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

# FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 2, 2007

Vishay Intertechnology, Inc.

(Exact name of registrant as specified in its charter)

| Delaware | 1-7416 | 38-1686453 |
| --- | --- | --- |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| 63 Lancaster Avenue Malvern, PA 19355 | 19355-2143 |
| --- | --- |
| (Address of principal executive offices) | (Zip Code) |

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

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

|_| Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

|_| Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

|_| Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

|_| Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## Item 2.02 - Results of Operations and Financial Condition

On August 2, 2007, Vishay Intertechnology, Inc. issued a press release announcing its financial results for the fiscal quarter and six fiscal months ended June 30, 2007. A copy of the press release is furnished as Exhibit 99 to this report.

## Item 7.01 - Regulation FD Disclosure

Computational Guidance on Earnings Per Share Estimates

The Company frequently receives questions from analysts and shareholders regarding its diluted earnings per share ("EPS") computation. The information furnished in this Form 8-K provides additional information on the impact of key variables on the EPS computation, particularly as they relate to the third quarter of 2007.

Accounting principles require that EPS be computed based on the weighted average shares outstanding ("basic"), and also assuming the issuance of potentially issuable shares (such as those subject to stock options, warrants, convertible notes, etc.) if those potentially issuable shares would reduce EPS ("diluted").

The number of shares related to options, warrants, and similar instruments included in diluted EPS is based on the "Treasury Stock Method" prescribed in Statement of Financial Accounting Standards ("SFAS") No. 128. This method assumes a theoretical repurchase of shares using the proceeds of the respective stock option or warrant exercise at a price equal to the issuer's average stock price during the related earnings period. Accordingly, the number of shares includable in the calculation of diluted EPS in respect of stock options, warrants and similar instruments is dependent on this average stock price and will increase as the average stock price increases. This method is also utilized for net share settlement debt which meets the definition of "instrument C securities" in Emerging Issues Task Force Consensus Opinion No. 90-19, Convertible Bonds with Issuer Option to Settle for Cash upon Conversion (EITF 90-19).

The number of shares includable in the calculation of diluted EPS in respect of conventional convertible or exchangeable securities is based on the "If Converted" method prescribed in SFAS No. 128. This method assumes the conversion or exchange of these securities for shares of common stock. In determining if convertible or exchangeable securities are dilutive, the interest savings (net of tax) subsequent to an assumed conversion are added back to net earnings. The shares related to a convertible or exchangeable security are included in diluted EPS only if EPS as otherwise calculated is greater than the interest savings, net of tax, divided by the shares issuable upon exercise or conversion of the instrument ("incremental earnings per share"). Accordingly, the calculation of diluted EPS for these instruments is dependent on the level of net earnings. Each series of convertible or exchangeable securities is considered individually and in sequence, starting with the series having the lowest incremental earnings per share, to determine if its effect is dilutive or anti-dilutive.

In June 2007, the Company's Board of Directors adopted a resolution pursuant to which the Company intends to waive its rights to settle the principal amount of its 3-5/8% Convertible Subordinated Notes, upon any conversion or repurchase of the notes, in shares of Vishay common stock. Pursuant to the indenture governing the notes, Vishay had the right to pay the conversion value or purchase price for the notes in cash, Vishay common stock, or a combination of both.

In accordance with the resolution of its Board, in the future, if notes are tendered for repurchase, Vishay will pay the repurchase price in cash, and if notes are submitted for conversion, Vishay will value the shares issuable upon conversion and will pay in cash an amount equal to the principal amount of the converted notes and will issue shares in respect of the conversion value in excess of the principal amount.

Vishay will now consider the notes to be "instrument C securities" as defined by EITF 90-19. Accordingly, the notes will be included in the diluted earnings per share computation using the "treasury stock method" (similar to options and warrants) rather than the "if converted method" otherwise required for convertible debt. Under the "treasury stock method," Vishay will calculate the number of shares issuable under the terms of the notes based on the average market price of Vishay common stock during the period, and include that number in the total diluted shares figure for the period.

The following estimates of shares consider the number of the Company's shares currently outstanding and the Company's stock options, warrants and convertible or exchangeable securities currently outstanding and their exercise and conversion features currently in effect. Changes in these parameters could have a material impact on the calculation of diluted EPS.

