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, 2003

[ ] 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)	(I.R.S. Employer Identification Number)
63 Lincoln Highway Malvern, PA 19355-2120	610-644-1300
(Address of Principal Executive Offices)	(Registrant's Area Code and Telephone Number)

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, 2003 registrant had 144,262,508 shares of its Common Stock and 15,382,296 shares of its Class B Common Stock outstanding.

VISHAY INTERTECHNOLOGY, INC.

FORM 10-Q

JUNE 30, 2003

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

ASSETS	June 30, 2003	December 31, 2002
CURRENT ASSETS		
Cash and cash equivalents	$ 361,886	$ 339,938
Accounts receivable, net	381,268	343,511
Inventories:		
Finished goods	197,522	219,769
Work in process	155,082	142,846
Raw materials	180,785	191,451
Deferred income taxes	44,621	47,297
Prepaid expenses and other current assets	194,985	188,881
TOTAL CURRENT ASSETS	1,516,149	1,473,693
PROPERTY AND EQUIPMENT - AT COST		
Land	118,442	118,000
Buildings and improvements	341,791	339,869
Machinery and equipment	1,639,078	1,609,931
Construction in progress	76,674	61,830
Allowance for depreciation	(930,208)	(854,780)
	1,245,777	1,274,850
GOODWILL	1,390,114	1,356,293
OTHER INTANGIBLE ASSETS, NET	116,730	122,417
OTHER ASSETS	106,828	87,906
	$ 4,375,598	$ 4,315,159

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 2003	December 31, 2002
CURRENT LIABILITIES		
Notes payable to banks	$ 18,265	$ 18,161
Trade accounts payable	137,247	123,999
Payroll and related expenses	107,700	103,184
Other accrued expenses	315,447	303,609
Income taxes	7,092	8,734
Current portion of long-term debt	1,633	18,550
TOTAL CURRENT LIABILITIES	587,384	576,237
LONG-TERM DEBT	690,863	706,316
DEFERRED INCOME TAXES	49,454	52,935
DEFERRED INCOME	35,446	42,345
MINORITY INTEREST	79,523	75,985
OTHER LIABILITIES	273,766	279,462
ACCRUED PENSION COSTS	238,566	223,092
STOCKHOLDERS' EQUITY		
Common Stock	14,425	14,429
Class B Common Stock	1,538	1,538
Capital in excess of par value	1,910,499	1,910,994
Retained earnings	533,082	523,354
Accumulated other comprehensive loss	(38,629)	(91,115)
Unearned compensation	(319)	(413)
	2,420,596	2,358,787
	$ 4,375,598	$ 4,315,159

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,	
	2003	2002
Net sales	$ 538,103	$ 457,877
Costs of products sold	414,804	350,312
GROSS PROFIT	123,299	107,565
Selling, general, and administrative expenses	95,882	75,677
Restructuring expense	12,258	1,907
OPERATING INCOME	15,159	29,981
Other income (expense):		
Interest expense	(9,464)	(7,081)
Other	294	80
	(9,170)	(7,001)
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	5,989	22,980
Income taxes	1,234	5,206
Minority interest	1,875	2,157
NET EARNINGS	$ 2,880	$ 15,617
Basic earnings per share	$ 0.02	$ 0.10
Diluted earnings per share	$ 0.02	$ 0.10
Weighted average shares outstanding - basic	159,596	159,407
Weighted average shares outstanding - diluted	160,145	161,306

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, 2003	Six Months Ended June 30, 2002
Net sales	$ 1,070,230	$ 892,017
Costs of products sold	828,421	697,515
GROSS PROFIT	241,809	194,502
Selling, general, and administrative expenses	192,544	150,337
Restructuring expense	12,945	4,931
OPERATING INCOME	36,320	39,234
Other income (expense):		
Interest expense	(19,465)	(13,990)
Other	937	2,629
	(18,528)	(11,361)
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	17,792	27,873
Income taxes	4,169	6,012
Minority interest	3,895	3,824
NET EARNINGS	$ 9,728	$ 18,037
Basic earnings per share	$ 0.06	$ 0.11
Diluted earnings per share	$ 0.06	$ 0.11
Weighted average shares outstanding - basic	159,577	159,293
Weighted average shares outstanding - diluted	160,076	160,938

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,	
	2003	2002
OPERATING ACTIVITIES		
Net earnings	$ 9,728	$ 18,037
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	101,211	89,346
(Gain) loss on disposal of property and equipment	(305)	162
Amortization of imputed interest	4,767	4,628
Writedown of inventory	1,585	--
Minority interest in net earnings of consolidated subsidiaries	3,895	3,824
Other	(24,865)	570
Changes in operating assets and liabilities	(1,561)	120,081
NET CASH PROVIDED BY OPERATING ACTIVITIES	94,455	236,648
INVESTING ACTIVITIES		
Purchase of property and equipment	(41,104)	(30,241)
Proceeds from sale of property and equipment	13,918	8,730
Purchase of businesses, net of cash acquired	(14,668)	(81,347)
NET CASH USED IN INVESTING ACTIVITIES	(41,854)	(102,858)
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	225	153
Principal payments on long-term debt	(17,577)	(1,721)
Net payments on revolving credit lines	(20,000)	(120,297)
Net changes in short-term borrowings	464	(11,093)
Proceeds from stock options exercised	95	3,100
NET CASH USED IN FINANCING ACTIVITIES	(36,793)	(129,858)
Effect of exchange rate changes on cash	6,140	9,270
INCREASE IN CASH AND CASH EQUIVALENTS	21,948	13,202
Cash and cash equivalents at beginning of period	339,938	367,115
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 361,886	$ 380,317

See Notes to Consolidated Condensed Financial Statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited) June 30, 2003

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 accounting principles generally accepted in the United States for complete financial statements. The information furnished reflects all adjustments (consisting of normal recurring accruals) 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/A for the year ended December 31, 2002. The results of operations for the three months and six months ended June 30, 2003 are not necessarily indicative of the results to be expected for the full year.

Note 2: 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 June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Numerator:				
Net earnings	$ 2,880	$ 15,617	$ 9,728	$ 18,037
Denominator:				
Denominator for basic earnings per share - weighted average shares	159,596	159,407	159,577	159,293
Effect of dilutive securities:				
Employee stock options	474	1,790	427	1,539
Other	75	109	72	106
Dilutive potential common shares	549	1,899	499	1,645
Denominator for diluted earnings per share - adjusted weighted average shares	160,145	161,306	160,076	160,938
Basic earnings per share	$ 0.02	$ 0.10	$ 0.06	$ 0.11
Diluted earnings per share	$ 0.02	$ 0.10	$ 0.06	$ 0.11

Diluted earnings per share do not reflect the following, as the effect would be antidilutive for the periods presented:

- assumed conversion of the Company's zero coupon subordinated convertible notes for the three and six month periods ended June 30, 2003 and 2002, respectively;
- assumed conversion of the convertible notes of General Semiconductor, acquired November 2, 2001, for the three and six month periods ended June 30, 2003 and 2002, respectively;
- assumed conversion of the convertible notes of BCcomponents, acquired December 13, 2002, for the three and six month periods ended June 30, 2003;
- outstanding warrants of 8,824,000, issued in connection with the acquisition of BCcomponents, for the three and six month periods ended June 30, 2003; and
- outstanding stock options of 7,109,000 and 7,324,000 for the three and six month periods ended June 30, 2003, and 1,164,000 for the three and six month periods ended June 30, 2002.

