VISHAY

VISHAY INTERTECHNOLOGY, INC.

Annual Report 99

See the inside front cover for an explanation of this photograph

www.vishay.com

Vishay Intertechnology

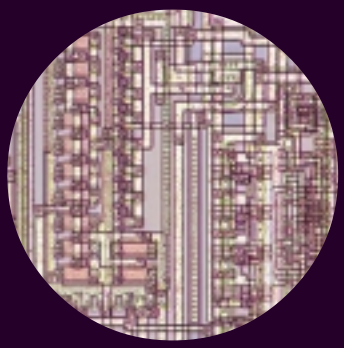
Manufacturer of the World's Broadest Line of Discrete Electronic Components

Vishay Intertechnology, Inc. (NYSE: VSH), a Fortune 1,000 Company with annual sales of $1.8 billion, is the largest U.S. and European manufacturer of passive electronic components (resistors, capacitors, and inductors) and a major producer of discrete semiconductors (diodes, optoelectronics, transistors), infrared data communication devices (IrDCs), and power and analog switching integrated circuits.

The Company's components are vital to electronic circuits and can be found in products manufactured in a very broad range of industries worldwide. Products that include Vishay components include telephones, computers, automobiles, video and audio equipment, household appliances, instrumentation, medical equipment, satellites, and military and aerospace equipment.

With headquarters in Malvern, Pennsylvania, Vishay employs over 20,000 people in 64 plants in the U.S., Mexico, Germany, Austria, the United Kingdom, France, Portugal, the Czech Republic, Hungary, Israel, Taiwan, China, and the Philippines. Vishay can be found on the Internet at www.vishay.com.

Table of Contents

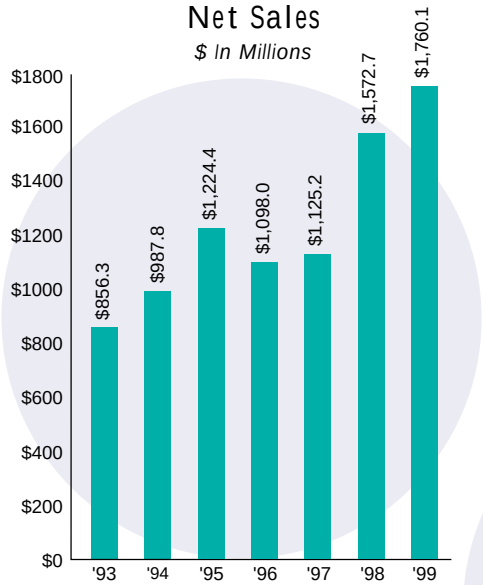


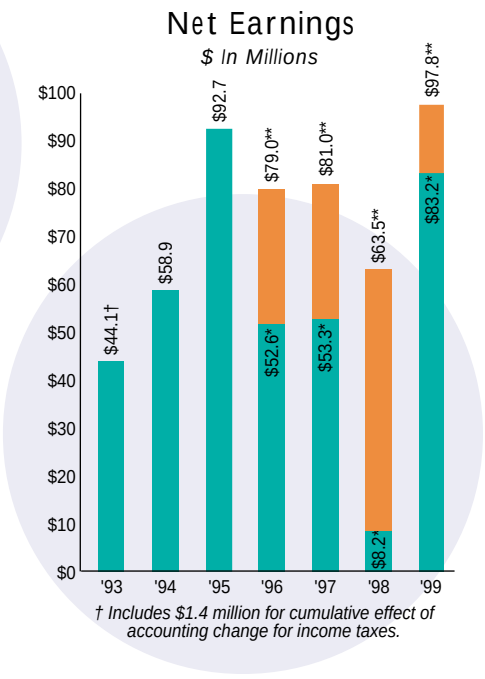
About the Cover

The front cover photo illustrates Vishay's expansion into the semiconductor market and the growing importance of cell phones, laptop computers, and other portable electronic products. The photo includes a silicon wafer, an assortment of Vishay components, and three views of a Vishay Siliconix integrated circuit: the packaged device, a magnified view of the silicon chip inside the product package, and microscopic detail of the chip's

Financial Highlights

As Of and For the Year Ended December 31	1999	1998	1997
(In thousands, except per share amounts)			
Net sales	$ 1,760,091	$ 1,572,745	$ 1,125,219
Operating profit	193,744	93,925	108,602
Net earnings	83,237*	8,212*	53,302*
Depreciation and amortization	139,676	127,947	81,874
Basic earnings per share	$ 0.99*	$ 0.10*	$ 0.63*
Diluted earnings per share	$ 0.97*	$ 0.10*	$ 0.63*
Weighted average shares outstanding – basic	84,452	84,443	84,418
Weighted average shares outstanding – diluted	85,488	84,531	84,603
Cash flows from operations	$ 239,809	$ 169,450	$ 177,158
Working capital	581,550	639,783	455,134
Property and equipment – net	930,545	997,067	709,142
Long-term debt	656,943	814,838	347,463
Stockholders' equity	1,013,592	1,002,519	959,648





† Includes $1.4 million for cumulative effect of accounting change for income taxes.

† Includes $0.02 for cumulative effect of accounting change for income taxes.

* Includes charges for the sale of a subsidiary and a German tax rate change of $14,562,000 ($0.17 per share) for the year ended December 31, 1999, and restructuring expenses and unusual charges of $55,335,000 ($0.66 per share), $27,692,000 ($0.33 per share), and $38,030,000 ($0.31 per share) for the years ended December 31, 1998, 1997, and 1996 respectively.

** Orange color in graphs excludes charges for the sale of a subsidiary and a German tax rate change of $14,562,000 ($0.17 per share) for the year ended December 31, 1999, and restructuring expenses and unusual charges of $55,335,000 ($0.66 per share), $27,692,000 ($0.33 per share), and $38,030,000 ($0.31 per share) in 1998, 1997, and 1996 respectively.

A Message from the Chairman

To Our Shareholders, Employees, Customers, and Vendors:

We are entering the new millennium with optimism for Vishay! Increasing demand for Vishay's products is being driven by the very large increase of the cell phone market and other wireless communication devices, as well as renewed strength in the computer and automotive markets. These end markets combined account for approximately 70% of the sales of our products, with wireless communications representing approximately 35% of our sales. Annual global shipments of cell phones have increased from 110 million units in 1997 to 283 million units in 1999. The forecast for year 2000 is 420 million units. At the same time, the number of passive components per phone increased dramatically.

As a result of this strong demand, our bookings (orders) were $2.0 billion in 1999, a 30% increase over 1998 bookings. As a consequence, we increased capacity in all our major product lines to meet this continuing demand for our products.

Our Siliconix operation (80.4% owned by Vishay) reported record results for 1999 with net earnings of $66 million as compared to $738 thousand in 1998. Net sales were a record $383 million in 1999, a 36% increase over $282 million in 1998.

The demand for Siliconix's products continues to be strong, especially in the wireless communications markets. This strength for Siliconix products, as well as the diodes and transistors of our Telefunken operation, resulted in 43% of our 1999 sales in semiconductor products as compared to 35% of our sales in 1998. We are quite pleased with the success of our Siliconix-Telefunken acquisition and we believe that as a result, we are now more strongly positioned as a leader in discrete semiconductor technology and the market.

Our passive component business has also started to show much improved orders, first in capacitors, then followed by resistors and inductors. We have shown a significant increase in profitability, which can be attributed to production efficiencies, cost reduction programs, including movement of labor to low-cost countries, price stabilization, and, in some products, price increases. Most of the price increases are still in the backlog and will begin to be reflected in the first quarter of year 2000 and thereafter. In fact, on March 29, 2000, we announced that earnings per share for the first quarter ending March 31, 2000 should exceed analysts' estimates of $0.54 per share by at least 25%. This was an additional increase in our results from an announcement made on March 2, 2000 when we announced that we would exceed analysts' estimates at that time of $0.44 by at least 20% and now represents a 54% increase over these estimates.

Vishay had 21,124 employees as of December 31, 1999; 15,861 of them are outside the United States, often in low labor cost countries.

As a Company, we have worked hard during the past year. Successes have included the release of 150 new products, cost cutting in manufacturing and other areas, and a substantial increase in Asian sales to over $500 million in 1999. Our cash generation is also very strong. During 1999, we reduced long-term debt by $157,895,000. With the current strong demand for our products, our continuing cost reduction programs, and aggressive new product introductions, the outlook for the year 2000 looks much better.

On March 27, 2000, we announced that we had agreed to sell our 65% interest in Lite-On Power Semiconductor Corporation ("LPSC") to Lite-On JV Corporation ("Lite-On Group"), the current owner of the remaining 35% interest in LPSC, for consideration consisting of cash and the assignment or transfer of stock appreciation rights in Vishay common stock held by the Lite-On Group or the proceeds thereof. The disposition of our interest in LPSC will allow Vishay to focus its active components strategy on its Siliconix and Telefunken businesses, over which it has full control and which have been performing very well. We didn't achieve the results we expected from LPSC and have decided to sell it back to the party we bought it from. Depending on the value of the stock appreciation rights at the time of execution of the documents, there could be a one-time gain or loss as a result of this transaction, which is expected to close before September 30, 2000. The sale of LPSC should have a positive annual impact on Vishay's earnings going forward by approximately $0.08 to $0.10 per share.

Financial Highlights

For the year ended December 31, 1999, sales were $1,760,091,000 compared with $1,572,745,000 in the previous year. Net earnings, before special charges, for the year ended December 31, 1999 were $97,799,000 or $1.14 per share. After special charges of $14,562,000 or $0.17 per share, net earnings for the year ended December 31, 1999

were $83,237,000 or $0.97 per share. The 1999 special charges were primarily a result of the sale of Nicolitch, S.A., a French manufacturer of printed circuit boards, a non-core business of Vishay, which was completed on March 26, 1999. Net earnings before special charges for the year ended December 31, 1998 were $63,547,000 or $0.76 per share. After special charges of $55,335,000 or $0.66 per share, net earnings for the year ended December 31, 1998 were $8,212,000 or $0.10 per share. With the strong rebound in earnings per share in the third and fourth quarters of 1999, we are confident of a strong year 2000.

Earnings per share amounts for all periods reflect a 5-for-4 stock split paid June 22, 1999.

Sales of the passive components business were $1,008,266,000 for the year ended December 31, 1999 as compared to sales of $1,027,902,000 for 1998 and operating income was $104,655,000 as compared to operating income of $114,747,000 for 1998. Sales of the active components business were $751,825,000 for the year ended December 31, 1999, as compared to sales of $544,843,000 for 1998 resulting in operating income of $119,510,000 as compared to operating income of $51,516,000 for 1998, an increase of 132%.

Gross profits for the year ended December 31, 1999 were 26.2% of sales as compared to 24.4% in the prior year. The active components business reported gross margins of 31.4% for the year ended December 31, 1999, as compared to 27.9% for the prior year. The passive components business gross profit margins were 22.4% for the year ended December 31, 1999 as compared to 22.5% for the prior year.

Selling, general, and administrative expenses for the year ended December 31, 1999 were 14.5% of sales as compared to 14.9% in the prior year.

The Company is generating substantial cash and its financial condition is strong with a current ratio of 2.7 to 1.0. For the year ended December 31, 1999, the Company's cash flow from operations was $239,809,000. Purchases of property and equipment for the year ended December 31, 1999 were $119,638,000 as compared to $151,682,000 in the prior year. Long-term debt was reduced by $157,895,000 from $814,838,000 at December 31, 1998 to $656,943,000 at December 31, 1999.

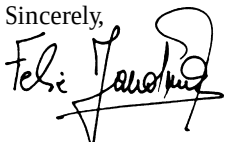
Looking Ahead

During the second half of 1999, Vishay began to show the results of our strength in the passive components business as well as our semiconductor business. In the year 2000 and beyond, we will continue to build on that strength and our historical position as a leader in the U.S., European, and Asian electronics markets. We are focused on being a total solution provider — a manufacturer of passive electronic components and a major producer of discrete semiconductors and selected integrated circuits. Vishay components are vital to the operation of electronic products found in virtually all electronic applications.

The Company is committed, through our state-of-the-art technology, our increasing research and development, and through an acquisition strategy targeting companies with advanced technology resources, to continually strive to introduce the most advanced components in the industry to satisfy the ever-changing customer demands in today's dynamic marketplace.

We are extremely grateful to our employees worldwide for their loyalty, skill, and energy, which have contributed significantly to our growth. We value highly the relationship we have with our customers and suppliers. To our fellow shareholders, we thank you for your continued confidence in Vishay. We look forward to the year 2000 being the best year ever.

Sincerely,



Dr. Felix Zandman
Chairman of the Board and Chief Executive Officer
April 2000

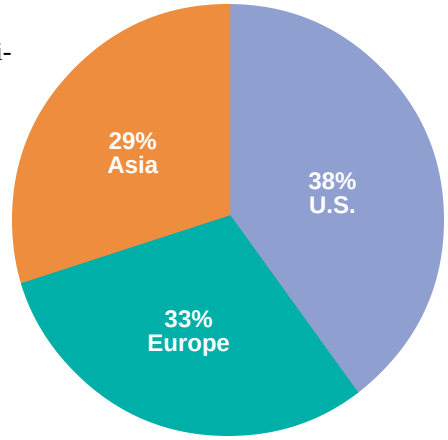
Overview: Strong Demand, High Growth

Throughout the world, electronic circuits that handle data, audio, and video depend on Vishay components. Vishay is a high-growth company: Increasing demand for its products is driven by the explosive growth of cell phones and other wireless communications devices, as well as growing reliance on electronics in the computer, automotive, consumer, industrial, medical, and military markets.

High Growth

Cell phones with Internet access and other new features. Laptop computers with faster speeds and longer battery life. Cars with sophisticated entertainment, communication, safety, and security systems. In almost all major markets, products are becoming smaller, faster, and "smarter" — and increasingly reliant on semiconductors, resistors, capacitors, inductors, and other electronic components produced by Vishay. Increased cell phone production and an increase in the number of electronic components per cell phone — as well as rising global demand for electronic components in computers, cars, and other products — is fueling Vishay's growth.

Vishay Percent of Sales by Region



Strong Momentum and Innovative Products

Vishay's entry into the fast-paced semiconductor market expanded the Company's product line, significantly increased earnings, and provided new market opportunities. The result has been accelerated Company growth. The momentum generated by rising demand for Vishay semiconductors and other Vishay components is compounded by economic recovery in Asia and Europe.

Vishay's investment in research and development yields a steady stream of new products — 150 in 1999 alone. These pave the way for more advanced cell phones, lighter and more powerful laptop computers, more reliable and versatile automobile electronic systems, and product improvements in many other industries. Vishay's Siliconix division, based in Silicon Valley, is known for its innovations in product performance, product packaging, and silicon technology. New and improved components from other Vishay divisions continue to set new standards for precision and reliability.

Skilled Management

Vishay's dramatic growth — from sales of $59 million in 1986 to $1.8 billion today — has been guided by a skilled and experienced management team. An aggressive acquisition strategy and a continuing commitment to product innovation have enabled Vishay to become a global industry leader. Vishay's semiconductor expansion has been a major success. In just two years, Vishay's earnings have increased so that Vishay's semiconductor business now represents approximately 50 percent of Company earnings. Vishay's focus on cost reduction has enabled the Company to maintain a competitive edge during industry downturns, maximize the benefits of market upswings, and plan successfully for long-term growth.

Total Solutions

With its diverse product line, Vishay can provide a complete package of components to meet the specifications of a customer's product. This enables Vishay to benefit from the trend towards vendor reduction. Companies that are streamlining their component vendor base and focusing on a limited number of highly efficient suppliers can turn to Vishay for total discrete component solutions. Customers enjoy the advantages of one-stop shopping, while Vishay increases opportunities to become involved in the early stage of customers' product development and design.

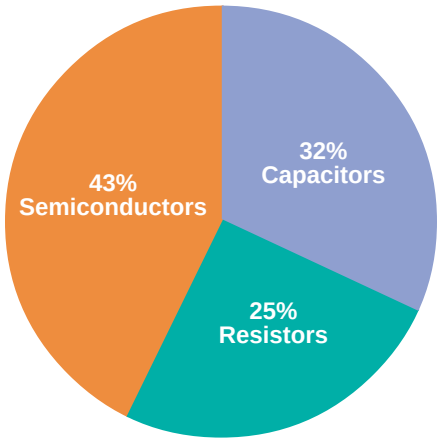
Some Major OEM and EMS* Customers

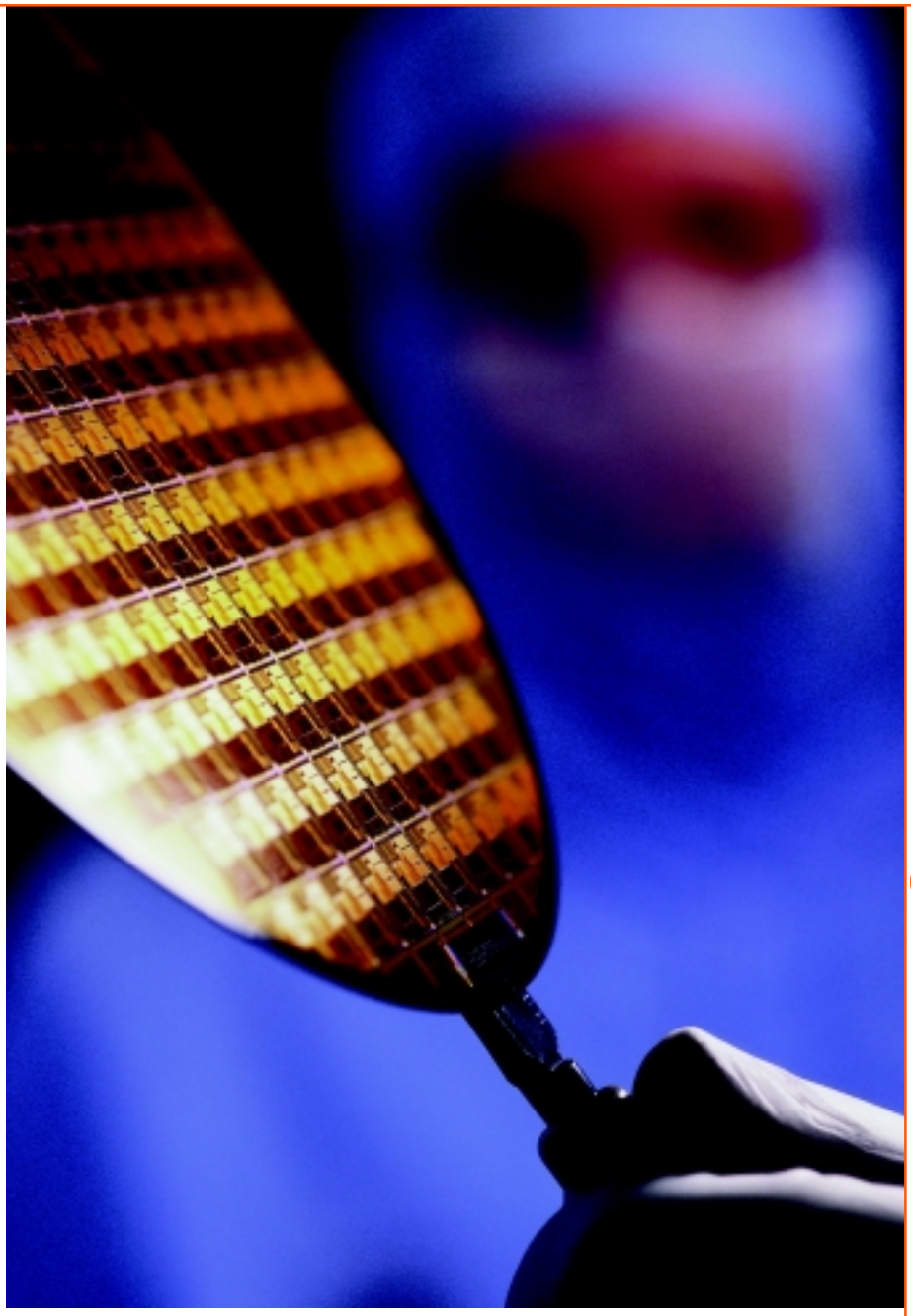
Acer	Motorola
Alcatel	Nokia
Apple	Nortel Networks
Bosch	Philips
Celestica	Qualcomm
Cisco Systems	Raytheon
Compaq	Rockwell
Dell Computer	Samsung
Delphi	SCI
Ericsson	Seagate
Hewlett-Packard	Siemens
Honeywell	Solectron
IBM	Sony
Intel	Sun Microsystems
Lockheed Martin	VDO
Lucent Technologies	Visteon
Matsushita	Western Digital

** Original equipment manufacturers and electronics manufacturing services.*

All major distributors distribute Vishay components.

