SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 1998

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

For the transition period from to

Commission File Number 1-7416

VISHAY INTERTECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	38-1686453
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
63 Lincoln Highway, Malvern, Pennsylvania	19355
(Address of principal executive offices)	(Zip Code)

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

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

As of November 13, 1998 registrant had 59,347,494 shares of its Common Stock and 8,321,654 shares of its Class B Common Stock outstanding.

VISHAY INTERTECHNOLOGY, INC.

FORM 10-Q SEPTEMBER 30, 1998

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

ASSETS	September 30 1998	December 31 1997
CURRENT ASSETS		
Cash and cash equivalents	$ 121,915	$ 55,263
Accounts receivable	280,782	186,687
Inventories:		
Finished goods	194,348	158,933
Work in process	157,375	84,245
Raw materials	104,194	96,193
Prepaid expenses and other current assets	109,563	64,650
TOTAL CURRENT ASSETS	968,177	645,971
PROPERTY AND EQUIPMENT - AT COST		
Land	59,276	41,378
Buildings and improvements	263,233	230,772
Machinery and equipment	1,031,227	744,983
Construction in progress	62,485	50,400
Allowance for depreciation	(430,879)	(358,391)
	985,342	709,142
GOODWILL	438,548	286,923
OTHER ASSETS	96,881	77,612
	$ 2,488,948	$ 1,719,648

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30 1998	December 31 1997
CURRENT LIABILITIES		
Notes payable to banks	$27,381	$29,926
Trade accounts payable	81,765	47,925
Payroll and related expenses	73,481	44,039
Other accrued expenses	120,540	52,485
Income taxes	23,942	12,003
Current portion of long-term debt	894	4,459
TOTAL CURRENT LIABILITIES	328,003	190,837
LONG-TERM DEBT	837,668	347,463
DEFERRED INCOME TAXES	41,692	41,701
DEFERRED INCOME	62,652	59,300
OTHER LIABILITIES	83,473	56,217
ACCRUED PENSION COSTS	116,482	64,482
STOCKHOLDERS' EQUITY		
Common stock	5,932	5,646
Class B common stock	832	793
Capital in excess of par value	990,059	920,165
Retained earnings	51,566	75,587
Accumulated other comprehensive income	(28,405)	(41,899)
Unearned compensation	(1,006)	(644)
	1,018,978	959,648
	$2,488,948	$1,719,648

See notes to consolidated condensed financial statements.

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

	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997
Net sales	$399,499	$285,352
Costs of products sold	301,904	214,960
GROSS PROFIT	97,595	70,392
Selling, general, and administrative expenses	62,946	35,324
Amortization of goodwill	3,048	2,117
OPERATING INCOME	31,601	32,951
Other income (expense):		
Interest expense	(14,009)	(5,566)
Other	(1,204)	700
	(15,213)	(4,866)
EARNINGS BEFORE INCOME TAXES	16,388	28,085
Income taxes	4,267	7,390
NET EARNINGS	$12,121	$20,695
Basic and diluted earnings per share	$0.18	$0.30
Weighted average shares outstanding - assuming dilution	67,640	67,868

See notes to consolidated condensed financial statements.

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

	Nine Months Ended September 30, 1998	1997
Net sales	$1,161,087	$831,275
Costs of products sold	875,896	629,649
GROSS PROFIT	285,191	201,626
Selling, general, and administrative expenses	173,234	102,941
Amortization of goodwill	8,587	5,133
OPERATING INCOME	103,370	93,552
Other income (expense):		
Interest expense	(35,093)	(12,831)
Other	(5,312)	2,084
	(40,405)	(10,747)
EARNINGS BEFORE INCOME TAXES	62,965	82,805
Income taxes	17,542	22,504
NET EARNINGS	$45,423	$60,301
Basic and diluted earnings per share	$0.67	$0.89
Weighted average shares outstanding - assuming dilution	67,635	67,689

See notes to consolidated condensed financial statements.

