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 June 30, 1996

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 August 13, 1996 registrant had 53,710,562 shares of its Common Stock and 7,580,318 shares of its Class B Common Stock outstanding.

VISHAY INTERTECHNOLOGY, INC.

FORM 10-Q JUNE 30, 1996

CONTENTS

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

ASSETS	June 30 1996	December 31 1995
CURRENT ASSETS		
Cash and cash equivalents	$33,714	$19,584
Accounts receivable	177,659	180,383
Inventories:		
Finished goods	186,059	148,846
Work in process	76,377	92,166
Raw materials	127,621	121,180
Prepaid expenses and other current assets	78,132	78,039
TOTAL CURRENT ASSETS	679,562	640,198
PROPERTY AND EQUIPMENT - AT COST		
Land	44,509	46,073
Buildings and improvements	209,403	197,164
Machinery and equipment	644,541	603,175
Construction in progress	83,339	76,564
Allowance for depreciation	(282,105)	(253,748)
	699,687	669,228
GOODWILL	211,518	218,102
OTHER ASSETS	18,000	15,803
	$1,608,767	$1,543,331

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30 1996	December 31 1995
CURRENT LIABILITIES		
Notes payable to banks	$35,966	$22,174
Trade accounts payable	39,949	66,942
Payroll and related expenses	47,120	43,790
Other accrued expenses	62,819	51,102
Income taxes	13,667	7,083
Current portion of long-term debt	37,774	37,821
TOTAL CURRENT LIABILITIES	237,295	228,912
LONG-TERM DEBT	253,866	228,610
DEFERRED INCOME TAXES	40,654	42,044
OTHER LIABILITIES	80,013	59,866
ACCRUED RETIREMENT COSTS	73,186	76,046
STOCKHOLDERS' EQUITY		
Common stock	5,371	5,114
Class B common stock	758	722
Capital in excess of par value	825,850	734,316
Retained earnings	86,970	146,370
Foreign currency translation adjustment	11,706	28,487
Unearned compensation	(495)	(364)
Pension adjustment	(6,407)	(6,792)
	923,753	907,853
	$1,608,767	$1,543,331

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 June 30	
	1996	1995
Net sales	$273,502	$315,461
Costs of products sold	201,638	231,935
GROSS PROFIT	71,864	83,526
Selling, general, and administrative expenses	38,466	40,523
Restructuring expenses	24,280	0
Amortization of goodwill	1,630	1,593
OPERATING INCOME	7,488	41,410
Other income (expense):		
Interest expense	(4,569)	(8,573)
Other	1,022	(305)
	(3,547)	(8,878)
EARNINGS BEFORE INCOME TAXES	3,941	32,532
Income taxes	158	7,808
NET EARNINGS	$3,783	$24,724
Net earnings per share	$0.06	$0.45
Weighted average shares outstanding	61,303	55,354

See notes to consolidated condensed financial statements.

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

	Six Months Ended June 30 1996	1995
Net sales	$584,162	$625,745
Costs of products sold	427,217	462,954
GROSS PROFIT	156,945	162,791
Selling, general, and administrative expenses	78,841	81,643
Restructuring expenses	24,280	0
Amortization of goodwill	3,260	3,193
OPERATING INCOME	50,564	77,955
Other income (expense):		
Interest expense	(8,862)	(16,892)
Other	863	(318)
	(7,999)	(17,210)
EARNINGS BEFORE INCOME TAXES	42,565	60,745
Income taxes	10,741	13,987
NET EARNINGS	$31,824	$46,758
Net earnings per share	$0.52	$0.84
Weighted average shares outstanding	61,293	55,346

See notes to consolidated condensed financial statements.

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

	Six Months Ended June 30 1996	1995
OPERATING ACTIVITIES		
Net earnings	$31,824	$46,758
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	38,486	33,494
Other	19,227	16,316
Changes in operating assets and liabilities	(40,867)	(44,339)
NET CASH PROVIDED BY		

OPERATING ACTIVITIES	48,670	52,229
INVESTING ACTIVITIES		
Purchases of property and equipment-net	(77,546)	(86,004)
NET CASH USED IN INVESTING ACTIVITIES	(77,546)	(86,004)
FINANCING ACTIVITIES		
Net proceeds from revolving credit lines	82,568	46,352
Proceeds from long-term borrowings	3,375	64
Payments on long-term borrowings	(56,236)	(11,329)
Net proceeds (payments) on short-term borrowings	14,176	(1,193)
NET CASH PROVIDED BY FINANCING ACTIVITIES	43,883	33,894
Effect of exchange rate changes on cash	(877)	1,538
INCREASE IN CASH AND CASH EQUIVALENTS	14,130	1,657
Cash and cash equivalents at beginning of period	19,584	26,857
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$33,714	$28,514

See notes to consolidated condensed financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(unaudited)
June 30, 1996

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, 1995.