Vishay Percent of Sales by Product Type





Electronic components such as transistors and integrated circuits are made from thin silicon wafers of semiconductor material.

Customer Service

Vishay's wide range of products and locations enables customers to do business with a single global manufacturer for essentially all of their discrete electronic component needs. Vishay's commitment to superior customer service is a key part of its corporate mission. Vishay serves customers through a worldwide network of manufacturing facilities, sales and technical support offices, independent distributorships, and manufacturers' representatives. Vishay has customer service centers and inventories strategically located where customers need them — in the Americas, Europe, and Asia. To ensure uninterrupted supplies to customers, Vishay maintains dual or triple internal sourcing for most of its products.

Vishay's History:
From Innovative Start-up to Industry Leader

Vishay's Beginnings

In the 1950s, as the electronics industry began its accelerated growth, Dr. Felix Zandman, a physicist, and current Chairman and CEO of Vishay, was issued patents for his PhotoStress® coatings and instruments. These devices are used to reveal and measure the distribution of stresses in structures under live load conditions. Dr. Zandman's research in this area led him to develop Bulk Metal® foil resistors — ultra-precise, ultra-stable resistors that provide performance far beyond any other resistor available.

In 1962, Dr. Zandman, with the financial help of the late Alfred P. Slaner, founded Vishay to develop and manufacture Bulk Metal foil resistors. Concurrently, J.E. Starr, a colleague of Dr. Zandman, developed foil resistance strain gages, which also became a part of Vishay. The Company was named after Dr. Zandman's and Mr. Slaner's ancestral village in Lithuania, in memory of family members who perished in the Holocaust.

Throughout the '60s and '70s, Vishay established itself as a technical and market leader in PhotoStress products, strain gages, and foil resistors.

Company Acquisitions Power Dramatic Growth

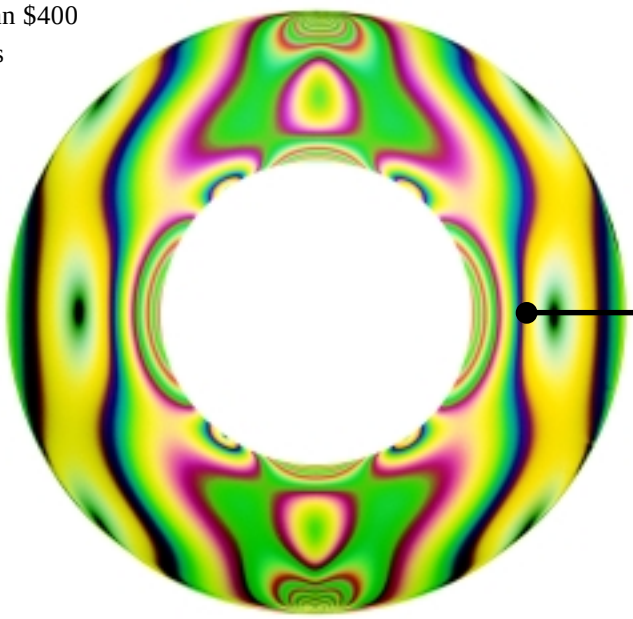
By the early '80s, Vishay was positioned to grow significantly. Because the markets for resistance strain gages and ultra-precise resistors were relatively small, the Company moved to expand into high-volume resistors. Such resistors are used by the billions every year, in every sector of the electronics industry.

Vishay's strategy was to enter the market through the acquisition of respected, well-positioned manufacturers. The Company set strict acquisition criteria for technological strength, brand recognition, manufacturing capabilities, markets served, and management depth.

Beginning in the mid '80s, Dale Electronics, Draloric Electronics, and Sfernice were acquired. These new operations helped produce dramatic sales growth — from $59 million in 1986 to more than $400 million in 1989. Vishay quickly achieved a position as the largest fixed resistor manufacturer in the United States and Europe.

Vishay's Major Strategic Acquisitions

- 1985: Dale Electronics
- 1987: Draloric Electronics
- 1988: Sfernice
- 1992: Sprague Electric
- 1993: Roederstein
- 1994: Vitramon
- 1998: Telefunken; Siliconix (formerly TEMIC of Daimler-Benz)



In the PhotoStress® process, special plastic coatings bonded to structures and viewed through a polariscope reveal colorful patterns that provide information on stress distribution.

You are likely to find Vishay components in electronic products manufactured by all U.S. and European manufacturers, as well as many Asian manufacturers. Vishay is the only producer of such a broad line of passive and active (semiconductor) electronic components.

New Passive Components and New Markets

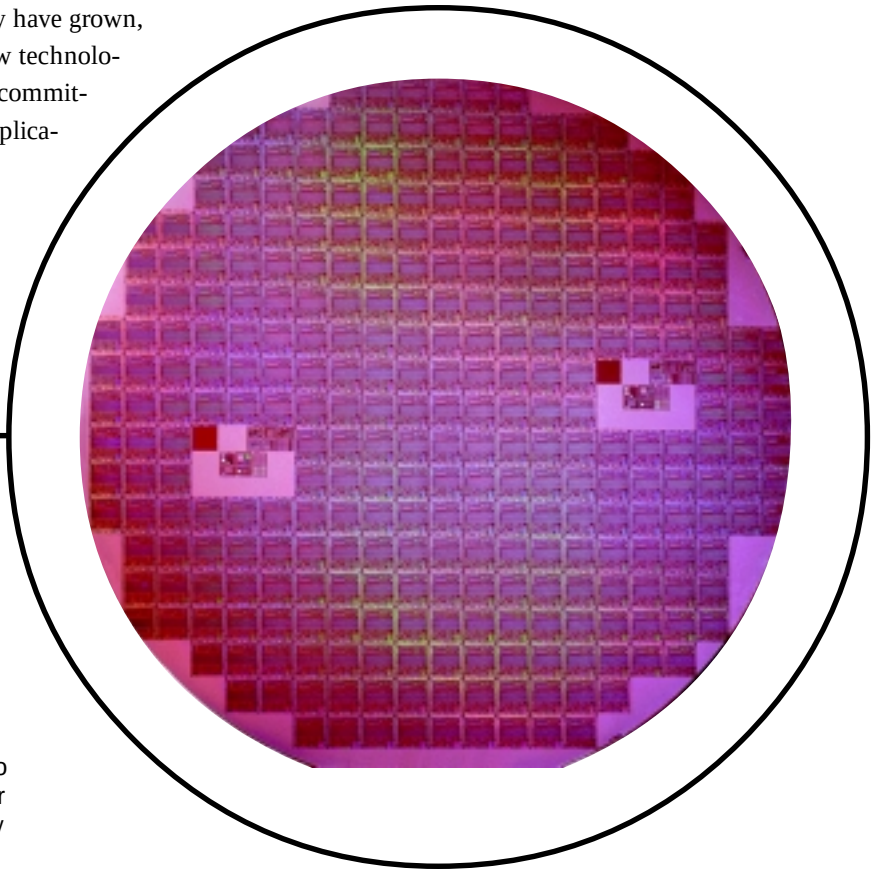
These acquisitions also brought other passive electronic components into Vishay, such as inductors, specialty capacitors, plasma displays, specialty connectors, transformers, thermistors, and oscillators — complementing Vishay's strength in resistors. In fact, this diversification underscores the strategy that Vishay continues to pursue today — to be the manufacturer of the broadest line of discrete electronic components in the industry.

In the early '90s, Vishay applied its acquisition strategy to the high-volume capacitor market, extending its range of products and increasing penetration in passive components. Major acquisitions included Sprague Electric, the inventor and manufacturer of tantalum capacitors; Roederstein, a manufacturer of film, aluminum, and ceramic disk capacitors and thick film chip resistors; and Vitramon, a high-quality manufacturer of multi-layer ceramic chip capacitors. By 1994, annual sales had reached $988 million.

Adding Active Components to the Mix

In 1998, Vishay acquired the Semiconductor Business Group of TEMIC — which included Telefunken and 80.4% of Siliconix, producers of transistors, diodes, optoelectronics, transceivers, and power and analog switching integrated circuits — thus becoming a major factor in semiconductors.

The Company and the industry have grown, driven by the emergence of new technologies, industry consolidation, a commitment to solve customer and application problems, and an ongoing effort to make products better, more cost-efficient, and defect-free.

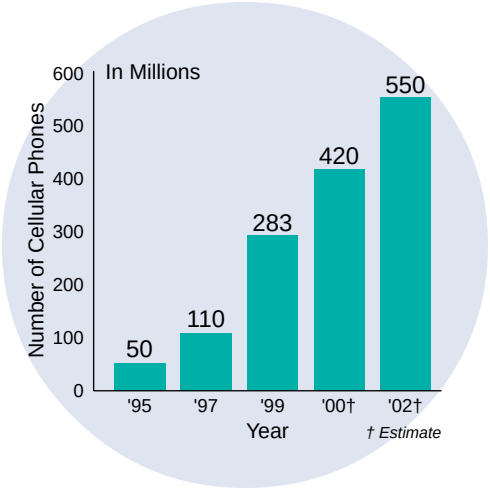


Semiconductor wafers are cut into small chips. Vishay's semiconductor business represents approximately 50% of Company earnings.

Telecommunications: Market Trends

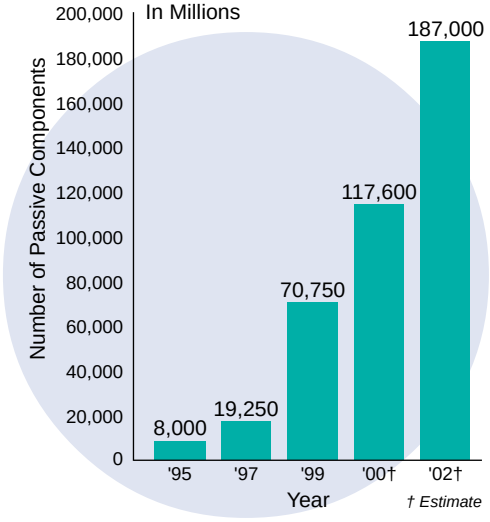
Exponential growth in telecommunications has been fueled by the convenience of cellular phones, pagers, and other handheld devices.

Global Cell Phone Shipments



Source: Paumanok Publications, March 2000

Global Consumption of Passive Components (Capacitors, Resistors, Magnetics) in Cell Phones



Source: Paumanok Publications, March 2000

Cell phones also include substantial amounts of semiconductors, many of which are produced by Vishay.

Annual global shipments of cell phones are expected to grow from 283 million units in 1999 to 420 million in the year 2000.* At the same time, unflagging demand for increased functionality — devices that are both more complex and more user-friendly — will result in a dramatic rise in the number of electronic components required for each cell phone.

The telecommunications industry continues to be driven by constantly improving services and falling prices, which in turn are increasing consumer demand. New product designs require passive components, discrete semiconductors, and power ICs that save space, promote efficient use of battery power, and provide new features.

Key product trends include the transition to digital technology and the addition of new features, including short messaging services, smart card compatibility, voice mail alert and callback, caller identification, and voice-activated dialing. Product size reductions and new applications, such as child locators and hand-held global positioning systems (GPS) are increasing the demand for smaller, more efficient electronic components.

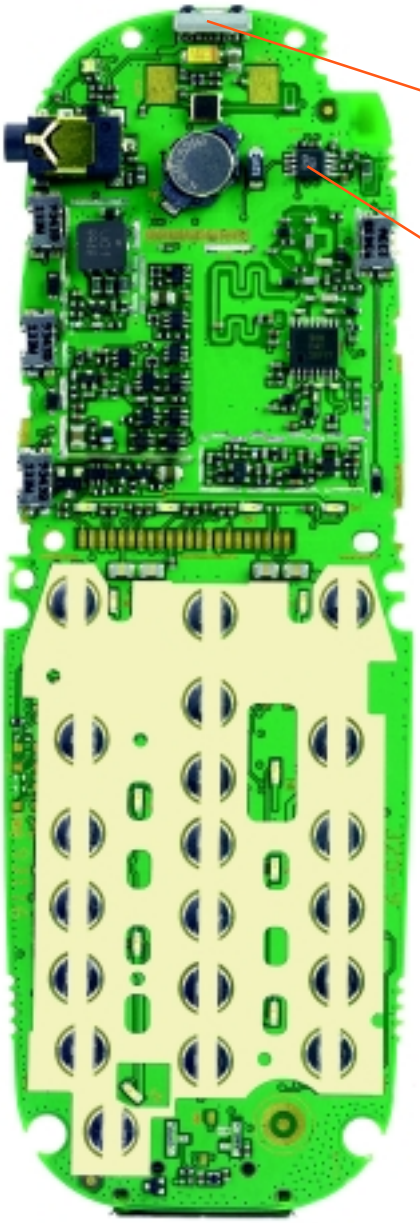
Vishay passive electronic components (such as resistors, capacitors, and inductors) and semiconductor devices (such as diodes, power MOSFETs, ICs, and transceivers) address the needs of the telecommunications market. These include miniaturization, higher efficiency, extended run time, and wireless interconnection.

Supporting the growth in cell phones, pagers, handsets, and other wireless devices is a growing investment in telecommunications infrastructure. This increases demand for electronic components for voice and data switches, PBX equipment, power supplies, and related equipment. Vishay supplies most of these components.

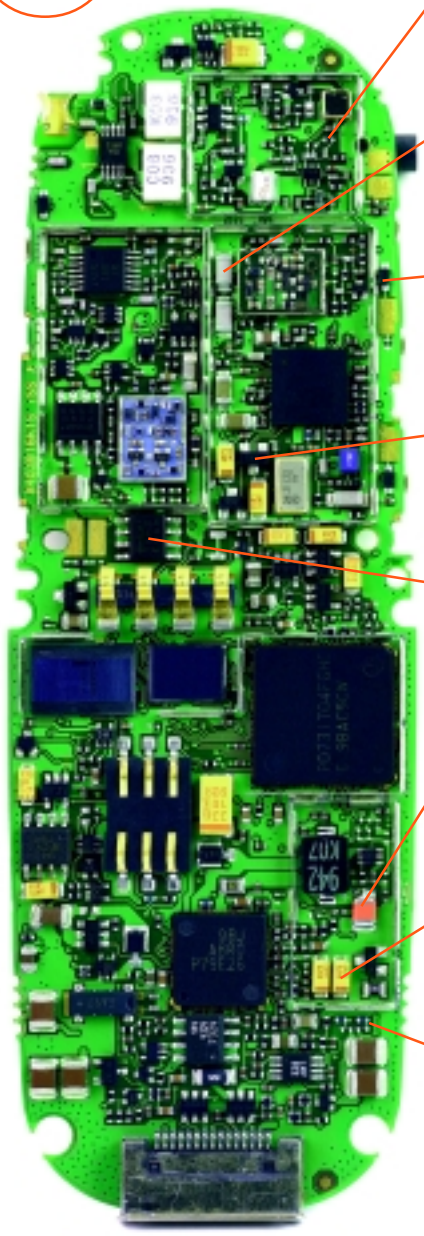
** Paumanok Publications, March 2000*

Component Content In a Cellular Telephone

The photos on this page show both sides of a printed circuit board from a cell phone, with highlights of individual components.



Front



Back

Irdc Transceiver

Power IC

Highlighted on this page are types of electronic components manufactured by Vishay that are found in cell phones.

Chip Resistor

Multilayer Ceramic Chip Capacitor

Diode

Low Power MOSFET

Power MOSFET

Coated Tantalum Chip Capacitor

Molded Tantalum Chip Capacitor

Chip Inductor

Approximate Dollar Content per Dualband Phone

Components	$ Content
Resistors and Inductors	3.24
Capacitors	4.16
Vishay Siliconix and Vishay Telefunken Products	5.73
Total	$13.13

Source: Vishay Intertechnology, March 2000

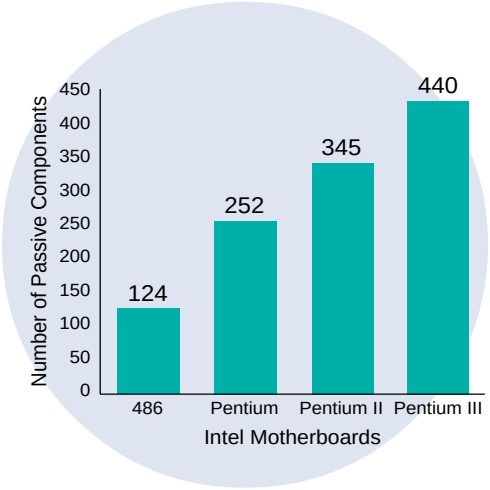
Total Discrete Component Content is 477 (excluding battery charger)

Source: Paumanok Publications, March 2000
Vishay Intertechnology, March 2000

Computers: Market Trends

Worldwide personal computer (PC) shipments reached nearly 105 million units in 1998 and are expected to reach more than 191 million by 2002.*

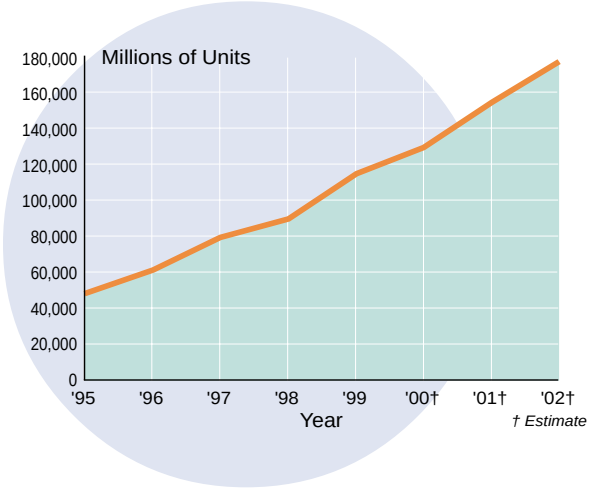
Typical Passive Component Requirements for Integrated Circuit



Source: Vishay Intertechnology, January 2000
Estimates will vary depending upon end-product applications

Computers also include substantial amounts of semiconductors, many of which are produced by Vishay.

