

VISHAY INTERTECHNOLOGY INC

Form DEF 14A

April 05, 2012

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

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

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| <input type="checkbox"/> | Preliminary proxy statement |
| <input type="checkbox"/> | Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
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| <input type="checkbox"/> | Definitive additional materials |
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VISHAY INTERTECHNOLOGY, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

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VISHAY INTERTECHNOLOGY, INC.
63 LANCASTER AVENUE
MALVERN, PENNSYLVANIA 19355

April 5, 2012

Dear Stockholder:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Vishay Intertechnology, Inc., to be held at 10:30 a.m., local time, on Thursday, May 24, 2012, at The Rittenhouse Hotel Ballroom, 2nd Floor at 210 West Rittenhouse Square, Philadelphia, PA 19103. The Board of Directors looks forward to greeting you personally at the annual meeting.

During the annual meeting, we will discuss each item of business described in the attached Notice of Annual Meeting of Stockholders and proxy statement and provide a report on Vishay's business operations. We will provide time for questions.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in the affairs of Vishay. We hope you will be able to attend the annual meeting. Whether or not you expect to attend the annual meeting, and regardless of the number of shares you own, it is important that your shares are represented and voted at the annual meeting. Therefore, you are encouraged to sign, date, and return the enclosed proxy card in the return envelope provided so that your shares will be represented and voted at the annual meeting.

Sincerely,

Marc Zandman
Executive Chairman of the Board of Directors

Important Notice Regarding the Availability of Proxy Materials for the
Annual Meeting of Stockholders to be Held May 24, 2012.

The following materials, also included with this Notice, are available for view on
the Internet:

Proxy Statement for the 2012 Annual Meeting of Stockholders

2011 Annual Report to Stockholders

To view these materials, visit ir.vishay.com.

VISHAY INTERTECHNOLOGY, INC.
63 LANCASTER AVENUE
MALVERN, PENNSYLVANIA 19355

NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON THURSDAY, MAY 24, 2012

The 2012 Annual Meeting of Stockholders of Vishay Intertechnology, Inc. will be held at The Rittenhouse Hotel Ballroom, 2nd Floor at 210 West Rittenhouse Square, Philadelphia, PA 19103, on Thursday, May 24, 2012 at 10:30 a.m., local time. The meeting will be held to consider and act upon:

1. the election of three directors to hold office until 2015 and the election of one director to hold office until 2013;
2. the ratification of our independent registered public accounting firm;
3. the approval of the amended and restated Vishay Intertechnology Section 162(m) Cash Bonus Plan; and
4. such other business as may be brought properly before the meeting.

The stockholders of record at the close of business on March 30, 2012 will be entitled to vote at the annual meeting or at any adjournment thereof. Whether or not you expect to attend the meeting in person, please complete, date, and sign the enclosed proxy card and return it without delay in the enclosed envelope which requires no additional postage if mailed in the United States.

If you are enrolled in our electronic proxy materials delivery service and received these proxy materials via the Internet, you will need to follow the procedures for online voting to vote your shares.

By Order of the Board of Directors,

Peter Henrici
Corporate Secretary

Malvern, Pennsylvania
April 5, 2012

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VISHAY INTERTECHNOLOGY, INC.
63 LANCASTER AVENUE
MALVERN, PENNSYLVANIA 19355

PROXY STATEMENT

The accompanying proxy is solicited by the Board of Directors of Vishay Intertechnology, Inc. for use at the 2012 Annual Meeting of Stockholders of Vishay to be held at The Rittenhouse Hotel Ballroom, 2nd Floor at 210 West Rittenhouse Square, Philadelphia, PA 19103 on Thursday, May 24, 2012 at 10:30 a.m., local time, or any adjournments thereof.

We are first sending the proxy materials to stockholders on or about April 5, 2012.

SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Meeting Information

Date and time	Thursday May 24, 2012 at 10:30 am
Meeting location	The Rittenhouse Hotel Ballroom, 2nd Floor 210 West Rittenhouse Square Philadelphia, PA 19103
Record date	March 30, 2012
Voting	Each share of common stock will be entitled to one vote and each share of Class B common stock will be entitled to 10 votes with respect to each matter to be voted on at the annual meeting

Meeting Agenda

The meeting will be held to consider and act upon:

- The election of three directors to hold office until 2015 and the election of one director to hold office until 2013;
 - The ratification of Ernst & Young as our independent registered public accounting firm;
 - The approval of the amended and restated Vishay Intertechnology Section 162(m) Cash Bonus Plan; and
 - Such other business as may be brought properly before the meeting.

Recommendations of the Board of Directors

The Board of Directors recommends a vote:

- FOR the election of three directors to hold office until 2015 and the election of one director to hold office until 2013 (see Proposal One);
- FOR the ratification of Ernst & Young as our independent registered public accounting firm (see Proposal Two); and
- FOR the approval of the amended and restated Vishay Intertechnology Section 162(m) Cash Bonus Plan (see Proposal Three).

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Nominees for Directors

As a result of the passing of the Company's founder, Dr. Felix Zandman, voting control over certain Company securities previously beneficially owned by Dr. Zandman was transferred, as to certain of such securities, to his wife, Mrs. Ruta Zandman, a member of our board of directors, who exercises sole voting control over such securities as the nominating executrix of the estate of Dr. Zandman, and, as to certain of such securities, to Mrs. Zandman, Dr. Zandman's son, Mr. Marc Zandman, the Executive Chairman of our board of directors, our Chief Business Development Officer, and President of Vishay Israel Ltd., and Dr. Zandman's nephew, Mr. Ziv Shoshani, a member of our board of directors, who each share control over such securities as a co-trustee of the trust holding such securities. In addition, at the time of his passing, a voting trust under which Dr. Zandman had voting power over 4,744,482 shares of Class B common stock owned by third parties terminated. Of these shares, 1,153,322 shares of Class B common stock were converted by third parties into shares of our common stock, while the balance remained outstanding as shares of Class B common stock as of March 30, 2012 and may be voted by third parties, subject to the right of Ruta Zandman to direct the voting of 2,402,549 of these shares under a separate voting agreement. The total number of shares of our common stock and Class B common stock outstanding was 144,910,898 and 12,299,277, respectively, at March 30, 2012. Ruta Zandman controls, solely or on a shared basis with Mr. Marc Zandman and Ziv Shoshani, approximately 41.2% of the total voting power of our capital stock; Mr. Marc Zandman controls, solely or on a shared basis with Ruta Zandman and Ziv Shoshani, approximately 29.9% of the total voting power of our capital stock; and Ziv Shoshani controls, solely or on a shared basis with Ruta Zandman and Mr. Marc Zandman, approximately 29.9% of the total voting power of our capital stock. While holders of our common stock and Class B common stock vote together as a single class on most matters, including the election of directors, all of our current directors received a majority of the votes cast by holders of common stock who are unaffiliated with the current Class B stockholders when they last stood for election at an annual meeting of stockholders.

The nominees for election as Class III Directors for terms of three years, expiring at the 2015 annual meeting of stockholders, are summarized as follows:

Name	Age	Director since
Marc Zandman Executive Chairman of the Board of Directors, and Chief Business Development Officer	50	2001
Ziv Shoshani Chief Executive Officer and President of Vishay Precision Group, Inc.	45	2001
Ruta Zandman Director	74	2001

The nominee for election as a Class I Director for a term of one year, expiring at the 2013 annual meeting of stockholders, is below:

Name	Age	Director since
Thomas C. Wertheimer Former senior audit partner with PricewaterhouseCoopers LLP	71	2004

In order to more evenly distribute the number of directors amongst our three classes of directors, our board of directors reduced the number of our Class III directors by one directorship and increased the number of our Class I directors by one directorship. Mr. Wertheimer, currently a Class III director, is being nominated for a one year term to fill the newly created Class I directorship.

The Board of Directors recommends a vote FOR the election of three directors to hold office until 2015 and the election of one director to hold office until 2013 (see Proposal One).

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Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors has determined to reappoint the public accounting firm of Ernst & Young LLP as independent registered public accounting firm to audit our financial statements for the year ending December 31, 2012, as well as to audit the effectiveness of our internal control over financial reporting. Although stockholder approval for the appointment of Ernst & Young LLP is not required, we are continuing our practice of submitting the selection of the independent registered public accounting firm to stockholders for their ratification. The Board of Directors recommends a vote FOR the ratification of Ernst & Young as our independent registered public accounting firm (see Proposal Two).

Approval of the Amended and Restated Vishay Intertechnology Section 162(m) Cash Bonus Plan

The Board of Directors has approved, and is proposing that the stockholders approve, an amendment and restatement of the 162(m) Cash Bonus Plan to allow the Compensation Committee of the Board of Directors to designate senior executives for the Plan and to determine the amount, term, and conditions of the bonuses awarded. The 162(m) Plan is intended to qualify as a “performance-based” plan under Section 162(m) of the Internal Revenue Code. To qualify under Section 162(m), stockholder approval is required for any material amendment to the 162(m) Plan. The Board of Directors recommends a vote FOR the approval of the amended and restated Vishay Intertechnology Section 162(m) Cash Bonus Plan.

ABOUT THE MEETING

Why did I receive these materials?

We hold a meeting of stockholders annually. This year’s meeting will be held on May 24, 2012. There will be several items of business that must be voted on by our stockholders at the meeting, and our Board of Directors is seeking your proxy to vote on these items. This proxy statement contains important information about Vishay Intertechnology, Inc. and the matters that will be voted on at the meeting. Please read these materials carefully so that you have the information you need to make informed decisions. Throughout this proxy statement, we will refer to ourselves as “Vishay Intertechnology, Inc.,” “Vishay,” “we,” “our,” or the “Company.”

What is a proxy?

A proxy is your legal designation of another person to vote the shares of stock that you own. The person you designate to vote your shares is also called a proxy. When you submit a proxy, the people named on the proxy card are required to vote your shares at the annual meeting in the manner you have instructed.

What is the record date and why is it important?

The record date is the date used by our Board of Directors to determine which stockholders are entitled to receive notice of, and vote on the items presented at, the annual meeting. Our Board established March 30, 2012 as the record date for the 2012 annual meeting.

What is the difference between “Stockholders of Record” and “Beneficial Owners”?

If your shares are registered directly in your name with Vishay’s transfer agent, you are considered, with respect to those shares, the “Stockholder of Record.” The proxy statement, annual report and proxy card have been sent directly to you by Vishay.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the “Beneficial Owner” of shares held in street name. This proxy statement and annual report have been forwarded to you by your broker, bank, or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank, or nominee how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting.

Who can attend the meeting?

All stockholders as of the record date, or their duly appointed proxies, are invited to attend the meeting.

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What proposals will I be voting on and how does the Board of Directors recommend I vote?

The Board of Directors' recommendations are set forth together with the description of each proposal in this proxy statement. In summary, the Board of Directors (which throughout this proxy statement we refer to as the "Board") recommends a vote:

- FOR the election of three directors to hold office for terms of three years and the election of one director for a term of one year until their successors are duly elected and qualified (see Proposal One); and
- FOR the ratification of the appointment of Ernst & Young LLP as Vishay's independent registered public accounting firm for the year ending December 31, 2012 (see Proposal Two); and
 - FOR the approval of the amended and restated Vishay Intertechnology Section 162(m) Cash Bonus Plan.

Does Vishay have more than one class of stock outstanding?

We have two classes of stock outstanding, common stock and Class B common stock. On the record date, there were 144,910,898 shares of common stock and 12,299,227 shares of Class B common stock outstanding and entitled to vote.

What are the voting rights of each class of stock?

Each share of common stock will be entitled to one vote and each share of Class B common stock will be entitled to 10 votes with respect to each matter to be voted on at the annual meeting.

A list of stockholders entitled to vote at the annual meeting will be available for examination by Vishay's stockholders during ordinary business hours for a period of ten days prior to the annual meeting at the Company's headquarters, 63 Lancaster Avenue, Malvern, PA 19355. A stockholder list will also be available for examination at the annual meeting.

What constitutes a quorum?

A quorum is the minimum number of votes required to be present at the annual meeting to conduct business. As set forth in Vishay's by-laws, the holders of a majority of the votes represented by the outstanding shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy, will constitute a quorum for the transaction of business at the annual meeting.

How are abstentions and broker non-votes considered?

Shares represented by proxies that are properly marked "ABSTAIN" will be counted for purposes of determining the presence of a quorum at the annual meeting. Abstentions are regarded as voted shares and will have the same effect as a vote "AGAINST" Proposals Two and Three. Abstentions will have no effect on the election of directors under Proposal One.

Brokers holding shares for beneficial owners in street name must vote those shares according to specific instructions they receive from the beneficial owners. If instructions are not received, brokers may only vote the shares, in their discretion, on matters for which they are not precluded from exercising their discretion by the rules of the New York Stock Exchange ("NYSE"). Under the NYSE rules, a broker is permitted to vote shares on routine matters, which include ratifying the appointment of independent auditors but do not include the election of directors or stockholder proposals. Accordingly, brokers may vote in their discretion only on Proposals Two and Three.

A broker “non-vote” occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Broker non-votes will be counted in determining whether there is a quorum at the annual meeting but will not be regarded as voted shares. Because the Company has a plurality voting standard for the election of directors, and because the other proposals will be determined by a majority of votes cast, broker non-votes will have no effect on the outcome of the vote on any of the proposals.

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What vote is required to approve each proposal?

Assuming a quorum is present, the vote required and method of calculation for the proposals to be considered at the annual meeting are as follows:

- Proposal One. The election of three directors to hold office for terms of three years and the election of one director to hold office for a term of one year or until their successors are duly elected and qualified requires a plurality of the votes of the shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy and voted on the election of directors.
- Proposal Two. The ratification of the appointment of Ernst & Young LLP as Vishay's independent registered public accounting firm for the year ending December 31, 2012 requires the affirmative vote of holders of a majority of the votes of the shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy and voted.
- Proposal Three. The approval of the amended and restated Vishay Intertechnology Section 162(m) Cash Bonus Plan requires the affirmative vote of holders of a majority of the votes of the shares of common stock and Class B common stock, voting together as a single class, present in person or represented by proxy and voted.

How do I vote my shares? Can I vote electronically?

Please complete, date, and sign the enclosed proxy card and return it without delay in the enclosed envelope, which requires no additional postage if mailed in the United States.