Note 3: 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 exclusive of restructuring charges and unusual and non-recurring items. The corporate component of operating income represents corporate selling, general, and administrative expenses.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Business Segment Information (in thousands)				
Net Sales:				
Passives	$ 280,056	$ 187,430	$ 554,930	$ 372,002
Actives	258,047	270,447	515,300	520,015
	$ 538,103	$ 457,877	$ 1,070,230	$ 92,017
Operating Income:				
Passives	$ (7,790)	$ (4,394)	$ (6,972)	$ (20,169)
Actives	28,288	39,221	53,900	68,490
Corporate	(5,339)	(4,846)	(10,608)	(9,087)
	$ 15,159	$ 29,981	$ 36,320	$ 39,234
Restructuring Expense:				
Passives	$ 11,834	$ 1,697	$ 12,301	$ 4,625
Actives	424	210	644	306
	$ 12,258	$ 1,907	$ 12,945	$ 4,931

BCcomponents, acquired December 13, 2002, contributed $63,600,000 of net sales and $(300,000) of operating loss to the passives segment for the quarter ended June 30, 2003, and $132,900,000 of net sales and $1,100,000 of operating income to the passives segment for the six months ended June 30, 2003.

Note 4: Comprehensive Income

Comprehensive income includes the following components (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net Earnings	$ 2,880	$ 15,617	$ 9,728	$ 18,037
Other comprehensive income:				
Foreign currency translation adjustment	27,490	42,404	51,263	50,552
Unrealized gain (loss) on interest rate swap	1,100	(1,627)	1,760	(3,207)
Pension liability adjustment, net of tax	(434)	6,352	(537)	86
Total other comprehensive income	28,156	47,129	52,486	47,431
Comprehensive income	$ 31,036	$ 62,746	$ 62,214	$ 65,468

Note 5: Restructuring Expense

Restructuring expense reflects the cost reduction programs currently being implemented by the Company. These include the closing of facilities and the termination of employees. Effective January 1, 2003, restructuring costs are accounted for under Statement of Financial Accounting Standards (SFAS) No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Because these costs are recorded based upon estimates, our actual expenditures for the restructuring activities may differ from the initially recorded costs. If the initial estimates were too low or too high, we could be required either to record additional expenses in future periods or to reverse part of the previously recorded charges.

Quarter Ended June 30, 2003

The Company recorded restructuring expense of $12,258,000 for the quarter ended June 30, 2003. Restructuring of European operations included $11,343,000 of employee termination costs covering 301 technical, production, administrative and support employees located in Germany, France, Hungary, Portugal, the United Kingdom, Austria and the Far East. The remaining $915,000 of restructuring expense relates to termination costs for 89 technical, production, administrative and support employees located in the United States. The restructuring expense was incurred as part of the cost reduction programs currently being implemented by the Company.

Six Months Ended June 30, 2003

The Company recorded restructuring expense of $12,492,000 for the six months ended June 30, 2003. Restructuring of European operations included $11,900,000 of employee termination costs covering 346 technical, production, administrative and support employees located in Germany, France, Hungary, Portugal, the United Kingdom, Austria and the Far East. The remaining $592,000 of restructuring expense relates to termination costs for 104 technical, production, administrative and support employees located in the United States. The restructuring expense was incurred as part of the cost reduction programs currently being implemented by the Company. Activity related to these costs for the six months ended June 30, 2003 is as follows (in thousands, except number of employees):

	Workforce Reduction	Number of Employees Terminated	Total
Restructuring expense	$ 12,492	450	$ 12,492
Cash paid	(3,257)	(166)	(3,257)
Foreign currency effect	423	--	423
Balance at June 30, 2003	$ 9,658	284	$ 9,658

The remaining $9,658,000 of restructuring liability, currently shown in other accrued expenses, is expected to be paid by December 31, 2003.

Quarter Ended June 30, 2002

The Company recorded restructuring expense of $1,907,000 for the quarter ended June 30, 2002. Restructuring of European and Israeli operations included $1,243,000 of employee termination costs covering approximately 101 technical, production, administrative and support employees located in the Czech Republic, France, Hungary, Israel, Portugal and Austria. The remaining $664,000 of restructuring expense related to termination costs for approximately 70 technical, production, administrative and support employees located in the United States. The restructuring expense was incurred as part of the cost reduction programs being implemented by the Company.

Six Months Ended June 30, 2002

Restructuring expense was $4,931,000 for the six months ended June 30, 2002. Restructuring of European and Israeli operations included $2,535,000 of employee termination costs covering approximately 335 technical, production, administrative and support employees located in the Czech Republic, France, Hungary, Israel, Portugal and Austria. The remaining $2,396,000 of restructuring expense related to termination costs for approximately 266 technical, production, administrative and support employees located in the United States. The restructuring expense was incurred as part of the cost reduction programs being implemented by the Company.

Year Ended December 31, 2002

Restructuring expense was $30,970,000 for the year ended December 31, 2002. Restructuring of European and Israeli operations included $10,698,000 of employee termination costs covering approximately 778 technical, production, administrative and support employees located in the Czech Republic, France, Hungary, Israel, Portugal and Austria. An additional $7,909,000 of restructuring expense related to termination costs for approximately 660 technical, production, administrative and support employees in the United States. The remaining $12,363,000 of restructuring expense related to the noncash write-down of buildings and equipment that were no longer in use. The restructuring expense was incurred as part of the cost reduction programs being implemented by the Company. The restructuring activities related to existing business were designed to reduce both fixed and variable costs, particularly in response to the reduced demand for the Company's products occasioned by the electronics industry downturn which began in 2001. Activity related to these costs is as follows (in thousands, except number of employees):

	Workforce Reduction	Asset Impairment	Number of Employees Terminated	Total
Restructuring expense	$ 18,607	$ 12,363	1,438	$ 30,970
Utilized	(6,420)	(12,363)	(783)	(18,783)
Balance at December 31, 2002	12,187	--	655	12,187
Utilized	(6,431)	--	(430)	(6,431)
Changes in estimates	453	--	--	453
Foreign currency effect	661	--	--	661
Balance at June 30, 2003	$ 6,870	$ --	225	$ 6,870

The remaining $6,870,000 of severance costs, currently shown in other accrued expenses, is expected to be paid by December 31, 2003.