Passive Component Usage in Computers



Source: Paumanok Publications, January 2000

Computers also include substantial amounts of semiconductors, many of which are produced by Vishay.

Computer processing speeds increase all the time, while computer and peripheral manufacturers continue to offer more features and options. This results in increased need for passive components and semiconductors.

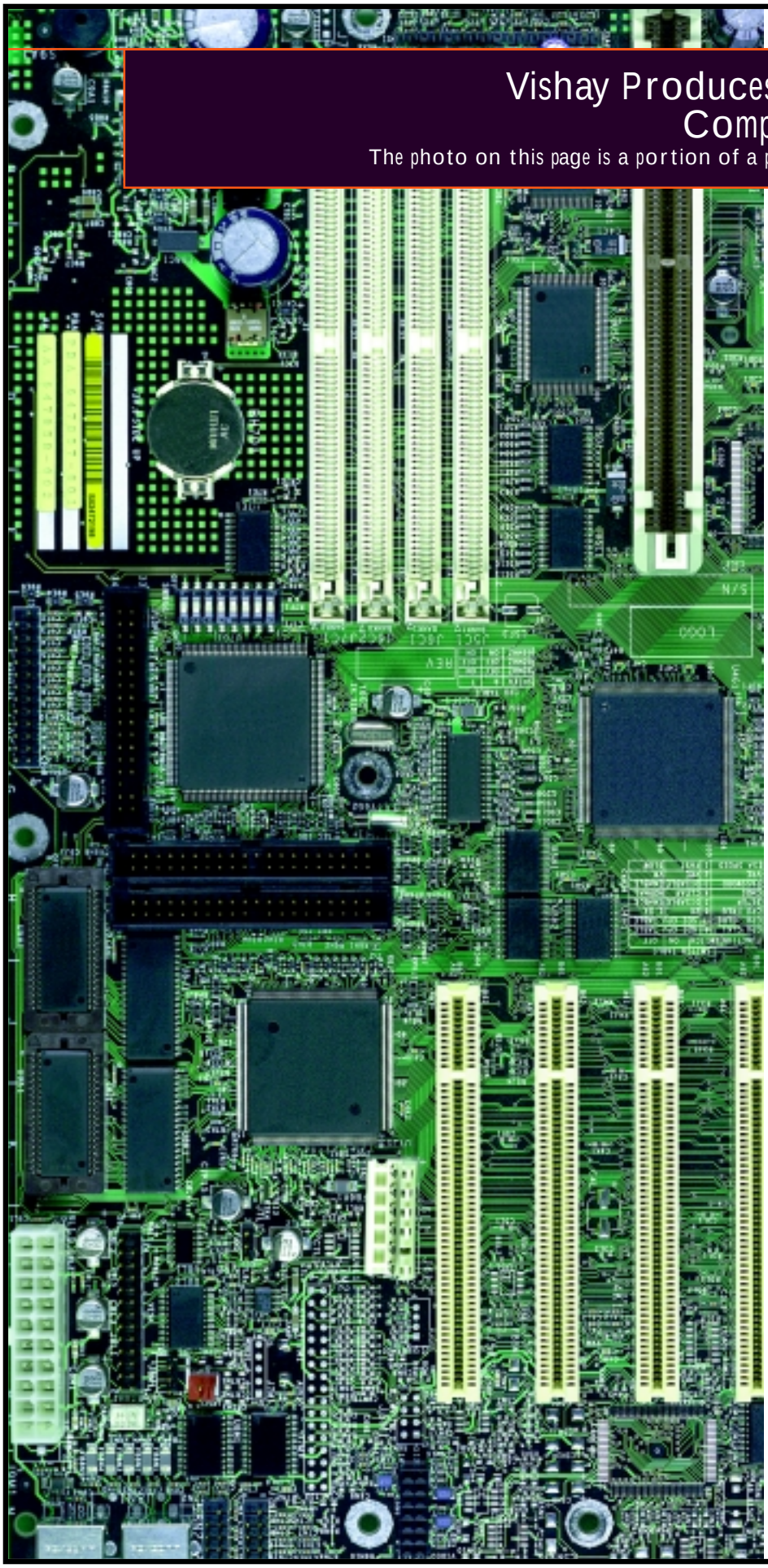
An integrated circuit (IC) located on a computer's motherboard serves as the microprocessor that does all the calculations and coordinates all the computer's activities. The microprocessor and other electronic circuits make up the central processing unit, or CPU. Each new generation of PCs features faster microprocessing speeds. In 1995, a speed of 200 megahertz (200 million cycles per second) was considered fast. The year 2000 saw the arrival of the 1-gigahertz (one billion cycles per second) PC.

The number of passive components needed for integrated circuit support in PCs is growing more rapidly than PC manufacturing itself. Intel's 486 microprocessor, which required 124 supporting passive components, was succeeded by Intel's Pentium® processor, which required 252 passive components, and the Pentium II, which requires 345 passive components. The even more powerful Pentium III requires 440 supporting passive components.**

Vishay components can be found in nearly every computer subsystem, including the motherboard, monitor, keyboard, mouse, disk drive, PCMCIA card, and modem — as well as in printers, fax machines, and copy machines.

** Paumanok Publications, April 2000*

*** Vishay Intertechnology, January 2000*



Vishay Produces Components Used in Computers and Peripherals

The photo on this page is a portion of a personal computer (PC) motherboard.

Listed below are Vishay products found in computer applications.

Analog Switches

Diodes

IrDC Transceivers

Multilayer and Wirewound Inductors

Multilayer Ceramic Capacitors

Optical Switches

Optocouplers

Power ICs

Power Metal Strip® Resistors

Power MOSFETs

RFI Suppression Capacitors

Tantalum Capacitors

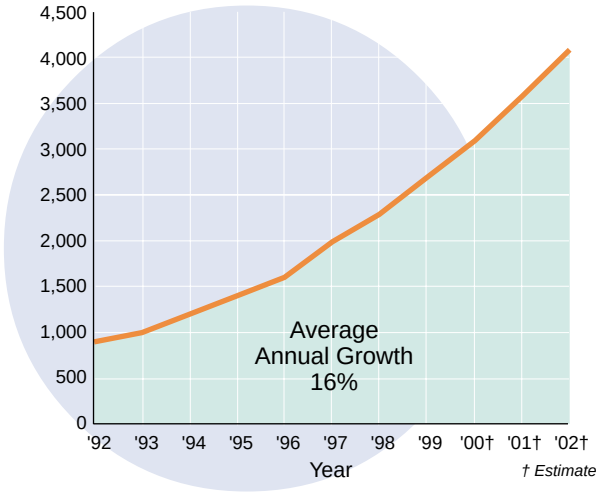
Thick Film Chip Resistors

Thin Film Resistors

Automotive Electronics: Market Trends

The market for automotive electronics is expected to reach $89 billion by 2002.* This growth will be fueled by enhancements to power train and safety systems such as antilock brakes (ABS), airbags, and engine control, as well as new comfort, security, and communications features.

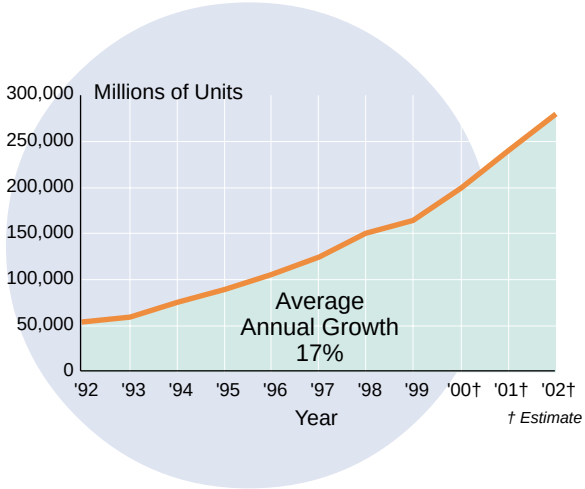
Passive Components Per Vehicle



Source: Paumanok Publications, January 2000

Automobiles also include substantial amounts of semiconductors, many of which are produced by Vishay.

Volume of Passive Components Consumed in the Global Automotive Market



Source: Paumanok Publications, January 2000

Automobiles also include substantial amounts of semiconductors, many of which are produced by Vishay.

Each new generation of antilock brakes, airbags, high-intensity lighting, and traction control makes cars progressively safer, while electronic ignition and engine control systems promise to significantly reduce vehicle emissions and increase reliability. Automotive entertainment systems are growing as sophisticated as those found in homes, while on-board computers will become an increasingly common link to navigation and traffic information, as well as e-mail and Web access.

Many of these advances originated in technologies developed for the computer and communications markets, but their adaptation for cars and trucks involves a number of distinct challenges. In the automotive market, environmental ranges and climate conditions are extreme, product life cycles are relatively long, the cost of component repair is high, and component failures can be catastrophic. As a result, the reliability of components is crucial.

Increasingly, mechanical parts for braking, transmission, throttle control, and other automotive operations are being replaced by sophisticated electronic circuits. Vishay addresses this “drive by wire” trend by providing electronic transmission interfaces, electronic fuel-level sensors, fuel injection position sensors, and other innovative products.

For drivers, fewer moving parts means greater reliability. For Vishay, global growth in automotive electronic component sales means increased market opportunities.

** Paumanok Publications, April 2000*

Vishay Produces Components Used In Automobile Subsystems

GPS

Entertainment Center

Comfort Accessories

Steering

Airbags

Security System

Lighting

Engine

Brakes

Suspension

Transmission

Vishay products are found in the automotive applications highlighted on this page.

Military and Aerospace Equipment: Market Trends

The worldwide market for military and aerospace equipment is expected to grow $11.5 billion from 1997 to 2002.* This will result in increased demand for electronics for these new systems.

It is estimated that several hundred platforms will be launched into space over the next five years, with many of these providing commercial telephone, satellite TV, and data services. Meanwhile, substantial growth in the global commercial aviation market is being driven by the need to replace older fleets. Although the needs of the military and aerospace market are evolving, the essential criteria for the electronic components that serve it — reliability and performance — remain unchanged.

Vishay is one of the largest suppliers of military components, and Vishay products for the established-reliability market reflect a long-term commitment to military and aerospace customers. Vishay components used in military and aerospace equipment are designed to function reliably when subjected to extremely hot and cold temperatures, intense vibration, and other environmental stresses.

In addition, Vishay has the ability to custom-design and produce components to meet the high expectations of quality and reliability demanded by military and aerospace customers. Vishay produces custom components for applications as diverse as missile systems and ground-based communication systems. Every component Vishay provides to the military and aerospace market is backed by comprehensive testing and failure analysis facilities, and by an experienced technical staff.

Sophisticated electronic systems in U.S. spacecraft and jet planes rely on Vishay components.

** Dataquest, January 1999*

The market for instrumentation and medical electronics, like the computer and telecommunications markets, is characterized by trends toward portability, miniaturization, and shortened design cycles.

Handheld oscilloscopes and digital multimeters are giving test and measurement professionals on-site capabilities that were once confined to engineering labs.

In the medical electronics area, miniaturization is being driven by the trend towards minimally invasive therapies such as laparoscopic surgery and by the growing importance of home care, where mobile equipment allows health care providers to monitor the vital functions of their patients over wireless data networks.

In 1999, the worldwide semiconductor market for instruments, medical equipment, and manufacturing systems was approximately $10 billion. By 2002, it is expected to grow to more than $13 billion.* As product development cycles become shorter, the ability of component suppliers to work with manufacturers during the design phase, and to solve subsystem problems such as power management and cordless connectivity, is becoming ever more critical.

Vishay components are used in a wide range of instruments, manufacturing systems, and medical products, including pacemakers (righthand photo) and oscilloscopes (bottom photo).

Vishay components are found in many different types of test, measurement, instrumentation, and medical systems. They are used in pacemakers and other implantable medical devices, where reliable, long-term performance is literally a matter of life and death. Vishay is a long-time supplier of ceramic capacitors to the leading manufacturer of pacemakers.

** Dataquest, January 1999*

Major Vishay Products and Brands

Passive Components

RESISTORS
Bulk Metal® Foil Resistors
Metal Film Resistors and Networks
Thick Film Resistors and Networks
Thick Film R/C Networks
Thin Film Resistors and Networks
Current Sensing Resistors
Wirewound Resistors
Power Metal Strip® Resistors
Panel Controls
Thermistors
Varistors
Fuse Resistors
Trimming Potentiometers
Panel Potentiometers

CAPACITORS
Tantalum (Solid) Capacitors
Tantalum (Wet) Capacitors
Ceramic Capacitors
Film Capacitors
Aluminum Capacitors

MAGNETICS
Custom Magnetics
Inductors
Transformers

Discrete Semiconductors

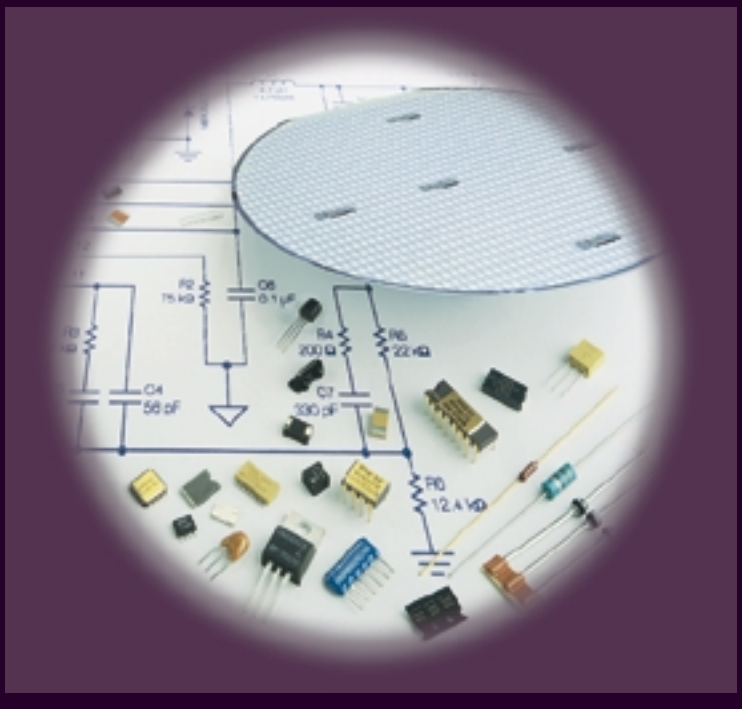
DIODES
Diodes
Rectifiers
TVS

TRANSISTORS
RF Transistors
Bipolar Power Transistors
Power MOSFETs
JFETs

OPTOELECTRONIC COMPONENTS
Photo Detectors
Infrared Emitters
Optocouplers
Optosensors
Photo Modules
LEDs
Displays

INTEGRATED CIRCUITS
Power ICs
Analog Switches
Multiplexers
IrDC Infrared Data Transceivers

Passive electronic components (resistors, capacitors, and magnetics) reduce electrical currents, store electric energy, or filter frequencies. They are referred to as *passive* because they do not amplify DC current or voltage. In contrast, active electronic components (semiconductors) amplify electrical currents, convert currents, or switch electronic and optical signals. Vishay can provide a complete package of passive and active electronic components to meet customer needs.



Major Vishay Brands

Vishay Dale
Vishay Draloric
Vishay Foil Resistors
Vishay Measurements Group
Vishay Roederstein
Vishay Sfernice
Vishay Siliconix
Vishay Sprague
Vishay Telefunken
Vishay Thin Film
Vishay Vitramon

Consolidated Statements of Operations

(In thousands, except per share and share amounts)	Year ended December 31 1999	1998	1997
Net sales	**$ 1,760,091**	$ 1,572,745	$ 1,125,219
Costs of products sold	**1,299,705**	1,189,107	858,020
GROSS PROFIT	**460,386**	383,638	267,199
Selling, general, and administrative expenses	**254,282**	234,840	136,876
Amortization of goodwill	**12,360**	12,272	7,218
Unusual items	**—**	29,301	14,503
Purchased research and development	**—**	13,300	—
	193,744	93,925	108,602
Other income (expense):			
Interest expense	**(53,296)**	(49,038)	(18,819)
Other	**(5,737)**	(2,241)	(222)
	(59,033)	(51,279)	(19,041)
Earnings before income taxes and minority interest	**134,711**	42,646	89,561
Income taxes	**36,940**	30,624	34,167
Minority interest	**14,534**	3,810	2,092
NET EARNINGS	**$ 83,237**	$ 8,212	$ 53,302
Basic earnings per share	**$ 0.99**	$ 0.10	$ 0.63
Diluted earnings per share	**$ 0.97**	$ 0.10	$ 0.63
Weighted average shares outstanding — basic	**84,452,000**	84,443,000	84,418,000
Weighted average shares outstanding — diluted	**85,488,000**	84,531,000	84,603,000

See accompanying notes.