Note 2: Earnings Per Share

Earnings per share amounts for all periods reflect a 5% stock dividend paid on June 7, 1996. Earnings per share for the three and six month periods ended June 30, 1996 reflect the issuance of 5.75 million shares of common stock completed in September 1995.

Note 3: Reclassifications

Certain prior year amounts have been reclassified to conform with the current presentation.

Note 4: Restructuring Expense

The Company recorded a pretax restructuring charge of $24,280,000 ($16,000,000 after tax) in the quarter ended June 30, 1996. These expenses relate to a reduction in the Company's worldwide workforce of approximately 1,300 employees resulting, in part, from the worldwide slowdown in the demand for tantalum and multi-layer ceramic capacitors and the economic downturn in Germany. The Company also intends to close or downsize several facilities in North America and Europe.

The restructuring expenses occurred in the Company's "higher tax rate" countries which lowered the Company's effective tax rate for the quarter to 4%.

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

Results of Operations

Net sales for the quarter and six months ended June 30, 1996 decreased $41,959,000 or 13.3.% and $41,583,000 or 6.6%, respectively, from the comparable periods of the prior year. The decrease in net sales is indicative of the worldwide slowdown in the demand for tantalum and multi-layer ceramic capacitors, the economic downturn in Germany, where a significant portion of the Company's products are sold, and the abrupt worldwide decline in demand in the personal computer and telecommunications markets, which started at the end of last year.

In addition, the strengthening of the U.S. dollar against foreign currencies for the quarter ended June 30, 1996 in comparison to the prior year's quarter resulted in a decrease in reported sales of $9,163,000. For the six months ended June 30, 1996, the strengthening of the U.S. dollar against foreign currencies in comparison to the prior year period resulted in a decrease in reported sales of $7,685,000.

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

	Three Months Ended June 30		Six Months Ended June 30	
	1996	1995	1996	1995
Costs of products sold	73.7	73.5	73.1	74.0
Gross profit	26.3	26.5	26.9	26.0
Selling, general and administrative expenses	14.1	12.8	13.5	13.0
Operating income	2.7	13.1	8.7	12.5
Earnings before income taxes	1.4	10.3	7.3	9.7
Effective tax rate	4.0	24.0	25.2	23.0
Net earnings	1.4	7.8	5.4	7.5

Costs of products sold for the quarter and six months ended June 30, 1996 were 73.7% and 73.1%, of net sales, respectively, as compared to 73.5% and 74.0%, respectively, for the comparable prior year periods. The increase in the quarter ended June 30, 1996 is due to the significant decrease in net sales as compared to the prior year quarter. The decrease for the six months ended June 30, 1996, despite the significant decrease in net sales, reflects an increase in production in Israel where labor costs are lower than in most other regions in which Vishay manufactures and the continued shift of sales mix to higher margin products.

Israel government grants, recorded as a reduction of costs of products sold, were $2,061,000 and $4,201,000 for the quarter and six months ended June 30, 1996, respectively, as compared to $3,351,000 and $5,940,000 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 June 30, 1996 relating to Israeli government grants was $46,799,000 as compared to $30,849,000 at December 31, 1995.

Selling, general, and administrative expenses for the quarter and six months ended June 30, 1996 were 14.1% and 13.5% of net sales, respectively, as compared to 12.8% and 13.0% for the comparable prior year periods. The percentages in 1996 are higher due to the significant decrease in net sales. However, in terms of absolute dollar amounts, selling, general and administrative expenses have decreased by $2,057,000 and $2,802,000, respectively, as compared to the prior year periods.

The Company recorded a pretax restructuring charge of $24,280,000 ($16,000,000 after tax) in the quarter ended June 30, 1996 in connection with a reduction of approximately 1,300 employees in the Company's worldwide workforce. The Company also intends to close or downsize several facilities in North America and Europe.

The components of the restructuring expenses are as follows:

Severance pay	$20,919,000
Machinery and equipment writeoff	3,098,000
Other	263,000

Total	$24,280,000
	===========

The Company has paid out $411,000 of severance as of June 30, 1996. The Company is scheduled to pay $12,385,000 of severance by December 31, 1996 with the remaining $8,123,000 to be paid by March 31, 1997. The Company has sufficient lines of credit to fund these payments. The machinery and equipment will be disposed of immediately.