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

	Nine Months Ended September 30, 1998	1997
OPERATING ACTIVITIES		
Net earnings	$45,423	$60,301
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	97,610	62,441
Other	385	983
Changes in operating assets and liabilities	(28,345)	3,461
NET CASH PROVIDED BY OPERATING ACTIVITIES	115,073	127,186
INVESTING ACTIVITIES		
Purchases of property and equipment-net	(103,684)	(55,218)
Purchase of businesses, net of cash acquired	(528,599)	(122,377)
Sale of business	105,755	-
NET CASH USED IN INVESTING ACTIVITIES	(526,528)	(177,595)
FINANCING ACTIVITIES		
Net proceeds on revolving credit lines	479,563	159,194
Proceeds from long-term borrowings	6,571	5,485
Payments on long-term borrowings	(6,771)	(78,018)
Net payments on short-term borrowings	(2,714)	(9,945)
NET CASH PROVIDED BY FINANCING ACTIVITIES	476,649	76,716
Effect of exchange rate changes on cash	1,458	(3,786)
INCREASE IN CASH AND CASH EQUIVALENTS	66,652	22,521
Cash and cash equivalents at beginning of period	55,263	20,945
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$121,915	$43,466

See notes to consolidated condensed financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(unaudited)
September 30, 1998

Note 1: Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for presentation of financial position, results of operations, and cash flows required by generally accepted accounting principles for complete financial statements. The information furnished reflects all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair summary of the financial position, results of operations and cash flows for the interim periods presented. The financial statements should be read in conjunction with the financial statements and notes thereto filed with Form 10-K for the year ended December 31, 1997.

Note 2: Earnings Per Share

The number of shares used in the calculation of basic earnings per common share were 67,553,000 and 67,558,000 for the quarter and nine months ended September 30, 1998 and 67,549,000 and 67,530,000 for the comparable prior year periods. The number of shares used in the calculation of diluted earnings per common share were 67,640,000 and 67,635,000 for the quarter and nine months ended September 30, 1998 and 67,868,000 and 67,689,000 for the comparable prior year's periods. Options to purchase 1,218,000 shares of common stock at exercise prices ranging from $22.88 to $41.14 per share were outstanding during 1998 but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares. However, for the quarter and nine months ended September 30, 1997, 252,000 shares were included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares. Earnings per share amounts for all periods presented reflect the 5% stock dividend paid on June 11, 1998.

Note 3: Acquisitions

In June 1998, the Company finalized its purchase of 80.4% of the capital stock of Siliconix Incorporated (NASDAQ:SILI) and 100% of the capital stock of TEMIC Semiconductor GmbH. On March 2, 1998 the Company paid an initial purchase price of $497,186,000 based on net asset values at December 31, 1996. Since March, the Company paid an additional $52,703,000 for the increase in net assets at March 2, 1998. On March 4, 1998 the Company sold the Integrated Circuits division of TEMIC to Atmel Incorporated for an initial purchase price of $100,000,000. On August 6, 1998, the Company received an additional $5,755,000, for a total purchase price of $105,755,000.

The purchase of TEMIC and Siliconix("TEMIC") was funded from the Company's $1.1 billion revolving credit facilities made available to Vishay on March 2, 1998 by a group of banks led by Comerica Bank, as administrative agent, Nationsbanc Montgomery Securities

LLC, as syndication agent, and Credit Lyonnais New York Branch, as documentation agent.

The acquisition was accounted for under the purchase method of accounting. Under purchase accounting, the assets and liabilities of Temic are required to be adjusted from historical amounts to their estimated fair values. Purchase accounting adjustments have been preliminarily estimated by management based upon currently available information. There can be no assurance, however, that estimated adjustments represent the final purchase accounting adjustments that will be ultimately determined. Management is waiting for the results of appraisals and other information that will be required to determine the final purchase allocation. To the extent that a portion of the purchase price is allocated to in-process research and development, a charge, which may be material, would be recognized in this year.

The results of operations of TEMIC have been included in the Company's results from March 1, 1998. Excess of cost over the fair value of assets acquired is approximately $157,257,000 and is being amortized on a straight-line method over an estimated useful life of forty years.

In July 1997, the Company purchased 65% of the common stock of Lite-On Power Semiconductor Corporation (LPSC), a Republic of China (Taiwan) company, for $130,000,000 in cash and stock appreciation rights with a fair value(at the time of issuance) of $8,200,000. LPSC is a producer of discrete active electronic components with manufacturing facilities in Taiwan, China and the United States. LPSC owns 40.2% of Diodes, Inc.(AMEX:DIO), a public company traded on the American Stock Exchange. The Company utilized existing credit facilities to finance the cash portion ($130,000,000) of the purchase price. The acquisition was accounted for under the purchase method of accounting.

The results of operations of LPSC have been included in the Company's results from July 1, 1997. Excess of cost over the fair value of net assets acquired ($110,978,000) is being amortized on a straight-line method over an estimated useful life of forty years.