Consolidated Balance Sheets

(In thousands, except per share and share amounts)	December 31 1999	1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 105,193**	$ 113,729
Accounts receivable, less allowances of $9,495 and $9,758	**320,978**	276,270
Inventories:		
Finished goods	**144,645**	196,551
Work in process	**131,951**	136,393
Raw materials	**121,704**	113,194
Deferred income taxes	**35,119**	53,389
Prepaid expenses and other current assets	**67,159**	67,045
TOTAL CURRENT ASSETS	**926,749**	956,571
PROPERTY AND EQUIPMENT — at cost		
Land	**51,453**	59,146
Buildings and improvements	**261,528**	270,095
Machinery and equipment	**1,073,556**	1,039,050
Construction in progress	**61,881**	69,534
	1,448,418	1,437,825
Less allowances for depreciation	**(517,873)**	(440,758)
	930,545	997,067
GOODWILL	**399,970**	432,558
OTHER ASSETS	**66,517**	76,548
	$ 2,323,781	$ 2,462,744

	December 31 1999	1998
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable to banks	**$ 26,790**	$ 20,253
Trade accounts payable	**101,613**	92,656
Payroll and related expenses	**77,209**	70,490
Other accrued expenses	**107,724**	111,420
Income taxes	**27,418**	17,425
Current portion of long-term debt	**4,445**	4,544
TOTAL CURRENT LIABILITIES	**345,199**	316,788
LONG-TERM DEBT — less current portion	**656,943**	814,838
DEFERRED INCOME TAXES	**62,712**	68,933
DEFERRED INCOME	**50,462**	59,264
MINORITY INTEREST	**61,637**	51,858
OTHER LIABILITIES	**24,715**	25,174
ACCRUED PENSION COSTS	**108,521**	123,370
STOCKHOLDERS' EQUITY		
Preferred Stock, par value $1.00 a share:		
Authorized -- 1,000,000 shares; none issued		
Common Stock, par value $.10 a share:		
Authorized -- 150,000,000 and 75,000,000 shares; 74,312,309 and 74,184,370 shares outstanding after deducting 17,116 and 21,489 shares in treasury	**7,431**	7,419
Class B convertible Common Stock, par value $.10 a share:		
Authorized -- 20,000,000 and 15,000,000 shares; 10,369,932 and 10,402,068 shares outstanding after deducting 186,302 and 187,096 shares in treasury	**1,038**	1,041
Capital in excess of par value	**989,627**	988,635
Retained earnings	**97,591**	14,354
Unearned compensation	**(1,086)**	(1,131)
Accumulated other comprehensive loss	**(81,009)**	(7,799)
	1,013,592	1,002,519
	$ 2,323,781	$ 2,462,744

See accompanying notes.

Consolidated Statements of Cash Flows

(In thousands)	Year ended December 31 1999	1998	1997
OPERATING ACTIVITIES			
Net earnings	**$ 83,237**	$ 8,212	$ 53,302
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	**139,676**	127,947	81,874
Loss on sale of subsidiary	**10,073**	—	—
Loss on disposal of property and equipment	**1,146**	712	1,245
Minority interest in net earnings of consolidated subsidiaries	**14,534**	3,810	2,092
Purchased research and development	**—**	13,300	—
Asset impairment losses	**—**	23,057	—
Loss on forward exchange contract	**—**	(5,295)	5,295
Changes in operating assets and liabilities, net of effects of businesses acquired or sold:			
Accounts receivable	**(73,678)**	13,827	(23,339)
Inventories	**24,988**	13,304	19,501
Prepaid expenses and other current assets	**14,317**	(23,206)	20,496
Accounts payable	**15,997**	1,575	6,882
Other current liabilities	**24,414**	(25,842)	5,897
Other	**(14,895)**	18,049	3,913
NET CASH PROVIDED BY OPERATING ACTIVITIES	**239,809**	169,450	177,158
INVESTING ACTIVITIES			
Purchases of property and equipment	**(119,638)**	(151,682)	(78,074)
Purchases of businesses, net of cash acquired	**—**	(423,031)	(122,468)
Proceeds from sale of subsidiary	**9,118**	—	—
Proceeds from sale of property and equipment	**7,934**	11,650	959
NET CASH USED IN INVESTING ACTIVITIES	**(102,586)**	(563,063)	(199,583)
FINANCING ACTIVITIES			
Proceeds from long-term borrowings	**197**	5,030	4,100
Principal payments on long-term debt	**(4,481)**	(7,068)	(82,076)
Net (payments) proceeds on revolving credit lines	**(143,496)**	462,214	155,729
Net changes in short-term borrowings	**6,752**	(9,768)	(17,152)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	**(141,028)**	450,408	60,601
Effect of exchange rate changes on cash	**(4,731)**	1,671	(3,858)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(8,536)**	58,466	34,318
Cash and cash equivalents at beginning of year	**113,729**	55,263	20,945
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 105,193**	$ 113,729	$ 55,263

See accompanying notes.

Consolidated Statements of Stockholders' Equity

(In thousands, except share amounts)	Common Stock	Class B Convertible Common Stock	Capital in Excess of Par Value	Retained Earnings	Unearned Compensation	Accumulated Other Comprehensive Income (Loss)	Total Stock-holders' Equity
Balance at December 31, 1996	$ 6,717	$ 945	$ 824,416	$ 107,762	$ (370)	$ 5,760	$ 945,230
Net earnings	—	—	—	53,302	—	—	53,302
Foreign currency translation adjustment	—	—	—	—	—	(46,693)	(46,693)
Pension liability adjustment	—	—	—	—	—	(966)	(966)
Comprehensive income							5,643
Stock issued (35,608 shares)	4	—	777	—	(566)	—	215
Stock dividends (3,359,615; 472,734 shares)	336	47	85,094	(85,477)	—	—	—
Conversions from Class B to common (20,641 shares)	1	(1)	—	—	—	—	—
Stock appreciation rights	—	—	8,200	—	—	—	8,200
Tax effects relating to stock plan	—	—	68	—	—	—	68
Amortization of unearned compensation	—	—	—	—	292	—	292
Balance at December 31, 1997	7,058	991	918,555	75,587	(644)	(41,899)	959,648
Net earnings	—	—	—	8,212	—	—	8,212
Foreign currency translation adjustment	—	—	—	—	—	38,174	38,174
Pension liability adjustment	—	—	—	—	—	(4,074)	(4,074)
Comprehensive income							42,312
Stock issued (77,776 shares)	8	—	1,054	—	(1,062)	—	—
Stock dividends (3,350,876; 495,338 shares)	353	50	69,042	(69,445)	—	—	—
Conversions from Class B to common (13 shares)	—	—	—	—	—	—	—
Tax effects relating to stock plan	—	—	(16)	—	—	—	(16)
Amortization of unearned compensation	—	—	—	—	575	—	575
Balance at December 31, 1998	7,419	1,041	988,635	14,354	(1,131)	(7,799)	1,002,519
Net earnings	**—**	**—**	**—**	**83,237**	**—**	**—**	**83,237**
Foreign currency translation adjustment	**—**	**—**	**—**	**—**	**—**	**(76,553)**	**(76,553)**
Pension liability adjustment	**—**	**—**	**—**	**—**	**—**	**3,343**	**3,343**
Comprehensive income							**10,027**
Stock issued (31,007 shares)	**3**	**—**	**505**	**—**	**(508)**	**—**	**—**
Stock options exercised (58,546 shares)	**6**	**—**	**485**	**—**	**—**	**—**	**491**
Conversions from Class B to common (28,137 shares)	**3**	**(3)**	**—**	**—**	**—**	**—**	**—**
Tax effects relating to stock plan	**—**	**—**	**2**	**—**	**—**	**—**	**2**
Amortization of unearned compensation	**—**	**—**	**—**	**—**	**553**	**—**	**553**
Balance at December 31, 1999	**$ 7,431**	**$ 1,038**	**$ 989,627**	**$ 97,591**	**$ (1,086)**	**$ (81,009)**	**$ 1,013,592**

See accompanying notes.

Vishay Intertechnology, Inc. is an international manufacturer and supplier of passive electronic components and discrete active electronic components, particularly resistors, capacitors, power MOSFETS, power conversion and motor control integrated circuits, transistors and diodes. Electronic components manufactured by the Company are used in virtually all types of electronic products, including those in the computer, telecommunications, military/aerospace, instrument, automotive, medical, and consumer electronics industries.

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Vishay Intertechnology, Inc. and its majority-owned subsidiaries, after elimination of all significant intercompany transactions, accounts, and profits. The Company's investments in 20% to 50%-owned companies are accounted for on the equity method. Investments in other companies are carried at cost.

Revenue Recognition

The Company recognizes revenue when products are shipped to customers. The Company has agreements with distributor customers which, under specified conditions, provide protection against price reductions initiated by the Company and allow for returns of overstocked inventories. The effect of these programs is estimated based on historical experience and provisions are recorded.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ significantly from those estimates.

Inventories

Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market.

Depreciation

Depreciation is computed principally by the straight-line method based upon the estimated useful lives of the assets. Depreciation of capital lease assets is included in total depreciation expense. Depreciation expense was $125,847,000, $114,592,000, and $73,329,000 for the years ended December31, 1999, 1998, and 1997, respectively.

Construction in Progress

The estimated cost to complete construction in progress at December31, 1999 was $28,208,000.

Goodwill

Goodwill (excess of purchase price over net assets acquired) is amortized principally over periods ranging from 30-40 years using the straight-line method. The recoverability of goodwill is evaluated at the operating unit level by an analysis of operating results and consideration of other significant events or changes in the business environment. If an operating unit has current operating losses and based upon projections there is a likelihood that such operating losses will continue, the Company will determine whether impairment exists on the basis of undiscounted expected future cash flows from operations before interest for the remaining amortization period. If impairment exists, goodwill will be reduced by the estimated shortfall of discounted cash flows. Accumulated amortization amounted to $57,071,000 and $48,407,000 at December 31, 1999 and 1998, respectively.

Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include demand deposits and all highly liquid investments with maturities of three months or less when purchased.

Research and Development Expenses

The amount charged to expense for research and development (exclusive of purchased in-process research and development) aggregated $35,038,000, $28,857,000, and $7,023,000 for the years ended December 31, 1999, 1998, and 1997, respectively. The Company spends additional amounts for the development of machinery and equipment for new processes and for cost reduction measures.

Grants

Grants received by certain foreign subsidiaries from foreign governments, primarily in Israel, are recognized as income in accordance with the purpose of the specific contract and in the period in which the related expense is incurred. Grants from the Israeli government recognized as a reduction of costs of products sold were $14,256,000, $13,116,000, and $11,352,000 for the years ended December31, 1999, 1998, and 1997, respectively. Grants receivable of $10,056,000 and $12,828,000 are included in other current assets at December31, 1999 and 1998, respectively. Deferred grant income was $50,462,000 and $59,264,000 at December31, 1999 and 1998, respectively. The grants are subject to certain conditions, including maintaining specified levels of employment for periods up to ten years. Noncompliance with such conditions could result in repayment of grants. However, management expects that the Company will comply with all terms and conditions of the grants.

Minority Interest

Minority interest represents the ownership interests of third parties in the net assets and results of operations of certain consolidated subsidiaries.

Share and Per Share Amounts

On June 22, 1999, the Company effected a five-for-four split of the outstanding shares of Common Stock and Class B Common Stock. Accordingly, all share and per share amounts shown in the accompanying consolidated financial statements and notes have been retroactively adjusted to reflect the stock split.

Earnings per share amounts for all periods presented also reflect 5% stock dividends paid on June 11, 1998 and June 9, 1997.

Stock-Based Compensation

Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* ("SFAS 123"), encourages entities to record compensation expense for stock-based employee compensation plans at fair value but provides the option of measuring compensation expense using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB 25"). The Company accounts for stock-based compensation in accordance with APB25. Note 10 presents pro forma results of operations as if SFAS 123 had been used to account for stock-based compensation plans.

Derivative Financial Instruments

The Company uses interest rate swap agreements for purposes other than trading and treats such agreements as off-balance-sheet items. Interest rate swap agreements are used by the Company to modify variable rate obligations to fixed rate obligations, thereby reducing the exposure to market rate fluctuations. The interest rate swap agreements are designated as hedges, and effectiveness is determined by matching the principal balances and terms with each specific obligation. Such an agreement involves the exchange of amounts based on fixed interest rates for amounts based on variable interest rates over the life of the agreement without an exchange of the notional amount upon which payments are based. The differential to be paid or received as interest rates change is accounted for on the accrual method of accounting. The related amount payable to or receivable from counterparties is included as an adjustment to interest expense and to accrued interest in other accrued expenses. Gains and losses upon terminations of interest rate swap agreements are deferred as an adjustment to interest expense related to the obligations over the term of the original contract lives of the terminated swap agreements. In the event of early extinguishment of an obligation, any realized or unrealized gain or loss from the swap is recognized in income at the time of extinguishment.

Foreign currency forward exchange contracts are used to manage the effect of exchange rate changes on actual cash flows from certain foreign currency denominated transactions. Foreign currency forward exchange contracts designated as effective hedges of firm commitments are treated as hedges for accounting purposes. Gains and losses are deferred and recognized in income when the hedged transaction occurs.

Accounting Pronouncements Pending Adoption

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS133"). SFAS133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires entities to record all derivative instruments on the balance sheet at fair value. Changes in the fair value of derivatives are recorded in each period in current earnings or other comprehensive income, based on whether a derivative is designated as part of a hedge transaction and the type of hedge transaction. The ineffective portion of all hedges is recognized in earnings. The Company is required to adopt SFAS133, as amended, effective January 1, 2001. Based on current derivative usage and hedging activities, the Company does not expect the adoption of SFAS133 to have a material impact on its future earnings or financial position.

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 101, *Revenue Recognition* ("SAB 101"), which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. SAB 101 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosures related to revenue recognition policies. Management believes that the Company's revenue recognition policy is in compliance with the provisions of SAB 101 and that SAB 101 will have no material effect on the financial position or results of operations of the Company.

Commitments and Contingencies

Liabilities for loss contingencies, including environmental remediation costs, arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. The costs for a specific clean-up site are discounted if the aggregate amount of the obligation and the amount and timing of the cash payments for that site are fixed or reliably determinable generally based upon information derived from the remediation plan for that site. Recoveries from third parties which are probable of realization and can be reasonably estimated are separately recorded, and are not offset against the related environmental liability.

Reclassifications

Certain prior-year amounts have been reclassified to conform to the current financial statement presentation.

2. Acquisitions

On March 2, 1998, the Company purchased 80.4% of Siliconix Incorporated (NASDAQ:SILI) and 100% of TEMIC Semiconductor GmbH (collectively, "TEMIC") for a total of $549,889,000 in cash. TEMIC is a producer of discrete active electronic components with manufacturing facilities in the United States, the Far East, Germany, and Austria. On March 4, 1998, the Company sold the Integrated Circuits division of TEMIC to Atmel Incorporated for a total of $105,755,000 in cash.

The purchase of TEMIC was funded from the Company's $1.1 billion revolving credit facilities made available to Vishay on March2,1998.

The TEMIC acquisition was accounted for under the purchase method of accounting. Under purchase accounting, the assets and liabilities of TEMIC were required to be adjusted from historical amounts to their estimated fair values.

Management estimated that $13,300,000 of the TEMIC purchase price represented purchased in-process technology that had not reached technological feasibility and had no alternative future use. Accordingly, this amount was expensed with no tax benefit upon consummation of the acquisition. The value assigned to purchased in-process technology was determined by identifying research projects in areas for which technological feasibility had not been established. The value was determined by estimating the costs to develop the purchased in-process technology into commercially viable products, estimating the resulting net cash flows from such projects, and discounting the net cash flows back to their present value. The discount rate included a factor that took into account the uncertainty surrounding the successful development of the purchased in-process technology.

In connection with the TEMIC acquisition, the Company recorded restructuring liabilities of $30,471,000 in connection with an exit plan that management began to formulate prior to the acquisition date. Approximately $25,197,000 of these liabilities related to employee termination costs covering 498 technical, production, administrative and support employees located in the United States, Europe, and the Pacific Rim. The remaining $5,274,000 related to provisions for contract cancellations and other costs. As of December31, 1999, 364 employees had been terminated and $20,203,000 of the termination costs were paid. Additionally, $3,302,000 of contract cancellation charges and other costs were paid.

The results of operations of TEMIC have been included in the Company's results from March 1, 1998. Excess of cost over the fair value of assets acquired ($154,866,000) is being amortized principally over periods ranging from 30-40 years using the straight-line method.

In July 1997, the Company purchased 65% of the common stock of Lite-On Power Semiconductor Corporation ("LPSC"), a Taiwan company, for $130,000,000 in cash and stock appreciation rights with a fair value at the time of issuance of $8,200,000. LPSC is a producer of discrete active electronic components with manufacturing facilities in

Taiwan, China and the United States. LPSC owns 40.2% of Diodes, Inc. (AMEX:DIO). The Company utilized existing credit facilities to finance the cash portion of the purchase price. The acquisition was accounted for under the purchase method of accounting.

The results of operations of LPSC have been included in the Company's results from July1, 1997. Excess of cost over the fair value of net assets acquired ($110,978,000) is being amortized on a straight-line method over an estimated useful life of forty years.

Had the TEMIC and LPSC acquisitions been made at the beginning of 1998 and 1997, the Company's pro forma unaudited results would have been (in thousands, except per share amounts):

Year ended December 31	**1998**	**1997**
Net sales	$ 1,655,197	$ 1,723,818
Net earnings	6,528	41,394
Basic and diluted earnings per share	0.08	0.49

The pro forma results include adjustments for interest expense that would have been incurred to finance the acquisitions, additional depreciation based on the fair value of property, plant, and equipment acquired, writeoff of purchased in-process research and development, amortization of goodwill, and related tax effects.

The unaudited pro forma results are not necessarily indicative of the results that would have been attained had the acquisitions occurred at the beginning of the periods presented.

3. Unusual Items

Unusual items in 1998 consisted of the following components (in thousands):

Impairment losses:	
China	$ 19,556
Nikkohm	3,501
Restructuring of European operations	5,944
Closing of two U.S. sales offices	300
	$ 29,301

In May 1996, the Company signed letters of intent with the China National Non-Ferrous Metals Industry Corporation Nanchang Branch (the "CNNC") and United Development, Inc. to enter into joint ventures to mine, process and refine tantalum at a site in China and to build a plant in China to manufacture dipped radial and chip tantalum capacitors. Management viewed this as a strategic investment as it would provide the Company with a presence in the Far East, another source of low-cost labor, and a stable, low-cost supply of tantalum. Through March31, 1998, the Company continued to negotiate the terms of the joint ventures with the CNNC and to conduct feasibility tests on the mine. As of March31, 1998, the Company had removed from existing production lines and packaged for shipment to China $18.9 million of equipment to be used in the manufacture of dipped radial and chip tantalum capacitors at the proposed plant. In addition, the Company had deferred $1.7 million in consulting costs incurred in evaluating the potential joint venture. During fiscal 1998, several events occurred which led to the eventual abandonment of the projects in China. First, the CNNC was disbanded by the Chinese government and replaced by a smaller organization which had much less control over the various potential Chinese partners in the joint ventures. The individual Chinese partners, no longer under the central control of the CNNC, began demanding renegotiations of the joint venture agreements in ways that were unacceptable to the Company. Second, the Asian economy experienced a significant downturn and demand for the Company's tantalum capacitors dropped significantly. The reduction in demand for the Company's tantalum capacitors made the building of a large factory financially impractical. Instead, the Company downsized its plans and opened a small finishing plant for tantalum capacitors in one of the Company's existing Shanghai facilities that it had acquired in 1997. Third, suppliers of tantalum outside of China were forced to lower prices due to a significant increase in supply primarily due to competition from Chinese suppliers. Fourth, in 1997 and 1998, Vishay acquired two companies that had established facilities in China with approximately 2,000 employees in five factories. These factories served to establish Vishay as a major components manufacturer in China without additional investment by the Company. During the fourth quarter of fiscal 1998, management evaluated the proposed joint ventures and concluded that, due to the factors described above, the Company would discontinue negotiations and abandon the proposed joint ventures. Management concluded that the $18.9 million of equipment had a net realizable value of $1 million and that the $1.7 million of deferred costs were not recoverable and in accordance with the Company's accounting policy, recorded an impairment loss of $19.6 million.

