VISHAY INTERTECHNOLOGY INC
Form 10-Q
July 30, 2013

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 29, 2013

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

For the transition period from _______ to _______

Commission File Number 1-7416

VISHAY INTERTECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)

Delaware	38-1686453
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification Number)
63 Lancaster Avenue Malvern, PA 19355-2143	610-644-1300
(Address of Principal Executive Offices)	(Registrant's Area Code and Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ý Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. ýYes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý	Accelerated filer ¨

Non-accelerated filer ¨ (Do not check if smaller reporting company) Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
¨ Yes ý No

As of July 26, 2013, the registrant had 131,478,641 shares of its common stock and 12,129,227 shares of its Class B common stock outstanding.

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VISHAY INTERTECHNOLOGY, INC.
FORM 10-Q
June 29, 2013
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 29, 2013 (Unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$561,199	$697,595
Short-term investments	466,501	294,943
Accounts receivable, net	294,253	247,035
Inventories:		
Finished goods	115,003	109,571
Work in process	194,416	177,350
Raw materials	135,687	120,728
Total inventories	445,106	407,649
Deferred income taxes	17,971	24,385
Prepaid expenses and other current assets	101,871	119,656
Total current assets	1,886,901	1,791,263
Property and equipment, at cost:		
Land	93,270	92,348
Buildings and improvements	534,926	523,091
Machinery and equipment	2,208,642	2,163,182
Construction in progress	66,643	101,570
Allowance for depreciation	(2,014,612)	(1,965,639)
	888,869	914,552
Goodwill	43,383	34,866
Other intangible assets, net	138,104	133,717
Other assets	132,649	141,879
Total assets	$3,089,906	$3,016,277

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

	June 29, 2013 (Unaudited)	December 31, 2012
Liabilities and equity		
Current liabilities:		
Notes payable to banks	$ 839	$ 6
Trade accounts payable	155,733	147,936
Payroll and related expenses	121,797	108,353
Other accrued expenses	149,051	148,660
Income taxes	7,114	7,215
Total current liabilities	434,534	412,170
Long-term debt less current portion	405,392	392,931
Deferred income taxes	137,264	129,379
Other liabilities	106,442	108,600
Accrued pension and other postretirement costs	329,411	344,961
Total liabilities	1,413,043	1,388,041
Stockholders' equity:		
Vishay stockholders' equity		
Common stock	13,148	13,114
Class B convertible common stock	1,213	1,213
Capital in excess of par value	1,996,581	1,999,901
(Accumulated deficit) retained earnings	(320,438)	(380,678)
Accumulated other comprehensive income (loss)	(18,935)	(10,222)
Total Vishay stockholders' equity	1,671,569	1,623,328
Noncontrolling interests	5,294	4,908
Total equity	1,676,863	1,628,236
Total liabilities and equity	$ 3,089,906	$ 3,016,277

See accompanying notes.

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

	Fiscal quarters ended	
	June 29, 2013	June 30, 2012
Net revenues	$597,665	$588,199
Costs of products sold	454,808	440,580
Gross profit	142,857	147,619
Selling, general, and administrative expenses	92,745	86,889
Executive compensation charge (credit)	(1,778)	-
Gain on sale of property	-	(12,153)
Operating income	51,890	72,883
Other income (expense):		
Interest expense	(5,824)	(5,539)
Other	784	(2,094)
	(5,040)	(7,633)
Income before taxes	46,850	65,250
Income tax expense	15,365	19,420
Net earnings	31,485	45,830
Less: net earnings attributable to noncontrolling interests	176	159
Net earnings attributable to Vishay stockholders	$31,309	$45,671
Basic earnings per share attributable to Vishay stockholders	$0.22	$0.30
Diluted earnings per share attributable to Vishay stockholders	$0.21	$0.29
Weighted average shares outstanding - basic	143,603	152,462
Weighted average shares outstanding - diluted	151,880	159,249

See accompanying notes.

VISHAY INTERTECHNOLOGY, INC.
Consolidated Condensed Statements of Comprehensive Income
(Unaudited - In thousands)

	Fiscal quarters ended	
	June 29, 2013	June 30, 2012
Net earnings	$31,485	$45,830
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustment	10,450	(50,445)
Pension and other post-retirement actuarial items	2,941	3,251
Unrealized gain (loss) on available-for-sale securities	(644)	(157)
Other comprehensive income (loss)	12,747	(47,351)
Comprehensive income (loss)	44,232	(1,521)
Less: comprehensive income attributable to noncontrolling interests	176	159
Comprehensive income (loss) attributable to Vishay stockholders	$44,056	$(1,680)

See accompanying notes.

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

	Six fiscal months ended	
	June 29, 2013	June 30, 2012
Net revenues	$1,151,919	$1,126,746
Costs of products sold	872,328	842,418
Gross profit	279,591	284,328
Selling, general, and administrative expenses	183,874	173,253
Executive compensation charge (credit)	(1,778)	-
Gain on sale of property	-	(12,153)
Operating income	97,495	123,228
Other income (expense):		
Interest expense	(11,310)	(10,256)
Other	899	(786)
	(10,411)	(11,042)
Income before taxes	87,084	112,186
Income taxes	26,458	32,281
Net earnings	60,626	79,905
Less: net earnings attributable to noncontrolling interests	386	422
Net earnings attributable to Vishay stockholders	$60,240	$79,483
Basic earnings per share attributable to Vishay stockholders	$0.42	$0.51
Diluted earnings per share attributable to Vishay stockholders	$0.40	$0.49
Weighted average shares outstanding - basic	143,544	154,831
Weighted average shares outstanding - diluted	151,256	161,596

See accompanying notes.

VISHAY INTERTECHNOLOGY, INC.
Consolidated Condensed Statements of Comprehensive Income
(Unaudited - In thousands)

	Six fiscal months ended	
	June 29, 2013	June 30, 2012
Net earnings	$60,626	$79,905
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustment	(14,671)	(27,217)
Pension and other post-retirement actuarial items	6,172	5,555
Unrealized gain (loss) on available-for-sale securities	(214)	657
Other comprehensive income (loss)	(8,713)	(21,005)
Comprehensive income	51,913	58,900
Less: comprehensive income attributable to noncontrolling interests	386	422
Comprehensive income attributable to Vishay stockholders	$51,527	$58,478

See accompanying notes.
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VISHAY INTERTECHNOLOGY, INC.
Consolidated Condensed Statements of Cash Flows
(Unaudited - In thousands)

	Six fiscal months ended	
	June 29, 2013	June 30, 2012
Operating activities		
Net earnings	$60,626	$79,905
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	83,456	83,838
(Gain) loss on disposal of property and equipment	86	(13,070)
Accretion of interest on convertible debentures	1,787	1,308
Inventory write-offs for obsolescence	9,479	10,050
Other	(3,929)	8,110
Net change in operating assets and liabilities, net of effects of businesses acquired	(57,437)	(75,737)
Net cash provided by operating activities	94,068	94,404
Investing activities		
Capital expenditures	(47,173)	(47,298)
Proceeds from sale of property and equipment	3,252	6,355
Purchase of businesses, net of cash acquired	(23,034)	(85,493)
Purchase of short-term investments	(361,940)	(201,143)
Maturity of short-term investments	190,602	207,077
Other investing activities	934	(640)
Net cash used in investing activities	(237,359)	(121,142)
Financing activities		
Proceeds from long-term borrowings	-	150,000
Issuance costs	-	(4,827)
Common stock repurchase	-	(150,000)
Principal payments on long-term debt and capital leases	(14)	(16)
Net proceeds (payments) on revolving credit lines	11,000	5,000
Net changes in short-term borrowings	698	(2)
Proceeds from stock options exercised	-	174
Excess tax benefit from RSUs vested	456	-
Net cash provided by financing activities	12,140	329
Effect of exchange rate changes on cash and cash equivalents	(5,245)	(13,907)
Net decrease in cash and cash equivalents	(136,396)	(40,316)
Cash and cash equivalents at beginning of period	697,595	749,088
Cash and cash equivalents at end of period	$561,199	$708,772

See accompanying notes.

VISHAY INTERTECHNOLOGY, INC.
Consolidated Condensed Statement of Equity
(Unaudited - In thousands, except share amounts)

	Common Stock	Class B Convertible Common Stock	Capital in Excess of Par Value	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Vishay Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2013	$13,114	$1,213	$1,999,901	$(380,678)	$(10,222)	$1,623,328	$4,908	$1,628,236
Net earnings	-	-	-	60,240	-	60,240	386	60,626
Other comprehensive income	-	-	-	-	(8,713)	(8,713)	-	(8,713)
Restricted stock issuances (335,107 shares)	34	-	(2,184)	-	-	(2,150)	-	(2,150)
Stock compensation expense	-	-	(1,592)	-	-	(1,592)	-	(1,592)
Tax effects of stock plan	-	-	456	-	-	456	-	456
Balance at June 29, 2013	$13,148	$1,213	$1,996,581	$(320,438)	$(18,935)	$1,671,569	$5,294	$1,676,863

See accompanying notes.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Vishay Intertechnology, Inc.
Notes to Consolidated Condensed Financial Statements
(Unaudited)

Note 1 – Basis of Presentation

The accompanying unaudited consolidated condensed financial statements of Vishay Intertechnology, Inc. ("Vishay" or the "Company") have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for presentation of financial position, results of operations, and cash flows required by accounting principles generally accepted in the United States ("GAAP") for complete financial statements. The information furnished reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair summary of the financial position, results of operations, and cash flows for the interim periods presented. The financial statements should be read in conjunction with the consolidated financial statements filed with the Company's Annual Report on Form 10 K for the year ended December 31, 2012. The results of operations for the fiscal quarter and six fiscal months ended June 29, 2013 are not necessarily indicative of the results to be expected for the full year.

The Company reports interim financial information for 13-week periods beginning on a Sunday and ending on a Saturday, except for the first fiscal quarter, which always begins on January 1, and the fourth fiscal quarter, which always ends on December 31. The four fiscal quarters in 2013 end on March 30, 2013, June 29, 2013, September 28, 2013, and December 31, 2013, respectively. The four fiscal quarters in 2012 ended on March 31, 2012, June 30, 2012, September 29, 2012, and December 31, 2012, respectively.

Recently Adopted Accounting Guidance

In February 2013, the FASB issued Accounting Standards Update ("ASU") No. 2013-02, Comprehensive Income (Topic 220), Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. The ASU adds new disclosure requirements for items reclassified out of accumulated other comprehensive income. The ASU does not amend any existing requirements for reporting net income or other comprehensive income in the financial statements. The ASU is effective for the Company for interim and annual periods beginning after January 1, 2013. Vishay adopted the ASU on January 1, 2013. The adoption of the ASU had no effect on the Company's financial position, results of operations, or liquidity.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current financial statements presentation.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 2 – Acquisition Activities

As part of its growth strategy, the Company seeks to expand through targeted acquisitions of other manufacturers of electronic components that have established positions in major markets, reputations for product quality and reliability, and product lines with which the Company has substantial marketing and technical expertise.