If you are enrolled in our electronic proxy materials delivery service and received these proxy materials via the Internet, you will need to follow the procedures for online voting in order to vote your shares.

The shares represented by the accompanying proxy will be voted as directed with respect to each of the proposals set forth in the proxy statement, OR, if no direction is indicated, at the recommendations of the Board of Directors.

You may either vote "FOR ALL" or "WITHHOLD" your vote for the election of the nominees as directors under Proposal One, or you may vote for only some of the nominees. You may vote "FOR," "AGAINST" or "ABSTAIN" on Proposals Two and Three.

Whether or not you plan to attend the meeting, we strongly encourage you to vote by proxy prior to the meeting.

Can I change my vote after I return my proxy card?

Yes. You may revoke your proxy at any time before it is voted at the annual meeting. In order to revoke your proxy, you may either:

- sign and timely return another proxy card bearing a later date; or
- provide written notice of the revocation to Vishay's Corporate Secretary; or
- attend the annual meeting and vote in person

If your shares are held in a stock brokerage account or by a bank or other nominee, you must follow the instructions provided by your broker, bank, or nominee on how to revoke your proxy.

What will happen if I provide my proxy but do not vote on a proposal?

You should provide voting instructions for all proposals appearing on the proxy card. The persons named as proxies on the enclosed proxy card will vote your shares according to your instructions. However, if you fail to provide instructions on how you want your shares to be voted, properly signed and dated proxies will be voted in accordance with the recommendation of the Board of Directors.

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What will happen if I do not provide my proxy?

If you are a stockholder of record, your shares will not be voted.

If you are the beneficial owner of shares held in street name, your broker, bank, or other holder of record might be authorized to vote your shares on certain routine matters. The NYSE considers the ratification of the independent registered public accounting firm and the approval of the 162(m) Plan to be routine matters. On those matters, your broker or nominee can vote your street name shares on this item even though you have not provided voting instructions, or chose not to vote your shares on those matters.

Who will verify the election results?

Vishay will appoint an inspector who will ascertain the number of shares outstanding and the voting powers of each, determine the shares represented at the annual meeting and the validity of the proxies and ballots, count all votes and ballots, determine and retain for a reasonable period a record of the disposition of any challenges made to any determinations by such inspector, and certify a determination of the number of shares represented at the annual meeting and his count of all votes and ballots.

Are there any stockholders who own more than 5% of Vishay's shares or voting power?

Ruta Zandman controls, solely or on a shared basis with Mr. Marc Zandman and Ziv Shoshani, approximately 41.2% of the total voting power of our capital stock; Mr. Marc Zandman controls, solely or on a shared basis with Ruta Zandman and Ziv Shoshani, approximately 29.9% of the total voting power of our capital stock; and Ziv Shoshani controls, solely or on a shared basis with Ruta Zandman and Mr. Marc Zandman, approximately 29.9% of the total voting power of our capital stock. They intend to vote FOR ALL nominees, FOR Proposal Two, and FOR Proposal Three.

According to filings made with the Securities and Exchange Commission ("SEC"), LSV Asset Management, BlackRock, Inc., The Bank of New York Mellon Corporation, The Vanguard Group, and Dimensional Fund Advisors LP each own greater than 5% of Vishay's outstanding common stock. Additionally, Deborah Larkin, a private stockholder, owns greater than 5% of our Class B common stock. See "Security Ownership of Certain Beneficial Owners and Management" for more information. LSV Asset Management, BlackRock, Inc., The Bank of New York Mellon Corporation, The Vanguard Group, Dimensional Fund Advisors LP, and Ms. Larkin have not indicated their intentions to Vishay regarding matters to be voted on at the annual meeting.

Who paid to send me the proxy materials?

Vishay is required to make these materials available to you. SEC rules require that we mail a notice to our stockholders advising that our proxy statement, annual report to stockholders, electronic proxy card, and related materials are available for viewing, free of charge, on the Internet. Stockholders may then access these materials and vote over the Internet or request delivery of a full set of materials by mail or email. We have elected to utilize this process for the 2012 annual meeting. We intend to begin mailing the required notice, called Notice of Internet Availability of Proxy Materials, to stockholders on or about April 5, 2012. The proxy materials will be posted on the Internet, at ir.Vishay.com, no later than the day we begin mailing the Notice.

These rules give us the opportunity to serve you more efficiently by making the proxy materials available quickly online and reducing costs associated with printing and postage. If you receive a Notice, you will not receive a paper or electronic copy of the proxy materials unless you request one, using the procedure described in the Notice and on Vishay's investor relations website. You may also elect to receive the Notice for future meetings electronically, which

will save Vishay printing and mailing costs, by registering for this program at www.icsdelivery.com/vsh or by contacting your broker.

The cost of solicitation of proxies will be borne by Vishay. The Board of Directors may use the services of Vishay's directors, officers and other regular employees to solicit proxies personally or by telephone. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of the shares held of record by such fiduciaries, and Vishay will reimburse them for the reasonable expenses incurred by them in so doing.

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GOVERNANCE OF THE COMPANY

What is corporate governance?

Corporate governance is the process by which companies govern themselves.

At Vishay, day-to-day business activities are carried out by our employees under the direction and supervision of our Chief Executive Officer (“CEO”). The Board of Directors oversees these activities. In doing so, each director is required to use his or her business judgment in the best interests of Vishay and its stockholders. The Board’s primary responsibilities include:

- Review of Vishay’s performance, strategies, and major decisions;
- Oversight of Vishay’s compliance with legal and regulatory requirements and the integrity of its financial statements;
- Oversight of management, including review of the CEO’s performance and succession planning for key management roles;
 - Oversight of risk management; and
- Oversight of compensation for the CEO, key executives and the Board, as well as oversight of compensation policies and programs for all employees.

Additional description of the Board’s responsibilities is included in our Corporate Governance Principles document, which is available to stockholders on our website and in print upon request, as described below.

Where can I find more information about the corporate governance practices of Vishay?

Various corporate governance related documents are available on our website. These include:

- Corporate Governance Principles
- Code of Business Conduct and Ethics
- Code of Ethics Applicable to the Company’s Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer or Controller and Financial Managers
 - Audit Committee Charter
- Nominating and Corporate Governance Committee Charter
 - Compensation Committee Charter
 - Strategic Affairs Committee Charter
- Policy on Director Attendance at Annual Meetings
- Nominating and Corporate Governance Committee Policy Regarding Qualification of Directors
 - Procedures for Securityholders’ Submissions of Nominating Recommendations
- Securityholder Communications with Directors and Interested Party Communication with Independent Directors
 - Whistleblower and Ethics Hotline Procedures
 - Related Party Transaction Policy

To view these documents, access ir.Vishay.com and click on “Corporate Governance.” Any of these documents can be obtained in print by any stockholder upon written request to Vishay’s investor relations department.

We intend to post any amendments to or any waivers from, a provision of our Code of Ethics Applicable to the Company’s Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer or Controller and Financial Managers on our website.

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What is the composition of our Board of Directors?

Vishay has a staggered Board of Directors divided into three classes. The number of directors is fixed by the Board of Directors, subject to a maximum of fifteen directors as provided in the Company's charter documents. There are currently nine members of the Board. As described in Proposal One, three directors will be elected to Class III for a term expiring at the annual meeting of stockholders in 2015, and in order to make our three classes of directors have an equal number of members, one existing Class III director will be elected to Class I for a term expiring at the annual meeting of the stockholders in 2013. Biographical information on each of the directors is included in Proposal One.

How does the Board determine which directors are considered independent?

The Board of Directors has determined that, to be considered independent, an outside director may not have a direct or indirect material relationship with Vishay. A material relationship is one which impairs or inhibits, or has the potential to impair or inhibit, a director's exercise of critical and disinterested judgment on behalf of Vishay and its stockholders. The materiality standard applied by the Board includes, but is not limited to, the disqualifying relationships set forth in the governance listing standards of the NYSE.

Accordingly, the Board has concluded that Frank Dieter Maier, Dr. Abraham Ludomirski, Wayne M. Rogers, Ronald Ruzic, and Thomas Wertheimer qualify as independent directors. Each of the Audit Committee, the Nominating and Corporate Governance Committee, and the Compensation Committee of the Board is composed entirely of independent directors.

How often did the Board meet during 2011?

The Board of Directors met 6 times during the year ended December 31, 2011. Regularly scheduled executive sessions of the Board's independent directors were also held. In 2011, with the exception of Mrs. Ruta Zandman, each director attended at least 75% of the aggregate number of meetings of the Board of Directors and any Committee on which such director served. Mrs. Zandman attended four of six meetings (67%) of the Board of Directors. The two meetings missed took place during the week before and the day after the passing of Dr. Felix Zandman. Information regarding Vishay's policy on director attendance at annual meetings of stockholders and the number of directors attending last year's annual meeting may be found on our website at ir.Vishay.com.

What is the role of the Board's Committees?

The Board of Directors maintains an Executive Committee, a Nominating and Corporate Governance Committee, an Audit Committee, a Compensation Committee, and a Strategic Affairs Committee, each of which is described below. Copies of all committee charters are available on our website and in print upon request.

Executive Committee - The Executive Committee is authorized to exercise all functions of the Board of Directors in the intervals between meetings of the Board to the extent permitted by Delaware law. The current chairman of the Committee is Mr. Marc Zandman.

Nominating and Corporate Governance Committee - The functions of the Nominating and Corporate Governance Committee include identifying individuals qualified to become members of the Board; selecting, or recommending that the Board of Directors select, the director nominees for the next annual meeting of stockholders; developing and recommending to the Board a set of corporate governance principles for Vishay; overseeing the evaluation of the Board and the management of Vishay; administering Vishay's Related Party Transactions Policy; and performing other related functions specified in the Committee's charter. The current chairman of the Committee is Dr. Abraham Ludomirski.

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Audit Committee - The functions of the Audit Committee include overseeing Vishay's accounting and financial reporting processes; overseeing the audits of our consolidated financial statements and the effectiveness of our internal control over financial reporting; assisting the Board in its oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, the independence and qualifications of our independent registered public accounting firm, and the performance of our internal audit function and independent registered public accounting firm; and performing other related functions specified in the Committee's charter. The Audit Committee consists of three non-management directors, each of whom satisfies the independence requirements of the rules of the SEC and the governance listing requirements of the NYSE. All of the members of the Committee also satisfy the financial literacy requirements of the NYSE and Mr. Thomas Wertheimer, the chairman of the Committee, qualifies as an audit committee financial expert under the rules of the SEC.

Compensation Committee - The functions of the Compensation Committee include evaluating the performance of the Chief Executive Officer and, based on this evaluation, determining and approving the compensation of the Chief Executive Officer; making recommendations to the Board with respect to compensation of our other executive officers; making recommendations to the Board with respect to compensation of non-management directors; making recommendations to the Board with respect to, and administering, our incentive compensation plans and equity based compensation plans; and performing other related functions specified in the Committee's charter. The Compensation Committee is authorized, within the limits of the 2007 Stock Incentive Program (the "2007 Program") of Vishay, to determine the individuals who are to receive grants, including stock, stock options, restricted stock and restricted stock units ("RSUs"), and the vesting requirements with respect to those grants, and to administer and interpret the plan. Mr. Wayne Rogers is the chairman of this Committee. Also see "Executive Compensation."

Strategic Affairs Committee - The functions of the Strategic Affairs Committee include advising and making recommendations to the Board and management with respect to potential significant acquisitions, divestitures, joint ventures, business combinations, restructuring and other strategic initiatives, and considering and negotiating on behalf of the Company strategic initiatives involving the Company's management with respect to which actual or perceived conflicts may exist with management directors. The current chairman of the Committee is Mr. Wayne Rogers.

The chairman of the Strategic Affairs Committee presides at the executive sessions of the Board's independent directors.

What is the Board's leadership structure and role in risk oversight?

The Board believes that it is important to retain the flexibility to combine or separate the responsibilities of the offices of Chairman of the Board and Chief Executive Officer, as from time to time it may be in the best interests of the Company. The Board separated the positions of Chairman and Chief Executive Officer in 2004 when the Company's late founder and Chairman, Dr. Felix Zandman, stepped down from his position as our Chief Executive Officer to focus mainly on technical and business development issues. Mr. Marc Zandman succeeded Dr. Zandman as Executive Chairman of the Board of Directors and Chief Business Development Officer upon Dr. Zandman's passing. Mr. Marc Zandman is significantly involved with the Company's strategic direction as our Executive Chairman and Chief Business Development Officer, overseeing our acquisition strategy. Accordingly, the Company believes that it is appropriate that he serve as Executive Chairman. At the same time, the active membership of Dr. Paul, our Chief Executive Officer, on the Board assures our Board of the benefit of his comprehensive knowledge of the Company's business, operations, industry environment and competitive challenges. At the current time, the Board believes this remains the optimal structure.

Management continually monitors the material risks facing the Company, including financial risk, strategic risk, operational risk, and legal and compliance risk. The Board of Directors is responsible for exercising oversight of

management's identification and management of, and planning for, those risks. Although the Board is ultimately responsible for risk oversight at the Company, the Board has delegated to certain Committees oversight responsibility for those risks that are directly related to their area of focus.

- The Audit Committee reviews our policies and guidelines with respect to risk assessment and risk management, including our major financial risk exposures, and oversees the steps management has taken to monitor and control those exposures.
- The Compensation Committee considers risk issues when establishing and administering our compensation programs for executive officers and other key personnel.
 - The Strategic Affairs Committee reviews, advises and consults with management regarding our risk management strategies, as well as potential significant acquisitions, divestitures, joint ventures, business combinations, restructuring and other strategic initiatives, and issues that require independent arms-length decisions.
- The Nominating and Corporate Governance Committee oversees corporate governance risks, including matters relating to the composition and organization of the Board and recommends to the Board how its effectiveness can be improved by changes in its composition and organization.

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Each of these committees routinely reports to the Board on the management of these specific risk areas. To permit the Board and its committees to perform their respective risk oversight roles, individual members of management who supervise the Company's risk management report directly to the Board or the relevant committee of the Board responsible for overseeing the management of specific risks, as applicable.

The Board believes that full and open communication between management and the Board is essential for effective risk management and oversight. Members of the Company's senior management regularly attend Board and committee meetings and are available to address any questions or concerns raised on matters related to risk management. The Board and its Committees exercise their risk oversight function by carefully evaluating the reports they receive from management and by making inquiries of management with respect to areas of particular interest to the Board.