In March 1995, the Company acquired a 49% interest in Nikkohm, a Japanese manufacturer and distributor of passive electronic components. The Company's investment in Nikkohm totaled $4 million. Like the proposed Chinese joint ventures, management considered its investment in Nikkohm strategic because it provided the Company with an entry into certain Far East markets. Following the acquisition of its interest, Vishay worked with the management of Nikkohm to build Nikkohm's business and improve its profitability. Through December31,1997, the Company recognized a cumulative loss on its investment in Nikkohm of $499,800 (1995–$304,000; 1996–$141,800; 1997–$54,000). Management had been encouraged by Nikkohm's trend in earnings and had proposed certain marketing programs intended to further improve operating results. However, Nikkohm's results of operations began to deteriorate in fiscal 1998 due to a decrease in demand for the Company's products, particularly thin film resistors, and a downturn in the Asian economy. In addition, a significant member of Nikkohm's management resigned due to health concerns. Also, the Company's acquisitions in 1997 and 1998 had established Vishay as a major electronics components manufacturer in the Far East. During the fourth quarter of fiscal 1998, management evaluated these recent developments and concluded that the carrying amount of the investment in Nikkohm was not recoverable and in accordance with the Company's accounting policy, recorded an impairment loss of $3.5 million.

Restructuring of European operations consists of $5,694,000 of employee termination costs covering approximately 182 technical, production, administrative and support employees located in Germany and the United Kingdom. The remaining $250,000 relates to lease buyout expense associated with the closing of a facility in the United Kingdom. At December31,1998, approximately 15 employees had been terminated and $471,000 of termination costs were paid. During the year ended December31, 1999, the Company terminated the remainder of the employees and paid related termination costs of $4,899,000. At December31,1999, the 1998 European operations restructuring plan was completed.

The remaining $300,000 of restructuring expense consists of employee termination costs of $130,000 and lease buyout and other expenses of $170,000 relating to the closing of two U.S. sales offices. During the year ended December 31, 1999, these sales offices were closed and the restructuring costs were paid.

Unusual items expense of $14,503,000 in 1997 consists of restructuring expense of $12,605,000 and a settlement with the United States Government in the amount of $1,898,000 representing reimbursements for overcharges relating to military products produced prior to 1993 at one of the Company's U.S. subsidiaries.

Restructuring expense of $12,605,000 in 1997 resulted from a downsizing of the Company's European operations. Approximately $10,357,000 of this expense related to employee termination costs covering 324 technical, production, administrative, and support employees located in Germany and France. Approximately $623,000 of the restructuring expense related to facility closure costs in France. The remaining $1,625,000 related to additional payments to certain employees laid off in the last half of fiscal 1996 in connection with Vishay's fiscal 1996 restructuring program. The payments were a result of a judgment rendered by a French court against a subsidiary of the Company. The court ruled that these employees were due additional payments under France's mandated social plan. At December31,1998, approximately 173 employees had been terminated and $6,158,000 of termination costs were paid. During the year ended December31,1999, the Company terminated an additional 143 employees and paid related termination costs of $4,097,000. At December31,1999, the 1997 European operations restructuring plan was completed.

4. Income Taxes

Earnings before income taxes and minority interest consists of the following components (in thousands):

Year ended December 31	1999	1998	1997
Domestic	**$ 26,717**	$ (45,334)	$ 45,832
Foreign	**107,994**	87,980	43,729
	$ 134,711	$ 42,646	$ 89,561

Significant components of income taxes are as follows (in thousands):

Year ended December 31	1999	1998	1997
Current:			
U.S. Federal	**$ 1,685**	$ 1,590	$ 20,296
Foreign	**6,810**	12,370	6,494
State	**728**	987	2,103
	9,223	14,947	28,893
Deferred:			
U.S. Federal	**21,957**	(44)	1,476
Foreign	**5,333**	15,708	3,547
State	**427**	13	251
	27,717	15,677	5,274
	$ 36,940	$ 30,624	$ 34,167

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows (in thousands):

December 31	1999	1998
Deferred tax assets:		
Pension and other retiree obligations	**$ 26,447**	$ 27,839
Net operating loss carryforwards	**84,387**	109,545
Tax credit carryforwards	**8,236**	8,535
Restructuring reserves	**4,981**	7,937
Other accruals and reserves	**32,385**	40,643
Total deferred tax assets	**156,436**	194,499
Less: Valuation allowance	**(47,648)**	(59,329)
Net deferred tax assets	**108,788**	135,170
Deferred tax liabilities:		
Tax over book depreciation	**86,497**	99,890
Other—net	**14,641**	11,645
Total deferred tax liabilities	**101,138**	111,535
Net deferred tax assets	**$ 7,650**	$ 23,635

A reconciliation of income tax expense at the U.S. federal statutory income tax rate to actual income tax expense is as follows (in thousands):

Year ended December 31	1999	1998	1997
Tax at statutory rate	**$ 47,149**	$ 14,926	$ 31,346
State income taxes, net of U.S. federal tax benefit	**606**	649	1,619
Effect of foreign operations	**(13,717)**	(1,561)	(11,059)
Benefit of net operating loss carryforwards	**–**	–	(207)
Provision for estimated tax uncertainties	**–**	–	10,000
Increase in valuation allowance for foreign net operating loss carryforwards	**–**	10,000	–
Purchased research and development expense	**–**	4,655	–
Other	**2,902**	1,955	2,468
	$ 36,940	$ 30,624	$ 34,167

At December 31, 1999, the Company had the following net operating loss carryforwards for tax purposes (in thousands):

		Expires
U.S. Federal	$ 36,794	2018-2019
Germany	131,218	No expiration
France	6,957	2004 to unlimited
Portugal	6,439	2001-2004

Approximately $59,480,000 of the carryforward in Germany resulted from the Company's acquisition of Roederstein, GmbH in 1993. Valuation allowances of $45,698,000 and $57,054,000 have been recorded at December31, 1999 and 1998, respectively, for deferred tax assets related to foreign net operating loss carryforwards. In 1999 and

1998, respectively, tax benefits recognized through reductions of the valuation allowance had the effect of reducing goodwill of acquired companies by $454,000 and $446,000. If additional tax benefits are recognized in the future through further reduction of the valuation allowance, $21,360,000 of such benefits will reduce goodwill.

At December31, 1999, no provision had been made for U.S. federal and state income taxes on approximately $423,748,000 of foreign earnings which are expected to be reinvested indefinitely. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to U.S. income taxes (subject to an adjustment for foreign tax credits), state income taxes, and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable because of the complexities associated with its hypothetical calculation.

Income taxes paid were $5,463,000, $36,488,000 and $24,879,000, for the years ended December31, 1999, 1998, and 1997, respectively.

5. Long-Term Debt

Long-term debt consisted of the following (in thousands):

December 31	1999	1998
Multicurrency Revolving Credit Loans	**$ 635,215**	$ 777,400
Other Debt and Capital Lease Obligations	**26,173**	41,982
	661,388	819,382
Less current portion	**4,445**	4,544
	$ 656,943	$ 814,838

At December 31, 1998, two facilities were available under the Company's amended and restated loan agreements with a group of banks: an $825,000,000 five-year multicurrency revolving credit and swing line facility (interest 5.87% at December 31, 1998); and a $275,000,000 364-day multicurrency revolving credit facility.

On June 1, 1999, the Company amended the two credit facilities. The $825,000,000 long-term facility matures on March2, 2003, subject to Vishay's right to request year-to-year renewals. The short-term facility now provides for a $100,000,000 364-day facility, which is available on a revolving basis until May 30, 2000. Interest on the two facilities is payable at prime or other interest rate options. The Company is required to pay facility fees on the two facilities. As of December 31, 1999, the Company had $635,215,000 outstanding under the long-term revolving credit facility (interest 7.52%, 7.10% after giving effect to interest rate swaps).

Borrowings under the loan agreements are secured by pledges of stock in certain significant subsidiaries and indirect subsidiaries of Vishay and certain guaranties by the significant subsidiaries. The credit facilities restrict the Company from paying cash dividends and require the Company to comply with other covenants, including the maintenance of specific financial ratios.

Other debt and capital lease obligations include borrowings under short-term credit lines of $3,410,000 and $10,470,000 at December31, 1999 and 1998, respectively, which are classified as long-term based on the Company's intention and ability to refinance the obligations on a long-term basis.

Aggregate annual maturities of long-term debt, are as follows: 2000—$4,445,000; 2001—$15,627,000; 2002—$1,518,000; 2003—$635,811,000; 2004—$569,000; thereafter—$3,418,000.

At December31, 1999, the Company had committed and uncommitted short-term credit lines with various U.S. and foreign banks aggregating $134,767,000, of which $104,567,000 was unused. The weighted average interest rate on short-term borrowings outstanding as of December31, 1999 and 1998 was 7.07% and 6.11%, respectively.

Interest paid was $53,605,000, $48,105,000, and $18,699,000 for the years ended December31, 1999, 1998, and 1997, respectively.

6. Stockholders' Equity

On May 20, 1999, the Company's shareholders approved an increase in the authorized number of shares of Common Stock, $.10 par value from 75,000,000 shares to 150,000,000 shares, and an increase in the authorized number of shares of Class B Common Stock, $.10 par value, from 15,000,000 shares to 20,000,000 shares.

The Company's Class B Common Stock carries ten votes per share while the Common Stock carries one vote per share. Class B shares are transferable only to certain permitted transferees while the Common Stock is freely transferable. Class B shares are convertible on a one-for-one basis at any time to shares of Common Stock.

In connection with the acquisition of LPSC (see Notes 2 and 17), the Company issued stock appreciation rights (SARs) to the former owners of LPSC. The SARs represent the right to receive in stock the increase in value on the equivalent of 2,133,000 shares of the Company's stock above $17.52 per share. The SARs may be exercised at any time prior to July 17, 2007 at the option of the former owners of LPSC. The Company may force redemption of the SARs if the Company's stock trades above the "Strike Price" ($39.64 per share effective July 17, 1999). The Strike Price increases by 10% each year. The fair value of the SARs as of July 17, 1997 was determined to be $8,200,000 using the binomial option pricing model.

Unearned compensation relating to Common Stock issued under employee stock plans is being amortized over periods ranging from three to five years. At December31, 1999, 203,418 shares were available for issuance under stock plans.

7. Other Income (Expense)

Other income (expense) consists of the following (in thousands):

Year ended December 31	1999	1998	1997
Foreign exchange gains	**$ 86**	$ 495	$ 3,657
Loss on forward exchange contract	**-**	(6,269)	(5,295)
Investment income	**3,968**	4,687	2,353
Equity in net income of affiliates	**2,195**	1,084	1,090
Loss on sale of fixed assets	**(1,179)**	(712)	(1,245)
Loss on sale of subsidiary	**(10,073)**	–	–
Other	**(734)**	(1,526)	(782)
	$ (5,737)	$ (2,241)	$ (222)

On March 26, 1999, the Company sold Nicolitch, S.A., its French manufacturer of printed circuit boards, to Leonische Drahtwerke AG. In connection with the sale, the Company received proceeds of approximately $9,118,000 and recorded a noncash pretax loss of $10,073,000.

In connection with the Company's acquisition of TEMIC, the Company entered into a forward exchange contract in December 1997. This contract was intended to protect against the impact of fluctuations in the exchange rate between the U.S. Dollar and the Deutsche Mark, since the purchase price was denominated in Deutsche Marks and payable in U.S. Dollars. At December 31, 1997, the Company had an unrealized loss on this contract of $5,295,000, which resulted from marking the contract to market value. On March 2, 1998, the forward exchange contract was settled and the Company recognized an additional loss of $6,269,000.

8. Other Comprehensive Income

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

(In thousands)	Beginning Balance	Before-Tax Amount	Tax (Benefit) Expense	Net-of-Tax Amount	Ending Balance
December 31, 1999					
Pension liability adjustment	**$ (8,386)**	**$ 6,173**	**$ 2,830**	**$ 3,343**	**$ (5,043)**
Currency translation adjustment	**587**	**(76,553)**	**—**	**(76,553)**	**(75,966)**
	$ (7,799)	**$ (70,380)**	**$ 2,830**	**$ (73,210)**	**$ (81,009)**
December 31, 1998					
Pension liability adjustment	$ (4,312)	$ (7,338)	$ (3,264)	$ (4,074)	$ (8,386)
Currency translation adjustment	(37,587)	38,174	—	38,174	587
	$ (41,899)	$ 30,836	$ (3,264)	$ 34,100	$ (7,799)
December 31, 1997					
Pension liability adjustment	$ (3,346)	$ (2,714)	$ (1,748)	$ (966)	$ (4,312)
Currency translation adjustment	9,106	(46,693)	—	(46,693)	(37,587)
	$ 5,760	$ (49,407)	$ (1,748)	$ (47,659)	$ (41,899)

9. Pensions and Other Postretirement Benefits

The Company maintains several defined benefit pension and nonpension postretirement plans which cover substantially all full-time U.S. employees. The following table sets forth a reconciliation of the benefit obligation, plan assets, and accrued benefit cost related to these plans (in thousands):

	Pension Benefits		Other Benefits	
	1999	**1998**	**1999**	**1998**
Change in benefit obligation:				
Benefit obligation at beginning of year	**$110,965**	$ 98,991	**$ 7,977**	$ 7,796
Service cost	**3,296**	3,828	**264**	287
Interest cost	**6,981**	6,726	**496**	494
Employee contributions	**1,959**	1,782	**—**	—
Actuarial losses (gains)	**(11,690)**	7,057	**(849)**	(94)
Benefits paid	**(7,064)**	(7,419)	**(557)**	(506)
Benefit obligation at end of year	**$104,447**	$ 110,965	**$ 7,331**	$ 7,977
Change in plan assets:				
Fair value of plan assets at beginning of year	**$ 95,534**	$ 98,388		
Actual return on plan assets	**6,837**	706		
Company contributions	**2,174**	2,077		
Plan participants' contributions	**1,959**	1,782		
Benefits paid	**(7,064)**	(7,419)		
Fair value of plan assets at end of year	**$ 99,440**	$ 95,534		
Funded status	**$ (5,007)**	$ (15,431)	**$ (7,331)**	$ (7,977)
Unrecognized net actuarial loss (gain)	**4,455**	15,184	**(308)**	547
Unrecognized transition obligation (asset)	**(83)**	27	**2,779**	2,993
Unamortized prior service cost	**75**	173	**248**	279
Net amount recognized	**$ (560)**	$ (47)	**$ (4,612)**	$ (4,158)
Amounts recognized in the consolidated balance sheets consist of:				
Prepaid benefit cost	**$ 4,165**	$ 4,452	**$ —**	$ —
Accrued benefit liability	**(4,725)**	(7,817)	**(4,612)**	(4,158)
Accumulated other comprehensive income	**—**	3,318	**—**	—
Net amount recognized	**$ (560)**	$ (47)	**$ (4,612)**	$ (4,158)
Weighted-average assumptions as of December 31:				
Discount rate	**7.50%**	6.50%	**7.50%**	6.50%
Expected return on plan assets	**8.50% - 9.50%**	8.50% - 9.50%		
Rate of compensation increase	**4.50%**	4.50%		

	Pension Benefits			Other Benefits		
	1999	**1998**	**1997**	**1999**	**1998**	**1997**
Components of net periodic benefit cost:						
Annual service cost	**$ 5,255**	$ 5,610	$ 4,968	**$ 264**	$ 287	$ 252
Less employee contribution	**1,959**	1,782	1,969	**—**	—	—
Net service cost	**3,296**	3,828	2,999	**264**	287	252
Interest cost	**6,981**	6,726	6,266	**496**	494	499
Expected return on plan assets	**(8,259)**	(8,463)	(7,511)	**—**	—	—
Amortization of prior service cost	**98**	195	233	**31**	31	31
Amortization of transition obligation	**110**	110	110	**214**	214	214
Amortization of losses	**461**	—	—	**6**	—	5
Net periodic benefit cost	**$ 2,687**	$ 2,396	$ 2,097	**$ 1,011**	$ 1,026	$ 1,001

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $21,494,000, $21,380,000, and $15,401,000, respectively, as of December 31, 1999 and $98,043,000, $91,596,000, and $83,739,000, respectively, as of December 31, 1998.

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets were $21,494,000, $21,380,000, and $15,401,000, respectively, as of December 31, 1999 and $110,965,000, $101,414,000, and $95,535,000, respectively, as of December31, 1998.

The Company's nonpension postretirement plan is funded as costs are incurred. The plan is contributory, with employee contributions adjusted for general inflation or inflation in costs under the plan. The plan was amended in 1993 to cap employer contributions at 1993 levels. The impact of a one-percentage-point change in assumed health care cost trend rates on the net periodic benefit cost and postretirement benefit obligation is immaterial.

Many of the Company's U.S. employees are eligible to participate in 401(k) savings plans, some of which provide for Company matching under various formulas. The Company's matching expense for the plans was $3,196,000, $2,816,000 and $2,126,000 for the years ended December 31, 1999, 1998, and 1997, respectively.

