and expenses, including all consumption tax related to such costs and expenses. In addition, we will grant to the lessee a right of first refusal in the event that we desire to sell the building and the underlying land, which right will be exercisable during the term of the lease, subject to certain terms and conditions set forth in the lease agreement.

Finally, we will lease to Vishay Intertechnology approximately 13,000 square feet of space in Holon, Israel on a short-term basis. Vishay Intertechnology currently maintains its administrative offices in the building and we will be leasing this space to Vishay Intertechnology until their relocation.

Other Agreements

We and Vishay Intertechnology will also enter into certain other agreements. These include agreements relating to the manufacture of strain gages by a subsidiary of Vishay Intertechnology for certain European aerospace customers under which we will license certain technology to the Vishay Intertechnology subsidiary for a ten year period, and we will have a five year option to acquire the manufacturing operation from the Vishay Intertechnology subsidiary at a formula price. We will also enter into an agreement with Vishay Intertechnology pursuant to which a subsidiary of Vishay Intertechnology will serve as a manufacturer on our behalf with respect to the finishing of certain foil resistor chips supplied by one of our subsidiaries.

Interests in Vishay Intertechnology

Certain of our directors and executive officers own Vishay Intertechnology common stock and vested Vishay Intertechnology options and other equity instruments. Following the spin-off, we expect our directors and executive officers to beneficially own [ ] shares of Vishay Intertechnology common stock, based on their holdings as of [date].

We expect to replace or offer to replace outstanding equity awards of Vishay Intertechnology held by our employees with similar awards of our own following the separation. See “Employee Matters Agreement – Equity Awards Held by Employees of Vishay Precision Group” above.

Other Related Party Transactions

Vishay Intertechnology maintains, and we expect to maintain, employment agreements with Ziv Shoshani, who is expected to be our President and Chief Executive Officer. See “Executive Compensation” above.

We historically have had significant agreements, transactions, and relationships with Vishay Intertechnology operations outside the defined scope of our business. See Note 3 to our combined and consolidated financial statements.

Dubi Zandman will be our Vice President responsible for Systems division operations. Mr. Dubi Zandman is a cousin of Dr. Felix Zandman. For 2009, Mr. Dubi Zandman received salary and benefits of $187,496.

Steven Klausner will be our Vice President – Treasurer. Mr. Klausner is the brother-in-law of Marc Zandman, who, following the spin-off will become the non-executive chairman of our board of directors, and the son-in-law of Dr. Felix Zandman. For 2009, Mr. Klausner received salary and benefits of $177,619.

We expect that our board of directors or its committees will adopt a written related party transaction policy, which will govern transactions between our company and our directors and executive officers and their families; stockholders owning in excess of 5% of any class of our securities; and certain affiliates of these persons.

DESCRIPTION OF OUR CAPITAL STOCK

The following description is a summary of the material terms of our capital stock and reflects our charter and bylaws that will be in effect at the time of the spin-off. We will file our charter and bylaws as exhibits to our registration statement on Form 10.

Our capital structure will be substantially congruent with the capital structure of Vishay Intertechnology. The aggregate number of shares of capital stock which we have authority to issue is [ ] shares: [ ] shares of preferred stock, par value $1.00 per share, [ ] shares of common stock, par value $0.10 per share, and [ ] shares of Class B common stock, par value $0.10 per share.

Holders of Vishay Intertechnology common stock and Vishay Intertechnology Class B common stock will receive [ratio] shares of our common stock or our Class B common stock, respectively, for each share of Vishay Intertechnology common stock or Vishay Intertechnology Class B common stock, respectively, that they own as of [record date].

As of May 6, 2010, Vishay Intertechnology had 172,288,582 shares of common stock and 14,352,839 shares of Class B common stock outstanding.

Common Stock and Class B Common Stock

After any required payment on shares of preferred stock, holders of common stock and Class B common stock will be entitled to receive, and share ratably on a per share basis in, all dividends and other distributions declared by our board of directors. In the event of a stock dividend or stock split, holders of common stock will receive shares of common stock and holders of Class B common stock will receive shares of Class B common stock. Neither the common stock nor the Class B common stock may be split, divided or combined unless the other is split, divided or combined equally.

The holders of common stock will be entitled to one vote for each share held. Holders of Class B common stock will be entitled to 10 votes for each share held. The common stock and the Class B common stock will vote together as one class on all matters subject to stockholder approval, except as set forth in the following sentence. The approval of the holders of common stock and of Class B common stock, each voting separately as a class, will be required to authorize issuances of additional shares of Class B common stock other than in connection with stock splits and stock dividends.

Shares of Class B common stock will be convertible into shares of common stock on a one-for-one basis at any time at the option of the holder thereof. The Class B common stock will not be transferable except to the holder’s spouse, certain of such holder’s relatives, certain trusts established for the benefit of the holder, the holder’s spouse or relatives, corporations and partnerships beneficially owned and controlled by such holder, such holder’s spouse or relatives, charitable organizations and such holder’s estate. Upon any transfer made in violation of those restrictions, shares of Class B common stock will be automatically converted into shares of common stock on a one-for-one basis.

Neither the holders of common stock nor the holders of Class B common stock will have any preemptive rights to subscribe for additional shares of our capital stock.

We expect that our common stock will be listed on the New York Stock Exchange under the symbol “VPG.” We do not anticipate any public market for shares of our Class B common stock.

Preferred Stock

Our board of directors is authorized, without further stockholder approval, to issue from time to time up to an aggregate of [ ] shares of preferred stock in one or more series. The board of directors may fix or alter the designation, preferences, rights and any qualification, limitations, restrictions of the shares of any series, including the dividend rights, dividend rates, conversion rights, voting rights, redemption terms and prices, liquidation preferences and the number of shares constituting any series. No shares of our preferred stock are currently outstanding.

Warrants

In connection with an acquisition, on December 13, 2002, Vishay Intertechnology issued Class A warrants to acquire 7,000,000 shares of Vishay Intertechnology common stock at an exercise price of $20.00 per share and Class B warrants to acquire 1,823,529 shares of Vishay Intertechnology common stock at an exercise price of $30.30 per share. With the exception of the exercise price, the Class A warrants and the Class B warrants have identical terms and provisions. Under the terms of these warrants, on the date of the spin-off, each holder of an outstanding and unexercised warrant is entitled to a warrant evidencing a right to purchase a number of shares of our capital stock that the holder would have received had the holder exercised the Vishay Intertechnology warrants immediately prior to the record date for the spin-off. The terms of the warrants to acquire our common stock will be the same as the terms of the Vishay Intertechnology warrants, except that the exercise price will be determined, subject to further adjustment in accordance with the terms of the warrants, according to the following formula:

$$E_s = E_o \times P_s / (P_p + (r \times P_s))$$

where:

- E_s is the exercise price per share of our common stock of the warrants that we will issue.
- E_o is the exercise price per share of the Vishay Intertechnology common stock of the relevant Vishay Intertechnology warrant immediately prior to adjustment for the spin-off.
- P_p is the average of the daily market prices of the Vishay Intertechnology common stock for the ten full consecutive trading days following the date on which the spin-off is consummated.
- P_s is the fair market value per share of our common stock.
- r is the number of our shares distributed pursuant to the spin-off in respect of each share of Vishay Intertechnology common stock.

“Fair market value” for these purposes means the average daily market price of the shares of our common stock for the first ten consecutive trading days following the date on which the spin-off is consummated; provided that if our shares do not begin trading within two trading days of the consummation of the spinoff or do not trade for at least ten consecutive trading days within 20 days after the spin-off, then the “fair market value” of the shares of our common stock will be determined by an investment banking firm of national reputation and standing selected by Vishay Intertechnology and reasonably acceptable to a majority of the holders of the Vishay Intertechnology warrants on the record date for the spin-off.

“Daily market price” for any trading day means the volume-weighted-average of the per share selling prices on the New York Stock Exchange or other principal United States securities exchange or inter-dealer quotation system on which the relevant security is then listed or quoted or, if there are no reported sales of the relevant equity security on such trading day, the average of the high bid and low ask prices for the relevant equity security or, if there are no high bid and low ask prices, the daily market price will be the per share fair market value of the relevant equity security as determined by an investment banking firm of national reputation and standing selected by Vishay Intertechnology and reasonably acceptable to a majority of the holders of the Vishay Intertechnology warrants.

Following the spin-off, the exercise price of each Vishay Intertechnology warrant will be adjusted in accordance with the following formula:

$$E_n = E_o \times P_p / (P_p + (r \times P_s))$$

where:

E_n is the adjusted exercise price per share of Vishay Intertechnology common stock of the Vishay Intertechnology warrants,

and the other symbols in this formula have the meanings specified with respect to the preceding formula.

As of the distribution date, we intend to issue Class A warrants and Class B warrants to acquire shares of our common stock to the holders of the Vishay Intertechnology warrants, as required by the term of those warrants. We will also enter into a warrant agreement with American Stock Transfer and Trust Company, as warrant agent, in substantially the same form as the warrant agreement for the Vishay Intertechnology warrants, dated December 13, 2002. The Vishay Intertechnology warrant agreement was filed by Vishay Intertechnology as an exhibit to its Form 8-K dated December 23, 2002.

The warrant agreement, to which the form of warrants will be annexed, will be the document that governs our Class A warrants and Class B warrants, and it will be filed upon its execution, at or about the time of the separation. The following summary description of the warrants sets forth some general terms and provisions of the warrants, but the summary does not purport to be complete and is qualified in all respects by reference to the actual text of the warrants and the warrant agreement. As used below, the term warrants refers to both our Class A warrants and Class B warrants.

Exercise

The warrants may be exercised at any time until their expiration date on December 13, 2012. Each warrant holder will be able to exercise the warrants, in whole or in part, by delivering to us the certificate representing the warrants, the exercise notice properly completed and executed and payment of the aggregate exercise price for the number of shares of our common stock as to which the warrant is being exercised. We will not issue any fractional shares of our common stock and instead will pay a cash adjustment equal to the product resulting from multiplying the fractional amount by the daily market value of one share of our common stock on the trading day prior to the date the warrant is exercised.

Exercise price

The exercise price of the warrants will be determined as set forth above. The exercise price, and the number of shares of our common stock, or the amount and type of other securities or property issuable upon exercise, will be subject to adjustment in the manner provided in the warrant agreement in any of the following circumstances:

- if we declare a stock dividend, stock split or reverse stock split or if there is a reclassification or reorganization of our common stock or if we make distributions on our common stock payable in common stock; or
- if we issue any evidence of indebtedness, shares of stock or any other securities to all holders of our common stock by reclassification of our common stock; distribute any rights, options or warrants to purchase or subscribe for any evidence of indebtedness, shares of stock or any other securities to all holders of our common stock; distribute cash (other than regular quarterly or semi-annual cash dividends) or other property to all holders of our common stock; or issue by means of a capital reorganization other securities of ours in lieu of or in addition to common stock; or

- if we distribute any rights, options or warrants to holders of our common stock at a price per share less than 90% of the daily market price of our common stock on the record date for the distribution; provided that if the exercise period is for a period of more than 60 days after the record date we will distribute the same rights, options or warrants to the warrant holders on the record date as if the warrant holders had exercised their warrants immediately prior to the record date; or

- if any person or entity acquires us in a transaction in which we are merged with or into or consolidated with another person or entity, or if we sell or convey all or substantially all of our assets to another person or entity, in which case the holder of a warrant, at the holder's election, will be entitled to receive either the kind and number of shares, securities, cash, assets or other property which the holder would otherwise have been entitled to receive had the holder exercised the warrants before the transaction, or, subject to certain exceptions, the cash value of the option according to the Black-Scholes pricing model, or, if the acquirer is a reporting company under the Securities Exchange Act and is offering a combination of cash and shares, a warrant exercisable for securities of the acquirer having an adjusted exercise price but otherwise having the same terms as our warrant and cash; or

- if we make a distribution to all holders of our common stock consisting of the capital stock of one of our subsidiaries or other business units, similar to the spin-off.

If we liquidate, dissolve or wind up our affairs, other than in connection with a consolidation, merger or sale or conveyance of all or substantially all of our assets or a spin-off transaction, then the warrants will expire at the close of business on the last full business day before the earliest record date fixed for the payment of any distributable amount on our common stock.

Transfer of Warrants

Each warrant may be presented for transfer at any time on or prior to its expiration date. Any proposed transfer of the warrants must be made pursuant either to an exemption from the registration requirements of the Securities Act or to an effective registration statement. In addition, each transfer must be made in accordance with the applicable securities laws of any state of the United States or any other applicable jurisdiction. If the transfer of the warrants is being made pursuant to an exemption from the registration requirements of the Securities Act, we may require that the warrant holder deliver to us an agreement by the transferee to be bound by certain restrictions on transfer set forth in the warrant agreement. We may also require an opinion of counsel that the transfer complies with applicable securities laws.

Registration Rights

Under the terms of a securities investment and registration rights agreement, dated as of December 13, 2002, executed by Vishay Intertechnology in favor of the holders of the warrants, Vishay Intertechnology has agreed to take such action as is reasonably necessary to cause us to register our shares of common stock issuable upon exercise of our warrants on a resale registration statement on terms substantially identical to the terms and conditions of the Vishay Intertechnology agreement. These include but are not limited to the indemnification, piggyback registration and holdback provisions of that agreement. Also, upon the written request of one or more holders of our warrants requesting that Vishay Intertechnology effect the disposition of the shares of common stock issuable upon exercise on a resale registration statement by means of an underwritten offering, Vishay Intertechnology is required to cause us to cooperate with the warrant holders to facilitate the underwritten offering. We will not be obligated to effect more than two underwritten offerings for all holders of warrants in the aggregate or more than one underwritten offering for the holders of warrants in any 12-month period, or effect an underwritten offering unless the offering will result in gross proceeds of not less than $30,000,000, before deducting underwriting commissions. Under the terms of the master separation agreement, we have agreed with Vishay Intertechnology that we will comply with these provisions.

