

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2001

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 ----- (State or other jurisdiction of incorporation or organization)	38-1686453 ----- (IRS employer identification no.)
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63 Lincoln Highway
 Malvern, Pennsylvania 19355-2120
 (Address of principal executive offices)

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

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 May 10, 2001 registrant had 122,396,709 shares of its Common Stock and 15,518,546 shares of its Class B Common Stock outstanding.

VISHAY INTERTECHNOLOGY, INC.

FORM 10-Q

MARCH 31, 2001

CONTENTS

	Page Number -----
PART I. FINANCIAL INFORMATION	
Item 1. Consolidated Condensed Balance Sheets - March 31, 2001 and December 31, 2000	3
Consolidated Condensed Statements of Operations - Three Months Ended March 31, 2001 and 2000	5
Consolidated Condensed Statements of Cash Flows - Three Months Ended March 31, 2001 and 2000	6
Notes to Consolidated Condensed Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	11

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

ASSETS	March 31, 2001	December 31, 2000
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$382,174	\$337,213
Accounts receivable	467,612	452,579
Inventories:		
Finished goods	217,632	179,286
Work in process	141,389	130,682
Raw materials	223,527	215,894
Deferred income taxes	30,975	32,051
Prepaid expenses and other current assets	148,696	127,169
	-----	-----
TOTAL CURRENT ASSETS	1,612,005	1,474,874
PROPERTY AND EQUIPMENT - AT COST		
Land	46,000	47,625
Buildings and improvements	263,614	265,311
Machinery and equipment	1,207,313	1,168,241
Construction in progress	68,303	83,768
Allowance for depreciation	(608,329)	(591,391)
	-----	-----
	976,901	973,554
GOODWILL		
	310,470	295,759
OTHER ASSETS		
	33,615	39,471
	-----	-----
	\$2,932,991	\$2,783,658
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 2001	December 31, 2000
	-----	-----
CURRENT LIABILITIES		
Notes payable to banks	\$1,571	\$8,250
Trade accounts payable	111,236	120,070
Payroll and related expenses	72,652	111,132
Other accrued expenses	156,612	146,157
Income taxes	39,443	31,915
Current portion of long-term debt	123	150
	-----	-----
TOTAL CURRENT LIABILITIES	381,637	417,674
LONG-TERM DEBT	252,993	140,467
DEFERRED INCOME TAXES	78,611	79,109
DEFERRED INCOME	59,083	55,162
MINORITY INTEREST	65,487	63,480
OTHER LIABILITIES	96,858	93,157
ACCRUED PENSION COSTS	95,410	100,754
STOCKHOLDERS' EQUITY		
Common Stock	12,239	12,241
Class B Common Stock	1,552	1,552
Capital in excess of par value	1,318,813	1,319,426
Retained earnings	705,581	615,455
Accumulated other comprehensive loss	(134,165)	(113,571)
Unearned compensation	(1,108)	(1,248)
	-----	-----
	1,902,912	1,833,855
	-----	-----
	\$2,932,991	\$2,783,658
	=====	=====

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 March 31,	
	2001	2000
Net sales	\$558,465	\$538,894
Costs of products sold	359,611	351,178
	-----	-----
GROSS PROFIT	198,854	187,716
Selling, general, and administrative expenses	72,229	67,944
Restructuring expense	5,971	-
Amortization of goodwill	2,915	3,136
	-----	-----
OPERATING INCOME	117,739	116,636
Other income (expense):		
Interest expense	(2,938)	(12,515)
Other	4,737	(174)
	-----	-----
	1,799	(12,689)
	-----	-----
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	119,538	103,947
Income taxes	26,921	23,454
Minority interest	2,491	6,222
	-----	-----
NET EARNINGS	\$90,126	\$74,271
	=====	=====
Basic earnings per share	\$0.65	\$0.57
Diluted earnings per share	\$0.65	\$0.56
Weighted average shares outstanding - basic	137,690	130,038
Weighted average shares outstanding - diluted	138,916	132,743

See notes to consolidated condensed financial statements.