MCB Industrie S.A.

On June 13, 2013, Vishay acquired MCB Industrie S.A. ("MCB Industrie") in France, a well-established manufacturer of specialty resistors and sensors, for $23,034, net of cash acquired. The products and technology portfolio acquired is expected to enable Vishay to expand its presence in the European industrial market. For financial reporting purposes, the results of operations for this business have been included in the Resistors & Inductors segment from June 13, 2013. The inclusion of this business did not have a material impact on the Company's consolidated results for the fiscal quarter or six fiscal months ended June 29, 2013. Based on an estimate of their fair values, the Company allocated $6,196 of the purchase price to definite-lived intangible assets. After allocating the purchase price to the assets acquired and liabilities assumed based on an estimation of their fair values at the date of acquisition, the Company recorded goodwill of $8,702 related to this acquisition. The goodwill associated with this transaction is not deductible for income tax purposes. The Company will test the goodwill for impairment at least annually in accordance with GAAP. The preliminary allocation is pending finalization of appraisals for property and equipment and intangible assets, environmental assessments, and completion of other customary post-closing review activities. There can be no assurance that the estimated amounts recorded represent the final purchase allocation.

Had this acquisition occurred as of the beginning of the periods presented in these consolidated condensed financial statements, the pro forma statements of operations would not be materially different than the consolidated condensed statements of operations presented.

The remaining fluctuation in the goodwill account balance is due to foreign currency translation.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 3 – Restructuring and Related Activities

Gain on Sale of Vacated Property

On April 3, 2012, Vishay sold a property in Belgium vacated as a result of its restructuring activities in prior years for approximately $14,200. Vishay recognized a gain on the sale of the property of $12,153 within its statements of operations and proceeds from the sale of property and equipment of $3,406 within its statement of cash flows in the second fiscal quarter of 2012. The remaining proceeds are reported as proceeds from the sale of property and equipment within the statements of cash flows as the cash is received.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 4 – Income Taxes

The provision for income taxes consists of provisions for federal, state, and foreign income taxes. The effective tax rates for the periods ended June 29, 2013 and June 30, 2012 reflect the Company's expected tax rate on reported income from continuing operations before income tax and tax adjustments. The Company operates in a global environment with significant operations in various jurisdictions outside the United States. Accordingly, the consolidated income tax rate is a composite rate reflecting the Company's earnings and the applicable tax rates in the various jurisdictions where the Company operates.

As a result of the retroactive enactment of the American Taxpayer Relief Act of 2012, which was signed into law on January 2, 2013, the Company recorded one-time tax benefits of $1,330 in the consolidated condensed statement of operations during the six fiscal months ended June 29, 2013.

During the six fiscal months ended June 29, 2013, the liabilities for unrecognized tax benefits decreased by $7,947 on a net basis, principally due to payments and the expiration of statute of limitations offset by increases for tax positions taken in prior periods and interest.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 5 – Long-Term Debt

Long-term debt consists of the following:

	June 29, 2013	December 31, 2012
Credit facility	$100,000	$89,000
Exchangeable unsecured notes, due 2102	95,042	95,042
Convertible senior debentures, due 2040	100,891	100,166
Convertible senior debentures, due 2041	51,760	51,399
Convertible senior debentures, due 2042	57,699	57,324
	405,392	392,931
Less current portion	-	-
	$405,392	$392,931

Convertible Senior Debentures

Vishay currently has three issuances of convertible senior debentures outstanding with generally congruent terms. The following table summarizes some key facts and terms regarding the three series of outstanding convertible senior debentures:

	Due 2040	Due 2041	Due 2042
Issuance date	November 9, 2010	May 13, 2011	May 31, 2012
Maturity date	November 15, 2040	May 15, 2041	June 1, 2042
Principal amount	$275,000	$150,000	$150,000
Cash coupon rate (per annum)	2.25 %	2.25 %	2.25 %
Nonconvertible debt borrowing rate at issuance (per annum)	8.00 %	8.375 %	7.50 %
Initial conversion rate (per $1 principal amount)	72.0331	52.5659	84.6937
Effective conversion price (per share)	$13.88	$19.02	$11.81
130% of the conversion price (per share)	$18.04	$24.73	$15.35
Call date	November 20, 2020	May 20, 2021	June 7, 2022

GAAP requires an issuer to separately account for the liability and equity components of the instrument in a manner that reflects the issuer's nonconvertible debt borrowing rate when interest costs are recognized in subsequent periods. The resulting discount on the debt is amortized as non-cash interest expense in future periods.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

The carrying values of the liability and equity components of the convertible debentures are reflected in the Company's consolidated condensed balance sheets as follows:

	Principal amount of the debentures	Unamortized discount	Embedded derivative	Carrying value of liability component	Equity component - net carrying value
June 29, 2013					
Due 2040	$ 275,000	(174,568)	459	$ 100,891	$ 110,094
Due 2041	$ 150,000	(98,552)	312	$ 51,760	$ 62,246
Due 2042	$ 150,000	(92,507)	206	$ 57,699	$ 57,874
Total	$ 575,000	$ (365,627)	$ 977	$ 210,350	$ 230,214
December 31, 2012					
Due 2040	$ 275,000	(175,456)	622	$ 100,166	$ 110,094
Due 2041	$ 150,000	(99,000)	399	$ 51,399	$ 62,246
Due 2042	$ 150,000	(92,958)	282	$ 57,324	$ 57,874
Total	$ 575,000	$ (367,414)	$ 1,303	$ 208,889	$ 230,214

Interest is payable on the debentures semi-annually at the cash coupon rate; however, the remaining debt discount is being amortized as additional non-cash interest expense using an effective annual interest rate equal to the Company's estimated nonconvertible debt borrowing rate at the time of issuance. In addition to ordinary interest, contingent interest will accrue in certain circumstances relating to the trading price of the debentures and under certain other circumstances beginning ten years subsequent to issuance.

Interest expense related to the debentures is reflected on the consolidated condensed statements of operations for the fiscal quarters ended:

	Contractual coupon interest	Non-cash amortization of debt discount	Non-cash amortization of deferred financing costs	Non-cash change in value of derivative liability	Total interest expense related to the debentures
June 29, 2013					
Due 2040	$ 1,547	448	22	(16)	$ 2,001
Due 2041	$ 844	226	12	1	$ 1,083
Due 2042	$ 844	227	14	(3)	$ 1,082
Total	$ 3,235	$ 901	$ 48	$ (18)	$ 4,166
June 30, 2012					
Due 2040	$ 1,547	414	22	71	$ 2,054
Due 2041	$ 844	209	12	109	$ 1,174
Due 2042	$ 291	74	5	42	$ 412
Total	$ 2,682	$ 697	$ 39	$ 222	$ 3,640

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Interest expense related to the debentures is reflected on the consolidated condensed statements of operations for the six fiscal months ended:

	Contractual coupon interest	Non-cash amortization of debt discount	Non-cash amortization of deferred financing costs	Non-cash change in value of derivative liability	Total interest expense related to the debentures
June 29, 2013					
Due 2040	$ 3,094	888	44	(163)	$ 3,863
Due 2041	$ 1,688	448	24	(87)	$ 2,073
Due 2042	$ 1,688	451	27	(76)	$ 2,090
Total	$ 6,470	$ 1,787	$ 95	$ (326)	$ 8,026
June 30, 2012					
Due 2040	$ 3,094	821	44	(33)	$ 3,926
Due 2041	$ 1,688	413	24	34	$ 2,159
Due 2042	$ 291	74	5	42	$ 412
Total	$ 5,073	$ 1,308	$ 73	$ 43	$ 6,497

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 6 – Accumulated Other Comprehensive Income (Loss)

The cumulative balance of each component of other comprehensive income (loss) and the income tax effects allocated to each component are as follows:

	Pension and other post-retirement actuarial items	Currency translation adjustment	Unrealized gain (loss) on available-for-sale securities	Total
Balance at January 1, 2013	$ (178,956)	$ 167,461	$ 1,273	$ (10,222)
Other comprehensive income before reclassifications	-	(14,671)	335	$ (14,336)
Tax effect	-	-	(117)	$ (117)
Other comprehensive income before reclassifications, net of tax	-	(14,671)	218	$ (14,453)
Amounts reclassified out of AOCI	9,207	-	(687)	$ 8,520
Tax effect	(3,035)	-	255	$ (2,780)
Amounts reclassified out of AOCI, net of tax	6,172	-	(432)	$ 5,740
Net comprehensive income	$ 6,172	$ (14,671)	$ (214)	$ (8,713)
Balance at June 29, 2013	$ (172,784)	$ 152,790	$ 1,059	$ (18,935)

Reclassifications of pension and other post-retirement actuarial items out of AOCI are included in the computation of net periodic benefit cost. (See Note 7 for further information). The amount of unrealized gains (losses) on available-for-sale securities reclassified out of AOCI as a result of sales of securities held by the Company's rabbi trust used to fund a deferred compensation plan was $676 and $731, respectively, for the fiscal quarter and six fiscal months ended June 29, 2013. These reclassifications are recorded as a component of compensation expense within Selling, General, and Administrative expenses on our consolidated condensed statements of operations. The gross amount of unrealized gains (losses) on available-for-sale securities reclassified out of AOCI as a result of sales of available-for-sale securities was $(39) and $(44), respectively, for the fiscal quarter and six fiscal months ended June 29, 2013. These reclassifications are recorded as a component of Other Income on our consolidated condensed statements of operations. The tax effect of the reclassifications of unrealized gains (losses) on available-for-sale securities is recorded as a component of Income Tax Expense on our consolidated condensed statements of operations.

Other comprehensive income (loss) includes Vishay's proportionate share of other comprehensive income (loss) of nonconsolidated subsidiaries accounted for under the equity method.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 7 – Pensions and Other Postretirement Benefits

The Company maintains various retirement benefit plans.