Certain Provision of our Certificate of Incorporation and Bylaws

Certain provisions in our proposed amended and restated certificate of incorporation and bylaws summarized below may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders. These provisions are intended to enhance the continuity and stability of the board of directors and its policies.

Board of Directors

Our certificate of incorporation will provide that our board of directors will have exclusive authority to establish the size of the board. This authority may serve to generally delay, deter or impede changes in control of our board of directors.

Class B Common Stock

Our Class B common stock will have 10 votes per share. As a result, we anticipate that following the separation, Dr. Felix Zandman will have voting power over 99.4% of our shares of Class B common stock, giving him the power to cast approximately 45% of the outstanding voting power of our company following the separation. For so long as Dr. Zandman or his successors retain voting power at this level, it is unlikely that a takeover of our company to which Dr. Zandman or those successors are opposed could be successfully implemented.

Special Stockholder Meetings

Under our proposed bylaws, only our board of directors or the chairman of our board of directors will be able to call a special meeting of stockholders.

Requirements for Advance Notification of Stockholder Nomination and Proposals

Under our proposed bylaws, stockholders of record will be able to nominate persons for election to our board of directors or bring other business constituting a proper matter for stockholder action only by providing proper notice to our secretary. Proper notice must be timely, in the case of annual meetings, no earlier than 90 days and no later than 60 days prior to the first anniversary of the prior year's annual meeting, and must include, among other information, the name and address of the stockholder giving the notice; a representation that such stockholder is a holder of record of our common stock or Class B common stock as of the date of the notice, as well as written representations from each proposed nominee concerning the absence of any undisclosed voting commitments or compensatory arrangements, and certain other matters; if applicable, certain information relating to each person whom such stockholder proposes to nominate for election as a director; and if applicable, a brief description of any other business and the text of any proposal such stockholder proposes to bring before the meeting and the reason for bringing such proposal.

Delaware Law

Section 203 of the Delaware General Corporation Law ("DGCL") provides that if a person acquires 15% or more of the voting stock of a Delaware corporation, such person becomes an "interested stockholder" and may not engage in certain "business combinations" with the corporation for a period of three years from the time such person acquired 15% or more of the corporation's voting stock, unless: (1) the board of directors approves the acquisition of stock or the merger transaction before the time that the person becomes an interested stockholder, (2) the interested stockholder owns at least 85% of the outstanding voting stock of the corporation at the time the merger transaction commences (excluding voting stock owned by directors who are also officers and certain employee stock plans), or (3) the merger transaction is approved by the board of directors and by the affirmative vote at a meeting, not by written consent, of stockholders holding two-thirds of the outstanding voting stock that is not owned by the interested stockholder. Our board of directors will approve the spin-off for purposes of Section 203, such that any person who acquires 15% or more voting power of our company's stock by virtue of the spin-off will not attain the status of an "interested stockholder" as a result thereof. A Delaware corporation may elect in its certificate of incorporation or bylaws not to be governed by Section 203 of the DGCL. We do not intend to make that election.

Limitation on Liability of Directors and Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against amounts paid and expenses incurred in connection with an action or proceeding to which he is or is threatened to be made a party by reason of such position, if such person shall have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal proceeding, if such person had no reasonable cause to believe his conduct was unlawful; provided that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the adjudicating court determines that such indemnification is proper under the circumstances.

Our certificate of incorporation provides that every person who is or was a director, officer, employee or agent of the corporation shall be indemnified by the corporation against all judgments, payments in settlement, fines, penalties, and other reasonable costs and expenses resulting from any action, proceeding, investigation or claim which is brought or threatened by or in the right of our company or by anyone else by reason of such person being or having been a director, officer, employee or agent of us or any act or omission of such person in such capacity. Such indemnification shall be available either if such person is wholly successful in defending such action or if, in the judgment of a court or the board of directors or in the opinion of independent legal counsel, such person acted in good faith in what he reasonably believed to be in the best interests of the corporation and was not adjudged liable to the corporation, and, in any criminal action, had no reasonable cause to believe that his action was unlawful. In the case of a derivative action, such indemnification shall not be made other than in respect of a court-approved settlement or if, in the opinion of independent counsel, the person satisfied the standard of conduct specified in the prior sentence, the action was without substantial merit, the settlement was in the best interests of our company and the payment is permissible under applicable law. Directors may authorize the advancement of reasonable costs and expenses in connection with any such action to the extent permitted under Delaware law.

Our certificate of incorporation further provides that no director shall have any personal liability to us or to our stockholders for any monetary damages for breach of fiduciary duty, to the extent permitted under the Delaware General Corporation Law.

We expect to maintain between $20 million and $30 million of insurance to reimburse our directors and officers and the directors and officers of our subsidiaries, for charges and expenses incurred by them for wrongful acts claimed against them by reason of their being or having been directors or officers of our company or any of its subsidiaries. Such insurance specifically excludes any director or officer for any charge or expense incurred in connection with various designated matters, including libel or slander, illegally obtained personal profits, profits recovered by us pursuant to Section 16(b) of the Exchange Act and deliberate dishonesty.

Other Matters

We intend to furnish to our stockholders annual reports containing financial statements audited by an independent registered public accounting firm. Ernst & Young LLP has been selected as our independent registered public accounting firm for the year ending December 31, 2010.

We expect that our common stock will be listed on the New York Stock Exchange under the symbol “VPG.”

American Stock Transfer & Trust Company will be the transfer agent and registrar of our common stock and Class B common stock.

DESCRIPTION OF CERTAIN INDEBTEDNESS

Exchangeable Notes

In connection with the same acquisition in which Vishay Intertechnology issued its warrants, on December 13, 2002, Vishay Intertechnology issued $105,000,000 in nominal (or principal) amount of its floating rate unsecured exchangeable notes due 2102. The notes are governed by a note instrument, made by Vishay Intertechnology on December 13, 2002, and a put and call agreement, dated as of December 13, 2002. The notes may be put to Vishay Intertechnology in exchange for shares of its common stock and, under certain circumstances, may be called by Vishay Intertechnology for similar consideration. The put/call rate is currently $17.00 of nominal amount of the notes per share of Vishay Intertechnology common stock.

Under the terms of the put and call agreement, by reason of the spin-off, Vishay Intertechnology is required to take action, and cause us to take action, so that the existing notes are deemed exchanged as of the date of the spin-off, for a combination of new notes of Vishay Intertechnology and notes issued by us. Under the terms of the master separation agreement, we have agreed with Vishay Intertechnology that we will comply with these provisions. The terms of the new Vishay Intertechnology notes and our notes will be identical to the terms of the existing notes, except for adjustments to the put/call rate, the nominal amounts of the notes and certain other stock price-dependent parameters described below.

As provided in the put and call agreement, the put/call rate of the notes that we will issue, and the put/call rate of the new Vishay Intertechnology notes, will be determined in accordance with the following formulas, respectively:

$$R_s = R_o \times P_s / (P_p + (r \times P_s))$$
$$R_n = R_o \times P_p / (P_p + (r \times P_s))$$

where:

R_s is the put/call rate of the notes that we will issue;

R_n is the put/call rate of the new Vishay Intertechnology notes;

R_o is the put/call rate of the existing Vishay Intertechnology notes immediately prior to adjustment for the spin-off;

P_p is the average of the daily market prices of Vishay Intertechnology common stock for the ten consecutive trading days following the date on which the spin-off is consummated;

r is the number of our shares of common stock distributed pursuant to the spin-off in respect of each share of Vishay Intertechnology common stock; and

P_s is the fair market value per share of our shares of common stock.

Fair market value of the shares of our common stock and daily market price are defined as described above under “Capital Stock—Warrants.”

The nominal amount of each note that we issue, and the nominal amount of each new note that Vishay Intertechnology will issue, will be determined in accordance with the following formulas, respectively:

$$A_s = A_o \times (P_s \times r) / (P_p + (P_s \times r))$$
$$A_n = A_o \times P_p / (P_p + (r \times P_s))$$

where:

A_s is the nominal amount of the note that we issue in exchange for a Vishay Intertechnology note;

A_n is the nominal amount of the new Vishay Intertechnology note issued in exchange for a Note;

A_o is the nominal amount of the exiting Vishay Intertechnology note,

and the other symbols in this formula have the meanings specified with respect to the first formula in this section.

These adjustments will become effective immediately after their determination, retroactive to the date of the spin-off. Vishay Intertechnology will be obligated to give written notice of the spin-off to the holder of the existing notes at least ten days before the record date for the spin-off.

We intend to issue the notes as soon as practicable following the distribution date, after the terms of the notes that we will issue are determined. We will also execute a note instrument and enter into a put and call agreement with American Stock Transfer and Trust Company, as put/call agent, in substantially the same form as the corresponding Vishay Intertechnology documents, which were filed by Vishay Intertechnology as an exhibit to its Form 8-K dated December 23, 2002. The note instrument and the put and call agreement will be the documents that will govern the notes that we issue. They will be filed upon their execution, as soon as practicable following the separation. The following summary description of the notes sets forth some general terms and provisions of the notes, but the summary does not purport to be complete and is qualified in all respects by reference to the actual text of the note instrument and the put and call agreement.

Interest

The notes will bear interest at LIBOR. Interest will be payable quarterly on March 31, June 30, September 30 and December 31 of each calendar year. Interest on any overdue amounts under the notes will be payable at the rate of 1% per annum over the otherwise applicable rate. If at any time ending on December 31, 2010, our common stock has a market value equal to or more than the target price per share (referred to in the put and call agreement as the interest rate hurdle) for 30 or more consecutive trading days, then the rate of interest on the notes for all interest periods commencing on or after January 1, 2011 will be 50% of LIBOR.

The interest rate hurdle of the notes we will issue, and the interest rate hurdle of the new notes that Vishay Intertechnology will issue, will be determined in accordance with the following formulas, respectively:

$$I_s = I_o \times P_s / (P_p + (r \times P_s))$$
$$I_n = I_o \times P_p / (P_p + (r \times P_s))$$

where:

I_s is the interest rate hurdle for our notes;

I_n is the adjusted interest rate hurdle for the new Vishay Intertechnology notes;

I_o is the interest rate hurdle of the existing Vishay Intertechnology notes immediately prior to spin-off, with the current interest rate hurdle being $45.00,

and the other symbols in this formula have the meanings specified with respect to the first formula in this section.

Market value has the same meaning as daily market price, which is defined under "Capital Stock—Warrants."

Transfer

Other than in the case of transfers to affiliates, the notes will only be transferable in a minimum nominal amount equal to the lesser of (i) $2,000,000 and (ii) the total nominal amount of all notes held by a transferor and its affiliates. Transfer of the notes must be pursuant to an available exemption from registration under the Securities Act.

Exchange (Put and Call)

Put. At any time until the maturity date of the notes, a holder of the notes will be able to exercise the right to require us to exchange the notes for shares of our common stock. This is referred to as the "put" right. The put may be exercised with respect to the aggregate nominal amount of all notes held by the holder or a portion of the nominal amount in integral multiples of $2,000,000. The number of shares of our common stock issuable upon exercise of the put will equal (x) the nominal amount of the notes for which the put is being exercised, divided by (y) the then-applicable put/call rate. To exercise the put with respect to a note, the holder will be required to surrender to the put/call agent the certificate or certificates representing the notes to be exchanged together with a complete put exercise notice; deliver a form of transfer in specified form, executed by the holder with the name of the transferee left blank; and pay any transfer or similar tax required to be paid by the holder.

We will not issue a fractional share of common stock upon exchange of a note. Instead, we will deliver cash for the fractional share equal to an amount determined by multiplying (i) such fractional share by (ii) the closing sale price of our common stock on the principal exchange or quotation system on which the common stock is then traded (or if there is no sale of the common stock reported on such trading day, the average of the low ask and high bid prices for the common stock on such trading day on the last trading day prior to the date the put is exercised and rounding the product to the nearest whole cent.

Call. At any time beginning on January 2, 2018 and ending 30 days before the maturity date of the notes, we at our option will have the right to call all of the notes in exchange for the issuance of shares of our common stock or cash. This is referred to as the "call" right.

Upon exercise of the call, if our common stock has had a daily market price at or above the call target price then in effect for 20 or more out of 30 consecutive trading days at any time after the date the notes are issued, we will issue to the holders of the notes that number of shares of common stock equal to (x) the nominal amount of the notes exchanged divided by (y) the put/call rate then in effect and pay to the holders an amount in cash equal to accrued but unpaid interest on the notes. If the common stock has not had a daily market price at or above the call target price for 20 or more out of 30 consecutive trading days at any time after the date the notes are issued, at our election, we will either (I) issue to the holders of the notes a number of shares of our common stock equal to (x) the nominal amount of the notes exchanged divided by (y) the average of the daily market prices for the ten trading days ending two trading days prior to the date that notice of the call is first sent to the holders, and pay to the holders an amount in cash equal to accrued but unpaid interest on the notes; or (II) pay to the holders $1.00 for each $1.00 nominal amount of notes subject to the call, plus cash equal to any accrued but unpaid interest to the date of the call.