The following table summarizes the composition of these committees as of March 30, 2012 (C-Chairman, M-Member):

	Executive Committee (1)	Audit Committee	Nominating and Corporate Governance Committee (2)	Compensation Committee	Strategic Affairs Committee
Marc Zandman	C	–	–	–	–
Dr. Abraham Ludomirski	–	–	C	M	–
Frank Dieter Maier	–	M	M	–	M
Dr. Gerald Paul	M	–	–	–	–
Wayne M. Rogers	–	–	–	C	C
Ronald Ruzic	–	M	M	–	–
Ziv Shoshani	–	–	–	–	M
Thomas C. Wertheimer	–	C	–	M	M
Ruta Zandman	–	–	–	–	–
Number of Meetings during 2011	1	6	3	12	1

- (1) The Executive Committee meets informally throughout the year to discuss various business issues. Informal meetings are not included in the number of meetings disclosed above. Dr. Zandman was a member of the Executive Committee prior to his passing.
- (2) Eliyahu Hurvitz was a member of the Nominating and Corporate Governance Committee prior to his passing.

How does the Board select nominees for the Board?

In selecting candidates for nomination at the annual meeting of our stockholders, the Nominating and Corporate Governance Committee begins by determining whether the incumbent directors whose terms expire at the meeting desire and are qualified to continue their service on the Board. We are of the view that the repeated service of qualified incumbents promotes stability and continuity in the boardroom, giving us the benefit of the familiarity and insight into our affairs that our directors have accumulated during their tenure and contributing to the Board's ability to work as a collective body. Accordingly, it is the policy of the Committee, absent special circumstances, to nominate qualified incumbent directors who continue to satisfy the Committee's criteria for membership on the Board, who the Committee believes will continue to make important contributions to the Board, and who consent to stand for re-election and, if re-elected, to continue their service on the Board. If there are Board positions for which the Committee will not be re-nominating a qualified incumbent, the Committee will solicit recommendations for

nominees from persons who the Committee believes are likely to be familiar with qualified candidates, including members of the Board and senior management.

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The Committee may also engage a search firm to assist in identifying qualified candidates. Where such a search firm is engaged, the Committee will set the fees and scope of engagement. The Committee will review and evaluate each candidate who it believes merits serious consideration, taking into account all available information concerning the candidate, the qualifications for Board membership established by the Committee, the existing composition and mix of talent and expertise on the Board and other factors that it deems relevant. In conducting its review and evaluation, the Committee may solicit the views of management and other members of the Board and may, if deemed helpful, conduct interviews of proposed candidates. The Committee will evaluate candidates recommended by stockholders in the same manner as candidates recommended by other persons, except that the Committee may consider, as one of the factors in its evaluation of stockholder recommended candidates, the size and duration of the interest of the recommending stockholder or stockholder group in the equity of Vishay and whether the stockholders intend to continue holding that interest through the annual meeting date.

What qualifications must a director have?

Under a policy formulated by our Nominating and Corporate Governance Committee, we require that all candidates for director be persons of integrity and sound ethical character; be able to represent all stockholders fairly; have no interests that materially conflict with those of Vishay and its stockholders; have demonstrated professional achievement; have meaningful management, advisory or policy making experience; have a general appreciation of the major business issues facing Vishay; and have adequate time to devote to serve on the Board of Directors. A limited exception to some of these requirements, other than the requirements of integrity and ethics and the absence of material conflict, may be made for a holder of substantial voting power. Additionally, directors may not stand for re-election after the age of 75 unless the Board makes an affirmative determination that, because of the importance and value of the continued service of a director, the retirement policy should be waived. This policy does not apply to any person who controls more than 20% of the voting power of the Company. We also require that a majority of directors be independent; at least three of the directors have the financial literacy necessary for service on the audit committee and at least one of these directors qualifies as an audit committee financial expert; at least some of the independent directors have served as senior executives of public or substantial private companies; and at least some of the independent directors have general familiarity with the industries in which we operate. Additionally, while the Company does not have a formal policy with respect to the consideration of diversity in identifying director candidates, the benefits of board diversity are considered in the nominations process, including diversity of background and experience. A detailed description of the qualifications required of candidates for director, as well as the specific qualities or skills we believe should be possessed by one or more directors, can be found on our website.

Can I recommend a nomination for director?

Yes. The Nominating and Corporate Governance Committee will consider recommendations for director nominations submitted by stockholders entitled to vote generally in the election of directors. Submissions must be made in accordance with the Committee's procedures, as outlined below and set forth on our website. For each annual meeting of our stockholders, the Committee will accept for consideration only one recommendation from any stockholder or affiliated group of stockholders. The Committee will only consider candidates who satisfy our minimum qualifications for director, as summarized in this proxy statement and as set forth on our website. In considering a stockholder recommendation, the Committee will take into account, among other factors, the size and duration of the recommending stockholder's ownership interest in Vishay and whether the stockholder intends to continue holding that interest through the annual meeting date. Stockholders should be aware, as discussed above, that it is our general policy to re-nominate qualified incumbent directors and that, absent special circumstances, the Committee will not consider other candidates when a qualified incumbent director consents to stand for re-election.

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A stockholder wishing to recommend to the Nominating and Corporate Governance Committee a candidate for election as director must submit the recommendation in writing, addressed to the Committee, care of our Corporate Secretary, at Vishay Intertechnology, Inc., 63 Lancaster Avenue, Malvern, PA 19355. Submissions must be made by mail, courier, or personal delivery. E-mailed submissions will not be considered. Submissions recommending candidates for election at an annual meeting of stockholders must generally be received no later than 120 calendar days prior to the first anniversary of the date of the proxy statement for the prior annual meeting of stockholders. In the event that the date of an annual meeting of stockholders is more than 30 days following the first anniversary date of the annual meeting of stockholders for the prior year, the submission must be made a reasonable time in advance of the mailing of our proxy statement for the current year. Each nominating recommendation must be accompanied by the information called for by our "Procedures for Securityholders' Submission of Nominating Recommendations," which is posted on our website. This includes specified information concerning the stockholder or group of stockholders making the recommendation and the proposed nominee, any relationships between the recommending stockholder or stockholders and the proposed nominee and the qualifications of the proposed nominee to serve as director. The recommendation must also be accompanied by the consent of the proposed nominee to serve if nominated and elected and the agreement of the nominee to be contacted by the Committee, if the Committee decides in its discretion to do so.

How do stockholders and others communicate with the Board?

Vishay stockholders may communicate with the Board of Directors, any Committee of the Board or any individual director, and any interested party may communicate with the independent directors of the Board as a group, by delivering such communications either in writing addressed to our Corporate Secretary at Vishay Intertechnology, Inc., 63 Lancaster Avenue, Malvern, PA 19355; or by e-mail to boardofdirectors@Vishay.com. Communications should not exceed 1,000 words.

All communications must be accompanied by the following information: (i) if the person submitting the communication is a securityholder, a statement of the type and amount of the securities of Vishay that the person holds; (ii) if the person submitting the communication is not a securityholder and is submitting the communication to the independent directors as an interested party, the nature of the person's interest in Vishay; (iii) any special interest, meaning an interest not in the capacity as a securityholder of Vishay, of the person in the subject matter of the communication; and (iv) the address, telephone number and e-mail address, if any, of the person submitting the communication. Communications addressed to directors may, at the direction of the directors, be shared with Vishay's management.

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DIRECTOR COMPENSATION

Our non-employee directors are compensated as follows:

- An annualized cash retainer of \$55,000, paid in two semi-annual installments;
- An additional \$10,000 for service on each of the Compensation, Strategic Affairs, or Audit Committees;
- An additional \$5,000 for service on the Nominating and Corporate Governance Committee;
- An additional \$5,000 for each Committee chair; and
- On the first stock trading day of each year, an annual grant of 10,000 RSUs vesting in 3 years or ratably upon earlier cessation of service.

Board members no longer receive a per-meeting fee.

The following table provides information with respect to the compensation paid or provided to the Company's non-management directors during 2011:

Name	Fees Earned and Paid in Cash	Stock Awards (1)	All Other Compensation	Total
Eliyahu Hurvitz (3)	\$60,000	\$43,690	\$-	\$103,690
Dr. Abraham Ludomirski	\$75,000	\$147,800	\$-	\$222,800
Frank Dieter Maier	\$75,000	\$147,800	\$-	\$222,800
Wayne M. Rogers	\$85,000	\$147,800	\$-	\$232,800
Ronald Ruzic	\$70,000	\$147,800	\$-	\$217,800
Ziv Shoshani	\$65,000	\$147,800	\$-	\$212,800
Thomas C. Wertheimer	\$90,000	\$147,800	\$-	\$237,800
Ruta Zandman (2)	\$32,083	\$89,887	\$10,769	\$132,739

- (1) Amounts represent the fair value of the RSUs granted. The grant-date fair value is recognized for accounting purposes over the respective vesting periods.
- (2) Mrs. Ruta Zandman assumed the role of a non-employee director following her resignation from her public relations position with the Company effective as of May 31, 2011. Her compensation presented in the table above as "All Other Compensation" represents amounts received as an employee prior to assuming non-employee director status.
- (3) Mr. Hurvitz passed away in November 2011. The value of stock awards in the table includes only those RSUs granted in 2011 that vested upon his death.

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PROPOSAL ONE

ELECTION OF DIRECTORS

Three directors will be elected to Class III for a term expiring at the annual meeting of stockholders in 2015. One director will be elected to Class I for a term expiring at the annual meeting of stockholders in 2013. In order to more evenly distribute the number of directors amongst our three classes of directors, our board of directors reduced the number of our Class III directors by one directorship and increased the number of our Class I directors by one directorship. Mr. Wertheimer is being nominated for a one year term to make our three classes of directors have an equal number of members.

Mr. Marc Zandman, Ziv Shoshani, and Ruta Zandman are the nominees for election as Class III Directors for terms of three years, expiring at the 2015 annual meeting of stockholders. Thomas C. Wertheimer, currently a Class III director, is the nominee for election as a Class I Director for a term of one year, expiring at the 2013 annual meeting of stockholders. Each of the nominees is currently a member of the Board and has consented to serve if elected.

The Board expects that Mr. Wertheimer will be nominated for a full three-year term at the 2013 annual meeting of stockholders.

If any nominee for director becomes unavailable for election, the proxies will be voted for such substitute nominee(s) as the Board of Directors may propose. We have no reason to believe that any of the nominees will be unable or unwilling to serve if elected.

While holders of our common stock and Class B common stock vote together as a single class on most matters, including the election of directors, all of our current directors received a majority of the votes cast by holders of common stock who are unaffiliated with the current Class B stockholders when they last stood for election at an annual meeting of stockholders.

The following table summarizes the current directors:

Name	Age	Director Since	Term Expiring
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Nominees for Election as
Class III Directors:

Marc Zandman (2)(3)	50	2001	2015
Ziv Shoshani (1)	45	2001	2015
Ruta Zandman (1)	74	2001	2015

Nominee for Election as
Class I Director:

Thomas C. Wertheimer	71	2004	2013
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Continuing Class I
Directors:

Dr. Gerald Paul	63	1993	2013
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Frank Dieter Maier	74	2010	2013
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Class II Directors:

Dr. Abraham Ludomirski	59	2003	2014
Wayne M. Rogers	79	2006	2014
Ronald Ruzic	73	2009	2014

- (1) Ruta Zandman is the wife of the late Dr. Felix Zandman. Ziv Shoshani is her nephew.
- (2) Executive Chairman of the Board.
- (3) Marc Zandman is the son of the late Dr. Felix Zandman.

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Nominees for Election as Class III Directors – Terms Expiring 2015

Marc Zandman is Executive Chairman of the Board of Directors, the Chief Business Development Officer, and President of Vishay Israel Ltd. Mr. Zandman has been President of Vishay Israel Ltd. since 1998 and a Director of Vishay since 2001. Mr. Zandman was Vice Chairman of the Board from 2003 to June 2011, Chief Administration Officer from 2007 to June 2011, and Group Vice President of Vishay Measurements Group from 2002 to 2004. Mr. Zandman has served in various other capacities with Vishay since 1984. Mr. Zandman has served as the non-executive Chairman of the Board of Directors of Vishay Precision Group since the spin-off from Vishay on July 6, 2010. He is the son of the late Dr. Felix Zandman, founder and Vishay's former Executive Chairman. As Executive Chairman and Chief Business Development Officer, Mr. Zandman has a breadth of knowledge concerning the Company's businesses, as well as close familiarity with the Company's Israel operations where the Company conducts significant research and development and manufacturing activities.

Ziv Shoshani is Chief Executive Officer and President, and a member of the board of directors of Vishay Precision Group, Inc., an independent, publicly-traded company spun off from Vishay on July 6, 2010. Mr. Shoshani was Chief Operating Officer of Vishay from January 1, 2007 to November 1, 2009, and had been Executive Vice President of Vishay from 2000 until the date of the spin-off, with various areas of responsibility, including Executive Vice President of the Capacitors and the Resistors businesses, as well as heading the Measurements Group and Foil Divisions. Mr. Shoshani was employed by Vishay Intertechnology, Inc. from 1995 to 2010, and has been a member of the Vishay Intertechnology, Inc. Board of Directors since 2001. Mr. Shoshani's long-standing dedication to our Company, exemplified by his extensive management experience with Vishay Intertechnology prior to the VPG spin-off, as well as his experience as the CEO of a publicly-traded company, provide him with valuable insight into our business and operations, and makes him a valuable advisor to the Board. Mr. Shoshani is a nephew of Ruta Zandman.

Ruta Zandman is a private stockholder and the wife of the late Dr. Felix Zandman, Vishay's founder and former Executive Chairman. Mrs. Zandman has shared or has contingent voting power over approximately 41.2% of the Company's total voting power, for which it is deemed appropriate that she serve as a member of the Company's Board. Mrs. Zandman was employed by Vishay as a public relations associate from 1993 to May 2011, and usually accompanied Dr. Zandman as a representative of Vishay.

Nominee for Election as Class I Director – Term Expiring 2013

Thomas C. Wertheimer is an independent financial and accounting consultant. Prior to his retirement in 2000, he was a senior audit partner with the accounting firm of PricewaterhouseCoopers LLP and its predecessor Coopers & Lybrand LLP. In this capacity, Mr. Wertheimer was responsible for the audits of major U.S. and international public companies and was also a technical consulting partner in the firm's national office. From 2003 until 2007, Mr. Wertheimer was a consultant for the Public Company Accounting Oversight Board. He is also a director of Fiserv, Inc., an information management and service provider, and Xinyuan Real Estate Co., Ltd., a residential real estate developer in China. Mr. Wertheimer brings to the Board extensive knowledge and experience in accounting, finance, risk management and public company oversight.