Year Ended December 31, 2001

Restructuring expense was $61,908,000 for the year ended December 31, 2001. Restructuring of European, Asia Pacific and Israeli operations included $27,064,000 of employee termination costs covering approximately 3,778 technical, production, administrative and support employees located in France, Hungary, Portugal, Austria, the Philippines, Germany and Israel. The European operations also recorded $2,191,000 of non-cash costs associated with the write-down of buildings and equipment that were no longer in use. An additional $13,870,000 of restructuring expense related to termination costs for approximately 1,885 technical, production, administrative and support employees in the United States. The remaining $18,783,000 of restructuring expense related to the non-cash write-down of buildings and equipment in the United States that were no longer in use. Activity related to these costs is as follows (in thousands, except number of employees):

	Workforce Reduction	Asset Impairment	Number of Employees Terminated	Total
Restructuring expense	$ 40,934	$ 20,974	5,663	$ 61,908
Utilized	(18,114)	(20,974)	(4,913)	(39,088)
Balance at December 31, 2001	22,820	--	750	22,820
Utilized	(19,865)	--	(612)	(19,865)
Changes in estimates	(1,391)	--	--	(1,391)
Balance at December 31, 2002	1,564	--	138	1,564
Utilized	(1,586)	--	(50)	(1,586)
Changes in estimates	22	--	(88)	22
Balance at June 30, 2003	$ --	$ --	$ --	$ --

Note 6: Acquisitions

As part of its growth strategy, the Company seeks to expand through the acquisition of other manufacturers of electronic components that have established positions in major markets, reputations for product quality and reliability, and product lines with which the Company has substantial marketing and technical expertise. In the past two years, the Company has taken advantage of the downturn in the electronics industry and the strength of its own balance sheet to acquire businesses for consideration that it believes was lower than what it would have been required to pay in other economic environments. In pricing an acquisition, the Company focuses primarily on the target's revenues and customer base, the strategic fit of its product line with its existing product offerings, opportunities for cost cutting and integration with its existing operations and production and other post-acquisition synergies, rather than on the target's assets, such as its property, equipment and inventory. As a result, the fair value of the acquired assets may correspond to a relatively smaller portion of the acquisition price, with the Company recording a substantial amount of goodwill related to the acquisition.

These principles apply in particular to acquisitions in the passive segment. The passive electronics business is a mature industry that, in general, has a slow organic growth rate linked to macro-economic trends. The Company's business strategy for growth in the passive segment relies primarily upon the acquisition of other electronic components manufacturers whose operations satisfy the Company's acquisition criteria. Rather than focusing on the assets of the acquired company, the Company seeks to capture its sales and customers, which it expects to service in substantial measure with its own long term assets and personnel. In this regard, the Company anticipates that, following the acquisition, it will be able to maintain sales levels on the strength of its relationships with original equipment manufacturers (OEMs), distributors and electronic manufacturers' supply (EMS) companies. The Company also anticipates that it will be able to achieve fairly rapid cost reductions by eliminating or combining redundant sales offices, sales personnel, commission representatives, administrative staff; eliminating or consolidating manufacturing facilities; and transferring manufacturing operations from high labor countries to low labor jurisdiction. These savings and synergies are made possible in the current environment of depressed activity in the electronics industry by low utilization of manufacturing and distribution capacity in the passive segment. The plant, property and equipment of the acquired company are

expected to be eliminated or substantially reduced and are valued accordingly. The result for acquisitions in the passive segment is recognition of a substantial amount of goodwill.

On November 2, 2001, the Company acquired General Semiconductor, Inc., a leading manufacturer of rectifiers and power management devices, following approval of the transaction and related matters by the stockholders of the two companies, for $554.8 million, including acquisition expenses of $7.0 million. In connection with the General Semiconductor acquisition, the Company recorded restructuring liabilities of $94,643,000 in connection with an exit plan that management began to formulate prior to the acquisition date. The goal of the Company is to achieve significant production cost savings through the transfer and expansion of manufacturing operations to regions such as Israel, the Czech Republic and the People's Republic of China, where the Company can take advantage of lower labor costs and available tax and other government-sponsored incentives. The Company's exit plan also includes reducing selling, general and administrative expenses through the integration or elimination of redundant sales offices and administrative functions at General Semiconductor. Approximately $88,242,000 of the restructuring liabilities recorded in connection with the acquisition related to employee termination costs covering approximately 1,460 technical, production, administrative and support employees located in the United States, Europe and the Pacific Rim. The remaining $6,401,000 of restructuring liabilities related to provisions for lease cancellations and other costs. The restructuring liability is included in other accrued expenses on the consolidated balance sheet. The workforce reduction costs are expected to be paid out by March 31, 2004. The outbreak of the SARS disease has caused the Company's workforce reduction plans to be pushed back by one quarter. The other costs are expected to be paid out by 2005. A rollforward of the activity related to these restructuring liabilities is as follows (in thousands, except number of employees):

	Workforce Reduction	Other	Number of Employees Terminated	Total
Balance at January 1, 2002	$ 88,242	$ 6,401	1,460	$ 94,643
Utilized	(52,118)	(1,249)	(426)	(53,367)
Changes in estimates	(7,900)	--	(147)	(7,900)
Balance at December 31, 2002	28,224	5,152	887	33,376
Utilized	(4,063)	(2,641)	(84)	(6,704)
Balance at June 30, 2003	$ 24,161	$ 2,511	803	$ 26,672

In January 2002, the Company acquired the transducer and strain gage businesses of Sensortronics, Inc. Sensortronics is a leading manufacturer of load cells and torque transducers for domestic and international customers in a wide range of industries with manufacturing facilities in Covina, California, Costa Rica, and, pursuant to a joint venture arrangement, India. The acquisition included the wholly-owned subsidiary of Sensortronics, JP Technologies, a manufacturer of strain gages, located in San Bernardino, California. The purchase price was $10 million in cash. The purchase price has been allocated, with resulting goodwill of $3,027,000. The results of operations of Sensortronics are included in the results of the passives segment from January 31, 2002.

In June 2002, the Company acquired Tedea-Huntleigh BV, a subsidiary of Tedea Technological Development and Automation Ltd. Tedea-Huntleigh is engaged in the production and sale of load cells used in digital scales by the weighing industry. The purchase price was approximately $21 million in cash. Additionally, Vishay will be paying Tedea a $1 million consulting fee over a three-year period and repaid a $9 million loan of Tedea to Tedea-Huntleigh. Tedea-Huntleigh operates two plants in Israel, in Netanya and Carmiel, where it employs approximately 350 people, as well as a number of facilities outside Israel. Tedea-Huntleigh also has load cell operations in the People's Republic of China. The purchase price has been allocated, with resulting goodwill of $13,841,000. The results of operations of Tedea-Huntleigh are included in the results of the passives segment beginning July 1, 2002.