The call target price of the notes we will issue, and the call target price of the new notes that Vishay Intertechnology will issue, will be determined in accordance with the following formulas, respectively:

$$T_s = T_o \times P_s / (P_p + (r \times P_s))$$
$$T_n = T_o \times P_p / (P_p + (r \times P_s))$$

where:

T_s is the call target price for our notes;

T_n is the adjusted call target price for the new Vishay Intertechnology notes;

T_o is the target price of the existing Vishay Intertechnology notes immediately prior to spin-off, with the current target price being $35.00,

and the other symbols in this formula have the meanings specified with respect to the first formula in this section.

Daily market price has the meaning set forth under "Capital Stock—Warrants."

We will not issue a fractional share of common stock upon exchange of a note, and instead will pay a cash amount determined as described above under the provisions governing the put right.

At least 30 days but not more than 60 days before the date of a call, we will be required to send a notice of redemption to the holders of the notes.

Adjustments

The put/call rate, the interest rate hurdle and the call target price will be subject to adjustment in the manner provided in the put and call agreement in the following circumstances:

- if we declare a stock dividend, stock split, reverse stock split or if there is a reclassification or reorganization of our common stock or if we make distributions on our common stock payable in common stock; or

- if we issue any evidence of indebtedness, shares of stock or any other securities to all holders of our common stock by reclassification of our common stock; distribute any rights, options or warrants to purchase or subscribe for any evidence of indebtedness, shares of stock or any other securities to all holders of our common stock; distribute cash (other than regular quarterly or semi-annual cash dividends) or other property to all holders of our common stock; or issue by means of a capital reorganization other securities of ours in lieu of or in addition to common stock; or

- if we distribute any rights, options or warrants to holders of our common stock at a price per share less than 90% of the daily market price of our common stock on the record date for the distribution; provided that if the exercise period is for a period of more than 60 days after the record date we will distribute the same rights, options or warrants to the holders of notes on the record date as if the holders had exchanged their notes immediately prior to the record date; or

- if any person or entity acquires us in a transaction in which we are merged with or into or consolidated with another person or entity, or if we sell or convey all or substantially all of our assets to another person or entity, in which case the acquirer will be required to provide a full and unconditional guarantee of the notes, and the notes will become exercisable for shares of the acquirer, on adjusted terms in accordance with the put and call agreement; provided that if the acquirer does not have common equity securities registered under the Securities Exchange Act or for whatever reason the acquirer cannot comply with the forgoing provisions or the acquirer otherwise so chooses, the notes will be called in accordance with the call provisions described above immediately prior to the transaction; or

- if we make a distribution to all holders of our common stock consisting of the capital stock of one of our subsidiaries or other business units, similar to the spin-off.

If we liquidate, dissolve or wind up our affairs, other than in connection with a consolidation, merger or sale or conveyance of all or substantially all of our assets or a spin-off transaction, then the right to exchange the notes will expire at the close of business on the last full business day before the earliest record date fixed for the payment of any distributable amount on our common stock.

Registration rights

Under the terms of the securities investment and registration rights agreement, Vishay Intertechnology has agreed to take such action as is reasonably necessary to cause us to register our shares of common stock issuable upon exchange of the notes on a resale registration statement on terms substantially identical to the terms and conditions of the aforementioned agreement. The terms of registration are the same as for the shares issuable upon exercise of the warrants, as described above. We will not be obligated to effect more than two underwritten offerings for all holders of notes in the aggregate or more than one underwritten offering for the holders of notes in any 12 month period, or effect an underwritten offering unless the offering will result in gross proceeds of not less than $30,000,000, before deducting underwriting commissions. Under the terms of the master separation agreement, we have agreed with Vishay Intertechnology that we will comply with these provisions.

Other Indebtedness

Our Japanese subsidiary will continue to have debt of approximately $1.7 million outstanding.

We expect to enter into a revolving credit facility in the approximate amount of $40 million with a consortium of banks to provide us with flexibility and additional liquidity, effective as of the separation. We anticipate that the credit facility will include customary covenants, including restrictions on our ability to pay dividends or make other distributions on our common stock and Class B common stock.

We historically have had significant amounts payable to Vishay Intertechnology affiliates. During 2009, we repaid a large portion of this liability, and the remaining balance of $18.5 million will be repaid at or prior to the spin-off. However, if our net cash position is less than $58.5 million as of the spin-off date, Vishay Intertechnology will make a capital contribution to us pursuant to the master separation agreement.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to our company and our common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at Station Place, 100 F Street, N.E., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC. The public can obtain any documents that we file with the SEC at http://www.sec.gov. Information contained on any website referenced in this information statement is not incorporated by reference in this information statement or the registration statement of which it forms a part.

As a result of the distribution, we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, in accordance with the Exchange Act, we will file periodic reports, proxy statements and other information with the SEC.

We intend to furnish holders of our common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which we have referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

In addition, our website can be found on the Internet at www.vishaypg.com. The website contains information about us and our operations. Copies of each of our filings with the SEC can be viewed and downloaded free of charge from our website as soon as reasonably practicable after the reports are electronically filed with or furnished to the SEC. To view the reports, access vishaypg.com and click on "SEC Filings."

INDEX TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Audited combined and consolidated financial statements

as of and for the years ended December 31, 2009, 2008, and 2007

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of Vishay Intertechnology, Inc.

We have audited the accompanying combined and consolidated balance sheets of Vishay Precision Group, Inc. (the "Business") as of December 31, 2009 and 2008, and the related combined and consolidated statements of operations, equity, and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Business's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Business's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Business's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined and consolidated financial position of Vishay Precision Group, Inc. at December 31, 2009 and 2008, and the combined and consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
March 26, 2010

VISHAY PRECISION GROUP, INC.
Combined and Consolidated Balance Sheets
(In thousands)

	December 31, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	**$ 63,192**	$ 70,381
Accounts receivable, net	**23,345**	32,124
Net inventories	**43,802**	57,992
Deferred income taxes	**4,960**	5,872
Prepaid expenses and other current assets	**4,522**	7,018
Total current assets	**139,821**	173,387
Property and equipment, net	**44,599**	50,703
Intangible assets, net	**17,217**	20,163
Other assets	**8,142**	10,610
Total assets	**$ 209,779**	$ 254,863
Liabilities and equity		
Current liabilities:		
Notes payable to banks	**$ 9**	$ 550
Trade accounts payable	**5,805**	8,552
Net payable to affiliates	**18,495**	-
Payroll and related expenses	**6,619**	9,996
Other accrued expenses	**4,573**	6,920
Income taxes	**1,647**	1,462
Current portion of long-term debt	**184**	544
Total current liabilities	**37,332**	28,024
Long-term debt, less current portion	**1,551**	1,761
Deferred income taxes	**5,993**	9,389
Net payable to affiliates	**-**	47,436
Other liabilities	**6,141**	8,065
Accrued pension and other postretirement costs	**10,549**	9,908
Total liabilities	**61,566**	104,583
Commitments and contingencies		
Equity:		
Parent net investment	**157,258**	163,354
Accumulated other comprehensive income (loss)	**(9,168)**	(13,196)
Total Parent equity	**148,090**	150,158
Noncontrolling interests	**123**	122
Total equity	**148,213**	150,280
Total liabilities and equity	**$ 209,779**	$ 254,863

See accompanying notes.

VISHAY PRECISION GROUP, INC.
Combined and Consolidated Statements of Operations
(In thousands)

	Years ended December 31,		
	2009	**2008**	**2007**
Net revenues	**$ 171,991**	$ 241,700	$ 239,036
Costs of products sold	**119,286**	161,804	154,525
Gross profit	**52,705**	79,896	84,511
Selling, general, and administrative expenses	**43,356**	51,714	48,017
Restructuring and severance costs	**2,048**	6,349	356
Impairment of goodwill	**-**	93,465	-
Operating income (loss)	**7,301**	(71,632)	36,138
Other income (expense):			
Interest expense	**(1,237)**	(1,574)	(2,294)
Other	**714**	4,780	2,788
Other income (expense) - net	**(523)**	3,206	494
Income (loss) before taxes	**6,778**	(68,426)	36,632
Income tax expense	**5,057**	5,689	8,829
Net earnings (loss)	**1,721**	(74,115)	27,803
Less: net earnings attributable to noncontrolling interests	**17**	15	111
Net earnings (loss) attributable to Parent	**$ 1,704**	$ (74,130)	$ 27,692

See accompanying notes.

VISHAY PRECISION GROUP, INC.
Combined and Consolidated Statements of Cash Flows
(In thousands)

	Years ended December 31,		
	2009	**2008**	**2007**
Operating activities			
Net earnings (loss)	**$ 1,721**	$ (74,115)	$ 27,803
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Impairment of goodwill	**-**	93,465	-
Depreciation and amortization	**11,465**	10,851	9,797
(Gain) loss on disposal of property and equipment	**34**	(1,189)	(1,155)
Inventory write-offs for obsolescence	**3,114**	1,555	1,881
Deferred income taxes	**139**	(3,162)	780
Other	**(2,177)**	1,594	(1,724)
Net changes in operating assets and liabilities, net of effects of businesses acquired:			
Accounts receivable	**9,407**	5,384	(2,354)
Inventories	**11,694**	(6,286)	(331)
Prepaid expenses and other current assets	**2,562**	(2,328)	(1,430)
Accounts payable	**(2,821)**	(1,217)	(2,175)
Other current liabilities	**(5,902)**	(2,091)	973
Net cash provided by operating activities	**29,236**	22,461	32,065
Investing activities			
Capital expenditures	**(2,181)**	(7,391)	(8,329)
Proceeds from sale of property and equipment	**812**	1,554	1,531
Purchase of businesses, net of cash acquired	**-**	(24,272)	(46,809)
Proceeds from sale of business	**-**	-	16,097
Other investing activities	**1,438**	450	500
Net cash provided by (used in) investing activities	**69**	(29,659)	(37,010)
Financing activities			
Principal payments on long-term debt and capital leases	**(569)**	(1,129)	(2,327)
Net changes in short-term borrowings	**(541)**	(22)	(3,043)
Distributions to non-controlling interests	**(16)**	(64)	(4)
Transactions with Vishay Intertechnology	**(36,876)**	12,600	(11,767)
Contributions from Vishay Intertechnology for acquisitions	**-**	14,653	47,218
Net cash (used in) provided by financing activities	**(38,002)**	26,038	30,077
Effect of exchange rate changes on cash and cash equivalents	**1,508**	(5,262)	1,533
Increase (decrease) in cash and cash equivalents	**(7,189)**	13,578	26,665
Cash and cash equivalents at beginning of year	**70,381**	56,803	30,138
Cash and cash equivalents at end of year	**$ 63,192**	$ 70,381	$ 56,803

See accompanying notes.

VISHAY PRECISION GROUP, INC.
Combined and Consolidated Statements of Equity
(In thousands)

	Parent Net Investment	Accumulated Other Comprehensive Income (Loss)	Total Parent Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2007	$ 155,598	$ (1,482)	$ 154,116	$ 64	**$ 154,180**
Net earnings (loss)	27,692	-	27,692	111	**27,803**
Foreign currency translation adjustment	-	2,201	2,201	-	**2,201**
Pension and other postretirement actuarial items	-	634	634	-	**634**
Comprehensive income (loss)			30,527	111	**30,638**
Contribution of PM Group	47,218	-	47,218	-	**47,218**
Other transactions with Vishay - net	(2,586)	-	(2,586)	-	**(2,586)**
Stock compensation expense	145	-	145	-	**145**
Distributions to noncontrolling interests	-	-	-	(4)	**(4)**
Balance at December 31, 2007	$ 228,067	$ 1,353	$ 229,420	$ 171	**$ 229,591**
Net earnings (loss)	(74,130)	-	(74,130)	15	**(74,115)**
Foreign currency translation adjustment	-	(14,568)	(14,568)	-	**(14,568)**
Pension and other postretirement actuarial items	-	19	19	-	**19**
Comprehensive income (loss)			(88,679)	15	**(88,664)**
Contribution of Powertron GmbH	14,653	-	14,653	-	**14,653**
Other transactions with Vishay - net	(5,359)	-	(5,359)	-	**(5,359)**
Stock compensation expense	123	-	123	-	**123**
Distributions to noncontrolling interests	-	-	-	(64)	**(64)**
Balance at December 31, 2008	$ 163,354	$ (13,196)	$ 150,158	$ 122	**$ 150,280**
Net earnings (loss)	1,704	-	1,704	17	**1,721**
Foreign currency translation adjustment	-	4,523	4,523	-	**4,523**
Pension and other postretirement actuarial items	-	(495)	(495)	-	**(495)**
Comprehensive income (loss)			5,732	17	**5,749**
Other transactions with Vishay - net	(7,935)	-	(7,935)	-	**(7,935)**
Stock compensation expense	135	-	135	-	**135**
Distributions to noncontrolling interests	-	-	-	(16)	**(16)**
Balance at December 31, 2009	$ 157,258	$ (9,168)	$ 148,090	$ 123	**$ 148,213**

See accompanying notes.

Note 1 – Basis of Presentation

Background

On October 27, 2009, Vishay Intertechnology, Inc. ("Vishay Intertechnology") announced that it intends to spin off its precision measurement and foil resistor businesses into an independent, publicly traded company to be named Vishay Precision Group, Inc. (the "Business"). The spin-off is expected to take the form of a tax-free stock dividend to Vishay Intertechnology's stockholders.

The Business is an international designer, manufacturer and marketer of Foil Technology Products (strain gages, ultra-precision foil resistors, current sensors) and Weighing Modules and Control Systems (load cells/transducers, instruments, weighing modules, and control systems) for a wide variety of applications.

Basis of Presentation

The Business is currently part of Vishay Intertechnology and its assets and liabilities consist of those that Vishay Intertechnology attributes to its precision measurement and foil resistor businesses.