The following estimates of shares should be read in conjunction with the information on earnings per share in the Company's filings on Form 10-Q and Form 10-K. These estimates are unaudited and are not necessarily indicative of the shares used in the diluted EPS computation for any prior period. The estimates below are not necessarily indicative of the shares to be used in the quarterly diluted EPS computation for any period subsequent to the third quarter of 2007. The Company assumes no duty to revise these estimates as a result of changes in the parameters on which they are based or any changes in accounting principles. Also, the presentation is not intended as a forecast of EPS values or share prices of the Company's common stock for any period.

For the third quarter of 2007:

- The Company has approximately 187 million shares issued and outstanding, including shares of common stock and class B common stock.

- The number of shares included in diluted EPS related to options, warrants, and similar instruments does not vary significantly and is generally less than 1 million incremental shares.

- The Company's Convertible Subordinated Notes due 2023 are convertible at a conversion price of $21.28 per $1,000 principal amount, equivalent to 46.9925 shares per $1,000 principal amount. There are 500,000 bonds outstanding. The number of shares of common stock that Vishay will include in its diluted earnings per share computation, assuming an average market price for Vishay common stock in excess of the conversion price, will be determined in accordance with the following formula:

S = 500,000 * [(P - $21.28) * 46.9925] / P

where

S = the number of shares to be included in diluted EPS, and
P = the average market price of Vishay common stock for the quarter.

If the average market price is less than $21.28, no shares will be included in the diluted earnings per share computation.

- The Company's Exchangeable unsecured notes due 2102 are dilutive at quarterly earnings levels in excess of approximately $28 million. The Exchangeable unsecured notes are exchangeable for approximately 6 million shares. Quarterly interest, net of tax, is approximately $0.9 million.

Item 9.01 - Financial Statements and Exhibits

(d) Exhibits

| Exhibit No. | Description |
|---|---|
| 99 | Press release dated August 2, 2007 |

Signature

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 hereunto duly authorized.

Date: August 2, 2007

VISHAY INTERTECHNOLOGY, INC.

By: /s/ Richard N. Grubb
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Name: Richard N. Grubb
Title: Executive Vice President and Chief Financial Officer

Exhibit 99

# Vishay Reports Results for Second Quarter 2007

- Sales for second quarter 2007 increased by $57.7 million, or 8.8%, compared to first quarter 2007, due to recent acquisitions.

- Net earnings of $0.22 per diluted share for the second quarter 2007 have been negatively affected by the after tax impact of certain items (enumerated below) of $0.04 per share for adjusted earnings per share of $0.26.

- Cash generated from operations was $69 million and capital expenditures were $42 million in the second quarter 2007.

- Discrete semiconductor product lines acquired from International Rectifier were accretive in the second quarter 2007.

MALVERN, Pa.--(BUSINESS WIRE)--Aug. 2, 2007--Dr. Felix Zandman, Executive Chairman of the Board, and Dr. Gerald Paul, President and Chief Executive Officer of Vishay Intertechnology, Inc. (NYSE:VSH), announced today that net revenues for the fiscal quarter ended June 30, 2007 were $715.9 million, compared to $660.5 million for the fiscal quarter ended July 1, 2006. Net income from continuing operations for the fiscal quarter ended June 30, 2007 was $42.0 million, or $0.22 per diluted share, compared with net earnings for the fiscal quarter ended July 1, 2006 were $42.8 million, or $0.22 per diluted share.

On April 1, 2007, Vishay acquired the Power Control Systems ("PCS") business of International Rectifier Corporation. The Company intends to sell the automotive modules and subsystems business unit ("ASBU") acquired as part of the PCS business. The operations of the ASBU have been classified as discontinued operations for the quarter ended June 30, 2007. The loss from discontinued operations for the quarter was $1.3 million, resulting in net earnings of $40.7 million, or $0.22 per diluted share.

Net income from continuing operations of $42.0 million, or $0.22 per diluted share, for the second quarter of 2007 was impacted by pre-tax charges for restructuring and severance costs of $1.2 and related asset write-downs of $2.7 million. These items and their tax-related consequences, plus additional tax expense for changes in uncertain tax positions of $3.4 million, had a negative $0.04 per share effect on income from continuing operations.

Net earnings of $42.8 million, or $0.22 per diluted share, for the second quarter of 2006 were impacted by pre-tax charges for restructuring and severance costs of $8.2 million, related asset write-downs of $3.8 million, losses resulting from adjustments to previously existing purchase commitments of $0.8 million for tantalum powder and wire, a loss on early extinguishment of debt of $2.9 million associated with the repurchase of the Company's Liquid Yield Option Notes, and an adjustment to increase the estimated cost of environmental remediation obligations associated with the 2001 General Semiconductor acquisition of $3.6 million. These items and their tax-related consequences had a negative $0.06 effect on earnings per share.