In July 2002, the Company acquired the BLH and Nobel businesses of Thermo Electron Corporation. BLH and Nobel are engaged in the production and sale of load cell-based process weighing systems, weighing and batching instruments, web tension instruments, weighing scales, servo control systems, and components relating to load cells including strain gages, foil gages, and transducers. The purchase price was $18.5 million in cash. The purchase price has been allocated, with resulting goodwill of $11,262,000. The results of operations of BLH and Nobel are included in the results of the passives segment beginning August 1, 2002.

In October 2002, the Company acquired Celtron Technologies. Celtron is engaged in the production and sale of load cells used in digital scales for the weighing industry, with manufacturing facilities and offices in Taiwan, the People's Republic of China and California. The purchase price of $13.5 million in cash has been allocated, with resulting goodwill of $4,711,000.

On December 13, 2002, the Company acquired BCcomponents Holdings B.V., a leading manufacturer of passive components with operations in Europe, India and the Far East. The product lines of BCcomponents include linear and non-linear resistors; ceramic, film and aluminum electrolytic capacitors; and switches and trimming potentiometers.

Vishay acquired the outstanding shares of BCcomponents in exchange for ten-year warrants to acquire 7,000,000 shares of Vishay common stock at an exercise price of $20.00 per share and ten-year warrants to acquire 1,823,529 shares of Vishay common stock at an exercise price of $30.30 per share. The fair value of the warrants ($39,462,000) was determined using the Black-Scholes method. Significant assumptions used included an expected dividend yield of 0%, a risk free interest rate of 3%, an expected volatility of 66%, and an expected life of five years.

In the transaction, outstanding obligations of BCcomponents, including indebtedness and transaction fees and expenses, in the amount of approximately $224 million were paid ($191,000,000) or assumed ($33,000,000). Also, $105 million in principal amount of BCcomponents' mezzanine indebtedness and certain other securities of BCcomponents were exchanged for $105 million principal amount of floating rate unsecured loan notes of Vishay due 2102. The Vishay notes bear interest at LIBOR plus 1.5% through December 31, 2006 and at LIBOR thereafter. The interest rate may be further reduced to 50% of LIBOR after December 31, 2010 if the price of Vishay common stock trades above a specified target price, as provided in the notes. The notes are subject to a put and call agreement under which the holders may at any time put the notes to Vishay in exchange for 6,176,471 shares of Vishay common stock in the aggregate, and Vishay

may call the notes in exchange for cash or for shares of its common stock after 15 years from the date of issuance. The purchase price was as follows:

Cash consideration (including transaction fees and expenses)	$191,000,000
Warrants issued	39,462,000
Acquisition costs	3,000,000
Total purchase price	$233,462,000

Under purchase accounting, the total purchase price is allocated to assets acquired and liabilities assumed based on their estimated fair values. The allocation of the purchase price is based on a preliminary evaluation of the fair value of BCcomponents' tangible and identifiable intangible assets acquired and liabilities assumed at the date of the merger based upon currently available information. There can be no assurance that the estimated amounts will represent the final purchase allocation. The purchase price has been preliminarily allocated, pending finalization of appraisals for property, plant, and equipment, debt, intangible assets and warrants, to the acquired assets and liabilities based on fair values as follows:

Current assets	$ 91,859,000
Property, plant, and equipment	127,626,000
Other assets	3,054,000
Trademarks	21,000,000
Completed technology	22,000,000
Current liabilities	(118,425,000)
Long-term debt	(126,328,000)
Other noncurrent liabilities	(29,860,000)
Goodwill	242,536,000
Total purchase price	$233,462,000

In connection with the BCcomponents acquisition, the Company recorded restructuring liabilities of $48,000,000 related to an exit plan that management began to formulate prior to the acquisition date. Approximately $46,000,000 of these liabilities relate to employee termination costs covering approximately 780 technical, production, administrative and support employees located in the United States, Europe and the Pacific Rim. The restructuring liability is recorded in other accrued expenses and is expected to be paid out by the second quarter of 2004. The exit plan is not yet finalized. Future adjustments that increase or decrease the restructuring liabilities would increase or decrease goodwill. A rollforward of the activity related to these restructuring liabilities is as follows (in thousands, except number of employees):

	Workforce Reduction	Other	Number of Employees Terminated	Total
Balance at January 1, 2003	$ 45,855	$ 1,939	780	$ 47,794
Utilized	(7,789)	(175)	(73)	(7,964)
Foreign currency effect	2,218	--	--	2,218
Balance at June 30, 2003	$ 40,284	$ 1,764	707	$ 42,048

Had the above acquisitions (other than General Semiconductor) been made as of January 1, 2002, the Company's pro forma results would have been (in thousands, except per share amounts):

	Three Months Ended June 30, 2002	Six Months Ended June 30, 2002
Net sales	$541,074	$1,058,746
Net earnings	$ 11,146	$ 8,768
Basic earnings per share	$ 0.07	$ 0.06
Diluted earnings per share	$ 0.07	$ 0.05

Note 7: Stock-Based Compensation

SFAS No. 123, Accounting for Stock-Based Compensation, encourages entities to record compensation expense for stock-based employee compensation plans at fair value but provides the option of measuring compensation expense using the intrinsic value method prescribed in APB Opinion No. 25, Accounting for Stock Issued to Employees. The Company accounts for stock-based compensation in accordance with APB 25 and related interpretations. The following is provided to comply with the disclosure requirements of SFAS 123, as amended. If compensation expense for the Company's stock option programs had been determined using the fair-value method prescribed by SFAS 123, the Company's results would have been reduced to the pro forma amounts indicated below (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net income, as reported	$ 2,880	$ 15,617	$ 9,728	$ 18,037
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of related tax effects	414	674	866	1,285
Pro forma net income	$ 2,466	$ 14,943	$ 8,862	$ 16,752
Earnings per share:				
Basic--as reported	$ 0.02	$ 0.10	$ 0.06	$ 0.11
Basic--pro forma	$ 0.02	$ 0.09	$ 0.06	$ 0.11
Diluted--as reported	$ 0.02	$ 0.10	$ 0.06	$ 0.11
Diluted--pro forma	$ 0.02	$ 0.09	$ 0.06	$ 0.10

Note 8 - Accounting Pronouncements Pending Adoption

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities. This interpretation clarifies the application of Accounting Research Bulletin No. 51, Consolidated Financial Statements, to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. The Company is currently evaluating what impact, if any, adoption of FIN 46 will have on its consolidated financial position, consolidated results of operations, or liquidity.