The Business is conducted by various direct and indirect subsidiaries of Vishay Intertechnology. In this context, no direct ownership relationship existed among the various units comprising the Business. The accompanying combined and consolidated financial statements have been derived from Vishay Intertechnology's historical accounting records and are presented on a carve-out basis.

Before effecting the spin-off, all assets and liabilities associated with the Business will be contributed to Vishay Precision Group, Inc.

The combined and consolidated statement of operations includes all revenues and expenses directly attributable to the Business, including costs for facilities, functions, and services used by the Business at shared sites and costs for certain functions and services performed by centralized Vishay Intertechnology organizations outside of the defined scope of the Business and directly charged to the Business based on usage. The results of operations also include allocations of (i) costs for administrative functions and services performed on behalf of the Business by centralized staff groups within Vishay Intertechnology, (ii) Vishay Intertechnology general corporate expenses, (iii) pension and other postemployment benefit costs, (iv) interest expense, and (v) current and deferred income taxes. See Notes 3, 7, 8, 10, and 15 for a description of the allocation methodologies utilized.

All of the allocations and estimates in the accompanying combined and consolidated financial statements are based on assumptions that Vishay Intertechnology management believes are reasonable under the circumstances. However, these allocations and estimates are not necessarily indicative of the costs and expenses that would have resulted if the Business had been operated as a separate entity.

Note 2 – Summary of Significant Accounting Policies

Principles of Combination and Consolidation

The combined and consolidated financial statements include the accounts of the individual entities which comprise the Business in which Vishay Intertechnology maintained a controlling financial interest. For those subsidiaries in which the Business's ownership is less than 100 percent, the outside stockholders' interests are shown as noncontrolling interests in the accompanying combined and consolidated balance sheets. Investments in affiliates over which the Business has significant influence but not a controlling interest are carried on the equity basis. Investments in affiliates over which the Business does not have significant influence are accounted for by the cost method.

Certain transactions have been accounted for as mergers of entities under common control and thus recorded in a manner similar to a pooling of interests. Accordingly, the accompanying combined and consolidated financial statements include the accounts of these entities for all relevant periods presented.

All transactions, accounts, and profits between individual members comprising the Business have been eliminated in combination.

Use of Estimates

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

Revenue Recognition

The Business recognizes revenue on product sales during the period when the sales process is complete. This generally occurs when products are shipped to the customer in accordance with terms of an agreement of sale, title and risk of loss have been transferred, collectibility is reasonably assured, and pricing is fixed or determinable. For a small percentage of sales where title and risk of loss passes at point of delivery, the Business recognizes revenue upon delivery to the customer, assuming all other criteria for revenue recognition are met.

Some of the Business's larger systems products have post-shipment obligations, such as customer acceptance, training, or installation. In such circumstances, revenue is deferred until the obligation has been completed unless such obligation is deemed inconsequential and perfunctory.

Given the specialized nature of our products, the Business generally does not allow product returns except for quality issues.

Shipping and Handling Costs

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

Note 2 – Summary of Significant Accounting Policies (continued)

Research and Development Expenses

Research and development costs are expensed as incurred. The amount charged to expense for research and development aggregated $4,550,000, $4,848,000, and $4,502,000 for the years ended December 31, 2009, 2008, and 2007, respectively. The Business spends additional amounts for the development of machinery and equipment for new processes and for cost reduction measures.

Income Taxes

The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial and tax bases of the Business's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances have been established for deferred tax assets which the Business believes do not meet the "more likely than not" criteria established by ASC Topic 740, *Income Taxes*. This criterion requires a level of judgment regarding future taxable income, which may be revised due to changes in market conditions, tax laws, or other factors. If the Business's assumptions and estimates change in the future, valuation allowances established may be increased, resulting in increased tax expense. Conversely, if the Business is ultimately able to utilize all or a portion of the deferred tax assets for which a valuation allowance has been established, then the related portion of the valuation allowance can be released, resulting in decreased tax expense.

Cash and Cash Equivalents

Cash and cash equivalents includes demand deposits and highly liquid investments with maturities of three months or less when purchased. Highly liquid investments with maturities greater than three months are classified as short-term investments. There were no investments classified as short-term investments at December 31, 2009 or 2008.

The Business's subsidiaries in Europe historically participated in a formal cash pooling agreement, with Vishay Europe GmbH, an affiliate company, acting as the cash pool leader, effectively serving as a bank for these subsidiaries. The individual entity has discretion over the use of its cash, and accordingly, the combined and consolidated financial statements classify the cash pool balances as "cash and cash equivalents."

Allowance for Doubtful Accounts

The Business maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The allowance is determined through an analysis of the aging of accounts receivable and assessments of risk that are based on historical trends and an evaluation of the impact of current and projected economic conditions. The Business evaluates the past-due status of its trade receivables based on contractual terms of sale. If the financial condition of the Business's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The allowance for doubtful accounts at December 31, 2009 and 2008 was $662,000 and $737,000, respectively. Bad debt expense (income realized upon subsequent collection) was $362,000, $(477,000), and $133,000 for the years ended December 31, 2009, 2008, and 2007, respectively.

Note 2 – Summary of Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market. Inventories are adjusted for estimated obsolescence and written down to net realizable value based upon estimates of future demand, technology developments, and market conditions.

Property and Equipment

Property and equipment is carried at cost and is depreciated principally by the straight-line method based upon the estimated useful lives of the assets. Machinery and equipment are being depreciated over useful lives of seven to ten years. Buildings and building improvements are being depreciated over useful lives of twenty to forty years. Construction in progress is not depreciated until the assets are placed in service. Depreciation of capital lease assets is included in total depreciation expense. Depreciation expense was $8,446,000, $8,410,000, and $8,130,000 for the years ended December 31, 2009, 2008, and 2007, respectively. Gains and losses on the disposal of assets which do not qualify for presentation as discontinued operations are included in the determination of operating margin (within selling, general, and administrative expenses).

Goodwill and Other Intangible Assets

Goodwill and indefinite-lived intangible assets are not amortized but rather are tested for impairment at least annually. These tests are performed more frequently if there are triggering events.

Definite-lived intangible assets are amortized over their estimated useful lives. Patents and acquired technology are being amortized over useful lives of seven to twenty years. Customer relationships are being amortized over useful lives of five to fifteen years. Trade names are being amortized over useful lives of seven to ten years. Non-competition agreements are being amortized over periods of five to ten years. The Business continually evaluates the reasonableness of the useful lives of these assets.

ASC Topic 350, *Intangibles - Goodwill and Other*, prescribes a two-step method for determining goodwill impairment. In the first step, the Business determines the fair value of the reporting unit and compares that fair value to the net book value of the reporting unit. The fair value of the reporting unit is determined using various valuation techniques, including a discounted cash flow analysis (an income approach) and a comparable companies market multiple approach.

If the net book value of the reporting unit were to exceed the fair value, the Business would then perform the second step of the impairment test, which requires allocation of the reporting unit's fair value to all of its assets and liabilities in a manner similar to a purchase price allocation, with any residual fair value being allocated to goodwill. An impairment charge will be recognized only when the implied fair value of a reporting unit's goodwill is less than its carrying amount.

For the purposes of the combined and consolidated financial statements presented on a stand-alone basis, the Business has evaluated its goodwill using its operating segments, namely, Foil Technology Products and Weighing Modules and Control Systems, as its reporting units.

As more fully described in Note 5, in light of a sustained decline in market capitalization for Vishay Intertechnology and its peer group companies, and other factors, Vishay Intertechnology determined that an impairment test was necessary as of the end of the second, third, and fourth fiscal quarters of 2008.

Note 2 – Summary of Significant Accounting Policies (continued)

Based on Vishay Intertechnology's interim impairment tests performed as of the end of the second, third, and fourth quarters of 2008, the Business performed retrospective goodwill impairment tests for its reporting units as of the end of the second, third, and fourth quarters of 2008.

The Business's required annual impairment test is completed as of the first day of the fourth fiscal quarter of each year. The interim impairment test performed as of September 27, 2008, the last day of the fiscal third quarter, was effectively the Business's annual impairment test for 2008. There was no impairment identified through the annual impairment test completed in 2007.

Impairment of Long-Lived Assets

The carrying value of long-lived assets held-and-used, other than goodwill, is evaluated when events or changes in circumstances indicate the carrying value may not be recoverable. The carrying value of a long-lived asset group is considered impaired when the total projected undiscounted cash flows from such asset group are separately identifiable and are less than the carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset group. Fair market value is determined primarily using present value techniques based on projected cash flows from the asset group. Losses on long-lived assets held-for-sale, other than goodwill and indefinite-lived intangible assets, are determined in a similar manner, except that fair market values are reduced for disposal costs.

Available-for-Sale Securities

Other assets include investments in marketable securities which are classified as available-for-sale. These assets are held in trust related to the Business's nonqualified pension and deferred compensation plans. See Note 15. These assets are reported at fair value, based on quoted market prices as of the end of the reporting period. Unrealized gains and losses are reported, net of their related tax consequences, as a component of accumulated other comprehensive income in equity until sold. At the time of sale, any gains (losses) calculated by the specific identification method are recognized as a reduction (increase) to benefits expense, within selling, general, and administrative expenses.

Financial Instruments

The Business uses financial instruments in the normal course of its business, including from time to time, derivative financial instruments. At December 31, 2009 and 2008, there were no outstanding derivative instruments.

The Business reports derivative instruments on the combined and consolidated balance sheet at their fair values. The accounting for changes in fair value depends upon the purpose of the derivative instrument and whether it is designated and qualifies for hedge accounting. For instruments designated as hedges, the effective portion of gains or losses is reported in other comprehensive income (loss) and the ineffective portion, if any, is reported in current period net earnings (loss). Changes in the fair values of derivative instruments that are not designated as hedges are recorded in current period net earnings (loss).

Note 2 – Summary of Significant Accounting Policies (continued)

Foreign Currency Translation

The Business has significant operations outside of the United States. The Business finances its operations in Europe and certain locations in Asia in local currencies, and accordingly, these subsidiaries utilize the local currency as their functional currency. The Business's operations in Israel and certain locations in Asia are largely financed in U.S. dollars, and accordingly, these subsidiaries utilize the U.S. dollar as their functional currency.

For those subsidiaries where the local currency is the functional currency, assets and liabilities in the combined and consolidated balance sheets have been translated at the rate of exchange as of the balance sheet date. Revenues and expenses are translated at the average exchange rate for the year. Translation adjustments do not impact the combined and consolidated statements of operations and are reported as a separate component of equity. Foreign currency transaction gains and losses are included in the results of operations.

For those foreign subsidiaries where the U.S. dollar is the functional currency, all foreign currency financial statement amounts are remeasured into U.S. dollars. Exchange gains and losses arising from remeasurement of foreign currency-denominated monetary assets and liabilities are included in the combined and consolidated statements of operations.

Stock-Based Compensation

Compensation costs related to share-based payments are recognized in the combined and consolidated financial statements. The amount of compensation cost is measured based on the grant-date fair value of the equity (or liability) instruments issued. Compensation cost is recognized over the period that an officer, employee, or non-employee director provides service in exchange for the award. For options and restricted stock units subject to graded vesting, the Business recognizes expense over the service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards.

Commitments and Contingencies

Liabilities for loss contingencies, including environmental remediation costs, arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. The costs for a specific environmental remediation site are discounted if the aggregate amount of the obligation and the amount and timing of the cash payments for that site are fixed or reliably determinable based upon information derived from the remediation plan for that site. Accrued liabilities for environmental matters recorded at December 31, 2009 and 2008 do not include claims against third parties.

Note 2 – Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

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

Following the Codification, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASU") which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification.

The Codification is not intended to change GAAP, but it changes the way GAAP is organized and presented. The Codification's principal impact on the Business's financial statements is limited to disclosures as all future references to authoritative accounting literature will be referenced in accordance with the Codification.

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (ASC Topic 810). SFAS No. 160 (ASC Topic 810) amends GAAP to establish accounting and reporting guidance for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary, which is sometimes referred to as minority interest, is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Among other requirements, this statement requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated income statement, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. The Business adopted this guidance effective January 1, 2009. The presentation and disclosure requirements of SFAS No. 160 (ASC Topic 810) have been applied retrospectively to all periods presented.

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

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

In December 2008, the FASB staff issued FSP SFAS 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets* (ASC Topic 715-20-65-2). This guidance requires enhanced disclosures about plan assets of a defined benefit pension or other postretirement plan. The Business has provided these disclosures in Note 15. The adoption of this guidance did not have a material effect on the Business's financial position, results of operations, or liquidity.

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

Note 3 – Related Party Transactions

Throughout the period covered by the combined and consolidated financial statements, the Business had significant agreements, transactions, and relationships with Vishay Intertechnology operations outside the defined scope of the Business. While these transactions are not necessarily indicative of the terms the Business would have achieved had the Business been a separate entity, management believes they are reasonable.

Historically, the Business has used the corporate services of Vishay Intertechnology for a variety of functions including treasury, tax, legal, internal audit, human resources, and risk management. After the spin-off, the Business will be an independent, publicly traded company. The Business expects to incur additional costs associated with being an independent, publicly traded company. These additional anticipated costs are not reflected in its historical combined and consolidated financial statements.

Sales Organizations

A portion of the Business's Foil Technology products are sold by the Vishay Intertechnology worldwide sales organization, which operates as regionally-based legal entities. The third-party sale of these products is presented in the combined and consolidated financial statements as if it were made by the Business, although legal entities outside of the defined scope of the Business actually made these sales. Third-party sales made through the Vishay Intertechnology worldwide sales organization totaled $13,006,000, $16,909,000, and $15,319,000 during the years ended December 31, 2009, 2008, and 2007, respectively.