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

	Three Months Ended March 31,	
	2001	2000
	-----	-----
OPERATING ACTIVITIES		
Net earnings	\$90,126	\$74,271
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	39,493	38,219
Loss on disposal of property and equipment	19	100
Minority interest in net earnings of consolidated subsidiaries	2,491	6,222
Other	14,875	16,455
Changes in operating assets and liabilities	(131,605)	(68,032)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,399	67,235
INVESTING ACTIVITIES		
Purchases of property and equipment	(54,311)	(40,326)
Proceeds from sale of property and equipment	1,018	2,270
Purchase of business	(18,251)	-
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(71,544)	(38,056)
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	116	-
Principal payments on long-term debt	-	(1,170)
Net proceeds (payments) on revolving credit lines	112,356	(48,617)
Net changes in short-term borrowings	(6,509)	8,497
Purchase of treasury stock	(851)	-
Proceeds from stock options exercised	188	33,466
	-----	-----
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	105,300	(7,824)
Effect of exchange rate changes on cash	(4,194)	(1,671)
	-----	-----
INCREASE IN CASH AND CASH EQUIVALENTS	44,961	19,684
Cash and cash equivalents at beginning of period	337,213	105,193
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$382,174	\$124,877
	=====	=====

See notes to consolidated condensed financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)
March 31, 2001

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 only 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 period presented. The financial statements should be read in conjunction with the financial statements and notes thereto filed with the Company's Form 10-K for the year ended December 31, 2000. The results of operations for the first three months of 2001 are not necessarily indicative of the results to be expected for the full year.

Note 2: Change in Accounting Principle

On January 1, 2001, the Company adopted SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" and two related statements. The Company recorded a \$51,435 derivative asset upon adoption, reflecting the cumulative effect of this change in accounting principle relating to the fair value of an interest-rate swap agreement.

Note 3: Earnings Per Share

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

	Three Months Ended March 31,	
	2001	2000
	-----	-----
Numerator:		
Net income	\$ 90,126	\$ 74,271
	-----	-----
Denominator:		
Denominator for basic earnings per share - weighted average shares	137,690	130,038
Effect of dilutive securities:		
Stock appreciation rights	-	579
Employee stock options	1,065	1,942
Other	161	184
	-----	-----
Dilutive potential common shares	1,226	2,705

Denominator for diluted earnings per share - adjusted weighted average shares	138,916	132,743
Basic earnings per share	\$ 0.65	\$ 0.57
Diluted earnings per share	\$ 0.65	\$ 0.56

Earnings per share amounts for all periods presented reflect the three-for-two stock split paid on June 9, 2000.

Note 4: Business Segment Information

The Company designs, manufactures, and markets electronic components that cover a wide range of products and technologies. The Company has two reportable segments: Passive Electronic Components (Passives) and Active Electronic Components (Actives). The Company evaluates performance and allocates resources based on several factors, of which the primary financial measure is business segment operating income excluding amortization of intangibles. The corporate component of operating income represents corporate selling, general, and administrative expenses.

	Three Months Ended March 31,	
	2001	2000
Business Segment Information (in thousands)		
Net Sales:		
Passives	\$ 393,485	\$ 325,510
Actives	164,980	213,384
	\$ 558,465	\$ 538,894
Operating Income:		
Passives	\$ 100,020	\$ 77,974
Actives	25,701	48,666
Corporate	(5,067)	(6,868)
Amortization of goodwill	(2,915)	(3,136)
	\$ 117,739	\$ 116,636

Note 5: Comprehensive Income

Comprehensive income includes the following components (in thousands):

	Three Months Ended	
	March 31,	
	2001	2000
	-----	-----
Net Income	\$ 90,126	\$ 74,271
Cumulative effect of change in accounting principle	51	-
Other comprehensive income (loss):		
Foreign currency translation adjustment	(18,733)	(14,007)
Unrealized loss on interest rate swap	(2,238)	-
Pension liability adjustment, net of tax	326	231
	-----	-----
Total other comprehensive loss	(20,645)	(13,776)
	-----	-----
Comprehensive income	\$69,532	\$60,495
	=====	=====

Note 6: Restructuring Expense

The Company recorded restructuring expense of \$5,971,000 for the quarter ended March 31, 2001. Restructuring of European operations included \$4,568,000 of employee termination costs covering approximately 76 technical, production, administrative and support employees located in France, Hungary, Portugal, and Austria. The remaining \$1,403,000 of restructuring expense related to termination costs for approximately 350 technical, production, administrative and support employees located in the United States. The restructuring expense was part of the cost reduction programs currently being implemented by the Company.