Note 9 - Guarantees

The Company's borrowings under its credit facility are secured by pledges of stock and guarantees by certain significant subsidiaries. The subsidiaries would be required to perform under the guarantees in the event that the Company failed to make principal or interest payments under the $500,000,000 revolving credit facility. The Company's borrowings under the credit facility were $91,000,000 and $111,000,000 at June 30, 2003 and December 31, 2002, respectively. If any subsidiary were to borrow under the credit facility, the Company would provide a similar guarantee with respect to the subsidiary's borrowings.

Note 10 - Subsequent Events

On August 6, 2003, Vishay sold $450 million aggregate principal amount of 3-5/8% convertible subordinated notes due 2023 and granted the initial purchasers an option to purchase, within 30 days of the date of the offering memorandum relating to the notes, an additional $50 million of the notes. The notes will pay interest semi-annually. Holders may convert their notes into shares of Vishay common stock, subject to certain conditions, at a conversion price of $21.28 per share, which is the equivalent to a conversion rate of 46.9925 shares per $1,000 principal amount of notes. The notes are subordinated in right of payment to all of the Company's existing and future senior indebtedness and will be effectively subordinated to all existing and future liabilities of its subsidiaries. The notes will be redeemable at the Company's option beginning August 1, 2010 at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, if any. Holders of the notes will have the right to require Vishay to repurchase all or some of their notes at a purchase price equal to 100% of their principal amount of the notes, plus accrued and unpaid interest, if any, on August 1, 2008, August 1, 2010, August 1, 2013 and August 1, 2018. In addition, holders of the notes will have the right to require Vishay to repurchase all or some of their notes upon the occurrence of certain events constituting a fundamental change. On any required repurchase, the Company may choose to pay the purchase price in cash or shares of Vishay common stock or any combination of cash and Vishay common stock.

The Company used approximately $130 million of the proceeds of the offering of the convertible subordinated notes to pay down its revolving credit facility and approximately $97.4 million to fund the purchase of approximately $97.0 million accreted principal amount ($165.0 million face amount) of its Liquid Yield Option(TM) Notes (LYONs). The Company expects to use approximately $176.6 million of the offering proceeds (exclusive of accrued interest of approximately $2.3 million) to fund the redemption of the convertible notes of its General Semiconductor subsidiary referred to below. The Company estimates that the purchase of the LYONs and the General Semiconductor debentures will result in a pretax loss of approximately $11 million in the third quarter of 2003. The Company intends to use the remaining proceeds for general corporate purposes.

Vishay has agreed with the lenders under its secured revolving credit facility to an amendment and restatement of the agreement governing the facility. The maximum availability under the facility, in light of the Company's anticipated liquidity needs, has been changed from $500 million to $400 million, and the final maturity of the facility has been extended from June 2005 to May 2007. The restatement decreases the Company's minimum tangible net worth requirement to $850 million, eliminates the minimum earnings before interest and tax requirement, permits securitization of up to $200 million of non-U.S. accounts receivable, allows for the release of all collateral (other than subsidiary stock and pledges by Vishay and its subsidiaries of intercompany notes) under certain circumstances and creates an event of default upon the occurrence of a fundamental change as defined under the Company's convertible subordinated notes.

The Company expects to call for redemption on September 10, 2003 all of the outstanding 5.75% convertible subordinated notes due 2006 of its General Semiconductor subsidiary. There are presently $171,000,000 principal amount of the General Semiconductor notes outstanding. These notes are redeemable at a price of 103.286% of their principal amount, plus accrued but unpaid interest to the date of redemption.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Overview

Vishay operates in two segments, passive components and active components. The Company is the leading manufacturer of passive components in the United States and Europe. These components include resistors, capacitors, inductors, strain gages and load cells. Vishay is also one of the world's leading manufacturers of active electronic components, also referred to as discrete semiconductors. These include transistors, diodes, rectifiers, certain types of integrated circuits and optoelectronic products. The passive components business had historically predominated at Vishay until the purchase of General Semiconductor in November 2001, after which the active business took predominance. The acquisition of BCcomponents in December 2002 has shifted the predominance back to the passive business. Revenues for the three and six months ended June 30, 2003 were derived 52% from the Company's passive business and 48% from its active business.

Following a difficult 2002 and 2001, in which the electronic components business generally was depressed both in the United States and much of the world, market conditions in the electronics industry remain difficult. The results for the second quarter continue to reflect the impact of the current weak economy. The unexpected recovery which began in February 2003 has slowed down since the end of April, especially in the active components business. The active components business has suffered primarily in Asia, due to the SARS disease. There is a continued weakness in the telecommunications and consumer markets, although networks appear to be slowly improving. Short-term orders increased predominately in the passive business from contract equipment manufacturers and from the automotive market. It is not currently known whether this recovery will be sustained. The current economic environment has affected both the passive and active component businesses. The Company's book-to-bill ratio for the second quarter was 0.96, reflecting a book-to-bill ratio for the active business of 0.96 and a book-to-bill ratio for the passive business of 0.96. The Company's backlog was $419.8 million at the end of the second quarter, a $18.4 million decrease from the previous quarter but a $12.2 million increase from December 31, 2002.

The following table shows the end of period backlog and the book-to-bill ratio for Vishay's business as a whole during the five quarters beginning with the 2nd quarter of 2002 through the second quarter of 2003.

	2nd Quarter 2002	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003
End of Period Backlog	$ 421,500,000	$ 378,500,000	$ 407,600,000(1)	$ 438,200,000(1)	$ 419,800,000(1)
Book-to-Bill Ratio	1.02	0.90	0.93	1.05	0.96

(1) Includes $49,800,000, $49,500,000 and $49,500,000 of backlog attributable to the business of BCcomponents for the fourth quarter of 2002, the first quarter of 2003, and the second quarter of 2003, respectively. BCcomponents was acquired in December 2002.

The following table shows sales and book-to-bill ratios broken out by segment for the five quarters beginning with the second quarter of 2002 through the second quarter of 2003:

	2nd Quarter 2002	3rd Quarter 2002	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003
Passive Components					
Sales	$ 187,430,000	$ 196,702,000	$ 198,542,000	$ 274,874,000(1)	$ 280,056,000(1)
Book-to-Bill Ratio	0.98	0.96	1.00	1.07	0.96
Active Components					
Sales	$ 270,447,000	$ 274,717,000	$ 260,835,000	$ 257,253,000	$ 258,047,000
Book-to-Bill Ratio	1.04	0.85	0.88	1.03	0.96

(1) Includes $69,300,000 and $63,600,000, respectively, attributable to BCcomponents for the first and second quarters of 2003.

The Company continued to implement its cost control programs during the second quarter with an emphasis on the reduction and reallocation of headcount. A major element of the Company's cost control strategy has been to position its manufacturing facilities, to the extent practicable, in jurisdictions with low labor costs. The percentage of headcount in low labor cost countries was 66% as of June 30, 2003, as compared to 65% as of June 30, 2002 and December 31, 2002, respectively. The Company continues to target improvement in this area with the continued integration of the business of BCcomponents.