The selling entities receive selling commissions on these sales. Commission rates are set at the beginning of each year based on budgeted selling expenses expected to be incurred by the Vishay Intertechnology sales organization. Commission expense charged to the Business by the Vishay Intertechnology worldwide sales organization was $704,000, $654,000, and $529,000 during the years ended December 31, 2009, 2008, and 2007.

The net cash generated by these transactions is retained by the Vishay Intertechnology selling entity, and is presented in the combined and consolidated balance sheet as a reduction in parent net investment, and is presented in the combined and consolidated statements of cash flows as a financing activity in the caption "Transactions with Vishay Intertechnology."

These sales activities will be transitioned to the Business's dedicated sales forces shortly after the spin-off.

Shared Facilities

The Business and operations of Vishay Intertechnology outside the defined scope of the Business share certain manufacturing and administrative sites. Costs are allocated based on relative usage of the respective facilities.

Following the spin-off, the Business and Vishay Intertechnology will continue to share certain manufacturing locations. The Business will own one location in Israel and one location in Japan, and will lease space to Vishay Intertechnology. Vishay Intertechnology will own one location in Israel and one location in the United States and lease space to the Business.

Note 3 – Related Party Transactions

Administrative Service Sharing Agreements

The combined and consolidated financial statements include transactions with other Vishay Intertechnology operations involving administrative services (including expenses primarily related to personnel, insurance, logistics, other overhead functions, corporate IT support, and network communications support) that were provided to the Business by Vishay Intertechnology operations outside the defined scope of the Business. Amounts charged to the Business for these services during the years ended December 31, 2009, 2008, and 2007 were $2,483,000, $1,859,000, and $1,451,000, respectively.

The Business will be required to assume the responsibility for these functions, either internally or from third-party vendors, following the spin-off. Under the terms of a transition services agreement that the Business expects to enter into with Vishay Intertechnology prior to the consummation of the spin-off, Vishay Intertechnology will provide to the Business, for a fee, specified support services for a period of 18 months after the spin-off.

Allocated Corporate Overhead Costs

The costs of certain services that are provided by the Vishay Intertechnology corporate office to the Business have been reflected in the combined and consolidated financial statements, including charges for services such as accounting matters for all SEC filings, investor relations, tax services, cash management, legal services, and risk management on a global basis. These allocated costs are included in selling, general, and administrative expenses in the accompanying combined and consolidated statements of operations, and are presented in the combined and consolidated balance sheet as a reduction in parent net investment.

The total amount of allocated costs was $1,813,000, $2,771,000, and $2,449,000 for the years ended December 31, 2009, 2008, and 2007, respectively. These costs were allocated on the ratio of Business revenues to total revenues and represent management's reasonable allocation of the costs incurred. However, these amounts are not representative of the costs necessary for the Business to operate as an independent, publicly traded company.

Note 3 – Related Party Transactions

Centralized Cash Management

Vishay Intertechnology uses a centralized approach to cash management in the United States and Europe.

In the United States, cash deposits from the Business historically were transferred to Vishay Intertechnology on a regular basis and were netted against intercompany payables, or occasionally remitted to the parent as a dividend. See "Net Payable to Affiliates" in Note 8.

The Business's subsidiaries in Europe historically participated in a formal cash pooling agreement, with Vishay Europe GmbH, an affiliate company, acting as the cash pool leader, effectively serving as a bank for these subsidiaries. Each day, the individual participant entity can either deposit funds into the cash pool account from the collection of receivables or withdraw funds from the account to fund working capital or other cash needs of the participant entity. At the end of the day, the cash pool leader sweeps all cash balances into the cash pool leader's account, or funds any overdrawn accounts so that each cash pool participant account has a zero balance at the end of the day. The individual entity has discretion over the use of its cash, and accordingly, the combined and consolidated financial statements classify the cash pool balances as "cash and cash equivalents." The Business's subsidiaries have withdrawn from the European cash pool as of December 31, 2009. At December 31, 2008, the Business had $26,403,000 of cash deposited with the European cash pool.

Vishay Europe GmbH, as cash pool leader, pays interest on these funds based on the prevailing interest rates at third-party lending institutions in Europe. The combined and consolidated financial statements reflect cash pool interest income of $302,000, $935,000, and $497,000 for the year ended December 31, 2009, 2008, and 2007, respectively.

Net Payable to Affiliates

See Note 8.

Note 4 - Acquisition Activities

Since 2002, the Business has implemented a strategy of vertical product integration, by growing its weighing systems business and by promoting its sophisticated electronic weighing modules and other products that integrate the precision measurement components designed and produced by the Business.

In pricing an acquisition, the Business focuses primarily on the target's revenues and customer base, the strategic fit of the target's product line with the Business's existing product offerings (particularly how the target's products fit into the Business's vertical product integration strategy), opportunities for cost-cutting and integration with the Business's existing operations and production, and other post-acquisition synergies, rather than on the target's assets, such as its property, equipment, and inventory. As a result, the fair value of the acquired assets may correspond to a relatively smaller portion of the acquisition price, with the Business recording a substantial amount of goodwill related to the acquisition (see Note 5).

Year ended December 31, 2008

The Business made two acquisitions during the year ended December 31, 2008.

Acquisition of Partner's Interest in India Joint Venture

On June 30, 2008, in the Business's fiscal third quarter, the Business acquired its partner's interest in a joint venture in India. Vishay Intertechnology previously owned 49% of this entity, which is engaged in the manufacture and distribution of transducers. The entity has been renamed Vishay Transducers India, Ltd.

As a non-controlled investment, Vishay Transducers India, Ltd. had been accounted for using the equity basis. Effective June 30, 2008, the Business began reporting this entity as a consolidated subsidiary, included in the Weighing Modules and Control Systems segment. The Business recognized revenues of $340,000 and $760,000 during the period ended June 30, 2008 and the year ended December 31, 2007, respectively, on sales to this affiliate prior to acquiring control of this entity. The Business made purchases of $1,500,000 and $3,150,000 during the period ended June 30, 2008 and the year ended December 31, 2007, respectively, from this affiliate prior to acquiring control of this entity.

The acquisition has been accounted for as a step-acquisition in accordance with then-applicable U.S. generally accepted accounting principles. Accordingly, the cost to acquire the partner's 51% interest has been allocated on a pro rata basis to assets acquired and liabilities assumed based on their fair values, with the excess being allocated to goodwill, as follows *(in thousands)*:

Working capital	$	219
Property and equipment		495
Trade names		125
Completed technology		58
Non-competition agreements		5,000
Customer relationships		317
Other assets (liabilities), net		(1,850)
Pro rata share of identifiable assets	$	4,364
Purchase price including direct costs of acquisition and net of cash acquired	$	9,598
Goodwill	$	5,234

The intangible assets associated with this transaction are being amortized over weighted-average useful lives of 10 years.

Note 4 – Acquisition and Divestiture Activities (continued)

The goodwill associated with this transaction is not deductible for income tax purposes. The goodwill associated with this transaction was subsequently written off as part of the goodwill impairment charges recorded in 2008 (see Note 5).

Acquisition of Powertron GmbH

On July 23, 2008, the Business acquired Powertron GmbH, a manufacturer of specialty precision resistors. For financial reporting purposes, the results of operations for Powertron have been included in the Foil Technology Products segment from July 23, 2008.

The acquisition has been accounted for under the purchase method of accounting in accordance with U.S. generally accepted accounting principles. Accordingly, the purchase price has been allocated as follows, to the assets acquired and liabilities assumed based on their fair values, with the excess being allocated to goodwill *(in thousands)*:

Working capital	$ (302)
Property and equipment	474
Trade names	59
Completed technology	110
Non-competition agreements	3,500
Customer relationships	903
Other assets (liabilities), net	37
Total identifiable assets	$ 4,781
Purchase price including direct costs of acquisition and net of cash acquired	$ 14,674
Goodwill	$ 9,893

The non-competition agreements, trade names, completed technology, and customer relationships are being amortized over weighted-average useful lives of 5 years, 7 years, 10 years, and 15 years, respectively.

The goodwill associated with this transaction is not deductible for income tax purposes. The goodwill associated with this transaction was subsequently written off as part of the goodwill impairment charges recorded in 2008 (see Note 5).

Note 4 – Acquisition and Divestiture Activities (continued)

Year ended December 31, 2007

Acquisition of PM Group PLC and Sale of its Electrical Contracting Business

On April 19, 2007, the Business declared its cash tender offer for all shares of PM Group PLC wholly unconditional, and assumed ownership of PM Group. PM Group is an advanced designer and manufacturer of systems used in the weighing and process control industries located in the United Kingdom. The aggregate cash paid for all shares of PM Group was approximately $45.7 million. The transaction was funded using cash on-hand.

Concurrent with the completion of the transaction, Vishay Intertechnology sold PM Group's electrical contracting business for approximately $16.1 million. No gain or loss was recognized on the sale of the electrical contracting business.

The results of operations of PM Group are included in the results of the Weighing Modules and Control Systems segment from April 19, 2007.

The acquisition has been accounted for under the purchase method of accounting in accordance with U.S. generally accepted accounting principles. Accordingly, the purchase price has been allocated as follows, to the assets acquired and liabilities assumed based on their fair values, with the excess being allocated to goodwill *(in thousands)*:

Working capital	$ 783
Property and equipment	7,138
Trade names	663
Completed technology	1,726
Non-competition agreements	296
Customer relationships	1,706
Other assets (liabilities), net	(517)
Restructuring liabilities	(311)
Assets held for sale	16,098
Total identifiable assets	$ 27,582
Purchase price including direct costs of acquisition and net of cash acquired	$ 46,809
Goodwill	$ 19,227

The completed technology, non-competition agreements, and customer relationships are being amortized over weighted-average useful lives of 20 years, 7 years, and 5 years, respectively.

The goodwill associated with this acquisition is not deductible for income tax purposes. The goodwill associated with this transaction was subsequently written off as part of the goodwill impairment charges recorded in 2008 (see Note 5).

Note 4 – Acquisition and Divestiture Activities (continued)

As part of its acquisition of PM Group in 2007, the Business transferred certain manufacturing operations from Bradford, United Kingdom to the People's Republic of China and the Republic of China (Taiwan). The costs associated with these transfers totaled $311,000 and were included in the cost of acquisition of PM Group under then-applicable accounting standards. Substantially all of these restructuring costs were paid during 2007.

Pro Forma Results

The unaudited pro forma results would have been as follows, assuming the acquisitions had occurred at the beginning of each period presented *(in thousands):*

	Years ended December 31,	
	2008	**2007**
Pro forma net revenues	$ 245,313	$ 254,807
Pro forma net earnings attributable to Parent	$ (74,128)	$ 26,831

The pro forma information reflects adjustments to depreciation based on the fair value of property and equipment acquired, adjustments to amortization based on the fair value of intangible assets, and related tax effects, as well as the inclusion of Vishay Transducers India, Ltd. in the combined and consolidated financial statements as a wholly owned subsidiary rather than an equity-method investment.

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 5 – Goodwill and Other Intangible Assets

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

ASC 350, *Intangibles - Goodwill and Other*, prescribes a two-step method for determining goodwill impairment. In the first step, the Business determines the fair value of the reporting unit and compares that fair value to the net book value of the reporting unit. The fair value of the reporting unit is determined using various valuation techniques, including a discounted cash flow analysis (an income approach) and a comparable companies market multiple approach.

To measure the amount of the impairment, ASC 350 prescribes that the Business determine the implied fair value of goodwill in the same manner as if the Business had acquired those reporting units. Specifically, the Business must allocate the fair value of the reporting unit to all of the assets of that unit, including any unrecognized intangible assets, in a hypothetical calculation that would yield the implied fair value of goodwill. The impairment loss is measured as the difference between the book value of the goodwill and the implied fair value of the goodwill computed in step two.

Vishay Intertechnology evaluated the goodwill associated with the Business as a separate reporting unit for ASC 350 evaluation purposes. For the purposes of the combined and consolidated financial statements presented on a stand-alone basis, the Business has evaluated its goodwill using its operating segments, namely, Foil Technology Products and Weighing Modules and Control Systems, as its reporting units.

In light of a sustained decline in market capitalization for Vishay Intertechnology and its peer group companies, and other factors, Vishay Intertechnology determined that an interim impairment test was necessary as of the end of the second, third, and fourth fiscal quarters of 2008.

Based on Vishay Intertechnology's interim impairment tests performed as of the end of the second, third, and fourth quarters of 2008, the Business performed retrospective goodwill impairment tests for its reporting units as of the end of the second, third, and fourth quarters of 2008.

After completing step one of the impairment tests as of June 28, 2008 and as of September 27, 2008, the Business determined that the estimated fair value of its reporting units were greater than the book values of those units, and accordingly, no second step was required as of those dates.

Given the further deterioration of market conditions in the fourth quarter of 2008, an additional impairment test was performed as of December 31, 2008 (the end of the fourth fiscal quarter). After completing step one of the impairment test as of December 31, 2008, the Business determined that the estimated fair value of each of its reporting units was less than the net book values of those reporting units. This required the completion of the second step of the impairment evaluation. Upon completion of the step two analysis, the Business recorded impairment charges. Subsequent to recording these impairment charges, there was no remaining goodwill recorded on the combined and consolidated balance sheet.

Note 5 – Goodwill and Other Intangible Assets (continued)

The determination of the fair value of the reporting units and the allocation of that value to individual assets and liabilities within those reporting units requires the Business to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to: the selection of appropriate comparable companies; control premiums appropriate for acquisitions in the industries in which the Business competes; the discount rate; terminal growth rates; and forecasts of revenue, operating income, depreciation and amortization, and capital expenditures. The allocation requires several analyses to determine fair value of assets and liabilities including, among others, completed technology, trade names, in-process research and development, customer relationships, and certain property and equipment (valued at replacement costs).