Net revenues for the six fiscal months ended June 30, 2007 were $1,374.1 million, compared to $1,291.6 million for the six fiscal months ended July 1, 2006. Net income from continuing operations for the six fiscal months ended June 30, 2007 was $92.0 million, or $0.48 per diluted share, compared with net earnings for the six fiscal months ended July 1, 2006 of $81.0 million, or $0.41 per diluted share.

Net income from continuing operations of $92.0 million, or $0.48 per diluted share, for the six fiscal months ended June 30, 2007 was impacted by pre-tax charges for restructuring and severance costs of $3.3 million and related asset write-downs of $2.7 million. These items and their tax-related consequences, plus additional tax expense for changes in uncertain tax positions of $3.4 million, had a negative $0.04 per share effect on income from continuing operations.

Net earnings of $81.0 million, or $0.41 per diluted share, for the six fiscal months ended July 1, 2006 were impacted by pre-tax charges for restructuring and severance costs of $8.9 million, related asset write-downs of $3.9 million, write-downs of tantalum inventories to current market value of $8.2 million, losses resulting from adjustments to previously existing purchase commitments of $4.1 million, a loss on early extinguishment of debt of $2.9 million, and an adjustment to increase the estimated cost of environmental remediation obligations associated with the 2001 General Semiconductor acquisition of $3.6 million. These items and their tax-related consequences had a negative $0.12 effect on earnings per share.

Commenting on the results for the second quarter 2007, Dr. Paul stated, "After a strong start into the year, the revenues for Vishay stabilized in the second quarter 2007 on a solid level.

The PCS business that we acquired on April 1, 2007 from International Rectifier consists of two discrete semiconductor businesses and an automotive modules and subsystems business unit ("ASBU"). We concluded that ASBU would not satisfactorily complement Vishay's strategy and operations. Consequently, we announced Vishay's intent to sell ASBU. The discrete semiconductor businesses acquired as part of PCS contributed $51.8 million of sales in the second quarter and already were accretive to earnings. After a slow start in the first month after the acquisition, we expect the acquired semiconductor businesses to quickly reach a yearly run-rate of sales of $240 million. We project a contribution of approximately $11 million from the acquired semiconductor businesses to Vishay's operating profit by the first quarter 2008."

Regarding the outlook for the third quarter 2007, Dr. Paul continued, "Our guidance for sales is in the range of $710 million to $730 million. We expect the acquired product lines to continue to grow, whereas our traditional business is expected to experience some softening due to seasonal market conditions in Europe."

Commenting on the Company's acquisition activities, Dr. Felix Zandman, Executive Chairman of the Board and Chief Technical and Business Development Officer, stated, "We are very pleased with the discrete semiconductor businesses acquired from International Rectifier. They are performing as expected. We believe that we can grow these businesses organically and that they will become a strong contributor to Vishay's bottom line in the near future. We continue to see the semiconductor space as an area for organic growth and potential acquisitions."

Regarding the Company's R&D activities, Dr. Zandman noted, "Our R&D programs are on target. The share of new products released to the market continues to increase."

A conference call to discuss second quarter financial results is scheduled for Thursday, August 2, 2007 at 10:00 a.m. (EDT). The dial-in number for the conference call is 877-589-6174 (+1 706-643-1406 if calling from outside the United States or Canada) and the conference ID is #6231732.

There will be a replay of the conference call from 12:30 p.m. (EDT) on Thursday, August 2, 2007 through 11:59 p.m. (EDT) on Thursday, August 9, 2007. The telephone number for the replay is 800-642-1687 (+1 706-645-9291 if calling from outside the United States or Canada) and the access code is #6231732.

There will also be a live audio webcast of the conference call. This can be accessed directly from the Investor Relations section of the Vishay website at http://ir.vishay.com.

Vishay Intertechnology, Inc., a Fortune 1,000 Company listed on the NYSE (VSH), is one of the world's largest manufacturers of discrete semiconductors (diodes, rectifiers, transistors, and optoelectronics and selected ICs) and passive electronic components (resistors, capacitors, inductors, sensors, and transducers). These components are used in virtually all types of electronic devices and equipment, in the industrial, computing, automotive, consumer, telecommunications, military, aerospace, and medical markets. Its product innovations, successful acquisition strategy, and ability to provide "one-stop shop" service have made Vishay a global industry leader. Vishay can be found on the Internet at http://www.vishay.com.