The Board of Directors recommends that you vote "FOR ALL" the nominees as directors.

Continuing Class I Directors – Terms Expiring 2013

Dr. Gerald Paul was appointed Chief Executive Officer effective January 1, 2005. Dr. Paul has served as a Director of the Company since 1993, and has been President of the Company since March 1998. Dr. Paul also was Chief Operating Officer from 1996 to 2006. Dr. Paul previously was an Executive Vice President of the Company from 1996 to 1998, and President of Vishay Electronic Components, Europe from 1994 to 1996. Dr. Paul has been Managing Director of Vishay Electronic GmbH, a subsidiary of the Company, since 1991. Dr. Paul has been employed by Vishay and a predecessor company since 1978. Dr. Paul possesses extensive experience with the Company, has senior responsibilities for our overall business, and has been instrumental in promoting our strategic advances. His in-depth knowledge of our operations includes the integration of acquired companies and a proven understanding of the challenges facing the Company in all aspects of the business cycle.

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Frank Dieter Maier was Managing Director of TEMIC GmbH where he was responsible for the development and concentration of electronic activities within Daimler, including the operations of 26 semiconductor and automotive electronics plants until 2002. He currently serves as Deputy Chairman of the Board of Directors of Varta Microbattery GmbH, Chairman of the Board of Directors and member of the Advisory Council of BASIC AG, and a director of Preh GmbH; and was a member of the Advisory Council of BMK GmbH until 2010. Mr. Maier's prior business experience has given him in-depth knowledge of and experience in semiconductors and passive electronic components.

Class II Directors – Terms Expiring 2014

Dr. Abraham Ludomirski is the founder and, for more than the past five years, managing director of Vitalife Fund, a venture capital company specializing in high-tech electronic medical devices. He is also the Chairman of the Board of Sightline Technologies Ltd., an Israeli high-tech company specializing in miniature electronics and optical and video systems, and serves on the board of directors of Medison, Trig Medical, Deep Breeze and Canfite. Dr. Ludomirski earned his M.D. at the Sackler Tel-Aviv University Medical School, specializing in OBGYN and completed his fellowship at the University of Pennsylvania in maternal fetal medicine. In addition to his general familiarity with corporate affairs and governance, Dr. Ludomirski's work in the high-tech venture capital and medical fields gives him a valuable perspective on investment in innovative technologies.

Wayne M. Rogers is an investor and regular stock commentator and analyst on Fox News Channel. He is presently Chairman of Wayne M. Rogers & Co, an investment strategy firm, CEO and Chairman of Stop-N-Save, LLC, which owns and operates convenience stores, and Chairman of the Board of Kleinfeld, the famous wedding dress emporium in New York. Mr. Rogers possesses extensive knowledge of corporate finance and insight with respect to mergers and acquisitions as well as general economic, business, and market trends.

Ronald Ruzic was Executive Vice President of BorgWarner Inc. since 1992 and Group President of BorgWarner Automotive Inc. since 1989. Previously, he held various executive positions with BorgWarner. After joining BorgWarner in 1968 as a senior manufacturing engineer for its subsidiary Morse Chain, Mr. Ruzic progressed through engineering and management positions and managed various BorgWarner operations in Italy, Mexico, Germany and the United States. Mr. Ruzic formerly served on the boards of directors of Guilford Mills Inc., AG Kühnle Kopp & Kausch, Magneti Marelli S.p.A. and Citation Corporation. Mr. Ruzic brings to the Board many years' experience with the management and technical challenges facing complex, multi-national businesses such as the Vishay.

Other Information Concerning Directors

We note with sadness the passing of Eliyahu Hurvitz, who served with distinction on Vishay's Board since 1994 and helped to make possible the Company's growth and success. We express our gratitude and appreciation for the many years of exemplary service that Mr. Hurvitz devoted to the Board, to the Company, and to the Company's stockholders.

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REPORT OF THE AUDIT COMMITTEE

Management is responsible for maintaining effective internal control over financial reporting, for assessing the effectiveness of internal control over financial reporting, and for preparing our consolidated financial statements. Our independent registered public accounting firm is responsible for, among other things, performing an independent audit of our consolidated financial statements in accordance with standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”) and issuing a report thereon. Our independent registered public accounting firm is also responsible for auditing the effectiveness of our internal control over financial reporting in accordance with standards of the PCAOB, and issuing a report thereon. It is the responsibility of the Audit Committee to monitor and oversee these processes.

In fulfilling its oversight duties, the Audit Committee reviewed and discussed the following with management and our independent registered public accounting firm, Ernst & Young LLP: (a) the audited financial statements for the fiscal year ended December 31, 2011; (b) the effectiveness of our internal control over financial reporting; and (c) discussed with the independent registered public accounting firm matters required to be discussed under Statement on Auditing Standards No. 61, Communications with Audit Committees (SAS 61), as amended and as adopted by the PCAOB in AU Section 380. These required communications addressed, among other topics, the independent registered public accounting firm’s responsibility under the standards of the PCAOB; critical accounting policies and practices; judgments and accounting estimates; alternative accounting treatments; any significant audit adjustments; any disagreements or difficulties encountered in performing the audit; and other material communications between the independent registered public accounting firm and management. The Audit Committee received from the independent registered public accounting firm written disclosures regarding the firm’s independence required by PCAOB Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence, and has discussed with the independent registered public accounting firm, the firm’s independence. The Audit Committee also considered the compatibility of non-audit services provided to Vishay by Ernst & Young LLP, and the fees and costs billed or to be billed for these services, with the maintenance of the independent registered public accounting firm’s independence. The Committee has concluded that the provision of the non-audit services by Ernst & Young LLP in 2011 did not impair the independent registered public accounting firm’s independence. (The fees and costs billed by the independent registered public accounting firm for audit and non-audit services in 2010 and 2011 are shown under Proposal Two.) Under the Audit and Non-Audit Services Pre-Approval Policy that was adopted by the Audit Committee in May 2003 (which was amended and restated in October 2010), the Audit Committee must pre-approve all audit and non-audit services provided to Vishay by the independent registered public accounting firm. The policy sets forth the procedures and conditions for pre-approval of these services. All of the audit and non-audit services provided by the independent registered public accounting firm since adoption of the Audit and Non-Audit Services Pre-Approval Policy were pre-approved by the Committee in accordance with such policy.

Based upon the above review and discussions with management and the independent registered public accounting firm, the Audit Committee recommended to the Board of Directors that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 for filing with the Securities and Exchange Commission. The Audit Committee has also appointed Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2012, but the Committee has determined in accordance with our historical practices to submit the appointment for ratification by stockholders (See Proposal Two).

Respectfully submitted,

The Audit Committee of the Board of Directors

Thomas C. Wertheimer, Chairman
Frank Dieter Maier

Ronald Ruzic

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PROPOSAL TWO

RATIFICATION OF APPOINTMENT OF INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors is responsible for the selection of our independent registered public accounting firm. The Committee has determined to reappoint the public accounting firm of Ernst & Young LLP as independent registered public accounting firm to audit our financial statements for the fiscal year ending December 31, 2012, as well as to audit the effectiveness of our internal control over financial reporting. Although stockholder approval for the appointment of the independent registered public accounting firm is not required, we are continuing our practice of submitting the selection of the independent registered public accounting firm to stockholders for their ratification.

Ernst & Young LLP has served as our independent registered public accounting firm continuously since 1968. The Audit Committee believes that the knowledge of the Company's business gained by Ernst & Young LLP through this period of service is valuable. Pursuant to the SEC rules, the lead partner must be rotated after five years, which provides the Company the benefit of new thinking and approaches.

Representatives of the firm of Ernst & Young LLP are expected to be present at the annual meeting and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions from stockholders.

Under the Audit and Non-Audit Services Pre-Approval Policy that was adopted by the Audit Committee in May 2003 (which was amended and restated in October 2010), the Audit Committee must pre-approve all audit and non-audit services provided to Vishay by the independent registered public accounting firm. The policy sets forth the procedures and conditions for pre-approval of these services. The Audit Committee has pre-approved generally the engagement of the independent registered public accounting firm for services relating to our filings with the SEC (including comfort letters and consents for securities offerings), acquisition or disposition related diligence activities, internal control review and compliance, interpretation and compliance with accounting and accounting-related disclosure rules and standards, certain attest services, domestic and international tax planning and compliance, and risk management.

The following table sets forth the aggregate fees billed by Ernst & Young LLP for audit and non-audit services rendered to Vishay in 2011 and 2010. These fees are categorized as audit fees, audit-related fees, tax fees, and all other fees. The nature of the services provided in each category is described following the table.

	2011	2010
Audit fees	\$4,600,000	\$5,200,000
Audit-related fees	200,000	2,000,000
Tax fees	1,200,000	1,000,000
All other fees	100,000	100,000
Total fees	\$6,100,000	\$8,300,000

Audit fees. These fees generally consist of professional services rendered for the audits of the consolidated financial statements of Vishay and its internal control over financial reporting, quarterly reviews, subsidiary or equity investment audits, issuance of comfort letters, consents, income tax provision procedures, and assistance with and review of documents filed with the SEC.

Audit-related fees. These fees generally consist of assurance and other services related to the performance of the audit or review of Vishay's financial statements or that are traditionally performed by the independent registered public accounting firm, issuance of consents and letters to underwriters, due diligence related to acquisitions, internal control reviews, attest services that are not required by statute or regulation, consultations concerning financial accounting and reporting standards, and financial audits of employee benefit plans. The audit-related fees for 2010 are principally related to the stand-alone audit of the carve-out financial statements of Vishay Precision Group, Inc. for the years ended December 31, 2009, 2008 and 2007, as required to complete the spin-off.

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Tax fees. These fees generally relate primarily to tax compliance, including review and preparation of corporate and expatriate tax returns, assistance with tax audits, review of the tax treatment for certain expenses, extra-territorial tax analysis, and tax due diligence relating to acquisitions. They also include fees for state and local tax planning and consultations with respect to various domestic and international tax matters.

All other fees. These fees generally consist of reviews for compliance with various government regulations, risk management and treasury reviews and assessments and audits of various contractual arrangements.

Vishay did not make use in 2011 of the rule that waives pre-approval requirements for non-audit services in certain cases if the fees for these services constitute less than 5% of the total fees paid to the independent registered public accounting firm during the year.

The Audit Committee and the Board of Directors recommend that you vote “FOR” the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2012.

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SECURITY OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS AND MANAGEMENT

On March 30, 2012, Vishay had outstanding 144,910,898 shares of common stock, each of which entitles the holder to one vote, and 12,299,227 shares of Class B common stock, each of which entitles the holder to 10 votes. Class B shares are transferable only to certain permitted transferees while the common stock is freely transferable. Class B shares are convertible on a one-for-one basis at any time into shares of common stock. Transfers of Class B shares other than to permitted transferees result in the automatic conversion of the Class B shares into common stock. Voting is not cumulative. The percentage of total voting power below represents voting power with respect to all shares of common stock and Class B common stock, as a single class, calculated on the basis of 10 votes per share of Class B common stock and one vote per share of common stock.

The following table shows the number of shares of Vishay common stock and Class B common stock beneficially owned by (a) each director and director nominee, (b) each “Named Executive Officer” identified under “Executive Compensation,” (c) the directors and executive officers of Vishay as a group and (d) any person owning more than 5% of Vishay common stock or the Class B common stock.

Name	Shares of Stock	Common Stock			Class B Common Stock		Voting Power
		Restricted Stock Units Scheduled to Vest within 60 days	Right to Acquire Ownership Under Options Exercisable within 60 days	Percent of Class	Shares of Stock	Percent of Class	
Directors and Executive Officers							
Marc Zandman	8,623	1,841	23,016	*	8,001,600(2)	65.1%	29.9%
Lori Lipcaman	543	-	-	*	-	-	*
Dr. Abraham Ludomirski	25,000	-	-	*	-	-	*
Frank Dieter Maier	600	-	-	*	-	-	*
Dr. Gerald Paul	100,314	10,310	51,556	*	-	-	*
Wayne M. Rogers	45,342	-	-	*	-	-	*
Ronald Ruzic	16,000	-	-	*	-	-	*
Ziv Shoshani	3,251	-	-	*	8,000,100(3)	65.0%	29.9%
David Valletta	-	-	-	*	-	-	*
Johan Vandoorn	2,800	-	-	*	-	-	*
Thomas C. Wertheimer	25,400	-	-	*	-	-	*
Dieter Wunderlich	-	-	-	*	-	-	*
Dr. Lior Yahalomi (11)	18,438	-	21,173	*	-	-	*
Ruta Zandman	192,558 (4)	-	232,003 (5)	*	11,019,383(1)	89.6%	41.2%
All Directors and Executive Officers	420,431	12,151	306,575	*	11,020,883	89.6%	41.3%

as a group (13
Persons) (11)

Eugenia Ames c/o Mr. Leroy Rachlin Janney Montgomery Scott 780 Route 37 West, Suite 130 Toms River, NJ 08755	-	-	- *	2,402,549(12)	19.5%		*(12)
Deborah S. Larkin c/o Mr. Bruce Auerbach World Financial 270 Madison Avenue, Suite 1503 New York, NY 10016	-	-	- *	706,755	5.7%		2.6%
LSV Asset Management. (6) 1 N. Wacker Drive, Suite 4000 Chicago, IL 60606	8,417,816	-	-	5.8%		-	3.1%
BlackRock, Inc. (7) 40 East 52nd Street New York, NY 10022	15,000,384	-	-	10.4%		-	5.6%
Bank of New York Mellon Corp (8) One Wall Street, 31st Floor New York, New York 10286	8,780,454	-	-	6.1%		-	3.3%
Dimensional Fund Advisors, LP (9) Palisades West, Building One 6300 Bee Cave Road Austin, Texas 78746	7,642,013	-	-	5.3%		-	2.9%
The Vanguard Group, Inc. (10) 100 Vanguard Blvd. Malvern, PA 19355	8,208,751	-	-	5.7%		-	3.1%

* Represents less than 1% of the outstanding shares of such class or the total voting power, as the case may be.