Due to the inherent uncertainty involved in making these estimates, actual financial results could differ from those estimates. Changes in assumptions concerning future financial results or other underlying assumptions could have a significant impact on either the fair value of the reporting unit or the amount of the goodwill impairment charge.

The goodwill impairment charge is noncash in nature and does not affect the Business's liquidity, cash flows from operating activities, and will not have a material impact on future operations.

The changes in the carrying amounts of goodwill by segment for the years ended December 31, 2008 and 2007 were as follows *(in thousands):*

	Foil Technology Products	Weighing Modules & Control Systems	Total
Balance at January 1, 2007	$ 4,181	$ 61,590	$ 65,771
Goodwill acquired during the year	-	19,227	19,227
Currency translation adjustments	255	763	1,018
Balance at December 31, 2007	4,436	81,580	86,016
Goodwill acquired during the year	9,893	5,234	15,127
Impairment charges	(13,199)	(80,266)	(93,465)
Currency translation adjustments	(1,130)	(6,548)	(7,678)
Balance at December 31, 2008	$ -	$ -	$ -

Note 5 – Goodwill and Other Intangible Assets (continued)

Other intangible assets were as follows *(in thousands)*:

	December 31, 2009	2008
Intangible Assets Subject to Amortization		
(Definite-lived):		
Patents and acquired technology	**$ 4,074**	$ 3,909
Customer relationships	**6,638**	6,506
Trade names	**1,960**	1,920
Non-competition agreements	**14,904**	14,707
	27,576	27,042
Accumulated amortization:		
Patents and acquired technology	**(2,198)**	(1,547)
Customer relationships	**(2,670)**	(1,882)
Trade names	**(964)**	(714)
Non-competition agreements	**(4,527)**	(2,736)
	(10,359)	(6,879)
Net Intangible Assets Subject to Amortization	**$ 17,217**	$ 20,163

Amortization expense was $3,019,000, $2,441,000, and $1,667,000, for the years ended December 31, 2009, 2008, and 2007, respectively.

Estimated annual amortization expense for each of the next five years is as follows *(in thousands)*:

2010	$ 3,049
2011	3,036
2012	2,841
2013	2,289
2014	1,847

As part of certain acquisitions, the Business entered into non-competition agreements with certain employees, former employees, and owners of acquired companies. Some payments under these agreements are made over the noncompetition period. At December 31, 2009 and 2008, the Business had liabilities of $2,298,000 and $3,014,000, respectively, pursuant to these agreements.

Note 6 – Restructuring and Severance Costs

Restructuring and severance costs reflect the cost reduction programs implemented by the Business. These include the closing of facilities and the termination of employees. Restructuring and severance costs include one-time exit costs, severance benefits pursuant to an on-going benefit arrangement recognized and related pension curtailment and settlement charges recognized. Restructuring costs are expensed during the period in which the Business 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 Business 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.

The following table summarizes our restructuring programs during the years ended December 31, 2009, 2008, and 2007 *(in thousands):*

	Years ended December 31,		
	2009	**2008**	**2007**
Response to global recession	**$ 2,048**	$ 644	$ -
Closure of Breda, the Netherlands facility	**-**	5,705	-
Downsizing of City of Industry, California facility	**-**	-	247
Miscellaneous other	**-**	-	109
Total restructuring expense	**$ 2,048**	$ 6,349	$ 356

Restructuring Programs in Response to Global Economic Recession

In response to the economic downturn during the latter half of 2008 and 2009, the Business undertook significant measures to cut costs. This included a strict adaptation of manufacturing capacity to sellable volume and limiting the building of product for inventory. The Business incurred employee termination costs covering technical, production, administrative, and support employees located in nearly every country in which the Business operates.

The following table summarizes activity to date related to restructuring programs in response to the global economic recession *(in thousands, except for number of employees):*

	Severance Costs	**Other Exit Costs**	**Total**	**Employees to be Terminated**
Restructuring and severance costs	$ 616	$ 28	$ 644	170
Utilized	(479)	(28)	(507)	(70)
Foreign currency translation	(2)	-	(2)	-
Balance at December 31, 2008	$ 135	$ -	$ 135	100
Restructuring and severance costs	**1,602**	**446**	**2,048**	199
Utilized	**(1,696)**	**(330)**	**(2,026)**	**(299)**
Foreign currency translation	**(41)**	**16**	**(25)**	**-**
Balance at December 31, 2009	**$ -**	**$ 132**	**$ 132**	-

Note 6 – Restructuring and Severance Costs (continued)

Most of the accrued restructuring liability, included in other accrued expenses, is expected to be paid by December 31, 2010. The payment terms related to these restructuring programs varies, usually based on local customs and laws. Most severance amounts are paid in a lump sum at termination, while some payments are structured to be paid in installments.

Closure of Breda, the Netherlands Facility

During 2008, we announced the closure of our load cell manufacturing facility in Breda, the Netherlands, and transferred all manufacturing operations to Israel.

The following table summarizes activity to date related to the closure of the Breda *(in thousands, except for number of employees):*

	Severance Costs	Other Exit Costs	Total	Employees to be Terminated
Restructuring and severance costs	$ 5,524	$ 181	$ 5,705	42
Utilized	(3,820)	(133)	(3,953)	(40)
Foreign currency translation	(432)	(2)	(434)	-
Balance at December 31, 2008	$ 1,272	$ 46	$ 1,318	2
Utilized	**(1,272)**	**(46)**	**(1,318)**	**(2)**
Foreign currency translation	-	-	-	-
Balance at December 31, 2009	**$ -**	**$ -**	**$ -**	**-**

City of Industry, California Facility Downsizing

During 2007, the Business transferred significant load cell manufacturing operations from our City of Industry, California facility to existing facilities in the People's Republic of China, the Republic of China (Taiwan), and Israel. The Business incurred $247,000 of restructuring and severance costs associated with this program, substantially all of which was paid during 2007.

Note 7 – Income Taxes

Income taxes for the Business as presented in these combined and consolidated financial statements are calculated on a separate tax return basis, although the Business's operations have historically been included in Vishay Intertechnology's U.S. federal and certain state tax returns, and United Kingdom "group relief," available to entities under common control, has been claimed. Vishay Intertechnology's global tax model has been developed based on its entire portfolio of businesses. Accordingly, tax results as presented for the Business in these financial statements are not necessarily indicative of future performance and do not necessarily reflect the results that the Business would have generated as an independent, publicly traded company for the periods presented.

Certain dedicated entities have taxes payable to the local taxing authorities, but the Business does not maintain taxes payable to/from parent in those jurisdictions where the taxable incomes are combined or offset. Accordingly, the Business is deemed to settle the annual current tax balances immediately with the legal tax-paying entities in the respective jurisdictions. These settlements are reflected as changes in parent net investment on the combined and consolidated balance sheets.

Income (loss) from continuing operations before taxes and non-controlling interests consists of the following components *(in thousands)*:

	Years ended December 31,		
	2009	**2008**	**2007**
Domestic	**$ 6,365**	$ (7,474)	$ 7,245
Foreign	**413**	(60,952)	29,387
	$ 6,778	$ (68,426)	$ 36,632

Significant components of income taxes are as follows *(in thousands)*:

	Years ended December 31,		
	2009	**2008**	**2007**
Current:			
Federal	**$ 837**	$ 3,027	$ 1,389
State and local	**320**	692	448
Foreign	**3,761**	5,132	6,212
	4,918	8,851	8,049
Deferred:			
Federal	**950**	(1,433)	953
State and local	**183**	(259)	150
Foreign	**(994)**	(1,470)	(323)
	139	(3,162)	780
Total income tax expense	**$ 5,057**	$ 5,689	$ 8,829

Note 7 – Income Taxes (continued)

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

	December 31,	
	2009	**2008**
Deferred tax assets:		
Pension and other retiree obligations	**$ 2,950**	$ 2,907
Inventories	**3,201**	3,258
Net operating loss carryforwards	**7,154**	4,679
Tax credit carryforwards	**102**	-
Other accruals and reserves	**2,068**	3,727
Total gross deferred tax assets	**15,475**	14,571
Less valuation allowance	**(7,002)**	(4,288)
	8,473	10,283
Deferred tax liabilities:		
Tax over book depreciation	**903**	1,664
Intangible assets other than goodwill	**5,042**	5,203
Other - net	**15**	1,218
Total gross deferred tax liabilities	**5,960**	8,085
Net deferred tax assets	**$ 2,513**	$ 2,198

The Business makes significant judgments regarding the realizability of its deferred tax assets (principally net operating losses). In accordance with ASC Topic 740, the carrying value of the net deferred tax asset is based on the Business's assessment that it is more likely than not that the Business will realize these assets after consideration of all available positive and negative evidence.

A reconciliation of income tax expense at the U.S. federal statutory income tax rate to actual income tax provision is as follows *(in thousands)*:

	Years ended December 31,		
	2009	**2008**	**2007**
Tax at statutory rate	**$ 2,372**	$ (23,949)	$ 12,821
State income taxes, net of U.S. federal tax benefit	**214**	454	287
Effect of foreign operations	**2,307**	(2,332)	(4,269)
Goodwill impairment	**-**	31,797	-
Other	**164**	(281)	(10)
Total income tax expense	**$ 5,057**	$ 5,689	$ 8,829

Note 7 – Income Taxes (continued)

At December 31, 2009, the Business had the following significant net operating loss carryforwards for tax purposes *(in thousands)*:

		Expires
Belgium	$ 1,350	No expiration
Israel	15,649	No expiration
Japan	3,208	2010-2016
Netherlands	3,651	No expiration
UK	3,775	No expiration

At December 31, 2009, no provision has been made for U.S. federal and state income taxes on approximately $81.7 million of foreign earnings, which the Business expects to be reinvested outside of the United States indefinitely. Upon distribution of those earnings in the form of dividends or otherwise, the Business would be subject to U.S. income taxes (subject to an adjustment for foreign tax credits), state income taxes, incremental foreign income taxes, and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable because of the complexities associated with its hypothetical calculation.

Income taxes paid, net of amounts refunded, were $2,690,000, $11,693,000, and $8,182,000 for the years ended December 31, 2009, 2008, and 2007, respectively. In taxing jurisdictions where the Business was previously included in a consolidated tax return with Vishay Intertechnology, the amount of income taxes paid includes amounts deemed to be paid to the legal tax-paying entities in the respective jurisdictions.

The Business and its subsidiaries are, or will be, subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgment is required in evaluating our tax positions and determining our provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. The Business establishes reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when the Business believes that certain positions might be challenged despite its belief that its tax return positions are fully supportable. The Business adjusts these reserves in light of changing facts and circumstances and the provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate. At December 31, 2009 and 2008, there are no reserves because the Business has been fully indemnified by Vishay Intertechnology.

Note 8 – Indebtedness

Net Payable to Affiliates

The net amount payable to Vishay Intertechnology and affiliated companies outside the defined scope of the Business primarily reflects balances carried forward from funding provided by Vishay Intertechnology to make certain acquisitions, to retire certain debt assumed in acquisitions, or as part of Vishay Intertechnology's global working capital allocation strategy.

As further described in Note 3, throughout the period covered by the combined and consolidated financial statements, the Business had significant agreements, transactions, and relationships with Vishay Intertechnology operations outside the defined scope of the Business. The net payable to affiliates also includes the effects of these transactions.

Effective as of the spin-off, the Business will utilize a portion of the cash on hand that was generated by the Business to repay this intercompany debt with Vishay Intertechnology and affiliated companies outside the defined scope of the Business. Accordingly, at December 31, 2009, the net payable to affiliates is presented as a current liability. At December 31, 2008, the net payable to affiliates is presented as a noncurrent liability.

The combined and consolidated financial statements include charges for interest based on the prevailing interest rate of Vishay Intertechnology's revolving credit facility, or if greater, an interest rate required by local tax authorities. Interest expense on the net amount payable to affiliates was $1,168,000, $1,517,000, and $2,106,000 during the years ended December 31, 2009, 2008, and 2007. Of these amounts, $500,000, $900,000, and $1,500,000 were not historically charged by Vishay Intertechnology to the Business, and accordingly, these amounts of imputed interest are reflected as an increase to parent net investment on the combined and consolidated balance sheet. The remaining interest expense was charged to the Business and paid in accordance with local statutory requirements.

Third-party Debt

Long-term debt payable to third parties consists of debt held by the Business's Japanese subsidiary.

Annual maturities of third-party debt are as follows *(in thousands):*

2010	$ 184
2011	-
2012	-
2013	776
2014	129
Thereafter	646

Interest paid on third-party debt during the years ended December 31, 2009, 2008, and 2007 was not material.

Credit Lines

At December 31, 2009 and 2008, certain subsidiaries of the Business had committed and uncommitted short-term credit lines with various foreign banks aggregating approximately $2,000,000. The outstanding balances related to these arrangements is presented as "notes payable to banks" on the combined and consolidated balance sheet.

The Business expects to enter into a revolving credit facility with a consortium of banks to provide it with flexibility and additional liquidity, effective as of the separation.

Note 8 – Indebtedness (continued)

Exchangeable Notes of Vishay Intertechnology

On December 13, 2002, Vishay Intertechnology issued $105,000,000 in nominal (or principal) amount of its floating rate unsecured exchangeable notes due 2102 in connection with an acquisition. The notes are governed by a note instrument, made by Vishay Intertechnology on December 13, 2002, and a put and call agreement, dated as of December 13, 2002. The notes may be put to Vishay Intertechnology in exchange for shares of its common stock and, under certain circumstances, may be called by Vishay Intertechnology for similar consideration.