Statements contained herein that relate to the Company's future performance, including statements with respect to forecasted revenues and the anticipated future benefits of the Company's acquisition and research and development programs, including the anticipated future benefits of the PCS business acquisition, are forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks, uncertainties and contingencies, many of which are beyond our control, which may cause actual results, performance or achievements to differ materially from those anticipated. Such statements are based on current expectations only, and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Among the factors that could cause actual results to materially differ include: general business and economic conditions, particularly in the markets that we serve; competition and technological changes in our industries; difficulties in implementing our cost reduction strategies; difficulties in new product development; our ability to identify suitable acquisition targets and to successfully negotiate and consummate their acquisition, difficulties in integrating acquired companies, including the recently acquired PCS business; and otherwise realizing the anticipated benefits of their operations, our ability to attract and retain highly qualified personnel, particularly in respect of our acquired businesses; and other factors affecting our operations that are set forth in our Annual Report on Form 10-K for the year ended December 31, 2006 filed with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Also, we can provide no assurance as to the timing of the disposition of ASBU or whether we can dispose of ABSU on terms we consider attractive or at all.

Management believes that stating the impact on net earnings of items such as restructuring and severance, asset write-downs, charges for in-process research and development, gains or losses on purchase commitments, special tax items and other items not reflecting on-going operating activities is meaningful to investors because it provides insight with respect to intrinsic operating results of the Company and, management believes, is a common measure of performance in the industries in which the Company competes. Investors should be aware, however, that this is a non-GAAP measure of performance and should not be considered as a substitute for the comparable GAAP measure.

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

| | Fiscal quarter ended | |
|---|---|---|
| | June 30, 2007 | July 1, 2006 |
| Net revenues | $ 715,861 | $ 660,523 |
| Costs of products sold | 537,946 | 479,808 |
| Loss on purchase commitments | - | 794 |
| Gross profit | 177,915 | 179,921 |
| Gross margin | 24.9% | 27.2% |
| Selling, general, and administrative expenses (a) | 113,114 | 104,317 |
| Restructuring and severance costs | 1,240 | 8,227 |
| Asset write-downs | 2,665 | 3,794 |
| Operating income | 60,896 | 63,583 |
| Operating margin | 8.5% | 9.6% |
| Other income (expense): | | |
| Interest expense | (7,407) | (8,407) |
| Loss on early extinguishment of debt | - | (2,854) |
| Minority interest | (258) | (381) |
| Other | 4,208 | 3,723 |
| Total other income (expense) - net | (3,457) | (7,919) |
| Income from continuing operations, before taxes | 57,439 | 55,664 |
| Income taxes | 15,394 | 12,822 |
| Income from continuing operations | 42,045 | 42,842 |

| | | |
|---|---|---|
| Loss from discontinued operations, net of tax | (1,298) | - |
| Net earnings | $ 40,747 | $ 42,842 |
| Basic earnings (loss) per share:* | | |
| Continuing operations | $ 0.23 | $ 0.23 |
| Discontinued operations | $ (0.01) | $ - |
| Net earnings | $ 0.22 | $ 0.23 |
| Diluted earnings (loss) per share:* | | |
| Continuing operations | $ 0.22 | $ 0.22 |
| Discontinued operations | $ (0.01) | $ - |
| Net earnings | $ 0.22 | $ 0.22 |
| Weighted average shares outstanding - basic | 185,422 | 184,419 |
| Weighted average shares outstanding - diluted | 192,578 | 217,803 |

* May not add due to rounding.

(a) The fiscal quarter ended July 1, 2006 includes $3,600 of expenses within selling, general and administrative expenses to increase the estimated cost of environmental obligations associated with the 2001 General Semiconductor acquisition.

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

| | Six fiscal months ended | |
|---|---|---|
| | June 30, 2007 | July 1, 2006 |
| Net revenues | $1,374,053 | $1,291,609 |
| Costs of products sold (b) | 1,020,987 | 951,094 |
| Loss on purchase commitments | - | 4,097 |
| Gross profit | 353,066 | 336,418 |
| Gross margin | 25.7% | 26.0% |
| Selling, general, and administrative expenses (c) | 220,102 | 200,169 |
| Restructuring and severance costs | 3,266 | 8,925 |
| Asset write-downs | 2,665 | 3,874 |
| Operating income | 127,033 | 123,450 |
| Operating margin | 9.2% | 9.6% |
| Other income (expense): | | |
| Interest expense | (14,598) | (17,064) |
| Loss on early extinguishment of debt | - | (2,854) |
| Minority interest | (547) | (567) |
| Other | 11,293 | 8,004 |
| Total other income (expense) - net | (3,852) | (12,481) |
| Income from continuing operations, before taxes | 123,181 | 110,969 |
| Income taxes | 31,172 | 29,967 |
| Income from continuing operations | 92,009 | 81,002 |
| Loss from discontinued operations, net of tax | (1,298) | - |
| Net earnings | $ 90,711 | $ 81,002 |
| Basic earnings (loss) per share:* | | |
| Continuing operations | $ 0.50 | $ 0.44 |