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- (1) Includes 8,000,100 shares of Class B common stock held in family trusts, of which Mrs. Zandman, Mr. Marc Zandman, and Ziv Shoshani are joint trustees and have shared voting power; 616,734 shares of Class B common stock held by the estate of Dr. Felix Zandman, of which Mrs. Zandman is the named executrix, and as such, exercises sole voting control; and 2,402,549 shares of Class B common stock that are subject to a voting agreement pursuant to which Mrs. Zandman, as Voting Representative, may direct the voting of such shares.
- (2) Includes the same 8,000,100 shares of Class B common stock held in family trusts, of which Mrs. Zandman, Mr. Marc Zandman, and Ziv Shoshani are joint trustees and have shared voting power; 750 shares of Class B common stock directly owned by Mr. Marc Zandman; and 750 shares of Class B common stock owned by Mr. Marc Zandman's minor child.
- (3) Includes the same 8,000,100 shares of Class B common stock held in family trusts, of which Mrs. Zandman, Mr. Marc Zandman, and Ziv Shoshani are joint trustees and have shared voting power.
- (4) Includes 141,141 shares of common stock directly owned by Mrs. Zandman; and 51,417 shares of common stock held by the estate of Dr. Felix Zandman, of which Mrs. Zandman is the named executrix, and as such, exercises sole voting control.
- (5) Such options are held by the estate of Dr. Zandman, of which Ruta Zandman is the named executrix, and as such, has sole voting power over the underlying shares.
- (6) Based on information provided in a Schedule 13G filed on February 15, 2012 by LSV Asset Management. According to the Schedule 13G, LSV Asset Management may be deemed to have sole power to vote or direct the vote with respect to 8,417,816 shares of common stock; and sole power to dispose or direct the disposition with respect to 8,417,816 shares.
- (7) Based on information provided in a Schedule 13G filed on January 10, 2012 by BlackRock, Inc. According to the Schedule 13G, BlackRock, Inc. may be deemed to have sole power to vote or direct the vote with respect to 15,000,384 shares of common stock; sole power to dispose or direct the disposition with respect to 15,000,384 shares.
- (8) Based on information provided in a Schedule 13G filed on January 27, 2012 by The Bank of New York Mellon Corporation. According to the Schedule 13G, The Bank of New York Mellon Corporation may be deemed to have sole power to vote or direct the vote with respect to 6,843,876 shares of common stock, and shared power to vote or direct the vote with respect to 1,080 shares; and sole power to dispose or direct the disposition with respect to 7,731,052 shares, and shared power to dispose or direct the disposition with respect to 551,890 shares.
- (9) Based on information provided in a Schedule 13G filed on February 14, 2012 by Dimensional Partners, LP. According to the Schedule 13G, Dimensional Partners, LP may be deemed to have sole power to vote or direct the vote with respect to 7,499,644 shares of common stock; sole power to dispose or direct the disposition with respect to 7,642,013 shares.
- (10) Based on information provided in a Schedule 13G filed on February 10, 2012 by The Vanguard Group, Inc. According to the Schedule 13G, The Vanguard Group, Inc. may be deemed to have sole power to vote or direct the vote with respect to 99,741 shares of common stock; and sole power to dispose or direct the disposition with respect to 8,109,010 shares, and shared power to dispose or direct the disposition with respect to 99,741 shares.
- (11)

Total for All Directors and Executive Officers as a group excludes Dr. Lior Yahalomi, who resigned his employment with Company effective August 31, 2011. The address for all directors and officers is: c/o Vishay Intertechnology, Inc., 63 Lancaster Avenue, Malvern, PA 19355.

(12) Such shares are subject to a voting agreement pursuant to which Mrs. Ruta Zandman, as Voting Representative, may direct the voting of such shares, and are included in the 2,402,549 shares of Class B common stock reported as being beneficially owned by Mrs. Zandman in footnote 1. Ms. Ames has dispositive power of such shares.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers and persons who beneficially own more than ten percent of our common stock to report their ownership of and transactions in our stock in filings with the SEC. Vishay believes, based solely on a review of our records and other publicly available information, that our directors and executive officers and persons who beneficially own more than ten percent of our common stock complied with all applicable Section 16(a) reporting requirements during the year ended December 31, 2011.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee was at any time during 2011 an officer or employee of Vishay or any of the Company's subsidiaries nor was any such person a former officer of Vishay or any of the Company's subsidiaries. In addition, no Compensation Committee member is an executive officer of another entity at which one of the Company's executive officers serves on the board of directors.

EXECUTIVE COMPENSATION

Information Concerning Executive Officers

This Executive Compensation section describes the overall compensation practices at Vishay and specifically describes the total compensation for our principal executive officer, our principal financial officer and our four most other highly compensated executive officers, as well as two former executive officers, each of whom is set forth below, all of whom we collectively refer to herein as our Named Executive Officers.

The Named Executive Officers of Vishay along with their respective ages and positions with Vishay, as of March 30, 2012, are as follows:

Name	Age	Position
Marc Zandman*	50	Executive Chairman of the Board, Chief Business Development Officer, President – Vishay Israel Ltd.
Dr. Gerald Paul*	63	Chief Executive Officer, President and Director
Lori Lipcaman	54	Executive Vice President and Chief Financial Officer
Dieter Wunderlich	59	Executive Vice President and Chief Operating Officer
Johan Vandoorn	55	Executive Vice President and Chief Technical Officer
David Valletta	51	Executive Vice President - Worldwide Sales

* Biography is provided with the Board of Directors biographies in Proposal One

Lori Lipcaman was appointed Executive Vice President and Chief Financial Officer of the Company effective September 1, 2011. Ms. Lipcaman had been appointed Executive Vice President and Chief Accounting Officer in September 2008. Previously, she served as Vishay's Corporate Senior Vice President, Operations Controller, from March 1998 to September 2008. Prior to that, she served in various positions of increasing responsibility in finance and controlling since joining the Company in May 1989.

Dieter Wunderlich was appointed Executive Vice President and Chief Operating Officer effective August 1, 2011. Mr. Wunderlich has served as Vishay's Executive Vice President – Semiconductors since 2009. Mr. Wunderlich has held various positions of increasing responsibility since Vishay's acquisition of Draloric Electronic GmbH ("Draloric") in

1987. Mr. Wunderlich's experience with Vishay includes worldwide or regional operations leadership roles within each of Vishay's five business reporting segments. Mr. Wunderlich had been employed by Draloric since 1975.

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Johan Vandoorn was appointed Executive Vice President and Chief Technical Officer effective August 1, 2011. Mr. Vandoorn has served as Vishay's Executive Vice President – Passive Components since 2006, and continues to serve in that role as well as be responsible for Vishay's technical development and internal growth programs. Mr. Vandoorn has held various positions of increasing responsibility since Vishay's acquisition of BCcomponents Holdings BV ("BCcomponents") in 2002. Mr. Vandoorn had been Vice President – Global Operations of BCcomponents from 2000 until its acquisition by Vishay, and previously worked for Philips Components ("Philips") from 1980 until Philips sold the BCcomponents business to a private equity firm in 1998.

David Valletta serves as Vishay's Executive Vice President – Worldwide Sales, a position he has held since 2007. Mr. Valletta has held various positions of increasing responsibility since Vishay's acquisition of Vitramon in 1994. Prior to joining Vitramon, Mr. Valletta also worked for AVX Corporation. His experience with Vishay includes various positions within the Americas region in direct and distribution sales management and global sales responsibility for the Company's key strategic customers.

Other Named Executive Officers During 2011

Dr. Felix Zandman, our founder, former Executive Chairman, and Chief Technical and Business Development Officer, passed away on June 4, 2011. Dr. Zandman founded the Company in 1962 and served as Chief Executive Officer of the Company from its inception until 2004 and as President from 1962 through 1998.

Dr. Lior Yahalomi was Executive Vice President and Chief Financial Officer of the Company from September 2008 to August 2011. Previously, he served as Senior Vice President, Mergers and Acquisitions, from June 2006 to September 2008. Effective August 31, 2011, Dr. Yahalomi resigned from his position with the Company.

Officers serve, at the discretion of the Board of Directors, until the meeting of the Board of Directors next following each annual meeting of stockholders, subject to their rights under any contracts of employment described under "Compensation Discussion and Analysis."

Compensation Discussion and Analysis

Overview

The Compensation Committee of the Board of Directors is responsible for establishing and approving the compensation of the Chief Executive Officer, recommending to the Board of Directors the compensation of other executive officers, and administering Vishay's incentive compensation and equity-based compensation plans. Other than with respect to the Chief Executive Officer, the Board of Directors makes the final determination with respect to compensation of Vishay's Named Executive Officers. This section of the proxy statement explains how our executive compensation is designed with respect to our Named Executive Officers.

There were several personnel changes at the executive management level in 2011. With the passing of Dr. Felix Zandman in June 2011, Mr. Marc Zandman, our former Chief Administration Officer, was appointed to the roles of Executive Chairman of the Board of Directors and Chief Business Development Officer. Following the resignation in August 2011 of Dr. Lior Yahalomi, Ms. Lori Lipcaman, formerly our Chief Accounting Officer, was appointed Executive Vice President and Chief Financial Officer in September 2011. Mr. Dieter Wunderlich, formerly our Executive Vice President – Semiconductors, was appointed Executive Vice President and Chief Operating Officer in August 2011. Mr. Johan Vandoorn, formerly our Executive Vice President – Passive Components, was appointed Executive Vice President and Chief Technical Officer in August 2011. Mr. David Valletta, Executive Vice President - Worldwide Sales, was designated an executive officer in 2011. As required by the rules of the SEC, Drs. Zandman and Yahalomi, and Ms. Lipcaman are included as Named Executive Officers, and their compensation discussed, in

this year's proxy statement. Given the significant responsibilities and prominence in our management structure of each of Messrs. Wunderlich, Vandoorn and Valletta, we are including all three as Named Executive Officers and their compensation is discussed in this year's proxy statement. The compensation of Ms. Lipcaman and Messrs. Wunderlich, Vandoorn, and Valletta was not determined or approved by the Compensation Committee, prior to the appointment date for their respective positions.

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Compensation Philosophy Generally

Vishay's compensation programs are designed to support our business goals and promote the short- and long-term profitable growth of the Company. Vishay's equity plans are designed to ensure that executive compensation programs and practices are aligned with the long-term interests of Vishay's stockholders. Total compensation of each individual varies with individual performance and Vishay's overall performance in achieving financial and non-financial objectives.

The Compensation Committee and Vishay's management believe that compensation should help to recruit, retain, and motivate key employees who can function effectively both in periods of recession and economic upturn. Ordinarily an executive officer's total compensation should consist of a combination of cash payments and equity awards, to achieve the right balance between short- and long-term performance. Equity-based compensation should serve to align the interests of management with those of stockholders. Severance protection and retirement benefits should provide executives with an appropriate level of job security, commensurate with their contributions to the Company and their tenure.

The Compensation Committee, in consultation with Dr. Paul in his capacity as Chief Executive Officer, undertakes an annual review of the compensation arrangements of Vishay's executive officers.

Performance Philosophy

The Company's compensation philosophy is intended to integrate with its philosophy of evaluating operating performance. The Company utilizes several measures and metrics to evaluate its performance, as further described in "Performance Measures and Metrics" below, and in turn, the Compensation Committee utilizes similar measures in evaluating executive officer compensation.

The Compensation Committee has always believed that the elements of compensation for the Company's senior executives reward intrinsically sound management decisions and do not encourage risk taking to enhance short-term profitability at the expense of the long-term health and viability of the enterprise. While the design of our executive compensation program is primarily performance-based, we do not believe that it encourages excessive risk-taking. The Committee believes that the Company's senior executives have taken a prudent approach to corporate risk management. In addition, the Company has in place a risk management program designed to identify, evaluate and control risks. Through this program, we take a company-wide view of risks and have a network of systems and oversight to insure that risks are not viewed in isolation and are appropriately controlled and reported, including a system of reporting to the full Board and its committees. We believe that our compensation programs work within this system.

In designing executive compensation arrangements to avoid encouraging inappropriate risk-taking, the Compensation Committee considers various factors which are intended to provide an appropriate mix of compensation components, with no portion being too heavily weighted towards the achievement of short-term goals. Historically, such consideration has largely been incorporated into the committee's general deliberation of the overall structure and terms of executive compensation arrangements. In response to current trends in executive compensation practices, as well as recently adopted SEC rules encouraging more explicit focus on risks arising from compensation policies, Vishay has commenced a practice of more deliberately focusing on the risks, if any, arising from its executive compensation arrangements, and modifying such arrangements to the extent necessary to minimize any such risks.

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The factors considered by the Compensation Committee in evaluating the risks arising from compensation arrangements, which have been incorporated into the terms and conditions of such compensation arrangements, include, in no particular weighting or order of prominence:

- Minimum base salary levels are fixed in amount;
- Annual cash bonuses for executive officers are capped; while annual cash bonuses focus on the achievement of short-term or annual goals and short-term goals may encourage risk-taking, the committee considers the other compensation arrangements which appropriately balance risk and the desire to focus on short-term goals;
- A meaningful portion of total compensation (for example, the annual contributions into the non-qualified deferred compensation plan) is deferred until retirement or termination of employment;
- A significant portion of our RSUs carry both service and performance conditions which are tied to operating results over a three year period; and
- Compensation of certain executives is, in part, in the form of phantom stock units for which the stock is only received upon retirement or termination of employment, thus providing an incentive for the creation of long-term stockholder value. The value of these phantom stock units is at risk if our stock price declines.

Each of these factors is intended to encourage an appropriate long-term focus, and to align the long-term interests of senior management with those of stockholders.

Historical Build of Senior Executive Compensation Packages

Following the personnel changes at the executive management level that occurred in 2011, the Company has two types of compensation arrangements with its executive officers. The compensation arrangements for Mr. Marc Zandman and Dr. Gerald Paul are approximately the same with slight variations reflecting differences in their roles and tenure with the Company. The compensation arrangements for Ms. Lipcaman and Messrs. Wunderlich, Vandoorn, and Valletta are approximately the same with slight variations reflecting differences in their roles and tenure as executive officers of the Company.