Note 7: Acquisition

In January 2001, the Company purchased Tansitor, a leading manufacturer of wet tantalum electrolytic capacitors and miniature conformal coated solid tantalum capacitors, for \$18.2 million. The results of operations of Tansitor are included in the Company's results from January 1, 2001. Goodwill of \$11,090,000 is being amortized over twenty years. The pro forma effect of this acquisition is not material.

Note 8: Proposed Purchase of Siliconix Shares

On February 22, 2001, the Company announced its proposal to purchase all remaining outstanding shares of common stock of Siliconix incorporated, of which Vishay currently owns 80.4%, not already owned by Vishay. This proposal continues to be evaluated by a special committee of directors of Siliconix appointed in March 2001.

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

The Company has not yet responded to the complaints in the Delaware actions. On April 9, 2001, Vishay and those defendants that have been served moved for a stay of the California actions. That motion is returnable on June 22, 2001. In management's opinion, the ultimate resolution of the above-mentioned matter is not expected to have a material adverse effect on the Company's consolidated financial condition or results of operations.

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 March 31,	
	2001	2000
	----	----
Costs of products sold	64.4 %	65.2 %
Gross profit	35.6	34.8
Selling, general, and administrative expenses	12.9	12.6
Operating income	21.1	21.6
Earnings before income taxes and minority interest	21.4	19.3
Effective tax rate	22.5	22.6
Net earnings	16.1	13.8

Net Sales

First quarter net sales for 2001 increased \$19,571,000 or 3.6% from the first quarter of 2000. The passive components business net sales were \$393,485,000 for the first quarter of 2001 as compared to \$325,510,000 for the first quarter of 2000, a 20.9% increase. The increase in the passive components business was primarily due to a strong backlog that existed at December 31, 2000. The active components business first quarter net sales for 2001 were \$164,980,000 as compared to \$213,384,000 for the first quarter of 2000, a 22.7% decrease. The decrease in the active sales for the quarter ended March 31, 2001 as compared to the prior year quarter was primarily due to the decrease in net sales of Siliconix, of which Vishay owns 80.4%, whose net sales for the quarter ended March 31, 2001 were \$87,759,000 as compared to \$114,500,000 for the first quarter of 2000, a 23.4% decrease. During the first quarter of 2001, the Company experienced a slowdown in orders, an increase in order cancellations, and orders being pushed out from several end markets that the Company serves. Sales for the first quarter of 2001 were reduced by \$12,480,000 as a result of the strengthening of the U.S. dollar against foreign currencies in comparison to the first quarter of the prior year.

Costs of Products Sold

Costs of products sold for the first quarter of 2001 were 64.4% of net sales, as compared to 65.2% for the first quarter of 2000. Gross profit as a percentage of net sales increased to 35.6% compared to 34.8% for the first quarter of 2000, with the passive components businesses responsible for the increase.

The active components business gross margins for the first quarter of 2001 were 31.0% as compared to 37.1% for the first quarter of 2000. The Siliconix operation was primarily responsible for this decrease. The gross profit margin for Siliconix was 33.2 % for the quarter ended March 31, 2001 as compared to 48.0% for the quarter ended March 31, 2000. The decrease in gross margins resulted primarily from manufacturing overhead costs in excess of those required to support the reduced demand in the quarter, as well as pricing pressures caused by excess industry capacity.

The passive components business gross profit margins for the first quarter of 2001 were 37.6% as compared to 33.4% for the first quarter of 2000. This increase was mainly a result of increased demand for the passive products, particularly resistors, tantalum capacitors, and multi-layer ceramic chip capacitors. Average selling prices remained comparable with the first quarter of 2000.

Israeli government grants, recorded as a reduction of costs of products sold, were \$4,316,000 for the first quarter of 2001, as compared to \$3,677,000 for the first quarter of 2000. Future grants and other incentive programs offered to the Company by the Israeli government will likely depend on the Company's continuing to increase capital investment and the number of Company employees in Israel. Deferred income at March 31, 2001 relating to Israeli government grants was \$59,083,000, as compared to \$55,162,000 at December 31, 2000.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses for the first quarter of 2001 were 12.9% of net sales, as compared to 12.6% of net sales for the first quarter of 2000. The Company continues to implement cost reduction initiatives company-wide, with particular emphasis placed on reducing headcount in high labor cost countries.