The Company provides pension and similar benefits to employees of certain foreign subsidiaries consistent with local practices. German subsidiaries of the Company have defined benefit pension plans. The Company acquired 100% of TEMIC Semiconductor GmbH on March 2, 1998, including its pension plan. The following table sets forth a reconciliation of the benefit obligation, plan assets, and accrued benefit cost related to the German plans (in thousands):

	1999	1998
Change in benefit obligation:		
Benefit obligation at beginning of year	**$ 111,770**	$ 64,758
Service cost	**554**	510
Interest cost	**6,501**	6,025
Actuarial (gains) losses	**(837)**	3,383
Acquisition	**—**	34,536
Benefits paid	**(5,341)**	(5,036)
Foreign currency translation	**(14,794)**	7,594
Benefit obligation at end of year	**$ 97,853**	$ 111,770
Change in plan assets:		
Fair value of plan assets at beginning of year	**$ 15,227**	$ 13,735
Actual return on plan assets	**753**	624
Company contributions	**2,467**	2,754
Benefits paid	**(2,574)**	(2,872)
Foreign currency translation	**(2,147)**	986
Fair value of plan assets at end of year	**$ 13,726**	$ 15,227
Funded status	**$ (84,127)**	$ (96,543)
Unrecognized net actuarial losses	**5,650**	7,002
Unrecognized transition obligation (asset)	**(13)**	(19)
Unamortized prior service cost	**103**	168
Net amount recognized	**$ (78,387)**	$ (89,392)

	1999	1998
Amounts recognized in the consolidated balance sheets consist of:		
Accrued benefit liability	**$ (85,612)**	$ (99,476)
Accumulated other comprehensive income	**7,225**	10,084
Net amount recognized	**$ (78,387)**	$ (89,392)
Weighted-average assumptions as of December 31:		
Discount rate	**6.50%**	6.50%
Rate of compensation increase	**3.00%**	3.00%

	1999	1998	1997
Components of net periodic benefit cost:			
Service cost	**$ 554**	$ 510	$ 107
Interest cost	**6,501**	6,025	4,261
Expected return on plan assets	**(488)**	(476)	(1,179)
Amortization of prior service cost	**65**	86	106
Amortization of transition asset	**(6)**	(2)	(4)
Amortization of losses	**250**	62	—
Net periodic benefit cost	**$ 6,876**	$ 6,205	$ 3,291

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the German pension plans with accumulated benefit obligations and projected benefit obligations in excess of plan assets were $97,853,000, $96,601,000, and $13,726,000, respectively, as of December31,1999 and $111,770,000, $110,871,000, and $15,227,000, respectively, as of December 31, 1998.

10. Stock Options

The Company has three stock option programs. Under the 1995 Stock Option Program, certain key executives of the Company were granted options on March3, 1995, to purchase 1,522,000 shares of the Company's Common Stock. The options were fully vested on the date of grant and expire March1,2000, with one-third exercisable at $18.31, one-third exercisable at $23.04, and one-third exercisable at $32.91.

Under the 1997 Stock Option Program, certain executive officers, key employees, and consultants of the Company were granted options on May21, 1998, to purchase 1,791,000 shares of the Company's Common Stock. The options were fully vested on the date of grant and expire June1,2008, with one-third exercisable at $16.33, one-third at $18.79, and one-third at $20.42.

Under the 1998 Stock Option Program, certain executive officers and key employees were granted options on October6, 1998 to purchase 1,065,000 shares of the Company's Common Stock. The options, which are exercisable at $8.40, vest evenly over a six-year period and expire March16,2008. On October 8, 1999, an additional 852,000 options were granted. These options are exercisable at $23.00, vest evenly over a six-year period and expire October 8, 2009.

10. Stock Options (continued)

The following table summarizes the Company's stock option activity (options in thousands):

	1999		1998		1997	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of year	**4,196**	**$ 17.94**	1,522	$ 24.75	1,522	$ 24.75
Granted	**852**	**23.00**	2,856	14.74	—	—
Exercised	**(59)**	**8.40**	—	—	—	—
Forfeited	**—**	**—**	(182)	24.75	—	—
Cancelled	**(35)**	**8.40**	—	—	—	—
Outstanding at end of year	**4,954**	**18.99**	4,196	17.94	1,522	24.75
Exercisable at end of year	**3,244**	**20.74**	3,132	21.18	1,522	24.75
Available for future grants	**87**		904		—	

The following table summarizes information concerning stock options outstanding and exercisable at December 31, 1999 (options in thousands):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$8.40	971	8.76	$ 8.40	113	$ 8.40
$16.33 - $20.42	2,238	6.75	18.47	2,238	18.47
$23.00	852	9.77	23.00	–	–
$23.04 - $32.19	893	0.16	27.98	893	27.98
Total	4,954	6.47	18.99	3,244	20.74

The following is provided to comply with the disclosure requirements of SFAS 123. If compensation cost for the Company's stock option programs had been determined using the fair-value method prescribed by SFAS 123, the Company's results for the year ended December31, 1999 and 1998 would have been reduced to the proforma amounts indicated below (in thousands, except per share amounts):

	1999	1998
Net earnings (loss)	**$ 82,103**	$ (1,906)
Basic earnings (loss) per share	**0.97**	(0.02)
Diluted earnings (loss) per share	**0.96**	(0.02)

The weighted average fair value of the options granted was estimated using the Black-Scholes option pricing model, with the assumptions presented below. All options granted in 1999 had an exercise price equal to the market value and a weighted average fair value of $9.31. For options granted in 1998 with an exercise price equal to the market value, the weighted average fair value was $5.22 and the weighted average exercise price was $11.61. For options granted in 1998 with an average exercise price greater than the market value, the weighted average fair value was $5.78 and the weighted average exercise price was $20.70.

	1999	1998	
	1998 Stock Option Progam	1998 Stock Option Program	1997 Stock Option Program
Expected dividend yield	**–**	–	–
Risk-free interest rate	**6.0%**	4.2%	5.7%
Expected volatility	**51.3%**	48.3%	48.3%
Expected life (in years)	**4.5**	4.5	8

11. Leases

Total rental expense under operating leases was $21,390,000, $23,703,000, and $9,413,000 for the years ended December 31, 1999, 1998, and 1997, respectively.

Future minimum lease payments for operating leases with initial or remaining noncancelable lease terms in excess of one year are as follows: 2000—$15,213,000; 2001—$12,237,000; 2002—$11,435,000; 2003—$10,507,000; 2004—$11,797,000; thereafter—$54,318,000.

12. Financial Instruments

The Company uses financial instruments in the normal course of its business, including derivative financial instruments, for purposes other than trading. These financial instruments include debt and interest rate swap agreements. The notional or contractual amounts of these commitments and other financial instruments are discussed below.

Concentration of Credit Risk

Financial instruments with potential credit risk consist principally of accounts receivable. Concentrations of credit risk with respect to receivables are limited due to the Company's large number of customers and their dispersion across many countries and industries. At December31, 1999 and 1998, the Company had no significant concentrations of credit risk.

Interest Rate Swap Agreements

In August 1998, the Company entered into six interest rate swap agreements with a total notional amount of $300,000,000 to manage interest rate risk related to its multicurrency revolving line of credit. These interest rate swap agreements require the Company to make payments to the counterparties at the fixed rate stated in the agreements, and in return to receive payments from the counterparties at variable rates. These interest rate swap agreements mature in August 2003. The variable rates are based on USD-LIBOR-BBA rates. In November 1999, the Company entered into two three-month interest rate swap agreements with a total notional amount of $300,000,000. These interest rate swap agreements require the Company to make payments to the counterparties on February 29, 2000 at the three-month USD-LIBOR-BBA rate as of November 29, 1999 less 0.16% and to receive monthly payments from the counterparties at the monthly USD-LIBOR-BBA rate. At December 31, 1999 and 1998, the Company paid a weighted average fixed rate of 5.61% and 5.77%, respectively, and received a weighted average variable rate of 6.49% and 5.25%, respectively. The fair value of the interest rate swap agreements, based on current market rates, approximated a net receivable of $8,714,000 and a net payable of $7,572,000 at December 31, 1999 and 1998, respectively.

Foreign Currency Forward Exchange Contracts

In September 1999, a subsidiary of the Company entered into foreign currency forward exchange contracts to manage exposure related to certain foreign currency commitments and balance sheet positions. At December 31, 1999, the notional amount of outstanding foreign currency forward exchange contracts was $6,438,000. All of the total outstanding contracts at December 31, 1999 were to hedge yen denominated commitments from customers in Japan.

Cash and Cash Equivalents, Notes Payable, and Long-Term Debt

The carrying amounts reported in the consolidated balance sheets approximate fair value.

13. Current Vulnerability Due to Certain Concentrations

Sources of Supply

Although most materials incorporated in the Company's products are available from a number of sources, certain materials (particularly tantalum and palladium) are available only from a relatively limited number of suppliers. Tantalum, a metal, is the principal material used in the manufacture of tantalum capacitor products. It is purchased in powder form primarily under annual contracts with domestic and foreign suppliers at prices that are subject to periodic adjustment. The Company is a major consumer of the world's annual tantalum production. There are currently three major suppliers that process tantalum ore into capacitor grade tantalum powder. The Company believes that there is currently a surplus of tantalum ore reserves and a sufficient number of tantalum processors relative to foreseeable demand. The tantalum required by the Company has generally been available in sufficient quantities to meet its requirements. However, the limited number of tantalum powder suppliers could lead to increases in tantalum prices that the Company may not be able to pass on to its customers. Palladium is used to produce multi-layer ceramic capacitors. Palladium is primarily purchased on the spot and forward markets, depending on market conditions. Palladium is considered a commodity and is subject to price volatility. The price of palladium fluctuated in the range of approximately $127 to $444 per troy ounce during the three years ended December31,1999, and had increased to $670 per troy ounce as of February28, 2000. Palladium is currently found in South Africa and Russia. Due to various factors, the Company believes there may be a short-term shortage of palladium which may affect both the cost of palladium and the Company's plans to expand multi-layer ceramic chip capacitor production to meet increased demand. An inability on the part of the Company to pass on increases in palladium costs to its customers could have an adverse effect on the margins of those products using the metal.

Geographic Concentration

To address the increasing demand for its products and to lower its costs, the Company has expanded, and plans to continue to expand, its manufacturing operations in Israel in order to take advantage of that country's lower wage rates, highly skilled labor force, government-sponsored grants, and various tax abatement programs. Israeli incentive programs have contributed substantially to the growth and profitability of the Company. The Company might be materially and adversely affected if these incentive programs were no longer available to the Company or if events were to occur in the Middle East that materially interfered with the Company's operations in Israel.

14. Business Segment and Geographic Area Data

Vishay designs, manufactures, and markets electronic components that cover a wide range of products and technologies. The Company has two reportable segments: Passive Electronic Components (Passives) consisting principally of fixed resistors, solid tantalum surface mount chip capacitors, solid tantalum leaded capacitors, wet/foil tantalum capacitors, multi-layer ceramic chip capacitors, film capacitors and inductors, and Active Electronic Components (Actives) consisting principally of diodes, transistors, power MOSFETS, power conversion and motor control integrated circuits.

The Company evaluates performance and allocates resources based on several factors, of which the primary financial measure is business segment operating income excluding amortization of intangibles and special charges. The accounting policies of the business segments are the same as those described in the summary of significant

accounting policies (see Note 1). The operating results of Actives reflect the acquisition of TEMIC as of March 2, 1998 and the acquisition of LPSC as of July 1, 1997. Business segment assets are the owned or allocated assets used by each business.

The corporate component of operating income represents corporate selling, general, and administrative expenses. Corporate assets include corporate cash, property, plant, and equipment, and certain other assets.

Business Segment Information (In thousands)

	1999	1998	1997
Net Sales:			
Passives	**$ 1,008,266**	$ 1,027,902	$ 1,086,929
Actives	**751,825**	544,843	38,290
	$ 1,760,091	$ 1,572,745	$ 1,125,219
Operating Income:			
Passives	**$ 104,655**	$ 114,747	$ 138,185
Actives	**119,510**	51,516	2,959
Corporate	**(18,061)**	(17,465)	(10,821)
Unusual items	**—**	(29,301)	(14,503)
Purchased research and development	**—**	(13,300)	—
Amortization of goodwill	**(12,360)**	(12,272)	(7,218)
	$ 193,744	$ 93,925	$ 108,602
Depreciation Expense:			
Passives	**$ 75,798**	$ 74,173	$ 69,716
Actives	**49,826**	40,210	3,409
Corporate	**223**	209	204
	$ 125,847	$ 114,592	$ 73,329
Total Assets:			
Passives	**$ 1,429,177**	$ 1,693,554	$ 1,506,191
Actives	**882,296**	750,875	211,684
Corporate	**12,308**	18,315	1,773
	$ 2,323,781	$ 2,462,744	$ 1,719,648
Capital Expenditures:			
Passives	**$ 52,903**	$ 87,168	$ 69,617
Actives	**61,409**	59,969	8,285
Corporate	**5,326**	4,545	172
	$ 119,638	$ 151,682	$ 78,074

The amount of investment in equity method investees included in the Actives total assets above was $12,495,000, $10,090,000 and $8,854,000 for 1999, 1998 and 1997, respectively.

The following geographic area data include net sales based on revenues generated by subsidiaries located within that geographic area and property, plant, and equipment based on physical location:

Geographic Area Information (In thousands)

	1999	1998	1997
Net Sales:			
United States	**$ 706,049**	$ 659,845	$ 624,377
Germany	**574,629**	519,114	249,298
Asia Pacific	**273,921**	185,784	44,647
France	**88,975**	119,992	114,704
Other	**116,517**	88,010	92,193
	$ 1,760,091	$ 1,572,745	$ 1,125,219
Property, Plant, and Equipment (Net):			
United States	**$ 333,594**	$ 352,007	$ 205,784
Germany	**127,727**	153,423	110,827
Israel	**268,916**	283,691	271,180
Asia Pacific	**97,060**	67,051	42,522
France	**25,758**	45,461	43,071
Other	**77,490**	95,434	35,758
	$ 930,545	$ 997,067	$ 709,142

15. Earnings Per Share

Statement of Financial Accounting Standards No.128, *Earnings Per Share*, requires net earnings per share to be presented under two calculations, basic earnings per share and diluted earnings per share. Basic earnings per share is computed using the weighted average number of common shares outstanding during the periods presented. Diluted earnings per share is computed using common and dilutive potential common shares outstanding during the periods presented. The Company's potential common shares consist primarily of stock options granted under the Company's 1995, 1997 and 1998 stock option plans (see Note 10) and stock appreciation rights issued in connection with the LPSC acquisition (see Notes 2, 6 and 17).

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

Year ended December 31	**1999**	**1998**	**1997**
Numerator:			
Net Income	**$ 83,237**	$ 8,212	$ 53,302
Denominator:			
Denominator for basic earnings per share—weighted average shares	**84,452**	84,443	84,418
Effect of dilutive securities:			
Employee stock options	**539**	–	–
Stock appreciation rights	**378**	–	–
Other	**119**	88	185
Dilutive potential common shares	**1,036**	88	185
Denominator for diluted earnings per share—adjusted weighted average shares	**85,488**	84,531	84,603
Basic earnings per share	**$ 0.99**	$ 0.10	$ 0.63
Diluted earnings per share	**$ 0.97**	$ 0.10	$ 0.63

For the year ended December 31, 1999, options to purchase 477,000 shares of Common Stock at $32.91 per share were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares. Options to purchase 3,433,000 shares of Common Stock at prices ranging from $ 16.33 to $ 32.91 per share were outstanding during 1998, and options to purchase 1,523,000 shares at prices ranging from $18.31 to $32.91 per share outstanding during 1997, were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares.

16. Summary of Quarterly Financial Information (Unaudited)

Quarterly financial information for the years ended December31, 1999 and 1998 is as follows (in thousands, except per share amounts):

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Total Year	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Net sales	**$ 423,058**	$ 348,744	**$ 425,323**	$ 412,844	**$ 443,711**	$ 399,499	**$ 467,999**	$ 411,658	**$ 1,760,091**	$ 1,572,745
Gross profit	**99,890**	85,204	**108,681**	102,392	**119,633**	97,595	**132,182**	98,447	**460,386**	383,638
Net earnings (loss)	**818**(1)	16,536(2)	**20,181**	16,766	**25,736**	12,121	**36,502**	(37,211)(3)	**83,237**	8,212
Basic earnings (loss) per share(4)	**$ .01**(1)	$ .20(2)	**$ .24**	$ .20	**$ .30**	$ .14	**$ .43**	$ (.44)(3)	**$ .99**	$ .10
Diluted earnings (loss) per share(4)	**$ .01**(1)	$ .20(2)	**$ .24**	$ .20	**$ .30**	$ .14	**$ .42**	$ (.44)(3)	**$ .97**	$ .10

(1) The sale of Nicolitch, S.A. and a tax rate change in Germany reduced net earnings by $14,562,000 or $0.17 per share in the first quarter of 1999.
(2) A forward exchange contract loss ($6,269,000) reduced net earnings by $3,924,000 or $0.05 per share in the first quarter of 1998.
(3) Charges for restructuring ($6,244,000), impairment losses ($23,057,000), purchased research and development ($13,300,000), reduction of a deferred tax asset ($10,000,000), and other noncash charges ($1,815,000) reduced net earnings by $51,411,000 or $.61 per share in the fourth quarter of 1998.
(4) Adjusted to give retroactive effect to a five-for-four stock split in June 1999 and a 5% stock dividend paid in June 1998.

17. Subsequent Events

On January 24, 2000, the Company exercised its right to call the stock appreciation rights ("SARs") issued in connection with its acquisition of LPSC (see Notes 2 and 6). Based on the call price of $39.64 per share and the average closing price of Vishay shares for thirty days prior to January 24, 2000, the Company would have to issue 1,529,000 shares of Vishay Common Stock to settle the SARs.

On March 15, 2000, the Company and Lite-On JV Corporation ("Lite-On Group") entered into a Memorandum of Understanding for the sale of Vishay's 65% interest in LPSC to the Lite-On Group for consideration consisting of cash and the assignment or transfer to Vishay of the Lite-On Group's rights under the SARs. The Lite-On Group currently owns the remaining 35% interest in LPSC. Based on the March 21, 2000 closing price of Vishay stock of $59, the accounting for the disposition of Vishay's interest in LPSC would have a minor downward effect on Vishay's earnings. The actual effect on earnings from the disposition of LPSC will depend on the value of Vishay stock at the time the parties execute final documentation. The closing is expected to occur before September 30, 2000. During the time prior to the closing, the parties will prepare additional documentation relating to the transaction, and the Lite-On Group will arrange its financing for the cash portion of the purchase price. The Company and the Lite-On Group have agreed to defer the actual redemption of the SARs pending the execution of certain documentation relating to the sale of Vishay's interest in LPSC to the LIte-On Group. No effects of these transactions are reflected in the Company's financial statements for the year ended December 31, 1999.

Report of Independent Auditors

Board of Directors and Stockholders
Vishay Intertechnology, Inc.

We have audited the accompanying consolidated balance sheets of Vishay Intertechnology, Inc. as of December 31, 1999 and 1998, and the related consolidated statements of operations, cash flows, and stockholders' equity for each of the three years in the period ended December31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Vishay Intertechnology, Inc. at December31, 1999 and 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Philadelphia, Pennsylvania
February 2, 2000, except for Note 17,
as to which the date is March 21, 2000

Introduction and Background

The Company's sales and net earnings increased significantly through 1995 primarily as a result of its acquisitions. Following each acquisition, the Company implemented programs to take advantage of distribution and operating synergies among its businesses. This implementation was reflected in increases in the Company's sales and in the decline in selling, general, and administrative expenses as a percentage of the Company's sales.

However, beginning with the last quarter of 1995 and through 1998, the Company experienced a decline in demand for its commodity-related products (fixed resistors, MLCC and tantalum capacitors) which accounted for approximately 50% of the Company's revenues during that time. Such decline in demand resulted in a decrease in revenues, earnings and backlogs of these products.