The respective compensation agreements for Mr. Marc Zandman and Dr. Paul are unique, as they are based upon their respective 2004 agreements, as amended, and feature certain compensation components which are not available to the other current Named Executive Officers. In 2004, under the direction of its Compensation Committee, the Vishay Board of Directors engaged in a major review and overhaul of the compensation practices for its Named Executive Officers. As a consequence of this review, Vishay entered into comprehensive employment agreements and other arrangements with each of Drs. Zandman and Paul and Mr. Marc Zandman. Except with respect to Dr. Zandman, whose employment agreement was amended and restated in 2009, these agreements and arrangements, except for base salaries, remained unchanged and governed the compensation paid and awarded to the executive officers from 2004 and through the year ended December 31, 2009.

In 2010, the Compensation Committee hired compensation consultants from PricewaterhouseCoopers (“PwC”) to assist in respect of an evaluation of the compensation of Vishay’s executive officers. The Compensation Committee reviewed data provided by PwC on compensation practices of 10 public companies that are similar to Vishay in terms of revenues, number of employees, market capitalization, geographic location and/or scope of international operations. These peer group companies include several active in the semiconductor and electronic components industry. This peer group consisted of:

• ADC Telecommunications(1)

• Amphenol Corp.

• Analog Devices

• AVX

• Fairchild Semiconductor

• International Rectifier Corporation

• MEMC Electronic Materials

• Molex

• ON Semiconductor

• Xilinx

(1) Acquired by TE Connectivity in December 2010.

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The Compensation Committee reviewed average and median data for various types of cash and equity compensation within the group. PwC made recommendations to the Compensation Committee concerning changes to the compensation packages of the Named Executive Officers, particularly with respect to increasing performance-based equity-based compensation. The PwC consultants that performed the consulting services reported directly to the Compensation Committee.

As a result of the compensation data provided and recommendations made by PwC, the Compensation Committee amended the employment agreements of its executives, including Dr. Paul and Mr. Marc Zandman, to provide increased base salaries and performance-based annual and long-term incentive opportunities commensurate with the compensation offered by the peer group.

The Compensation Committee designed the compensation packages for Vishay's executive officers with a view to the roles that each is expected to play over the medium-term in Vishay's operations, development, and strategic planning. Our succession plan provides for the transition of Mr. Marc Zandman into the role of Chief Executive Officer upon the eventual retirement of Dr. Paul. If Dr. Paul were unexpectedly unable to continue as Chief Executive Officer, it is anticipated that Mr. Marc Zandman would serve in that position. Mr. Marc Zandman's responsibilities have been increasing with this gradual transition, having first become Vice Chairman and Chief Administration Officer of the Company in addition to his service as President of Vishay Israel Limited, and then, following the passing of Dr. Felix Zandman, receiving appointments to the roles of Executive Chairman of the Board and Chief Business Development Officer.

In light of his new positions, Mr. Marc Zandman's employment agreement was amended in August 2011 at the recommendation of the Compensation Committee. The committee believes that the new compensation arrangement with Mr. Marc Zandman is commensurate with his increased responsibilities and new roles as Executive Chairman and Chief Business Development Officer.

Dr. Paul has senior responsibilities for our overall business, and has been instrumental as well in promoting our strategic advances. The compensation of Dr. Paul reflects his position and responsibilities at the most senior executive level.

In 2011, the Company engaged PwC to design appropriate employment arrangements for Ms. Lipcaman and Messrs. Wunderlich, Vandoorn, and Valletta. Based upon consultation with PwC and input from Dr. Paul as Chief Executive Officer, the Company entered into new agreements with Ms. Lipcaman, and Messrs. Wunderlich, Vandoorn, and Valletta. These employment agreements are generally congruent, but feature certain variations based upon the respective positions and tenures with the Company of those Named Executive Officers.

The compensation arrangements were embodied in agreements with each of the executives with the expectation that they would remain in place for a significant period of time. The agreements do not have definitive termination dates, but rather have three year evergreen terms. Accordingly, these Named Executive Officers effectively would receive three years of salary continuation in the event of involuntary termination without cause.

The Compensation Committee reviews the total compensation level of our executive officers each year to determine whether an increase would be appropriate, considering individual performance, prior years' compensation level, recent operating results, operating results of competitors, projections for the future, other components of the executive pay packages, perceived salary trends in executive base salary among the peer group of Vishay and input on executive performance from the Chief Executive Officer. The determination is subjective and the Compensation Committee does not assign any quantitative weight to these factors. After considering the salaries and compensation practices of executive officers of comparable public companies identified by PwC, the total compensation of the executive officers was based on a determination by the Compensation Committee that it was appropriate to establish a mix of cash and

equity compensation that was reasonable when compared to, but not necessarily within, the market-competitive range of compensation offered to similarly situated executives of comparable public companies.

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Performance Measures and Metrics

Like its peers in the electronics industry, the Company has historically gauged its overall performance in accordance with what it terms “adjusted net earnings.” The Company uses this term to mean net earnings determined in accordance with U.S. generally accepted accounting principles (“GAAP”) adjusted for various items that management believes are not indicative of the intrinsic operating performance of the Company’s business, as detailed below. Non-GAAP measures such as “adjusted net earnings” do not have uniform definitions and may not be comparable to similarly titled measures used by other companies. Reconciling items to arrive at adjusted net earnings represent significant charges or credits that are important to understanding our intrinsic operations. The bonuses for the most senior executive officers under the Company’s cash bonus plans discussed below, including the Section 162(m) bonus plan for Dr. Zandman, Dr. Paul, and Mr. Marc Zandman, were based primarily on this performance metric.

Adjusted net earnings for the years ended December 31, 2011, 2010 and 2009 was as follows (in thousands, except per share):

	Years ended December 31,		
	2011	2010	2009
GAAP net earnings (loss) attributable to Vishay stockholders	\$238,821	\$359,106	\$(57,188)
Reconciling items affecting operating margin:			
Executive compensation charges	\$5,762	\$ -	\$57,824
Restructuring and severance costs	-	-	37,874
Asset write-downs	-	-	681
Settlement agreement gain	-	-	(28,195)
Reconciling items affecting tax expense (benefit):			
Tax effects of items above and other one-time tax expense (benefit)	\$1,383	\$(59,484)	\$(7,737)
Adjusted net earnings	\$245,966	\$299,622	\$3,259
Adjusted weighted average diluted shares outstanding			
	168,514	190,227	186,778
Adjusted earnings per diluted share	\$1.46	\$1.58	\$0.02

The Company also measures its overall performance based on “free cash.” The Company uses this term to mean the cash flows generated from continuing operations less capital expenditures plus net proceeds from the sale of assets. Beginning in 2012, this metric will be a component of the incentive compensation structures for Ms. Lipcaman and Messrs. Wunderlich, Vandoorn, and Valletta. This same metric, for a multi-year period, is also used in connection with performance-based RSUs for all Named Executive Officers. Although the term “free cash” is not defined in GAAP, each of the elements used to calculate “free cash” is presented as a line item on the face of our consolidated statement of cash flows prepared in accordance with GAAP as follows:

	Years ended December 31,		
	2011	2010	2009
	\$376,037	\$545,264	\$290,417

Net cash provided by continuing operating activities			
Proceeds from sale of property and equipment	2,162	1,188	6,387
Less: Capital expenditures	(168,641)	(145,413)	(50,340)
Free cash	\$209,558	\$401,039	\$246,464

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The 2011 incentive compensation structures for Lori Lipcaman, Dieter Wunderlich, Johan Vandoorn, and David Valletta were tailored to their specific responsibilities. The following measures and metrics were utilized in determining the incentive compensation payable to these Named Executive Officers for 2011:

- Third party net sales;
 - Variable margin;
- Adjusted operating margin;
- Segment operating income (for specific areas of responsibility); and
 - Inventory turnover.

Third party net sales is an amount determined in accordance with GAAP which is reported in our consolidated financial statements, included in our annual report on Form 10-K for the year ended December 31, 2011.

Variable margin is a cost accounting metric which represents third party net sales less manufacturing costs which vary in a direct relationship with volume (in other words, excluding fixed manufacturing costs such as depreciation and overhead).

Adjusted operating margin is operating margin determined in accordance with GAAP, adjusted for any reconciling items to arrive at adjusted net earnings that impact GAAP operating margin. Adjusted operating margin for the years ended December 31, 2011, 2010 and 2009 was as follows (in thousands):

	Years ended December 31,		
	2011	2010	2009
GAAP operating margin	\$346,601	\$417,938	\$(39,185)
Reconciling items affecting operating margin:			
Executive compensation charges	\$5,762	\$ -	\$57,824
Restructuring and severance costs	-	-	37,874
Asset write-downs	-	-	681
Settlement agreement gain	-	-	(28,195)
Adjusted operating margin	\$352,363	\$417,938	\$28,999

Segment operating income is described in detail and disclosed for each of our reportable segments in Note 15 of our consolidated financial statements, included in our annual report on Form 10-K for the year ended December 31, 2011. Segment operating income for a particular reportable segment generally represents gross margin less dedicated, direct selling, general, and administrative expenses.

Inventory turnover is a measure of how well we manage our inventory. We define inventory turnover for a financial reporting period as our costs of products sold for the four fiscal quarters ending on the last day of the reporting period, divided by our average inventory (computed using each fiscal quarter-end balance) for this same period. A higher level of inventory turnover reflects more efficient use of our capital. We disclose quarterly trends in inventory turnover in Management's Discussion and Analysis of Financial Condition and Results of Operations in each of our quarterly reports on Form 10-Q and our annual report on Form 10-K.

Beginning in 2012, the incentive compensation structures will still be tailored to the respective executives' areas of responsibility, but include more focus on total company performance-based measures and metrics for the whole company including third party net sales, gross margin, adjusted operating margin, adjusted net earnings, and "free cash".

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Role of the Compensation Consultant

During 2010 and 2011, the Compensation Committee hired PwC to assist in respect of an evaluation of the compensation of Vishay's executive officers. PwC provided the Committee with data on compensation practices at companies comparable to the Company in terms of size, industry and other characteristics. PwC also made recommendations to the Compensation Committee concerning changes to the compensation packages of the executive officers, particularly with respect to equity-based compensation. The PwC consultants that performed the consulting services reported directly to the Compensation Committee.

Compensation Components

The discussion that follows in this section addresses the executive compensation packages in effect in 2011.

The compensation packages for Dr. Paul and Mr. Marc Zandman, as mentioned above, are based upon employment agreements entered into in 2004, which have since been amended. As such, these agreements include compensation components other than base salary, annual performance-based bonuses, and equity-based compensation, which are not available to our other Named Executive Officers. These other components include deferred compensation, certain additional severance benefits, annual grants of phantom stock units, and customary welfare and retirement benefits. Dr. Zandman's compensation package featured the same components.

The employment agreements for the Named Executive Officers newly appointed in 2011, Ms. Lipcaman and Messrs. Wunderlich, Vandoorn, and Valletta, are generally congruent, but feature certain variations based upon the respective positions and tenures with the Company. The components of the compensation packages defined by those employment agreements include base salary, commensurate with the roles and responsibility of the executives discussed above, annual performance-based bonuses, and equity-based compensation. Dr. Yahalomi's compensation package featured similar components.

Base salary

The minimum base salary levels for the Named Executive Officers are fixed in their respective employment agreements. The Compensation Committee determined the minimum base salaries in consultation with PwC, based upon the executives' salary level, present responsibilities, and expectations with respect to future responsibilities and a comparison to peer group executive salaries. The Compensation Committee selected the group of peer group companies on the advice of PwC. Compensation practices in the peer group were only one of the factors considered by the Compensation Committee. The base salaries of Dr. Paul, Ms. Lipcaman, and Messrs. Wunderlich and Vandoorn are denominated in euro, and, since 2007, the base salary of Mr. Marc Zandman has been denominated in Israeli shekels. A portion of the change in the salaries for these Named Executive Officers expressed in terms of U.S. dollars reflects the significant fluctuations of the dollar against the currencies of the home jurisdiction of these executives.

Incentive compensation

Dr. Paul and Mr. Marc Zandman (pending stockholder approval, see Proposal Three) participate in the Vishay Intertechnology Section 162(m) Cash Bonus Plan (the "162(m) Plan") based on "adjusted net earnings," as described below. Dr. Zandman also participated in this plan.

Over many years, we have viewed adjusted net earnings as the primary indicator of the performance of our executive management team. As more specifically addressed below, adjusted net earnings refers to net earnings determined in accordance with GAAP, adjusted to eliminate the after tax effects of items, positive or negative, that do not relate to

our intrinsic operations. These items include, among others, executive compensation charges, asset write-downs, severance and restructuring costs, special tax items, and other items, such as unusual gains or losses that impact GAAP net earnings, not reflecting on-going operating activities. The calculation of adjusted net earnings is set forth in our annual report on Form 10-K as well as under the heading “Performance Measures and Metrics” in this proxy statement. We utilize this measure in part because it eliminates factors that mask the actual performance of on-going operations and because of its currency with other public companies in our industry. Accordingly, the Compensation Committee determined that the incentive compensation of Dr. Paul, and beginning with his appointment to Executive Chairman of the Board, Mr. Marc Zandman, should be primarily in the form of a percentage of adjusted net earnings, with a cap (three times salary) to avoid compensation that in fact or in appearance might be deemed excessive.

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The 162(m) Plan provides an annual bonus as a percentage of our adjusted net earnings. Dr. Paul's bonus historically was equal to 1.0% of adjusted net earnings, and beginning in 2012, will be equal to 1.25% of adjusted net earnings. For the transition year in 2011, Dr. Paul's bonus is equal to 1.125% of adjusted net earnings.

Effective for years beginning on and after January 1, 2012, Mr. Marc Zandman's annual bonus is 1.0% of adjusted net earnings. For transition year in 2011, Mr. Marc Zandman's annual bonus was calculated as the sum of 0.5% of adjusted net earnings for 2011, plus one-half of his annual bonus entitlement as calculated for 2011 under his bonus program in effect before the amendment to his employment agreement (under which Mr. Marc Zandman had the opportunity to earn up to 200% of his base salary based on the Company's adjusted net earnings and free cash flow and his achievement of personal goals).

Dr. Zandman's bonus was equal to 3.0% of adjusted net income. Bonuses under the 162(m) Plan are limited to three times the executive's base salary.

Under their new employment agreements, Ms. Lipcaman, and Messrs. Wunderlich, Vandoorn, and Valletta are each eligible to receive a performance bonus, based on the Company's overall and their individual performances. Dr. Yahalomi was also eligible to receive a bonus based on a similar criteria.