The following table shows the components of the net periodic pension cost for the second fiscal quarters of 2013 and 2012 for the Company's defined benefit pension plans:

	Fiscal quarter ended June 29, 2013		Fiscal quarter ended June 30, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Net service cost	$-	$ 872	$-	$ 811
Interest cost	3,474	2,012	3,923	2,344
Expected return on plan assets	(4,586)	(520)	(4,770)	(414)
Amortization of prior service cost (credit)	245	(8)	550	-
Amortization of losses	3,507	828	3,174	416
Net periodic benefit cost	$2,640	$ 3,184	$2,877	$ 3,157

The following table shows the components of the net periodic pension cost for the six fiscal months ended June 29, 2013 and June 30, 2012 for the Company's defined benefit pension plans:

	Six fiscal months ended June 29, 2013		Six fiscal months ended June 30, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Net service cost	$-	$ 1,757	$-	$ 1,625
Interest cost	6,941	4,054	7,850	4,718
Expected return on plan assets	(9,562)	(1,049)	(9,486)	(826)
Amortization of prior service cost (credit)	489	(17)	1,100	-
Amortization of losses	7,465	1,667	6,285	834
Net periodic benefit cost	$5,333	$ 6,412	$5,749	$ 6,351

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

The following table shows the components of the net periodic benefit cost for the second fiscal quarters of 2013 and 2012 for the Company's other postretirement benefit plans:

	Fiscal quarter ended June 29, 2013		Fiscal quarter ended June 30, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Service cost	$27	$ 74	$18	$ 63
Interest cost	79	63	131	71
Amortization of prior service (credit)	(199)	-	(102)	-
Amortization of transition obligation	-	-	8	-
Amortization of losses (gains)	1	-	(26)	-
Net periodic benefit cost	$(92)	$ 137	$29	$ 134

The following table shows the components of the net periodic pension cost for the six fiscal months ended June 29, 2013 and June 30, 2012 for the Company's other postretirement benefit plans:

	Six fiscal months ended June 29, 2013		Six fiscal months ended June 30, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Service cost	$55	$ 148	$36	$ 127
Interest cost	157	127	261	144
Amortization of prior service (credit)	(399)	-	(204)	-
Amortization of transition obligation	-	-	16	-
Amortization of losses (gains)	2	-	(48)	-
Net periodic benefit cost	$(185)	$ 275	$61	$ 271

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 8 – Stock-Based Compensation

The Company has various stockholder-approved programs which allow for the grant of stock-based compensation to officers, employees, and non-employee directors of the Company.

The amount of compensation cost related to stock-based payment transactions is measured based on the grant-date fair value of the equity instruments issued. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. The Company determines compensation cost for restricted stock units ("RSUs"), phantom stock units, and restricted stock based on the grant-date fair value of the underlying common stock. Compensation cost is recognized over the period that an officer, employee, or non-employee director provides service in exchange for the award.

The following table summarizes stock-based compensation expense recognized:

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Stock options	$6	$20	$18	$47
Restricted stock units	(2,646)	1,133	(1,718)	2,268
Phantom stock units	-	-	108	93
Total	$(2,640)	$1,153	$(1,592)	$2,408

Stock-based compensation for the fiscal quarter and six fiscal months ended June 29, 2013, as presented in the table above, includes the reversal of stock-based compensation expense recognized for the performance-based RSUs scheduled to vest on January 1, 2014 at the time it was determined that achievement of the performance-based vesting criteria was no longer probable. $1,778 of these reversed costs had been originally reported as a separate line item upon cessation of employment of certain former executives in 2011, and accordingly, this adjustment is also reported as a separate line item in the consolidated condensed statements of operations.

The following table summarizes unrecognized compensation cost and the weighted average remaining amortization periods at June 29, 2013 (amortization periods in years):

	Unrecognized Compensation Cost	Weighted Average Remaining Amortization Periods
Stock options	$ -	0.0
Restricted stock units	12,814	1.6
Phantom stock units	-	0.0
Total	$ 12,814	

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

2007 Stock Incentive Plan

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, RSUs, and stock options, to officers, employees, and non-employee directors of the Company. Such instruments are available for grant until May 22, 2017.

Stock Options

In addition to stock options outstanding pursuant to the 2007 Program, during the periods presented, the Company had stock options outstanding under previous stockholder-approved stock option programs. These programs are more fully described in Note 12 to the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2012. No additional options may be granted pursuant to these programs.

At December 31, 2012 and June 29, 2013, there were 109,000 options outstanding with a weighted average exercise price of $15.24. At June 29, 2013, the weighted average remaining contractual life of all outstanding options was 3.74 years.

During the six fiscal months ended June 29, 2013, 30,000 options vested. At June 29, 2013, there were no unvested options outstanding.

The pretax aggregate intrinsic value (the difference between the closing stock price on the last trading day of the second fiscal quarter of 2013 of $13.89 per share and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on June 29, 2013 is $37. This amount changes based on changes in the market value of the Company's common stock. During the six fiscal months ended June 29, 2013, no options were exercised.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Restricted Stock Units

RSU activity under the 2007 Program as of June 29, 2013 and changes during the six fiscal months then ended are presented below (number of RSUs in thousands):

	Number of RSUs	Weighted Average Grant-date Fair Value per Unit
Outstanding:		
January 1, 2013	1,316	$ 12.53
Granted	374	12.76
Vested*	(500)	9.82
Cancelled or forfeited	-	-
Outstanding at June 29, 2013	1,190	$ 13.74
Expected to vest at June 29, 2013	681	

* The number of RSUs vested includes shares that the Company withheld on behalf of employees to satisfy the statutory tax withholding requirements.

The Company recognizes compensation cost for RSUs that are expected to vest. The Company expects all performance-based vesting criteria for the outstanding performance-based RSUs that are scheduled to vest on January 1, 2016 will be achieved. The stock-based compensation expense recognized for 233,000 performance-based RSUs scheduled to vest on January 1, 2014 was reversed in the second fiscal quarter of 2013 at the time that it was determined that achievement of the performance-based vesting criteria was no longer probable. The stock-based compensation expense recognized for 276,000 performance-based RSUs scheduled to vest on January 1, 2015 was reversed in the fourth fiscal quarter of 2012 at the time that it was determined that achievement of the performance-based vesting criteria was no longer probable. RSUs with performance-based vesting criteria are expected to vest as follows (number of RSUs in thousands):

Vesting Date	Number of RSUs
January 1, 2014	-
January 1, 2015	-
January 1, 2016	222

Phantom Stock Plan

The Company maintains a phantom stock plan for certain senior executives. The plan authorizes the grant of up to 300,000 phantom stock units to the extent provided for in the Company's employment agreements with such senior executives. Each phantom stock unit entitles the recipient to receive a share of common stock at the individual's termination of employment or any other future date specified in the applicable employment agreement. The phantom stock units are fully vested at all times.

Phantom stock unit activity under the phantom stock plan as of June 29, 2013 and changes during the six fiscal months then ended are presented below (number of phantom stock units in thousands):

	Number of units	Grant-date Fair Value per Unit
Outstanding:		
January 1, 2013	97	
Granted	10	$ 10.75
Redeemed for common stock	-	
Outstanding at June 29, 2013	107	

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 9 – Segment Information

Vishay operates, and its chief operating decision maker makes strategic and operating decisions with regards to assessing performance and allocating resources based on, five reporting segments: MOSFETs, Diodes, Optoelectronic Components, Resistors & Inductors, and Capacitors.

The Company evaluates business segment performance on operating income, exclusive of certain items ("segment operating income"). Only dedicated, direct selling, general, and administrative expenses of the segments are included in the calculation of segment operating income. The Company's calculation of segment operating income excludes such selling, general, and administrative costs as global operations, sales and marketing, information systems, finance and administration groups, as well as restructuring and severance costs, asset write-downs, goodwill and indefinite-lived intangible asset impairments, inventory write-downs, gains or losses on purchase commitments, and other items. Management believes that evaluating segment performance excluding such items is meaningful because it provides insight with respect to intrinsic operating results of the Company. These items represent reconciling items between segment operating income and consolidated operating income. Business segment assets are the owned or allocated assets used by each business.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

The following tables set forth business segment information:

	MOSFETs	Diodes	Optoelectronic Components	Resistors & Inductors	Capacitors	Total
Fiscal quarter ended June 29, 2013:						
Product Sales	$ 115,484	$ 140,623	$ 58,397	$ 169,817	$ 111,749	$ 596,070
Royalty Revenues	79	-	-	1,516	-	$ 1,595
Total Revenue	$ 115,563	$ 140,623	$ 58,397	$ 171,333	$ 111,749	$ 597,665
Gross Margin	$ 16,466	$ 31,427	$ 19,151	$ 54,345	$ 21,468	$ 142,857
Fiscal quarter ended June 30, 2012:						
Product Sales	$ 111,326	$ 136,008	$ 58,083	$ 164,903	$ 116,347	$ 586,667
Royalty Revenues	37	-	-	1,495	-	$ 1,532
Total Revenue	$ 111,363	$ 136,008	$ 58,083	$ 166,398	$ 116,347	$ 588,199
Gross Margin	$ 18,709	$ 28,676	$ 18,605	$ 55,073	$ 26,556	$ 147,619
Six fiscal months ended June 29, 2013:						
Product Sales	$ 216,330	$ 265,735	$ 114,623	$ 333,745	$ 217,911	$ 1,148,344
Royalty Revenues	121	-	-	3,454	-	$ 3,575
Total Revenue	$ 216,451	$ 265,735	$ 114,623	$ 337,199	$ 217,911	$ 1,151,919
Gross Margin	$ 29,366	$ 58,688	$ 38,925	$ 106,946	$ 45,666	$ 279,591
Six fiscal months ended June 30, 2012:						
Product Sales	$ 206,027	$ 256,142	$ 108,695	$ 322,157	$ 230,273	$ 1,123,294
Royalty Revenues	174	-	27	3,251	-	$ 3,452
Total Revenue	$ 206,201	$ 256,142	$ 108,722	$ 325,408	$ 230,273	$ 1,126,746
Gross Margin	$ 29,326	$ 53,730	$ 35,899	$ 109,332	$ 56,041	$ 284,328

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Operating margin reconciliation:				
MOSFETs	$5,682	$8,676	$8,515	$9,999
Diodes	25,339	22,682	46,728	42,041
Optoelectronic Components	15,558	15,192	31,767	29,237
Resistors & Inductors	45,540	46,688	89,740	93,200
Capacitors	15,585	20,951	34,041	44,868
Executive Compensation Credit (Charge)	1,778	-	1,778	-
Gain on Sale of Property	-	12,153	-	12,153
Unallocated Selling, General, and Administrative Expenses	(57,592)	(53,459)	(115,074)	(108,270)
Consolidated Operating Income	$51,890	$72,883	$97,495	$123,228

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 10 – Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share attributable to Vishay stockholders (shares in thousands):

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Numerator:				
Numerator for basic earnings per share:				
Net earnings	$31,309	$45,671	$60,240	$79,483
Adjustment to the numerator for continuing operations and net earnings:				
Interest savings assuming conversion of dilutive convertible and exchangeable notes, net of tax	44	72	91	162
Numerator for diluted earnings per share:				
Net earnings	$31,353	$45,743	$60,331	$79,645
Denominator:				
Denominator for basic earnings per share:				
Weighted average shares	143,603	152,462	143,544	154,831
Effect of dilutive securities:				
Convertible and exchangeable debt instruments	7,913	6,176	7,288	6,176
Restricted stock units	249	513	313	489
Other	115	98	111	100
Dilutive potential common shares	8,277	6,787	7,712	6,765
Denominator for diluted earnings per share:				
Adjusted weighted average shares	151,880	159,249	151,256	161,596
Basic earnings per share attributable to Vishay stockholders	$0.22	$0.30	$0.42	$0.51
Diluted earnings per share attributable to Vishay stockholders	$0.21	$0.29	$0.40	$0.49

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Diluted earnings per share for the periods presented do not reflect the following weighted average potential common shares that would have an antidilutive effect or have unsatisfied performance conditions (in thousands):

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Convertible and exchangeable notes:				
Convertible Senior Debentures, due 2040	19,809	19,809	19,809	19,809
Convertible Senior Debentures, due 2041	7,885	7,885	7,885	7,885
Convertible Senior Debentures, due 2042	-	4,328	-	2,164
Weighted average employee stock options	77	296	91	244
Weighted average warrants	-	8,824	-	8,824
Weighted average other	302	194	412	201

In periods in which they are dilutive, if the potential common shares related to the exchangeable notes are included in the computation, the related interest savings, net of tax, assuming conversion/exchange is added to the net earnings used to compute earnings per share.