In order to address the slowdown in demand and price erosion resulting from an oversupply of tantalum and multi-layer ceramic chip capacitors, the Company implemented a restructuring program beginning in 1996 that included the downsizing and closing of manufacturing facilities in North America and Europe. In connection with the restructuring, the Company incurred $38,030,000 of pretax charges for the year ended December 31, 1996 relating to employee termination and facility closure costs. In 1997, the Company incurred $12,605,000 of restructuring expenses relating to employee termination and facility closure costs in Europe. In 1998, the Company incurred $6,244,000 of restructuring expenses.

In the late 1990s, the Company began to enter into the active components business. In July 1997, the Company purchased a 65% interest in LPSC, a Taiwan-based company that is a major supplier of discrete active electronic components in Asia. In 1998, the Company acquired the Semiconductor Business Group of TEMIC, which included Telefunken and 80.4% of Siliconix, producers of transistors, diodes, optoelectronics, and power and analog switching integrated circuits.

Since the third quarter of 1999, the Company has experienced increasing demand for its products, including both passive and active electronic components. The Company is expanding capacity in all of its major product lines in order to satisfy this demand. In some cases, the Company has been able to increase pricing for its products because of tight supply, reversing the price erosion experienced in prior years. The Company attributes the increased demand for its products to the continuing growth in the wireless telecommunication market, particularly cell phones, and to the increasing use of embedded computing devices in a wide range of consumer and commercial products.

The Company's strategy contemplates transferring some of its manufacturing operations from countries with high labor costs and tax rates, such as the United States, France and Germany, to Israel, Mexico, Portugal, the Czech Republic, Taiwan and the People's Republic of China in order to benefit from lower labor costs and, in the case of Israel, to take advantage of various government incentives, including government grants and tax incentives. Notwithstanding the current favorable market conditions, the Company intends to continue to explore and implement opportunities for cost efficiencies in its manufacturing operations.

The Company realizes approximately 70.9% of its revenues from customers outside the United States. As a result, fluctuations in currency exchange rates can significantly affect the Company's reported sales and, to a lesser extent, earnings. Currency fluctuations impact the Company's net sales and other income statement amounts, as denominated in U.S. Dollars, including other income as it relates to foreign exchange gains or losses. Generally, in order to minimize the effect of currency fluctuations on profits, the Company endeavors to:

1. borrow money in the local currencies and markets where it conducts business; and
2. minimize the time for settling intercompany transactions.

In connection with its day-to-day operations, the Company generally does not purchase foreign currency exchange contracts or other derivative instruments to hedge foreign currency exposures. In September 1999, a subsidiary of the Company entered into foreign currency forward exchange contracts to manage exchange rate exposure on certain foreign currency denominated transactions.

As a result of the increased production by the Company's operations in Israel over the past several years, the low tax rates in Israel (as compared to the statutory rate in the United States) have had the effect of increasing the Company's net earnings. The more favorable Israeli tax rates are applied to specific approved projects and are normally available for a period of ten years or, if the investment in the project is over $20 million, for a period of 15 years, which has been the case for most of the Company's projects in Israel since 1994. New projects are continually being introduced. In addition, the Israeli government offers certain incentive programs in the form of grants designed to increase employment in Israel. However, the Israeli government has recently scaled back or discontinued some of its incentive programs. Accordingly, there can be no assurance that in the future the Israeli government will continue to offer new incentive programs applicable to the Company or that, if it does, such programs will provide the same level of benefits the Company has historically received or that the Company will continue to be eligible to take advantage of them. The Company might be materially adversely affected if these incentive programs were no longer available to the Company for new projects. However, because a majority of the Company's projects in Israel already benefit from government incentive programs, the Company does not anticipate that any cutbacks in the incentive programs would have an adverse impact on its earnings and operations for at least several years.

Israeli government grants, recorded as a reduction of costs of products sold, were $14,256,000 for the year ended December31,1999, as compared to $13,116,000 for the prior year. If the Israeli government continues its grant and incentive programs, future benefits offered to the Company by the Israeli government will likely depend on the Company's continuing to increase capital investment and the number of Company employees in Israel.

Results of Operations

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

Year ended December 31	1999	1998	1997
Costs of products sold	**73.8%**	75.6%	76.3%
Gross profit	**26.2**	24.4	23.7
Selling, general, and administrative expenses	**14.5**	14.9	12.2
Operating income	**11.0**	6.0	9.7
Earnings before income taxes and minority interest	**7.7**	2.7	8.0
Effective tax rate	**27.4**	71.8	38.1
Net earnings	**4.7**	0.5	4.7

Year ended December 31, 1999 compared to Year ended December 31, 1998

Net Sales

Net sales for the year ended December 31, 1999 increased $187,346,000 or 11.9% fromthe prior year. The increase in net sales relates primarily to the results of TEMIC, which was acquired March2,1998. Net sales of TEMIC for the year ended December31,1999 were $673,300,000 as compared to $474,188,000 included in the Company's reported sales for the ten months ended December 31, 1998. Exclusive of TEMIC, net sales would have decreased by $11,776,000 or 1.0%. The strengthening of the U.S. Dollar against foreign currencies for the year ended December 31, 1999, in comparison to the prior year, resulted in decreases in reported sales of $15,882,000. The passive components business net sales were $1,008,266,000 for the year ended December 31, 1999 as compared to $1,027,902,000 for the prior year period. The active components business net sales were $751,825,000 for the year ended December 31, 1999 as compared to $544,843,000 for the prior-year period. The 1999 sales of the active business reflect increased demand for product, particularly in telecommunication and computer applications and reduced price erosion on its products.

Costs of Products Sold

Costs of products sold for the year ended December 31, 1999 were 73.8% of net sales,as compared to 75.6% for the prior year. Gross profit, as a percentage of net sales, for the year ended December31, 1999 increased from the comparable prior-year period mainly due to the results of TEMIC. TEMIC reported gross profit margins of 33.3% for the year ended December 31, 1999 as compared to 30.1% for the ten months ended December 31, 1998, mainly due to higher business volume and manufacturing efficiencies gained from the full utilization of existing manufacturing capacity.

The active components business gross margins were 31.4% for the year ended December 31, 1999 as compared to 27.9% for the prior-year period. The increase is due to the Siliconix operation, where gross margins have increased substantially as a result of increased product demand, stronger capacity utilization, an improved product mix and increased fab efficiencies.

The passive components business gross profit margins were 22.4% for the year ended December 31, 1999 as compared to 22.5% for the prior year period. Profitability for the passive components business was negatively affected by price erosion, which began in the second quarter of 1998. However, beginning in the third quarter of 1999, most of the Company's product lines have seen an increase in demand and the average selling prices have stopped declining, with prices actually increasing in some instances.

Israeli government grants, recorded as a reduction of costs of products sold, were $14,256,000 for the year ended December31,1999, as compared to $13,116,000 for the prior year. Future grants and other incentive programs offered to the Company by the Israeli government will likely depend on the Company's continuing to increase capital investment and the number of Company employees in Israel. Deferred income at December31, 1999 relating to Israeli government grants was $50,462,000 as compared to $59,264,000 at December 31, 1998.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses for the year ended December 31, 1999 were 14.5% of net sales,as compared to 14.9% for the prior year. The decrease in selling, general, and administrative expenses was primarily due to the cost reduction initiatives of TEMIC, for which selling, general, and administrative expenses were 16.1% for the year ended December 31, 1999 as compared to 19.6% for the ten months ended December 31, 1998.

Interest Expense

Interest costs increased by $4,258,000 for the year ended December 31, 1999 from the prior year. Bank borrowings related to the TEMIC acquisition were outstanding for twelve months during 1999 compared to ten months during 1998. Also during 1999, interest rates increased as compared to the prior year.

Other Income

Other income decreased by $3,496,000 for the year ended December 31, 1999 as compared to the prior year. Included in the results for the year ended December 31, 1999 is a noncash loss of $10,073,000 in connection with the sale of Nicolitch S.A., a subsidiary of the Company. Included in the results for the year ended December31,1998 is a loss of $6,269,000 related to a forward exchange contract entered into to set the purchase price in connection with the TEMIC acquisition.

Minority Interest

Minority interest increased by $10,724,000 for the year ended December 31, 1999 as compared to the prior year primarily due to the increase in net earnings of Siliconix, of which Vishay owns 80.4%.

Income Taxes

The effective tax rate for the year ended December 31, 1999 was27.4% as compared to 71.8%for the prior year. The tax rate for the year ended December 31, 1999 reflects the non-tax deductibility of the loss on the sale of Nicolitch, S.A. Tax expense on the sale of Nicolitch, S.A. was $1,416,000. Also, a tax rate change in Germany resulted in a decrease in German deferred tax assets, which increased tax expense by $1,939,000. Exclusive of the effect of the sale of Nicolitch, S.A. and the tax rate change in Germany, the effective tax rate on earnings before minority interest for the year ended December31,1999 would have been 23.2%. The higher tax rate for the year ended December 31, 1998 was primarily due to the non-tax deductibility of the in-process research and development expense in the fourth quarter 1998 and a $10,000,000 increase in a valuation allowance for a deferred tax asset for net operating loss carryforwards in Germany. Exclusive of the effect of special charges, the tax rate on earnings before minority interest for the year ended December 31, 1998 would have been 27.8%. The continuing effect of low tax rates in Israel, as compared to the statutory rate in the United States, resulted in increases innet earnings of $12,469,000 and $15,166,000 for the yearsended December 31, 1999 and 1998, respectively. The more favorable Israeli tax rates are applied to specific approved projects and are normally available for a period of ten or fifteen years.

Year ended December 31, 1998 compared to Year ended December 31, 1997

Net Sales

Net sales for the year ended December 31, 1998 increased $447,526,000 or 39.8% fromthe prior year. The increase in net sales related primarily to the acquisition of TEMIC, which became effective March 1, 1998. Net sales of TEMIC for the ten months ended December 31, 1998 included in the Company's reported sales were $474,188,000. LPSC was acquired by Vishay effective July 1, 1997. LPSC's sales for the year ended December 31,1998 were $70,655,000 compared to

$38,290,000 for the six months ended December 31, 1997. Exclusive of TEMIC and LPSC, net sales would have decreased by $97,317,000 or 8.6%. The strengthening of the U.S. Dollar against foreign currencies for the year ended December 31, 1998 in comparison to the prior year resulted in decreases in reported sales of $16,131,000. Moreover, the Company's net sales of passive components and semiconductor components were negatively affected by substantial price erosion resulting from oversupply of tantalum and multi-layer chip capacitors and the economic downturn in Asia.

Costs of Products Sold

Costs of products sold for the year ended December 31, 1998 were 75.6% of net sales,as compared to 76.3% for the prior year. Gross profit, as a percentage of net sales, for the year ended December 31, 1998 increased from the comparable prior-year period mainly due to the acquisition of TEMIC. TEMIC reported gross profit margins of 30.1% for the ten months ended December 31, 1998. The passive components business gross profit margins were 22.5% for the year ended December 31, 1998 as compared to 24.0% for the prior year, reflecting a weakness in the passive components business. Profitability for the passive components business was negatively affected by price erosion from an oversupply of tantalum and multi-layer chip capacitors and the depressed Asian market. The results for semiconductor components were also negatively affected by a decrease in demand for products in the semiconductor industry, adjustments of high inventory levels at distributors, the depressed Asian market, andsubstantial price erosion.

Israeli government grants, recorded as a reduction of costs of products sold, were $13,116,000 for the year ended December 31, 1998, as compared to $11,352,000 for the prior year. Deferred income at December31, 1998 relating to Israeli government grants was $59,264,000 as compared to $59,300,000 at December 31, 1997.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses for the year ended December 31, 1998 were 14.9% of net sales,as compared to 12.2% for the prior year. The increased selling, general, and administrative expenses were primarily due to the acquisition of TEMIC, for which selling, general, and administrative expenses were 19.6% for the ten months ended December 31, 1998.

Unusual Items

The Company incurred unusual items of $29,301,000 for the year ended December 31, 1998. Approximately $23,057,000 of these items related to impairment losses in connection with certain joint ventures in China and Japan. The remaining $6,244,000 of unusual items related to the Company's restructuring of European operations ($5,944,000) and closing of two U.S. sales offices ($300,000). See Note 3 to the Consolidated Financial Statements for additional information on the Company's impairment losses and restructuring programs.

Purchased In-Process Technology

In connection with the acquisition of TEMIC, the Company expensed $13.3 million representing purchased in-process technology that had not yet reached technological feasibility and had no alternative future use (see Note2 to the Consolidated Financial Statements).

The in-process technology acquired in the TEMIC acquisition was segmented into two categories, process technology and product technology. Process technology is the process by which multiple products can be manufactured. Three separate process technologies were identified, (i)Bondwireless, (ii)178M Cell, and (iii)PIC.8 micron 15V. Product technology is the technology behind the development of products. TEMIC has three primary product categories, (i)Power MOS, (ii)Power IC, and (iii)Standard Products. Introduction of the new process technologies, if successful, was expected to improve the efficiency and effectiveness of TEMIC's MOSFET products and introduce new IC technology which would reduce die size by approximately 66%. This would lower production costs per unit and increase margins. Introduction of the product technologies, if successful, was expected to optimize the performance of certain MOSFETs, diodes and power ICs and introduce new applications for certain of TEMIC's products. These research and development projects were expected to reach completion and begin generating revenues during periods ranging from 1999 to 2003. At the acquisition date, TEMIC's research and development projects ranged in completion from approximately 1% to 86%, with total continuing research and development commitments to complete the projects of approximately $7.4 million.

The value assigned to purchased in-process research and development was determined by estimating the costs to develop TEMIC's purchased in-process technology into commercially viable products, estimating the resulting net cash flows from such projects, and discounting the net cash flows back to their present values. The revenue estimates used to value the in-process research and development were based on estimates of the relevant market sizes and growth factors, expected trends in technology and the nature and expected timing of new product introductions by the Company and its competitors. The estimates for costs of products sold, research and development, selling, general, and administrative expenses and income taxes were calculated as a percentage of revenue and were based on historical amounts and were adjusted to reflect competition and advancing technology in the industry.

The rates utilized to discount the net cash flows to their present value were based on weighted average cost of capital and venture capital rates of return. Given the nature of the risks associated with the estimated growth, profitability and development projects, a discount rate of 20% was deemed appropriate for TEMIC's in-process projects. This discount rate was intended to be commensurate with the specific risks of achieving technological feasibility and the uncertainties in the economic estimates described above. The estimates used by the Company in valuing in-process research and development were based on assumptions the Company believes to be reasonable but which are inherently uncertain and unpredictable.

Interest Expense

Interest costs increased by $30,219,000 for the year ended December 31, 1998 from the prior year due to the increase in bank borrowings necessary to fund the TEMIC and LPSC acquisitions. The Company had net borrowings of $444,000,000 and $130,000,000, respectively,from a group of banks to finance the acquisitions of TEMIC and LPSC.

Other Income

Other income decreased by $2,019,000 for the year ended December 31, 1998 as compared to the prior year primarily due to reduced foreign exchange gains. Foreign exchange gains for the year ended December 31, 1998 were $495,000 compared to $3,657,000 for the year ended December 31, 1997. The Company also incurred losses of $6,269,000 and $5,295,000 in 1998 and 1997, respectively, relating to a forward exchange contract which was entered into to set the purchase price in connection with the TEMIC acquisition, since the purchase price was denominated in German Marks and payable in U.S. Dollars.

Income Taxes

The effective tax rate for the year ended December 31, 1998 was71.8% as compared to 38.1%for the prior year. The higher tax rate for the year ended December 31, 1998 was primarily due to the non-tax deductibility of the in-process research and development expense and a $10,000,000 increase in a valuation allowance for a deferred tax asset for net operating loss carryforwards in Germany. Exclusive of the effect of special charges, the tax rate on earnings before minority interest for the year ended December 31, 1998 would have been 27.8%. The continuing effect of low tax rates in Israel, as compared to the statutory rate in the United States, resulted in increases innet earnings of $15,166,000 and $10,685,000 for the yearsended December 31, 1998 and 1997, respectively. The more favorable Israeli tax rates are applied to specific approved projects and are normally available for a period of ten or fifteen years.

Financial Condition and Liquidity

Cash flows from operations were $239,809,000 for the year ended December 31, 1999 compared to $169,450,000 for the prior year. The increase in cash flows from operations is primarily attributable to an increase in net earnings for the year ended December 31, 1999 as compared to the year ended December 31, 1998. Net purchases of property and equipment for the year ended December 31, 1999 were $119,638,000 compared to $151,682,000 in the prior year. The Company made $141,028,000 net payments on borrowings during 1999. Net cash provided by financing activities of $450,408,000 for the year ended December 31, 1998 reflects borrowings used to finance the acquisition of TEMIC. See Notes 2 and 3 to the Consolidated Financial Statements for discussion of restructuring costs paid during 1999.

The Company's financial condition at December 31, 1999 is strong, with a current ratio of 2.68 to 1. The Company's ratio of long-term debt, less current portion, to stockholders' equity was .65 to 1 at December 31, 1999 and .81 to 1 at December 31, 1998.

On March 2, 1998, the Company and certain of its subsidiaries entered into a $1.1 billion multicurrency revolving credit agreement with a group of banks that included an $825 million long-term revolving credit and swing line facility and a $275 million short-term revolving credit facility. On June, 1, 1999, the Company amended the two facilities. The $825 million long-term facility matures on March 2, 2003, subject to Vishay's right to request year-to-year renewals. The short-term facility now provides for a $100 million 364-day facility, which is available until May 30, 2000. Borrowings under the two facilities bear interest at variable rates based, at the option of Vishay, on the prime rate or a eurocurrency rate and in the case of any swing line advance, the quoted rate. The borrowings under the two facilities are secured by pledges of stock in certain significant subsidiaries and indirect subsidiaries of Vishay and guaranties by certain significant subsidiaries. The Company is required to pay facility fees on the two facilities. The credit facilities restrict the Company from paying cash dividends, and require the Company to comply with certain financial covenants. See Note 5 to the Consolidated Financial Statements for additional information.

Management believes that available sources of credit, together with cash expected to be generated from operations, will be sufficient to satisfy the Company's anticipated financing needs for working capital and capital expenditures during the next twelve months.

Year 2000 Compliance

In prior years, the Company discussed the nature and progress of its plans to become Year 2000 compliant. Each of the Company's divisions implemented a Year 2000 program designed to address the Year 2000 issue, of which all programs are now complete. The Company's total cost for these Year 2000 programs approximated $1,400,000. As a result of these efforts, the Company has experienced no significant disruptions in mission-critical information technology and non-information technology systems and believes those systems successfully responded to the Year 2000 date change. In addition, the Company has not experienced any adverse effects with any of its third-party vendors, suppliers or customers. While the Company is not aware of, and does not expect that it will experience, any material problems related to this issue, it will continue to monitor its mission-critical computer applications and those of its suppliers, vendors and customers throughout the year 2000 to ensure that any latent Year 2000 matters that may arise are addressed promptly.