Under the terms of the put and call agreement, by reason of the spin-off, Vishay Intertechnology is required to take action so that the existing notes are deemed exchanged as of the date of the spin-off, for a combination of new notes of Vishay Intertechnology and notes issued by Vishay Precision Group, Inc.

Except for Vishay Intertechnology's contractual obligation to issue new notes of any spin-off company, these notes have no direct historical connection to the Business. Accordingly, these exchangeable notes are not included in the historical combined and consolidated financial statements. Furthermore, the exact amount of the liability to be assumed by Vishay Precision Group, Inc. under the exchangeable notes will not be known until ten trading days after the spin-off.

Note 9 – Other Comprehensive Income (Loss)

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

	Beginning Balance	Before-Tax Amount	Tax Effect	Net-of-Tax Amount	Ending Balance
December 31, 2007					
Pension and other postretirement actuarial items	$ (1,348)	$ 782	$ (233)	$ 549	$ (799)
Reclassification adjustment for recognition of actuarial items		133	(48)	85	85
Currency translation adjustment	(134)	2,201	-	2,201	2,067
	$ (1,482)	$ 3,116	$ (281)	$ 2,835	$ 1,353
December 31, 2008					
Pension and other postretirement actuarial items	$ (714)	$ 55	$ (29)	$ 26	$ (688)
Reclassification adjustment for recognition of actuarial items		(11)	4	(7)	(7)
Currency translation adjustment	2,067	(14,568)	-	(14,568)	(12,501)
	$ 1,353	$ (14,524)	$ (25)	$ (14,549)	$ (13,196)
December 31, 2009					
Pension and other postretirement actuarial items	**$ (695)**	**$ (897)**	**$ 353**	**$ (544)**	**$ (1,239)**
Reclassification adjustment for recognition of actuarial items		**76**	**(27)**	**49**	**49**
Currency translation adjustment	**(12,501)**	**4,523**	**-**	**4,523**	**(7,978)**
	$ (13,196)	**$ 3,702**	**$ 326**	**$ 4,028**	**$ (9,168)**

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

Note 10 – Pensions and Other Postretirement Benefits

Defined Benefit Plans

Employees of the Business participate in various defined benefit pension and other postretirement benefit plans.

Certain subsidiaries that comprise the Business offer defined benefit pension plans to their employees, which are reflected in the accompanying combined and consolidated financial statements.

Certain employees of the Business in the United States and the United Kingdom have historically participated in defined benefit pension and other postretirement plans sponsored by Vishay Intertechnology. The annual cost of the Vishay Intertechnology defined benefit plans is allocated to all of the participating businesses based upon a specific actuarial computation, and accordingly, are reflected in the accompanying combined and consolidated statements of operations.

The Business will assume most of the obligations for employees in the United States and the United Kingdom that will be employed by the Business after the spin-off, and accordingly, those obligations are included in the Business's combined and consolidated balance sheets. An allocation of plan assets is also reflected in the disclosures below.

Vishay Intertechnology's principal qualified U.S. pension plan, the Vishay Intertechnology Retirement Plan ("VRP"), was frozen effective January 1, 2009. Due to the freeze of the VRP, participants no longer accrue benefits. Given the frozen nature of the VRP, participants who will become employees of the Business after the spin-off will become terminated, vested participants of the VRP as of the spin-off date and Vishay Intertechnology will retain the pension obligations, the amount of which is not material.

Employees who participated in the Vishay Intertechnology Nonqualified Retirement Plan will be transferred into the newly created Vishay Precision Group Nonqualified Retirement Plan. The Vishay Intertechnology Nonqualified Retirement Plan was a contributory pension plan designed to provide similar defined benefits to covered U.S. employees whose benefits under the Vishay Intertechnology Retirement Plan would be limited by the Employee Retirement Income Security Act of 1974 ("ERISA") and the Internal Revenue Code.

The Vishay Intertechnology Nonqualified Retirement Plan was frozen effective January 1, 2009, and participants no longer accrue benefits.

The Vishay Intertechnology Nonqualified Retirement Plan, like all nonqualified plans, is considered to be unfunded. Vishay Intertechnology maintains a nonqualified trust, referred to as a "rabbi" trust, to fund benefits under this plan. Rabbi trust assets are subject to creditor claims under certain conditions and are not the property of employees. Therefore, they are accounted for as other noncurrent assets. Vishay Intertechnology will deposit an allocation of assets into a newly created rabbi trust for the Business. The combined and consolidated balance sheets include allocations of these rabbi trust assets of $1,220,000 and $1,069,000 at December 31, 2009 and 2008, respectively, which equals the pension liability at those dates.

Note 10 – Pensions and Other Postretirement Benefits (continued)

The following table sets forth a reconciliation of the benefit obligation, plan assets, and funded status related to pension and other postretirement benefit plans *(in thousands):*

	December 31, 2009		December 31, 2008	
	Pension Plans	**OPEB Plans**	**Pension Plans**	**OPEB Plans**
Change in benefit obligation:				
Benefit obligation at beginning of year	**$ 11,508**	**$ 2,106**	$ 18,284	$ 2,046
Service cost (adjusted for actual employee contributions)	**253**	**34**	471	34
Interest cost	**639**	**135**	817	126
Acquisitions	**-**	**-**	81	-
Contributions by participants	**61**	**-**	72	-
Actuarial (gains) losses	**1,269**	**247**	(2,354)	44
Benefits paid	**(326)**	**(169)**	(2,320)	(144)
Currency translation	**954**	**-**	(3,543)	-
Benefit obligation at end of year	**$ 14,358**	**$ 2,353**	$ 11,508	$ 2,106
Change in plan assets:				
Fair value of plan assets at beginning of year	**$ 6,640**	**$ -**	$ 10,419	$ -
Actual return on plan assets	**991**	**-**	(1,992)	-
Acquisitions	**-**	**-**	38	-
Company contributions	**684**	**-**	2,753	-
Contributions by participants	**61**	**-**	72	-
Benefits paid	**(326)**	**-**	(2,320)	-
Currency translation	**624**	**-**	(2,330)	-
Fair value of plan assets at end of year	**$ 8,674**	**$ -**	$ 6,640	$ -
Funded status at end of year	**$ (5,684)**	**$ (2,353)**	$ (4,868)	$ (2,106)

Note 10 – Pensions and Other Postretirement Benefits (continued)

Amounts recognized in the combined and consolidated balance sheet consist of the following *(in thousands):*

	December 31, 2009		December 31, 2008	
	Pension Plans	OPEB Plans	Pension Plans	OPEB Plans
Accrued benefit liability	**$ (5,684)**	**$ (2,353)**	$ (4,868)	$ (2,106)
Accumulated other comprehensive loss	**1,444**	**380**	843	161
	$ (4,240)	**$ (1,973)**	$ (4,025)	$ (1,945)

Actuarial items consist of the following *(in thousands):*

	December 31, 2009		December 31, 2008	
	Pension Plans	OPEB Plans	Pension Plans	OPEB Plans
Unrecognized net actuarial loss	**$ 1,444**	**$ 298**	$ 843	$ 52
Unamortized transition obligation	**-**	**82**	-	109
	$ 1,444	**$ 380**	$ 843	$ 161

The following table sets forth additional information regarding the projected and accumulated benefit obligations for the pension plans *(in thousands):*

	December 31,	
	2009	2008
Accumulated benefit obligation, all plans	**$ 13,575**	$ 10,860
Plans for which the accumulated benefit obligation exceeds plan assets:		
Projected benefit obligation	**$ 14,240**	$ 11,377
Accumulated benefit obligation	**13,516**	10,812
Fair value of plan assets	**8,575**	6,564

Note 10 – Pensions and Other Postretirement Benefits (continued)

The following table sets forth the components of net periodic cost of pension and other postretirement benefit plans *(in thousands):*

	Years ended December 31,					
	2009		2008		2007	
	Pension Plans	**OPEB Plans**	**Pension Plans**	**OPEB Plans**	**Pension Plans**	**OPEB Plans**
Annual service cost	**$ 314**	**$ 34**	$ 543	$ 34	$ 564	$ 40
Less employee contributions	**61**	**-**	72	-	78	-
Net service cost	**253**	**34**	471	34	486	40
Interest cost	**639**	**135**	817	126	878	112
Expected return on plan assets	**(424)**	**-**	(643)	-	(625)	-
Amortization of actuarial losses (gains)	**50**	**27**	(39)	27	95	38
Curtailment and settlement losses (gains)	**-**	**-**	-	-	(56)	-
Net periodic benefit cost	**$ 518**	**$ 196**	$ 606	$ 187	$ 778	$ 190

See Note 9 for the pretax, tax effect, and after tax amounts included in other comprehensive income during the years ended December 31, 2009, 2008, and 2007. The estimated actuarial items that will be amortized from accumulated other comprehensive loss into net periodic pension cost during 2010 approximate the amounts amortized in 2009.

The following weighted-average assumptions were used to determine benefit obligations at December 31 of the respective years:

	December 31, 2009		December 31, 2008	
	Pension Plans	**OPEB Plans**	**Pension Plans**	**OPEB Plans**
Discount rate	**5.70%**	**5.75%**	5.84%	6.25%
Rate of compensation increase	**3.24%**	**0.00%**	2.66%	0.00%

The following weighted-average assumptions were used to determine the net periodic pension costs for the years ended December 31, 2009 and 2008:

	Years ended December 31,			
	2009		2008	
	Pension Plans	**OPEB Plans**	**Pension Plans**	**OPEB Plans**
Discount rate	**5.84%**	**6.25%**	5.55%	6.25%
Rate of compensation increase	**2.66%**	**0.00%**	2.92%	0.00%
Expected return on plan assets	**5.88%**	**0.00%**	6.39%	0.00%

The impact of a one-percentage-point change in assumed health care cost trend rates on the net periodic benefit cost and postretirement benefit obligation is not material.

Note 10 – Pensions and Other Postretirement Benefits (continued)

The plan's expected return on assets is based on management's expectation of long-term average rates of return to be achieved by the underlying investment portfolios. In establishing this assumption, management considers historical and expected returns for the asset classes in which the plans are invested, advice from pension consultants and investment advisors, and current economic and capital market conditions.

The investment mix between equity securities and fixed income securities is based upon achieving a desired return, balancing higher return, more volatile equity securities, and lower return, less volatile fixed income securities.

Plan assets are comprised of:

	December 31, 2009		December 31, 2008	
	Pension Plans	OPEB Plans	Pension Plans	OPEB Plans
Equity securities	**41%**	-	59%	-
Fixed income securities	**32%**	-	25%	-
Cash and cash equivalents	**27%**	-	16%	-
Total	**100%**	-	100%	-

Estimated future benefit payments are as follows *(in thousands):*

	Pension Plans	OPEB Plans
2010	**$ 221**	**$ 169**
2011	**289**	**169**
2012	**403**	**169**
2013	**444**	**169**
2014	**581**	**169**
2015-2019	**3,676**	**845**

The Business anticipates making contributions to its pension and postretirement benefit plans of approximately $700,000 during 2010.

Note 10 – Pensions and Other Postretirement Benefits (continued)

Other Retirement Obligations

The Business participates in various other defined contribution and government-mandated retirement plans based on local law or custom. The Business periodically makes required contributions for certain of these plans. At December 31, 2009 and 2008, the combined and consolidated balance sheets include $2,512,000 and $2,934,000, respectively, within accrued pension and other postretirement costs related to these plans.

Most of the Business's U.S. employees are eligible to participate in 401(k) savings plans which provide company matching under various formulas. Concurrent with the freezing of U.S. pension benefits effective January 1, 2009, the company-match percentage for affected employees was increased. The Business's matching expense for the plans was $744,000, $604,000, and $649,000 for the years ended December 31, 2009, 2008, and 2007, respectively. No material amounts are included in the combined and consolidated balance sheets related to unfunded 401(k) contributions.

Certain key employees participate in a deferred compensation plan sponsored by Vishay Intertechnology. These employees will be transferred to a newly created deferred compensation plan of the Business. The accompanying combined and consolidated balance sheets include a liability within other noncurrent liabilities related to these deferrals. Vishay Intertechnology maintains a nonqualified trust, referred to as a "rabbi" trust, to fund payments under this plan. Rabbi trust assets are subject to creditor claims under certain conditions and are not the property of employees. Therefore, they are accounted for as other noncurrent assets. Vishay Intertechnology will deposit an allocation of assets into a newly created rabbi trust for the Business. The combined and consolidated balance sheets include allocations of these rabbi trust assets of $2,295,000 and $1,912,000 at December 31, 2009 and 2008, respectively. Assets held in trust are intended to approximate the Business's liability under this plan.

Note 11 – Share-Based Compensation

Vishay Intertechnology maintains various stockholder-approved programs which allow for the grant of share-based compensation to officers, directors, and employees, including employees of the Business. The following disclosures represent the portion of the Vishay Intertechnology programs in which employees of the Business participated.

Vishay Intertechnology common stock underlies all awards granted under these programs. Accordingly, the amounts presented are not necessarily indicative of future performance and do not necessarily reflect the results that the Business would have experienced as an independent, publicly traded company for the periods presented.

Outstanding Vishay Intertechnology equity awards held by employees of the Business generally will expire at or within 60 days of the spin-off. The Business expects to issue replacement awards based on its own common stock after the spin-off.