The Company's convertible debt instruments are only convertible upon the occurrence of certain events. While none of these events has occurred as of June 29, 2013, certain conditions which could trigger conversion have been deemed to be non-substantive, and accordingly, the Company has always assumed the conversion of these instruments in its diluted earnings per share computation during periods in which they are dilutive.

At the direction of its Board of Directors, the Company intends, upon conversion, to repay the principal amounts of the convertible senior debentures, due 2040, due 2041, and due 2042, in cash and settle any additional amounts in shares of Vishay common stock. Accordingly, the debentures are included in the diluted earnings per share computation using the "treasury stock method" (similar to options and warrants) rather than the "if converted method" otherwise required for convertible debt. Under the "treasury stock method," Vishay calculates the number of shares issuable under the terms of the debentures based on the average market price of Vishay common stock during the period, and that number is included in the total diluted shares figure for the period. If the average market price is less than $13.88, no shares are included in the diluted earnings per share computation for the convertible senior debentures due 2040, if the average market price is less than $19.02, no shares are included in the diluted earnings per share computation for the convertible senior debentures due 2041, and if the average market price is less than $11.81, no shares are included in the diluted earnings per share computation for the convertible senior debentures due 2042.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Note 11 – Fair Value Measurements

The fair value measurement accounting guidance establishes a valuation hierarchy of the inputs used to measure fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect the Company's own assumptions.

An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. There have been no changes in the classification of any financial instruments within the fair value hierarchy in the periods presented.

The following table provides the financial assets and liabilities carried at fair value measured on a recurring basis:

	Total Fair Value	Level 1	Level 2	Level 3
June 29, 2013:				
Assets:				
Assets held in rabbi trusts	$34,862	$22,739	$12,123	$-
Available for sale securities	$6,826	6,826	-	-
	$41,688	$29,565	$12,123	$-
Liabilities:				
Embedded derivative - convertible debentures due 2040	$(459)	$-	$-	$(459)
Embedded derivative - convertible debentures due 2041	$(312)	-	-	(312)
Embedded derivative - convertible debentures due 2042	$(206)	-	-	(206)
	$(977)	$-	$-	$(977)
December 31, 2012:				
Assets:				
Assets held in rabbi trusts	$33,751	$21,954	$11,797	$-
Available for sale securities	$7,580	7,580	-	-
	$41,331	$29,534	$11,797	$-
Liabilities:				
Embedded derivative - convertible debentures due 2040	$(622)	$-	$-	$(622)
Embedded derivative - convertible debentures due 2041	$(399)	-	-	(399)
Embedded derivative - convertible debentures due 2042	$(282)	-	-	(282)
	$(1,303)	$-	$-	$(1,303)

The Company maintains non-qualified trusts, referred to as "rabbi" trusts, to fund payments under deferred compensation and non-qualified pension plans. Rabbi trust assets consist primarily of marketable securities, classified as available-for-sale and company-owned life insurance assets. The marketable securities held in the rabbi trusts are

valued using quoted market prices on the last business day of the period. The company-owned life insurance assets are valued in consultation with the Company's insurance brokers using the value of underlying assets of the insurance contracts. The fair value measurement of the marketable securities held in the rabbi trust is considered a Level 1 measurement and the measurement of the company-owned life insurance assets is considered a Level 2 measurement within the fair value hierarchy.

The Company holds available for sale investments in debt securities that are intended to fund a portion of its pension and other postretirement benefit obligations outside of the United States. The investments are valued based on quoted market prices on the last business day of the year. The fair value measurement of the investments is considered a Level 1 measurement within the fair value hierarchy.

The convertible senior debentures, due 2040, due 2041, and due 2042, issued by the Company on November 9, 2010, May 13, 2011, and May 31, 2012, respectively, contain embedded derivative features that GAAP requires to be bifurcated and remeasured each reporting period. Each quarter, the change in the fair value of the embedded derivative features, if any, is recorded in the consolidated condensed statements of operations. The Company uses a derivative valuation model to derive the value of the embedded derivative features. Key inputs into this valuation model are the Company's current stock price, risk-free interest rates, the stock dividend yield, the stock volatility, and the debentures' credit spread over London Interbank Offered Rate ("LIBOR"). The first three aforementioned inputs are based on observable market data and are considered Level 2 inputs while the last two aforementioned inputs are unobservable and thus require management's judgment and are considered Level 3 inputs. The fair value measurement is considered a Level 3 measurement within the fair value hierarchy.

The fair value of the long-term debt, excluding the derivative liabilities, at June 29, 2013 and December 31, 2012 is approximately $830,800 and $686,800, respectively, compared to its carrying value, excluding the derivative liabilities, of $404,415, and $391,628, respectively. The Company estimates the fair value of its long-term debt using a combination of quoted market prices for similar financing arrangements and expected future payments discounted at risk-adjusted rates, which are considered Level 2 inputs.

At June 29, 2013 and December 31, 2012, the Company's short-term investments were comprised of time deposits with financial institutions that have maturities that exceed 90 days from the date of acquisition; however they all mature within one year from the respective balance sheet dates. The short-term investments are accounted for as held-to-maturity debt instruments, at amortized cost, which approximates their fair value. The investments are funded with excess cash not expected to be needed for operations prior to maturity; therefore, the Company believes it has the intent and ability to hold the short-term investments until maturity. At each reporting date, the Company performs an evaluation to determine if any unrealized losses are other-than-temporary. No other-than-temporary impairments have been recognized on these securities, and there are no unrecognized holding gains or losses for these securities during the periods presented. There have been no transfers to or from the held-to-maturity classification. All decreases in the account balance are due to returns of principal at the securities' maturity dates. Interest on the securities is recognized as interest income when earned.

At June 29, 2013 and December 31, 2012, the Company's cash and cash equivalents were comprised of demand deposits, time deposits with maturities of three months or less when purchased, and money market funds. The Company estimates the fair value of its cash, cash equivalents, and short-term investments using level 2 inputs. Based on the current interest rates for similar investments with comparable credit risk and time to maturity, the fair value of the Company's cash, cash equivalents, and short-term investments approximate the carrying amounts reported in the consolidated condensed balance sheets.

The Company's financial instruments also include accounts receivable, short-term notes payable, and accounts payable. The carrying amounts for these financial instruments reported in the consolidated condensed balance sheets approximate their fair values.

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

Overview

Vishay Intertechnology, Inc. ("Vishay," "we," "us," or "our") is a global manufacturer and supplier of discrete semiconductors and passive components, including power MOSFETs, power integrated circuits, transistors, diodes, optoelectronic components, resistors, capacitors, and inductors. Discrete semiconductors and passive components manufactured by Vishay are used in virtually all types of electronic products, including those in the industrial, computing, automotive, consumer electronic products, telecommunications, power supplies, military/aerospace, and medical industries.

We operate in five product segments: MOSFETs; Diodes; Optoelectronic Components; Resistors & Inductors; and Capacitors.

Since 1985, we have pursued a business strategy of growth through focused research and development and acquisitions. Through this strategy, we have grown to become one of the world's largest manufacturers of discrete semiconductors and passive components. We expect to continue our strategy of acquisitions while also maintaining a prudent capital structure.

We are focused on enhancing stockholder value and improving earnings per share. In addition to our growth plan, we also have opportunistically repurchased our stock. We have repurchased 44.3 million shares of our common stock since the fourth fiscal quarter of 2010, representing 24% of our shares outstanding before we began this initiative. The permitted capacity to repurchase shares of stock under our credit facility increases each quarter by an amount equal to 20% of net income. At June 29, 2013, our total capacity to repurchase shares of stock under our credit facility is $186.6 million. Although we have no current plans, we will continue to evaluate attractive stock repurchase opportunities.

Our business and operating results have been and will continue to be impacted by worldwide economic conditions. Our revenues are dependent on end markets that are impacted by consumer and industrial demand, and our operating results can be adversely affected by reduced demand in those global markets. For several years, we implemented aggressive cost reduction programs. We continue to monitor the current economic environment and its potential effects on our customers and the end markets that we serve. Additionally, we continue to closely monitor our costs, inventory, and capital resources to respond to changing conditions and to ensure we have the management, business processes, and resources to meet our future needs. See additional information regarding our competitive strengths and key challenges as disclosed in Part 1 of our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission (the "SEC") on February 20, 2013.

We utilize several financial metrics, including net revenues, gross profit margin, segment operating income, end-of-period backlog, book-to-bill ratio, inventory turnover, change in average selling prices, net cash and short-term investments (debt), and free cash generation to evaluate the performance and assess the future direction of our business. (See further discussion in "Financial Metrics" and "Financial Condition, Liquidity, and Capital Resources.") The year 2012 was characterized by a strong first half and a weak second half. Through the first six fiscal months of 2012, our business was recovering from the reduction in demand and high inventory levels experienced in the last six fiscal months of 2011, but experienced another substantial downturn in demand in the third fiscal quarter of 2012, which continued through the end of 2012. Improving economic conditions, which began in the first fiscal quarter of 2013 and continued in the second fiscal quarter of 2013, supported an improvement in nearly all key financial metrics compared to the second half of 2012.

Net revenues for the fiscal quarter ended June 29, 2013 were $597.7 million, compared to $588.2 million for the fiscal quarter ended June 30, 2012. The net earnings attributable to Vishay stockholders for the fiscal quarter ended June

29, 2013 were $31.3 million, or $0.21 per diluted share, compared to $45.7 million, or $0.29 per diluted share for the fiscal quarter ended June 30, 2012.

Net revenues for the six fiscal months ended June 29, 2013 were $1,151.9 million, compared to $1,126.7 million for the six fiscal months ended June 30, 2012. The net earnings attributable to Vishay stockholders for the six fiscal months ended June 29, 2013 were $60.2 million, or $0.40 per diluted share, compared to $79.5 million, or $0.49 per diluted share for the six fiscal months ended June 30, 2012.