| | | |
|---|---|---|
| Discontinued operations | $ (0.01) | $ - |
| Net earnings | $ 0.49 | $ 0.44 |
| | | |
| Diluted earnings (loss) per share:* | | |
| Continuing operations | $ 0.48 | $ 0.41 |
| Discontinued operations | $ (0.01) | $ - |
| Net earnings | $ 0.47 | $ 0.41 |
| | | |
| Weighted average shares outstanding - basic | 184,942 | 184,345 |
| | | |
| Weighted average shares outstanding - diluted | 203,702 | 218,204 |

* May not add due to rounding.

(b) The six fiscal months ended July 1, 2006 includes write-downs of tantalum inventories of $8,228 within costs of products sold.

(c) The six fiscal months ended July 1, 2006 includes $3,600 of expenses within selling, general and administrative expenses to increase the estimated cost of environmental obligations associated with the 2001 General Semiconductor acquisition.

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

| | June 30, 2007 | December 31, 2006 |
|---|---|---|
| Assets | (Unaudited) | |
| Current assets: | | |
| Cash and cash equivalents | $ 386,667 | $ 671,586 |
| Accounts receivable - net | 454,404 | 351,656 |
| Inventories: | | |
| Finished goods | 169,526 | 163,576 |
| Work in process | 222,105 | 194,734 |
| Raw materials | 173,442 | 178,543 |
| Deferred income taxes | 43,407 | 38,368 |
| Prepaid expenses and other current assets | 138,054 | 128,784 |
| Assets held for sale | 65,450 | - |
| Total current assets | 1,653,055 | 1,727,247 |
| | | |
| Property and equipment, at cost: | | |
| Land | 101,022 | 94,803 |
| Buildings and improvements | 460,215 | 441,659 |
| Machinery and equipment | 1,917,840 | 1,818,660 |
| Construction in progress | 88,071 | 85,288 |
| Allowance for depreciation | (1,399,386) | (1,316,045) |
| Net property and equipment | 1,167,762 | 1,124,365 |
| | | |
| Goodwill | 1,622,528 | 1,463,992 |
| | | |
| Other intangible assets, net | 198,452 | 168,263 |
| | | |
| Other assets | 182,641 | 208,029 |
| Total assets | $ 4,824,438 | $ 4,691,896 |

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

| | June 30, 2007 | December 31, 2006 |
|---|---|---|
| | (Unaudited) | |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Notes payable to banks | $ 4,551 | $ 526 |
| Trade accounts payable | 139,432 | 145,919 |
| Payroll and related expenses | 129,855 | 132,922 |

| | | |
|---|---|---|
| Other accrued expenses | 216,457 | 203,986 |
| Income taxes | 48,136 | 47,333 |
| Current portion of long-term debt | 1,901 | 3,728 |
| Liabilities related to assets held for sale | 13,085 | - |
| Total current liabilities | 553,417 | 534,414 |
| | | |
| Long-term debt less current portion | 607,528 | 608,434 |
| Deferred income taxes | 18,167 | 15,923 |
| Deferred grant income | 3,048 | 5,732 |
| Other liabilities | 133,422 | 155,963 |
| Accrued pension and other postretirement costs | 289,818 | 285,823 |
| | | |
| Minority interest | 4,798 | 4,794 |
| | | |
| Stockholders' equity: | | |
| Common stock | 17,197 | 17,010 |
| Class B common stock | 1,435 | 1,436 |
| Capital in excess of par value | 2,251,143 | 2,229,972 |
| Retained earnings (d) | 885,522 | 796,902 |
| Accumulated other comprehensive income | 58,943 | 35,493 |
| Total stockholders' equity | 3,214,240 | 3,080,813 |
| Total liabilities and stockholders' equity | $ 4,824,438 | $ 4,691,896 |

(d) Reflects adjustment of $2,091 to initially apply the provisions of FASB Interpretation No. 48, adopted January 1, 2007.