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

	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002
Costs of products sold	77.1 %	76.5 %	77.4 %	78.2 %
Gross profit	22.9	23.5	22.6	21.8
Selling, general and administrative expenses	17.8	16.5	18.0	16.9
Operating income	2.8	6.5	3.4	4.4
Earnings before income taxes and minority interest	1.1	5.0	1.7	3.1
Net earnings	0.5	3.4	0.9	2.0
Effective tax rate	20.6 %	22.7 %	23.4 %	21.6 %

Net Sales, Gross Profits and Margins

Net sales for the quarter ended June 30, 2003 increased $80,226,000, or 17.5%, as compared to the comparable prior year period. The increase primarily reflects the acquisitions of BCcomponents in December 2002, Celtron Technologies in October 2002, BLH and Nobel in July 2002 and Tedea-Huntleigh BV in June 2002. Excluding these acquisitions, net sales increased $704,000, or 0.2%. Foreign exchange rates during the quarter positively impacted revenues by $26,100,000 as compared to $4,000,000 for the three months ended June 30, 2002. Net sales for the six months ended June 30, 2003 increased $178,213,000, or 20.0%, as compared to the comparable prior year period. The increase primarily reflects the acquisitions of BCcomponents in December 2002, Celtron Technologies in October 2002, BLH and Nobel in July 2002 and Tedea-Huntleigh BV in June 2002. Excluding these acquisitions, net sales increased $11,255,000, or 1.3%. Foreign exchange rates during the six months ended June 30, 2003 positively impacted revenues by $48,400,000 as compared to a negative impact of $1,700,000 for the six months ended June 30, 2002. In the passive components business, pricing continues to stabilize in the resistor and inductor product lines, and a slow recovery has begun in the capacitor product line. Active component revenues decreased $12,400,000 for the quarter ended June 30, 2003 as compared to the comparable prior year period, reflecting the outbreak of SARS in Asia. The outbreak of SARS had a significant negative impact on Siliconix, a majority-owned subsidiary of the Company, as more than 70% of the Siliconix business is generated in Asia.

Costs of products sold as a percentage of net sales for the quarter and six months ended June 30, 2003 were 77.1% and 77.4%, respectively, as compared to 76.5% and 78.2% for the comparable prior year periods. Gross profit as a percentage of net sales for the quarter and six months ended June 30, 2003, were 22.9% and 22.6%, respectively, as compared to 23.5% and 21.8% for the comparable prior year periods. Price declines were offset by volume increases and cost savings programs.

The following tables show sales and gross profit margins separately for our passive and active segments.

Passive Components

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net Sales	$ 280,056,000	$ 187,430,000	$ 554,930,000	$ 372,002,000
Gross Profit Margin	19.3 %	13.9 %	19.3 %	12.4 %

Net sales of passive components for the quarter and six months ended June 30, 2003 increased $92,626,000 (49.4%) and $182,928,000 (49.2%), respectively, as compared to the

comparable prior year periods. Without the acquisition of BCcomponents, Celtron Technologies, BLH and Nobel, and Tedea-Huntleigh, the passive components business sales would have increased by $13,104,000, or 7.0%, for the quarter ended June 30, 2003 and by $15,970,000, or 4.3%, for the six months ended June 30, 2003 as compared to the comparable prior year periods. The increase in net sales can be attributed to the volume increases in the resistor and inductor product lines, partially offset by price declines and the positive impact of foreign currency exchange rates. The average selling price decline has slowed in the resistor and inductor product lines and further stabilization is expected due to the BCcomponents acquisition. The capacitor product line continues to struggle, with the average selling price down 8% from the prior year. However, there are indications of the start of a slow recovery. Gross margins were 19.3% and 19.3%, respectively, for the quarter and six months ended June 30, 2003, as compared to 13.9% and 12.4%, respectively, for the comparable prior year period. This increase is mainly due to the acquisitions noted above. The gross profit margins at BCcomponents for the quarter and six months ended June 30, 2003 were 16.9% and 19.0%, respectively, and the gross profit margins for the other acquisitions mentioned above ranged from 15.4% to 47.0%. Several significant cost reduction programs have been initiated in all of the products lines, including facility combinations and shifting production to lower cost regions. The impact of these cost savings plans has been partially offset by the underutilization of capacity in the commodity products. Additionally, a write-down of $1,500,000 of palladium inventory was taken in the six months ended June 30, 2003.

Gross margins are impacted by tantalum and palladium writedowns in the period in which the writedowns occur and in subsequent periods. Due to the large number of products containing tantalum and palladium and the lack of systems to track individual products containing written down inventory, which may be in inventory at a number of different locations, the Company cannot determine the impact of inventory writedowns on our gross margins in any individual reporting period.

The Company anticipates, based on current and foreseeable demand for tantalum capacitors, that its minimum purchase commitments under the contracts with Cabot will substantially exceed its requirements over the terms of the contracts. Also, the Company does not anticipate utilizing its stockpile of tantalum ore at any time in the foreseeable future. Tantalum ore, powder and wire have an indefinite shelf life; therefore, the Company believes that it will eventually utilize all of the material in its inventory or purchased under the contracts. Based on usage currently expected in 2003, the Company's purchase commitments represent approximately 7.5 years of usage. The Company has little visibility of the demand for its tantalum capacitor products beyond twelve months. It is almost certain that actual requirements of tantalum will differ from those projected, and likely that the difference will be material.

Tantalum inventory as of June 30, 2003 was 302,000 pounds. The estimated usage over the next twelve months is 196,000 pounds. The Company has reclassified 106,000 pounds, or $24.3 million, into long-term assets.

Active Components

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net Sales	$258,047,000	$270,447,000	$515,300,000	$520,015,000
Gross Profit Margin	26.9%	30.1%	26.1%	28.6%

Net sales of the active components business for the quarter ended June 30, 2003 decreased by $12,400,000, or 4.6%, from sales of the comparable prior year period. The outbreak of SARS in Asia, particularly at Siliconix, was the significant factor in the decrease of net sales for the quarter ended June 30, 2003. Siliconix sales into Asia comprise approximately 70% of its total sales. Net sales of the active components business for the six months ended June 30, 2003 decreased by $4,715,000, or 0.9%, from sales of the comparable prior year period. Pricing pressure continues to increase in the active components business. Gross margins were 26.9% and 26.1%, respectively, for the quarter and six months ended June 30, 2003 as compared to 30.1% and 28.6%, respectively, for the comparable prior year periods. Margins were negatively impacted by product mix changes at Siliconix where there was a higher share of commodity products as compared to the prior year.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses for the quarter and six months ended June 30, 2003 were 17.8% and 18.0% of net sales, respectively, as compared to 16.5% and 16.9% of net sales, respectively, for the comparable prior year periods. This increase was mainly due to the acquisition of BCcomponents. The Company continues to implement cost reduction initiatives company-wide, with particular emphasis placed on reducing headcount in high labor cost countries. Sixty-six percent of the Company's labor force was in low labor cost countries as of June 30, 2003. Additionally, the Company has recorded $1.3 million of expenses for the six months ended June 30, 2003 associated with improving internal controls in response to the provisions of the Sarbanes-Oxley Act.