Net earnings attributable to Vishay stockholders for the fiscal quarters and six fiscal months ended June 29, 2013 and June 30, 2012 include items affecting comparability. The reconciliation below includes certain financial measures which are not recognized in accordance with GAAP, including adjusted net earnings and adjusted net earnings per share. These non-GAAP measures should not be viewed as an alternative to GAAP measures of performance. Non-GAAP measures such as adjusted net earnings and adjusted net earnings per share do not have uniform definitions. These measures, as calculated by Vishay, may not be comparable to similarly titled measures used by other companies. Management believes that these measures are meaningful because they provide insight with respect to our intrinsic operating results. Reconciling items to arrive at adjusted net earnings represent significant charges or credits that are important to understanding our intrinsic operations.

The items affecting comparability are (in thousands, except per share amounts):

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
GAAP net earnings attributable to Vishay stockholders	$31,309	$45,671	$60,240	$79,483
<u>Reconciling items affecting operating margin:</u>				
Executive compensation charge (credit)	$(1,778)	$-	$(1,778)	$-
Gain on sale of property	-	(12,153)	-	(12,153)
<u>Reconciling items affecting tax expense:</u>				
Tax effects of items above and other one-time tax expense (benefit)	$633	$4,131	$(697)	$4,131
Adjusted net earnings	$30,164	$37,649	$57,765	$71,461
Adjusted weighted average diluted shares outstanding	151,880	159,249	151,256	161,596
Adjusted earnings per diluted share *	$0.20	$0.24	$0.38	$0.44

* Includes add-back of interest on exchangeable notes in periods where the notes are dilutive.

Our results for the fiscal quarter and six fiscal months ended June 29, 2013 represent the effects of better economic conditions following a period of business environment deterioration in the last six fiscal months of 2012 as well as temporary fixed cost savings measures. These effects were partially offset by temporary issues in the second fiscal quarter of 2013 that included start-up inefficiencies at a major foundry, inventory valuation effects, increased palladium prices, unfavorable changes in other metals prices, and unfavorable product mix shifts. Our results for the fiscal quarter and six fiscal months ended June 30, 2012 also represented an improving business environment following the downturn and high inventory levels in the supply chain that much of our industry experienced in the last six fiscal months of 2011 as well as more austere temporary fixed cost savings measures.

Financial Metrics

We utilize several financial metrics to evaluate the performance and assess the future direction of our business. These key financial measures and metrics include net revenues, gross profit margin, operating margin, segment operating income, end-of-period backlog, and the book-to-bill ratio. We also monitor changes in inventory turnover and average selling prices ("ASP").

Gross profit margin is computed as gross profit as a percentage of net revenues. Gross profit is generally net revenues less costs of products sold, but also deducts certain other period costs, particularly losses on purchase commitments and inventory write-downs. Losses on purchase commitments and inventory write-downs have the impact of reducing gross profit margin in the period of the charge, but result in improved gross profit margins in subsequent periods by reducing costs of products sold as inventory is used. Gross profit margin is clearly a function of net revenues, but also reflects our cost management programs and our ability to contain fixed costs.

Operating margin is computed as gross profit less operating expenses as a percentage of net revenues. We evaluate business segment performance on segment operating margin. Only dedicated, direct selling, general, and administrative expenses of the segments are included in the calculation of segment operating income. Segment operating margin is computed as operating income less items such as restructuring and severance costs, asset write-downs, goodwill and indefinite-lived intangible asset impairments, inventory write-downs, gains or losses on purchase commitments, global operations, sales and marketing, information systems, finance and administrative groups, and other items, expressed as a percentage of net revenues. We believe that evaluating segment performance excluding such items is meaningful because it provides insight with respect to intrinsic operating results of the segment. Operating margin is clearly a function of net revenues, but also reflects our cost management programs and our ability to contain fixed costs.

End-of-period backlog is one indicator of future revenues. We include in our backlog only open orders that we expect to ship in the next twelve months. If demand falls below customers' forecasts, or if customers do not control their inventory effectively, they may cancel or reschedule the shipments that are included in our backlog, in many instances without the payment of any penalty. Therefore, the backlog is not necessarily indicative of the results to be expected for future periods.

An important indicator of demand in our industry is the book-to-bill ratio, which is the ratio of the amount of product ordered during a period as compared with the product that we ship during that period. A book-to-bill ratio that is greater than one indicates that our backlog is building and that we are likely to see increasing revenues in future periods. Conversely, a book-to-bill ratio that is less than one is an indicator of declining demand and may foretell declining revenues.

We focus on our inventory turnover as a measure of how well we are managing 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.

Pricing in our industry can be volatile. We analyze trends and changes in average selling prices to evaluate likely future pricing. The erosion of average selling prices of established products is typical for semiconductor products. We attempt to offset this deterioration with ongoing cost reduction activities and new product introductions. Our specialty passive components are more resistant to average selling price erosion.

The quarter-to-quarter trends in these financial metrics can also be an important indicator of the likely direction of our business. The following table shows net revenues, gross profit margin, operating margin, end-of-period backlog, book-to-bill ratio, inventory turnover, and changes in ASP for our business as a whole during the five fiscal quarters beginning with the second fiscal quarter of 2012 through the second fiscal quarter of 2013 (dollars in thousands):

	2nd Quarter 2012	3rd Quarter 2012	4th Quarter 2012	1st Quarter 2013	2nd Quarter 2013
Net revenues	$588,199	$572,781	$530,570	$554,254	$597,665
Gross profit margin	25.1 %	23.3 %	20.5 %	24.7 %	23.9 %
Operating margin (1)	12.4 %	7.8 %	4.1 %	8.2 %	8.7 %
End-of-period backlog (2)	$593,300	$525,900	$506,000	$578,100	$646,700
Book-to-bill ratio	1.01	0.87	0.95	1.14	1.08
Inventory turnover	4.01	4.00	3.99	4.04	4.21
Change in ASP vs. prior quarter	-1.4 %	-0.7 %	-1.6 %	-0.8 %	-1.1 %

(1) Operating margin for the second fiscal quarter of 2013 includes a $1.8 million stock compensation credit related to performance-based stock compensation for certain former executives, following a determination that achievement of the three-year performance targets was no longer probable (see our Note 8 to our consolidated condensed financial statements). Operating margin for the second fiscal quarter of 2012 includes a $12.2 million gain recognized on the sale of a vacated property in Belgium (see our Note 4 to our consolidated condensed financial statements).
(2) End-of-period backlog for the second fiscal quarter of 2013 reflects a total of $15.5 million related to the backlog of MCB Industrie S.A. as of the date of acquisition.

See "Financial Metrics by Segment" below for net revenues, book-to-bill ratio, and gross profit margin broken out by segment.

Our results for the second fiscal quarter of 2013 were impacted by the improving business environment in most of our markets, including increased demand from distributors which led to an increase in revenues compared to the prior fiscal quarter and the prior year period. Orders from distributors continuing to restock in response to improved end-customer demand contributed to the continued strong book-to-bill ratio and led to an increase in the backlog versus the prior fiscal quarter and prior year periods. Average selling prices continue to decline primarily due to our commodity semiconductor products.

Temporary issues including start-up inefficiencies at a major foundry, inventory valuation effects, increased palladium prices, unfavorable changes in other metals prices, and unfavorable product mix shifts in the second fiscal quarter of 2013 resulted in a decrease in gross margins compared to the prior fiscal quarter and prior year period.

The book-to-bill ratio continued to be strong in the second fiscal quarter of 2013, decreasing slightly to 1.08 from 1.14 in the first fiscal quarter of 2013. The book-to-bill ratios for distributors and original equipment manufacturers ("OEM") were 1.13 and 1.01, respectively, versus ratios of 1.24 and 1.04, respectively, during the first fiscal quarter of 2013.

For the third fiscal quarter of 2013, we anticipate revenues between $605 million and $645 million at improved gross margins and operating margins compared to the second fiscal quarter of 2013.

Financial Metrics by Segment

The following table shows net revenues, book-to-bill ratio, gross profit margin, and segment operating margin broken out by segment for the five fiscal quarters beginning with the second fiscal quarter of 2012 through the second fiscal quarter of 2013 (dollars in thousands):

	2nd Quarter 2012	3rd Quarter 2012	4th Quarter 2012	1st Quarter 2013	2nd Quarter 2013
MOSFETs					
Net revenues	$111,363	$123,325	$104,156	$100,888	$115,563
Book-to-bill ratio	1.20	0.70	0.90	1.22	1.11
Gross profit margin	16.8 %	14.1 %	9.6 %	12.8 %	14.2 %
Segment operating margin	7.8 %	5.8 %	0.1 %	2.8 %	4.9 %
Diodes					
Net revenues	$136,008	$124,108	$116,494	$125,112	$140,623
Book-to-bill ratio	0.95	0.88	1.01	1.28	1.17
Gross profit margin	21.1 %	20.3 %	17.3 %	21.8 %	22.3 %
Segment operating margin	16.7 %	15.7 %	12.2 %	17.1 %	18.0 %
Optoelectronic Components					
Net revenues	$58,083	$50,205	$50,267	$56,226	$58,397
Book-to-bill ratio	0.91	0.95	1.03	1.08	1.00
Gross profit margin	32.0 %	31.0 %	32.8 %	35.2 %	32.8 %
Segment operating margin	26.2 %	24.7 %	25.8 %	28.8 %	26.6 %
Resistors & Inductors					
Net revenues	$166,398	$163,712	$153,200	$165,866	$171,333
Book-to-bill ratio	0.99	0.94	0.94	1.07	1.04
Gross profit margin	33.1 %	31.3 %	28.4 %	31.7 %	31.7 %
Segment operating margin	28.1 %	26.6 %	23.1 %	26.6 %	26.6 %
Capacitors					
Net revenues	$116,347	$111,431	$106,453	$106,162	$111,749
Book-to-bill ratio	0.97	0.87	0.93	1.06	1.05

Gross profit margin	22.8	%	21.7	%	17.5	%	22.8	%	19.2	%
Segment operating margin	18.0	%	17.1	%	12.2	%	17.4	%	13.9	%

Acquisition Activity

As part of our growth strategy, we seek to expand through targeted acquisitions of other manufacturers of electronic components that have established positions in major markets, reputations for product quality and reliability, and product lines with which we have substantial marketing and technical expertise. This includes exploring opportunities to acquire targets to gain market share, penetrate different geographic markets, enhance new product development, round out our existing product lines, or grow our high margin niche market businesses. Acquisitions of passive components businesses would likely be made to strengthen and broaden our position as a specialty product supplier; acquisitions of discrete semiconductor businesses would be made to increase market share and to generate synergies. To limit our financial exposure, we have implemented a policy not to pursue acquisitions if our post-acquisition debt would exceed 2.5x our pro forma earnings before interest, taxes, depreciation, and amortization ("EBITDA"). For these purposes, we calculate pro forma EBITDA as the adjusted EBITDA of Vishay and the target for Vishay's four preceding fiscal quarters, with a pro forma adjustment for savings which management estimates would have been achieved had the target been acquired by Vishay at the beginning of the four fiscal quarter period.