Euro Conversion

On January 1, 1999, 11 of the 15 member countries of the European Union adopted the euro as their common legal currency and established fixed conversion rates between their existing sovereign currencies and the euro. The Company is currently evaluating issues raised by the introduction and initial implementation of the euro on January 1, 2002. The Company does not expect costs of system modifications to be material, nor does it expect the introduction and use of theeuro to materially and adversely affect its financial condition or results of operations. The Company will continue to evaluate the impact of the euro introduction.

Inflation

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

Market Risk Disclosure

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

The Company is exposed to changes in U.S. Dollar LIBOR interest rates on its floating rate revolving credit facility. At December31, 1999, the outstanding balance under this facility was $635,215,000. On a selective basis, the Company from time to time enters into interest rate swap or cap agreements to reduce the potential negative impact increases in interest rates could have on its outstanding variable rate debt. The impact of interest rate instruments on the Company's results of operations in each of the three years ended December 31, 1999 was not significant. See Notes 5 and 12 to the Consolidated Financial Statements for components of the Company's long-term debt and interest rate swap arrangements.

In August 1998, the Company entered into six interest rate swap agreements with a total notional amount of $300,000,000 to manage interest rate risk related to its multicurrency revolving line of credit.

These interest rate swap agreements require the Company to make payments to the counterparties at variable rates. These interest rate swap agreements mature in August 2003. The variable rates are based on USD-LIBOR-BBA rates. In November 1999, the Company entered into two three-month interest rate swap agreements with a total notional amount of $300,000,000. These interest rate swap agreements require the Company to make payments to the counterparties on February 29, 2000 at the three-month USD-LIBOR-BBA rate as of November 29, 1999 less 0.16% and receive monthly payments from the counterparties at the monthly USD-LIBOR-BBA rate. At December 1999 and 1998, the Company paid a weighted average fixed rate of 5.61% and 5.77%, respectively, and received a weighted average variable rate of 6.49% and 5.25%, respectively. The fair value of the interest rate swap agreements, based on current market rates, approximated a net receivable of $8,714,000 and a net payable of $7,572,000 at December31,1999 and 1998, respectively.

Foreign Exchange Risk

The Company is exposed to foreign currency exchange rate risks. The Company's significant foreign subsidiaries are located in Germany, France, Israel and the Far East. The Company continues to reduce its exposure to foreign currencies by borrowing funds in local currency to balance its foreign assets and liabilities. The Company, in most locations, has introduced a "netting" policy where subsidiaries pay all intercompany balances within thirty days.

In September 1999, a subsidiary of the Company entered into foreign currency forward exchange contracts to manage the effect of exchange rate changes on certain foreign currency denominated transactions. At December 31, 1999, the notional amount of outstanding foreign currency forward exchange contracts was $6,438,000. All of the total outstanding contracts at December 31, 1999 were to hedge yen denominated commitments from customers in Japan.

In the normal course of business, the financial position of the Company is routinely subjected to a variety of risks, including market risks associated with interest rate movements, currency rate movements on non-U.S. Dollar denominated assets and liabilities and collectibility of accounts receivable. The Company does not anticipate material losses in these areas.

Safe Harbor Statement

From time to time, information provided by the Company, including but not limited to statements in this report, or other statements made by or on behalf of the Company, may contain "forward-looking" information within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements involve a number of risks and uncertainties. The Company's actual results could differ materially from those discussed in the forward-looking statements. The cautionary statements set forth below identify important factors that could cause actual results to differ materially from those in any forward-looking statements made by or on behalf of the Company.

Changes in Product Demand, Competition, Backlog

- The Company offers a broad variety of products and services to its customers. Changes in demand for, or in the mix of, products and services comprising revenues could cause actual operating results to vary from those expected.
- A slowdown in demand for passive electronic components or recessionary trends in the global economy in general or in specific countries or regions where the Company sells the bulk of its products, such as the United States, Germany, France or the Pacific Rim, could adversely impact the Company's results of operations.
- The Company operates in a highly competitive environment, which includes significant competitive pricing pressures and intense competition for entry into new markets.
- Many of the orders in the Company's backlog may be canceled by its customers without penalty. Customers may on occasion double and triple order components from multiple sources to ensure timely delivery when backlog is particularly long. The Company's results of operations may be adversely impacted if customers were to cancel a material portion of such orders.

Product Development, Business Expansion

- The Company's future operating results are dependent, in part, on its ability to develop, produce and market new and innovative products, to convert existing products to surface mount devices and to customize certain products to meet customer requirements. There are numerous risks inherent in this complex process, including the need for the Company to timely bring to market new products and applications to meet customers' changing needs.
- The Company's historic growth in revenues and net earnings has resulted in large part from its strategy to expand through acquisitions. However, there is no assurance that the Company will find or consummate transactions with suitable acquisition candidates in the future. From time to time, when the Company is in the process of pursuing a strategic acquisition, the Company or the acquisition target may feel compelled for securities and other legal reasons to announce the potential acquisition or the Company's desire to enter into a certain market prior to entering into formal agreements. As a result, there can be no assurance that the Company will consummate any such acquisition.
- The Company may have difficulty expanding its product lines to satisfy the current unusually strong demand for its products. Factors, which could limit such expansion, include delays in procurement of manufacturing equipment, shortages of skilled personnel and capacity constraints at the Company's facilities.
- The Company is currently benefiting from an acute atypical shortage of the Company's products. This shortage has enabled the Company to increase prices for certain products and thus increase gross margins. Any drop in demand or increase in supply due to competitors' expansion could cause a dramatic drop in average sales prices causing a drop in gross margins.

Foreign Operations and Sales

- Approximately 71% of the Company's revenues are derived from sales to customers outside the United States. As a result, currency exchange rate fluctuations, inflation, changes in monetary policy and tariffs, potential changes in laws and regulations affecting the Company's business in foreign jurisdictions, trade restrictions or prohibitions, intergovernmental disputes, increased labor costs and reduction or cancellation of government grants, tax benefits or other incentives could impact the Company's results of operations.
- Specifically, as a result of the increased production by the Company's operations in Israel over the past several years, the low tax rates in Israel, as compared to the statutory rates in the United States, have had the effect of increasing the Company's net earnings. In addition, the Company takes advantage of certain incentive programs in Israel in the form of grants

designed to increase employment in Israel. Any significant increase in the Israeli tax rates or reduction or elimination of any of the Israeli grant programs could have an adverse impact on the Company's results of operations.

Restructuring and Cost Reduction Activities

- The Company may experience underutilization of certain plants and factories in high labor cost regions and capacity constraints in plants and factories located in low labor cost regions, resulting initially in production inefficiencies and higher costs. Such costs include those associated with work force reductions and plant closings in the higher labor cost regions, as described in "Introduction and Background," and start-up expenses, manufacturing and construction delays, and increased depreciation costs in connection with the start of production in new plants and expansions in lower labor cost regions. Moreover, capacity constraints may limit the Company's ability to continue to meet demand for any of the Company's products. For example, during 1998, restructuring costs were particularly high as a result of the Company's accelerated effort to streamline operations in response to the continued weakness in the international electronic components market at the time.
- When the Company restructures its operations in response to changing economic conditions, particularly in Europe, labor unrest or strikes may occur, which could have an adverse effect on the Company.
- The Company's strategy also focuses on the reduction of selling, general, and administrative expenses through the integration or elimination of redundant sales offices and administrative functions at acquired companies and achievement of significant production cost savings through the transfer and expansion of manufacturing operations to lower cost regions such as Israel, Mexico, Portugal, the Czech Republic, Taiwanand the People's Republic of China. The Company's inability to achieve any of these goals could have an adverse effect on the Company's results of operations.

Raw Material Costs

- The Company's results of operations may be adversely impacted by:
  1. difficulties in obtaining raw materials, supplies, power, natural resources and any other items needed for the production of the Company's products;
  2. the effects of quality deviations in raw materials, particularly tantalum powder, palladium and ceramic dielectric materials; and
  3. the effects of significant price increases for tantalum or palladium, or an inability to obtain adequate supplies of tantalum or palladium from the limited number of suppliers.

Miscellaneous Factors

- The Company's results may also be affected by a variety of other factors, including:
  1. possible environmental liability and redemption costs;
  2. legal proceedings and investigations;
  3. possible challenges to the Company's intellectual property rights;
  4. increases in the Company's debt levels or its cost of borrowings;
  5. changes in generally accepted accounting policies and practices;
  6. disruptions to the Company's manufacturing operations that may result from casualty losses, military hostilities particularly in the Middle East, or acts of God; and
  7. changes in executive personnel.

Common Stock Market Prices

	Calendar 1999		Calendar 1998	
	High	**Low**	**High**	**Low**
First Quarter	**$ 12.40**	**$ 8.90**	$ 18.34	$ 15.00
Second Quarter	**$ 21.06**	**$ 11.70**	$ 18.76	$ 13.81
Third Quarter	**$ 26.25**	**$ 18.06**	$ 14.70	$ 8.00
Fourth Quarter	**$ 32.00**	**$ 21.25**	$ 13.75	$ 7.35

The Company's Common Stock is listed on the New York Stock Exchange under the symbol VSH. The following table sets forth the high and low sales prices for the Company's Common Stock as reported on the New York Stock Exchange Composite Tape for the quarterly periods within the 1999 and 1998 calendar years indicated. Stock prices have been restated to reflect stock dividends and stock splits. The Company does not currently pay cash dividends on its capital stock. Its policy is to retain earnings to support the growth of the Company's business and the Company does not intend to change this policy at the present time. In addition, the Company is restricted from paying cash dividends under the terms of the Company's revolving credit agreements. See Note 5 to the Consolidated Financial Statements. Holders of record of the Company's Common Stock totaled approximately 1,867 at March28,2000.

At March 28, 2000, the Company had outstanding 10,369,932 shares of Class B Common Stock, par value $.10 per share (the "Class B Stock"), each of which entitles the holder to ten votes. The Class B Stock generally is not transferable and there is no market for those shares. The Class B Stock is convertible, at the option of the holder, into Common Stock on a share-for-share basis. Substantially all of such Class B Stock is owned by Dr. Felix Zandman, Mrs. Luella B. Slaner and trusts for the benefit of Mrs. Slaner's grandchildren, either directly or beneficially. Dr. Felix Zandman is an executive officer and director of the Company. Mrs. Luella B. Slaner is a director of the Company.

Financial Summary

Summary of Operations (in thousands, except per share amounts)	As of and for the Year ended December 31			
	1999	**1998**	**1997**	**1996**
Net sales	**$ 1,760,091**	$ 1,572,745	$ 1,125,219	$ 1,097,979
Costs of products sold	**1,299,705**	1,189,107	858,020	825,866
Gross profit	**460,386**	383,638	267,199	272,113
Selling, general, and administrative expenses	**254,282**	234,840	136,876	141,765
Amortization of goodwill	**12,360**	12,272	7,218	6,494
Unusual items	**—**	42,601	14,503	38,030
Operating income	**193,744**	93,925	108,602	85,824
Other income (expense):				
Interest expense	**(53,296)**	(49,038)	(18,819)	(17,408)
Other	**(5,737)**	(2,241)	(222)	2,430
Total other income (expense)	**(59,033)**	(51,279)	(19,041)	(14,978)
Earnings before income taxes, minority interest, and cumulative effect of accounting change	**134,711**	42,646	89,561	70,846
Income taxes	**36,940**	30,624	34,167	17,741
Minority interest	**14,534**	3,810	2,092	489
Earnings before cumulative effect of accounting change	**83,237**	8,212	53,302	52,616
Cumulative effect of accounting change	**—**	—	—	—
Net earnings	**$ 83,237**	$ 8,212	$ 53,302	$ 52,616
Earnings per share:				
Basic	**$ 0.99**	$ 0.10	$ 0.63	$ 0.62
Diluted	**$ 0.97**	$ 0.10	$ 0.63	$ 0.62
Shares used in computing earnings per share:				
Basic	**84,452**	84,443	84,418	84,421
Diluted	**85,488**	84,531	84,603	84,478

Financial Data (in thousands, except ratios)				
Cash and cash equivalents	**$ 105,193**	$ 113,729	$ 55,263	$ 20,945
Working capital	**581,550**	639,783	455,134	434,199
Current ratio	**2.68**	3.02	3.38	3.27
Property and equipment — net	**930,545**	997,067	709,142	710,662
Capital expenditures	**119,638**	151,682	78,074	136,276
Depreciation and amortization	**139,676**	127,947	81,874	77,247
Total assets	**2,323,781**	2,462,744	1,719,648	1,558,515
Long-term debt	**656,943**	814,838	347,463	229,885
Stockholders' equity	**1,013,592**	1,002,519	959,648	945,230

Note: This table should be read in conjunction with the related consolidated financial statements and accompanying notes and management's discussion and analysis of financial condition and results of operations. Includes the results of TEMIC from March 1, 1998, the results of Lite-On Power Semiconductor Corporation from July 1, 1997, the results of Vitramon from July 1, 1994, the results of Roederstein from January 1, 1993 and the results of the businesses acquired from Sprague Technologies, Inc. from January 1, 1992. Earnings per share amounts and weighted average shares outstanding have been retroactively restated for stock dividends and stock splits. Basic and diluted earnings per share for 1993 includes $0.02 for the cumulative effect of an accounting change for income taxes.

As of and for the Year ended December 31

1995	1994	1993	1992	1991	1990	1989
$ 1,224,416	$ 987,837	$ 856,272	$ 664,226	$ 442,283	$ 445,596	$ 415,619
902,518	748,135	663,239	508,018	318,166	312,925	290,801
321,898	239,702	193,033	156,208	124,117	132,671	124,818
158,821	137,124	118,906	101,327	75,973	77,740	75,423
6,461	4,609	3,294	2,380	1,695	1,552	1,502
4,200	—	(562)	—	3,700	2,441	1,846
152,416	97,969	71,395	52,501	42,749	50,938	46,047
(29,433)	(24,769)	(20,624)	(19,110)	(15,207)	(19,426)	(21,068)
272	916	123	4,533	(289)	2,344	1,439
(29,161)	(23,853)	(20,501)	(14,577)	(15,496)	(17,082)	(19,629)
123,255	74,116	50,894	37,924	27,253	33,856	26,418
30,307	15,169	8,246	7,511	6,363	10,655	8,651
281	—	—	—	—	—	—
92,667	58,947	42,648	30,413	20,890	23,201	17,767
—	—	1,427	—	—	—	—
$ 92,667	$ 58,947	$ 44,075	$ 30,413	$ 20,890	$ 23,201	$ 17,767
$ 1.18	$ 0.83	$ 0.65	$ 0.55	$ 0.39	$ 0.47	$ 0.38
$ 1.18	$ 0.83	$ 0.65	$ 0.54	$ 0.39	$ 0.46	$ 0.38
78,571	71,048	67,729	55,101	53,124	48,815	45,800
78,615	71,048	67,729	61,791	53,124	57,308	45,800
$ 19,584	$ 26,876	$ 10,949	$ 15,994	$ 14,438	$ 16,306	$ 27,779
411,286	328,322	205,806	145,327	128,733	120,384	115,945
2.80	2.41	2.09	2.02	2.65	2.42	2.35
669,228	543,402	422,668	271,619	171,951	166,346	150,912
165,699	91,571	79,377	49,801	26,660	28,999	21,605
69,547	57,742	48,578	36,062	27,056	26,157	22,288
1,543,331	1,345,070	950,670	661,643	448,771	440,656	419,958
228,610	402,337	266,999	139,540	127,632	140,212	186,182
907,853	565,088	376,503	346,625	201,366	177,839	117,984

Corporate Directory

Board of Directors

Dr. Felix Zandman
Chairman of the Board
Chief Executive Officer
Vishay Intertechnology, Inc.

Avi D. Eden
Vice Chairman of the Board
Executive Vice President,
General Counsel
Vishay Intertechnology, Inc.

Robert A. Freece
Senior Vice President
Vishay Intertechnology, Inc.

Richard N. Grubb
Executive Vice President,
Treasurer, Chief Financial Officer
Vishay Intertechnology, Inc.

Eliyahu Hurvitz
President and Chief Executive Officer
Teva Pharmaceutical Industries, Ltd.

Dr. Gerald Paul
President
Chief Operating Officer
Vishay Intertechnology, Inc.

Luella B. Slaner
Investor

Dr. Edward B. Shils
George W. Taylor Professor Emeritus
of Entrepreneurial Studies
The Wharton School
University of Pennsylvania

Mark I. Solomon
Founder and Chairman
CMS Companies

Jean-Claude Tiné
Investor and
Former Chairman of the Board
Sfernice, S.A.

Honorary Chairman of the Board

Alfred P. Slaner
(Deceased March 14, 1996)

Corporate Officers

Dr. Felix Zandman
Chairman of the Board
Chief Executive Officer

Avi D. Eden
Vice Chairman of the Board
Executive Vice President,
General Counsel

Dr. Gerald Paul
President
Chief Operating Officer

Richard N. Grubb
Executive Vice President,
Treasurer, Chief Financial Officer

Robert A. Freece
Senior Vice President

William J. Spires
Vice President, Secretary

Annual Meeting

May 18, 2000 at 10:30 a.m.
Four Seasons Hotel
South Ballroom
Lobby Level
One Logan Square
Philadelphia, PA 19103

Quarterly Report Mailings

Shareholders owning Vishay stock indirectly (through a bank, broker, or nominee who is a registered holder) can receive our reports directly and promptly from the Company at the same time we mail to shareholders of record. To be placed on Vishay's mailing list, call 610-644-1300, extension 7483. Shareholders with access to the Internet can find quarterly reports, press releases, SEC filings, and all other financial documents at www.vishay.com.

Shareholders' Information

Independent Auditors
Ernst & Young LLP
Philadelphia, PA

Transfer Agent and Registrar
American Stock Transfer & Trust Company
40 Wall St., 46th Floor
New York, NY 10055
Phone: 800-937-5449

Stock Exchange Listings
New York Stock Exchange
Symbol: VSH
Midwest Stock Exchange
Chicago Board of Options Exchange

Investor Relations Contact
Robert A. Freece
Senior Vice President
Vishay Intertechnology, Inc.
Phone: 610-644-1300

SEC Form 10-K

A copy of the Company's Form 10-K Annual Report for the year ended December 31, 1999, filed with the Securities and Exchange Commission, may be obtained by shareholders without charge by writing to the Investor Relations Department, Vishay Intertechnology, Inc., 63 Lincoln Highway, Malvern, PA 19355-2120 or through Vishay's website at www.vishay.com.

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