Had the TEMIC and LPSC acquisitions been made at the beginning of 1997, the Company's pro forma unaudited results for the three months ended September 30, 1997 and the nine months ended September 30, 1998 and 1997 would have been (in thousands, except per share amounts):

	Three Months Ended Sept 30	Nine Months Ended Sept 30	
	1997	1998	1997
Net sales	$425,895	$1,243,539	$1,270,671
Net earnings	$ 23,742	$ 43,117	$ 62,028
Basic and diluted earnings per share	$ 0.35	$ 0.64	$ 0.92

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 1997 or of future results.

Note 4: Comprehensive Income

As of January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130). SFAS 130 establishes rules for the reporting and presentation of comprehensive income and its components. SFAS 130 requires foreign currency translation adjustments and the additional minimum pension liability, which prior to adoption were reported separately in stockholders' equity, to be included in other comprehensive income. The accumulated foreign currency translation adjustment and the additional minimum pension liability as of December 31, 1997 have been reclassified to conform to the requirements of SFAS 130. The adoption of SFAS 130 did not impact the Company's net income or total stockholders' equity. Total comprehensive income for the three and nine months ended September 30, 1998 were $32,864,000 and $58,915,000, respectively, as compared to $16,711,000 and $19,693,000 for the prior year's periods.

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

Results of Operations

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

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	1998	1997	1998	1997
Costs of products sold	75.6%	75.3%	75.4%	75.7%
Gross profit	24.4	24.7	24.6	24.3
Selling, general and administrative expenses	15.8	12.4	14.9	12.4
Operating income	7.9	11.5	8.9	11.3
Earnings before income taxes	4.1	9.8	5.4	10.0
Effective tax rate	26.0	26.3	27.9	27.2
Net earnings	3.0	7.3	3.9	7.3

Net sales for the quarter and nine months ended September 30, 1998 increased $114,147,000 or 40.0% and $329,812,000 or 39.7% from the comparable periods of the prior year. The increase in net sales relates primarily to the acquisition of TEMIC. Net sales of TEMIC included in the Company's reported sales for the quarter and nine months ended September 30, 1998 were $138,929,000 and $326,584,000, respectively. LPSC was acquired by Vishay effective July 1, 1997. Exclusive of TEMIC and LPSC, net sales would have decreased by $24,782,000 or 8.7% and $34,428,000 or 4.1% from the comparable prior year periods. The strengthening of the U.S. dollar against foreign currencies for the quarter and nine months ended September 30, 1998 in comparison to the prior year's periods, resulted in decreases in reported sales of $3,084,000,and $21,080,000, respectively. Moreover, the Company's net sales of passive components and semiconductor components were negatively affected by the economic downturn in Asia and substantial price erosion.

Costs of products sold for the quarter and nine months ended September 30, 1998 were 75.6% and 75.4% of net sales, respectively, as compared to 75.3% and 75.7%, respectively, for the comparable prior year periods. Gross profit, as a percentage of net sales, for the quarter ended September 30, 1998 decreased from the comparable prior year period mainly due to the weakness in the passive components business. Profitability for the passive components business was negatively affected by price erosion and the depressed Asian market. Gross profit of the passive components business was 21.6% for the quarter ended September 30, 1998 compared to 25.0% for the comparable prior year period. Gross profit, as a percentage of net sales, for the nine months ended September 30, 1998 increased from the comparable prior year period mainly due to the acquisition of TEMIC. TEMIC recorded gross profit margins of 31.0% and 28.7%, respectively, for the quarter and seven months ended September 30, 1998. The results for semiconductor components were negatively affected by the economic slowdown in the semiconductor industry, adjustments of high inventory levels at distributors, the depressed Asian market, and a substantial price erosion. As a result, the Company is considering whether to restructure some of its Asian operations.

Exclusive of TEMIC and LPSC, gross profits, as a percentage of net sales, for the Vishay passive components were 23.5% for the nine months ended September 30, 1998, as compared to 24.4% in the comparable prior year period.

Israeli government grants, recorded as a reduction of costs of products sold, were $3,423,000 and $9,694,000 for the quarter and nine months ended September 30, 1998, respectively, as compared to $2,970,000 and $8,395,000 for the comparable prior year periods. Future grants and other incentive programs offered to the Company by the Israeli government will likely depend on the Company's continuing to increase capital investment and the number of the Company's employees in Israel. Deferred income at September 30, 1998 relating to Israeli government grants was $62,652,000 as compared to $59,300,000 at December 31, 1997.

Selling, general, and administrative expenses for the quarter and nine months ended September 30, 1998 were 15.8% and 14.9% of net sales, respectively, as compared to 12.4% for the comparable prior year periods. The increased selling, general and administrative expenses were primarily due to the acquisition of TEMIC, for which selling, general and administrative expenses were 20.7% and 20.1% of net sales, respectively, for the quarter and seven months ended September 30, 1998.