Our growth plan targets adding, through acquisitions, an average of approximately $100 million of revenues per year. Depending on the opportunities available, we might make several smaller acquisitions or a few larger acquisitions. We intend to make such acquisitions using mainly cash, rather than debt or equity, although we do have capacity on our revolving credit facility if necessary. We are not currently targeting acquisitions larger than $500 million.

On June 13, 2013, we acquired MCB Industrie S.A. ("MCB Industrie") in France, a well-established manufacturer of specialty resistors and sensors, for $23.0 million, net of cash acquired. The products and technology portfolio acquired is expected to enable us to expand our presence in the European industrial market. For financial reporting purposes, the results of operations for this business have been included in the Resistors & Inductors segment from June 13, 2013.

There is no assurance that we will be able to identify and acquire additional suitable acquisition candidates at price levels and on terms and conditions we consider acceptable.

Cost Management

We place a strong emphasis on controlling our costs.

The erosion of average selling prices of our established products, particularly our semiconductor products, that is typical of our industry and inflation drive us to continually seek ways to reduce our variable costs. Our variable cost reduction efforts include expending capital to increase automation and maximize the efficiency in our production facilities, consolidating materials purchasing across regions and divisions to achieve economies of scale, materials substitution, maintaining an appropriate mix of in-house production and subcontractor production, increasing wafer size and shrinking dies to maximize efficiency in our semiconductor production processes, and other yield improvement activities.

Our cost management strategy also includes a focus on controlling fixed costs. We seek to maintain selling, general, and administrative expenses at current quarterly levels, excluding foreign currency exchange effects and substantially independent of sales volume changes. Our fixed cost control efforts include automating administrative processes through the expansion of IT systems, gradually migrating to common IT systems across our organization, streamlining our legal entity structure, and reducing our external resource needs by utilizing more cost-effective in-house personnel, while utilizing external resources when day-to-day expertise is not required in-house.

Historically, our primary cost reduction technique was through the transfer of production to the extent possible from high-labor-cost countries, such as the United States and Western Europe, to lower-labor-cost countries, such as the Czech Republic, Israel, India, Malaysia, Mexico, the People's Republic of China, and the Philippines. Between 2001 and 2009, we recorded, in the consolidated condensed statements of operations, restructuring and severance costs totaling $320 million and related asset write-downs totaling $89 million in order to reduce our cost structure going forward. We also incurred significant costs to restructure and integrate acquired businesses, which was included in the cost of the acquisitions under then-applicable GAAP. We believe that our workforce is now appropriately located to serve our customers, while maintaining lower manufacturing costs.

We did not initiate any new restructuring projects in 2012 or the first six fiscal months of 2013 and thus did not record any restructuring and severance expenses during such periods.

Because we believe that our manufacturing footprint is suitable to serve our customers and end markets, we do not anticipate any material restructuring expenses in 2013. We currently plan to keep our trained workforce, even at lower manufacturing activity levels, by reducing hours and limiting the use of subcontractors and foundries. However, the recurrence of a significant economic downturn may require us to implement additional restructuring initiatives.

Our long-term strategy includes growth through the integration of acquired businesses, and GAAP requires plant closure and employee termination costs that we incur in connection with our acquisition activities to be recorded as expenses in our consolidated statement of operations, as such expenses are incurred. We have not incurred any material plant closure or employee termination costs related to our acquisitions of Huntington Electric, HiRel Systems, LLC, or MCB Industrie, but we expect to have some level of future restructuring expenses due to acquisitions.

Even as we seek to manage our costs, we continue to pursue our growth plans through investing in capacities for strategic product lines, and through increasing our resources for R&D, technical marketing, and field application engineering; supplemented by opportunistic acquisitions of specialty businesses.

Foreign Currency Translation

We are exposed to foreign currency exchange rate risks, particularly due to transactions in currencies other than the functional currencies of certain subsidiaries. While we have in the past used forward exchange contracts to hedge a portion of our projected cash flows from these exposures, we generally have not done so in recent periods.

GAAP requires that we identify the "functional currency" of each of our subsidiaries and measure all elements of the financial statements in that functional currency. A subsidiary's functional currency is the currency of the primary economic environment in which it operates. In cases where a subsidiary is relatively self-contained within a particular country, the local currency is generally deemed to be the functional currency. However, a foreign subsidiary that is a direct and integral component or extension of the parent company's operations generally would have the parent company's currency as its functional currency. We have both situations among our subsidiaries.

Foreign Subsidiaries which use the Local Currency as the Functional Currency

We finance our operations in Europe and certain locations in Asia in local currencies, and accordingly, these subsidiaries utilize the local currency as their functional currency. For those subsidiaries where the local currency is the functional currency, assets and liabilities in the consolidated condensed balance sheets have been translated at the rate of exchange as of the balance sheet date. Translation adjustments do not impact the results of operations and are reported as a separate component of stockholders' equity.

For those subsidiaries where the local currency is the functional currency, revenues and expenses incurred in the local currency are translated at the average exchange rate for the year. While the translation of revenues and expenses incurred in the local currency into U.S. dollars does not directly impact the statements of operations, the translation effectively increases or decreases the U.S. dollar equivalent of revenues generated and expenses incurred in those foreign currencies. The dollar generally was weaker during the second fiscal quarter and first six fiscal months of 2013 compared to the prior year periods, with the translation of foreign currency revenues and expenses into U.S. dollars generally increasing reported revenues and expenses versus the prior year periods.

Foreign Subsidiaries which use the U.S. Dollar as the Functional Currency

Our operations in Israel and most significant locations in Asia are largely financed in U.S. dollars, and accordingly, these subsidiaries utilize the U.S. dollar as their functional currency. For those foreign subsidiaries where the U.S. dollar is the functional currency, all foreign currency financial statement amounts are remeasured into U.S. dollars. Exchange gains and losses arising from remeasurement of foreign currency-denominated monetary assets and liabilities are included in the results of operations. While these subsidiaries transact most business in U.S. dollars, they may have significant costs, particularly payroll-related, which are incurred in the local currency. The cost of products sold and selling, general, and administrative expense for the second fiscal quarter and first six fiscal months of 2013 have been slightly unfavorably impacted (compared to the prior year periods) by local currency transactions of subsidiaries which use the U.S. dollar as their functional currency.

Results of Operations

Statements of operations' captions as a percentage of net revenues and the effective tax rates were as follows:

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Cost of products sold	76.1 %	74.9 %	75.7 %	74.8 %
Gross profit	23.9 %	25.1 %	24.3 %	25.2 %
Selling, general & administrative expenses	15.5 %	14.8 %	16.0 %	15.4 %
Operating income	8.7 %	12.4 %	8.5 %	10.9 %
Income before taxes and noncontrolling interest	7.8 %	11.1 %	7.6 %	10.0 %
Net earnings attributable to Vishay stockholders	5.2 %	7.8 %	5.2 %	7.1 %
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Effective tax rate	32.8 %	29.8 %	30.4 %	28.8 %

Net Revenues

Net revenues were as follows (dollars in thousands):

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net revenues	$597,665	$588,199	$1,151,919	$1,126,746
Change versus comparable prior year period	$9,466		$25,173	
Percentage change versus comparable prior year period	1.6 %		2.2 %	

Changes in net revenues were attributable to the following:

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Increase in volume	4.3 %	5.2 %
Decrease in average selling prices	-3.1 %	-3.1 %
Foreign currency effects	0.2 %	0.2 %
Acquisition	0.4 %	0.2 %
Other	-0.2 %	-0.3 %
Net change	1.6 %	2.2 %

Our revenue results for the fiscal quarter ended and six fiscal months ended June 29, 2013 were positively affected by improving business conditions and increased demand for our products, particularly from distributors, that we began to experience in the first fiscal quarter of 2013. Our revenue results for the fiscal quarters and six fiscal months ended June 29, 2013 and June 30, 2012 were both negatively affected by low demand for our products in the last six fiscal months of the previous years, which significantly reduced our backlog. Revenues for the periods presented are

significantly below our normal run rate.

We deduct, from the sales that we record to distributors, allowances for future credits that we expect to provide for returns, scrapped product, and price adjustments under various programs made available to the distributors. We make deductions corresponding to particular sales in the period in which the sales are made, although the corresponding credits may not be issued until future periods. We estimate the deductions based on sales levels to distributors, inventory levels at the distributors, current and projected market trends and conditions, recent and historical activity under the relevant programs, changes in program policies, and open requests for credits. We recorded deductions from gross revenues under our distributor incentive programs of $40.2 million and $38.1 million for the six fiscal months ended June 29, 2013 and June 30, 2012, respectively, or 3.4% and 3.3% of gross revenues, respectively. Actual credits issued under the programs during the six fiscal months ended June 29, 2013 and June 30, 2012 were $40.8 million and $41.6 million, respectively. Increases and decreases in these incentives are largely attributable to the then-current business climate.

Royalty revenues, included in net revenues on the consolidated condensed statements of operations, were approximately $3.6 million and $3.5 million for the six fiscal months ended June 29, 2013 and June 30, 2012, respectively.

Gross Profit and Margins

Gross profit margins for the fiscal quarter and six fiscal months ended June 29, 2013 were 23.9% and 24.3%, respectively, versus 25.1% and 25.2%, respectively, for the comparable prior year periods. The decrease in gross profit margin for the fiscal quarter and six fiscal months ended June 29, 2013 versus the fiscal quarter and six fiscal months ended June 30, 2012 is primarily due to higher manufacturing fixed costs and temporary issues that included start-up inefficiencies at a major foundry, inventory valuation effects, increased palladium prices, unfavorable changes in other metals prices, and unfavorable product mix shifts.

Segments

Analysis of revenues and gross profit margins for our segments is provided below.

MOSFETs

Net revenues of the MOSFETs segment were as follows (dollars in thousands):

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net revenues	$115,563	$111,363	$216,451	$206,201
Change versus comparable prior year period	$4,200		$10,250	
Percentage change versus comparable prior year period	3.8 %		5.0 %	

Changes in MOSFETs segment net revenues were attributable to the following:

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Increase in volume	11.7 %	13.0 %
Decrease in average selling prices	-6.3 %	-6.3 %
Foreign currency effects	-0.2 %	0.0 %
Other	-1.4 %	-1.7 %
Net change	3.8 %	5.0 %

Gross profit as a percentage of net revenues for the MOSFETs segment was as follows:

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Gross profit margin	14.2 %	16.8 %	13.6 %	14.2 %

The MOSFETs segment is being positively affected by the increased demand from distributors in Asia. The decrease in gross profit margin versus the fiscal quarter and six fiscal months ended June 30, 2012 is primarily due to decreased average selling prices and manufacturing inefficiencies related to new product offerings. The gross margin for the six fiscal months ended June 30, 2012 was negatively affected by a non-recurring manufacturing issue in the first fiscal quarter of 2012.