Pursuant to their new employment agreements, Ms. Lipcaman, and Messrs. Wunderlich, Vandoorn, and Valletta have maximum bonuses of 50%, 75%, 60%, and 60%, respectively, of their respective base salaries, beginning in 2012. Dr. Yahalomi had a target bonus of 50% of his base salary with a maximum of 200% of base salary. Performance goals for purposes of the annual bonus award are recommended by the Chief Executive Officer and approved by the Compensation Committee and the Board. The 2011 performance goals of Ms. Lipcaman, and Messrs. Wunderlich, Vandoorn, and Valletta were determined in January 2011, prior to their respective appointments as executive officers, and entitled them to maximum bonuses of 35%, 50%, 50%, and 50%, respectively. The 2011 performance goals were reviewed by the Compensation Committee after their appointments to executive officer positions.

The performance of these Named Executive Officers is reviewed by the Chief Executive Officer and the Compensation Committee following the end of the year, and each executive is assigned a performance score for several categories. For a discussion of 2011 goals and achieved results, see "2011 Executive Compensation – Performance-based bonus."

Equity-Based Compensation

The Company's 2007 Stock Incentive Program (the "2007 Program") permits the grant of up to 3,000,000 shares of restricted stock, unrestricted stock, restricted stock units ("RSUs"), and stock options, to officers, employees, and non-employee directors.

The 2007 Program was amended and restated in February 2011 to eliminate share recycling for stock options and prohibit option re-pricing and cash buy-outs of options, practices which we have never engaged in but nevertheless were permissible under the 2007 Program as originally written. A copy of the amended and restated 2007 Program was filed with the SEC as an exhibit to a current report on Form 8-K filed on February 28, 2011.

The Compensation Committee believes that the grant of equity awards is the primary component for aligning interests of the executive officers with the long-term interests of the Company's stockholders. Accordingly, the Compensation Committee includes a long-term incentive (LTI) component in the form of equity-based compensation to the executives' employment agreements.

In establishing the amount of equity awards, the Compensation Committee utilized the market-competitive range of equity awards granted to similarly situated executive officers of the peer group companies. The Compensation Committee concluded that a grant of equity awards within such market-competitive range was appropriate to reward and incentivize our executive officers.

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The employment agreements of the Named Executive Officers provide for annual grants of equity based compensation in the form of RSUs. Of the total equity-based compensation grant, 25% are in the form of time-vested RSUs that carry only a service condition. The remaining 75% of the grant are in the form of performance-based RSUs (“PBRsUs”), which also include a service condition. The PBRsUs will vest in three years if certain defined performance criteria established by the Compensation Committee (based on adjusted net earnings and free cash over a three year period) are realized. The grants are based upon a percentage of base salary for the then current year as follows:

Name	LTI Value
Marc Zandman	100% of base salary
Dr. Gerald Paul	150% of base salary
Lori Lipcaman	25% of base salary
Dieter Wunderlich	35% of base salary*
Johan Vandoorn	25% of base salary*
David Valletta	25% of base salary*
Dr. Felix Zandman	160% of base salary
Dr. Lior Yahalomi	100% of base salary

*Annual grant of RSUs is effective beginning in 2012

The number of RSUs granted annually to each executive is determined by multiplying the executive's base salary for the applicable year by the respective percentage set forth above and dividing by the closing price of the common stock on the New York Stock Exchange on the last trading day preceding January 1 of the applicable year. The time-vested RSUs carry only a service condition and vest on January 1 of the third year following the grant. The PBRsUs include performance conditions agreed to with the Compensation Committee in its role as administrator of the 2007 Stock Incentive Program (based on adjusted net earnings and free cash over a three year period). The PBRsUs contain both a three-year service period and are subject to the Compensation Committee certifying that all performance criteria have been satisfied.

In the event of voluntary termination by the executive (without “good reason”) or termination for cause, the executive’s outstanding RSUs (including PBRsUs) will be forfeited. In the event of (i) the termination of the executive’s employment without cause, by the executive for “good reason”, or as a result of death or disability, the executive’s outstanding RSUs shall immediately vest and the outstanding PBRsUs shall vest on their normal vesting date to the extent applicable performance criteria are realized; and (ii) a change of control of Vishay, all of such executive’s outstanding RSUs and PBRsUs shall immediately vest. Accordingly, Dr. Zandman’s RSUs vested upon his death and Dr. Yahalomi’s RSUs vested upon his resignation. PBRsUs held by both Dr. Zandman and Dr. Yahalomi shall vest on their normal vesting dates to the extent applicable performance criteria are realized. For financial accounting purposes, the grant-date fair value is determined on the date that the Compensation Committee approves the number of RSUs to be granted under this provision. Accordingly, the value of the grant on that date will be different than the LTI Value described in the table above.

The Compensation Committee also considers the award of extra-contractual equity-based compensation, when appropriate.

Deferred compensation

Executives are eligible to participate in a non-qualified deferred compensation plan, which is available to all employees who meet certain criteria under the Internal Revenue Code. Vishay annually contributes \$100,000 for each of Dr. Paul and Mr. Marc Zandman, pursuant to their respective employment agreements, and contributed \$150,000 to this plan on behalf of Dr. Zandman. Dr. Yahalomi was (prior to his resignation) and Mr. Valletta is eligible for contributions pursuant to the deferred compensation plan, similar to all eligible plan participants who formerly participated in the frozen Vishay Non-qualified Retirement Plan. The remaining Named Executive Officers do not participate in the deferred compensation plan.

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Amounts contributed to these plans prior to January 1, 2005 were deemed deferred until retirement or termination of employment. Effective January 1, 2005, all employees that participate in the plan were given the option to choose shorter deferral periods for all or a portion of their deferred compensation. The senior executives have elected to defer all eligible amounts of compensation until retirement or termination of employment, at which time, the amounts would be paid in a lump sum. To the extent required to avoid tax penalties, the deferred amounts are not paid until six months after the termination of employment. Dr. Zandman's deferred compensation was paid to his surviving spouse upon his passing and Dr. Yahalomi's deferred compensation was paid upon his resignation.

As noted, Dr. Paul and Mr. Marc Zandman each have a long-standing relationship with the Company, and we expect that each will continue to serve Vishay for so long as their services are desired and they can make effective management contributions. The Compensation Committee therefore considers this deferred compensation in the nature of a retirement benefit and an anticipatory reward for loyalty to Vishay over time. The deferral is also intended to delay payment until such time as the compensation should be deductible under Section 162(m) of the Internal Revenue Code.

While deferred, amounts are credited with "earnings" based on the performance of notional investment options available under the plan. No portion of the earnings credited during 2011 was "above market" or "preferential."

Phantom stock units

A phantom stock unit is the right to receive a share of common stock upon termination of employment. Pursuant to their employment agreements, Dr. Paul and Mr. Marc Zandman receive annual grants of 5,000 phantom stock units. The grants are made under the Company's Senior Executive Phantom Stock Plan, which was approved by stockholders at our 2004 annual meeting. Similar to the deferred cash compensation described above, the Compensation Committee considers the grant of phantom stock units in the nature of a retirement benefit and an inducement to loyalty to Vishay over time. Dr. Zandman also received annual grants of 5,000 phantom stock units.

The number of units to be granted annually was determined based on the market price of Vishay common stock in 2004, at the time the deferred compensation program was adopted, of approximately \$20 per share, so that the deferred cash and stock compensation would be of similar magnitude. The cumulative increase in the number of phantom stock units held by the executives over time also is intended to strengthen the alignment of executive and stockholder interests in the long-term appreciation of Vishay's equity value.

No other Named Executive Officers currently receive phantom stock units.

Retirement benefits

The Compensation Committee believes that providing adequate postretirement benefits commensurate with position is essential to retaining qualified individuals for long-term employment. Vishay maintains pension and retirement programs for most employees in the United States, Germany, and Belgium, including its executive officers. All U.S. pension benefits were frozen as of January 1, 2009. To mitigate the loss in benefits of these employees, effective January 1, 2009, we increased the company match portion of our 401(k) defined contribution savings plan for employees impacted by the pension freeze. With the exception of Dr. Zandman's pension, the retirement benefits for executive officers are not materially preferential to those of other employees.

As part of the amendments to the employment agreements for Dr. Paul and Mr. Marc Zandman in 2010, the Compensation Committee determined to extend the termination benefits for these executives to also include termination through normal retirement at age 62. This provision was added in light of the long-standing tenure of these executives and to ensure a smooth transition upon retirement of these executives.

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Perquisites

We provide executive officers with perquisites and other personal benefits that Vishay and the Compensation Committee believe are reasonable and consistent with our overall compensation program. These perquisites are not intended, however, to constitute a material portion of the executive's compensation packages. In general, the perquisites, while not integral to the performance of an executive's duties, must bear some relationship to the executive's employment and be of perceived benefit to Vishay. The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to Named Executive Officers.

Severance

The Compensation Committee believes that severance payments in the event of an involuntary termination of employment are part of a standard compensation package for senior executives. The terms of these severance provisions are discussed in "Potential Payments Upon Termination or a Change in Control."

Dr. Zandman's Employment Contract

Dr. Felix Zandman, our founder, former Executive Chairman of the Board, and former Chief Business Development Officer, passed away on June 4, 2011. His compensation was based upon an amended and restated employment agreement, effective as of May 13, 2009. This agreement amended and restated the employment agreement between the Company and Dr. Zandman that was previously amended and restated as of January 1, 2004. The amended employment agreement eliminated Dr. Zandman's right to receive substantial royalty payments upon the termination of his employment in certain circumstances, as described below, and replaced it with a series of significantly reduced payments payable to him in six annual installments.

The 2004 employment agreement (the "2004 Agreement") included a provision entitling him to a royalty during the ten years following his termination of employment equal to 5% of gross sales, less returns and allowances, of Vishay products incorporating patents, inventions and any other form of technology created, discovered or developed by him or under his direction. The royalty was payable in the event Dr. Zandman was terminated without "cause" or resigned for "good reason," as defined in the 2004 Agreement. This provision was carried over from Dr. Zandman's original employment agreement of March 1985, and could not be modified or eliminated without Dr. Zandman's consent. It was a reflection, among other things, of Dr. Zandman's key role in the founding of the Company and creating, developing and commercializing the Company's technologies and the absence of any compensation to Dr. Zandman for the core intellectual property that he has contributed to the Company over the years from its inception.

The Company engaged a consultant in 2007 to assist its evaluation of the royalties to which Dr. Zandman would be entitled were his employment to be terminated. Based in part upon the work of this consultant and its own updated computations, management estimated that the present value of the royalties to which Dr. Zandman would be entitled were his employment terminated at December 31, 2008 would be between approximately \$370 million and \$445 million, with a possible tax gross-up if the royalties were payable in connection with a change of control and deemed subject to an excise tax. (This present value does not factor in any assessment of the probability of payment.)

In December 2008, Dr. Zandman approached the Compensation Committee with a proposal to amend and restate the 2004 Agreement. The Compensation Committee engaged PwC and independent legal counsel to assist the Committee in analyzing, responding to and, if appropriate, negotiating the terms of Dr. Zandman's proposal. Specifically, PwC was asked to review and assess the Company's valuation, based upon the work of its consultant, of the potential royalty payment amounts under the 2004 Agreement and to advise the Committee generally with respect to Dr. Zandman's compensation package.

After extensive analysis and negotiation with Dr. Zandman on the terms of his proposal, on May 12, 2009, the Compensation Committee approved modifications to the 2004 Agreement and recommended its approval to the full board of directors. The Compensation Committee determined that the modifications were in the best interests of the Company and its stockholders, because they eliminated the substantial contingent liability represented by the royalty payments, including a possible gross up if the royalties became payable in connection with a change of control and were deemed subject to Section 4999 of the Internal Revenue Code. This large contingent liability was considered a possible impediment to potential strategic transactions. These possible consequences were deemed of particular concern during a time of the unprecedented disruption that was being experienced in the global markets. The modifications to Dr. Zandman's employment agreement were not considered and approved, however, in response to any specific transaction then under consideration by the Company.

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The amended and restated employment agreement was approved by the board upon recommendation of the Compensation Committee on May 13, 2009 and became effective as of that date. The modifications to the 2004 employment agreement included the following principal terms:

- Dr. Zandman's right to the royalty payments was terminated.
- Dr. Zandman was entitled to a payment of \$10 million as of the effective date of the amended and restated agreement, followed by five successive annual payments of \$10 million.
- Payments could be deferred with interest in the event that making such payment would jeopardize the ability of the Company to continue as a going concern.
- Payments could accelerate if, following a change of control of the Company, Dr. Zandman was terminated without cause or if he terminated employment for good reason, or if he died or became disabled. Similarly, if he died or became disabled and thereafter there occurred a change in control, any then remaining unpaid annual installments would then accelerate. If an excise tax were imposed under Section 4999 of the Internal Revenue Code due to the acceleration of the payments, the Company would reimburse Dr. Zandman for the excise tax on customary terms.
- Absent a change of control, if the Company were to terminate Dr. Zandman's employment without cause or Dr. Zandman were to terminate employment for good reason or in the event of his death or disability, the unpaid annual installment payments would not accelerate and would continue until completed. Dr. Zandman received \$10 million on each of May 12, 2009, 2010, and 2011, and his wife, Ruta Zandman, will receive \$10 million on May 12, 2012, 2013, and 2014.
- Dr. Zandman would forfeit future payments if he terminates his employment without good reason or if his employment is terminated for cause.
- Dr. Zandman would not receive any other severance payments upon his termination of employment for any reason.
- Other terms of the 2004 Agreement remain substantially the same. Dr. Zandman was subject to non-competition, non-solicitation, non-disparagement and confidentiality covenants.

Dr. Zandman's passing in June 2011 had no effect on the timing of the remaining annual payments.

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2011 Executive Compensation

The components of 2011 compensation for our Named Executive Officers were largely consistent with their employment agreements and consisted of:

- base salary;
- cash performance-based bonuses;
- equity based compensation;
- retirement benefits; and
- perquisites and other personal benefits.

The compensation for Drs. Zandman and Paul and Mr. Marc Zandman included contributions into the Company's deferred compensation plan. The compensation for Dr. Zandman included payments made upon his death in accordance with his employment agreement. The compensation for Dr. Yahalomi included payments made upon his resignation in accordance with his severance and release agreement.

The tables and accompanying footnotes that follow provide additional information regarding the compensation earned, held by, or paid to each of our Named Executive Officers in 2011.