Interest costs increased by $8,443,000 and $22,262,000 for the quarter and nine months ended September 30, 1998, from the comparable prior year periods, primarily due to the increase in bank borrowings necessary to fund the TEMIC and LPSC acquisitions. The Company had net borrowings of $443,000,000 and $130,000,000, respectively, from a group of banks to finance the acquisitions of TEMIC and LPSC.

Other income decreased by $7,396,000 for the nine months ended September 30, 1998 as compared to the prior year period primarily due to a noncash loss of $6,269,000 relating to a forward exchange contract (entered into to set the purchase price in connection with the TEMIC acquisition, since the purchase price was denominated in German Marks and payable in U.S. Dollars).

The effective tax rate for the nine months ended September 30, 1998 was 27.9% as compared to 27.2% for the comparable prior year period. The continuing effect of low tax rates in Israel (as compared to the statutory rate in the United States) resulted in increases in net earnings of $3,097,000 and $4,939,000 for the quarters ended September 30, 1998 and 1997, respectively, and $10,654,000 and $9,390,000 for the nine months ended September 30, 1998 and 1997, respectively. The more favorable Israeli tax rates are applied to specific approved projects and normally continue to be available for a period of ten years.

Financial Condition

Cash flows from operations were $115,073,000 for the nine months ended September 30, 1998 compared to $127,186,000 for the prior year's period. The decrease in cash flows from operations is attributable to: i) a decrease in net earnings for the nine months ended September 30, 1998 as compared to the nine months ended September 30, 1997; and ii) a decrease in accrued expenses due to payments on restructuring programs instituted at Vishay over the last eighteen months. Net purchases of property and equipment for the nine months ended September 30, 1998 were $103,684,000 compared to $55,218,000 in the prior year's period. Net cash provided by financing activities of $476,649,000 for the nine months ended September 30, 1998 includes approximately $550,000,000 used to finance the acquisition of TEMIC. In August 1998, the Company finalized the sale of the IC Division of Temic and received the remaining $5,755,000. In total, the Company received $105,755,000 for the sale of the IC Division of Temic and used the proceeds to pay down debt.

The Company incurred restructuring expense of $12,605,000 for the year ended December 31, 1997. Approximately $10,357,000 of this expense related to employee termination costs covering approximately 324 employees located in Germany and France. As of September 30, 1998, approximately 178 of such employees have been terminated and $8,435,000 of the termination costs have been paid. The restructuring plan is expected to be completed by the end of 1998. In connection with the acquisition by Vishay, TEMIC recorded restructuring liabilities of $39,051,000. Approximately $27,251,000 of this liability relates to employee termination costs covering approximately 412 technical, production, administrative and support employees located in the United States, Europe, and the Far East. The remaining $11,800,000 relates to provisions for certain assets, contract cancellations and other costs. As of September 30, 1998, 50 employees have been terminated and $8,181,000 of the termination costs were paid. Additionally, $4,000,000 has been charged against the liability for the write down of certain assets and other costs. The balance of $26,870,000 is reflected in the consolidated financial statements in other accrued expenses and is expected to be paid out in the next year. At September 30, 1998, $34,909,000 of restructuring costs are included in other accrued expenses.

The Company's financial condition at September 30, 1998 is strong, with a current ratio of 2.95 to 1. The Company's ratio of long-term debt (less current portion) to stockholders' equity was .82 to 1 at September 30, 1998 and .36 to 1 at December 31, 1997.

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

Year 2000

Many existing computer systems and software products, including many used by the Company, accept only two digit entries in the date code field. As a result, computer programs or hardware that have date-sensitive software or embedded chips may not properly distinguish 21st century dates from 20th century dates. This could result in system failure or miscalculations causing disruption of operations.

The Company has completed an assessment of its core business information systems, a portion of which are provided by outside suppliers, for year 2000 readiness and is extending that review to include a wide variety of other information systems and related business processes used in its operations. The Company is creating and implementing plans to make them year 2000 compliant. Currently, the Company is in the process of making its European facilities year pliant. As of September

30, 1998, the Company is on target to complete this task. The Company is also focusing on bringing its U.S., Asian and Israeli computer systems into year 2000 compliance. In August 1998, the Company began to implement the business application software of SAP for all of its North American operations. SAP is designed to add worldwide functionality and efficiency to the business processes of the Company as well as address some of the issues of year 2000 compliance. The first North American facility should be up and running with SAP by the first quarter of 1999. The Company is currently operating SAP in most of Europe. Management does not believe the Company will suffer any material loss of customers or other material adverse effects as a result of these modifications.