We have experienced a significant decline in average selling prices versus the prior year periods and only a slight price decline versus the prior fiscal quarter.

Diodes

Net revenues of the Diodes segment were as follows (dollars in thousands):

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net revenues	$140,623	$136,008	$265,735	$256,142
Change versus comparable prior year period	$4,615		$9,593	
Percentage change versus comparable prior year period	3.4 %		3.7 %	

Changes in Diodes segment net revenues were attributable to the following:

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Increase in volume	7.1 %	7.8 %
Decrease in average selling prices	-3.1 %	-3.4 %
Foreign currency effects	-0.1 %	-0.1 %
Other	-0.5 %	-0.6 %
Net change	3.4 %	3.7 %

Gross profit as a percentage of net revenues for the Diodes segment was as follows:

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Gross profit margin	22.3 %	21.1 %	22.1 %	21.0 %

The Diodes segment is being positively affected by the increased demand from distributors in Asia. We are in the process of increasing manufacturing capacities. The increase in gross profit margin versus the fiscal quarter and six fiscal months ended June 30, 2012 is primarily due to the increase in sales volume and manufacturing efficiencies, partially offset by decreased average selling prices, an unfavorable product mix, and slightly higher manufacturing fixed costs after the end of our temporary fixed costs savings program.

Typical pricing pressure for our established Diodes products continues. We have experienced a moderate price decline versus the prior year periods and a slight decline versus the prior fiscal quarter.

Optoelectronic Components

Net revenues of the Optoelectronic Components segment were as follows (dollars in thousands):

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net revenues	$58,397	$58,083	$114,623	$108,722
Change versus comparable prior year period	$314		$5,901	
Percentage change versus comparable prior year period	0.5 %		5.4 %	

Changes in Optoelectronic Components segment net revenues were attributable to the following:

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Increase in volume	2.7 %	8.0 %
Decrease in average selling prices	-2.6 %	-2.7 %
Foreign currency effects	0.5 %	0.6 %
Other	-0.1 %	-0.5 %
Net change	0.5 %	5.4 %

Gross profit as a percentage of net revenues for the Optoelectronic Components segment was as follows:

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Gross profit margin	32.8 %	32.0 %	34.0 %	33.0 %

The Optoelectronic Components segment was relatively stable through the second half of 2012 and has now fully recovered. The increase in gross profit margin versus the fiscal quarter and six fiscal months ended June 30, 2012 is primarily due to the increase in sales volume, partially offset by slightly lower average selling prices.

Average selling prices declined slightly versus the prior year periods and prior quarter.

Resistors & Inductors

Net revenues of the Resistors & Inductors segment were as follows (dollars in thousands):

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net revenues	$171,333	$166,398	$337,199	$325,408
Change versus comparable prior year period	$4,935		$11,791	
Percentage change versus comparable prior year period	3.0 %		3.6 %	

Changes in Resistors & Inductors segment net revenues were attributable to the following:

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Increase in volume	2.9 %	4.4 %
Decrease in average selling prices	-1.5 %	-1.5 %
Foreign currency effects	0.4 %	0.3 %
Acquisition	1.5 %	0.8 %
Other	-0.3 %	-0.4 %
Net change	3.0 %	3.6 %

Gross profit as a percentage of net revenues for the Resistors & Inductors segment was as follows:

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Gross profit margin	31.7%	33.1 %	31.7%	33.6 %

The Resistors & Inductors segment continues to recover from the slowing of demand in Europe that negatively affected its results in the second half of 2012. The segment gross profit margin remains high, but decreased slightly versus the fiscal quarter and six fiscal months ended June 30, 2012 due in part to slight decreases in average selling prices and higher manufacturing fixed costs.

Following the successful acquisitions of HiRel Systems and certain assets of Huntington Electric in the previous two years, which have positively impacted our results, we continue our efforts to further enhance our Resistor & Inductors segment; particularly our focus to penetrate medical end-use markets. On June 13, 2013, we acquired MCB Industrie, a well-established manufacturer of specialty resistors and sensors. The products and technology portfolio acquired is expected to enable us to expand our presence in the European industrial market.

Average selling prices declined slightly versus the prior year periods and prior quarter.

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Capacitors

Net revenues of the Capacitors segment were as follows (dollars in thousands):

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net revenues	$111,749	$116,347	$217,911	$230,273
Change versus comparable prior year period	$(4,598)		$(12,362)	
Percentage change versus comparable prior year period	-4.0 %		-5.4 %	

Changes in Capacitors segment net revenues were attributable to the following:

	vs. Prior Year Quarter	vs. Prior Year-to-Date
Change attributable to:		
Decrease in volume	-2.5 %	-4.0 %
Decrease in average selling prices	-2.0 %	-1.9 %
Foreign currency effects	0.5 %	0.4 %
Other	0.0 %	0.1 %
Net change	-4.0 %	-5.4 %

Gross profit as a percentage of net revenues for the Capacitors segment was as follows:

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Gross profit margin	19.2 %	22.8 %	21.0 %	24.3 %

In the second fiscal quarter of 2013, the Capacitors segment began to recover from the economic slow-down in Europe partially triggered by a reduction in demand for renewable energies that negatively impacted its results in the second half of 2012 and first fiscal quarter of 2013. The decrease in gross profit margin versus the fiscal quarter and six fiscal months ended June 30, 2012 is primarily due to decreased sales volume, higher palladium prices, revaluation effects, non-repetition of a first fiscal quarter inventory build, and a strong Israeli Shekel.

Average selling prices have decreased slightly versus the prior year periods and prior quarter.

Selling, General, and Administrative Expenses

Selling, general, and administrative ("SG&A") expenses are summarized as follows (dollars in thousands):

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Total SG&A expenses	$92,745	$86,889	$183,874	$173,253
as a percentage of revenues	15.5 %	14.8 %	16.0 %	15.4 %

The overall increase in SG&A expenses is primarily attributable to less austere temporary cost reduction programs implemented in the 2013 versus 2012 due to differences in economic environment. Additionally, several items included in SG&A expenses impact the comparability of these amounts, as summarized below (in thousands):

	Fiscal quarters ended		Six fiscal months ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Amortization of intangible assets	$3,737	$3,690	$7,447	$7,289
Net loss (gain) on sales of assets	(51)	79	86	(917)

We also recorded a $12.2 million gain on the sale of vacated property in Belgium in the second fiscal quarter of 2012 that is reported on a separate line of the consolidated condensed statements of operations for the fiscal quarter and six fiscal months ended June 30, 2012.

Other Income (Expense)

Interest expense for the fiscal quarter and six fiscal months ended June 29, 2013 increased by $0.3 million and $1.1 million, respectively, versus the comparable prior year periods. The increase is primarily due to interest on the convertible senior debentures due 2042 that were issued on May 31, 2012.

The following tables analyze the components of the line "Other" on the consolidated condensed statements of operations (in thousands):

	Fiscal quarters ended		
	June 29, 2013	June 30, 2012	Change
Foreign exchange gain (loss)	$(398)	$(4,067)	$3,669
Interest income	1,073	1,798	(725)
Other	109	175	(66)
	$784	$(2,094)	$2,878

	Six fiscal months ended		
	June 29, 2013	June 30, 2012	Change
Foreign exchange gain (loss)	$802	$(5,357)	$6,159
Interest income	2,307	4,341	(2,034)
Other	(2,210)	230	(2,440)
	$899	$(786)	$1,685

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Income Taxes

For the fiscal quarter and six fiscal months ended June 29, 2013, our effective tax rate was 32.8% and 30.4%, respectively, as compared to 29.8% and 28.8%, respectively, for the fiscal quarter and six fiscal months ended June 30, 2012. The effective tax rate is generally less than the U.S. statutory rate primarily because of earnings in foreign jurisdictions.

Our effective tax rate for the six fiscal months ended June 29, 2013 includes one-time tax benefits due to the retroactive enactment of the American Taxpayer Relief Act of 2012, signed into law on January 2, 2013, of approximately $1.3 million.

We operate in a global environment with significant operations in various jurisdictions outside the United States. Accordingly, our consolidated income tax rate is a composite rate reflecting our earnings and the applicable tax rates in the various jurisdictions where we operate. Part of our strategy is to achieve cost savings by operating in countries where we can take advantage of lower labor costs and available tax and other government-sponsored incentives. Accordingly, our effective tax rate is generally less than the U.S. statutory tax rate. Changes in our effective tax rate are largely attributable to changes in the mix of pretax income among our various taxing jurisdictions.

During the six fiscal months ended June 29, 2013, the liabilities for unrecognized tax benefits decreased by $7.9 million on a net basis, principally due to payments and the expiration of statute of limitations offset by increases for tax positions taken in prior periods and interest.

Financial Condition, Liquidity, and Capital Resources

We focus on our ability to generate cash flows from operations. The cash generated from operations is used to fund our capital expenditure plans, and cash in excess of our capital expenditure needs is available to fund our acquisition strategy and to reduce debt levels. We have generated cash flows from operations in excess of $200 million in each of the past 11 years, and cash flows from operations in excess of $100 million in each of the past 18 years.

We refer to the amount of cash generated from operations in excess of our capital expenditure needs and net of proceeds from the sale of assets as "free cash," a measure which management uses to evaluate our ability to fund acquisitions, repay debt, and otherwise enhance stockholder value through stock repurchases or dividends. Vishay has generated positive "free cash" in each of the past 16 years, and "free cash" in excess of $80 million in each of the past 11 years. In this volatile economic environment, we continue to focus on the generation of free cash, including an emphasis on cost controls.

We continued to generate positive cash flows from operations and free cash during the fiscal quarter ended June 29, 2013. Despite a slow start in terms of free cash generation, our cash generation returned to more normal levels in the second fiscal quarter and we continue to expect cash generation in 2013 in line with our history despite the volatile economic environment. There is no assurance, however, that we will be able to continue to generate cash flows from operations and free cash at the same levels, or at all, going forward if the current economic environment worsens.

Beginning in the fourth fiscal quarter of 2010, we have reacted to favorable market conditions to significantly reshape the company's capital structure. We have completed three issuances of low-coupon convertible debentures since the fourth fiscal quarter of 2010, each of which matures thirty years from the date of issuance. We utilized the proceeds of those debenture offerings to repurchase 44.3 million shares of our common stock, representing approximately 24% of our outstanding stock prior to implementing these initiatives.