Restructuring Expense

The Company recorded restructuring expense of \$5,971,000 for the quarter ended March 31, 2001. Restructuring of European operations included \$4,568,000 of employee termination costs covering approximately 76 technical, production, administrative and support employees located in France, Hungary, Portugal, and Austria. The remaining \$1,403,000 of restructuring expense related to termination costs for approximately 350 technical, production, administrative and support employees located in the United States. The restructuring expense was part of the cost reduction programs currently being implemented by the Company. The Company expects to take additional restructuring charges during 2001.

Interest Expense

Interest expense for the first quarter of 2001 decreased by \$9,577,000 as compared to the first quarter of 2000. This decrease was a result of lower outstanding bank borrowings during the first quarter of 2001 as compared to the first quarter of the prior year. The Company received net proceeds of \$395,449,000 from a Common Stock offering in May 2000, which were used to pay down long-term debt.

Other Income

Other income was \$4,737,000 for the quarter ended March 31, 2001 as compared to an expense of \$174,000 for the quarter ended March 31, 2000. The 2001 amount includes interest income of \$4,625,000 as compared to interest income of \$944,000 for the first quarter of 2000. Foreign exchange gains were \$219,000 for the quarter ended March 31, 2001 as compared to foreign exchange losses of \$2,503,000 for the quarter ended March 31, 2000.

Minority Interest

Minority interest for the first quarter of 2001 decreased by \$3,731,000 as compared to the first quarter of 2000 primarily due to the decrease in net earnings of Siliconix.

Income Taxes

The effective tax rate for the first quarter of 2001 was 22.5% as compared to 22.6% for the first quarter of 2000. The continuing low tax rates in Israel applicable to the Company, as compared to the statutory rate in the United States, resulted in increases in net earnings of \$12,000,000 and \$12,853,000 for the first quarter of 2001 and 2000, respectively. The more favorable Israeli tax rates are applied to specific approved projects and are normally available for a period of ten or fifteen years.

Financial Condition and Liquidity

Cash flows from operations were \$15,399,000 for the first quarter of 2001 as compared to \$67,235,000 for the first quarter of 2000. The decrease in cash generated from operations was attributable to increases in inventory and accounts receivable, partially offset by an increase in net earnings from the first quarter of 2000. In March 2001, the Company adjusted production to control inventory levels due to the business slowdown. Net purchases of property and equipment in the first quarter of 2001 were \$54,311,000 as compared to \$40,326,000 in the first quarter of 2000, reflecting the Company's efforts toward increasing capacity. The Company borrowed \$112,356,000 on its revolving credit lines during the first quarter of 2001, primarily to fund additions to property and equipment and the acquisition of Tansitor. Cash and cash equivalents increased by \$44,961,000 as compared to December 31, 2000. The Company's financial condition at March 31, 2001 was strong, with a current ratio of 4.22 to 1. The Company's ratio of long-term debt, less current portion, to stockholders' equity was .13 to 1 at March 31, 2001 as compared to .55 to 1 at March 31, 2000 and .08 to 1 at December 31, 2000.

Inflation

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

Safe Harbor Statement

From time to time, information provided by the Company, including but not limited to statements in this report, or other statements made by or on behalf of the Company, may contain "forward-looking" information within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks, uncertainties and contingencies, many of which are beyond the Company's control, which may cause actual results, performance or achievements to differ materially from those anticipated. The Company's 2000 Annual Report on Form 10-K identifies important factors that could cause the Company's actual results, performance or achievements to differ materially from those in any forward-looking statements made by or on behalf of the Company.

Market Risk Disclosure

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

The Company is exposed to changes in U.S. dollar LIBOR interest rates on its floating rate revolving credit facility. At March 31, 2001, the outstanding balance under this facility was \$252,411,000. On a selective basis, the Company from time to time enters into interest rate swap or cap agreements to reduce the potential negative impact that increases in interest rates could have on its outstanding variable rate debt. At March 31, 2001, a fixed rate swap agreement was in place on \$100,000,000 of the Company's revolving credit facility. The impact of interest rate instruments on the Company's results of operations was not significant.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

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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

Not applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 3.1 - Amended and Restated By-Laws of Vishay Intertechnology, Inc.