Restructuring Expense

The Company's restructuring activities have been designed to cut both fixed and variable costs, particularly in response to the reduced demand for products occasioned by the electronics industry downturn beginning in 2001. These activities include the closing of facilities and the termination of employees. Beginning January 1, 2003, restructuring costs are accounted for under SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Because costs are recorded based upon estimates, actual expenditures for the restructuring activities may differ from the initially recorded costs. If the initial estimates were too low or too high, we could be required either to record additional expenses in future periods or to reverse previously recorded expenses. We anticipate that we will realize the benefits of our

restructuring through lower labor costs and other operating expenses in future periods, although it is not possible to quantify the expected savings.

The Company recorded restructuring expense of $12,258,000 for the quarter ended June 30, 2003. Restructuring of European operations included $11,343,000 of employee termination costs covering 301 technical, production, administrative and support employees located in Germany, France, Hungary, Portugal, the United Kingdom, Austria and the Far East. The remaining $915,000 of restructuring expense related to termination costs for 89 technical, production, administrative and support employees located in the United States. As a result of restructuring related to workforce reduction, we expect an annual increase in gross profit of approximately $1,100,000.

The Company recorded restructuring expense of $1,907,000 for the quarter ended June 30, 2002. Restructuring of European and Israeli operations included $1,243,000 of employee termination costs covering approximately 101 technical, production, administrative and support employees located in Czech Republic, France, Hungary, Israel, Portugal, and Austria. The remaining $664,000 of restructuring expense related to termination costs for approximately 70 technical, production, administrative and support employees located in the United States.

Restructuring expense is separate from plant closure, employee termination and similar integration costs we incur in connection with our acquisition activities. These amounts are included in the costs of our acquisitions and do not affect earnings or losses on our statement of operations.

Interest Expense

Interest expense for the quarter and six months ended June 30, 2003 increased by $2,383,000 and $5,475,000, respectively, as compared to the comparable prior year periods. This increase was primarily a result of the various acquisitions made in 2002. The Company borrowed $116,000,000 on its revolving credit facility and issued $105,000,000 principal amount of unsecured loan notes, currently bearing interest at LIBOR plus 1.5%, in connection with the BCcomponents acquisition in December 2002.

Other Income

Other income was $294,000 for the quarter ended June 30, 2003, as compared to $80,000 for the comparable prior year quarter. Other income was $937,000 for the six months ended June 30, 2003 as compared to $2,629,000 for the comparable prior year period. This decrease was primarily due to higher foreign exchange losses. Foreign exchange losses of $2,484,000 were reported for the six months ended June 30, 2003 as compared to foreign exchange losses of $847,000 for the comparable prior year period.

Minority Interest

Minority interest for the six months ended June 30, 2003 increased $71,000 as compared to the comparable prior year period. This increase was primarily due to an increase in the net earnings of Siliconix.

Income Taxes

The effective tax rate for the first six months of 2003, based on earnings before income taxes and taking into account minority interest, was 23.4% as compared to 21.6% for the comparable prior year period. The higher effective tax rate in 2003 is due primarily to the fact that the Company did not recognize the tax benefit of losses incurred in certain high tax jurisdictions. Vishay is not recognizing deferred tax assets for loss carryforwards in jurisdictions where there is a recent history of cumulative losses, where there is no taxable income in the carryback period, where there is insufficient evidence of future earnings to overcome the loss history and where there is no other positive evidence such as the availability of temporary differences turning around to offset the loss carryforwards. In addition, Vishay is not considering the use of any tax planning strategies to support the recognition of the deferred tax asset without the associated valuation allowance. While the losses described above are available to offset future taxable income, accounting rules do not allow for Vishay to recognize the benefit currently.

The Company enjoys favorable tax rates on its income in Israel from specific approved projects. The low rates, which generally are available for a period of ten or fifteen years, ordinarily result in greater earnings than what they would be if the Israeli income was subject to statutory United States tax rates. However, due to losses reported in Israel, the low rates did not materially impact net earnings for the six months ended June 30, 2003 and 2002, respectively.

Financial Condition and Liquidity

Cash flows from operations were $94,455,000 for the six months ended June 30, 2003 as compared to $236,648,000 for the six months ended June 30, 2002. For the six months ended June 30, 2002, there were significant reductions in accounts receivable and inventory in response to the business slowdown. Accounts receivable levels at June 30, 2003 have increased from December 31, 2002 primarily due to the net sales of BCcomponents, which was acquired in December 2002. This increase was only partially offset by higher depreciation and amortization. Net purchases of property and equipment for the six months ended June 30, 2003 were $41,104,000 as compared to $30,241,000 for the comparable prior year period. This increase was mainly due to spending in connection with the active components business. Purchase of businesses, net of cash acquired of $14,668,000, for the six months ended June 30, 2003 represents payments made related to liabilities assumed from previous acquisitions.

The Company paid down $20,000,000 on its revolving credit lines during the first six months of 2003, primarily from the cash generated from operations. At June 30, 2003, the Company had $91,000,000 outstanding under its revolving credit facility. In connection with the acquisition of BCcomponents in December 2002, the Company issued $105,000,000 principal amount of floating rate unsecured loan notes due 2102. The notes bear interest at LIBOR plus 1.5% through December 31, 2006 and at LIBOR thereafter. The interest payable on the notes may be further reduced to 50% of LIBOR after December 31, 2010 if the price of Vishay common stock trades above a specified target price, as provided in the notes. The notes are subject to a put and call agreement under which the holders may at any time put the notes to the Company in exchange for 6,176,471 shares of Vishay common stock in the aggregate, and the Company may call the notes in exchange for cash or for shares of Vishay common stock after 15 years from the date of issuance.

The Company's financial condition at June 30, 2003 was strong, with a current ratio of 2.58 to 1. The Company's ratio of long-term debt, less current portion, to stockholders' equity was .29 to 1 at June 30, 2003 as compared to ..20 to 1 at June 30, 2002 and .30 to 1 at December 31, 2002. The increase in long-term debt ratio from June 30, 2002 to June 30, 2003 reflects the debt incurred in connection with the BCcomponents acquisition.