The Company is also assessing the possible effect on its operations of the year 2000 readiness of critical suppliers of products and services. The Company's reliance on its key suppliers, and therefore on the proper functioning of their information systems and software, is increasing, and there can be no assurance that another company's failure to address year 2000 issues could not have an adverse effect on the Company.

The Company is currently in the process of estimating its year 2000 project costs as part of its annual budget process. The Company believes that it is unlikely to experience a material adverse impact on its financial condition or results of operations due to year 2000 compliance issues. However, since the assessment process is ongoing, year 2000 complications are not fully known, and potential liability issues are not clear, the full potential impact of the year 2000 on the Company is not known at this time.

Management of the Company believes it has an effective program in place to resolve the year 2000 issues in a timely manner. As noted above, the Company has not yet completed all necessary phases of the year 2000 program. In the event that the Company's systems are not rendered year 2000 compliant in a timely manner, the Company may experience significant disruption in its operations including taking customer orders, manufacturing and shipping products, invoicing customers or collecting payments. In addition, disruptions in the economy generally resulting from year 2000 issues could also materially affect the Company. The Company could be subject to litigation for computer systems product failure, for example, equipment shutdown or failure to properly date business records. The amount of potential liability and lost revenue cannot be reasonably estimated at this time.

The Company has contingency plans for certain critical applications and is working on such plans for others. These contingency plans involve, among other actions, manual workarounds and adjusting staffing strategies.

Inflation

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

Safe Harbor Statement

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

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

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

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

- A slowdown in demand for discrete active and or passive electronic components or recessionary trends in the global economy in general or in specific countries or regions where the Company sells the bulk of its products, such as the U.S., Germany, France or the Pacific Rim, could adversely impact the Company's results of operations. The Company is currently being affected by the weakness in the industry, the economic problems in Asia, a strong U.S. Dollar, and substantial price erosion.

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

- Approximately 75% of the Company's revenues are derived from operations and sales outside the United States. As a result, currency exchange rate fluctuations, inflation, changes in monetary policy and tariffs, potential changes in laws and regulations affecting the Company's business in foreign jurisdictions, trade restrictions or prohibitions, intergovernmental disputes, increased labor costs and reduction or cancellation of government grants, tax benefits or other incentives could impact the Company's results of operations. During the past several years, the increase in the value of the U.S. dollar against most foreign currencies has had a negative impact on U.S. dollar denominated revenues.

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

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

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

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

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

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

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

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

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

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company has received notice from counsel representing the Estate of Jerome H. Lemelson of alleged infringement by the Company of various patents owned by the estate. The estate recently settled litigation with several large Original Equipment Manufacturers (O.E.M.) customers of the Company and has approached many of the Company's competitors with claims of alleged patent infringements. The patents, in general, relate to bar-code readers and other automated inspection gear. The Company is currently attempting to assess its potential liability, if any, if the validity of the patents were to be upheld and the extent to which such patents apply to the Company's manufacturing methods. At this time the Company is unable to determine the extent, or materiality of any liability under these claims.

Item 2. Changes in Securities

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

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

Not applicable

Item 5. Other Information

Proposals of stockholders intended to be presented at the Company's 1999 annual meeting of stockholders must be received at the Company's principal executive offices not later than December 23, 1998 in order to be included in the Company's proxy statement and form of proxy relating to the 1999 annual meeting.

Pursuant to new amendments to Rule 14a-4(c) of the Securities Exchange Act of 1934, as amended, if a stockholder who intends to present a proposal at the 1999 annual meeting of stockholders does not notify the Company of such proposal on or prior to March 3, 1999, then management proxies would be allowed to use their discretionary voting authority to vote on the proposal when the proposal is raised at the annual meeting, even though there is no discussion of the proposal in the 1999 proxy statement.

During the quarter ended September 30, 1998, Donald G. Alfson, a director and Executive Vice President of Vishay Intertechnology, Inc., upon mutual agreement, resigned from all positions with the Company, in order to pursue other professional interests.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
27 - Financial Data Schedule

(b) Not applicable

SIGNATURES

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

VISHAY INTERTECHNOLOGY, INC.

/s/ Richard N. Grubb

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

Date: November 13, 1998

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1,000

9-MOS
DEC-31-1998
SEP-30-1998
121,915
0
301,278
(20,496)
455,917
968,177
1,416,221
(430,879)
2,488,948
328,003
837,668
0
0
5,932
1,013,046
2,488,948
1,161,087
1,161,087
875,896
875,896
187,133
0
35,093
62,965
17,542
45,423
0
0
0
45,423
.67
.67