(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: May 11, 2001

AMENDED AND RESTATED

BY-LAWS

OF

VISHAY INTERTECHNOLOGY, INC.
 (A Delaware Corporation)

ARTICLE I

STOCKHOLDERS

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

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

The corporation may issue a new certificate of stock in place of any certificate theretofore issued by it, alleged to have been lost, stolen, or destroyed, and the Board of

Directors may require the owner of any lost, stolen, or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify the corporation against any claim that may be made against it on account of the alleged loss, theft, or destruction of any such certificate or the issuance of any such new certificate.

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

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

4. RECORD DATE FOR STOCKHOLDERS. For the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to or dissent from any corporate action in writing without a meeting, or for the purpose of determining

stockholders entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, or exchange of stock, or for the purpose of any other lawful action, the directors may fix, in advance, a date as the record date for any such determination of stockholders. Such date shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed, the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. When a determination of stockholders of record entitled to notice or to vote at any meeting of stockholders has been made as provided in this paragraph, such determination shall apply to any adjournment thereof; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

5. MEANING OF CERTAIN TERMS. As used herein in respect of the right to notice of a meeting of stockholders or a waiver thereof or to participate or vote thereat or to

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

6. STOCKHOLDERS MEETINGS.

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

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

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

- NOTICE OR WAIVER OF NOTICE. Written notice of all meetings shall be given, stating the place, date and hour of the meeting. The notice of an annual meeting shall state that the meeting is called for the election of directors and for the transaction of other business which may properly come before the meeting, and shall (if any other action which could be taken at a special meeting is to be taken at such annual meeting), state such other action or actions as are known at the time of such notice. The notice of a special meeting shall in all instances state the purpose or purposes for which the meeting is called. If any action is proposed to be taken which would, if taken, entitle stockholders to receive payment for their shares of stock, the notice shall include a statement of that purpose and to that effect. Except as otherwise provided by the General Corporation Law, a copy of the notice of any meeting shall be given, personally or by mail, not less than ten days nor more than sixty days before the date of the meeting, unless the lapse of the prescribed period of time shall have been waived, and directed to each stockholder at his record address or at such other address which he may have furnished for such purpose in writing to the Secretary of the corporation. Notice by mail shall be deemed to be

given when deposited, with postage thereon prepaid, in the United States mail. If a meeting is adjourned to another time, not more than thirty days hence, and/or to another place, and if an announcement of the adjourned time and/or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the directors, after adjournment, fix a new record date for the adjourned meeting. Notice need not be given to any stockholder who submits a written waiver of notice by him before or after the time stated therein. Attendance of a person at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

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

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

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

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

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

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

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

ARTICLE II

DIRECTORS

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

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

3. ELECTION AND TERM. Any director may resign at any time upon written notice to the corporation. Directors who are elected at an annual meeting of stockholders, and directors who are elected in the interim to fill vacancies and newly created directorships, shall hold office until the next annual meeting of stockholders and until their successors have been elected and qualified or until their earlier resignation or removal. In the interim between annual meetings of stockholders or of special meetings of stockholders called for the election of directors and/or for the removal of one or more directors and for the filing of any vacancies in the Board of Directors, including vacancies resulting from the removal of directors for cause or without cause, any vacancy in the Board of Directors may be filled by the vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director.

4. MEETINGS.

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

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

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

- CALL. No call shall be required for regular meetings for which the time and place have been fixed. Special meetings may be called by or at the direction of the

Chairman of the Board, if any, the Vice-Chairman of the Board, if any, or the President, or of a majority of the directors in office.

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

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

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

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

5. REMOVAL OF DIRECTORS. Any or all of the directors may be removed for cause or without cause by the stockholders. One or more of the directors may be removed for cause by the Board of Directors.

6. COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees of the whole Board, each committee to consist of two or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise the powers of the Board of Directors in the management of the business

and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. In the absence or disqualification of any member of any such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

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

ARTICLE III

OFFICERS

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

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

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

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

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

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

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

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

ARTICLE IV
CORPORATE SEAL
AND
CORPORATE BOOKS

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

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

ARTICLE V
FISCAL YEAR

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

ARTICLE VI
CONTROL OVER BY-LAWS

The power to amend, alter and repeal these By-Laws and to adopt new By-Laws shall be vested in the Board of Directors; provided, that the Board of Directors may delegate such power, in whole or in part, to the stockholders; and provided, further, that any By-Law,

other than an initial By-Law, which provides for the election of directors by classes for staggered terms shall be adopted by the stockholders.