On August 6, 2003, Vishay sold $450 million aggregate principal amount of 3-5/8% convertible subordinated notes due 2023 and granted the initial purchasers an option to purchase, within 30 days of the date of the offering memorandum relating to the notes, an additional $50 million of the notes. The notes will pay interest semi-annually. The Company used approximately $130 million of the proceeds of the offering of the convertible subordinated notes to pay down its revolving credit facility and approximately $97.4 million to fund the purchase of approximately $97.0 million accreted principal amount ($165.0 million face amount) of its LYONs. The Company expects to use approximately $176.6 million of the offering proceeds (exclusive of accrued interest of approximately $2.3 million) to fund the redemption of the convertible notes of its General Semiconductor subsidiary referred to below. The Company estimates that the purchase of the LYONs and the General Semiconductor debentures will result in a pretax loss of approximately $11 million in the third quarter of 2003. The Company intends to use the remaining proceeds for general corporate purposes. In June 2004, holders of the LYONs will have the right to "put" these notes to the Company at an aggregate price of $235 million.

Vishay has agreed with the lenders under its secured revolving credit facility to an amendment and restatement of the agreement governing the facility. The maximum availability under the facility, in light of the Company's anticipated liquidity needs, has been changed from $500 million to $400 million, and the final maturity of the facility has been extended from June 2005 to May 2007. The restatement decreases the Company's minimum tangible net worth requirement to $850 million, eliminates the minimum earnings before interest and tax requirement, permits securitization of up to $200 million of non-U.S. accounts receivable, allows for the release of all collateral (other than subsidiary stock and pledges by Vishay and its subsidiaries of intercompany notes) under certain circumstances and creates an event of default upon the occurrence of a fundamental change as defined under the Company's convertible subordinated notes.

The Company expects to call for redemption on September 10, 2003 all of the outstanding 5.75% convertible subordinated notes due 2006 of its General Semiconductor subsidiary. There are presently $171,000,000 principal amount of the General Semiconductor notes outstanding. These notes are redeemable at a price of 103.286% of their principal amount, plus accrued but unpaid interest to the date of redemption.

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

Statements in this report that are not clearly historical are "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These include, but are not limited to, anticipated results for the remainder of 2003 and expectations with respect to recoveries in the economic and business climate in general and the Company's businesses in particular. All forward-looking statements made by or on behalf of the Company involve risks, uncertainties and contingencies, whether they are contained in this report or other reports and documents filed with the Securities and Exchange Commission, in press releases or in communications and discussions with investors and analysts through meetings, webcasts, phone calls or conference calls. Many of these risks, uncertainties and contingencies are beyond the Company's control, and they may cause actual results, performance or achievements to differ materially from those anticipated. Please refer to the Company's 2002 Annual Report on Form 10-K/A for 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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 policies do 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 borrowings under its floating rate revolving credit facility. 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 June 30, 2003, a fixed rate swap agreement with a notional amount of $100,000,000 was in place. The impact of interest rate derivative instruments on the Company's results of operations for the six months ended June 30, 2003 was not significant.

Item 4. Controls and Procedures

An evaluation was performed as of June 30, 2003, under the supervision and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures are effective in ensuring that all material information required to be filed in this quarterly report has been reported, recorded, processed and summarized in a timely fashion. There have been no significant changes in the Company's internal control over

financial reporting during the quarter ended June 30, 2003 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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 22, 2003.

(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 21, 2003, 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 132,134,004.

	For	Against	Abstain	Broker Non-votes
Felix Zandman	105,731,416	26,402,588	0	0
Gerald Paul	105,730,827	26,403,177	0	0
Jean-Claude Tine	123,270,836	8,863,168	0	0
Philippe Gazeau	123,172,459	8,961,545	0	0
Eliyahu Hurvitz	123,471,020	8,662,984	0	0
Abraham Ludomirski	123,461,483	8,672,521	0	0
Edward Shils	123,269,444	8,864,560	0	0
Mark Solomon	123,272,316	8,861,698	0	0
Avi Eden	105,824,614	26,309,390	0	0
Ziv Shoshani	120,307,548	11,826,456	0	0
Marc Zandman	104,253,428	27,880,576	0	0
Ruta Zandman	106,968,273	25,165,731	0	0

Total Class B Common Stock voted was 15,267,801 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, 2003. Total Class A Common Stock voted was 129,181,415 in favor, 2,952,589 against, and 0 broker non-votes. Total Class B Common Stock voted was 15,267,801 in favor, 0 against, 0 abstained and 0 broker non-votes.

(iii) Amendment of Section 162 (m) Cash Bonus Plan. Total Class A Common Stock voted was 122,025,865 in favor, 10,108,139 against, and 0 broker non-votes. Total Class B Common Stock voted was 15,267,801 in favor, 0 against, 0 abstained and 0 broker non-votes.

(iv) Amendment of Certificate of Incorporation and Bylaws. Total Class A Common Stock voted was 129,200,271 in favor, 2,933,733 against, and 0 broker non-votes. Total Class B Common Stock voted was 15,264,816 in favor, 2,985 against, 0 abstained and 0 broker non-votes.

Each share of Class A Common Stock is entitled to one vote and each share of Class B Common Stock is entitled to 10 votes on matters voted upon by stockholders.

Item 5. Other Information

Not applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 31.1 - Certification pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Dr. Felix Zandman, Chief Executive Officer

Exhibit 31.2 - Certification pursuant to Rules 13a-14(a) or 15d-14(a)under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Richard N. Grubb, Chief Financial Officer

Exhibit 32.1 - Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Dr. Felix Zandman, Chief Executive Officer

Exhibit 32.2 - Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Richard N. Grubb, Chief Financial Officer

(b) Reports on Form 8-K:

On May 2, 2003, the Company filed a current report dated April 30, 2003 under Item 12 of Form 8-K, reporting the financial results of the Company for the quarter ended March 31, 2003.

On May 7, 2003, the Company filed a current report dated April 30, 2003 under Item 12 of Form 8-K, furnishing the transcript to the Company's April 30, 2003 conference call reporting and discussing the financial results of the Company for the quarter ended March 31, 2003.

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: August 14, 2003

Exhibit 31.1

CERTIFICATION

I, Dr. Felix Zandman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vishay Intertechnology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

/s/ Dr. Felix Zandman

Dr. Felix Zandman
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Richard N. Grubb, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vishay Intertechnology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

/s/ Richard N. Grubb

Richard N. Grubb
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vishay Intertechnology, Inc. (the "Company") on Form 10-Q for the quarterly period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dr. Felix Zandman, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dr. Felix Zandman
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Dr. Felix Zandman
Chief Executive Officer
August 14, 2003

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vishay Intertechnology, Inc. (the "Company") on Form 10-Q for the quarterly period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard N. Grubb, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard N. Grubb
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Richard N. Grubb
Chief Financial Officer
August 14, 2003