We also entered into a new, larger, revolving credit facility in December 2010, which has been favorably amended at minimal cost. The total revolving commitment of our credit facility is $528 million and we have the ability to request up to an additional $22 million of incremental commitments, subject to the satisfaction of certain conditions. At June 29, 2013 and December 31, 2012, $100 million and $89 million, respectively, was outstanding under the credit facility. The credit facility provides a revolving commitment through December 1, 2015. We continually evaluate market conditions and alternative financing structures.

Borrowings under the credit facility bear interest at LIBOR plus an interest margin. The applicable interest margin is based on our leverage ratio. Based on our current leverage ratio, the interest rate on our borrowings will increase from LIBOR plus 1.95% to LIBOR plus 2.25% for the third fiscal quarter of 2013. The interest rate on our borrowings will further increase if our leverage ratio equals or exceeds 2.50 to 1 and will decrease if our leverage ratio decreases below 2.0 to 1. We are also required to pay facility commitment fees of 0.35% per annum on the entire commitment amount. Such facility commitment fees will increase if our leverage ratio equals or exceeds 2.50 to 1.

The borrowings under the credit facility are secured by a lien on substantially all assets located in the United States, including accounts receivable, inventory, machinery and equipment, and general intangibles (but excluding real estate, intellectual property registered or licensed for use in, or arising under the laws of, any country other than the United States, and bank and securities accounts) of Vishay and certain significant domestic subsidiaries, and pledges of stock in certain significant domestic and foreign subsidiaries and are guaranteed by certain significant subsidiaries. Certain of our subsidiaries are permitted to borrow under the credit facility, subject to the satisfaction of specified conditions. Any borrowings by these subsidiaries under the credit facility will be guaranteed by Vishay.

The credit facility includes limits or restrictions on, among other things, incurring indebtedness, incurring liens on assets, making investments and acquisitions, making asset sales, repurchasing our common stock, and paying cash

dividends and making other restricted payments. The credit facility also requires us to comply with other covenants, including the maintenance of specific financial ratios.

The financial maintenance covenants include (a) an interest expense coverage ratio of not less than 2.00 to 1; and (b) a leverage ratio of not more than 3.25 to 1 (and a pro forma ratio of 2.75 to 1 on the date of incurrence of additional debt). The computation of these ratios is prescribed in Article 6 of the Credit Agreement between Vishay Intertechnology, Inc. and JPMorgan Chase Bank, N.A., which has been filed with the SEC as Exhibit 10.1 to our current report on Form 8-K filed December 1, 2010.

We were in compliance with all covenants under the credit facility at June 29, 2013. Our interest expense coverage ratio and leverage ratio were 9.43 to 1 and 2.01 to 1, respectively. We expect to continue to be in compliance with these covenants based on current projections.

If we are not in compliance with all of the required financial covenants, the credit facility could be terminated by the lenders, and all amounts outstanding pursuant to the credit facility could become immediately payable. Additionally, our exchangeable unsecured notes due 2102 and our convertible senior debentures due 2040, due 2041, and due 2042 have cross-default provisions that could accelerate repayment in the event the indebtedness under the credit facility is accelerated.

Our permitted capacity to repurchase shares of our outstanding common stock under the credit facility increases each quarter by an amount equal to 20% of net income. At June 29, 2013, our credit facility allows us to repurchase up to $186.6 million of our common stock. The amount and timing of any future stock repurchases remains subject to authorization of our Board of Directors.

The balance of our revolving credit facility was $89 million at December 31, 2012. We borrowed $51 million and repaid $40 million on our credit facility during the six fiscal months ended June 29, 2013. The average outstanding balance on our credit facility calculated at fiscal month-ends was $97.8 million and the highest amount outstanding on our credit facility at a month end was $110 million during the six fiscal months ended June 29, 2013.

Management expects to continue to maintain the outstanding balance on the credit facility around its current level, and may periodically pay down the balance with available cash or use the credit facility to meet short-term financing needs. We expect that cash on-hand and cash flows from operations will be sufficient to meet our longer-term financing needs related to normal operating requirements and our research and development and capital expenditure plans. Acquisition activity or share repurchases may require additional borrowing under our credit facility or may otherwise require us to incur additional debt.

Substantially all of our June 29, 2013 cash and cash equivalents and short-term investments balances were held by our non-U.S. subsidiaries. At the present time, we expect the remaining cash and profits generated by foreign subsidiaries will continue to be reinvested outside of the U.S. indefinitely. If additional cash is needed to be repatriated to the U.S., we would be subject to additional U.S. income taxes (subject to an adjustment for foreign tax credits), state income taxes, incremental foreign income taxes, and withholding taxes payable to various foreign countries.

We invest a portion of our excess cash in highly liquid, high-quality instruments with maturities greater than 90 days, but less than 1 year, which we classify as short-term investments on our consolidated condensed balance sheets. As these investments were funded using a portion of excess cash and represent a significant aspect of our cash management strategy, we include the investments in the calculation of net cash and short-term investments (debt).

The interest rates on our short-term investments average 0.5% and are approximately 20 basis points higher than interest rates on our cash accounts. Transactions related to these investments are classified as investing activities on our consolidated condensed statements of cash flows.

The following table summarizes the components of net cash and short-term investments (debt) at June 29, 2013 and December 31, 2012 (in thousands):

	June 29, 2013	December 31, 2012
Credit facility	$ 100,000	$ 89,000
Exchangeable unsecured notes, due 2102	95,042	95,042
Convertible senior debentures, due 2040*	100,891	100,166
Convertible senior debentures, due 2041*	51,760	51,399
Convertible senior debentures, due 2042*	57,699	57,324
Total debt	405,392	392,931
Cash and cash equivalents	561,199	697,595
Short-term investments	466,501	294,943
Net cash and short-term investments (debt)	$ 622,308	$ 599,607

*Represents the carrying amount of the convertible debentures, which is comprised of the principal amount of the debentures, net of the unamortized discount and the associated embedded derivative liability.

Measurements such as "free cash" and "net cash and short-term investments (debt)" do not have uniform definitions and are not recognized in accordance with GAAP. Such measures should not be viewed as alternatives to GAAP measures of performance or liquidity. However, management believes that "free cash" is a meaningful measure of our ability to fund acquisitions, repay debt, and otherwise enhance stockholder value through stock repurchases or dividends, and that an analysis of "net cash and short-term investments (debt)" assists investors in understanding aspects of our cash and debt management. These measures, as calculated by us, may not be comparable to similarly titled measures used by other companies.

Our financial condition as of June 29, 2013 continued to be strong, with a current ratio (current assets to current liabilities) of 4.3 to 1, unchanged from our current ratio at December 31, 2012. The stability in the ratio is primarily due to the increase in inventories, accounts receivable, cash, and short-term investments being offset by an increase in trade accounts payable and payroll related liabilities in the first six fiscal months of 2013. Our ratio of total debt to Vishay stockholders' equity was 0.24 to 1 at June 29, 2013, unchanged from our total debt to Vishay stockholders' equity at December 31, 2012. The stability in the ratio is primarily due to the slight increase in Vishay stockholders' equity offsetting the slight increase in debt caused by net borrowings on the credit facility and the accretion of the discounts on the convertible senior debentures in the first six fiscal months of 2013.

Cash flows provided by operating activities were $94.1 million for the six fiscal months ended June 29, 2013, as compared to cash flows provided by operations of $94.4 million for the six fiscal months ended June 30, 2012.

Cash paid for property and equipment for the six fiscal months ended June 29, 2013 was $47.2 million, as compared to $47.3 million for the six fiscal months ended June 30, 2012. We expect capital spending of approximately $170 million in 2013.

Contractual Commitments and Off-Balance Sheet Arrangements

Our Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 20, 2013, includes a table of contractual commitments. There were no material changes to these commitments since the filing of our Annual Report on Form 10-K.

We do not participate in nor have we created any off-balance sheet variable interest entities or other off-balance sheet financing, other than the operating leases described in our Annual Report on Form 10-K for the year ended December 31, 2012.

Safe Harbor Statement

From time to time, information provided by us, including but not limited to statements in this report, or other statements made by or on our behalf, may contain "forward-looking" information within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "believe," "estimate," "will be," "will," "would," "expect," "anticipate," "plan," "project," "intend," "could," "should," or other similar words or expressions often identify forward-looking statements.

Such statements are based on current expectations only, and are subject to certain risks, uncertainties, and assumptions, many of which are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance, or achievements may vary materially from those anticipated, estimated, or projected. Among the factors that could cause actual results to materially differ include: general business and economic conditions, particularly the pace, continuation, and possible reversal of the recovery in the worldwide economy; difficulties in identifying suitable acquisition candidates, consummating a transaction on terms which we consider acceptable, and integration and performance of acquired businesses; difficulties in new product development; changes in competition and technology in the markets that we serve and the mix of our products required to address these changes; an inability to attract and retain highly qualified personnel, particularly in respect of our acquired businesses; uncertainty related to the effects of changes in foreign currency exchange rates; difficulties in implementing our cost management strategies; and other factors affecting our operations, markets, products, services, and prices that are set forth in our filings with the SEC, including our annual reports on Form 10-K and our quarterly reports on Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Our 2012 Annual Report on Form 10-K listed various important factors that could cause actual results to differ materially from projected and historic results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. Readers can find them in Part I, Item 1A, of that filing under the heading "Risk Factors." You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our market risks since December 31, 2012. For a discussion of our exposure to market risks, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 20, 2013.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act are: (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms; and (2) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Except as set forth below, there have been no material developments to the legal proceedings previously disclosed under Item 3 of Part I of our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 20, 2013, which describes our legal proceedings.

Proctor Litigation

On April 2, 2013 the plaintiffs filed a petition for review with the Supreme Court of the State of California requesting that the Supreme Court review the decision of the Court of Appeal of the State of California affirming the Superior Court's dismissal of the Proctor Litigation. Vishay opposed this petition. The Supreme Court denied the plaintiff's petition to review the case on June 12, 2013.

Item 1A. Risk Factors

Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 20, 2013, contains risk factors identified by Vishay. There have been no material changes to the risk factors we previously disclosed.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

10.1 Vishay Intertechnology, Inc. 2007 Stock Incentive Program.

	Incorporated by reference to Annex A to our Proxy Statement, dated April 5, 2013, for our 2013 Annual Meeting of Stockholders.
31.1	Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Dr. Gerald Paul, Chief Executive Officer.
31.2	Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Lori Lipcaman, Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Dr. Gerald Paul, Chief Executive Officer.

32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Lori Lipcaman, Chief Financial Officer.
101	Interactive Data File (Quarterly Report on Form 10-Q, for the quarterly period ended June 29, 2013, furnished in XBRL (eXtensible Business Reporting Language)).

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VISHAY
INTERTECHNOLOGY,
INC.

/s/ Lori Lipcaman
Lori Lipcaman
Executive Vice President
and Chief Financial
Officer
(as a duly authorized
officer and principal
financial and
accounting officer)

Date: July 30, 2013