When fully implemented, the restructuring should reduce the Company's costs annually by approximately $25,000,000. These savings will be partially realized in 1996 and the remainder during 1997.

Interest costs decreased by $4,004,000 and $8,030,000 for the quarter and six months ended June 30, 1996 from the comparable prior year periods primarily as a result of the net proceeds of $230,279,000 from a common stock offering completed in September 1995 which were used, in large part, to prepay bank indebtedness.

Other income(expense) increased by $1,327,000 and $1,181,000 for the quarter and six months ended June 30, 1996, respectively, as compared to the prior years' periods. The increase is due to interest income of $800,000 and $991,000 and foreign exchange gains of $382,000 and $225,000, respectively, for the quarter and six months ended June 30, 1996. For the quarter and six months ended June 30, 1995 interest income was $170,000 and $799,000 and foreign exchange losses were $578,000 and $815,000, respectively.

The effective tax rate for the six months ended June 30, 1996 was 25.2% compared to 23.0% for the comparable prior year period. The effective tax rate for calendar year 1995 was 24.6%. The lower tax rate for the quarter ended June 30, 1996 was due primarily to the restructuring charges recorded in higher tax rate countries.

The continuing effect of low tax rates in Israel (as compared to the statutory rate in the United States) has been to increase net earnings by $4,165,000 and $4,123,000 for the quarters ended June 30, 1996 and 1995, respectively, and $8,538,000 and $8,195,000 for the six month periods ended June 30, 1996 and 1995, respectively. The period to period increases are primarily a result of increased earnings for the Israeli operations as a result of increased production. The more favorable Israeli tax rates are applied to specific approved projects and normally continue to be available for a period of ten years. New projects are continually being introduced.

Financial Condition

Cash flows from operations were $48,670,000 for the six months ended June 30, 1996 compared to $52,229,000 for the prior year's period. Net purchases of property and equipment for the six months ended June 30, 1996 were $77,546,000 compared to $86,004,000 in the prior year's period. This reflects the Company's on-going program to purchase additional equipment for surface mount components. Net cash provided by financing activities of $43,883,000 for the six months ended June 30, 1996 includes borrowings used primarily to finance the additions to property and equipment.

The Company's financial condition at June 30, 1996 is strong, with a current ratio of 2.86 to 1. The Company's ratio of long-term debt (less current portion) to stockholders' equity was .27 to 1 at June 30, 1996 and .25 at December 31, 1995.

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.

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 rapid technological changes and 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 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.

Much 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 50% 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.

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 operation 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.

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 and the Czech Republic. 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.

VISHAY INTERTECHNOLOGY, INC.
PART II - OTHER INFORMATION

Item 1. Legal Proceedings
Not applicable

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

(a) The Company held its Annual Meeting of Stockholders on May 16, 1996.

(b) Proxies for the meeting were solicited pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended. There was no solicitation in opposition to management's nominees for the directors as listed in the definitive proxy statement of the Company dated April 15, 1996, and all such nominees were elected.

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

(i) Election of the following individuals to hold office as Directors of the Company until the next Annual Meeting of Stockholders:

Total Class A Common Stock voted was 43,677,788.

	For	Against	Abstain	Broker Non-Votes
Felix Zandman	40,523,924	3,153,864	0	0
Donald G. Alfson	40,522,808	3,154,980	0	0
Avi D. Eden	40,520,200	3,157,588	0	0
Robert A. Freece	40,522,808	3,154,980	0	0
Richard N. Grubb	40,522,808	3,154,980	0	0
Eli Hurvitz	40,718,632	2,959,156	0	0
Gerald Paul	40,522,808	3,154,980	0	0
Edward Shils	40,715,650	2,962,138	0	0
Luella B. Slaner	40,716,140	2,961,648	0	0
Mark I. Solomon	40,721,070	2,956,718	0	0
Jean-Claude Tine	40,713,012	2,964,776	0	0

Total Class B Common Stock voted was 7,178,862 in favor, 0 against, 0 abstained, and 0 broker non-votes.

(ii) Ratification of the appointment of Ernst & Young LLP, independent certified public accountants, to audit the books and accounts of the Company for the calendar year ending December 31, 1996. Total Class A Common Stock voted was 43,591,557 in favor, 30,366 against, 55,865 abstained, and 0 broker non-votes. Total Class B Common Stock voted was 7,178,862 in favor, 0 against, 0 abstained, and 0 broker non-votes.

Item 5. Other Information
Not applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description of Exhibit
27	Financial Data Schedule

(b) Reports on Form 8-K
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
Vice President, Treasurer
(Duly Authorized and Chief Financial Officer)

Date: August 13, 1996

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