VISHAY INTERTECHNOLOGY, INC.
Reconciliation of Earnings Per Share
(Unaudited - In thousands except earnings per share)

| | Fiscal quarter ended | | Six fiscal months ended | |
|---|---|---|---|---|
| | June 30, 2007 | July 1, 2006 | June 30, 2007 | July 1, 2006 |
| Numerator: | | | | |
| Numerator for basic earnings per share: | | | | |
| Income from continuing operations | $ 42,045 | $ 42,842 | $ 92,009 | $ 81,002 |
| Loss from discontinued operations | (1,298) | - | (1,298) | - |
| Net earnings | $ 40,747 | $ 42,842 | $ 90,711 | $ 81,002 |
| | | | | |
| Adjustment to the numerator for continuing operations and net earnings: | | | | |
| Interest savings assuming conversion of dilutive convertible and exchangeable notes, net of tax (e) | 913 | 4,678 | 4,918 | 9,476 |
| | | | | |
| Numerator for diluted earnings per share: | | | | |
| Income from continuing operations | $ 42,958 | $ 47,520 | $ 96,927 | $ 90,478 |
| Loss from discontinued operations | (1,298) | - | (1,298) | - |
| Net earnings | $ 41,660 | $ 47,520 | $ 95,629 | $ 90,478 |
| | | | | |
| Denominator: | | | | |
| Denominator for basic earnings per share: | | | | |

| | | | | |
|---|---|---|---|---|
| weighted average shares | 185,422 | 184,419 | 184,942 | 184,345 |
| Effect of dilutive securities | | | | |
| Convertible and exchangeable notes (e) | 6,177 | 32,351 | 17,925 | 32,916 |
| Employee stock options | 872 | 947 | 728 | 858 |
| Other | 107 | 86 | 107 | 85 |
| Dilutive potential common shares | 7,156 | 33,384 | 18,760 | 33,859 |
| Denominator for diluted earnings per share: adjusted weighted average shares | 192,578 | 217,803 | 203,702 | 218,204 |
| Basic earnings (loss) per share:* | | | | |
| Continuing operations | $ 0.23 | $ 0.23 | $ 0.50 | $ 0.44 |
| Discontinued operations | $ (0.01) | $ - | $ (0.01) | $ - |
| Net earnings | $ 0.22 | $ 0.23 | $ 0.49 | $ 0.44 |
| Diluted earnings (loss) per share:* | | | | |
| Continuing operations | $ 0.22 | $ 0.22 | $ 0.48 | $ 0.41 |
| Discontinued operations | $ (0.01) | $ - | $ (0.01) | $ - |
| Net earnings | $ 0.22 | $ 0.22 | $ 0.47 | $ 0.41 |

* May not add due to rounding.

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

| | Fiscal quarter ended | | Six fiscal months ended | |
|---|---|---|---|---|
| | June 30, 2007 | July 1, 2006 | June 30, 2007 | July 1, 2006 |
| Convertible and exchangeable notes: | | | | |
| Convertible Subordinated Notes, due 2023 (e) | 23,496 | - | 11,748 | - |
| Exchangeable Unsecured Notes, due 2102 | - | - | - | - |
| LYONs, due 2021 (f) | - | - | - | - |
| Weighted average employee stock options | 2,527 | 4,112 | 3,297 | 4,697 |
| Weighted average warrants | 8,824 | 8,824 | 8,824 | 8,824 |

(e) In June 2007, the Company's Board of Directors adopted a resolution pursuant to which the Company intends to waive its rights to settle the principal amount of the notes in shares of Vishay common stock. In accordance with the resolution of its Board, in the future if notes are tendered for repurchase, Vishay will pay the repurchase price in cash, and if notes are submitted for conversion, Vishay will value the shares issuable upon conversion and will pay in cash an amount equal to the principal amount of the converted notes and will issue shares in respect of the conversion value in excess of the principal amount. Accordingly, for the second quarter of 2007 and future periods, the Company calculates the number of shares issuable under the terms of the notes based on the average market price of Vishay common stock during the period, and includes that number in the total diluted shares figure for the period. If the average market price is less than $21.28, no shares will be included in the diluted earnings per share computation, as the effect would be antidilutive.

For periods prior to the second quarter of 2007, the notes were considered conventional convertible debt, and included in the earnings per share computation assuming they were converted into 23,496 shares of common stock if the effect of their inclusion was dilutive.

(f) The LYONs were redeemed in June 2006. Prior to redemption, they were convertible into 3,809 shares of common stock.

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