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

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

	Years ended December 31,		
	2009	**2008**	**2007**
Vishay stock options	**$ 65**	$ 66	$ 76
Vishay restricted stock units	**51**	-	-
Vishay phantom stock units	**19**	57	69
Total	**$ 135**	$ 123	$ 145

Note 11 – Share-Based Compensation (continued)

Stock Options

The following table summarizes Vishay Intertechnology stock option activity of the Business's employees *(number of options in thousands)*:

	Years ended December 31,					
	2009		2008		2007	
	Number of Vishay Options	Weighted Average Exercise Price	Number of Vishay Options	Weighted Average Exercise Price	Number of Vishay Options	Weighted Average Exercise Price
Outstanding:						
Beginning of year	**171**	**$ 18.26**	170	$ 18.22	214	$ 14.72
Granted	**-**	**-**	6	8.98	25	14.25
Exercised	-	-	(5)	5.60	(69)	5.92
Cancelled	**(69)**	**15.33**	-	-	-	-
End of year	**102**	**$ 20.24**	171	$ 18.26	170	$ 18.22
Vested and expected to vest	**102**		171		170	
Exercisable:						
End of year	**79**		141		140	

Most of the options outstanding at January 1, 2007 were granted in 1998, 1999, and 2000. These options vested over a six-year period.

The following table summarizes information concerning stock options outstanding and exercisable at December 31, 2009 *(number of options in thousands)*:

Ranges of Exercise Prices	Outstanding	Exercisable
$8.98	**6**	**1**
$13.46 - $16.46	**37**	**19**
$25.13	**59**	**59**
Total	**102**	**79**

Note 11 – Share-Based Compensation (continued)

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. There were no options granted in 2009. Options granted in 2008 and 2007 had a weighted-average grant-date fair value of $5.04 and $8.27, respectively. The following weighted-average assumptions were incorporated into the model used to value the options granted in 2008 and 2007:

	2008 Grants	2007 Grants
Expected dividend yield	0.0%	0.0%
Risk-free interest rate	3.6%	4.7%
Expected volatility	58.3%	60.7%
Expected life (in years)	7.2	7.2

The expected life of the options was estimated based on historical experience for a group of employees similar to the respective grantees. The expected volatility was estimated based on historical volatility over a period equal to the expected life of the options.

The pretax aggregate intrinsic value (the difference between the closing stock price of Vishay Intertechnology common stock on the last trading day of 2009 of $8.35 per share and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2009 is zero, because all outstanding options have exercise prices in excess of market value. This amount changes based on changes in the market value of the Vishay Intertechnology's common stock. No options were exercised during the year ended December 31, 2009. The total intrinsic value of options exercised during the years ended December 31, 2008 and 2007, was $4,000 and $783,000, respectively.

Restricted Stock Units and Phantom Stock Units

Vishay Intertechnology RSUs granted to employees of the Business totaled 10,000 in 2009. At December 31, 2009, 6,668 of these RSUs are unvested.

Vishay Intertechnology phantom stock units granted to employees of the Business totaled 5,000 in each of the years ended December 31, 2009, 2008 and 2007. At December 31, 2009, employees of the Business hold 30,000 phantom stock units, which will be converted into Vishay Intertechnology common stock upon completion of the spin-off.

Note 12 – Commitments, Contingencies, and Concentrations

Leases

The Business uses various leased facilities and equipment in its operations. In the normal course of business, operating leases are generally renewed or replaced by other leases. Certain operating leases include escalation clauses.

Total rental expense under operating leases was $3,624,000, $3,851,000, and $3,413,000 for the years ended December 31, 2009, 2008, and 2007, respectively.

Future minimum lease payments for operating leases with initial or remaining noncancelable lease terms in excess of one year are as follows *(in thousands)*:

2010	$ 2,339
2011	1,617
2012	1,033
2013	133
2014	88
Thereafter	-

Litigation

The Business is a party to various claims and lawsuits arising in the normal course of business. The Business is of the opinion that these litigations or claims will not have a material negative effect on its consolidated financial position, results of operations, or cash flows.

Executive Employment Agreements

Vishay Intertechnology has employment agreements with certain of its senior executives who will transfer to the Business. These employment agreements provide incremental compensation in the event of termination. Vishay Intertechnology does not provide any severance or other benefits specifically upon a change in control.

Sources of Supplies

Although most materials incorporated in the Business's products are available from a number of sources, certain materials are available only from a relatively limited number of suppliers.

Some of the most highly specialized materials for the Business's sensors are sourced from a single vendor. The Business maintains a safety stock inventory of critical materials, and has entered into consignment arrangements with certain vendors to assure the availability of critical materials at its facilities.

Certain metals used in the manufacture of our products are traded on active markets, and can be subject to significant price volatility.

Purchase Commitments

The Business has various purchase commitments incidental to the ordinary conduct of business. Such commitments are at prices which are not in excess of current market prices.

Note 12 – Commitments, Contingencies, and Concentrations (continued)

Market Concentrations

No single customer comprises greater than 10% of net revenues.

The vast majority of the Business's products are used in the broad industrial market, with selected uses in military/aerospace, automotive, and to much lesser extent, consumer products. Within the industrial segment, the Business's products serve wide applications in the waste management, bulk hauling, logging, scale, engineering systems, pharmaceutical, oil, chemical, steel, paper, and food industries.

Credit Risk Concentrations

Financial instruments with potential credit risk consist principally of cash and cash equivalents, accounts receivable, and notes receivable. The Business maintains cash and cash equivalents with various major financial institutions. Concentrations of credit risk with respect to receivables are generally limited due to the Business's large number of customers and their dispersion across many countries and industries. At December 31, 2009 and 2008, the Business had no significant concentrations of credit risk.

Geographic Concentration

The Business has significant manufacturing operations in Israel in order to benefit from that country's various tax abatement programs, lower wage rates, highly skilled labor force, and government-sponsored grants. Israeli incentive programs have contributed substantially to the growth and profitability of the Business. The Business might be materially and adversely affected if these incentive programs were no longer available to the Business or if events were to occur in the Middle East that materially interfered with the Business's operations in Israel.

Note 13 – Segment and Geographic Data

The Business operates in two product segments: Foil Technology Products, which include foil resistors and strain gages, and Weighing Modules and Control Systems, which include load cells, instruments, and complete systems for process control or on-board weighing applications.

The Business evaluates operating segment performance on operating income, exclusive of certain items. Management believes that evaluating segment performance excluding items such as restructuring and severance costs, goodwill impairment charges, and other items is meaningful because it provides insight with respect to intrinsic operating results of the Business. The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 2). Operating segment assets are the owned or allocated assets used by each segment. Products are transferred between segments on a basis intended to reflect, as nearly as practicable, the market value of the products.

The following table sets forth operating segment information *(in thousands)*:

	Weighing Modules & Control Systems	Foil Technology Products	Corporate/ Other	Total
2009				
Net third-party revenues	**$ 100,120**	**$ 71,871**	**$ -**	**$ 171,991**
Intersegment revenues	**-**	**1,235**	**(1,235)**	**-**
Gross margin	**22,282**	**30,423**	**-**	**52,705**
Segment operating income (loss)	**4,066**	**18,444**	**(15,209)**	**7,301**
Restructuring and severance costs	**1,854**	**194**	**-**	**2,048**
Depreciation expense	**4,721**	**3,725**	**-**	**8,446**
Capital expenditures	**1,386**	**795**	**-**	**2,181**
Total assets	**115,187**	**94,592**	**-**	**209,779**
2008				
Net third-party revenues	$ 148,796	$ 92,904	$ -	$ 241,700
Intersegment revenues	-	3,057	(3,057)	-
Gross margin	37,304	42,592	-	79,896
Segment operating income (loss)	12,821	27,749	(112,202)	(71,632)
Restructuring and severance costs	6,251	98	-	6,349
Impairment of goodwill	80,266	13,199	-	93,465
Depreciation expense	5,060	3,350	-	8,410
Capital expenditures	4,093	3,298	-	7,391
Total assets	153,491	101,372	-	254,863
2007				
Net third-party revenues	$ 144,736	$ 94,300	$ -	$ 239,036
Intersegment revenues	-	1,463	(1,463)	-
Gross margin	38,297	46,214	-	84,511
Segment operating income (loss)	15,397	32,399	(11,658)	36,138
Restructuring and severance costs	248	108	-	356
Depreciation expense	4,541	3,589	-	8,130
Capital expenditures	4,739	3,590	-	8,329
Total assets	229,017	90,964	-	319,981

Note 13 – Segment and Geographic Data (continued)

The "Corporate/Other" column for segment operating income (loss) includes unallocated selling, general, and administrative expenses and certain items which management excludes from segment results when evaluating segment performance, as follows *(in thousands):*

	Years ended December 31,		
	2009	**2008**	**2007**
Unallocated selling, general, and administrative expenses	**$ (13,161)**	$ (12,388)	$ (11,302)
Restructuring and severance costs	**(2,048)**	(6,349)	(356)
Impairment of goodwill	**-**	(93,465)	-
	$ (15,209)	$ (112,202)	$ (11,658)

The following geographic data include net revenues based on revenues generated by subsidiaries located within that geographic area and property and equipment based on physical location *(in thousands)*:

Net Revenues

	Years ended December 31,		
	2009	**2008**	**2007**
United States	**$ 58,795**	$ 80,449	$ 88,989
United Kingdom	**26,568**	40,851	39,922
Other Europe	**51,454**	73,038	67,968
Israel	**17,899**	23,898	22,003
Asia	**17,275**	23,464	20,154
	$ 171,991	$ 241,700	$ 239,036

Property and Equipment - Net

	December 31,	
	2009	**2008**
United States	**$ 5,124**	$ 6,214
United Kingdom	**6,434**	6,267
Other Europe	**1,026**	1,309
Israel	**17,162**	18,908
Asia	**14,715**	17,883
Other	**138**	122
	$ 44,599	$ 50,703

Note 14 – Additional Financial Statement Information

The caption "Other" on the consolidated statements of operations consists of the following *(in thousands)*:

	Years ended December 31,		
	2009	**2008**	**2007**
Foreign exchange gain (loss)	**$ 122**	$ 2,470	$ 872
Interest income	**725**	1,902	1,550
Income recognized on the equity method	**-**	444	489
Other	**(133)**	(36)	(123)
	$ 714	$ 4,780	$ 2,788

Net inventories consist of the following *(in thousands):*

	December 31,	
	2009	**2008**
Raw materials	**$ 13,341**	$ 15,584
Work in process	**13,214**	17,519
Finished goods	**17,247**	24,889
	$ 43,802	$ 57,992

Net property and equipment consists of the following *(in thousands):*

	December 31,	
	2009	**2008**
Land	**$ 2,003**	$ 2,448
Buildings and improvements	**38,486**	37,425
Machinery and equipment	**64,681**	63,305
Software	**3,607**	3,504
Projects in process	**338**	1,297
Accumulated depreciation	**(64,516)**	(57,276)
	$ 44,599	$ 50,703

Other accrued expenses consist of the following *(in thousands):*

	December 31,	
	2009	**2008**
Restructuring	**$ 132**	$ 1,453
Goods received, not yet invoiced	**877**	1,190
Other	**3,564**	4,277
	$ 4,573	$ 6,920

Note 15 – Fair Value Measurements

The Business adopted ASC Topic 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities as of January 1, 2008, and for nonfinancial assets and liabilities as of January 1, 2009. The adoption did not have a material effect on the Business's financial position, results of operations, or liquidity.

ASC Topic 820 establishes a valuation hierarchy of the inputs used to measure fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

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

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

Level 3: Unobservable inputs that reflect the Business's own assumptions.

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

The following table provides the financial assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2009 *(in thousands)*:

		Fair value measurements at reporting date using:		
	Total Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Assets held in rabbi trusts	**$ 3,515**	**$ 955**	**$ 2,560**	**$ -**
Defined benefit pension plan assets				
Equity securities	**$ 3,561**	**$ 3,561**	**$ -**	**$ -**
Fixed income securities	**2,748**	**2,748**	**-**	**-**
Cash and cash equivalents	**2,365**	**2,365**	**-**	**-**

Vishay Intertechnology maintains nonqualified trusts, referred to as "rabbi" trusts, to fund payments under deferred compensation and nonqualified pension plans, and the Business will establish similar trusts to continue these programs. Vishay Intertechnology will contribute assets to the Business's rabbi trust prior to the spin-off in an amount that approximates the Business's liability under these arrangements. The assets above are based on a pro rata allocation of the Vishay Intertechnology rabbi trust assets, but the actual assets transferred may differ. Rabbi trust assets consist primarily of marketable securities, classified as available-for-sale and company-owned life insurance assets. The marketable securities held in the rabbi trusts are valued using quoted market prices on the last business day of the year. The company-owned life insurance assets are valued in consultation with Vishay Intertechnology's insurance brokers using the value of underlying assets of the insurance contracts. The fair value measurement of the marketable securities held in the rabbi trust is considered a Level 1 measurement and the measurement of the company-owned life insurance assets is considered a Level 2 measurement within the fair value hierarchy.

Note 15 – Fair Value Measurements (continued)

The Business maintains defined benefit retirement plans in certain of its subsidiaries. The assets of the plans are measured at fair value.

Equity securities held by the defined benefit retirement plans consist of equity securities that are valued based on quoted market prices on the last business day of the year. The fair value measurement of the equity securities is considered a Level 1 measurement within the fair value hierarchy.

Fixed income securities held by the defined benefit retirement plans consist of government bonds and corporate notes that are valued based on quoted market prices on the last business day of the year. The fair value measurement of the fixed income securities is considered a Level 1 measurement within the fair value hierarchy.

Cash held by the defined benefit retirement plans consists of deposits on account in various financial institutions. The carrying amount of the cash approximates its fair value.

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