Base salary

Effective January 1, 2011, the annualized base salaries of our then-current Named Executive Officers were as follows:

Name	2011 Base Salary
Dr. Gerald Paul	€829,000 (approximately \$1,150,000)(1)
Marc Zandman	NIS 2,074,246 (approximately \$555,000)(2)
Dr. Felix Zandman	\$975,000
Dr. Lior Yahalomi	\$434,000

(1) Paid in euro.

(2) Paid in new Israeli shekels (NIS).

Following Mr. Marc Zandman's election as executive chairman, his base salary was increased to NIS 2,989,904 (approximately \$840,000).

The base salaries of our new Named Executive Officers reflect an increase as of the date of their respective promotions. None of our current Named Executive Officers received an increase in base salary for 2012. See "2012 Executive Compensation."

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Performance-based bonus

Drs. Zandman and Paul and Mr. Marc Zandman (pending stockholder approval, see Proposal Three) are entitled to receive performance bonuses in accordance with the 162(m) Plan, which are calculated as a percentage of adjusted net earnings. There is no minimum adjusted net earnings threshold, and accordingly, the bonuses for Drs. Zandman and Paul and Mr. Marc Zandman begin to accrue with the first dollar of adjusted net earnings. Effective for years beginning on and after January 1, 2012, Mr. Marc Zandman's annual bonus will be 1.0% of adjusted net earnings. For 2011, Mr. Marc Zandman's annual bonus was calculated as the sum of 0.5% of adjusted net earnings for 2011, plus one-half of his annual bonus entitlement as calculated for 2011 under his bonus program in effect before the amendment to his employment agreement (under which Mr. Marc Zandman had the opportunity to earn up to 200% of his base salary based on the Company's adjusted net earnings and free cash flow and his achievement of personal goals). The bonuses for Drs. Zandman and Paul and Mr. Marc Zandman are limited to three times base salary.

During 2011, Ms. Lipcaman, and Messrs. Wunderlich, Vandoorn, and Valletta were eligible to earn maximum bonuses of 35%, 50%, 50%, and 50%, respectively. The 2011 performance goals were determined in January 2011, prior to their respective appointments as executive officers, but were reviewed by the Compensation Committee after their appointments to executive officer positions. Pursuant to their new employment agreements, Ms. Lipcaman, and Messrs. Wunderlich, Vandoorn, and Valletta have maximum bonuses of 50%, 75%, 60%, and 60%, respectively, of their respective base salaries. Beginning in 2012, performance goals for purposes of the annual bonus award are recommended by the Chief Executive Officer and approved by the Compensation Committee and the Board.

Dr. Yahalomi had a target bonus of 50% of his base salary with a maximum bonus of 200% of base salary, based on the Company's adjusted net earnings and free cash flow and his achievement of personal goals. Dr. Yahalomi received a lump sum cash payment of \$1,627,500 upon his resignation in lieu of severance and bonus payments for 2011 that he was entitled to pursuant to his employment agreement.

The following sections describe the incentive compensation structure and achievements for 2011 for Mr. Marc Zandman, Ms. Lipcaman, and Messrs. Wunderlich, Vandoorn, and Valletta (each element is expressed as a percentage of base salary at target and at maximum, and base salaries that were used for the computation of incentive compensation were weighted for the relevant periods before and after appointment as executive officers).

Mr. Marc Zandman

Prior to his election to executive chairman, Mr. Marc Zandman's incentive compensation was structured as follows:

- Target of 20% up to a maximum of 130%, based on Company performance, measured based on adjusted net earnings;
- Target of 10% up to a maximum of 60% based on Company performance, measured based on "free cash" generation; and
 - Target (and maximum) of 10% for achievement of personal objectives.

As described above, after his election to executive chairman, for 2011, Mr. Marc Zandman's annual bonus was calculated as the sum of 0.5% of adjusted net earnings for 2011, plus one-half of his annual bonus entitlement as calculated for 2011 under his bonus program in effect before the amendment to his employment agreement.

Mr. Marc Zandman earned a total of \$70,365 pursuant to the bonus program in effect before the amendment of his employment agreement, and \$1,229,830 pursuant to the 0.5% of adjusted net earnings computation, resulting in total incentive compensation of \$1,300,195.

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Ms. Lipcaman

For 2011, Ms. Lipcaman's incentive compensation was structured as follows:

- Target of 12% up to a maximum of 20%, based on Company performance, measured based on adjusted operating margin;
- Target (and maximum) of 5% based on the achievement of budgeted fixed costs in Ms. Lipcaman's areas of responsibility; and
 - Target (and maximum) of 10% for achievement of personal objectives.

With respect to the adjusted operating margin performance metric, Ms. Lipcaman would not be eligible to receive a bonus if actual performance were less than or equal to 80% of budget. If actual operating margin were between 80% and 100% of budget, Ms. Lipcaman would be eligible to receive a bonus with respect to adjusted operating margin, increasing ratably from 0% to 12% of her base salary. If actual adjusted operating margin were between 100% and 120% of budget, she would be eligible to receive a bonus with respect to adjusted operating margin, increasing ratably from 12% to 20% of her base salary. Ms. Lipcaman earned a bonus equal to 10.74% of her base salary for 97.8% achievement of this metric.

Ms. Lipcaman met the fixed costs budget for her areas of responsibility and accordingly earned a bonus equal to 5.0% of her base salary for achievement of this objective.

Ms. Lipcaman's individual performance goals for 2011 (with related bonus opportunity as a percentage of base salary in parentheses) included: implementing functional changes in the Company's operations resulting in a more tax-efficient supply chain (2.5%), improving the timeliness and accuracy of financial reporting (2.5%), improving operational forecasting accuracy (1.5%), establishing a new five-year financial plan and leading the creation of a related modeling tool (1.5%), achieving targeted days sales outstanding and days payable outstanding metrics (1.0%), and overseeing the completion of a financial systems implementation in Israel (1.0%). The achievement of these goals was evaluated and measured in the aggregate, and as a result of her achievement in relation to these goals, Ms. Lipcaman earned a bonus equal to 9.5% of her base salary.

In total, Ms. Lipcaman earned a bonus equal to 25.24% of her base salary for 2011.

Mr. Wunderlich

For 2011, Mr. Wunderlich's incentive compensation was structured as follows:

- Target of 21% up to a maximum of 35%, based on the performance of the aggregate Semiconductors reportable segments (MOSFETs, Diodes, and Optoelectronic Components), measured based on segment operating income;
- Target (and maximum) of 7.5% based on the achievement of the budgeted inventory turnover for the aggregate Semiconductors reportable segments; and
 - Target (and maximum) of 7.5% for achievement of personal objectives.

With respect to the segment operating income performance metric, Mr. Wunderlich would not be eligible to receive a bonus if actual performance were less than or equal to 85% of budget. If actual segment operating income were between 85% and 100% of budget, Mr. Wunderlich would be eligible to receive a bonus with respect to segment operating income, increasing ratably from 0% to 21% of his base salary. If actual segment operating income were between 100% and 130% of budget, he would be eligible to receive a bonus with respect to segment operating income, increasing ratably from 21% to 35% of his base salary. Mr. Wunderlich earned a bonus equal to 13.65% of his base salary for 95.4% achievement of this metric.

Mr. Wunderlich would be eligible to receive the maximum bonus with respect to the inventory turnover metric if actual performance met or exceeded the budgeted inventory turnover. At the discretion of the CEO, partial credit could be earned if the aggregate inventory turnover was within 0.2 of the budgeted metric, or if a majority of the underlying divisions achieved their respective inventory turnover budget. Mr. Wunderlich earned a bonus equal to 3.75% of his base salary (50% of the maximum) for partial achievement of this objective.

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Mr. Wunderlich's individual performance goals for 2011 (with related bonus opportunity as a percentage of base salary in parentheses) included: achieving the capital spending budget for his areas of responsibility (1.0%), achieving customer service targets (1.0%), achieving quality targets (1.0%), negotiating certain new agreements with key suppliers (1.5%), providing support to the implementation of functional changes in the Company's operations resulting in a more tax-efficient supply chain (0.5%), minimizing metal and silicon price impacts (0.5%), and leading certain strategic initiatives (2.0%). The achievement of these goals was evaluated and measured in the aggregate, and as a result of his achievement in relation to these goals, Mr. Wunderlich earned a bonus equal to 6.0% of his base salary.

In total, Mr. Wunderlich earned a bonus equal to 23.4% of his base salary for 2011.

Mr. Vandoorn

For 2011, Mr. Vandoorn's incentive compensation was structured as follows:

- Target of 21% up to a maximum of 35%, based on the performance of the aggregate Passive Components reportable segments (Resistors & Inductors and Capacitors), measured based on segment operating income;
- Target (and maximum) of 7.5% based on the achievement of the budgeted inventory turnover for the aggregate Passive Components reportable segments; and
 - Target (and maximum) of 7.5% for achievement of personal objectives.

With respect to the segment operating income performance metric, Mr. Vandoorn would not be eligible to receive a bonus if actual performance were less than or equal to 85% of budget. If actual segment operating income were between 85% and 100% of budget, Mr. Vandoorn would be eligible to receive a bonus with respect to segment operating income, increasing ratably from 0% to 21% of his base salary. If actual segment operating income were between 100% and 130% of budget, he would be eligible to receive a bonus with respect to segment operating income, increasing ratably from 21% to 35% of his base salary. Mr. Vandoorn earned a bonus equal to 21.51% of his base salary for 101.1% achievement of this metric.

Mr. Vandoorn would be eligible to receive the maximum bonus with respect to the inventory turnover metric if actual performance met or exceeded the budgeted inventory turnover. At the discretion of the CEO, partial credit could be earned if the aggregate inventory turnover was within 0.2 of the budgeted metric, or if a majority of the underlying divisions achieved their respective inventory turnover budget. Mr. Vandoorn earned a bonus equal to 3.75% of his base salary (50% of the maximum) for partial achievement of this objective.

Mr. Vandoorn's individual performance goals for 2011 (with related bonus opportunity as a percentage of base salary in parentheses) included: achieving budgeted free cash generation for the aggregate Passive Components reportable segments (1.5%), maintaining raw materials prices at budgeted levels (1.0%), achieving metrics which measure on-time production and delivery of products (1.0%), negotiating increased selling prices for certain products (1.0%), improving operational forecasting accuracy (1.0%), proposing and implementing targeted acquisitions (1.0%), and updating a detailed three year operational and financial plan (1.0%). The achievement of these goals was evaluated and measured in the aggregate, and as a result of his achievement in relation to these goals, Mr. Vandoorn earned a bonus equal to 6.35% of his base salary.

In total, Mr. Vandoorn earned a bonus equal to 31.61% of his base salary for 2011.

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Mr. Valletta

For 2011, Mr. Valletta's incentive compensation was structured as follows:

- Target of 12% up to a maximum of 20%, based on the performance of the Company, measured based on third party net sales;
- Target of 12% up to a maximum of 20%, based on the performance of the Company, measured based on variable margin;
 - Target (and maximum) of 10% for achievement of personal objectives.

With respect to the third party net sales metric, Mr. Valletta would not be eligible to receive a bonus if actual performance were less than or equal to 85% of budget. If actual third party net sales were between 85% and 100% of budget, Mr. Valletta would be eligible to receive a bonus with respect to third party net sales, increasing ratably from 0% to 12% of his base salary. If actual third party net sales were between 100% and 135% of budget, he would be eligible to receive a bonus with respect to third party net sales, increasing ratably from 12% to 20% of his base salary. Mr. Valletta earned a bonus equal to 5.84% of his base salary for 92.8% achievement of this metric.

With respect to the variable margin metric, Mr. Valletta would not be eligible to receive a bonus if actual performance were less than or equal to 90% of budget. If actual variable margin were between 90% and 100% of budget, Mr. Valletta would be eligible to receive a bonus with respect to variable margin, increasing ratably from 0% to 12% of his base salary. If actual variable margin were between 100% and 120% of budget, he would be eligible to receive a bonus with respect to variable margin, increasing ratably from 12% to 20% of his base salary. Mr. Valletta earned a bonus equal to 9.27% of his base salary for 97.7% achievement of this metric.

Mr. Valletta's individual performance goals for 2011 (with related bonus opportunity as a percentage of base salary in parentheses) included: achieving the selling cost budget (2.0%), reducing worldwide overdue accounts receivable (2.0%), maintaining a minimum turnover ratio of consignment inventories at customers (2.0%), increasing Chinese renminbi-denominated sales (1.0%), implementing a territory realignment (1.0%), coordinating efforts to create an electronic "sales portal" for customers (1.0%), and participating in identifying acquisition targets (1.0%). The achievement of these goals was evaluated and measured in the aggregate, and as a result of his achievement in relation to these goals, Mr. Valletta earned a bonus equal to 8.0% of his base salary.

In total, Mr. Valletta earned a bonus equal to 23.11% of his base salary for 2011.

Stock-based compensation

In 2011, the Compensation Committee awarded the following RSUs (including PBRsUs) to certain executive officers:

Name	Time-vested		Total
	RSUs	PBRsUs	
Marc Zandman	12,932	38,795	51,727
Dr. Gerald Paul	28,101	84,304	112,405
Lori Lipcaman	2,661	7,982	10,643
Dr. Felix Zandman	26,567	79,700	106,267
Dr. Lior Yahalomi	7,391	22,173	29,564

The time-vested RSUs carry only a service condition and vest over a three-year period. The PBRsUs contain both a three-year service period and performance criteria tied to three year net earnings and free cash flow results. The

Company expects all performance criteria for the 2011 grants to be met.

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Other Considerations Regarding Executive Compensation

Israeli benefits

Mr. Marc Zandman is employed by Vishay Israel Ltd., an Israeli subsidiary of Vishay Intertechnology, Inc., and is a resident of Israel. As a result, he is entitled to certain benefits that are generally available to employees in Israel on a non-discriminatory basis, but are not afforded to the other Named Executive Officers, including:

- advanced training fund, 7.5% of base salary
 - severance fund, 8.33% of base salary
- disability insurance, 2.5% of base salary
 - pension fund, 5% of base salary

These benefits are required by Israeli law or employment practices generally, and were taken into account by the Compensation Committee in formulating the overall compensation package for our executive officers.

Foreign currency considerations

Dr. Paul is employed by Vishay Europe GmbH, a German subsidiary of Vishay Intertechnology, Inc., and is a German citizen. Accordingly, our employment agreement